

Star BUSINESS

WEEKLY
INTERVIEW



'Dearth of communication skills hinders IT sector growth'

MAHMODUL HASAN

The lack of basic communication skills – speaking clearly, understanding the needs of their customers and writing properly – among fresh graduates is a major drawback for local industries, especially for the information technology (IT) sector in Bangladesh.

"Basics of a majority of fresh graduates are missing; they can't write an application properly, numerous mistakes are found in their punctuation, both in English and Bengali," Wahid Sharif, president of the Bangladesh Association of Contact Center and Outsourcing, told The Daily Star in an interview.

"Many of them can't even speak in Bangla with

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Telcos' payment service set to spark debate

MAHMODUL HASAN

Mobile network operators have launched a service that would allow subscribers to make payments to secure some government certificates using their mobile balances, a move that may generate a debate about its legality.

In collaboration with the Aspire to Innovate (a2i) initiative of the government, Robi Axiata, Grameenphone and Banglalink will facilitate payments using mobile balances, known as direct operator billing (DOB), against 30 types of services, including nationality and birth registration and marriage certificates.

Grameenphone and Robi, the two largest mobile phone operators in Bangladesh, have already launched the service while Banglalink is scheduled to inaugurate it.

This will allow customers to make payments for services facilitated by government portals Prottoyon & myGov, which have been developed by the a2i.

But according to the Bangladesh Bank, the operators haven't taken any approval from the central bank to roll out the service.

"We are not aware of the service," Mezbaul Haque, a spokesperson of the central bank, told The Daily Star.

"As far as I know, talk times can't be

converted into the taka."

Officials of two operators and a2i say mobile network operators are authorised by the telecom regulator, the Bangladesh Telecommunication Regulatory Commission (BTRC).

"All services have been approved by the BTRC in 2018 through a directive," said Shahed Alam, chief corporate and regulatory officer at Robi.

"We are only providing the DOB facilities and it is mainly a2i's initiative."

In a statement, Grameenphone said: "GP always obeys the rules and regulations of the

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RMG MADE OF US COTTON

BGMEA again calls for duty-free access

REFAYET ULLAH MIRDHA

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) recently relaunched an initiative seeking duty-free access to the US market for apparels made from American cotton.

"We met with representatives of the US cotton industry on Wednesday and put forward our demand once again," said BGMEA Vice-President Md Nasir Uddin, who is assigned to negotiate the issue.

He went on to say that they will primarily negotiate with business chambers and trade associations of American cotton and apparel businesses to strengthen their demand among these business circles.

"So, we hope to get a positive response as American businesses would also benefit if the initiative goes through, especially considering the ongoing trade tension between the US and China."

Gradually, the BGMEA's demand will be brought to the local governments of cotton producing states in the US as the proposal would then be heard at a national level, he added.

Bangladesh has long been demanding the US for reduced rates, if not zero-duty benefits, on shipments of apparel items made in the country using cotton imported from the western nation.

At present, local apparel exporters face a 15.62 per cent tariff on shipments to the US.

The US does not allow duty free access for apparel items sourced from any country in the world, sans those from certain African countries covered by the African Growth and Opportunity Act.

However, Bangladesh could get the benefit this time around as the government has removed the requirement for double fumigation of cotton imported from the US.

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Threshers are currently in high demand as wheat harvesting is in full swing across the country. Here, Anju Sheikh of Baharpur village under Baliakandi upazila of Rajbari is seen threshing the crop using a machine he bought 15 days ago for Tk 1.10 lakh.

PHOTO: SUZIT KUMAR DAS

BSEC to get power to dissolve board without hearing

Finance ministry publishes draft act

STAR BUSINESS REPORT

The finance ministry has drafted rules empowering the Bangladesh Securities and Exchange Commission (BSEC) to dissolve the board of listed companies without any hearing if they fail to submit financial reports or follow corporate governance.

The Financial Institutions Division published the draft of the Bangladesh Securities and Exchange Commission Act, 2022 on March 5 and sought feedback from stakeholders.

If the listed issuers fail to submit the annual reports or any other reports or break rules, the commission can restructure the board, the draft act said.

In the case of board restructuring, the commission would consult with the primary regulator of listed companies. The commission can't restructure the board without holding a logical hearing.

In special cases, the commission can recast the board without holding any hearing considering the interest of the securities market and general investors, said the draft.

A number of directors of the listed companies have opposed the provision that allows the restructuring of a board without holding any hearing.

The commission should allow the existing board to offer their explanation or give statements and then the decision may be taken, they said.

In order to strengthen and modernise the legal structure of the BSEC, the government has published the draft act, updating the Bangladesh Securities and Exchange Commission Act, 1993 and the Securities and Exchange Ordinance, 1969.

The draft act also proposed some new issues that were not included in the previous act and the ordinance.

To reach the goals under the

proposed act, the government would form one or more special tribunals. If anyone breaks rules and regulations, trials would be carried out at the tribunal.

The BSEC will be able to form an advisory committee comprising people who have depth knowledge of securities and laws.

If anyone manipulates stocks and the commission files cases with courts, he or she may face imprisonment for up to 10 years, a fine of at least Tk 10 lakh, or both.

Funds earned through manipulation or any other illegal ways will be forfeited and compensated among the victims. The compensation should at least double the loss, it added.

The proposed act has empowered the commission to carry out intelligence activities to get advance information on stock manipulation. On top of that, suspects can be monitored.

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EXCELERATE
ENERGY



Traders react as Federal Reserve Chair Jerome Powell is seen delivering remarks on a screen, on the floor of the New York Stock Exchange in New York City on March 22. PHOTO: REUTERS

Banking woes, Fed keep US market investors on edge

REUTERS, New York

Investors are settling in for a long slog in the US stock market in coming months, braced for more tumult in the banking sector and worries over how the Federal Reserve's tightening will ripple through the economy.

Banking sector concerns drove sharp moves in financial stocks in the United States throughout the week after the collapse of two US lenders and last weekend's Swiss government-orchestrated takeover of troubled Credit Suisse by rival UBS.

Many worry that other nasty surprises are lurking as the rapid series of interest rate hikes the Fed has delivered over the past year dry up cheap money and widen fissures in the economy.

"The market is very nervous at this point and investors are acting first and looking into the nuances later," said Wei Li, global chief investment strategist at fund giant BlackRock. "It's understandable because it's not super clear that this is definitely contained."

In recent days, investors have focused on German giant Deutsche Bank. The company's shares have lost around more

than a quarter of their value this month, including Friday's 8.5 per cent fall, and the cost of protecting against a default on its bonds soared, even though few put it in a class with Credit Suisse.

"We are not concerned today about counterparty, liquidity issues" with Deutsche, JPMorgan analysts said in a Friday report.



For now, few investors see this year's events as a repeat of the systemic crisis that swept through markets in 2008, taking down Lehman Brothers and prompting government bailouts of large financial institutions. But investors are guarded, wary that another bank run could erupt if people believe US or European regulators won't protect depositors.

"It's almost like the prisoner's dilemma where if everyone agrees that they won't pull their deposits then everything should be okay, but if just one person decides they are getting out then the snowball keeps growing," said

Tim Murray, capital market strategist in the Multi-Asset Division of T Rowe Price, who is underweight equities, focusing on money market accounts that offer yields comparable to Treasuries.

Uncertainty over the Fed's intentions is amplifying investors' hesitation in stocks and sparking huge swings in US government bond prices.

The Fed raised rates by 25 basis points on Wednesday but indicated it was on the verge of pausing further increases. Investors piled into the safe haven of US Treasuries, sending yields on the two-year note, which closely reflects Fed policy expectations, to 3.76 per cent this week, the lowest since mid-September.

Further banking industry failures could mean sooner rate cuts as weakened financial conditions allow the Fed to ease up on its fight against inflation, said Tony Rodriguez, head of fixed income strategy at Nuveen. Futures contracts suggest the Fed will start cutting rates by year-end.

Falling interest rates would make dividend-paying stocks and some riskier assets such as higher-quality below-investment-grade bonds attractive, Rodriguez said. "It makes sense to take

risk in those areas to take advantage of the weakness we're seeing now."

Risk assets have been somewhat resilient despite the concerns in the banking sector, said Jason England, global bonds portfolio manager at Janus Henderson Investors. The S&P 500 is up 3.4 per cent this year, though far off its early February highs, and it rose 1 per cent this week, helped by a rally in tech shares.

"If inflation comes down because of disruptions in banks and you create tightening for homeowners, the Fed suddenly has its work done for it," he said.

England expects longer duration bond yields to start to rise from current levels, making short-term bonds and money market funds more attractive.

Investors will likely remain steered for the potential for another high-profile failure until the Fed or Treasury respond in a way that calms fears of another bank run, said Katie Nixon, chief investment officer, wealth management, at Northern Trust, who is focusing on tech-sector stocks with "fortress balance sheets."

"Right now, it's a crisis of confidence and everyone is looking for direction," she said.

Korea targets drone, bot deliveries by 2027

ANN, The Korea Herald

The Ministry of Land, Infrastructure and Transport on Monday unveiled a slew of long-term plans to establish smart logistics infrastructure across the country, which will enable one-hour delivery services using drones and artificial intelligence.

The government said it first plans on commercialising robot deliveries by 2026 and drone deliveries by 2027.

"We will support the development of technologies to commercialise unmanned deliveries, and create a test bed made exclusively for the practice of robot and drone parcel deliveries (for private companies)," an official from the Land Ministry said in a press release.

The official added that in a bid to realistically carry out unmanned deliveries, it will incrementally lay out legislative foundations such as establishing safety standards for drone deliveries.

Micro-fulfillment centers, or MFCs, will also be given construction permits at key locations in major cities across the country, with the goal of dramatically reducing delivery times.

The government aims to open an era where deliveries can be made within 30 minutes to 1 hour with the MFCs, the ministry said.

MFCs are facilities that predict order demand and manage inventory with the use of artificial intelligence and big data, to initiate deliveries as soon as an order is made.

The Smart Logistics Development Council, a tentatively titled public-private consultation body, will comprise of companies from various fields, such as logistics, platforms and IT.

The consultation body will be formed in the first half of this year in order to accelerate the discovery of optimal commercialisation models for unmanned deliveries.

Furthermore, pilot zones where self-driving trucks can navigate will be designated this year.

The ministry said it also has plans to establish underground logistics and transportation systems using urban railways by 2027.

The government further noted that it is planning on giving tax cuts to private companies that manage to develop technology which can transport cargo sensitive to temperature and humidity over long distances.

At airports, smart air cargo operation systems will be established.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (MAR 25, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	3.85 ↑
Coarse rice (kg)	Tk 46-Tk 50	-4 ↓	3.23 ↑
Loose flour (kg)	Tk 55-Tk 58	-2.59 ↓	54.79 ↑
Lentil (kg)	Tk 95-Tk 100	0	0
Soybean (litre)	Tk 170-Tk 175	1.47 ↑	15.77 ↑
Potato (kg)	Tk 20-Tk 25	7.14 ↑	12.5 ↑
Onion (kg)	Tk 35-Tk 40	15.38 ↑	7.14 ↑
Egg (4 pcs)	Tk 45-Tk 50	1.06 ↑	33.8 ↑
SOURCE: TCB			



Md Nurul Azim, deputy managing director of South Bangla Agriculture and Commerce (SBAC) Bank, and Anisul Islam, managing director of CloudWell Digital Services -- a subsidiary of PayWell, exchanged signed documents of an agreement on digital services at the bank's head office in Dhaka recently. Among others, Mohammad Shafiu Azam, head of alternative delivery channel of the bank, Md Feroj Chowdhury, head of agent banking, and Mohammad Kudratullah, chief operating officer of PayWell, were present. PHOTO: SBAC BANK

US business activity accelerates

REUTERS, Washington

US business activity gained steam in March as orders rebounded for the first time in six months, according to a survey on Friday, which also suggested that inflation could continue to slow gradually.

S&P Global said its flash US Composite PMI Output Index, which tracks the manufacturing and services sectors, increased to 53.3 this month. That was the highest reading since last May and followed a final reading of 50.1 in February.

It was the second straight month that the PMI remained above 50, indicating growth in the private sector. A measure of new orders received by private businesses jumped to 51.2 from 48.5 in February. It was the first time since September that business in general reported growth in new orders.

"March has so far witnessed an encouraging resurgence of economic growth," said Chris Williamson, chief business economist at S&P

Global Market Intelligence.

The rise in orders was concentrated in the services sector, with orders in manufacturing still weak, though off the prior months' low levels. A recent tightening in financial conditions in the aftermath of the failure of two regional banks casts a shadow over the outlook for order growth. There are fears that the resulting tightening of lending standards by banks could make credit less available to households and businesses.

Federal Reserve Chair Jerome also alluded to this, telling reporters on Wednesday that "the events of the last two weeks are likely to result in some tightening of credit conditions for households and businesses, and thereby weigh on demand on the labor market and inflation."

The Fed raised its benchmark overnight interest rate by a quarter of a percentage point, but indicated it was on the verge of pausing further increases in borrowing costs, in a nod to the recent financial market stress.

The survey's measure of prices paid by businesses for inputs

dipped to 59.8 from 60.4 in February. According to S&P Global, while raw material and supplier price hikes had eased, firms reported that higher wage bills pushed up cost burdens.

Even as they complained about higher labor costs, businesses increased headcount this month.

Services, which account for a large share of the economy, are driving overall domestic inflation. The survey's flash services sector PMI increased to 53.8 this month, the highest level since last April, from 50.6 in February. Economists polled by Reuters had forecast the services PMI rising to 50.5.

The survey's flash manufacturing PMI climbed to a still subdued 49.3 from 47.3 in February. It has now contracted for five straight months. Economists had forecast the index at 47. New orders dropped for the sixth consecutive month, though the pace of decline slowed.

Bank of England raises rates for 11th time

Says inflation set to fade

REUTERS, London

The Bank of England (BoE) raised interest rates for the 11th time in a row on Thursday, but said a surprise resurgence in inflation would probably fade fast, prompting speculation it had ended its run of hikes.

Sounding more upbeat about the outlook for Britain's sluggish economy but noting the risks posed by turmoil among global banks, the BoE's nine rate-setters voted 7-2 in favour of a 25 basis-point increase in Bank Rate to 4.25 per cent, as expected by economists polled by Reuters.

This rate rise extends a run of increases that began in December 2021, although it was the Monetary Policy Committee's (MPC) smallest increase since June.

Investors priced in one more quarter-point rate hike, probably at the BoE's next meeting on May 11, pushing up sterling moderately against the dollar. But many economists said the central bank might have already reached the end of its tightening cycle.

BoE Governor Andrew Bailey was non-committal when asked about the latest rate rise. "We don't know whether it's going to be the peak," he told broadcasters.

"What I can tell you is that we've seen signs of inflation really peaking now. But of course, it's far too high.... We need to see it starting to come down progressively and get back to target."

The BoE - which is trying to reconcile the weak economic outlook and anxieties about global banks with stubborn inflation - repeated a message it gave last month that suggested raising rates was less urgent.

"The MPC will continue to monitor closely indications of persistent inflationary pressures, including the tightness of labour market conditions and the behaviour of wage growth and services inflation," the BoE said.

"If there were to be evidence of more persistent pressures, then further tightening of monetary policy would be required."

Bailey and his colleagues last month dropped language saying that they were ready to act forcefully on rates if needed.

Gurpreet Gill, a strategist at Goldman Sachs Asset Management, said strong growth in domestically generated inflation - typically higher pay deals - was behind the hike.

"But we continue to see a case for a pause after today given the expected drag on growth from past policy tightening and recent financial market volatility."

In Thursday's statement, the BoE

said price growth was on course to fall more sharply than it previously thought in the April-June period, despite data on Wednesday showing a surprise jump in inflation to 10.4 per cent in February.

Some of that increase was due to often volatile clothing prices which could prove less persistent, it said.

Ross Walker, head of global economics at NatWest Markets, said "the MPC does not seem remotely fazed" by Wednesday's inflation surprise and was confident wage pressures would ease.

"The overall tone of the March minutes seems mildly dovish," he said.

The BoE said inflation in the second quarter would be lower than the BoE forecast last month, helped by the government's extension of state subsidies to lower households' utility bills and a fall in international energy prices.



People walk outside the Bank of England in the City of London financial district in London on March 23. PHOTO: REUTERS



Sunflower cultivation is expanding in Bangladesh as growing edible oil prices in the international market are fuelling demand for locally sourced alternatives. As such, the oilseed has been sown on 1,068 hectares of land in Patuakhali alone. The picture was taken recently from the Chiknikandi area of Galachipa upazila. PHOTO: SOHRAB HOSSAIN

Soybean consumption to rise in Bangladesh: USDA

SOHEL PARVEZ

Bangladesh's soybean consumption is likely to rise owing to the recovery from the economic slowdown in the fourth quarter of the calendar year, the US Department of Agriculture (USDA) forecasted last week. The agency forecasted that Bangladesh would buy 24 lakh tonnes of soybean for crushing in loca

Bangladesh's soybean consumption is likely to rise owing to the recovery from the economic slowdown in the fourth quarter of the calendar year, the US Department of Agriculture (USDA) forecasted last week.

The agency forecasted that Bangladesh would buy 24 lakh tonnes of soybean for crushing in local mills in the 2023-24 marketing year, up 50 per cent from its previous estimate for the marketing year beginning in July.

Last year's imports were 41 per cent below the USDAs' official estimate of 27 lakh tonnes.

Higher prices and the foreign exchange crisis affected consumption and imports.

"Since the middle of 2022, Bangladesh has been facing a severe dollar shortage that disrupted imports. Appreciation of the US dollar against Bangladeshi

taka also increased import costs," said the agency in its Oilseeds and Products Annual released on Thursday.

The USDA, in its report on Bangladesh, said the government stopped all non-essential imports and reduced the supply of dollars to commercial banks.

Therefore, soybean imports fell significantly in 2022-23 marketing year, it said adding that total whole soybean crushing fell 28 per cent to 20 lakh tonnes from the USDA official estimate, due to lower soybean imports and reduced demand for soybean meal in the feed industry.

"Contacts noted that major soybean crushers in Bangladesh slowed their crushing from October to December 2022 due to low supply. Soybean imports also dropped to zero during that period on high international prices and country's foreign exchange crisis," it added.

Not only soybeans, import of other oilseeds and crude oil declined in the marketing year of 2022-23.

The USDA said Bangladesh's soybean oil consumption declined as many households have shifted to palm oil because of high prices of soybean oil.

In May last year, packaged soybean oil prices hit record high of Tk 198 each litre at retails in Dhaka.

As a result, soybean oil consumption declined to 985,000 tonnes, down 10 per cent from the USDA's earlier estimate.

Palm oil consumption, however, grew at the same time, pushing up imports of the vegetable oil from southeast Asian countries like Indonesia and Malaysia, major suppliers of palm oil for Bangladesh.

The US agency said both soybean oil and palm oil consumption might rise to 12 lakh tonnes and 15 lakh tonnes respectively in the coming marketing year of 2023-24.

Domestic production

The USDA said Bangladesh can meet 10 per cent of its edible oil requirements by domestic production of oilseeds like mustard or rapeseed, sunflower, peanut, sesame, and soybeans. The rest is imported as crude oil or as oilseeds.

During the current fiscal year, total oilseed production is forecasted to grow 13 per cent year-on-year to 14.16 lakh tonnes.

In case of soybean, local production accounts for about 5 per cent of its annual demand for Bangladesh.

It is mostly grown in the southern belt, including Noakhali, Lakshmipur, and Bhola districts.

"Domestically produced soybeans are used predominantly in the feed industry,"

it said adding that average yield of soybean varieties in Bangladesh is about 1.8 tonnes per hectare, much lower than the world average of 2.8 tonnes.

"Low yields have historically reduced cultivation. While in recent years soybeans have been gaining popularity as a cash crop, particularly among farming households in the south, overall, the unavailability of high yielding varieties and lack of quality seed continues to hamper the expansion of soybean cultivation," said the US agency.

It said since 1990, more than 10 high yielding varieties of soybean have been released in Bangladesh, but approximately 70 per cent of soybean farmers are still cultivating the "shohag" variety, which was officially released in 1991 and has a yield of approximately 1.6-1.8 tonnes per hectare.

The US agency said the Bangladesh Agricultural Research Institute (BARI) developed the BARI soybean-5 and BARI soybean-6 varieties.

However, limited seed supply constrains cultivation, it added.

The Bangladesh Institute of Nuclear Agriculture (BINA) and Bangladesh Agricultural University also released several high yielding soybean varieties, but planting is still limited.

Chicken prices come down

SUKANTA HALDER

The retail price of broiler chicken has fallen further in Bangladesh as four major poultry companies are now selling the meat at a maximum of Tk 195 per kilogramme (kg) directly from their farms.

The four companies, namely Kazi Farms Ltd, CP Bangladesh, Altam Bahumukhi Farms Ltd, and Paragon Poultry and Hatchery Ltd, yesterday sold chicken for as much as Tk 192 per kg.

At retail, broiler chicken sold for as much as Tk 225 per kg at Karwan Bazar, one of the biggest kitchen markets in Dhaka, while Sonali chicken cost about Tk 330 per kg.

Just a week ago, broiler chicken was being sold for up to Tk 300 per kg at the same market while Sonali chicken was priced at Tk 380 per kg.

Anwar Hossain Sujon, a retailer based in Karwan Bazar, said broiler chicken currently costs about Tk 190 per kg compared to Tk 230 a week ago at the Kaptan Bazar wholesale market, where most retailers source poultry meat.

"So, the price has come down at the retail level," he added.

Likewise, the wholesale price of Sonali chicken has come down to Tk 320 per kg from Tk 350 a week ago. Golam Rabbani, a buyer at Karwan Bazar, said the price reduction will give some respite to common consumers like him.

"I bought 3 kgs of broiler chicken today thanks to the reduced price. I would not have bought more than 1 kg if the price had remained the same," he added.

Similarly, broiler chicken and Sonali chicken are selling for Tk 230 per kg and Tk 340 per kg respectively at the Duaripara kitchen market in Dhaka's Mirpur.

Retailers say the four big companies announced their decision to sell chicken at reduced prices following discussions with the Directorate of National Consumers Right Protection (DNCRP) last Thursday.

Since then, prices have started falling in Dhaka and beyond.

Mohammad Alauddin, a retailer based in the Boro Bazar area of Munshiganj city, said the prices started decreasing in his locality since Friday.

Saiful Islam, a retailer based in Chuadanga district town, said he sold broiler chicken for between Tk 250 and Tk 280 per kg yesterday but expects the price to drop further.

STOCKS		WEEK-ON WEEK
DSEX ▼	CASPI ▲	
0.08%	0.11%	
6,215.30	18,374.47	

COMMODITIES		AS OF FRIDAY
Gold ▼	Oil ▼	
\$1,978.75 (per ounce)	\$69.25 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.69%	▼ 0.13%	▼ 0.2%	▼ 0.64%	
57,527.10	27,385.25	3,212.64	3,265.65	

Telcos' payment service

FROM PAGE B1

country and has all the necessary approvals from the authorities to facilitate government services. This is one kind of digital inclusion and will help the unconnected to connect."

Officials of Banglalink did not respond to The Daily Star's request for comments yesterday.

According to a directive of the BTRC, a telecom operator can provide some DOB services, including for the purchase of digital contents, e-ticket and electronically consumable services, and for the payments of utility bills.

The BTRC's directive, which it gave in accordance with a Bangladesh Bank's letter, hasn't authorised telecom operators to provide payments services such as nationality and birth registration and marriage certificates.

"It's not a generic approval of the Bangladesh Bank," said a BB official, wishing anonymity.

"We gave the approval in favour of some services in 2008 when there were no innovative payment services like mobile financial services."

Bangladesh's first MFS operation

was launched in 2011 as the government looked to bring the unbanked under the financial system. Today, there are at least 14 operators and they have invested hundreds of crores of taka. About 19.10 crore users were registered in 2022 in a country of 17 crore people.

"I couldn't remember whether the operators have discussed with the BTRC about launching the payment service," Shyam Sunder Sikder, chairman of the BTRC, told The Daily Star yesterday

Dewan Muhammad Humayun Kabir, project director of the a2i, said the service has been launched as per regulations.

The services will enable people who don't have a mobile financial service (MFS) account or bank account to make payments at their convenience, he said.

"Our unified mobile payments system, ekPay, connects all banks

and MFS providers to enable P2G (person-to-government) payments for hundreds of public services."

Kabir said despite the meteoric rise in MFS and agent banking in the last decade, 18 per cent of the adult population, especially in rural Bangladesh, is still unbanked.

"In order to promote inclusivity in P2G payments, we are introducing DOB in the government ecosystem in partnership with mobile operators."

AKM Fahim Mashroor, chairman of the standing committee on fintech and digital payments at the Bangladesh Association of Software and Information Services, said any payment for a service should be paid using a bank or MFS regulated by the Bangladesh Bank.

"Otherwise, financial discipline will be compromised because the Bangladesh Bank has no control over mobile phone operators. So, we should consider mobile balances only to be used as talk time."

In India, Pakistan and Myanmar, mobile network operators can provide mobile banking services and mobile balances can be converted

into the local currency. But in Bangladesh, mobile operators do not have any transactional authority, according to Abu Saeed Khan, a telecom expert and a senior policy fellow at LIRNEasia, a think-tank based in Colombo.

"Since mobile operators have not been given the transactional platform status, subscribers' balances can't be treated as a negotiable instrument."

The central banker said it would make transactions unregulated. But questions will remain about who will resolve disputes between telecom operators and customers over transactions.

"Only the Bangladesh Bank has such a regulatory authority but operators don't fall under its supervision. We will review the validity of the services and send letters to operators subsequently."

"I couldn't remember whether the operators have discussed with the BTRC about launching the payment service," Shyam Sunder Sikder, chairman of the BTRC, told The Daily Star yesterday.

"I will look into this matter."

Dearth of communication

FROM PAGE B1

proper pronunciation, let alone English," he said.

There are also problems among jobseekers in listening skills, analytical skills and work etiquette, making it harder for them to deliver better service, Sharif said, adding that it seems everyone is running after money but not learning.

According to Sharif, this is creating a barrier for the country's business process outsourcing (BOP), which includes the call and contact

skills among its youth.

"There are many government projects and different industries that are providing training to people with mid-level and high-level skills. I think that's good for the time being, but it's not sustainable," he added.

Sharif went on to say that they want to ensure the sustainable development of manpower.

"We need to bring positive changes in the core education system, social values and family education. So, we



AI GENERATED IMAGE

centre service sector to grow further despite its limited potential.

"When we want to recruit people, we fail to hire three candidates out of 100, making the hiring process costlier," said Sharif.

In the IT industry, a contact centre or call centre is a part of the BOP, a business practice in which a company or organisation hires an external service provider to perform an important business task.

He said the Philippines earns \$25 billion annually from this sector while Bangladesh exports only about \$300 million due to the lack of soft

need to increase the qualification of teachers, emphasise on early childhood development, create quality day-care and primary education," he said.

He then said government officials do not sit with industry people while formulating education and skills development policies, which exacerbates the current crisis of quality human resource.

Industry academia collaboration needs to beef up while the introduction of research and development initiatives are needed by the industry, Sharif suggested.

BGMEA again calls for duty-free access

FROM PAGE B1

Previously, cotton brought from the US would have to be locally fumigated even if the raw material underwent such treatment before being shipped. This created barriers for export as the extra time and costs involved led to delays in completing work orders for nearly the last five decades.

"So, we hope to get a positive response as American businesses would also benefit if the initiative goes through, especially considering the ongoing trade tension between the US and China," Nasir Uddin said, citing how cotton producing states in the US want this facility as well.

The issue was widely discussed by Salman F Rahman, the prime minister's adviser on private industry

and investment, and Donald Lu, assistant secretary of the US state department for south and central Asian affairs, during the latter's visit in January.

The initiative was originally taken by former BGMEA President Siddiqur Rahman some five years ago but efforts were halted for various reasons.

"We could even set up spinning mills in cotton growing areas of the US if their government allows it. That way, we could churn the yarn ourselves before sending it to Bangladesh, where the material would be made into garments that are exported back to the US," he told The Daily Star.

Rahman is hopeful that

Bangladesh will get duty benefits from the US as both sides are holding positive negotiations in this regard.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA), said local exporters would be able to exploit the US market if given duty benefits seeing as Vietnam is performing strongly in this regard thanks to a free trade agreement with the country.

The BTMA has also been speaking with US cotton traders to arrange such trade benefits as their country is a major supplier of cotton for Bangladesh, he added.

Monsoor Ahmed, additional director of the BTMA, said Bangladesh currently imports 13 per cent of its total cotton requirement,

or 8.50 million bales from the US each year.

He added that cotton imports have been rising rapidly ever since the requirement for double fumigation was removed.

The US is the single largest export destination for Bangladesh. In fiscal 2021-22, Bangladesh exported apparel items worth \$9.01 billion to the western nation, registering 51.57 per cent year-on-year growth.

But during the July-February period of the current fiscal year, Bangladesh exported garment items worth \$5.60 billion, down 2.87 per cent year-on-year.

Bangladesh faced nearly \$1 billion as duty for exporting apparels to the US market last fiscal year.



State-run Gas Transmission Company Limited has almost completed the setting up of a city gate station in Saidpur of Nilphamari as part of the 150-kilometre Bogura-Rangpur-Saidpur transmission line project. Some 90 per cent of the Tk 1,359-crore project has already been implemented. Once distribution lines are set up, the transmission network would help supply gas to industries and power plants.

PHOTO: EAM ASADUZZAMAN

Small US banks see record drop in deposits after SVB collapse

REUTERS

Deposits at small US banks dropped by a record amount following the collapse of Silicon Valley Bank on March 10, data released on Friday by the Federal Reserve showed.

Deposits at small banks fell \$119 billion to \$5.46 trillion in the week ended March 15. That was more than twice the previous record drop and the biggest decline as a percent of overall deposits since the week ended March 16, 2007.

Borrowings at small banks, defined as all but the biggest 25 commercial US banks, increased by \$253 billion to a record \$669.6 billion, the Fed's weekly data showed.

"As a result, small banks had \$97 billion more in cash on hand at the end of the week, suggesting that some of the borrowing was to build war chests as a precautionary measure in case depositors asked to redeem their money," Capital Economics' analyst Paul Ashworth wrote.

SVB collapsed after it was unable to meet a swift and massive run by depositors who took out tens of billions of dollars in a matter of hours.

Deposits at large US banks rose \$67 billion in the week to \$10.74 trillion, the Fed data showed.

Overall US bank deposits have been in decline after sharply rising in the wake of pandemic aid in 2020 and early 2021.

The reversal in the trend for large banks was notable. The rise equates to about half as much as the deposit decline at small banks, suggesting that some of the cash may have gone into money market funds or other instruments.

Large banks also increased borrowings in the week, by \$251 billion.

It was unclear if the shift in deposits out of small banks will persist.

"Deposit flows in the banking system have stabilized over the last week," Fed Chair Jerome Powell said on Wednesday.

New transmission line may not bring gas to users soon

A lack of distribution network to blame

EAM ASADUZZAMAN, Nilphamari

Establishing a gas transmission line in the country's northern districts has almost been completed, but people and industries in the region will not benefit from the progress immediately because of a lack of a distribution network.

According to officials of Gas Transmission Company Limited (GTCL), 90 per cent of work of the 150-kilometre Bogura-Rangpur-Saidpur transmission line project has been completed at a cost of Tk 1,359 crore.

The project, whose implementation kicked off in 2018, was revised twice and the new deadline is June 2023.

But entrepreneurs in the greater Rangpur division have expressed disappointment since they are unlikely to get gas due to an absence of distribution lines even if the project completes in line with the new deadline.

"It's upsetting that the construction of the gas distribution line network has not started though it was scheduled to finish by 2023. The delay may hamper the prime minister's plan to bring about equal development across the country," said Mostofa Sohrab Chowdhury Titu, president of the Rangpur Chamber of Commerce and Industries.

Paschimanchal Gas Company Limited (PGCL) is yet to start the construction of distribution pipelines needed to supply gas to consumers under a Tk 258 crore project, which was approved in the middle of 2021.

Both GTCL and PGCL are subsidiaries

of Petrobangla: the former lays the main gas transmission pipeline while the latter installs the distribution network and brings gas to the doorsteps of users.

Some industrialists have begun working to set up factories in 11 northern districts as the hope of accessing gas received a boost after the beginning of the transmission network. Sanita Ceramics is one of them.

According to officials of Gas Transmission Company Limited, 90 per cent of work of the 150-kilometre Bogura-Rangpur-Saidpur transmission line project has been completed at a cost of Tk 1,359 crore

Mozahedul Islam Farooque, owner of the company, said, "We are running a ceramic factory by using costly electricity. We had expected to get the gas connection soon after the transmission line project was initiated."

"And we had thought that the production cost would be reduced after getting gas. Now, our survival is under threat."

Fazlul Karim, the project director of the gas distribution project in Rangpur, Nilphamari, Pirganj and adjoining areas, said they are yet to get any contractor.

"A few months earlier, we floated a tender to select a construction firm. But we have failed to get one owing to the global uncertainty. We are now

preparing to issue the second tender."

He said a 44km distribution line is scheduled to be built in the Rangpur city and adjoining areas, while a 10km distribution network in Pirganj and a 46km line in Nilphamari and in the Uttara Export Processing Zone are supposed to be constructed.

Currently, PGCL can supply 176 million cubic feet of gas a day in Bogura, Pabna, Sirajganj and Rajshahi against the daily demand of 273mmcf due to poor flow of gas, sources at the state-run company said.

Shafiqul Alam Dablu Shah, president of the Nilphamari Chamber of Commerce and Industries, said, "The gas supply situation in the region may not be smooth even after the supply lines are built. The flow of gas might be a factor here."

Nazmul Islam, a deputy general manager of GTCL, says the state-run company now channels 2,900 mmcf of gas every day against the demand of 3,600 mmcf to 3,800 mmcf.

The Bogura-Rangpur-Saidpur gas transmission pipeline is the prime minister's priority project and it will go into operation soon, according to Md Halizur Rahman Chowdhury, a joint secretary of the power, energy and mineral resources ministry.

Once distribution lines are set up, the pipeline would help supply gas to 102 heavy industries in Rangpur, 24 in the Uttara EPZ in Nilphamari, and two under-construction power plants in Rangpur and Nilphamari.

How independent are independent directors?

MAMUN RASHID

All major strategic and operational decisions of highly successful financial institutions across the world are executed by their management upon proper vetting, review, and due diligence by the board of directors. An intensive review revealed the board of such thriving banks comprises mostly independent non-executive directors, whose primary objectives align with the best interests of the bank, its health, and achievements as opposed to self-interest or ulterior motivations.

It is a matter of fact that most Bangladeshi private commercial banks (PCBs) are not independently or autonomously run. Only a few of the PCBs are somewhat autonomously run by their management with guidance and support from their board, and it is no surprise that those few banks are stronger and more reputed.

The reality is that most PCBs are "board-run" entities on a day-to-day basis as opposed to being institutions with a balanced combination of both "management plus board". The required balance between management and the board in terms of their functions is not there because for the most part, the board is the significantly more dominant party.

This may have been somewhat acceptable if a majority or at least some of the board members were truly independent but that is not the case. The board is mostly composed of people who usually hold a direct ownership interest in the bank or related parties, as well as those who are close friends and relatives of the owners and other influential board members. This contaminated structure inevitably leads to the board members' self-interest becoming a governing criterion in terms of formulating the institution's overall strategy and direction.

When a PCB is subject to regular undue influence and interference from its board and the board itself is not composed of truly independent directors, the bank is not likely to succeed since its primary governance framework is flawed and conflicted.

Since it is unlikely that the dominant influence of the board over the operations and strategies of most PCBs will go away anytime soon, it is necessary to evaluate how the board of these PCBs can be improved and strengthened to pave the way for better overall governance.

Including non-executive and non-owner/non-related party independent directors on the board has been one of the most important and fruitful developments in the history of banking governance. Such directors do not have any kind of significant or related relationship with the institution, therefore their primary motive and incentive are to act in the best interest of the institution.

In addition to having valuable external contacts and connections, independent directors bring the strength of diversity into the mix due to their knowledge and expertise in other industries, markets and extended networks. Since such directors are not affiliated with the institution, there is nothing stopping them from asking bold questions and challenging the management without any fear or inherent biases.

The greatest value that independent directors bring is their pure and unadulterated objectivity, the sole purpose of which is the benefit and betterment of the bank whereby self-interest is not a factor.

Apart from PCBs or even state-owned banks, all of our large private business houses also should restructure their boards and bring in more independent directors along with the next generation.

At the same time, regulatory agencies should immediately investigate the remuneration matrix of these independent directors in Bangladesh and align them with similar markets or countries. This is the only way to attract more subject matter experts and professionals to the boards and make them future-ready. There is a saying: "If you pay peanuts, you get monkeys only."

The author is an economic analyst

Eurozone economic growth hits 10-month high

AFP, Brussels

Economic growth in the eurozone accelerated in March and hit a 10-month high, according to a closely watched survey published on Friday, despite turmoil in the markets and concerns over banks.

The S&P Global Flash Eurozone purchasing managers' index (PMI) showed the indicator at 54.1, up from 52.0 in February, thanks to the services sector. A reading over 50 represents growth in economic activity.

Recession fears are receding in Europe after worries of a difficult winter due to sky-high energy prices following Russia's invasion of Ukraine last year.

Inflation remains much higher than policymakers' target but eurozone consumer prices have also fallen in recent months after a record high of 10.6 percent last October.

There has been turbulence in global stock markets in recent weeks, however, over fears of a crisis in the banking system, but businesses remained optimistic.

"The survey is consistent with GDP growth of 0.3 percent in the first quarter, accelerating to an equivalent rate of 0.5 percent in March alone," said Chris Williamson, S&P's chief business economist.

"Business confidence is also so far showing encouraging resilience in the face of further interest rate hikes and the uncertainty caused by recent banking sector stress," he added.

Hopes will also be raised by better figures coming out of Europe's biggest economies.

Germany, the single currency area's largest economy, saw the composite PMI rising from 50.7 in February to 52.6 the following month, S&P Global said.



Shoppers push trolleys along an aisle inside an ALDI supermarket near Altrincham, Britain. Market research firm GfK's consumer confidence index rose to -36 in March, in line with the consensus in a Reuters poll of economists.

PHOTO: REUTERS

UK consumer mood hits one-year high

REUTERS

British consumer confidence rose this month to its highest level in a year, helped by improving sentiment around the economy and despite persistent gloom over personal finances, a survey showed on Friday.

Market research firm GfK's consumer confidence index rose to -36 in March, in line with the consensus in a Reuters poll of economists and up from -38 in February and its highest since March 2022.

While still at levels historically associated with recessions, the improvement chimed with other gauges of Britain's economy that suggest it could sidestep a long-lasting downturn that had been widely predicted last year.

Still, the GfK survey showed no improvement in its gauges of personal finances, which are linked most strongly to household expenditure.