

Star BUSINESS





REFINANCE SCHEME CMSMEs get Tk 25,000cr

STAR BUSINESS REPORT

Bangladesh Bank yesterday unveiled a Tk 25,000 crore refinance scheme for cottage, micro, small and medium enterprises (CMSMEs) in order to increase their access to finances.

Borrowers in the CMSME sector will get funds in the form of term loans, whose tenure is more than one year, from the scheme, according to a central bank notice.

The tenure of the fund, which is revolving in nature, is three years.

Considered the backbone of the economy, the CMSME sector is contributing to the country by generating jobs and manufacturing items, cutting Bangladesh's reliance on imported items. There are 78 lakh such units across the country as per the latest data from the Bangladesh Bureau of Statistics.

"If needed, the fund size will be increased," the BB said.

Under the new scheme, banks and non-bank financial institutions (NBFIs) will receive funds at 2 per cent from the central bank, while CMSME borrowers will get loans at a maximum interest rate of 7 per cent.

Lenders will have to distribute at least 75 per cent of the loans among cottage, micro and small enterprises and a maximum of 25 per cent among medium-sized firms.

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Dry spell rings alarm for Aman cultivation

KONGKON KARMAKER, MOSTAFA SHABUJ and SOHEL PARVEZ

It's rainy reason in Bangladesh and agricultural land is supposed to be wet with monsoon rains by now.

But a vast part of land is currently dry and cracks have formed in many parts of the country, particularly in the north, affecting the cultivation of Aman rice, the second-largest paddy after Boro, amid dry spell.

According to the Bangladesh Meteorological Department (BMD), the country recorded 86 per cent less rainfall until July 17, against 523 millimetres on average usually seen in the month, compelling growers to turn to diesel-run pumps to prepare lands and transplant seedlings to avoid late planting since it would reduce yields.

"We have been passing our days looking at the sky for rains," said Nurul Islam, a farmer of Hosennagar village under the sadar upazila of Rangpur, the main producer of Aman in the north, which accounts for 36 per cent of the total output of the rice variety.

The grower had prepared his seedbed on two bighas of land to plant Aman. The seedlings have grown fully, but he could not prepare the land on time to transplant the seedlings for the drought-like situation.

Finally, after waiting for seven days, he had to depend on water pumps to irrigate though this would increase his production cost. He and his farmers across the country rely on rainwater to produce the paddy variety.

"My expenses would go up by Tk 1,500 per bigha for operating the diesel pump," Islam said.

The unfavourable weather following repeated floods had hurt the previous two rice crops – Boro and Aush. This fanned concerns about the food security of the nation at a time when the war in Ukraine is

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Although Bangladesh is now in its monsoon season, a lack of rain has left farmers with little option other than irrigating lands with diesel-run water pumps.

The photos were taken from Rangpur and Gaibandha.

PHOTO: KONGKON KARMAKER AND MOSTAFA SHABUJ

Industries seek protection from power cuts

STAR BUSINESS REPORT

Industrial unit owners of different sectors have demanded that the government provide them immunity from blackouts or load shedding.

They also expressed relief at production remaining nearly unhurt yesterday, the first day of planned power cuts, just as the government had promised to ensure.

Mohammad Ali Khokon, president of Bangladesh Textile Mills Association, said the primary textile sector did not feel any impact.

"We will be able to understand the impacts after a few days as we have just opened our mills after the Eid holidays," he said.

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| STOCKS | |
|----------|-----------|
| DSEX ▼ | CSCX ▼ |
| 1.02% | 1.17% |
| 6,153.17 | 18,066.81 |

| COMMODITIES | |
|-------------|--------------|
| Gold ▲ | Oil ▼ |
| \$1,716.7 | \$100.45 |
| (per ounce) | (per barrel) |

| ASIAN MARKETS | | | |
|---------------|-----------|-----------|----------|
| MUMBAI | TOKYO | SINGAPORE | SHANGHAI |
| ▲ 0.45% | ▲ 0.65% | ▼ 0.13% | ▲ 0.04% |
| 54,767.62 | 26,961.68 | 3,117.79 | 3,279.43 |

EDIBLE OIL PRICE Consumer rights body's monitoring starts today

STAR BUSINESS REPORT

The Directorate of National Consumer Rights Protection (DNCRP) will start monitoring the market from today to ensure that no trader can sell edible oil at prices higher than the newly reduced rates, which come into effect on July 18.

The consumer rights body took the decision at the third meeting of the National Market Monitoring Taskforce as a section of traders are still selling the cooking oil at the previous high prices.

Tapan Kanti Ghosh, head of the committee and senior commerce secretary, chaired the meeting held at his office in the secretariat in Dhaka yesterday.

On July 17, the government reduced bottled soybean oil's retail price by Tk 14 a litre. The new price, Tk 185, was supposed to come from July 18.

The price of palm oil was reduced by Tk 6 a litre to Tk 152.

However, the retailers, millers and refiners are yet to follow the new prices of the edible oil and still selling at the previous high prices in the local markets.

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Stocks fall further

STAR BUSINESS REPORT

The stock market index continued to bleed for a sixth straight day while suffering a big blow yesterday when the key index lost more than 1 per cent for the second consecutive day amid deepening uncertainties over the country's macroeconomic indicators.

The DSEX, the benchmark index of the premier bourse in Bangladesh, lost 63.71 points or 1.02 per cent to close at 6,153, the lowest since May 22 this year. It had shed 87.39 points or 1.39 per cent on Monday.

With this continuous drop, the benchmark index dropped below the 6,200 mark and turnover hit the lowest in 15 months to Tk 319.4 crore.

Turnover, another key indicator of the market, fell to Tk 319 crore, down nearly 38 per cent from Tk 515 crore a day ago.

Of the securities traded on the day, 21 advanced, 344 fell and 17 were unchanged.

Jittery investors have embarked on a massive sell-off to exit from the market dumping their shares for a while now, said International Leasing Securities in its daily market review.

They apprehend further deepening of challenges in the coming months due to the energy crisis, it said.

Some of the investors are stuck with heavy losses in their portfolios and cannot get out of it, it added.

Both DS30, the blue chip index, and DSES, the Shariah-based index, lost 22.60 points and 11.58 points respectively.

Investors' activities were mainly focused on the pharmaceuticals sector, which accounted for 16.3 per cent of the day's total turnover, followed by bank (13.4 per cent) and textile (12.9 per cent).

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12 AAA HIGHEST CREDIT RATING

12 Years in a Row

Commercial Bank of Ceylon PLC was awarded highest credit rating AAA by Credit Rating Information and Services Limited in 2022

Long Term AAA, Short Term - ST1 Outlook - Stable

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COMMERCIAL BANK
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EU efforts scanty to get through winter without Russian gas: IEA

AFP, Paris

Europe's efforts to diversify suppliers will not be enough to get it through winter without Russian gas, the head of the International Energy Agency warned Monday, urging immediate efforts to cut demand.

The comments by the IEA's director Fatih Birol came as European Commission President Ursula von der Leyen signed an energy deal in Baku, under which deliveries of Azerbaijani gas will double over the next few years.

But Birol said in an article published by the IEA: "It is categorically not enough to just rely on gas from non-Russian sources - these supplies are simply not available in the volumes required to substitute for missing deliveries from Russia."

Europe has been seeking to import more LNG to replace some Russian gas, but it has a limited number of terminals to offload it

"This will be the case even if gas supplies from Norway and Azerbaijan flow at maximum capacity, if deliveries from North Africa stay close to last year's levels, if domestic gas production in Europe continues to follow recent trends, and if inflows of LNG increase at a similar record rate as they did in the first half of this year," he added.

Europe is also waiting to see this week if Russia resumes gas shipments via Gazprom's key Nord Stream 1 pipeline, on which 10 days of scheduled maintenance will soon be completed.

It has been seeking to import more liquefied natural gas (LNG) to replace some Russian gas, but it has a limited number of terminals to offload it from tankers and supplies are also limited.

While the EU has not put Russian natural gas under sanctions over Moscow's invasion of Ukraine, it has sought to cut imports so as to reduce its dependence on Moscow.

Russia has already cited various reasons for cutting energy supplies to the west.

European nations now want to see it resumes gas shipments via the Nord Stream 1 pipeline on Thursday, when compressor maintenance is due end.

"Europe is now forced to operate in a constant state of uncertainty over Russian gas supplies, and we can't rule out a complete cut-off," said Birol.



Although the government recently lowered soybean oil prices by Tk 14 per litre, consumers in various parts of the country are yet to benefit as many shopkeepers are still selling the key cooking ingredient at the previous price. The picture was taken from a kitchen market in Gobindaganj upazila of Gaibandha yesterday.

PHOTO: MOSTAFA SHABUJ

US bank results highlight risk and resiliency

AFP, New York

Despite mounting worries over inflation, just-released bank earnings painted a resilient picture of the US economy and consumer, generating talk that any recession might be milder than earlier downturns.

Reports from six US banking giants showed a significant drop in profits from the heady year-ago period, with most of the group establishing fresh provisions in case of defaults.

Executives expressed caution about what's to come in light of the growing hit from higher gasoline and food prices, along with the burden of increased lending costs following several Federal Reserve interest rate hikes and persistent supply chain problems.

But banks still haven't seen a significant rise in charge-offs from bad loans. They say many households still have a buffer of savings after conserving funds during the height of the pandemic when the federal government had generous relief programs.

Citigroup Chief Financial Officer Jane Fraser noted "sharply lower" consumer confidence compared with earlier in the year.

"That said, while sentiment has shifted, little of the data I see tells me the US is on

the cusp of a recession," Fraser said Friday, adding that households savings provided "a cushion for future stress" amid a tight job market.

Fraser contrasted the backdrop in the United States with Europe, where vulnerability to Russian energy could make for a "difficult winter." Executives acknowledged that the rising price of fuel and other essential goods poses burden to low-income households who are cutting back. But most of the bank's clients are not in this situation now.

"US consumers remain quite resilient," Bank of America Chief Executive Brian Moynihan said Monday. "Consumers continue to spend at a healthy pace even as some time has passed since the receipt of any stimulus."

JPMorgan Chase Chief Executive described the consumer as "in great shape," which means that even if there is a recession, they're entering it in "far better shape" compared with 2008 or 2009.

On Monday Bank of America reported \$6.2 billion in second-quarter profits, a 34 per cent drop compared with the year-ago period when results were lifted by a large reserve release amid a strengthening macroeconomic backdrop.

In spite of weakness in some parts

of the business, results were boosted by higher net interest income following Fed rate hikes. Bank of America also enjoyed growth in overall loans and pointed to "improvement" in overall asset quality.

At Goldman Sachs - the final of the US banking giants to report - profits fell 48 per cent to \$2.8 billion, again due in part to its decision to set aside \$667 million in provisions for credit losses.

Operations were mixed, with a big jump in revenues tied to trading amid volatile markets offsetting the hit from a drop in revenues connected to mergers and acquisition advising and loan underwriting.

The reports came on the heels of similar releases last week from JPMorgan Chase, Citigroup, Morgan Stanley and Wells Fargo.

Stuart Plesser, a senior director at S&P Global Ratings described the industry's overall tone as muted.

"They're not saying anything's disastrous, they're not optimistic, either," Plesser said.

"If you read the news, you got this possibility with inflation, the higher rate increases and all the other issues, but you can't point to anything in the results," he added.

MTB wins Asiamoney Best Bank Award

STAR BUSINESS DESK

Mutual Trust Bank won the "Best Bank for Diversity and Inclusion in Bangladesh 2022" award by Asiamoney, a division of global media group Euromoney Institutional Investor PLC.

Asiamoney chose this Bangladeshi bank for the award for initiating and implementing diversity, equity and inclusion initiatives irrespective of age, gender, disability, race and ethnicity, and social class, within the bank.

The lender is also working outside, which positioned the bank as a pioneer in bringing diversity and inclusion in its workplace and around the country, a press release said.

Syed Mahbubur Rahman, managing director of the bank, said that MTB is nurturing a workforce with diverse personnel, points of view and approaches to establish a culture of inclusivity and a sense of belonging, organised about a common purpose.

"The bank has implemented a series of initiatives to achieve true diversity, equality and inclusion."

Volvo sees higher sales and profits

AFP, Stockholm

Swedish truck maker Volvo on Tuesday reported higher sales and profits in the second quarter despite the company still feeling the effects of global supply chain disruptions.

The world's number two truck maker reported a better than expected revenue of 118.9 billion Swedish kronor (\$11.4 billion) and a net profit of 10.5 billion. Analysts had predicted an average of 107 billion in revenue and 8.9 billion in net profit, according to a survey by Factset.

"In this quarter, we have had extra costs related to supply chain disruptions as well as higher costs for material and have continued to work proactively and successfully with price management to mitigate these effects," Martin Lundstedt, CEO of Volvo, said.

"The situation in the global supply chain for semiconductors and other components continues to be unstable, characterised by disruptions, unpredictability and lack of freight capacity," he noted.

France to pay \$10b to take control of EDF

REUTERS, Paris

France's government is offering to pay 9.7 billion euros (\$9.85 billion) to take full control of EDF, in a buyout deal that gives it a free hand to run Europe's biggest nuclear power operator as it grapples with a continent-wide energy crisis.

The finance ministry said in a statement on Tuesday that the government would offer EDF's minority shareholders 12 euros per share, a 53 per cent premium to the closing price on July 5, the day before the government announced its intention to fully nationalise the debt-laden group.

EDF shares, which resumed trading on Tuesday after a one-week suspension pending details of the government buyout plan, had jumped 15 per cent to 11.80 euros by 0836 GMT.

Geneva Package giving a new life to WTO

FROM PAGE B4

About 30 per cent of the estimated annual global catch (109 million tonnes annually) remain unreported. The Food and Agriculture Organisation (FAO) estimated that 70 per cent of the fish population is fully used, overused or in crisis.

Among all the countries, China catches the fish most. The FAO also mentioned that a third of the world's assessed fisheries have currently been pushed beyond their biological limits. Developing countries requested a 25-year transition. LDCs exemption can be continued for some years, meaning graduating time plus 25 years.

Developed countries were extending subsidies for fishing, fuel, vessels and many other areas for long amounting to trillions of dollars. However, the text does not create disciplines on certain forms of fisheries subsidies that contribute to overcapacity and over-fishing.

In the regard to illegal, unreported and unregulated fishing, some agreement has been reached. But the texts are rather unclear and the issue has been left for the MC13. However, Article 12 of the agreement has given

a deadline of four years after its entry into force to agree on the above comprehensive discipline. Unless otherwise decided by the general council, the agreement shall stand immediately terminated.

The decision on the TRIPS waiver to be used by the eligible developing countries to authorise the use of certain patented Covid-19-related products without the prior consent of the right holder and to address the Covid-19 pandemic. Covid-19 diagnostics and therapeutics are not eligible.

The waiver is agreed for five years, irrespective of whether a compulsory licence regime is in place. The authorising members may allow the resulting products to be exported to other developing countries eligible for the TRIPS waiver.

The importing countries will prevent re-export unless exceptional humanitarian and not-for-profit purposes. The transparency mechanism is included to communicate any measures related to the implementation of the decision to the TRIPS Council.

Some developing countries like India with the capacity of

producing vaccines will benefit. Bangladesh has better capacities in the pharmaceutical sector. However, substantial efforts have not been visible so far in producing vaccines.

The decisions acknowledge for not imposing WTO inconsistent export prohibitions or restrictions on agricultural trade and ensuring that any emergency measures to address food security will be ensured.

For electronic commerce, the current practice of not imposing customs duties on electronic transmissions until MC13 will remain. However, if the MC13 is delayed beyond March 31, 2024, the moratorium will expire on that date unless the Ministers or the General Council take a decision to extend it.

The SPS committee will continue to undertake valuable work and members remain committed to the continued enhancement of the implementation of the SPS agreement. The SPS committee will report to the MC13 on the key findings and actions undertaken.

The WTO has a big role to deal with the challenges of trade-related issues. A number of countries have been pre-

empting and establishing rules that are sometimes beyond WTO rules, such as e-commerce, leaving others with genuine development concerns. The outcome remains silent in this respect.

The extension of LDC exemption even after graduation was the number one agenda for graduating LDCs. The United States outright rejected the issue while the director-general of the WTO seemed to be a bit patient in the town hall meeting.

Bangladesh would need to handle these issues with utmost importance bilaterally before the next multilateral negotiation. This is not easy but possible.

Dispute settlement issues for safeguarding the interest of a country, trade-related legal capacities to work as a practitioner, and professionalism in trade law have to be developed. Bangladesh needs to be committed to developing the capacities of the multilateral trading system. A specific task force can be framed for better preparation in future.

The author is chief executive officer of the Business Initiative Leading Development.



Farman R Chowdhury, managing director of Al-Arafah Islami Bank, inaugurates a daylong workshop on "Preventing Money Laundering and Terrorist Financing" at the bank's Jamalkhan branch in Chattogram recently. Shabbir Ahmed, deputy managing director of the bank, Kazi Mahmood Karim and Mohammad Azam, senior executive vice-presidents, were present.

PHOTO: AL-ARAFAH ISLAMI BANK

UAE inks energy deal

FROM PAGE B4

before the meeting that France was eager to secure diesel from the strategic Middle Eastern nation.

"The UAE is keen to support energy security in the world in general and in France in particular," Sheikh Mohamed told Macron, according to Emirati state news agency WAM.

Before the trip, his diplomatic advisor Anwar Gargash had stressed how the UAE was looking to reorient its supplies towards Europe.

"We have sold our oil to the far east for 40 years and now we are directing it toward Europe in this time of crisis," he told reporters.

The UAE president's visit to France came after Joe Biden's first Middle East tour as president, which included a visit to Saudi Arabia for energy talks.

Macron and Biden were overheard talking about energy supplies from the Middle East at a G7 summit at the end of June in Germany.

Macron told Biden that he had spoken to Sheikh Mohammed who had said he was at his "maximum" in terms of oil production, but

that the Saudis had some spare capacity.

After his lunch with Macron, Sheikh Mohamed is set to be guest of honour at a dinner at the former royal palace in Versailles outside Paris.

Human Rights Watch said Macron's "search for alternative supplies seems likely to reinforce France and the UAE's already close ties".

But the welcome in Paris "should not include giving the crown prince a pass on the UAE's atrocious human rights record", it said in a statement on its website.

The New York-based group pointed to the repression of political opposition, discrimination against the LGBTQ community, and the abuse of domestic workers.

Western sanctions against the Russian energy sector following President Vladimir Putin's invasion of Ukraine mean many countries face shortfalls.

Analysts warn about possible shortages later this year, particularly if Russia further reduces its gas exports to Europe.

Use of concrete blocks in public construction

FROM PAGE B4

Developers and contractors are still prone to use clay bricks, though the cost is comparatively same with concrete blocks, Hossain added.

Amirul Alam, assistant manager for sales and operations at Hatim Concrete Industries Limited, echoed the same.

"If the government agencies would follow the instruction properly, then the block construction markets would expand vastly," he said.

Mohammad Aktaruzzaman, head of marketing and sales at Concord, one of the leading concrete block makers in the country, said the government should focus on raising awareness to meet its target.

Besides, the government should form a regulatory authority, such

as the Bangladesh Standard Testing Institute, to monitor the overall progress in this regard.

"If there is no regulatory body, the expected output will not come. The market is growing by about 30 per cent annually and now there are around 200 concrete blocks makers in the country, which is a positive sign," he added.

Md Nafizur Rahman, senior research architect and head of the housing division of the House Building Research Institute (HBRI), said both government and private initiatives need attain the block using targets by 2025.

"If we make people understand the harmful effects of the clay-burned bricks, they would become interested in using concrete blocks," Rahman

added.

Adil Mohammad Khan, general secretary of the Bangladesh Institute of Planners, also found the government supervision and monitoring to be wanting.

"Many autonomous and semi-government organisations do not feel the need to follow these guidelines, and there is a significant lack of adherence to these guidelines," he said. So, it should be mandatory for every government institution to report quantitative statistics on concrete block usage after implementation.

"Special incentives may be offered to the government-private initiatives to increase the block factories to surge the block supply as well," Khan added.

Eni, Total, Occidental sign \$4b oil contract

AFP, Algiers

Italy's Eni, US major Occidental, France's Total and the Algerian group Sonatrach signed a \$4 billion oil and gas production-sharing contract Tuesday for the Berkine field in the country's southeast.

Algerian President Abdelmadjid Tebboune, hosting his Italian counterpart Mario Draghi on Monday with whom he sealed a clutch of deals, said the 25-year accord would provide Rome with "significant volumes of natural gas", as Europe seeks alternatives to Russian supplies.

The accord aims to produce one billion of oil equivalent barrels, Sonatrach said in a statement.

The partners will "develop additional liquid hydrocarbon resources, while reducing these fields carbon intensity through a dedicated carbon reduction program", Total said in a separate statement.



Development work is ongoing at the Padma Bridge Rail Link project in Keraniganj. The government's spending on projects under the annual development programme returned to almost pre-pandemic levels in the previous fiscal year as work resumed following two years of disruption due to Covid-19.

PHOTO: STAR/FILE

ADP implementation bounces back

STAR BUSINESS REPORT

Government spending on projects under the Annual Development Programme (ADP) rebounded in fiscal 2021-22 following a two-year disruption caused by Covid-19 but the implementation rate it is still slow compared to pre-pandemic levels.

Development expenditure bounced back to 92.79 per cent in the previous fiscal that ended on June 30 as the government spent Tk 203,765 crore of the Tk 219,602 crore set aside for the ADP, shows data from the Implementation Monitoring and Evaluation Division (IMED) of the planning ministry.

Planning Minister MA Mannan yesterday announced the current ADP implementation rate after a meeting of the Executive Committee of the National Economic Council.

The average implementation rate was around 94 per cent in the two years prior to the Covid-19 outbreak in 2020, according to the Bangladesh Economic Review.

Development spending stood at Tk 61,377 crore in June, up 4.2 per cent year-on-year from Tk 49,704 crore.

In FY22, the government spent Tk 126,671 crore from its coffer, which is 92.79 per cent of the allocation. However, the expenditure went past the pre-pandemic level of Tk 111,165 crore, or 95.83 per cent, registered in FY19.

Of the total amount spent on ADP projects in the last fiscal, the government used up Tk 67,033 crore from development assistance, which accounted for 92.23 per cent of the foreign aid received that year, more than 8.87 per cent from FY21.

In FY21, the government spent Tk 52,516 crore, or 83.36 per cent, of its

foreign aid on ADP projects. Some 1,836 projects received allocations in fiscal 2021-22, IMED data shows.

The industry ministry was the top performer that year, spending 112.23 per cent of its revised allocation, while the Energy and Mineral Resources Division placed second by spending 103.25 per cent and the power division came in third with 101.9 per cent.

The Health Service Division was able to spend just 79.15 per cent of its budget despite being a priority sector and similarly, the Secondary and Higher Education Division spent 70.59 per cent of its allocation.

Meanwhile, the worst performer was the foreign ministry, which spent just 40.65 per cent of its allotted funds.

The agriculture ministry's ADP implementation rate stood at 97.92 per cent, the disaster management and relief

ministry 95.50 per cent, the fisheries and livestock ministry 92.53 per cent, and the road transport and highways division 99.38 per cent.

The local government division, which received the highest allocation from the development budget, attained 92.23 per cent of the spending goal.

The ADP implementation rate of the railways ministry stood at 91.28 per cent as it moved fast to complete the Padma Rail Link project.

However, the government has set a record high goal to spend Tk 246,066 crore as ADP, of which Tk 153,066 crore will come from internal sources while foreign aid will contribute the rest.

Of the total 1,349 projects being developed across the country, the government allocated Tk 58,287 crore for these 10 projects alone considering their importance to the economy.

EDF facility for textile, apparel makers extended

STAR BUSINESS REPORT

The Bangladesh Bank yesterday extended the increased borrowing limit from the Export Development Fund (EDF) for textile millers and garment makers to December 31 this year.

In January, the central bank raised the loan limit to \$30 million from \$25 million in order to help exporters offset the business slowdown originating from the coronavirus pandemic. The disbursement deadline was set for June 30, 2022.

Now, the facility for the members of the Bangladesh Textile Mills Association and the Bangladesh Garment Manufacturers and Exporters Association has been extended to December 31, according to a notice of the central bank. This is the third extension.

The size of the EDF stands at \$7 billion.

In another notice, the central bank asked banks not to disburse loans from the EDF among the clients if they fail to repay from their export earnings.

In June, the BB asked banks to refrain from forwarding applications of EDF loans, irrespective of the nature of imports, for customers whose liabilities have been settled through funded facilities in the immediate past 180 days.

Yesterday, it said the EDF loans are required to be settled out of export proceeds/foreign currency funds.

So, it has been decided that the customers whose EDF liabilities have to be settled through funded facilities will not be accessible for further loans under the scheme from now onwards, the BB added.

Funded facilities are loans where banks and financial institutions provide real cash to their clients.

Pound weakens vs surging euro

REUTERS, London

The British pound rose against a broadly struggling dollar but fell against a stronger euro on Tuesday as latest economic data suggested the cost-of-living squeeze had not yet hit demand for staff in the UK.

Data showed Britain's unemployment rate holding at 3.8 per cent in the three months to May while the number of people in work rose by the most since the middle of 2021.

Sterling was up half a percent at \$1.20120 against the dollar, but down 0.44 per cent against the euro at 85.245 pence.

The drop against the euro is due to that currency's strength. It rose to its highest against the dollar in almost two weeks on Tuesday on news that European Central Bank (ECB) policymakers would discuss whether to raise interest rates by 25 or 50 points at their meeting on Thursday.

"We're seeing some continuation of dollar downside that we saw on Friday and Monday, and equally today we're seeing some idiosyncratic euro upside, largely on anticipation of the fact that the ECB might hike more than 25 bps," said Vasileios Gkionakis, EMEA Head of CitiFX GIO Strategy.

Stocks fall further CMSMEs get Tk 25,000cr

FROM PAGE B1

Investors are in panic witnessing the continuous erosion of their portfolios, so many were trying to sell shares while there were a meagre number of buyers, said a mid-level official of a top brokerage firm.

Until people gain confidence on an economic rebound, stocks may suffer. Simultaneously, it may be an opportunity for some investors, he said. Recent data of the foreign exchange reserve, depreciation of the local currency and inflationary pressure had turned people tense, he added.

Inflation in Bangladesh hit a nine-year high of 7.56 per cent in June thanks to the spiralling of prices of food products in the country.

At the end of June, overall inflation rose 0.14 per cent from that a month ago, according to data released by the Bangladesh Bureau of Statistics (BBS) yesterday.

The foreign exchange reserve also dipped below \$40 billion while the taka devalued to Tk 100 against a US dollar in the banking channel.

Chittagong Stock Exchange (CSE) also faced erosions yesterday. The Caspi, the all-share price index of the port city bourse, plunged 214 points, or 1.17 per cent, to 18,066.

At the CSE, 19 stocks advanced, 246 fell and 21 remained unchanged.

Consumer rights

FROM PAGE B1

"So, we have decided that the officers of the (DNCRP) will vigil the markets so that the retailers, milers and refiners cannot sell edible oil at the previous rates as the prices have already been reduced," Ghosh told The Daily Star over phone after the meeting.

The commerce secretary also said the government may reduce the edible oil prices in the local market substantially soon as the global prices of the cooking oil have reduced significantly.

In the taskforce meeting, the commerce ministry also has decided to write to the National Board of Revenue to reduce duty on import of canola and sunflower oil to increase the diversity of the edible oil in the market, he said.

FROM PAGE B1

Of the total loans, at least 70 per cent must go to the manufacturing and services sectors and the rest to the trading sector.

Clients will be entitled to a maximum grace period of six months, and the repayment period, including the grace period, will not be more than five years, said the BB in the notice.

The loans can be disbursed through branches, sub-branches, agent banking outlets and mobile financial services.

The high-priority sectors eligible for the loans under the scheme include agriculture and food processing industries, farm machinery manufacturers, readymade garments, knitwear, design and decorating companies, ICT, leather and leather goods industries, light engineering, and jute and jute goods industries.

The priority sectors are plastics and other synthetic industries, tourism, home textiles makers, renewable energy, automobile manufacturers and repairing industries, handicrafts, energy-efficient device makers, jewelers, toy industries, cosmetics

and toiletries, furniture makers, and mobile, computer and television servicing industries.

Lenders with more than 10 per cent default loans will not be allowed to disburse funds under the scheme. Besides, lenders have to have at least three years of business experience.

CMSMEs, economists and bankers welcomed the refinance scheme.

Akter Hossain Khan, president of the Exportable Small Garments Owners Association in Syedpur of Nilphamari, says the scheme would help borrowers in the CMSME sector secure funds on easy terms.

"Although some banks had earlier disbursed loans among CMSMEs in Syedpur, the funds have not been enough to fulfil their needs. So, the new scheme may help widen the borrowing scope for businesses."

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, says inadequate access to funds has always been a barrier for the CMSME sector's growth and expansion.

Banks and NBFIs usually feel discouraged to lend at 9 per cent since the cost of funds and the operational

expenditure are high.

"From that sense, it would provide them loans on easy terms."

The economist urged the central bank to use the experiences of the Tk 20,000 crore stimulus package, which took a long time for disbursement to accelerate, and remove complexities standing in the way of CMSMEs when it comes to access to credit.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, describes the refinance scheme as a move in the right direction since the CMSME sector is highly important given its contribution to the economy.

"In addition, the banking sector is now facing liquidity pressure, so it will help lenders secure funds from the central bank at a lower cost," he said.

He points out that the cost of deposits in the banking sector is on the rise, creating roadblocks to disbursing funds smoothly owing to the 9 per cent lending interest ceiling.

"The new scheme will help borrowers secure funds at a lower cost."

Lanka," he said.

"Load shedding will directly affect production in factories. Not only production, there will be an impact on the overall business" said Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry.

"If load shedding is not taken up as a temporary measure, it will have an effect on businesses as well as livelihoods. Especially on those who are exporters," Islam said.

"Load shedding even for a minute in any of our industrial areas, it is a huge loss for us," said an official of a leading company in the tiles sector on condition of anonymity.

Khurshid Ahmad Farhad, general manager of Bombay Sweets, said electricity fluctuations cause damage to production.

"This will slow down the economic activities but we will not be Sri

Dry spell rings alarm for Aman

FROM PAGE B1

disrupting the supply of grains. Rice is the staple food and Aman accounted for 39 per cent of the total annual production of the grains estimated at around 3.80 crore tonnes during the last fiscal year of 2021-22.

The mild heat wave has created worries among farmers and agronomists as any delay in transplantation will reduce the overall yield from the crop. The government targets to bag 1.63 crore tonnes of rice to offset the losses of Boro and Aush crops.

Until yesterday, farmers transplanted Aman on 1.57 lakh hectares of land, out of the government's target of 56.30 lakh hectares, according to the Department of Agricultural Extension (DAE).

Farmers have prepared seedlings on 2.57 lakh hectares so far.

"My seedlings matured a week ago and I have been watering them to keep them alive. I don't know when the rain will come and we will start transplantation. We are worried," said Md Khaja Mia, a farmer in Shibganj upazila of Bogura district.

Abdul Halim, a farmer in Rajosh of Gobindaganj upazila of Gaibandha, says all water-bodies, crops lands, canals and ponds are dry now.

"We are witnessing this type of drought in our district for the first time since 2001. There has been no rain since June 17 in this area."

Farmers normally start transplanting Aman on the first day of Srabon (July 16) as per the Bangla calendar year.

"We will have to spend for irrigation if there is no rainfall," Halim said, adding that per unit cost of electricity is Tk 4.5 while diesel costs Tk 80 a litre.

Habibur Rahman, a farmer of the

Bherber union of Khansama upazila of Dinajpur, usually completes Aman cultivation by July 20 every year.

"But, it seems that it would be late by a couple of weeks this year," he said.

"We are already 15-20 days behind the usual Aman cultivation period. We are worried because the yield might be poor due to the lack of rains on time," said Abdur Rouf, a grower in Rajosh.

Habibur Rahaman Chowdhury, director (routine charge) of the field services wing of the DAE, said the agency suggested using irrigation pumps to ensure the timely cultivation of Aman.

"The situation is almost the same throughout the country. But transplantation begins early in the Rangpur and Dinajpur regions."

Md Shahjahan Kabir, director general of the Bangladesh Rice Research Institute, said seedlings of shortly matured varieties have to be transplanted within 15-20 days to ensure maximum output.

"If that exceeds, the yield will decline."

Similarly, dry weather will also affect the cultivation of long duration rice varieties, he said, suggesting the operation of all public irrigation schemes to ensure timely cultivation to achieve the target.

"The government should initiate a massive agricultural rehabilitation programme under the current situation," said AMM Shawkat Ali, a former food adviser to the caretaker government.

He said farmers should get an adequate supply of diesel for irrigation. "It will offset the future need for import of food grains."

The rainfall may increase from today and the temperature will fall, according to Hafizur Rahman, a meteorologist at the BMD.

ECB to discuss 50bp rate hike this week

REUTERS, Frankfurt

European Central Bank policymakers will discuss whether to raise interest rates by a bigger-than-expected 50 basis points at their meeting on Thursday to tame record-high inflation, two sources with direct knowledge of the discussion told Reuters.

The sources said policymakers were also homing in on a deal to provide help for indebted countries like Italy on the bond market - provided they stick to European Commission rules on reforms and budget discipline.

The sources, who spoke on condition of anonymity because the deliberations are private, added the discussion about whether to increase rates by 25 or 50 basis points was still wide open.

Policymakers were also homing in on a deal to provide help for indebted countries provided they stick to European Commission rules

Other major central banks have been raising rates in bigger increments, such as 75 or even 100 basis points, to contain surging inflation, raising the pressure on the ECB to do more.

But a looming recession in the euro zone made some governors more cautious about choking off growth.

An ECB spokesperson declined to comment, citing the bank's pre-meeting quiet period.

The euro jumped on Tuesday after Reuters first reported that a 50 bp hike was under discussion, and was last up 0.9 per cent against the dollar at \$1.0232. The single currency briefly fell below parity last week.

Yields on euro zone government bonds also rose, with Germany's two-year benchmark now yielding 1.329 per cent.

The ECB said on June 9 after its last meeting that it would raise interest rates gradually, probably by 25 basis points in July with a bigger move possible in September.

But ECB chief Christine Lagarde later said there were "clearly conditions in which gradualism would not be appropriate".

Euro zone inflation hit 8.6 per cent last month and is expected to keep rising until the autumn, driven by soaring fuel and food prices.



Although the government has been pushing for increased use of concrete blocks in all public construction projects to curb greenhouse gas emissions from brick kilns, lax monitoring by the relevant authorities has led to slow implementation in this regard. PHOTO: COLLECTED

Use of concrete blocks in public construction still low

Bricks should fully be replaced by concrete blocks by 2025

MD ASADUZ ZAMAN

The progress in using concrete blocks instead of bricks for all public development projects has been sluggish as government agencies have made little efforts in this regard due to lax monitoring by the relevant authorities, according to experts.

In a notification issued on November 24, 2019, the Ministry of Environment, Forest and Climate Change declared the use of bricks for construction would be gradually phased out by 2025 in order to curb environmental degradation.

As such, concrete blocks will be used in all public construction projects, including herringbone bond roads and type-B village roads.

The move came amid concerns of rising air pollution caused by expanding production at brick kilns to meet soaring demand from the construction sector.

The kilns release carbon dioxide and other harmful substances during the production process, which involves baking clay.

There are between 7,000 and 10,000 kilns across the country that produce 23 billion bricks annually, emitting about 15.67 million tonnes of carbon dioxide, according to industry trade bodies and the Department of Environment (DoE).

In addition, the brick making industry requires the excavation of around 33.50 billion cubic feet



of clay each year, causing dust pollution and sedimentation.

As per the notification, concrete blocks would have to make up at least 10 per cent of the materials used by government agencies in their respective development projects in fiscal 2019-20 and 20 per cent the following year.

The threshold then rose to 60 per cent for the current fiscal and 80 per cent for fiscal 2023-24 while the use of bricks would be completely phased out by fiscal 2024-25.

The directive is not applicable for the construction and repairing of the base and sub-base of highways, it said.

In addition, legal action will be taken in the case of any deviation from the mentioned time-frame of the workplan.

But despite the ministry having outlined its annual target in this regard, government

agencies have not shown much effort to follow the guideline.

Asked about the progress of the implementation, Abdul Hamid, director general of the DoE, said they are working on it. "There are no other comments for you," he told this correspondent at his office on Monday.

Hamid further declined to comment on any potential legal action against those who violated the guidelines established in 2019 to level up the progress to this end.

The Daily Star also contacted Sanjay Kumar Bhaumik, additional secretary (environment) at the Ministry of Environment, Forest and Climate Change.

Bhaumik also declined to make any comment, citing that he recently joined the post.

Md Ziaul Haque, director of the DoE in Dhaka, admitted that for various reasons, including the coronavirus pandemic, their goals have not yet been achieved. "Though a clear direction has been given to different government agencies, like the LGED and Public Works Department, the target has not been achieved," Haque said.

"We are trying our best to monitor in order to implement the order and also issued letters to the planning commission to not approve any infrastructure project that will not use a certain number of concrete blocks," he added.

He too did not give any exact figure on the progress rate but said they have asked all the concerned government agencies to submit progress reports.

Haque then assured that if this works effectively, the target will be achievable.

On the other hand, Sakhawat Hossain, head of sales at Mir Group of Companies, said although the market for concrete blocks has expanded, they did not see any robust initiatives from government agencies to use them.

Hossain went on to say that the Local Government Engineering Department (LGED) and Public Works Department did show some initiative, albeit at a slow pace.

Asked about the lack of monitoring from the DoE, he said the results speak for themselves as traditional clay bricks still dominate the construction sector.

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Geneva Package giving a new life to WTO

FERDAUS ARA BEGUM

The Geneva Package has been agreed upon after a long and painful debate and sleepless nights overrunning more than 48 hours on June 17, 2022. World Trade Organisation (WTO) Director General Ngozi Okonjo-Iweala termed it an unprecedented package of deliverables.

The outcome document emphasised the need for the proper functioning of the WTO, reaffirmed its fundamental principle and envisioned reforms to improve its functions. It may throw in to the resurrection of the multilateral trading system. However, the expectation of graduating least-developed countries (LDCs) remained almost unmet.



The second part contains nine declarations: agreement of fisheries subsidies; work programme on electronic commerce; Covid-19 pandemic and preparedness for future pandemics; TRIPS agreement; food purchases exemption from export prohibitions or restrictions; emergency response to food insecurity; Sanitary and Phytosanitary (SPS) Declaration; TRIPS (Trade-Related Aspects of Intellectual Property Rights) non-violation and situations complaints; and a work programme on small economies.

Services waiver and improved data on LDC services export, services suppliers and consumers of LDC services in the markets of members that notified preferences were discussed. The General Council will report it to the next ministerial conference, the MC13.

A similar is the case for preferential rules of origin and the implementation of the Nairobi Ministerial decision. It instructed the Committee on Rules of Origin to report to the General Council ahead of the MC13.

Bangladesh needs to be committed to developing the capacities of the multilateral trading system. A specific task force can be framed for better preparation in future

In regard to the implementation of the Trade Facilitation Agreement (TFA), all members were called upon to assist LDCs to help them meet their definitive category commitments within deadlines. The trade facilitation committee will review it on an annual basis.

Members acknowledged the environmental challenges and climate change implications and endorsed the importance of the contribution of the multilateral trading system to the UN 2030, and the Sustainable Development Goals.

LDCs need support for technological innovation and in that respect, the role of trade and environment as a standing forum is dedicated to dialogue among members to understand the relationships between trade measures and environmental measures.

Fisheries subsidies, the most debated issues, agreed to prohibit granting subsidies to the vessels engaged in illegal, unreported and unregulated fishing, overfishing, and other subsidies relating to fishing outside the jurisdiction of a coastal member or a non-member and outside the competence of the Regional Fisheries Management Organisation/Arrangement.

The agreement is specifically meant for marine wild capture fishing and fishing-related activities at the high sea and does not concern aquaculture and inland fishing. Developing countries have been granted two years after their entry into force. LDCs will get further extended time for notification obligations.

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Indian rupee plunges, hits 80 per dollar

AFP, Mumbai

The Indian rupee fell to more than 80 per US dollar for the first time on record Tuesday, as the greenback extended its rally and foreign capital outflows intensified.

The rupee hit 80.0600 against the US dollar in early trade, Bloomberg data showed, before paring losses on suspected central bank intervention to close at 79.9487.

High inflation and rising interest rates in the United States coupled with fears of an impending recession in the world's biggest economy have fuelled a broad dollar rally in recent weeks as investors become increasingly risk-averse.

Tighter US monetary policy has exacerbated outflows from emerging markets such as India, where foreign investors have withdrawn a net \$31 billion in debt and equity this year.

Data released last week showed that US consumer price inflation hit a fresh four-decade high in June, exceeding market forecasts and stoking expectations of another large Federal Reserve rate hike next week.

In a written statement to the Indian parliament on Monday, finance minister Nirmala Sitharaman attributed the rupee's sharp fall to external reasons.

"Global factors such as the Russia-Ukraine conflict, soaring crude oil prices and tightening of global financial conditions are the major reasons for the weakening of the Indian Rupee against the US dollar," she said.

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A vegetable vendor counts Indian rupee notes in Mumbai yesterday. The rupee fell to more than 80 per US dollar yesterday as high inflation and rising interest rates in US have fuelled a broad dollar rally in recent weeks. PHOTO: AFP

UAE inks energy deal with France

AFP, Paris

France secured promises of new energy supplies from the United Arab Emirates on Monday after talks between President Emmanuel Macron and UAE leader Sheikh Mohamed bin Zayed Al-Nahyan in Paris.

The UAE has emerged as a key partner for Western countries as they scramble for energy deals worldwide to replace imports from sanctions-hit Russia.

Sheikh Mohamed, also known as MBZ, was on his first overseas state visit since taking office in May following the death of his half brother.

After lunch between the two heads of state, a deal between French energy giant Total Energies and UAE state oil company ADNOC was signed "for cooperation in the area of energy supplies".

Macron's aides had said

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