

# Star BUSINESS

## MAJOR SCAMSTERS AND MONEY SWINDLED

### ALLEGED SCAMSTERS: SHEIKH ABDUL HYE BACCHU AND ASSOCIATES

Affected bank: BASIC Bank  
Amount of money swindled: Tk **4,500cr**  
Period: 2009 to 2013  
Legal process: ACC filed **60** cases since July 2014; Bacchu was not made accused

### ALLEGED SCAMSTERS: PK HALDER AND ASSOCIATES

Affected NBFs: International Leasing and Financial Services, Peoples Leasing and FAS Finance  
Amount siphoned off: Tk **10,000cr**  
Period: 2009 to 2019  
Legal process: ACC filed **34** cases against Halder

### ALLEGED SCAMSTER: HALL-MARK GROUP

Affected bank: Sonali  
Amount swindled: Tk **3,550cr**  
Period: 2010 to 2012  
Legal process: Sonali Bank filed 16 cases, ACC filed **11** cases



### ALLEGED SCAMSTER: CRESCENT GROUP

Affected bank: Janata  
Amount swindled: Tk **1,746cr**  
Period: 2017 to 2018  
Legal process: ACCI filed **5** cases

### ALLEGED SCAMSTERS: MD MAHABUBUL HAQUE CHISTRY AND ASSOCIATES

Affected bank: Farmers Bank (Now Padma)  
Amount swindled: Over Tk **3,500cr**  
Period: 2014 to 2016  
Legal process: ACC filed **15** cases

### ALLEGED SCAMSTER: BISMILLAH GROUP

Affected banks: Janata, Prime, Jamuna, Shahjalal Islami and Premier Bank  
Amount swindled: Tk **1,175cr**  
Period: 2006 to 2012  
Legal process: ACCI filed **12** cases

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## CEPA with India should be partially reciprocal

### Say economists, businesses

REFAYET ULLAH MIRDHA

The proposed comprehensive economic partnership agreement (CEPA) with India should be partially reciprocal, not fully, as India has a big economy and a huge basket of diversified products for export, said economists and businesses.

An inter-ministerial meeting of the government on Monday approved starting negotiations with India for signing a CEPA.

Bangladesh is lobbying with major trading partners to retain its preferential trade benefits once it makes the United Nations status graduation from a least developed to a developing country in 2026.

A CEPA with India will be a good initiative for deepening relationships in trade, investment and connectivity, said Mustfizar Rahman, a distinguished fellow of the Centre for Policy Dialogue.

**If a fully reciprocal CEPA is signed in the beginning, Bangladesh may not be able to enjoy benefits from the trade deal which covers investment, trade and services sectors, said Mustfizar Rahman, a distinguished fellow of CPD**

But it should not be fully reciprocal as India's economy is big, he said.

Currently, Bangladesh's share in bilateral trade is one fourth, with India dominating with a lot of export items.

So, if a fully reciprocal CEPA is signed in the beginning, Bangladesh may not be able to enjoy benefits from the trade deal which covers investment, trade and services sectors, Rahman said.

The deal will obviously waive a handsome amount of import duties on Indian products, impacting revenue generation, which is a concern for Bangladesh, he said.

Rahman, however, said the CEPA should not be considered only a measure for tariff reductions but also a platform for attracting foreign investment and trade not only from India but also from other countries.

The deal should also facilitate investment from other countries into Bangladesh and allow duty benefits on export of goods from Bangladesh to India, he said.

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# Scams crippling banking sector

AKM ZAMIR UDDIN and SOHEL PARVEZ

A little-known firm named SB Exim allegedly swindled Tk 200 crore from Bangladesh Commerce Bank Ltd (BCBL) using forged documents in the name of exporting terracotta tiles in 2018.

The firm laundered the fund since it did not bring back the export proceeds as happen in the case of genuine exporters.

BCBL was later forced to create a loan against the payments made to the borrower as it had not received the money from foreign banks.

Subsequently, the loan defaulted and BCBL rescheduled it in November last year without informing the central bank.

In a shocking move, the Bangladesh Bank allowed BCBL to reschedule the defaulted loan in violation of its own rules since banks can't regularise bad loans that have been secured through forgery.

In Bangladesh, such financial scams in the banking sector are not rare. In fact, they seem to take place every now and then amid a lack of governance and inaction from regulators.

As a result, the public, who are the main sources of funds for lenders, are losing trust in the banking sector, whose job is to support the economy.

The crisis in the banking sector has reached a point where even the top court of the country has had to make observations about the anomalies facing it.

Yesterday, a High Court bench, during the hearing of a petition filed in a loan related corruption case, observed that serious crimes are being committed in the banking sector.

"If the offences continue to be committed, how will the country progress?" questioned the bench of Justice Md Nazrul Islam Talukder and Justice Khizir Hayat asked. This is not the first time the High Court has made such an observation.

In January 2021, the HC said a section of Bangladesh Bank officials, tasked with monitoring the activities of banks and financial institutions, are harbouring

financial thugs for personal gains.

Still, the financial crimes in the banking industry show no signs of slowing down.

This is because the government has not taken any strict measure to rein in irregularities. And, there is an unholy nexus among politicians, bankers and business magnets to swindle funds from banks, according to experts.

In a disappointing sign, both the government and the central bank took several measures such as relaxing the rules on loan classifications and rescheduling, helping the industry camouflage the scams and thus paint a rosy picture.



Although several earth-shaking financial felonies took place in the sector, most of the main accusers are yet to face any music, encouraging the wrong doers to get bolder and helping the culture of impunity to take root.

For instance, BASIC Bank, which was once one of the top-rated banks until Sheikh Abdul Hye Bacchu was appointed board chairman in 2009, has been facing a reputation crisis following the scams that took place between 2009 and 2014.

In December 2009, the state-run lender's soured loans accounted for only 4.81 per cent of its total loans. In March, default loans made up 55 per cent of the total outstanding loans.

The Anti-Corruption Commission (ACC) has so far

filed 60 cases in connection with the scam, but ironically Bacchu was not accused in the lawsuits.

Earlier, a little-known Hall-Mark Group put Sonali Bank, another state lender, in spotlight after its erstwhile Ruposhi Bangla Hotel branch lent the company and five other firms Tk 3,547 crore between 2010 and 2012 based on fake documents.

Both the then board and the management of Sonali Bank were largely responsible for the scam. The bank has hardly recovered the swindled fund from the scammers.

Another scamster, Prashanta Kumar Halder, allegedly jeopardised the financial health of four non-banks after he and his cohorts laundered more than Tk 2,500 crore. Fugitive for about two years, he was arrested in India on May 14.

Mu'inul Islam, an economics professor at the University of Chittagong, says the government has not taken any exemplary action against delinquent borrowers.

"What is even more alarming is that the central bank has relaxed policies to help banks show a lower amount non-performing loans compared to the actual amount." "A vested quarter is laundering money from the country, but the government has hardly taken any measure to stop them."

Scammers mainly launder the fund in the form of under-invoicing and over-invoicing in the name of exports and imports.

Had the laundering been tackled, Bangladesh's foreign exchange reserves would have been in a much better shape today, according to the economist.

"This means we would have been able to avoid the ongoing volatility in the foreign exchange market to a large extent."

Bad loans totalled Tk 113,441 crore in March this year, just shy of the highest-ever of Tk 116,288 crore recorded in September 2019.

ABM Mirza Azizul Islam, a former finance adviser to a caretaker government, says that there is an unholy nexus between politicians, bankers and business magnets to embezzle funds from banks.

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## Despite huge hype, Biman's first Toronto flight half empty

RASHIDUL HASAN

In spite of massive preparations undergoing for long, Biman Bangladesh Airlines' much-awaited maiden commercial flight on the Dhaka Toronto route will run today with around 138 seats empty.

So far 160 tickets for the flight to Toronto has been sold online while 171 for the return flight to Dhaka, Managing Director and CEO Zahid Hossain told The Daily Star.

The flights will be run using Boeing 787-9 Dreamliner aircraft which has 298 seats.

Sources in Biman said if the number of passengers did not increase, the flight would not be commercially viable. Initially the Biman authorities claimed it would be a direct flight but later announced that there would be a stopover in Istanbul, Turkey for 1 hour for refuelling.

During the stopover, passengers will not be allowed to disembark.

However, the flight will return directly to Dhaka from Toronto, Biman said in a press release yesterday.

Two weekly flights will be operated on the route. The return fare in economy class has been fixed at Tk 1.80 lakh, said sources at the Biman Bangladesh Airlines.

The maiden flight of BG-305 will leave Hazrat Shahjalal International Airport at 3:30am on July 27.

This will recur every Sunday and Wednesday.

The flight will land in Istanbul around 9:00am local time and then fly again to reach Toronto around 2:00pm local time. The return flight will also begin every Sunday and Wednesday at 9:00pm and 7:30pm respectively local time. It will be non-stop for 16 hours before making the landing in Dhaka.



Farmers reap jute harvests in advance as some 680 hectares of plantations in Bogura's Sariakandi upazila have been damaged for recent floods. They apprehend another deluge while water of the adjoining Jamuna river has been rising for the past three days. The photo was taken at Batir Char in the upazila on Monday.

PHOTO: MOSTAFA SHABUI

## BB moves to cut banks' energy consumption

STAR BUSINESS REPORT

The Bangladesh Bank yesterday set a target for banks to cut their electricity and energy consumption for the next one year in keeping with the government's move aimed at saving power amid deepening energy and foreign exchange crises.

Banks have to cut back on their allocation for the use of petrol, diesel, gas and lubricants by at least 20 per cent, said the central bank in a notice.

The budget has to be slashed by 10 per cent in the July-December period of 2022 and by another 10 per cent between January and June of 2023.

Besides, banks will have to save 25 per cent of their budget set aside for paying electricity bills.

The funds that would be freed up from the

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## Most Britons keeping tabs on spending

REUTERS, London

Sales volumes at UK supermarkets fell 4.1 per cent year-on-year in the four weeks to July 16, with nine out of ten Britons saying they are increasingly watching what they are spending as they battle a cost of living crunch, industry data showed on Tuesday.

Market researcher NielsenIQ highlighted a 9.4 per cent dip in sales volumes of meat, fish and poultry, an 8.1 per cent fall in household items and a 6.4 per cent decline in packaged groceries, as households sought to manage their shopping budget amid soaring inflation.

Confidence levels among Britain's consumers are at record lows as wages are failing to keep pace with inflation that hit a 40-year high of 9.4 per cent in June and is heading for double digits.

**Market researcher NielsenIQ highlighted a 9.4 per cent dip in sales volumes of meat, fish and poultry, and an 8.1 per cent fall in household items**

NielsenIQ said spend per visit, across all channels, was down 5 per cent as shoppers continued to make trade-offs, such as opting to buy smaller packs, delaying purchases or changing the products they buy.

It said 49 per cent of UK consumers are feeling less secure about meeting day to day expenses within the next six months. "Moreover, a staggering 90 per cent are increasingly watching what they are spending, with 62 per cent saying that food and grocery costs are one of the highest causes of financial concern, second only to the cost of utility bills."

One fifth of British households had "negative disposable income" last month, with a shortfall between what they earned and what they needed to spend on essentials, supermarket group Asda said on Monday.

NielsenIQ said total sales on a value basis rose 4.4 per cent year-on-year over the four week period, reflecting inflation and the start of a heatwave, which boosted demand for water, ice cream and sun care products. Total sales were up 5.6 per cent in the final week of the period.

Store visits were up 10 per cent year-on-year. The slowdown in online grocery continued with sales falling 10.5 per cent year-on-year, but online's share of the total UK grocery market was stable at 11.5 per cent.

Echoing data last week from rival researcher Kantar, market leader Tesco was the best performer among Britain's big four grocers.



A worker is seen bringing out bricks baked in kilns and stacking them at an adjoining premises to get paid Tk 120 for every 1,000 bricks stacked. A worker can stack around 4,000 bricks per day. The photo was taken at Khornia of Khulna's Dumuria upazila on Sunday.

PHOTO: HABIBUR RAHMAN

## German nuclear exit wobbles as energy crisis looms

AFP, Frankfurt

A looming energy crisis has rekindled debate in Germany about the wisdom of shutting down the country's last three nuclear power plants, with even members of the ruling coalition saying an extension is no longer taboo.

The German government on Monday said it would await the outcome of a new "stress test" of the national electric grid before determining whether to stick with the long promised nuclear phaseout by year's end.

The results are due in the coming weeks and could mark a pivotal moment for Europe's biggest economy, where households and businesses are bracing for a difficult winter.

The war in Ukraine has sent energy costs soaring and Russia has been squeezing gas deliveries to Europe, thwarting German efforts to fill stores before the cold weather arrives and raising the prospect of emergency energy-saving measures.

It is a dramatically different picture from earlier this year, when an initial stress test in March found that Germany's remaining nuclear power plants were not needed to ensure energy security.

After the first report, the government maintained the plants would go offline by

December 31.

Germany, under then chancellor Angela Merkel, decided to definitively quit nuclear power in the wake of the 2011 Fukushima disaster in Japan, a move that had widespread public support.

Within Chancellor Olaf Scholz's three-party coalition government, his Social Democrats and their Green party partners have long argued against changing course - citing the costs, technical issues and safety concerns in keeping the nuclear plants going.

Supporters of the nuclear farewell have also pointed out that atomic power accounts for only around six percent of Germany's electricity supply and can contribute little to resolving the main problem, which is a lack of gas for heating.

But with the energy outlook rapidly worsening - Russia's Gazprom has said it will reduce gas flows through the vital Nord Stream 1 pipeline to 20 per cent of capacity from Wednesday - Merkel's own conservatives are among the loudest voices calling for a rethink.

Countries like France that are persisting with nuclear energy may have the right idea, opposition leader Friedrich Merz from the centre-right CDU has said.

He suggested that nuclear power can replace some of the gas used for electricity

production.

"I'm predicting that the lifetime of the nuclear power plants will be prolonged at the end of the year," Merz recently told public broadcaster ZDF.

Scholz's junior coalition partner, the liberal FDP, is also turning up the pressure. "The run-time should be extended until spring 2024," senior FDP member Michael Kruse told the daily Bild.

"We must use everything that can contribute to electricity production. Nuclear power plants are part of that," Katrin Goering-Eckardt, deputy president of the German parliament, signalled that the mood was shifting even among her Green party, which has opposed atomic power for more than 40 years.

Nothing should be ruled out "if it comes to the point that we have a real emergency situation, that hospitals can't operate... then we have talk about it," she told public broadcaster ARD.

Social Democratic party co-leader, Saskia Esken, on Monday also said there should be no red lines when it comes to tackling the energy crisis.

In the Bavarian city of Munich, local officials from the SPD and Greens have urged the federal government to keep the region's Isar 2 plant, one of the three remaining nuclear plants, online for longer.

## Doing well despite global challenges

Salman says about economy

STAR BUSINESS REPORT

Bangladesh has many positive stories that are worth highlighting as the country has been doing well in regards to economic and social development for the past several years, said Salman F Rahman, the prime minister's private industry and investment adviser, at a seminar.

The Bangladesh Securities and Exchange Commission (BSEC) in association with Bloomberg LP organised the seminar, styled "Nation Branding: Attracting New Talent & Investment Worldwide", at the Bangabandhu International Conference Centre in Dhaka on Monday.

"In the last two to three months, the spiralling inflation and exchange rates have become major challenges all over the world, not just in Bangladesh," said Rahman.

"Before the Russia-Ukraine war began, Bangladesh had controlled inflation very well," he added.

Besides, the government was able to inaugurate Padma Bridge even though many people claimed it would not be possible.

In addition, the country is achieving high economic growth despite the lack of a deep sea port.

"However, the Matarbari deep-sea port will be a game changer once complete," Rahman said while speaking as chief guest.

BSEC chairman Prof Shibli Rubayat Ul Islam said the supply chain disruption in food and energy has created a serious problem across the world but Bangladesh is still in a strong position.

"The country achieved its Millennium Development Goals tremendously but we will need cooperation from our foreign friends to achieve the Sustainable Development Goals," he added.

Masud Bin Momen, senior secretary of the Ministry of Foreign Affairs, also spoke at the event while Andrew Boggs, regional strategy lead of Bloomberg, presented the keynote paper.

## Solar car Sion to enter production next year

AFP, Munich

The Sion, a five-person family car covered completely in solar panels, should enter into serial production in the second half of 2023, the German start-up developing the vehicle said Monday.

Following years of development, Sono Motors is now building a fleet of test vehicles before confiding mass production to Valmet Automotive, a Finnish company which produces vehicles under contract. The large black Sion hatchbacks are covered with 456 solar cells which allow it to generate on average enough electricity over a week to power the car 112 kilometres (70 miles).

The car, which boasts a battery range of 305 kilometres, is aimed at families as well as car sharing services.

Sono Motors already has 19,000 reservations for the Sion, with the average advance of 2,225 euros (\$2,225) helping finance development.

## IMF cuts global growth outlook

FROM PAGE B4

Key among the concerns is the fallout from the war in Ukraine including the potential for Russia to cut off natural gas supplies to Europe, as well as a further spike in prices and a food shortage due to the chokehold the war has on grain supplies that could trigger famine.

In an ominous warning, the WEO said "such shocks could, if sufficiently severe, cause a combination of recession accompanied by high and rising inflation ('stagflation')."

That would slam the brakes on growth, slowing it to 2.0 per cent in 2023. The global growth rate has only been slower five times since 1970, the IMF said.

The top priority for policymakers is to rein in soaring prices, even at the cost of inflicting pain on their citizens, the fund said, since the damage caused by allowing inflation to rage out of control would be much worse.

Gourinchas, in a blog post about the report, noted that the "synchronized" moves by major central banks to deal with the

inflation threat "is historically unprecedented, and its effects are expected to bite."

"Tighter monetary policy will inevitably have real economic costs, but delaying it will only exacerbate the hardship," he said.

The IMF now sees consumer prices jumping 8.3 per cent this year, nearly a full point higher than previously forecast, while emerging market economies face a 9.5 per cent increase in consumer prices.

But, "further supply-related shocks to food and energy prices from the war in Ukraine could sharply increase headline inflation." That would increase the pain for poor nations least able to withstand the shock, where food makes up a larger share of family budgets.

While the global economy did a bit better than expected in the first three months of the year, it appears to have "shrunk in the second quarter - the first contraction since 2020," the IMF said.

The IMF downgraded growth forecasts for most countries, including big revisions for the United

States and China, which cut more than a point off the prior forecasts.

The fund now sees US growth this year of just 2.3 per cent, amid slowing consumer spending and rising interest rates, and the report said a recession - defined by two quarters of negative growth - may already have begun.

China's economy is expected to slow dramatically in 2022, expanding just 3.3 per cent - the lowest in more than four decades other than the 2020 pandemic crisis - due to Covid concerns and the "worsening crisis" in the property sector, the report said.

"The slowdown in China has global consequences: lockdowns added to global supply chain disruptions and the decline in domestic spending are reducing demand for goods and services from China's trade partners," the report said.

There were some exceptions to the gloomy outlook, including upgrades for Italy, Brazil and Mexico, as well as for Russia which is still expected to contract but is benefitting from rising oil prices due to Western sanctions, the WEO said.

of its gas and 30 per cent of its oil from Russia.

The Kremlin says the gas disruption is the result of maintenance issues and Western sanctions, while the European Union has accused Russia of energy blackmail.

Politicians in Europe have repeatedly said Russia could cut off gas this winter, a step that would thrust Germany into recession and hurt consumers already hit by soaring inflation.

Moscow says it is not interested in a complete stoppage of gas supplies to Europe.

Adding to concerns on the energy front, the Ukrainian state pipeline operator company said Russian gas giant Gazprom without prior notice has increased pressure sharply in a pipeline that runs through Ukraine to deliver Russian gas to Europe.

## Stocks up

FROM PAGE B4

the flow of funds to the capital market, said International Leasing Securities in its daily market review.

The bargain-hunters put fresh bets on sector-wise issues as they find some stocks at lucrative prices, it added.

Among the sectors, general insurance surged 3.8 per cent, tannery rose 2.5 per cent and mutual funds were up 1.6 per cent.

The ceramic sector dropped 1.6 per cent, jute fell 0.7 per cent, and telecom was down 0.7 per cent.

The investors' activities were mainly focused on the textile sector, capturing 23.3 per cent of the day's total turnover, followed by pharmaceuticals, which accounted for 9.2 per cent.

Of the securities traded on the day on the premier bourse of the country, 177 advanced, 172 fell, and 33 were unchanged.

Both the DS30, the blue-chip index, and the DSES, the Shariah-based index, advanced 12 points and 1 point, respectively.

Sonar Bangla Insurance topped the gainers' list rising 10 per cent. Kattali Textile, Phoenix Finance 1st Mutual Fund, SEMI Lecture Equity Management, and Global Insurance also rose significantly.

Shyampur Sugar Mills was the worst performing stock on the day, giving up 2 per cent. Renwick Jaineswar, Legacy Footwear, Savar Refractories, and Northern Jute Manufacturing were among the top losers.

Beximco Ltd was the most traded stock, with its shares worth Tk 80 crore changing hands. IPDC Finance, Fortune Shoes, Kattali Textile, and Beximco Pharmaceuticals also saw heavy trading.

The Chittagong Stock Exchange also rose. The CASPI, the all share price index of the bourse in the port city, advanced 49 points, or 0.27 per cent, to 17,972.

On the CSE, 122 stocks advanced, 139 fell, and 37 did not see any price movement.



Mohammed Monirul Moula, managing director of Islami Bank Bangladesh, virtually addresses the bank's Dhaka (East) and Cumilla zonal half-yearly Business Development Conference recently. Md Omar Faruk Khan, additional managing director of the bank, Md Mostafizur Rahman Siddiquee and Md Nayer Azam, deputy managing directors, Md Siddiqur Rahman, AFM Kamaluddin, Mohammed Shabbir, Md Mahboob Alam, Mizanur Rahman and Md Maksudur Rahman, senior executive vice-presidents, joined the event.

PHOTO: ISLAMI BANK BANGLADESH



Sheikh Rakibul Karim, chief executive officer of Guardian Life Insurance, and Tarek Reaz Khan, managing director of Padma Bank, exchange signed documents of an agreement over life coverage and medical benefits for the bank's employees at the latter's head office in Gulshan recently. Mahmud Afsar, head of Group business at the insurer, Mahmudur Rahman Khan, head of retail business, Faisal Alim, head of group sales, and Zaber Amin, deputy managing director of the bank, were present.

PHOTO: PADMA BANK

## Russian gas squeeze

FROM PAGE B4

sixth month, is having an impact far beyond Ukraine.

European Union countries are set to approve on Tuesday a weakened emergency proposal to curb their gas demand as they try to wean themselves off Russian energy and prepare for a possible total cut-off.

The Ukrainian military on Tuesday reported Russian cruise missile strikes in the south and that Ukrainian forces had hit enemy targets. Serhiy Bratchuk, a spokesman from the military administration in Odesa, told a Ukrainian television channel that a missile fired from the direction of the Black Sea had struck the region, but gave no information on casualties.

East of Odesa along the Black Sea coast, port infrastructure at Mykolaiiv was damaged by an attack, according to the mayor Oleksandr Senkevich.

Russia's defense ministry did not immediately reply to an out-of-hours request for comment.

A major fire broke out at an oil depot in the Budyonnovsk district of Russian-backed Donetsk People's Republic in eastern Ukraine after Ukrainian troops shelled the province, Russia's TASS reported, quoting a reporter at the scene. No casualties or injuries have been reported.

Russian energy giant Gazprom, citing instructions from an industry watchdog, on Monday said gas flows to Germany through the Nord Stream 1 pipeline would fall to 33 million cubic metres per day from Wednesday.

That is half of the current flows, which are already only 40 per cent of normal capacity. Prior to the war, Europe imported about 40 per cent

## First Ukraine grain shipments

FROM PAGE B4

Centre at Turkey's National Defense University in Istanbul on Tuesday. The centre will monitor all ship movements and inspections.

Russia and Ukraine are major global wheat suppliers, and Moscow's invasion sent food prices soaring, stoking a global food crisis the World Food Programme says has pushed

some 47 million people into "acute hunger".

Senior Ukrainian government officials told a news conference in Kyiv that they hoped the first grain shipment would be from the port of Chornomorsk this week, and that shipments could be made from all ports included under the deal within two weeks.



## Bandwidth ban on aamra revoked

STAR BUSINESS REPORT

The telecom regulator yesterday withdrew the directive under which 50 per cent bandwidth of aamra technologies was blocked because of non-payment of outstanding revenue of over Tk 33 crore.

The Bangladesh Telecommunication Regulatory Commission (BTRC) withdraw the directive as the international internet gateway (IIG) operator has recently cleared the dues.

The BTRC in a letter said the directive to block aamra technologies' 50 per cent bandwidth and to refrain from providing upstream connections and upgradation of existing connections has been revoked.

This withdrawal order will be effective from today, a top official of the BTRC told The Daily Star.

However, he said aamra is yet to clear all the dues.

Earlier on July 18, the commission issued a letter directing the International Terrestrial Cable to cap bandwidth supply to aamra technologies to 50 per cent.

Aamra technologies supplies bandwidth to different clients, including Grameenphone, Robi Axiata and Banglalink.



Bangladesh has about 10 lakh small and medium scale businesses and 68 lakh cottage industrial units that account for nearly a fourth of the country's gross domestic product.

PHOTO: STAR

# SME Foundation to lend Tk 400cr to small businesses

SUKANTA HALDER

SME Foundation will provide another Tk 400 crore in loans to entrepreneurs of small and medium enterprises (SMEs), especially women, to overcome pandemic losses, accelerate economic recovery and improve the quality of life in rural communities.

An entrepreneur will be able to get a minimum of Tk 1 lakh to a maximum of Tk 30 lakh at 4 per cent interest rate, repayable in a maximum of three years or 30 monthly installments, including a grace period of 6 months.

The foundation already provided Tk 300 crore in loans to 3,108 micro and SMEs under the government's stimulus packages centring the pandemic.

The new loans will be sourced from a "revolving fund" comprising loan repayments of the Tk 300 crore fund alongside the foundation's own funds as advised by the Finance Division, said an official.

He said a management policy has also been prepared and SME Foundation was scheduled

to sign an agreement with 17 banks and financial institutions at a hotel in the capital in the evening today.

Mafizur Rahman, managing director of SME Foundation, told The Daily Star that the interest rate was the same as before and it would have been better if more funds could be gathered.

The management policy focuses value chains, women, new, physically handicapped and third gender entrepreneurs; rural areas and those inhabited by indigenous people and encouraging partner banks and financial institutions to disburse collateral-free loans.

It also delineates that 25 per cent of the total loan should be disbursed among women entrepreneurs while 30 per cent should be of Tk 10 lakh or less.

Grocery stores, pharmacies, hardware vendors and environmental polluters such as brick fields and tobacco product sellers are ineligible.

The government has till date allocated Tk 40,000 crore in two phases of equal amounts

in a dedicated stimulus package for the disbursement of loans among cottage, micro, and SMEs.

Bangladesh Bank unveiled the first round worth Tk 20,000 crore in April 2020. Of the sum, 77 per cent was disbursed. Its tenure expired in June last year.

The BB allocated another Tk 20,000 crore for the last fiscal year. Only 39 per cent of it has been disbursed between July 1 and March 10, according to data from the central bank.

The government had allocated Tk 300 crore from the stimulus fund in favour of SME Foundation.

Cottage, micro and SMEs account for nearly a fourth of Bangladesh's gross domestic product.

There are about 10 lakh small-and-medium scale industries and 68 lakh cottage industries in the country, of which 7.21 per cent are being run by women.

At least 80 per cent of these firms were affected by the pandemic, according to Md Ali Zaman, president of the SME Owners Association of Bangladesh.

## Pioneer Ins profit falls in Apr-Jun

STAR BUSINESS REPORT

Pioneer Insurance Limited reported a 26.75 per cent year-on-year decline in profit in the second quarter of 2022.

The earnings per share slipped to Tk 1.67 from April to June against Tk 2.28 during the same quarter of 2021, according to its unaudited financial statements.

In the first half of 2022, the EPS was Tk 3.70 compared to Tk 4.13 for January-June of 2021, a fall of 10 per cent.

The insurer's net operating cash flow, however, improved to Tk 3.41 from January to June, against Tk 3.12 during the same period of 2021.

Net asset value per share stood at Tk 52.91 on June 30 this year and Tk 48.66 on December 31 last year.

## Mercantile Bank profit rises slightly in Q2

STAR BUSINESS REPORT

Mercantile Bank Ltd reported a slightly higher profit in the second quarter of 2022.

The consolidated earnings per share of the private commercial bank rose 3 per cent year-on-year to Tk 1.36 from April to June. It was Tk 1.32 in the same quarter last year, according to its unaudited financial statements.

In the first half of 2022, the consolidated EPS went up by 15 per cent to Tk 2.22 compared to Tk 1.93 during the January-June period of 2021.

Consolidated net operating cash flow was Tk 8.18 per share, down from Tk 8.93 registered during the first half of 2021, while consolidated net asset value stood at Tk 23.81 on June 30 this year and Tk 23.91 on December 31.

## Union Bank's profit plunges 29pc

STAR BUSINESS REPORT

Union Bank Limited's profit declined by 29 per cent year-on-year in the second quarter of 2022.

The private commercial lender reported earnings per share of Tk 0.44 for April-June against Tk 0.62 in the same quarter of 2021, according to its unaudited financial statements.

The EPS was Tk 0.78 in January-June, a decrease of 10 per cent from Tk 0.87 reported in the same six-month period a year ago.

Net operating cash flow per share rose to Tk 1.12 from January to June this year from Tk 1.07 in 2021.

The lender's net asset value per share was Tk 15.24 on June 30 this year and Tk 10.13 on the same day last year.

## Oil rises for a second day

REUTERS, Tokyo/Singapore

Oil prices rose on Tuesday for a second day on increasing concerns about tightening European supply after Russia, a key oil and natural gas supplier to the region, cut gas supply through a major pipeline.

Brent crude futures for September settlement rose \$1.66, or 1.6 per cent, to \$106.81 a barrel by 0618 GMT, extending a 1.9 per cent gain in the previous day.

US West Texas Intermediate (WTI) crude futures for September delivery increased \$1.47, or 1.5 per cent, to \$98.17 a barrel, having gained 2.1 per cent on Monday.

## CEPA with India should be partially reciprocal

FROM PAGE B1

CEPA is important for the continuation of duty benefits for exports to India after the graduation, he said.

MA Razaque, a research director of Policy Research Institute, said given Bangladesh's high import tariffs, any free trade agreement (FTA) with a large country can result in a huge trade diversion, causing loss of tariff revenue and consumer welfare.

"Ideally, Bangladesh should first consider rationalising its tariff regime," he said.

"With high tariffs in place, striking an FTA with a large supplier is never a good idea. That will not only impact tariff revenue but also deter import of goods from the most efficient suppliers in the world," he said.

So, Bangladesh should primarily seek continuation of duty benefits to India even after the graduation as India is continuing to provide such benefits to the Maldives which graduated in 2011, he said.

Bangladesh should ask for a similar concession, said Razaque, adding that it has been estimated that an FTA or CEPA with India alone could cause trade diversions worth \$700 million.

"This is essentially the amount of trade that is now taking place with other countries but would be lost due to preferential tariff preferences granted to one country," he added.

About 14 per cent of Bangladesh's imports are from India on which an average tariff of more than 20 per cent is applied, he said.

This means the potential tariff revenue loss from a comprehensive bilateral goods trade agreement with India will be to the tune of around \$2 billion, he said. There is no denying that Bangladesh will have to look for new trading opportunities in a post-LDC era, he said.

"But to manage the whole process,

we need to prepare well to reduce our tariff revenue dependence," said Razaque.

"Currently, more than 30 per cent of government revenue comes from international trade taxes, with India and China being the two most important sources of government trade revenue," he added.

Masrur Reaz, chairman of the Policy Exchange of Bangladesh, also said the CEPA should be partial reciprocal and gradually converted to be fully reciprocal for revenue generation and protection of interest of the domestic industries.

Bangladesh should also sign trade deals similar to CEPA with Japan and China, he said.

Mostofa Azad Chowdhury Babu, senior vice-president of the Federation of Bangladesh Chambers of Commerce and Industry, said the CEPA should be condition free and feasible for Bangladesh.

This is because India has already imposed an anti-dumping duty on its import of a few goods which were performing strong in Indian markets. The CEPA should be able to attract more investment and be a bilateral trade deal in the real sense, Babu said. "Definitely, signing of the Cepa will be a good trade measure for us," said Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry (DCCI).

"We need to sign Cepa with other countries as well for attracting more investment in the post LDC era," he said.

It is expected that once the Cepa is signed, the issue of imposing tariffs anywhere from \$19 to \$350 per tonne of jute may be resolved, he said.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said Bangladesh needs simplification of its imports and exports for improving efficiency for addressing the

challenges of LDC graduation.

The domestic entrepreneurs need to be facilitated with more investments rather than foreign ones as the local investors are now capable enough, he said.

Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry, said everything should be based bilaterally not unilaterally as India was a big economy.

He said the government should not waive tariffs fully as one of the big portions of the country's revenues were collected from import duties.

He also said the rule of the game should be single as India imposes duties from both central and state governments.

## BB moves to cut banks' energy consumption

FROM PAGE B1

reduction in the power and energy expenses can't be redirected to other sectors or spent, said the BB.

On July 17, the government announced a schedule for area-based power cuts to mitigate the electricity crisis amid a fall in gas supply, driven by lower imports of liquefied natural gas and inadequate local production.

The move came as Bangladesh's foreign currency reserves have come under pressure for a surge in imports and the crisis has been deepened by a fall in remittance.

Between July and May of the last fiscal year of 2021-22, import payments went up by 39 per cent year-on-year to \$75.40 billion, whereas the inflow of remittance fell 15 per cent year-on-year to \$21.03 billion in the full fiscal year.

Last week, the reserves stood at \$39.67 billion, in contrast to \$46.15 billion in December.

## Global food crisis demands urgent Western response

REUTERS, New York

Russian President Vladimir Putin's invasion of Ukraine shocked the world, forced Western countries to respond, and is driving up the cost of energy and food across the globe.

High prices in the United States may spell electoral disaster for President Joe Biden's administration in November's congressional elections. However, the most urgent economic, social, and human crises are unfolding in poorer countries where populations face war, spillover-driven inflation, and more expensive foreign-currency debt.

Together these dynamics put populations in Asia, Africa, and some parts of Latin America and the Caribbean at risk of shortages, riots, unrest, and famine. The conflict in Ukraine is directly affecting supplies of food. News of a deal between Russia and Ukraine to allow grain exports is welcome.

However, many minefields must

be cleared and the deal be made to work in a time of war. We cannot yet assume trade routes will fully reopen. Russia and Ukraine together account for nearly a third of global wheat supplies, so any stoppage or restriction in trade affects access to basic foodstuffs for many.

Wheat prices are up while sunflower oil, meat, poultry, and a raft of other staples have also jumped in price, driven by higher fuel and fertilizer costs. The United Nations' Food Price Index, which captures the effects of war and supply disruptions, recently reached an all-time high of 156, up from 103 in 2020.

The alarming economic and political crisis in Sri Lanka shows what may occur elsewhere. Long-standing poor governance and corruption in the South Asian country has combined with economic crises, price hikes, and fuel and food shortages to snap the threads of economic and societal stability. The result is unrest, riots, and a collapse of the government.

## Russia-made goods replacing its imports, says Nielsen

REUTERS, Moscow

Russia-made products accounted for 83 per cent of the country's market for common consumer goods in the first half of 2022, up 4 per cent on a year before, according to a report published by NielsenIQ on Tuesday.

Domestic production of so called fast-moving consumer goods is filling shelves as imports slump amid Western sanctions against Russia.

The sanctions, imposed after Moscow deployed tens of thousands of troops to Ukraine in late February, have prompted scores of foreign companies, many in the consumer goods sector, to quit the country.

Some of the biggest declines in foreign goods occurred in the alcohol market, where Russian beer made up 89 per cent of sales in the first half of 2022, up from 79 per cent a year before, the Nielsen data showed.

Beers produced and sold by foreign brewers who had announced plans to exit Russia were still on sale in supermarkets and stores in Moscow last week, highlighting how long it can take for consumer-focused restrictions to have an impact.

"The assortment of goods available for consumers on shop shelves has narrowed," Konstantin Loktev, retail director at NielsenIQ Russia said in a statement, identifying one of two major changes to hit the industry.

"In this difficult period, a second trend began to develop - goods that have disappeared from shelves have started to be actively replaced in the consumer basket by brands produced in Russia, for which large opportunities have opened up."

The proportion of snack foods and personal hygiene products produced in Russia also jumped, the data showed.

## Scams crippling

FROM PAGE B1

"The central bank has taken decisions one after another favouring delinquent borrowers, which is pathetic," he said, urging the government to take firm actions to restore discipline in the banking sector.

Fahmida Khatun, executive director of the Centre for Policy Dialogue, blames the culture of impunity that encourage scamsters to steal money from banks on a regular basis.

And the authorities have not carried out investigations to trace the whereabouts of the funds in most cases, she said.

ACC's chief counsel Khurshid Alam Khan said that the main cause for the repeated loan scams at banks is the negligence and lack of competence of Bangladesh Bank.

The monitoring of the central bank on local banks' functions is not up to the mark, he said.

Khan does not see any weaknesses in the laws related to preventing financial irregularities.

Muinul Islam describes the legal process to recover swindled funds as lengthy.

"This is not good for ensuring good governance in the banking sector."



## Biden says US not going to be in a recession

AFP, Washington

President Joe Biden said Monday he does not expect the United States suffer an economic downturn, although GDP figures due later this week may show the economy shrinking for a second consecutive quarter.

"We're not going to be in a recession in my view," Biden told reporters.

Citing strong employment figures, the president said he hoped instead for a soft landing where "we go from this rapid growth to steady growth." Multiple US officials have downplayed rising recession fears, saying a downturn in the world's largest economy is unlikely given the very tight labor markets.

Recent figures suggest GDP might have fallen in the second quarter, following a 1.6 per cent decline in the first three months of the year, but the consensus forecast among economists still calls for slight growth.

## First Ukraine grain shipments to move in days

REUTERS, Kyiv/United Nations

The first shipments of Ukrainian grain could leave Black Sea ports within days under a UN-brokered deal to tackle a global food crisis that has worsened since Russia invaded its neighbor, the United Nations and Ukraine said on Monday.

"All parties have reconfirmed their commitment," said deputy UN spokesperson Farhan Haq after a Russian missile strike on Ukraine's Odesa port on Saturday cast doubt on the one-day deal Moscow agreed with Ukraine, Turkey and the United Nations.

The agreement aims to allow safe passage for grain shipments in and out of Ukrainian ports, blockaded by Russia since its February 24 invasion. Russia has blamed Ukraine for stalling shipments by mining the port waters.

"We expect that the first ship may move within a few days. The Joint Coordination Centre will be liaising with the shipping industry and publishing detailed procedures for ships in the very near future," Haq told reporters in New York.

He said all four parties to the deal will have a presence in the Joint Coordination

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Tea farms in Moulvibazar have been struck by an outbreak of red spider mites, which thrive in the currently hot and dry weather conditions. As such, plantation owners are worried about achieving the expected yields this year. PHOTO: MINTU DESHWARA

# Heat, red spider mites threaten tea yields

MINTU DESHWARA and SUKANTA HALDER

Tea farmers in Moulvibazar might not get the expected yield this year as they are struggling to irrigate their plantations in the face of inadequate rainfall, which has also given rise to a red spider mite infestation that is eating away at the crops.

About 90 of the 166 tea estates across Bangladesh are placed in Moulvibazar, which accounts for 55 per cent of the country's annual tea production, making it the largest tea producing district, according to the Bangladesh Tea Association (BTA).

Red spider mites attack plants when the weather is hot and dry, as is the current climate. As such, farmers been forced to stop picking tea leaves from afflicted areas.

So, experts fear that if there is insufficient rainfall in the next few days, it may cause colossal damage to tea production in the district.

Other than the red spider mites, the scorching sun is drying out tea plants as it is not possible to irrigate different gardens simultaneously due to the fall in natural water levels.

Sources say the infestation has spread to a majority of the tea gardens amid the current heatwave even though plantation authorities are applying the appropriate pesticides.

Echoing the same, Md Sirajuddaula, manager of the Mathiura Tea Garden in Rajnagar



upazila, told this correspondent that they are regularly spraying insecticides to keep the pest attack under control.

"This virus will not come under control unless the weather changes as red spider mites breed at high rates during times of severe drought," he added.

Adil Ahmed, assistant manager of the Eta Tea Garden in the same upazila, said conditions were conducive for tea production at the beginning of the year but heavy rainfall in June spelled disaster.

Shortly after, severe droughts struck in July and these two adverse weather conditions are unfavourable for tea production, he added.

The prevalence of this disease is high in gardens where cattle are present as the animals help red spider mites spread rapidly.

Tea expert GM Shibli, chairman of the BTA's Sylhet branch, told this correspondent that tea leaves stop growing if the temperature is above 25-30 degrees Celsius.

"Besides, the red spider mites suck and eat the buds that grow," he said.

The outbreak of red spider mites was initially restricted to certain areas but it has since spread across the region.

"This will disrupt tea production," Shibli added.

Echoing the same, AKM Rafiqul Haque, director of the project development unit of Bangladesh Tea Board, said new saplings of tea plants are dying out amid the unbearable heat and pest infestation.

Tea saplings were growing fast when rainfall was moderate earlier this year.

"So, the rain is important for

tea gardens," he added.

Haque went on to say that to alleviate the situation, tea garden managers are irrigating their lands in sections, diverting rivers, rivulets and canals to flow through their plantations, building water reservoirs and providing shade for tea plants.

A member of the BTA, which represents tea garden owners, said on condition of anonymity that the tea plants are being severely affected by changes in weather and other ailments.

"Red spider mites hamper production but the problem can be controlled with chemicals," he added.

"There is tension over whether the production target will be met or not but it is too early to tell because it is just the month of July. However, production may be less in affected gardens."

On the other hand, an official of the Bangladesh Tea Research Institute (BTRI) said no such situation has been brought to their attention as of yet.

"But if such an incident is occurring, appropriate action will be taken," he added.

Mohammad Shameem Al Mamun, senior scientific officer of the BTRI sub-station in Panchagarh, said a red spider infestation broke out at a number of gardens in April but with advice from the BTRI, farmers were able to handle the situation.

"Whenever red spider mites attack a garden, the yields tend to drop by an average of 10 to 15 per cent," he added.

## ERQ BALANCES

# Banks asked to encash term deposits

STAR BUSINESS REPORT

The Bangladesh Bank yesterday asked banks to encash the term deposits of exporters' retention quota (ERQ) balances.

The order came two weeks after the central bank instructed banks to encash 50 per cent of the balance held in ERQ accounts immediately.

The instruction is equally applicable for ERQ balances held in the form of term deposits, said the central bank in a notice yesterday.

"While on encashment, banks will have to apply the interest payable to the accounts, up to the date of encashment, without adherence to the premature encashment procedure."

In Bangladesh, exporters are allowed to keep a portion of their earnings in the ERQ accounts to settle back-to-back letters of credit liabilities without facing exchange losses.

Recently, the central bank has beefed up its efforts to increase the supply of US dollars as the foreign exchange market is facing acute shortages of American greenback amid the yawning gap between imports and exports.

On July 14, the BB also revised the retention limit out of realised export proceeds, bringing them down from 15 per cent, 60 per cent and 70 per cent to 7.50 per cent, 30 per cent and 35 per cent, respectively. The new limit will remain valid till December 31.

## Stocks up for regulatory move

STAR BUSINESS REPORT

The stock markets in Bangladesh rose for the second consecutive day yesterday largely because of the regulator's move aimed at increasing the participation of institutional investors amid persisting uncertainty.

The Bangladesh Securities and Exchange Commission (BSEC) stepped in after both Dhaka and Chittagong stock exchanges fell for nine straight days to July 24 as the economic crisis at home and abroad has kept weighing on investors' sentiment.

The DSEX, the benchmark index of the Dhaka Stock Exchange, edged up 29 points, or 0.48 per cent, to close at 6,112, adding to Monday's gains.

The turnaround came after the BSEC talked to institutional investors and brokerage firms

### BSEC stepped in after stocks fell for nine straight days as the economic crisis at home and abroad kept weighing on investor sentiment

to encourage investors to inject funds into the market. This has impacted the market positively, said a stockbroker.

"The regulator asked institutional investors to buy shares at a large volume in the first hour of the trading, lifting the index," he said.

Consequently, the DSEX surged more than 100 points in the first hour of the day's trading. The momentum, however, did not last since general investors are overall in a selling mood amid dragging uncertainties caused by the ongoing Ukraine war, the coronavirus pandemic, and higher inflation, the broker added.

Turnover, another key indicator of the market, surged 31 per cent to Tk 838 crore, up from Tk 639 crore on the previous day.

The institutional investors along with the high-net-worth individual investors increased their participation in the market after the regulator held a meeting with them on Monday regarding

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## IMF cuts global growth outlook

AFP, Washington

Surging inflation and severe slowdowns in the United States and China prompted the IMF to downgrade its outlook for the global economy this year and next, while warning Tuesday that the situation could get much worse.

"The outlook has darkened significantly since April. The world may soon be teetering on the edge of a global recession, only two years after the last one," IMF chief economist Pierre-Olivier Gourinchas said.

In its latest World Economic Outlook, the International Monetary Fund cut the 2022 global GDP estimate to 3.2 per cent, four-tenths of a point lower than the April forecast, and about half the rate seen last year.

Last year's "tentative recovery" from the pandemic downturn "has been followed by increasingly gloomy developments in 2022 as risks began to materialise," the report said.

"Several shocks have hit a world economy already weakened by the pandemic," including the war in Ukraine which has driven up global prices for food and energy, prompting central banks to raise interest rates sharply, the IMF said.

Ongoing Covid-19 lockdowns and a worsening real estate crisis have hindered economic activity in China, while the Federal Reserve's aggressive interest rate hikes are slowing US growth sharply.

But the IMF offered a stark caveat to the forecasts, cautioning that "risks to the outlook are overwhelmingly tilted to the downside," and if they materialise could push the global economy into one of the worst slumps in the past half-century.

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Pipes at the landfall facilities of the Nord Stream 1 gas pipeline are pictured in Lubmin, Germany. Soaring energy costs and the threat of hunger show how the biggest conflict in Europe since World War Two is having an impact far beyond Ukraine.

PHOTO: REUTERS/FILE

READ MORE ON B2

## Russian gas squeeze to hit Europe's economy

REUTERS, Kyiv

Russia said it will cut gas supplies to Europe from Wednesday in a blow to countries that have backed Ukraine, while missile attacks in Black Sea coastal regions raised doubts about whether Russia will stick to a deal to let Ukraine export grain.

The first ships from Ukraine may set sail in days under a deal agreed on Friday, the United Nations said, despite a Russian missile attack on the Ukrainian port of Odesa over the weekend, and a spokesman for the military administration in the saying another missile had hit the Odesa region on Tuesday morning.

Soaring energy costs and the threat of hunger faced by millions in poorer nations show how the biggest conflict in Europe since World War Two, now in its