

## Rolls-Royce importer's bond licence suspended

MOHAMMAD SUMAN, Chattogram

Chattogram Customs Bond Commissionerate has suspended the general bond licence of Z&Z Intimates which has recently been accused by customs intelligence of getting an imported Rolls-Royce worth Tk 27 crore released bypassing assessments.

Z&Z Intimates is owned by Ananta Group and located at Chattogram Export Processing Zone.

On July 14, the commissionerate issued the suspension order for violating Bonded Warehouse Licensing Rule-2008 and failing to provide signatures of two out of four owners on non-judicial stamps.



The order also mentions that the signatures should have been attested by banks concerned.

As per an order of the National Board of Revenue (NBR), the licence would remain suspended until all the signatures were provided and legal documents submitted properly.

Now, the company will not get duty-free benefits on importing goods.

Usually, 100 per cent export-oriented companies get the duty free facility for the import of raw materials.

Customs duties, ranging from 42 per cent to 800 per cent, have to be paid if products are imported by other importers.

The company's name came up on July 6 after a car was seized by customs intelligence on charge that revenue payments of Tk 24 crore had been evaded.

Then several wing of the NBR, including customs intelligence, customs house and the commissionerate, started looking into details of the company.

AKM Mahbubur Rahman, commissioner of Chattogram Bond Customs Commissionerate, told The Daily Star, "According to the law, the company has not followed the process of submitting documents for getting general bond licence."

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## RELAXED RULES FOR LOAN RESCHEDULING

### REPAYMENT TENURE

	New rule	Previous rule
Term loan	6-8 years	9-24 months
Working capital	5-7 years	6-18 months

### DOWN PAYMENT (Of NPLs)

	New rule	Previous rule
Term loans	2.5-6.5pc	10-30pc
Working capital	2.5-5pc	5-15pc

### OTHER RULES



Defaulted loans can be rescheduled 4 times instead of 3 times now



Borrowers to get new loans by giving 3pc of rescheduled loans instead of previous 15pc



Exporters to enjoy new loans by repaying 2pc loans instead of previous 7.5pc

### EXPERTS SAY...



Defaulted loans to increase in the long run



Delinquent borrowers may divert bank fund



Banks to face problems in recovering loans



New rules may create moral hazards among good borrowers



# Loan defaulters get a big break

BB relaxes loan rescheduling policy for them

AKM ZAMIR UDDIN

Bangladesh Bank yesterday substantially relaxed the policy for rescheduling defaulted loans, allowing defaulters to repay term loans over a maximum period of eight years whereas it was previously two years.

Defaulters will also be allowed to reschedule their non-performing loans (NPLs) four times whereas previously they could do so three times, according to a Bangladesh Bank notice.

The BB said the new rules have been issued to keep the financial sector stable from the adverse impacts stemming from the long-lasting effects of the coronavirus pandemic and the prolonging Russia-Ukraine war.

Analysts said the relaxation of the rescheduling policy would weaken the health of the country's banking sector, which has already been struggling to reduce its NPLs in recent years amidst a lack of corporate governance.

As per the new rules, defaulters who took term loans would be

allowed to repay funds over a period of six years to eight years. In contrast, it was previously nine months to two years.

Term loans, which have tenures of more than one year, are usually given out to businesses to set up new industrial units and expand

Clients will also enjoy a grace period between six months and one year before they need to start repaying the rescheduled loans. Such grace periods were absent in the previous central bank policy.

The BB has also declared a big relaxation of rules on down

demand loans. The earlier range of the down payment was from five per cent to 15 per cent.

After rescheduling the NPLs, exporters will have to repay 2 per cent of the rescheduled loans in order to get new funds from banks. Previously it was 7.5 per cent.

Common borrowers will have to pay 3 per cent of their defaulted loans to enjoy new loans in contrast to a previous 15 per cent.

Regular borrowers, who have not entered the default zone, will also be permitted to restructure their loans.

Under the process, banks can extend the repayment tenure by up to 50 per cent whereas it was previously 25 per cent.

The defaulters, who earlier rescheduled their NPLs more than four times, will be allowed to reschedule their default loans for one more time.

The BB in the notice said defaulters would not be allowed to reschedule their defaulted loans for a fourth time after December 2023.

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existing ones.

Defaulters who avail working capital and demand loans would be permitted to pay back their loans over a period of five years to seven years. In contrast, it was previously six months to 18 months.

Clients usually avail working capital and demand loans, which have tenures below one year, to run their ongoing businesses.

payments which are required to be made by defaulters.

As per the rules, defaulters who took term loans would have to give only 2.5 per cent to 6.5 per cent of their total NPLs instead of the previous 10 per cent to 30 per cent.

They will have to provide down payments of 2.5 per cent to 5 per cent of their total NPLs if they have taken working capital or

## Withdraw export threshold in new GSP

BGMEA, BKMEA urge EU

REFAYET ULLAH MIRDHA

Garment exporters are demanding the European Union (EU) remove the 7.4 per cent threshold on apparel imports from any given country in the proposed Generalised System of Preferences (GSP) to ensure smooth continuation of exports to the world's largest trade bloc.

In the new 10-year GSP scheme, which is going to be effective from 2024 onwards, the EU added a clause that if the value of garment imports from a country eligible for duty-free benefits under the Everything But Arms initiative crosses 7.4 per cent of the bloc's total apparel imports, then the zero-duty facility will not be applicable even if GSP status is granted.

The total value of apparel items exported from Bangladesh to EU countries has already gone past the threshold and now stands at more than 9.74 per cent considering the export value of 2019.

EU member states bought clothes worth 154 billion euros from outside the bloc with Bangladesh accounting for 15 billion euros that year, according to data from the Export Promotion Bureau (EPB).

Leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) also demanded an extension of the transition period, when Bangladesh can still enjoy duty benefits as a least developed country, after the country's graduation in 2026.

As the EU usually allots a three-year transition period, Bangladesh will be able to avail the trade benefits up till 2029 under the current agreement.

"We made this demand in the face of different challenges, like the Covid-19 fallout, Russia-Ukraine war and high global inflation," said Faruque Hassan, president of the BGMEA.

"So, it would be better if the EU extends the trade benefits up till 2032," he told The Daily Star after meeting with the visiting EU trade delegation at the BGMEA office in Gulshan, Dhaka yesterday.

Garment exporters present at the meeting urged for ensuring fair prices from EU retailers and brands to make the local garment industry more sustainable.

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STOCKS	
DSEX ▼	CSCX ▼
1.38%	1.30%
6,216.89	18,280.93

COMMODITIES	
Gold ▲	Oil ▲
\$1,715.14	\$99.30
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.41%	▲ 0.54%	▲ 0.73%	▲ 1.55%
54,521.15	26,788.47	3,121.76	3,278.10



Some women labourers belonging to the indigenous Santal community collect Aman seedlings from a seedbed in order to plant them in paddy fields. The practice is aimed at getting better yields. Supported by monsoon rains, Aman is the second-biggest rice crop in Bangladesh, accounting for 38 per cent of the total annual rice output of 3.76 crore tonnes in the fiscal year of 2020-21. However, farmers this year are failing to sow the seedlings on time owing to a lack of rains. The photo was taken from Ghoraghat upazila of Dinajpur recently.

PHOTO: MOSTAFA SHABUJ

## Uninsured losses from disasters high in Bangladesh

STAR BUSINESS REPORT

Bangladesh lost up to 1.1 per cent of its gross domestic product (GDP) between 2016 and 2020 because of natural disasters such as floods, cyclones and salinity, and much of these losses could be reduced by providing insurance to the underserved population and protecting vulnerable communities.

Bangladesh's non-life insurance penetration ratio is very low at 0.1 per cent compared to 0.16 per cent in the Asia Pacific region in 2020.

This low penetration level indicates that uninsured losses from disasters in Bangladesh are significantly higher than in other countries, according to a workshop on inclusive insurance and risk finance for Bangladesh.

The Financial Institution Division (FID) under the finance ministry and Insurance Development and Regulatory Authority (IDRA), with technical and financial assistance from the United Nations Development Programme (UNDP), organised the event at Pan Pacific Sonargaon Dhaka.

At the workshop, a paper by Professor Hasina Sheikh, national consultant for inclusive insurance at UNDP Bangladesh, said economic losses due to such risks are vast. In 2021, Bangladesh lost \$11.3 billion due to natural disasters, the paper showed.

**Inability of poor families to pay insurance premiums, insufficient knowledge, and lack of trust are some reasons for low insurance penetration**

"Uninsured losses due to different risks, including natural disasters, are significantly higher in Bangladesh compared to other countries," she said, adding that adoption of insurance schemes is still very limited despite their potential.

The inability of poor families to pay insurance premiums, insufficient knowledge, lack of trust, lapse coordination among insurers and relevant government agencies, and inadequate

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## Indian traders plan protest against tax hikes

REUTERS, New Delhi

Indian traders and shopkeepers will hold a nationwide protest next week against a hike in taxes on a range of products and services, including food grains and household items, that went into effect on Monday, a top official of a leading traders' group said.

"The 5 per cent tax on a range of food products - which remained tax free so far - and hike in rates on other household items has increased the inflation burden on the public and traders," said Pravin Khandelwal, president of the Confederation of All India Traders, which represents more than 10 million small shopkeepers and wholesalers.

### A tax increase was approved last month for certain goods and services, including kitchenware

He said the group's members would launch a nationwide series of protest meetings on July 26, starting in Bhopal, a state capital in central India and a stronghold of Prime Minister Narendra Modi's ruling Bharatiya Janata Party.

Small traders and shopkeepers are a key constituency for Modi, who introduced the Goods and Services Tax (GST) system in 2017 to replace about 20 federal and state taxes and to help unify Asia's third-largest economy.

A tax increase was approved last month to 18 per cent from 12 per cent for certain goods and services, including kitchenware.

A finance ministry statement on Monday said the tax measures would include extending a 5 per cent tax already imposed on branded food items such as rice, wheat, flour, pulses and dairy products to unbranded items sold in packages of up to 25 kilograms or 25 litres.



Craftspeople work with sheets of metal to make chests, commonly used to safely store valuable materials alongside blankets and winter clothing. One person can make three small chests and two big ones in a day, earning Tk 120 and Tk 250 for each respectively. The small chests sell for Tk 2,500 and the big ones double that. The photo was taken at Newsprint Mill Gate in Khulna city's Khalishpur area recently. PHOTO: HABIBUR RAHMAN

# Stocks climb, euro inches higher in big week for markets

REUTERS, London

World equity markets got off to a solid start on Monday and the euro pulled away from parity as market participants scaled back bets on the Federal Reserve interest rate hike next week and on optimism spurred by central bank pledges to support China's economy.

U.S. stock futures were up more than 1 per cent while European stock indices were a sea of green in a big week for the region.

The European Central Bank is set to raise rates for the first time in more than a decade on Thursday, the same day the bloc will be hoping Russia resumes gas supplies. Italy, meanwhile, is again in the grip of a political crisis.

The pan-European STOXX 600 index was up 1.3 per cent by 1030 GMT after posting a 0.8 per cent drop last week. Gains on Monday were broad-based and

led by miners, energy stocks and banks.

"It is a wild week this week, there is so much going on," said James Rossiter, senior global strategist at TD Securities.

"The ECB is a huge focus, there is not a lot of scope for the ECB to surprise, 25 bps is locked in I think... and then there is Italy and Nord Stream too." Italy's borrowing costs surged on Monday and the premium investors demand for holding Italian debt over safer German paper was at its widest in a month as political turmoil in Europe's fourth largest economy rumbled on.

Prime Minister Mario Draghi attempted to resign from his post on Thursday after the 5-Star Movement, a coalition partner, failed to back him in a confidence vote. Draghi's resignation was rejected by the Italian president.

Draghi is expected to address parliament on Wednesday but

Italy's 10-year bond yield rose 10 basis points (bps) on Monday to as high as 3.48%, pushing the closely watched spread over German Bund yields to its widest level in over a month at around 235 bps.

"We expect volatility to remain high until then in response to various rumours concerning whether he will remain firm on his resignation or whether he is willing to remain in place," UniCredit analysts said in a note.

"Any indication that could increase the likelihood of early elections will ultimately be negative for BTs and drive the spread wider." Overnight, a gauge of Asian shares rose more than 1 per cent, its biggest daily rise in nearly two months, boosted by a jump in Chinese shares as regulators encouraged lenders to extend loans to qualified real estate projects.

It came too as the high-flying

dollar, which has had its strongest start to a year in recent memory, eased on Monday.

The uncertainty will haunt the ECB at a policy meeting where it is likely to kick off a tightening cycle with a rise of 25 bps, with markets hanging on details of an anti-fragmentation tool intended to ease pressure on borrowing costs for the Union's most indebted members.

Friday's rally on Wall Street reverberated through global markets with MSCI's broadest index of Asia-Pacific shares outside Japan up 1.4 per cent, having shed 3.5 per cent last week.

A wider index of global stocks was up 0.4 per cent.

Chinese blue chips added 1.0 per cent as the head of the country's central bank pledged to help the economy, though Shanghai had also announced more districtwide coronavirus testing.

## bKash's instant add money service at Dev Bank

STAR BUSINESS DESK

Clients of Bangladesh Development Bank (BDB) can now use the "Add Money" service of bKash to transfer their funds with the state-owned commercial bank to an account with the mobile financial service provider.

Now, bKash's "Add Money" network includes a total of 37 banks, a press release said.

So, the more than roughly one lakh customers of the bank can add money instantly to any bKash account without any charge at any time.

To avail this service, customers registered with the BDB's iBanking need to select the "Add Money" icon from the home screen of the bKash app, find "Bank to bKash", then tap on the "Internet Banking" option.

They have to select "Bangladesh Development Bank Limited" from the list of banks and provide a few essential information to sign into their bank account for the next step.

## US, allies can't allow China to dominate technologies: Yellen

REUTERS, Seoul

US Treasury Secretary Janet Yellen will call on Tuesday for deeper trade ties among allies to fortify their supply chains, combat inflation and thwart China's "unfair trade practices" and efforts to dominate key raw materials and technologies markets.

Yellen will make the comments in a major policy speech in Seoul after touring the facilities of South Korean tech heavyweight LG Corp during the final leg of her 11-day visit to the Indo-Pacific region.

"We cannot allow countries like China to use their market position in key raw materials, technologies or products to disrupt our economy and exercise unwanted geopolitical leverage," Yellen will say, according to excerpts released by the Treasury Department.

## Inflation hits 32-year high in New Zealand

AFP, Wellington

Inflation in New Zealand rose to a 32-year high of 7.3 per cent on-year in the second quarter, according to official figures released Monday.

The main drivers were rising fuel, food and housing costs, said Stats NZ, putting inflation at a level last seen in 1990.

"Supply chain issues, labour costs, and higher demand have continued to push up the cost of building a new house," said Jason Attewell of Stats NZ.

Earlier this month, New Zealand's central bank raised its benchmark interest rate to its highest level in six years and warned further rises could follow.

## Implementing public interest projects

FROM PAGE B4

running theme behind all such obstacles. Delays can also trigger a chain of costly disruptions. In most cases, the failure of a project is mainly related to the influence of planners, contractors and owners on project performance. Effects of delays are costly to all parties concerned and very often it will result in disagreements, cost overruns and project infeasibility.

We have noticed such disruptions, delays or regular excess payment claimed by the contractors while implementing the Dhaka-Chittagong four lane road, Dhaka-Sylhet highway, Dhaka-Mymensingh double lanes, VAT online project at NBR, digitalisation project at ACC or even the much talked about Padma Bridge project. There are plenty of other projects with important ministries carrying the proof of a similar saga.

One can easily ask- is there no institutional mechanism to check such systemic problems and disappointments?

Everyone wants the government to establish accountability to ensure

that all its projects are planned and executed properly. Ill conceived projects not just push us to bleed financially, but also potentially deprive us of their desired benefits. This has been going on for so long, and it is the common people who have or had to pay for it.

The government must ensure there is a minimum threshold, both of experience and qualification, for project directors before anyone is appointed. It should be clear "where the buck stops" as someone must be held responsible for cost overruns and delays. Project costs should be clearly committed to with an inflation component built in and agreement from all parties on a particular set of allowances for increment circumstances which are out of control. There should be a report format, akin to the customer acquisition form at banks, where the details of a feasibility study are provided and this must be submitted to the ministry concerned, with the firm/people who carried out the study responsible for any negligence or failure they may reasonably be

expected to predict. The projects' feasibility also depends on all these moving parts working in sync with each other and so the project viability must be assessed with these concepts in mind.

The project director must be the sole authority on the project once work commences and any replacement of the project director must be transparent and any failures on the part of the project director publicly acknowledged. Many years ago, the government was thinking of a "project management cadre" under Bangladesh Civil Service also.

Project conception or planning, commercial, financial, or even social and environmental due diligence, financial model, implementation monitoring, procurement, compensation to affected parties and payback as per the plan - all require competency in the respective agency and precision to implement. All this requires congenial policy regime and accountability driven from the top.

The author is an economic analyst. Views expressed here are personal.

## Fashion retailer

FROM PAGE B4

"We are deeply saddened about the impact this will have on our colleagues," Helmersson said but did not elaborate. A company spokesperson said about 6,000 employees in the country would be affected.

The entire wind down is expected to cost about 2 billion Swedish crowns (\$191.3 million), of which about 1 billion crowns will have a cash flow impact, H&M said. The full amount will be included as one-time costs in the results for the third quarter.

H&M intends to temporarily reopen physical stores to sell remaining inventory in Russia.

The shutdown will affect the company's 170 physical stores in the country and its online sales channels, a spokesperson said.

Several other retailers, including Inditex, Adidas have halted sales in the country, while US-based fashion retailer TJX and Poland's biggest fashion retailer LPP decided to sell their businesses in Russia. read more

H&M's biggest rival, Zara owner Inditex, told shareholders last week that it would keep operations suspended for the time being.



Shyamol B Das, acting managing director of Meghna Bank, and Mahboob Rahman, chairman of Star Cineplex, exchange signed documents of an agreement for getting cashback benefits on movie tickets at the SKS Tower in Mohakhali, Dhaka recently. Zishan Ahammad, head of cards at the bank, and Khaled A Shammi, executive director of Star Cineplex, were present. PHOTO: MEGHNA BANK



ABM Mokammel Hoque Chowdhury, managing director of Union Bank, inaugurates the bank's half-yearly Business Conference 2022 at the Radisson Blu Dhaka Water Garden in the capital yesterday. Quazi Osman Ali, adviser of the bank, Md Habibur Rahman, additional managing director, and Md Nazrul Islam, deputy managing director, were present. PHOTO: UNION BANK

## Tea production expands

FROM PAGE B4

Local tea brands dominate the domestic market with a 75 per cent share while non-branded producers account for the rest.

According to the Bangladesh Tea Association, the 166 tea estates in the country cover almost 280,000 acres of land. Bangladesh is currently listed as the world's ninth largest tea producer, accounting for around 2 per cent of the world's total production.

In addition, 90 of the tea gardens are currently in Moulvibazar, which accounts for 55 per cent of the tea produced in the country. Habiganj is the second largest producing district, contributing 22 per cent.

## ECB goes on offensive

FROM PAGE B4

Stubbornly low for years, prices are now soaring as a result of scrambled supply chains from the coronavirus pandemic and the burst in the price of food and energy caused by the war in Ukraine.

The inflation surge caught central banks, not least the ECB, off guard.

Now, the central bank is aiming to lift interest rates out of negative territory by the end of September as part of a "gradual but sustained" series of hikes, according to President Christine Lagarde.

In hindsight, the "cautious normalisation process the ECB started at the end of last year has simply been too slow and too late," said Carsten Brzeski, head of macro at the ING bank.

With each new data release

causing new consternation, the ECB's cautious quarter-point step could lead to a feeling of "disappointment", Brzeski said.

Some ECB policymakers may push for faster action but "it will be a balancing act between the ECB's credibility as being predictable and its credibility as a determined inflation fighter," he said.

The ECB was faced with an "impossible equation to solve", said Frederik Ducrozet, head of macroeconomic research at Pictet Wealth Management. Central bankers were determined to squash inflation while "the euro area economy is on the brink of recession", circumstances under which they would normally hesitate to raise interest rates.

The outlook for the economy was clouded by the war in Ukraine

with eurozone members bracing for a winter in which energy could be scarce and planning to ration supplies if Russia halts gas deliveries to the continent.

Add a weak euro against the dollar, which touched parity recently for the first time in nearly 20 years, and a political crisis in Italy and the monetary calculations became even harder, Ducrozet said.

The withdrawal of a key party from former ECB chief and Italian Prime Minister Mario Draghi's governing coalition has unnerved investors, sending borrowing costs up again.

The quickly rising strain in bond markets had already prompted the ECB to respond in mid-June by speeding up the design of an instrument to fight "fragmentation" in the eurozone.

## Oil price jumps

FROM PAGE B4

US President Joe Biden's trip to Saudi Arabia failed to yield any pledge from the top OPEC producer to boost oil supply.

Biden wants Gulf oil producers to step up output to help to lower oil prices and drive down inflation.

Global markets are focused this week on the resumption of Russian gas flows to Europe via the Nord Stream 1 pipeline, which is scheduled to end maintenance on July 21.

Governments, markets and companies fear the shutdown could be extended because of the war in Ukraine.

"Brent crude will find support at the end of the week if Russia does not turn the gas back on to Germany after Nord Stream 1 maintenance," said OANDA senior analyst Jeffrey Halley.

Loss of that gas to Germany, the world's fourth-largest economy, would hit it hard and heighten the risk of recession.

## Incepta brings vaccine for cervical cancer

STAR BUSINESS REPORT

Incepta Vaccine Ltd, the country's first vaccine manufacturing company, has launched cervical cancer vaccine Papilovax in Bangladesh.

Papilovax vaccine protects against cervical cancer by preventing the HPV virus responsible for cervical cancer, Incepta said in a statement yesterday.

Cervical cancer is the second leading cause of female cancer deaths in Bangladesh. The main cause of death in this cancer is ignorance and years of neglect, according to the statement.

Every year more than 10,000 women die of cervical cancer in the country and more than 5 crore women are at risk of it.

By giving this vaccine to all healthy women from 9 to 45 years, Bangladesh will go a long way in eradicating cervical cancer. This vaccine will help meet the long-standing demand in the country.

Papilovax is also marketed in modern pre-filled syringes. It should be noted here that the full dose in pre-filled syringes is manufactured in aseptic environment and marketed at controlled temperature in fully sterile packaging.

## COMPLAINTS AND SETTLEMENT

(As of June 13, 2022)

**27,417** complaints were lodged against 43 e-commerce sites

**12,792** have been settled so far

Settlement rate 47%, last year 86%

Highest **10,747** complaints against Evaly, settlement rate 41%

**5,815** new complaints against Evaly last year, only 353 settled

**5,867** against E-orange, only 33 settled

**554** against Dhamaka Shopping, only 81 settled

SOURCE: DNCRP



## E-COMMERCE SCAMS

# Year passes, few get redress

MAHMUDUL HASAN and SUKANTA HALDER

Over a year has passed since government agencies cracked down on several e-commerce platforms for not providing refunds or delivering products of thousands of customers after luring them with hefty discounts.

Only a few got to avail redress.

The scope of getting redress is narrowing as some of the accused have fled the country, some are in jail, some out on bail and the rest still at large.

Only 47 per cent of complaints filed by e-commerce customers with the Directorate of National Consumer Rights Protection (DNCRP) were settled as of June this year, down from 86 per cent in the same period last year.

Meaning that the number of customers who are getting remedy is shrinking.

Customers so far filed about 27,417 complaints against the e-commerce platforms and 12,792 of those have been settled and the remaining 14,625 remained unsettled as of June.

However, one year earlier, the number of complaints was 13,317 and about 86 per cent of the complaints were resolved.

The highest number of complaints were against Evaly.

About 84 per cent of the 10,747 complaints filed against Evaly were settled last year as of June. But the settlement rate plunged to 41 per cent as of June this year.

About 5,815 new complaints were filed against Evaly in the last one year but only 353 were resolved during this period.

The probability of getting back money for Evaly's customers is particularly low as it has a huge amount of liabilities to customers and merchants but only has limited amount of assets.

For example, a sum of Tk 25 crore of Evaly is now stuck in escrow accounts of different payment gateways and goods worth Tk 25 crore are in two of Evaly's warehouses, according to a court-instituted board.

Justice AHM Shamsuddin Chowdhury Manik, who leads the board, recently said this amount was a "drop in the ocean" when compared to the claims made against the company.

E-orange took second place on the list of companies with the highest complaints as 5,867 were filed against it. Only 33 or 0.56 per cent were settled by the DNCRP.

E-orange founder Sonia Mehjabin and several of its officials have been in jail since their arrest on August 16 last year on charge of embezzling Tk 1,100 crore of

customers.

Around a year has passed since Arif Anwari, a freelancer who made advance payments of about Tk 9 lakh to E-orange for motorcycles and other products, filed a complaint with the DNCRP. But his complaints haven't been resolved.

An official of Criminal Investigation Department (CID) said the department had recently concluded that E-orange officials laundered over Tk 230 crore abroad.

Of 554 complaints against Dhamaka Shopping, only 81 or 14 per cent have been resolved so far.

A CID official said over Tk 100 crore of customers and merchant money was laundered by the Dhamaka officials and its managing director, SMD Jashimuddin Chisty, has fled to the US.

Among other controversial e-commerce platforms, the rate of complaints being resolved stands at 1.39 per cent for Alesha Mart, 2.11 per cent for Qcoom.com, 7.69 per cent for Dalal Plus and 24 per cent for Adyan Mart as of June 13 this year.

Asked about the fall in the rate of complaints being resolved, AHM Shafiquzzaman, director general at the DNCRP, said to resolve complaints, the directorate calls the officials of the companies for a hearing.

But offices of many of such e-commerce platforms have shut down and there is no trace of their officials, he said.

"The maximum number of complaints are against Evaly. There is no one to refund its money," he added.

He said about 300 complaints against Alesha Mart and Qcoom.com would be resolved within this month.

Hafizur Rahman, additional secretary to the commerce ministry, said about 20,299 customers of Qcoom.com, Alesha Mart, BoomBoom, Anandabazar and others received Tk 182.24 crore as of June 16 from Tk 394 crore stuck at payment gateways.

According to industry people, the amount refunded is very small compared to the total amount embezzled from customers.

"It's just the tip of the iceberg. Our estimate is that the liability of only Evaly is over Tk 2,000 crore and none of Evaly's customers got their money back," AKM Fahim Mashroor, a former president of the Bangladesh Association of Software and Information Services, told The Daily Star.

Over 4 lakh customers and merchants haven't got any of their Tk 4,000 crore to Tk 5,000 crore back yet, said Mashroor, also chief executive officer of bdjobs.com and ajkerdeal.com.

## GP profit rises 8pc

STAR BUSINESS REPORT

Listed telecom company Grameenphone logged 8 per cent rise in profits in the April to June period of 2022 riding on higher revenue earnings.

The top telecom company booked profits of Tk 920 crore in the recently ended quarter, up from Tk 850 crore in the same period previous year.

Its half-yearly (January-June, 2022) profits, however, dropped 0.63 per cent to Tk 1,730 crore, according to the company's audited financial report.

The board of directors of the company announced 125 per cent cash dividend for its shareholders.

Despite the dividend announcement, the share price of Grameenphone dropped 0.10 per cent to Tk 289.5 on the Dhaka Stock Exchange yesterday.

The price fall of Grameenphone's shares started last month when the Bangladesh Telecommunication Regulatory Commission imposed a ban on sales of the mobile phone operator's SIMs because of its failure to ensure quality service.

## Peyala Cafe opens outlet in Banani

STAR BUSINESS REPORT

Peyala Café has recently opened its flagship store in Dhaka's Banani-II, according to a statement released by MGH Restaurants Private Limited, a venture of MGH Group which runs the food and beverage brand Peyala Café.

"Peyala Cafe is excited to connect with the Banani neighbourhood and offer its Masala-routed crowd favourite cuisines of Thai, Indian, Mexican and of course Bangladeshi origins in the form of Wraps or Salad Bowls to be paired with the customer's choice of condiments," said Arsalan Ahmed, manager at MGH Restaurants Private Limited.

"We are simply delighted to be a part of one of the most exciting neighbourhoods in the country and create an environment for guests to walk in and enjoy our newly launched Burgers or just chill with a cup of Cha and socialise."

Alongside Banani-II, Peyala Café is currently operating on Gulshan Avenue and Karwan Bazar.

## Amazon takes on Britain's Tesco with price match scheme

REUTERS, London

Amazon, seeking an edge amid a deteriorating cost of living crisis, will match UK grocery market leader Tesco's prices on hundreds of products, it said on Monday.

The new scheme from Amazon Prime Fresh, which delivers groceries to Amazon Prime members, will match its prices to Tesco Clubcard deals on everyday items, including meat and fish.

"We know that our customers are looking for ways to save on their weekly grocery shopping," Russell Jones, Amazon Fresh director said.

Facing the toughest economic conditions in decades, Britain's food retailers are monitoring each other's prices more than ever.

## Withdraw export threshold

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In response, the EU delegation and association leaders said they would follow the government's roadmap in applying labour laws, which are going to be reformed in consultation with the EU.

The EU has been pressuring the government to amend the labour law and bring Export Processing Zones (EPZ) under uniform regulations in order to enjoy the EU trade benefit under the new GSP scheme.

BGMEA and BKMEA leaders highlighted the progress made in workplace safety as well as the industry's gradual adoption of green manufacturing practices to protect the environment.

MA Razaque, research director of the Policy Research Institute of Bangladesh, said the specified EU "safeguards" would exclude the country's clothing exports from any tariff preferences.

"The proposed GSP has removed the import share criterion, which stipulated that a country's share in EU GSP-covered imports in 2019 can't be more than 7.4 per cent," he added.

So, if the proposed rules remain

unchanged, the average tariff on apparel exports from Bangladesh to the EU will rise from the currently zero to an average of 12 per cent, according to Razaque.

The new proposals will be finalised when adopted by the European Parliament and the European Commission, the executive branch of the EU, potentially in the last quarter of 2022.

"So, Bangladesh needs to negotiate further with the EU to change the current draft of the GSP regulation because if this draft is passed, local garment items will have very less chance of enjoying the zero-duty benefit," Razaque said.

Commerce Minister Tipu Munshi on different occasions also requested the EU to remove the threshold from proposed GSP scheme.

Mohammad Hatem, executive president of the BKMEA, said the EU delegation promised they would remove the threshold from the proposed GSP as the scope exists until it is passed in parliament.

Hatem then informed that the EU delegation said Bangladesh could go for signing a free trade agreement

with the EU in the future.

The six member EU trade committee led by Heidi Hautala is scheduled to hold discussions with secretaries of the commerce, labour and foreign ministries to assess the country's labour and human rights and the workplace safety issues at a meeting to be held at the Foreign Service Academy in Dhaka, said Abdur Rahim Khan, additional secretary to the commerce ministry.

In March this year, another EU delegation also expressed concerns over the delay in amendments to the labour law as the EU wants uniform labour laws for workers both inside and outside of EPZs.

The EPZ labour law was supposed to be amended by December last year.

"The vetting of the draft of the amendable labour law is almost completed and very soon it will be sent to the parliament for making it as a law," Khan said.

Bangladesh's garment exports to the EU, the largest apparel importer in the world, increased by 33.87 per cent to \$21.04 billion in FY21-22 from \$15.99 billion in FY20-21, EPB data showed.

## Rolls-Royce

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"The company is a listed joint venture but no details of the foreign investor is mentioned in documents. Therefore, the company's licence has been suspended. The bond licence will available if these issues are resolved," he added.

Sharif Zahir, managing director of Z&Z Intimates, said, "Initially there were four owners but later all the shares were transferred to two. As a result, the signatures of the two who left were not required."

He claimed that he was not aware about any licence suspension until Sunday. He said he could not inform of the reason for the suspension until the letter was received.

"We are being harassed by customs officials without any valid reason. Recently our company was accused of tax evasion of Tk 24 crore for importing a vehicle. However, we imported the car with Bepza's permission under duty-free facility," he claimed.

## Russia's block on Ukraine grain could starve thousands: EU

AFP, Brussels

Russia's blockade of Ukrainian ports threatens grain supplies to tens of thousands of people vulnerable to starvation and must end, EU foreign policy chief Josep Borrell warned Monday.

"It's an issue of life and death for many human beings. And the question is that Russia has to de-block and allow Ukrainian grain to be exported," Borrell told reporters. Russian and Ukrainian negotiators will meet UN and Turkish diplomats in Istanbul on Wednesday to discuss a possible agreement to end the months-long blockade of Ukraine's ports.

President Vladimir Putin's Russia invaded Ukraine in February and its forces have captured some Black Sea ports and bombarded others, including the key grain exporting outlet in the city of Odessa.

Ukraine has also mined the approaches to some of its ports to protect them from Russian assault.

But Ukraine's farms are a major source of grain for the world market, in particular in the Middle East and Africa, where food supplies are critically tight.

"The most worrisome thing is the lack of food in many countries around the world, and there is not food because Russia is blocking the

export of Ukrainian grain," Borrell said.

Borrell spoke as he arrived at a meeting in Brussels of EU foreign ministers to discuss closing loopholes in their sanctions regime to punish Russia for the invasion.

He said that Ukraine's European allies would do what they can to help Kyiv export its grain through overland routes and across the Danube river, but warned that the ports were key.

"So, I hope -- and I think I have a hope -- that this week it will be possible to reach an agreement to de-block this and other Ukrainian ports," he said, referring to Odessa.

## Loan defaulters get a big break

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Habitual defaulters will not be allowed to enjoy any policy support from the relaxed rules, according to the BB.

Fahmida Khatun, executive director of the Centre for Policy Dialogue, said the new instructions would not bring any good for the banking sector, rather it would deal a blow to credit discipline in lenders.

The government has set a high GDP growth and low inflation target, thinking that volatility in the global market will end in the quickest possible time, she said.

But the central bank extended the repayment tenure up to eight years when both the coronavirus pandemic and the ongoing war might not last long, she said.

"We are now struggling to survive from the existing default culture. The latest relaxation will intensify NPLs in the long run," Khatun said.

The NPLs totalled Tk 113,441 crore in March this year, just behind the highest-ever of Tk 116,288 crore recorded in September 2019.

Default loans increased 9.84 per cent in March from that three months ago when it stood at Tk 103,274 crore.

Although the BB in its circular stated that the policy would not be applicable for habitual defaulters, the central bank earlier failed to stick with such commitments, she said.

In addition, the central bank had earlier relaxed many policies to give support to influential borrowers in many cases, Khatun said.

Anis A Khan, a former chairman of the Association of Bankers, Bangladesh, said banks would face difficulties in recovering their funds as the repayment tenure of the rescheduled loans were much higher than what was previously.

Many good borrowers may feel discouraged to pay back their loans due to the relaxed policy for loan rescheduling, he said.

He feared that some borrowers might divert their funds to unproductive zones, violating their commitment to invest those in sectors mentioned in their respective credit proposals.

The borrowers will get a long time to repay their loans even after rescheduling their defaulted loans, which might encourage the thought that they will get a hefty time to repay the funds, Khan said.

Banks usually mobilise short-term deposits from clients, which is why a large amount of their funds will be stuck due to the relaxed policy, he said.

Against the backdrop, lenders may face an asset-liability mismatch, Khan said.

For this reason, new entrepreneurs may be deprived of loans from lenders, he said.

Salehuddin Ahmed, a former governor of the central bank, said many countries were now facing several crises due to the ongoing war and pandemic but none had relaxed their credit and rescheduling policies.

Habitual borrowers may take advantage of this relaxation, he said.

Such relaxed policies should have been taken only for the small and medium enterprise and agriculture sectors, Ahmed said.

## Uninsured losses

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institutional and human capacities to design and implement disaster risk transfer mechanisms are the main reasons for low insurance penetration.

Inclusive insurance, which aims at the excluded or underserved market rather than just the poor, can be used as a risk mitigation tool to this end, Sheikh said.

For this, it is necessary to work on developing insurance schemes that fit the peoples' purposes. So, the schemes and products should be simple and easily understandable, according to the paper.

She went on to say that formal insurance companies are mostly focused on high to middle income people. However, some microfinance institutions like brac, Grameen Bank, and Proshika are piloting relevant insurance products on approval of the IDRA and Microcredit Regulatory

Authority.

Sheikh Mohammad Salim Ullah, secretary of the FID, said there is an increasing need for decision makers to be involved in developing insurance products.

"They also need to understand how climate change risks could affect their investments and how to mitigate those risks through proper planning, incentive structures and financial instruments," he added.

Van Nguyen, deputy resident representative of UNDP Bangladesh, said he is resolute that under the leadership of the FID, finance ministry and IDRA as regulatory authorities, strong representation of the insurance industry and relevant stakeholders, the country diagnostic will provide a clear direction for creating an enabling environment for mainstreaming inclusive insurance and risk financing in the country.

## Oil price jumps

REUTERS, London

Oil prices extended gains on Monday, propped up by a weaker dollar and tight supplies that offset concerns about recession and the prospect of widespread Covid-19 lockdowns in China again reducing fuel demand.

Brent crude futures for September settlement rose \$2.44, or 2.4 per cent, to \$103.60 a barrel by 0900 GMT, having advanced by 2.1 per cent on Friday.

US West Texas Intermediate (WTI) crude futures for August delivery gained \$2.17, or 2.2 per cent, to \$99.76 after rising by 1.9 per cent in the previous session.

Both Brent and WTI last week registered their biggest weekly declines for about a month on fears of a recession that would hit oil demand. Mass Covid-testing exercises continue in parts of China this week, raising concerns over oil demand from the world's second-largest oil consumer.

However, oil supplies remain tight. As expected, READ MORE ON B2



Tea production is gradually expanding in Bangladesh year after year thanks to increasing domestic demand. However, the heightened local consumption leaves little for exports, which have steadily declined over the past decade. PHOTO: SHEIKH NASIR

## Implementing public interest projects

MAMUN RASHID

Like in any other developing country, all public interest projects in Bangladesh are supposed to be well thought out with their ultimate impacts reviewed. However, courtesy of the media, even the state investigation agencies, we mostly don't get to hear good things about projects being well-researched, the ultimate impact on the target market or group well thought out, finance being well-managed or done with sincerity of purpose.

Most project plans are haphazardly initiated, project directors are not experienced and there is an absence of proper financial modelling leading to cost escalation. Effective project planning in public interest projects can play an important role to overcome these issues. An effective project plan not only boosts project performance but also ensures the efficient utilisation of the resources to save costs.



It's a common belief that we have an execution problem when it comes to projects. Very few public interest projects finish on time, and fewer still without their costs escalating to a significant level. This is perhaps the biggest hazard to tax-paying

citizens who want to get their money's worth from the large pool of projects launched around the year. Project cost overruns are one of the common elements behind the failure of every four out of five projects. So, project cost management plays a very important role in managing and controlling the flow of cost for various resources in different tasks of the project. Proper project cost management can decrease expenses, improve operational efficiency, and ensure procurement effectiveness.

The lack of good governance in project implementation is undermining the efficiency of public infrastructure projects despite the huge money from the exchequer or development

**Project cost management plays a very important role in managing and controlling the flow of cost. Proper management can decrease expenses, improve operational efficiency, and ensure procurement effectiveness**

partners being invested. In order to ensure return on investment and the right levels of structure & accountability, effective project governance must be ensured. More importantly, project governance enables quicker data-backed decision-making through data and enables effective monitoring.

Projects are often undertaken without any feasibility study, which is a fundamental requirement, thus necessitating a series of revisions at frequent intervals. This is, unfortunately, the story of many other projects as well, and it's surprising that those at the planning ministry still give clearance to those. The absence of a feasibility study is just as bad as the presence of a weak feasibility study, both of which are common. It's the first and perhaps most recurring factor in poorly planned undertakings. So, conducting a feasibility study before undertaking any big-ticket public interest project not only provides valuable information for a "go/no go" decision, but also identifies reasons why the project should not proceed and innovative solutions that would make the project feasible.

Other problems identified in the public interest projects include coordination failure, delays in land acquisition, frequent changes of project directors and unqualified project directors, etc. Ad-hoc decisions or mismanagement is the

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# Tea production expands but exports decline

SUKANTA HALDER

Although tea production has expanded in Bangladesh over the past decade, outbound shipments of the once major export earner have dropped at the same time in the face of growing domestic demand, according to market players.

As consumption is growing in line with the country's expanding population and urbanisation, tea production has increased over the years to cater to local markets rather than those abroad, they said.

Besides, another reason is that local prices are comparatively better compared to that of the international market.

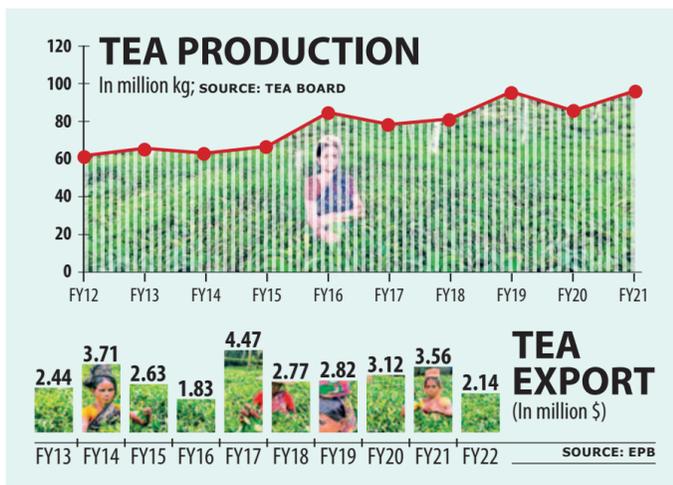
Omar Hannan, chairman of the Tea Traders Association of Bangladesh, said local consumption rises by 6-7 per cent every year and if domestic production cannot cope, then tea would have to be imported to make up for the dearth in supply.

"So, the export decline is not a demerit," he added.

Large amounts of tea go up for auction at the end of each harvesting season but nothing remains unsold, meaning that exports can only increase when there is surplus in production.

"Conversely, if there was a lot of tea left over after catering to local demand and it is not exported, then that would be a matter of concern," Hannan said.

According to the Bangladesh Tea Board (BTB), tea is currently exported from Bangladesh to 23 countries, including the US, UK, France, China, Japan, India and



foreign currency earnings from the product dropped to \$2.14 million in the last fiscal year, according to the Export Promotion Bureau.

BTB sources say that Bangladesh was the world's fifth highest tea exporting country back in the 1990s, when international demand was high considering the good quality of local blends.

At that time, tea was at the top of the export list for Bangladesh.

An official of the Bangladesh Tea Research Institute said that in 1947, 18 million kgs of tea was produced in the erstwhile East Pakistan. Of the total amount, 15 million kgs were exported.

Then in the 1970s, tea production rose to about 31 million kgs per year, a large portion of which was still exported, and this trend continued until the 1990s, he added.

While speaking at the recent National Tea Day programme, Commerce Minister Tipu Munshi said that there is demand for Bangladesh's tea in the global market as the quality is good.

However, he added that it is not possible to export as much tea as expected.

In Bangladesh, 45 per cent of the tea produced is consumed at the household level while the rest at tea stalls, restaurants, and offices.

Tea is a part of social and professional life in the country, making it one of the most-consumed beverages and it is popular among low-income groups as well.

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## ECB goes on offensive as inflation soars

AFP, Frankfurt

The European Central Bank will raise its interest rates on Thursday for the first time in over a decade, but the bank is already under pressure to do more amid record inflation.

The ECB has for months been preparing the end of the era of cheap money that supported the economy through a series of crises in recent years.

To try and counteract a steep rise in prices the central bank has said it intends to raise its interest rates by a quarter point, the first such move since 2011.

The ECB already stopped its bond-buying stimulus programme at the beginning of July, as it laid the groundwork for the rise. The lift-off in rates comes in response to an unprecedented surge in prices, driven higher by supply chain bottlenecks and the rising cost of energy following Russia's invasion of Ukraine.

Inflation in the eurozone sat at 8.6 per cent in June, the highest ever recorded for the currency club and well above the ECB's two-per cent target.

The Frankfurt based institution continues playing catch up with its peers, like the US Federal Reserve, which started hiking earlier and more aggressively. The ECB deposit rate has been negative for the past eight years, with the key rate currently at minus 0.5 per cent.

The punitive interest rate, which effectively charges banks to park their money with the ECB overnight, was designed to encourage more lending, more economic activity and higher inflation rates.

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Travellers board a regional train to the northeastern German city of Stralsund at Berlin Central Station (Hauptbahnhof) in Berlin. Commuters began paying just nine euros a month for public transport as an inflation-relief measure in Europe's biggest economy. PHOTO: AFP/FILE

## Fashion retailer H&M to exit Russia

REUTERS, Stockholm

H&M, the world's second-biggest fashion retailer, said on Monday it had decided to wind down its business in Russia, joining a growing list of companies fully exiting the country and sending its shares down 1 per cent.

The company suspended its business in Russia in early March in the wake of Western sanctions against Moscow following its invasion of Ukraine. Russia was H&M's sixth biggest market and the company was increasing its store count there while reducing physical stores in many other markets.

"After careful consideration, we see it as impossible given the current situation to continue our business in Russia," Chief Executive Helena Helmersson said in a statement.

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