

MFS providers see surge in utility payments

MAHMUDUL HASAN

Utility bill payments through mobile financial service (MFS) providers crossed the Tk 2,000-crore mark in June, underscoring the growing preference among users to make payments from the comfort of their homes.

Electricity, water, gas and other service payments through MFS soared to Tk 2,059 crore in June, up 41.11 per cent from Tk 1,459.1 crore during the same month last year, according to the latest data of the Bangladesh Bank.

On a month-on-month basis, utility payments through MFS rose 17.28 per cent from May to June.

The upsurge in payments of this segment is mainly due to the various perks of using MFS.

For example, Kawsar Ahmed, who lives in Mirpur, says he previously had to go through a great deal of trouble to pay utility bills.

"But it is now super easy to pay them through MFS as I can download my bill statement whenever I want from the app."

According to a recently published World Bank study, titled "The Global Findex Database 2021", about 25 per cent of adults in Bangladesh directly pay their utilities from either a bank or MFS account – the highest share in the South Asian region.

Around 11 per cent of adults in the region pay utilities directly from an account.

Covid-19 has greatly boosted bank and MFS account usage for paying utility bills in Bangladesh, where transactions in the segment were below Tk 500 crore per month in the pre-pandemic era.

Industry people say the volume of such transactions has been increasing rapidly over the years due to the growing number of customers who rely on MFS for everything from fund transfers to bill payments.

In addition to traditional utility bills, customers are also paying for internet, telephone and cable services through



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PHOTO: HABIBUR RAHMAN

MFS.

BKash, the country's top MFS company, registered phenomenal growth in the utility bill segment in recent times. As such, more than one crore utility bill payments are being made each month through bKash.

"Users can save all their billing information on the bKash app, making future bill payments more convenient," said Ali Ahmed, chief commercial officer of bKash.

"Users can also check their bills

through bKash and eco-friendly digital receipts can be downloaded after payment. Receipts of all bill payments of the last one year are also available on the respective customer's bKash app."

In addition, the MFS provider's 6.3 crore registered users can seamlessly "Add Money" to their bKash account from an account with any of 37 commercial banks in the country.

"After receiving money in their bKash account, customers can do almost all day-to-day financial transactions, including utility bill payments, through bKash Wallet," said Ahmed.

Muhammad Zahidul Islam, head of communication at Nagad Ltd, said the company has promoted utility bill payments through its app by facilitating such transactions without charges.

"We believe we have played an important role in this segment and other players are now also starting to offer free of cost utility bill payments following our policy," he added.

Nagad had about 6.4 crore active customers with a daily average transaction of more than Tk 700 crore in June.

Zahedul Islam, head of corporate communications and external affairs at Upay, another MFS provider, said they

have inked deals with several electricity and gas companies to facilitate payments.

In Bangladesh, 13 platforms currently provide the service to 17.86 crore customers. However, industry people said the number of active customers is far less.

Overall transactions through MFS increased by 19.89 per cent year-on-year to Tk 94,293 crore in June while the growth was 23 per cent month-on-month.

In the month, MFS customers also carried out about Tk 27,419 crore worth of cash-in transactions, Tk 26,692 crore cash-out transactions, Tk 24,520 crore person-to-person transactions, Tk 3,126 crore merchant payments, Tk 3,508 crore government-to-person transactions, Tk 3,264 crore salary disbursements, and Tk 797.5 crore talk time purchases.

"MFS transactions usually see an upward trend during festivals. Besides, the Bangladesh Bank earlier relaxed the transaction limit for MFS and that may have had an impact on the rising transaction volume," Zahedul said.

Zahidul of Nagad said they are now focusing on boosting payments through MFS as they are providing cash-back and discounts.

Beza signs deal for Chinese economic zone in Ctg

STAR BUSINESS REPORT

Bangladesh Economic Zones Authority has recently teamed up with a state-owned Chinese company to set up Chinese Economic and Industrial Zone (CEIZ) at Chattogram's Anwara upazila.

Around 783 acres of land has been acquired and the construction of link roads along with other utility service work has already been done to establish the zone, Beza said in a statement.

Shaikh Yusuf Harun, senior secretary and executive chairman of the Beza, and Zhao Lianzhi, vice-president of state-owned Chinese firm China Road and Bridge Corporation (CRBC), inked an agreement in this regard at the former's head office in Dhaka on August 11.

In 2014, the Chinese government expressed its willingness to build the economic zone during Prime Minister Sheikh Hasina's visit to China.

It is the beginning of a massive collaboration, which will be concluded with the successful implementation of the planned Chinese Economic Zone, Harun said.

Chinese Ambassador Li Jiming was present.

China's refinery output drops to over 2-year low

REUTERS, Singapore

China's refinery crude throughput fell last month to its lowest since March 2020 as several state refiners underwent unplanned shutdowns and their independent peers trimmed production in response to thinning margins.

Refiners processed 53.21 million tonnes of crude oil in July, 8.8 per cent less than a year earlier, according to data from the National Bureau of Statistics (NBS).

That is equivalent to 12.53 million barrels per day (bpd), the lowest daily rate since March 2020, and compared with 13.37 million bpd in June.

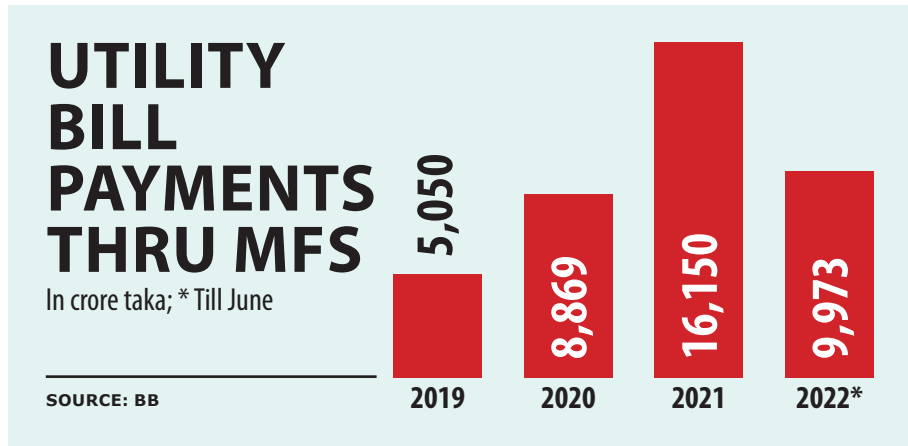
The weaker throughput in July extended a rare decline in China's refinery processing seen in the first half of 2022 as strict Covid-19 lockdowns and fuel export controls curbed their production.

Thai economy sees stunted growth

AFP, Bangkok

Thailand's economy grew 2.5 per cent in the second quarter as returning foreign tourists failed to offset high inflation and concerns over regional tensions, the country's main economic agency said Monday.

Southeast Asia's second-largest economy was hit hard during the pandemic, though visitor numbers are slowly improving with the relaxation of travel rules since May. But the Ukraine war and now tension over Taiwan could put any economic recovery at risk, Thailand's National Economic and Social Development Council (NESDC) warned.



Individuals buying dollar

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billion in the July-April period of last fiscal year, exceeding last year's total shortfall, according to Bangladesh Bank data.

As a result, there was a dearth of US dollars and the exchange rate of the greenback jumped to Tk 120 in the kerb market in Bangladesh recently.

The exchange rate of the dollar in the interbank foreign exchange platform, where banks buy and sell among each other, stood at Tk 95 per US dollar, up by more than 12 per cent year-on-year.

Many depositors and share market investors came to buy dollars on a speculation that the price of dollar will soar, Haq said.

"They bought dollars like products," he said.

On the other hand, tourists who has long-term plans to travel also tried to hold onto dollars, so the demand was pushed up, Haq said during an interview with The Daily Star yesterday.

After the war, prices of fuel, food

and other products surged in the world market so import costs soared, thus the demand for the dollar rose but exports have not kept pace with that.

About the big difference in the prices of dollars in the banking channel and money exchange, he said banks can buy dollars from the central bank and other banks, so their rate was controlled by the regulator.

"However, we can buy only from individuals against their passports and also sell to them, so the rate differs," he said, adding that demand and supply fixed the price of the dollar in the money exchange. In that perspective, the association urged the central bank to raise the endorsement limit of money exchanges.

"Now, we can endorse only \$1,000 for each passport, whereas a bank can endorse up to \$12,000. If the regulator allows us to endorse up to at least \$5,000, then our scope will be increased," he said.

Bangladesh Bank's decision to allow all branches of banks to trade dollars

on condition of approvals will ease the dollar crisis, Haq said. However, money exchangers may lose business as people will prefer going to banks, he said.

About the central bank's recent step to curb manipulation by money changers, he said malpractices of some money changers created a bad image for the whole sector.

Bangladesh Bank suspended the licences of five foreign exchange houses and served show-cause notices to an additional 42 for their alleged involvement in the manipulation of US dollar prices in the kerb market two weeks ago.

"We urged the regulator for many days to take action against illegal money changers who were continuing their activities even by opening branches," he said.

"The steps were late to come about," he said.

Some legal money changers were also punished and some were issued show-cause notices for activities that were not legal, he added.

Egg prices unlikely to cool off soon

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eggs, including the cost of feed, vitamins, vaccines and electricity. Ahmed went on to say that feed costs have almost doubled in the past year, leading to a 60 per cent decline in the production of layer chicken at the same time.

"This created a gap in the market and egg production subsequently declined by 30 per cent, which is the main reason behind the price going up," he said.

According to the Trading Corporation of Bangladesh, on Sunday the price of farm-grown eggs were 28.05 per cent higher compared to a month ago and 54.41 per cent higher year-on-year.

About 3.5 crore to 4 crore eggs are required daily to meet demand in the country, producers say.

Meanwhile, transport costs have risen twice in the last nine months – first on November 5 and the second on August 6 – after the government hiked local fuel prices past the international average.

Abu Lutfe Fazle Rahim Khan,

managing director of Aftab Bahumukhi Farms Limited, said if production costs are reduced, the price of eggs will decrease in the coming days.

Khan suggested that the government could take some initiatives to reduce the cost of production. For example, dropping the price of diesel would be a huge help to this end.

He then said some people are complaining that the price has risen due to syndicates.

"But eggs are highly perishable goods and for this reason, syndication is not possible."

The morale of chicken egg producers has been going down over the past two years due to various reasons.

Many are in debt because of the Covid-19 fallout while Bird Flu recently started occurring in some areas of the country, including Bhairab.

"That's why egg production has fallen," Khan added.

A study by the Food and Agriculture Organisation of the United Nations says an average person needs to eat 104 eggs per year.

As per data from the Department of Livestock Services, 2335.35 crore eggs were produced throughout Bangladesh in fiscal 2021-22. As such, egg production has more than tripled in the past ten years, it showed.

Md Tahir Ahmed Siddiqi, president of the Bangladesh Egg Producers Association, said the recent load shedding is another cause for the decline in production while the diesel price hike inflated carrying costs by Tk 2 per piece.

Mahabubur Rahaman, general secretary of the Breeders Association of Bangladesh, said that since eggs are a cheap source of protein, the increased cost will have a big impact on the protein intake of low-income earners if the problem persists.

Growers and traders said that people have never been forced to buy eggs at such a price before, including the time when they increased abnormally in 2009 and 2010 due to Bird Flu.

According to the Bangladesh Bureau of Statistics, the price of four chicken eggs was around Tk 27 in the 2008-09 and 2009-10 fiscal years.

Slow implementation a thorn for investors

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of protests from locals who were concerned about their safety following the Chawkbazar's Churihatta tragedy in 2019, the BSCIC changed the project site to Sirajdikhan upazila of Munshiganj.

In April 2020, the Ecne approved the revised project worth Tk 1,615 crore with the number of plots increasing to 2,154 from 946 while the area of land to be acquired also rose to 310 acres.

Around 70 per cent of the development work of the industrial estate has been completed so far, according to Project Director Muhammad Hafizur Rahman.

The project was scheduled for completion by June this year but officials say they need at least one more year due to the delay caused by the relocation.

Rahman said the earth-filling suffered delays because of the disruption in the supply of soil over the last few months.

Nurul Mostofa Khoka, president of the Bangladesh Chemical and Perfumery Merchant Association, said they submitted papers to the authorities for 1,500 plots two years ago.

BSCIC PLASTIC INDUSTRIAL ESTATE

An initiative was taken to relocate the unplanned plastic factories from Old Dhaka to Sirajdikhan.

The project was supposed to be established on 50 acres of land on the western side of the Dhaleshwari river.

The total cost was initially fixed at Tk 210.48 crore but a new proposal to relocate the project has increased it to Tk 426 crore.

The Ecne approved the project in July 2015 and work was scheduled to be complete by June 2020 but it has since approved an extension considering the new proposal.

At present, the implementation has been very slow as there have been delays in land acquisition.

"Efforts are being made to resolve issues related to land acquisition," said Project Director Nizam Uddin.

Shamim Ahmed, president of the Bangladesh Plastic Goods Manufacturers and Exporters Association, says they are interested in relocating their factories to the industrial park, given that land prices are reasonable.

BSCIC PRINTING INDUSTRIAL ESTATE

The plan to move unplanned printing factories in Dhaka and other places to a single hub was taken in 2016.

Sirajdikhan was initially selected as the project's site but the government officials who were assigned to acquire land in 2018 were assaulted by locals.

"Since light engineering, pharmaceuticals, chemicals and printing are emerging sectors, the BSCIC should quickly overcome weaknesses and complete the projects on time."

Now, the estate would be set up on 100 acres of land in Nawabganj upazila of Dhaka.

The development project proposal is in its final stage, said Project Director Nizam Uddin.

The costs have risen to around Tk 265 crore from Tk 138 crore.

API INDUSTRIAL PARK READY FINALLY

In 2008, the government took the initiative to build an industrial park for makers of active pharmaceutical ingredients and other medical raw materials in a bid to reduce import dependence.

The BSCIC API Industrial Park has been set up on 216 acres of land in Gajaria upazila of Munshiganj. Some 42 plots have been handed over to 27 pharmaceutical companies so far but only two factories are visible now.

"The government's responsibility to develop the infrastructure was completed in June last year and it is now up to the entrepreneurs to come forward for plots," said Project

Director Syed Shahidul Islam.

The cost of the industrial estate was initially estimated at Tk 213 crore but due to the various complications, both the cost and duration had increased exponentially.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said investors would have got the opportunity to invest and do business if the parks became ready on time.

"Now it appears that we have fallen behind," he said, adding that Padma Bridge could be a catalyst for investment and economic advancement as its construction and opening has created a lot of hope and enthusiasm.

"That should not die down," said Raihan, also a professor of economics at the University of Dhaka.

Prof Raihan cited the delayed implementation of the Savar Tannery estate, which is yet to become completely ready. There are questions regarding the capacity and efficiency of the BSCIC.

"We need to diversify export basket and cut the dependence on garments to face challenges in future," he said, adding that the establishment of the parks would have facilitated diversification.

Khondaker Golam Moazzem, a research director of the Centre for Policy Dialogue, said there is a major weakness in project implementation in Bangladesh.

"Since light engineering, pharmaceuticals, chemicals and printing are emerging sectors, the BSCIC should quickly overcome weaknesses and complete the projects on time."

The parliamentary estimates committee also expressed displeasure at the slow pace of implementation of the projects and advised the BSCIC to prepare proper action plans considering their importance so that they can be finished on time.

Mahbubur Rahman, chairman of the BSCIC, said his organisation is also dissatisfied with the spike in time and cost of the projects.