

## Steel building makers get more time to clear import payments

STAR BUSINESS REPORT

Bangladesh Bank yesterday announced that makers of prefabricated steel structures will now have almost a year to clear their letters of credit for raw material imports in a bid to facilitate growth in the industry.

Previously, payments for raw materials sourced from foreign manufacturers could be deferred for up to 180 days but the central bank decided to enhance the usance period to 360 days after prefabricated building makers urged it to reduce their cost of doing business.

"Our cost of doing business will reduce as a result of this decision," said Jowher Rizvi, president of the Steel Building Manufacturers Association of Bangladesh (SBMAB).

"In the past, we had to pay for our imports even

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before receiving payment from our buyers," he added.

The association, which represents 32 factories operating in Bangladesh, demanded additional time for making import payments about two years ago, after which Bangladesh Bank formed a committee for its recommendation in this regard.

Rizvi went on to say that they need up to one year to complete construction on building using prefabricated steel.

"We are very grateful to the central bank for understanding the nature of the industry and its production cycle," he said.

Bangladesh currently needs 3 lakh tonnes of prefabricated steel each year and local companies supply 90 per cent of this requirement while the rest is met through imports, according to industry insiders.

The domestic market for prefabricated steel is currently worth around Tk 4,000 crore while it was valued at Tk 2,000 crore in 2010, shows data from the SBMAB.



Traders sift through a mound of hog plums in search of the pieces they will sell at retail in Kuriana Bazar under Nesarabad upazila of Pirojpur. Although the fruit is cheaper this year in the face of higher yields, traders are getting their expected profits thanks to the increased connectivity offered by Padma Bridge. PHOTO: TITU DAS

# Growing supply tamps down hog plum prices

But increased demand and connectivity negate losses

SUSHANTA GHOSH

If you travel through the canals of southern Barishal, particularly those in the Pirojpur and Jhalkathi districts, you will see hog plum fields on either side with trawlers and trucks filled with the fruit passing alongside.

At least 10 to 12 wholesalers working in the region supply hog plums to different parts of the country, including major cities like Dhaka and Chattogram, using these trucks and trawlers that collect the fruit from all over the coastal division.

Barishal accounts for about 40 per cent of the hog plums produced in the country each year while Khulna is the second biggest growing region.

More than 42,500 tonnes of hog plum were produced on about 11,400 acres of land across Bangladesh in fiscal 2020-21, when cultivation was around 5 per cent higher than what it was two years earlier, according to the Bangladesh Bureau of Statistics.

And this year, yields have been so high that the increased supply has caused a drop in the fruit's market value, farmers and traders said.

Ripon, a hog plum trader from Pirojpur's Nesarabad upazila, said he is currently supplying the fruit for Tk 700 to Tk 1,000 per maund (37 kilograms) in the capital's Karwan Bazar wholesale



market while the same amount was worth Tk 1,000 to Tk 1,300 last year.

"So, the price has decreased by 30 to 40 per cent as the yields are very high this year," he added.

Ripon Howlader, a hog plum farmer of the same upazila, said this year's yields are expected to be double what it was last year.

The harvesting period usually begins in mid-June and continues until October-November, he added.

But the decreased prices are nothing to worry about as the increased connectivity offered by Padma Bridge allows farmers and traders to ship more of the fruit than ever before.

Moniruzzaman, another hog plum trader, said he previously

used to send about five tonnes of the fruit to Dhaka by truck every day but after the completion of Padma Bridge, he has been able to send more to the capital city at a lower cost.

Local farmers say more and more of their peers are being attracted to cultivating hog plums as the profit is good amid ever-growing demand.

As such, many people are cutting down their guava orchards and planting hog plum trees in their place.

Anisur Rahman Humayun, a farmer of Jhalakati sadar upazila, said he could not profit from growing guavas but hog plum cultivation turned his luck around.

"Hog plum cultivation is playing a major role in overcoming the stagnation farmers faced during the Covid-19 pandemic," said Niranjana Haldar, president of the Hog Plum Farmers' Association of Nesarabad upazila.

Md Harun-Or-Rashid, additional director of the Department of Agricultural Extension (DAE), said hog plums were cultivated on some 2,094 hectares of land last year to get a yield of 27,073 tonnes.

And although just 1,766 hectares of land is being used to grow the fruit this year, farmers are expecting higher yields than before.

According to DAE sources, Jhalakati and Pirojpur have the largest acreage of hog plum cultivation but it is constantly increasing. At least 20,000 people are directly involved in the business, which may be valued at around Tk 100 crore.

Monirul Islam, deputy director of the DAE in Jhalakati, said 6,752 tonnes of the fruit was produced on 638 hectares of land in the region last year. This year though, the hog plum production target has been set at 6,888 tonnes from 541 hectares.

Dr Nazrul Islam Shikder, deputy director of the DAE in Pirojpur, said this year's target is 10,911 tonnes from 509 hectares of land while it was 8,745 tonnes from 441 hectares last year.

## DIGITAL DARE

# Does Bangladesh need a separate digital bank?

MAHTAB UDDIN AHMED

Since I started my consultancy operation, my initial focus was on the areas of digital transformation of banks.

In the last six months, I spent considerable time with various banks to understand their readiness to become a digital bank. Except for one, none of them has the right organisational structure to embark on digital transformation drive.

To my utter surprise, most banking transactions are still manual and paper-based although there is some digital progression in the core banking system.

Let's first understand the difference between digital banking and online or internet banking.



Carrying out banking activities such as checking balances and statements, making online payments, and paying bills with the help of internet is online banking.

Digital banking, on the other hand, is a transformation that is taking place in the banking industry worldwide. It is an overall ecosystem, which includes digitalised ecosystem for augmentation in overall experience, speed, accuracy, and effortlessness for the front-end and back-end.

It incorporates technologies that help banks improve their systems and processes and drive advanced automation, better use of artificial intelligence, blockchain, cloud computing, robotics and analytics for a seamless experience, and better decision-making.

Digital banking would eventually offer reduced dependency on traditional banking by replicating it digitally. Its efficiency would range from offering e-KYC processes to enhancing ATM experiences and in the process, pave the way for a digital economy. There are 61 scheduled banks in Bangladesh and the majority of them are not in good health and are the least digital.

Currently, around 15 banks are providing mobile financial services. Most MFS providers across the globe are way ahead of our banks in terms of digitalisation.

MFS can offer all kinds of key services except lending and deposits. Such lending and deposits can also be done in partnership with one or more of the scheduled banks. If this is the case, then why would Bangladesh need a new digital bank?

Countries with successful MFS providers did not opt for the digital banking as a separate licence. As per current regulations, all scheduled banks can transform themselves into digital banks or set up a digital bank division to provide digital products.

There may be a justification in favour of the digital bank on one critical ground. Since the existing banks are measurably failing to transform their system to digital, the digital bank may fill that gap. If this is the case, shouldn't the central bank ensure that the existing banks get digital within a given timeframe?

Alternatively, the successful digital bank can turn out to be a major threat to the existing banks and make their future even more vulnerable. The central bank may also consider not restricting MFS licence to the bank-led model and may also permit mobile operators to drive online banking penetration as was done in many countries.

Often our regulators justify their actions by citing practices in neighbouring countries. In this regard, our neighbouring country has made significant progress in digitalising traditional banks, introducing fintech companies like PayTM and BharatPe, and opening mobile banking to mobile operators etc.

The banking sector in Bangladesh needs comprehensive guidance from the central bank, taking some of the best practices from the neighbouring country to accelerate the process of a digital economy.

The author is a telecom and management expert.

## Summit Power's profit falls 26pc

STAR BUSINESS REPORT

Summit Power Ltd (SPL) posted a 26.28 per cent lower profit in the financial year that ended on June 30.

The independent power producer reported consolidated earnings per share of Tk 3.87 in 2021-22, which was Tk 5.25 in the previous financial year.

Consolidated net asset value per share was Tk 35.72 compared to Tk 34.45 in 2020-21. Consolidated net operating cash flow per share stood at Tk 5.91 in 2021-22 against Tk 8.53 a year ago.

The board of directors recommended a 20 per cent cash dividend for 2021-2022.

In a post on the Dhaka Stock Exchange yesterday, SPL said no dividend has been declared out of the capital reserve account, the revaluation reserve account, or any unrealised gain or out of profit earned prior to the incorporation of the company, if any, or through reducing paid-up capital or doing anything so that the post dividend retained earnings become negative or a debit balance.

This year, the cash dividend offered by SPL was lower from previous years for several reasons, said an official of the company.

Three power plants were in shutdown conditions for most of the financial year due to the completion of previous power purchase agreements (PPAs) and major pre-scheduled maintenance works.

Also, the tariff in new PPAs has decreased under the 'No Electricity, No Payment' model.

In addition, the current global scenarios have resulted in higher prices of fuel, lubricants, spare parts, delay in

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Sri Lankan drivers push auto rickshaws in a line to buy petrol from a fuel station in Colombo amid the country's economic crisis. PHOTO: REUTERS/FILE

## India plans no more funding for Sri Lanka

REUTERS, New Delhi/Colombo

India does not plan to provide fresh financial support to Sri Lanka on top of the nearly \$4 billion it has extended this year, two sources told Reuters, as the island's battered economy starts to stabilise after a preliminary loan agreement with the IMF.

India has been the biggest provider of aid this year to its southern neighbour, which is fighting its worst economic crisis in more than seven decades and struggling to pay for imports, although the situation now is less severe than it was between May and July.

"We have already given \$3.8 billion worth of assistance. Now it's all about the IMF," an Indian government source with direct knowledge of discussions with Sri Lanka told Reuters. "Countries can't keep giving assistance."

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