INDIAN CURBS

Vietnamese rice exporters expect higher prices

VIET NAM NEWS/ANN

With India's recent rice export restrictions, Vietnamese exporters expect to increase shipments and hike prices, industry insiders have said.

Nguyễn Quang Hòa, director of Dương Vũ Co Ltd (Long An Province), said India has imposed a 20 per cent export tax on the grain, and banned shipments of broken rice to soften domestic prices following a significant decline in production due to a poor monsoon.

The move would affect the global market for one of the most commonly eaten staple foods amid a surge in commodity prices following the prolonged Russia-Ukraine conflict.

It would also encourage buyers to shift to rivals such as Việt Nam and Thailand, which have been struggling to increase exports and prices, he said.

"Vietnamese rice exporters are holding off on deals, expecting the price to rise."

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Nguyễn Văn Đôn, director of Việt Hưng Co Ltd (Tiền Giang Province), said the prices of rice of all kinds have already gone up by an average of VND300 per kilo compared to before the Indian restrictions.

Nguyễn Văn Hiếu, export director of Lộc Trời Group, said shipments of the grain are also expected to increase in the remaining months thanks largely to high demand from countries such as the Philippines, China and the EU.

The prolonged Russia-Ukraine conflict has led to a shortage of wheat and escalating food prices in the EU. European and South American countries are also in the midst of production difficulties.

To make up for this shortfall, European countries are likely to buy rice from Việt Nam and other rice producers, according to Hiếu.

Dr Nguyễn Đăng Nghĩa, director of the Southern Centre for Soil Fertiliser and Environmental Research, said global demand for rice is set to keep rising this year.

Deputy Minister of Agriculture and Rural Development Phùng Đức Tiến said Việt Nam is expected to export 6.5- 6.7 million tonnes in 2022 for $3.3 billion.

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The livestock sector accounts for 1.9 per cent of gross domestic product and involves 20 per cent of the population. PHOTO: STAR/FILE

Bank finance to livestock farming remains low

STAR BUSINESS REPORT

Despite continued growth and huge prospects of the livestock sector, financing by banks to boost investment in farming remains low.

Dairy, poultry and other livestock farmers got 14 per cent of total Tk 26,500 crore loans disbursed by banks for the farm sector in the fiscal year 2020-21.

The amount of loan going to marginal farmers from financial institutions is very low. There is also an absence of livestock insurance, said Md Ainul Haque, former director general of the Department of Livestock Services (DLS) in a paper at a seminar organised by Adorsho Pranisheba Ltd at a hotel in the city yesterday.

He said the livestock sector, which accounts for 1.9 per cent of gross domestic product (GDP) and involves 20 per cent of the population, has grown as reflected in increased production of meat and milk.

For instance, milk production which was 50 lakh tonnes in the year 2021, increased to 130 lakh tonnes in the year 2021. Meat production shot up three times to 92.65 lakh tonnes in the year 2021 from a decade ago, according to an estimate by the DLS.

He said investment in the sector is needed to boost production of meat and milk and reduce import dependence, create jobs and ensure increased availability of animal protein, namely milk.

"We are lagging behind others in milk production," he said, adding that per capita availability of milk is 208 millilitres whereas per capita availability is 642ml in Australia.

More than one lakh tonnes of powdered milk and dairy products are imported every year, which cost around Tk 2,000 crore annually, added Haque.

He said procedural complexity and problems in arranging collaterals by farmers, risk of disease infection and mortality of animals and absence of livestock insurance are major factors affecting financial inclusion of the sector.

Haque demanded easy and cheap loans for livestock producers and ensured lending to real farmers. Livestock can be used as collateral instead of land, he said.

At the event, Agriculture Minister Muhammad Abdur Razzaque said real farmers should be given loans without collateral and on easy terms.

He said the government has created a window for farmers to borrow at 4 per cent interest rate.

But farmers are often unable to meet the difficult conditions that exist in getting loans. That's why the lending process needs to be made easier, he said.

Razzaque said price of a cow is between Tk 5 lakh – Tk 10 lakh.

He said livestock should be brought under insurance. However, the problem is people do not have confidence on insurance companies. They harass and cheat customer extensively. Insurance should be made customer-friendly by stopping this harassment and cheating, he said.

He also talked about the recent price hike of eggs and said prices of the protein item will decline. "This is temporary," he said.

Banking: Time to transform

MAMUN RASHID

Despite diverse challenges, the banking sector is evolving faster than ever before, and such changes are expected to happen even quicker in the coming years. Investments in new technologies and fintech firms are hitting record levels and even traditional banking institutions are shifting away from existing business models. For example, embedded finance is already widely prevalent whereby non-financial/non-banking business enterprises are disrupting traditional norms of financial transactions by providing their own suite of financial services and products which, once upon a time were strictly reserved for banks and financial institutions.

Disruption through digital is no longer a single event, rather a constant pressure to innovate. The new players in the financial scene are already well established, cash rich, and well recognised names by media, technology, and entertainment sectors. They can create a better user experience and offer personalised products to further seize clients as well as control customer relationships. Consumer expectations are also constantly changing due to the availability of improved innovations, and the creation of new and better business models.

While the banking sector will evolve and progress and become more technologically advanced, so will the sophistication and capabilities of cyber criminals. The banking system of the future will need to embrace even more cutting-edge defensive technologies and utilise artificial intelligence to detect and prevent cyber-attacks.

The era of Technology Regulations (TechReg) is already here and its primary purpose is to mitigate risks of new technology and new types of market players within the existing ecosystems. The expectation is that the regulators will also continue to update existing regulations as well as bring forth new regulations to ensure protection of consumers and stakeholders. Consequently, the financial system must also keep up with emerging TechReg.

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The future will require more access of banking consumer data to third parties, and this will have a major impact on retail banking. Hence, the current business model for data analytics also needs to be upgraded in order to sustain relevance. Banks must learn to use data to optimise their products and services and then sell those to customers in ways that they desire. The goal will be to monetise data through the utilisation of available technology platforms.

While most banks in Bangladesh have already embraced digital existence and digital functionality to some extent, there is still a lot more to do. In order to keep up with the banking norms of the future, consistent and sustained bold moves will have to be made towards intense technology aided transformation. A fully integrated digital banking sector is essential for a truly digital Bangladesh as the banking sector is a primary component of any economy. As Bangladesh and its banking sector continue to become more agile and digitally connected with the rest of the world, the challenges from cyber threats will also increase.

Bangladesh is usually slow to keep up with the rapidly changing pace of technology. For the leadership teams at incumbent Bangladeshi retail banks, now is the time to recognise and embrace changing trends and prepare for this fast-changing environment.

The writer is an economic analyst

Stock turnover jumps 46pc

Indices go up as well

STAR BUSINESS REPORT

The domestic stock market has started the week on a rising trend as investors were steadily increasing their participation.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose 20 points, or 0.30 per cent, to reach 6,535 yesterday.

The DS30, an index that consists of blue-chip stocks, similarly edged up 0.73 per cent to hit 2,363 points while the DSES, the shariah-based index, climbed 0.42 per cent to settle at 1,435 points.

Meanwhile, turnover at the DSE soared by around 46 per cent to Tk 1,813 crore.

At the Dhaka bourse, 109 stocks gained, 140 declined and 122 remained unchanged.

"The Dhaka stocks extended their gaining streak for the second consecutive session as investors put fresh bets on large-cap stocks ahead of the December-end declaration," International Leasing Securities said in its daily market review.

Buying pressure from investors pulled up the prime index at the beginning of the trading session but after mid-session, the buyers' activity slowed down and dragged the index downward but it still ended positive.

"The investors increased their participation in the market and that was reflected in the turnover," it added.

Among the sectors, travel rose 5.3 per cent, IT advanced 3 per cent and general insurance increased 2.6 per cent while financial institution reduced 1 per cent, jute fell 1 per cent and miscellaneous slipped down 0.7 per cent.

Investor activity was mostly centred on the pharmaceuticals (28.2 per cent), miscellaneous (14.8 per cent) and engineering (7.4 per cent) sectors.

Standard Ceramic Industries topped the gainers' list, advancing 9.99 per cent. Eastern Cables, Sea Pearl Beach Resort & Spa, BDCOM Online, and Orion Pharmaceuticals were also among the stocks that saw significant gains.

Union Capital suffered the highest correction, sliding 6.19 per cent, while JMI Syringes, Apex Foods, Sonali Paper & Board Mills, and IPDC Finance each declined by more than 4 per cent.

The Caspi, the all-share price index of the Chattogram Stock Exchange, gained 59 points, or 0.31 per cent to end the trading session at 19,200.

Of the issues that were traded on the bourse yesterday, 75 advanced, 101 declined, and 90 did not show any price movement.

Fed poised to unleash another massive rate hike

AFP, *Washington*

The Federal Reserve is poised to unleash another massive interest rate increase this week after the latest data showed a worrying US inflation picture, which confirmed the need for the central bank to continue to act aggressively.

Soaring prices have pushed annual inflation to a 40-year high, inflicting pain on American consumers and businesses, despite the welcome drop in gasoline prices at the pump in recent weeks.

The disappointing consumer price report for August, released last week, showed housing, food and medical costs continued to rise. And when volatile food and energy prices are stripped out, so-called core inflation accelerated.

Families have been struggling with rising prices sparked initially by high demand as the world's largest economy emerged from the pandemic amid supply chain snarls. The situation has been exacerbated by Covid lockdowns in China and surging energy and food prices due to Russia's war in Ukraine.

It is not just current high inflation that concerns policymakers, but the fear that consumers and businesses begin to expect rising prices will become a permanent feature, which could set off a dangerous spiral and a phenomenon called stagflation.

That fear has driven the Fed to front-load its rate hikes, rather than pursuing the more customary course of small, gradual steps over a longer period.

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Labourers load consumer goods onto supply trucks at a wholesale market in Kolkata, the capital of West Bengal. An increase in private consumption and higher capacity utilisation rates helped India's private-sector capital expenditure reach one of its highest levels in the last decade. PHOTO: REUTERS/FILE

India's economic growth to be sustained

Govt says

REUTERS, *Mumbai*

A sharp rebound in consumer spending and rising employment will sustain economic growth in India in the months ahead, the government said in its monthly economic review for August published on Saturday.

It said an increase in private consumption and higher capacity utilisation rates had helped private-sector capital expenditure reach one of its highest levels in the last decade.

Business investment has been encouraged by government spending which climbed 35 per cent in April-August compared to the same period a year ago, the report said, adding that tax revenue growth for the government had been buoyant.

The report also said high

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