

## 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50 per cent bandwidth and to refrain from providing upstream connections and upgradation of existing connections has been revoked.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.

## 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.



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.

## CEPA with India should be partially reciprocal

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

MA Razzaque, 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 Razzaque, 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 Razzaque.

"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

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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 constriction 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.

## Scams crippling

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"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."

## 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.