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A worker brings out a sack of potatoes from Himadri Limited, a cold storage in Gaibandha's Gobindaganj upazila, yesterday. According to Bangladesh Cold Storage Association, around 5 lakh tonnes of potatoes have been stored this year. However, owners of the facilities alongside farmers have expressed apprehension over their preservation for repeated power cuts the country is having to deal with.

PHOTO: MOSTAFA SHABUJ

Cold storages struggling to preserve potatoes for power cuts

MOSTAFA SHABUJ and SAJJAD HOSSAIN

Around 400 cold storages across Bangladesh are struggling to preserve and maintain the quality of vast quantities of potatoes for power cuts over the past two weeks.

Cold storage owners and farmers are apprehensive of significant damages should power cuts persist.

Furthermore, they are deeply concerned over extra costs associated with running these facilities with generators. This not only impacts profitability but also further burdens traders and farmers.

Also, whenever potatoes get spoiled, it causes price hikes

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Moody's rating downgrade to impact foreign investment

AHSAN HABIB

Corporate and foreign investors may further lose interest in the stock market of Bangladesh as the country has dropped a notch in the Moody's Investors Service rating system.

As the domestic stock market already lacks investment from corporate and foreign investors, this downgrade will further add to its woes, according to market analysts.

Whenever a country slips in Moody's rating system, then the stock market of that country also falls.

However, the trend is reverse in Bangladesh mainly because local investors' lack knowledge on the financial implications of global developments, according to Prof Mohammad Musa, dean of the business faculty at United International University.

On May 30, US-based global credit rating agency Moody's Investors Service downgraded Bangladesh's sovereign rating by one notch to B1 from Ba3.

After that, the DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose by 7 points in as many trading days to reach 6,352 points.

"But actually, the index is already at a low level, so how can it fall further?" he said.

Still, the downgrade will impact the portfolios of foreign investors as they feel shaky about investing in a country when its credit rating falls, Musa added.

He went on to say that the correlation between the country's financial sector and the credit rating system should be improved so that any changes in the latter will immediately impact the local market, as is the case in developed nations.

For example, a country that drops a level in Moody's rating would likely see its financial sector increase interest rates in a bid to lower the risk of lending amid decreased liquidity.

READ MORE ON B2

DRAFT BANK COMPANY ACT

Family's grip to loosen, willful defaulters to face music

STAR BUSINESS REPORT

A maximum of three persons from a single family would be able to become directors of a commercial bank from the existing four, according to the Bank Company (Amendment) Bill 2023.

The draft act has also defined habitual defaulters and set punitive measures against delinquent borrowers, the first such measure in the country's history.

Finance Minister AHM Mustafa Kamal placed the bill in parliament yesterday. It was sent to the parliamentary standing committee on the finance ministry for further scrutiny.

The committee was asked to submit its report before the House within seven working days.

The reduction in the number of directors from a single family has been a long demand from analysts and experts in order to strengthen corporate governance and bring back stability in the banking sector where default loans have gone through the roof owing to poor enforcement of laws.

There are allegations that a few



families are controlling a number of banks in the country.

The draft act, which has been in the works since 2019, has been a longstanding demand of the multilateral lenders such as the World Bank and the International Monetary Fund.

The IMF has stipulated submitting the draft law before the parliament by September as a part of its \$4.7 billion loan.

An official, who was part of a committee involved in drawing up the draft, said that the committee had initially proposed allowing two persons from a family to sit on a bank board. But the finance ministry set the number at three.

As per the bill, directors of a bank will not be allowed to become members of the board of another bank, non-bank financial institution,

insurance company, and their subsidiaries and associated companies.

It also proposed some strict measures applicable to directors, making it mandatory for them to put up collateral before borrowing from their own banks.

According to the draft law, an individual will be considered a willful defaulter if he or she does not repay a loan, secured by them or their companies, to banks despite being able to pay it back.

The draft act said, "If anyone takes loans from a bank or financial institution in their name or in the name of family members providing false information, the individuals will be considered a willful defaulter."

If borrowers divert funds to areas not mentioned in the credit proposal, they will also be treated as habitual defaulters as well.

Banks in Bangladesh witnessed an accumulation of default loans by Tk 10,964 crore in the first three months of 2023, which highlighted the worsening financial health of the banking sector.

Non-performing loans stood at Tk 131,621 crore as of March 31, up 9

READ MORE ON B3

Benefit extension for consumer electronics 'encouraging'

Says Walton Hi-Tech Industries chief

JAGARAN CHAKMA

The extension of existing benefits for local consumer electronics industries through the proposed national budget is very encouraging, said Golam Murshed, managing director and chief executive officer of Walton Hi-Tech Industries, yesterday.

This will help the industry develop its capacity and ensure quality products, he said in an interview with The Daily Star while sharing his thoughts on the proposed budget for fiscal year 2023-24.

In the proposed budget, the government sought to continue providing tax incentives, subsidies, and grants for manufacturing, research and development of local consumer electronics industries.

Currently, local consumer electronics industries try to use anywhere from 70 per cent to 100 per cent locally-made components and spare parts depending on the product, said Murshed.

However, the proposed budget will be more challenging to implement compared to previous years as the world is going through a very tough time due to the global economic crisis, he said.

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Golam Murshed



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STOCKS	
DSEX ▲	CASPI ▲
0.21% 6,352.84	0.31% 18,762.73

COMMODITIES	
Gold ▲	Oil ▲
\$1,949.05 (per ounce)	\$73.13 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.47% 62,848.64	▼ 0.85% 31,641.27	▲ 0.22% 3,186.61	▲ 0.49% 3,213.59

Imports keep falling amid lingering dollar crisis

MD FAZLUR RAHMAN

Bangladesh's imports dropped 14.40 per cent year-on-year to \$58.78 billion in July-April of the ongoing financial year, which might be seen as a relief for the volatile foreign exchange regime but it could also deal a blow to the economy, official figures showed yesterday.

Compared to July-March 2022-23 when it stood at \$53.94 billion, import bills declined nearly 9 per cent in the first 10 months of the financial year, according to the data from the central bank.

Purchases of intermediate goods dipped 17.7 per cent to \$37.48 billion, driven by a 21.7per cent fall in crude petroleum products amid the forex crisis.

Bangladesh bought 4.5 per cent lower food grains, which comprise rice and wheat, at \$22.03 billion in July-April. Rice imports were up 35.4 per cent but wheat procurement from international markets was down 13.4 per cent.

The imports of the raw materials -- raw cotton, yarn, textile and articles, staple fibre and dyeing and tanning materials -- used by the readymade garment industry, the biggest export earner, all declined.

Manufacturers have already said orders have fallen in the key markets such as Europe owing to a fall in demand caused by higher inflation stemming from the global energy crisis.

Capital goods worth \$11.28 billion were imported in July-April, a decrease of 18.8 per cent from the same period a year ago. Capital machinery import fell 13.8 per cent and the purchase of other capital goods dipped 21.4 per cent, BB data showed.

READ MORE ON B2



The three-day Rosa 2nd Kitchen, Bath & Living Expo-2023 began at the International Convention City Bashundhara in Dhaka's Kuril yesterday. Some 70 domestic and foreign brands are showcasing their products at the expo, which is open from 10:00am to 7:00pm daily. The expo also features a student design competition, buyer-seller meetings, innovation exchange, raffle draw and other events.

PHOTO: PALASH KHAN

NEW INCOME TAX BILL 2023

Who needs to file statement on living expenses?

AHSAN HABIB

The proposed income tax law has sought to make it mandatory for taxpayers in specific cases to add the statement of their living expenses with their tax returns.

Finance Minister AHM Mustafa Kamal placed the Income Tax Bill 2023 in parliament yesterday. Once passed, the new law will replace the existing Income Tax Ordinance 1984.

As per the bill, taxpayers who have more than Tk 500,000 in annual income will have to file a statement of living expenses.

If a taxpayer owns a vehicle, has income from businesses and becomes a shareholder-director of a company, he or she will have to furnish the return with information regarding living expenditures.

READ MORE ON B3

Incentivising internal migration can better calorie intake

Finds research of Yale professor

STAR BUSINESS REPORT

A research experiment on providing temporary migration loans in Bangladesh saw a 22 percentage point rise in such movements from the rate of households already prone to adopting this mode of income.

Moreover, the migration rate remained 10 percentage points higher after three years while daily food consumption increased by 600 calories per person per day.

The study was conducted selecting 19 landless households from each of 100 villages of Kurigram and Lalmonirhat districts in Rangpur division between 2008 and 2011 by Mushfiq Mobarak, a professor of management and economics at Yale University.

His profile states that he conducts field

experiments exploring ways to induce people in developing countries to adopt technologies or behaviours that are likely to induce welfare and examines the complexities of scaling up development interventions proven effective in these trials.

He is said to have ongoing research projects in Bangladesh, Nepal and Sierra Leone.

Mobarak was addressing a seminar on “Seasonal Poverty and Migration: A research agenda in Bangladesh and Nepal” organised by BRAC University on its premises yesterday when the university’s acting vice-chancellor, Prof Syed Mahfuzul Aziz, was present.

Work is seasonal in rural agrarian areas in northern Bangladesh and the rural-urban wage gap and gap in hours increase during certain months in the crop

cycle, which can take an extreme form of seasonal hunger and unemployment, said Mobarak.

Between August and November and then February to April, households experience a lean period waiting for harvests, when they restrict the portion size or number of meals, he said.

Hundreds of people suffer the seasonal poverty of acute deprivation often associated with the pre-harvest lean season, he added.

This seasonal deprivation is harmful as missed meals, reduced portions and a lack of diet diversity and protein lead to malnourished children and undermines their physical and cognitive development, said Mobarak.

Moreover, desperate measures to address hunger have long-run adverse

effects such as lower agricultural productivity and poverty traps due to high-interest borrowing, he said.

This leads to the puzzles of policy implications on whether to create job opportunities such as food for work programmes in rural areas during lean seasons or to invest in better transport connectivity between rural and urban areas, he said.

Still, people opt out of migrating for the associated costs in making the journey, income risks in urban areas and urban problems such as pollution, said Mobarak.

Moreover, there are non-monetary costs of migration such as the psychological effects of staying away from families alongside rural amenities such as readily available assistance and rural support programmes, he said.

Stocks close higher

STAR BUSINESS REPORT

All indices of the Dhaka and Chattogram bourses rose yesterday.

The DSEX, the benchmark index of the Dhaka Stock Exchange, gained 13 points, or 0.21 per cent, to 6,352. The DS30, the blue-chip index, rose 0.16 per cent to 2,192 while the DSES, the shariah-compliant index, went up 0.22 per cent to 1,378.

Turnover, a key indicator of the market, surged 35.9 per cent to Tk 1,063 crore. Of the securities, 82 advanced, 97 declined and 166 did not show any price movement.

Navana Pharmaceuticals posted the highest gain with an increase of 9.9 per cent. Progressive Life Insurance, Sonali Life Insurance Company, Yeakin Polymer, and Chartered Life Insurance Company were among the top gainers.

National Tea Company was the sharpest loser, shedding 6.1 per cent. Metro Spinning, Crystal Insurance Company, and Paramount Insurance Company were also on the list of the major losers.

The Caspi, the all-share price index of the Chittagong Stock Exchange, jumped 59 points, or 0.31 per cent, to close the day at 18,762.

Of the issues, 76 rose, 54 retreated and 77 did not see any price swing.

However, the turnover of the port city bourse dipped 54 per cent to Tk 21.62 crore.



Mohammad Gias Uddin Talukder, chairman of the shari’ah supervisory committee of Islami Bank Bangladesh, presides over a shari’ah supervisory committee meeting of the bank virtually held yesterday. Mohammed Monirul Moula, managing director, Sayeed Ahmed, vice-chairman, and Mohammad Abdus Samad, member secretary, attended the meeting.

PHOTO: ISLAMI BANK BANGLADESH



Abdul Muktedir, chairman and managing director of Incepta Pharmaceuticals, receives an award and a certificate from Hasan Mahmud, minister for the information and broadcasting, at the National Environment Award 2022 ceremony held at the Bangabandhu International Conference Centre at Agargaon in Dhaka on Monday.

PHOTO: INCEPTA PHARMACEUTICALS



Md Rabiul Alam, deputy general manager of Pubali Bank, and Shaikh Mohammad Imran Quader, vice-president of Dutch-Bangla Bank, exchanged signed documents of an agreement on fund transfer between Pubali Bank’s mobile banking apps (PI) and Dutch-Bangla Bank’s mobile banking (Rocket). Mohammad Ali, managing director of Pubali Bank, Md Shahnewaz Khan, deputy managing director, and Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank, and Md Abedur Rahman Sikder, deputy managing director, were present.

PHOTO: PUBALI BANK



Faisal Rahman, additional managing director of Prime Bank, and Md Anisul Hoque, executive director, group-finance of Shanta Holdings, exchanged signed documents of an agreement on corporate payments and management information system services through primepay and its omni digital channel at latter’s head office in Dhaka recently.

PHOTO: PRIME BANK

Incepta wins nat’l environment award

STAR BUSINESS DESK

Incepta Pharmaceuticals Limited has won a “National Environment Award 2022” in an environmental protection and pollution control category for institutions.

Abdul Muktedir, chairman and managing director, received an award and a certificate from Information and Broadcasting Minister Hasan Mahmud at Bangabandhu International Conference Centre in Dhaka on Monday, said a press release.

The Ministry of Environment, Forest and Climate Change organised the programme marking World Environment Day and National Tree Plantation Campaign and Tree Fair-2023.

Environment, Forest and Climate Change Minister Md Shahab Uddin chaired the programme where Deputy Minister Habibun Nahar and Saber Hossain Chowdhury, chairman of the standing committee on the ministry, were present.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JUN 8, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	-0.74 ↓
Coarse rice (kg)	Tk 48-Tk 50	2.08 ↑	2.08 ↑
Loose flour (kg)	Tk 52-Tk 55	-5.31 ↓	12.63 ↑
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 175-Tk 185	2.86 ↑	-2.17 ↓
Potato (kg)	Tk 36-Tk 40	1.33 ↑	61.7 ↑
Onion (kg)	Tk 70-Tk 75	31.82 ↑	93.33 ↑
Egg (4 pcs)	Tk 45-Tk 48	-2.11 ↓	9.41 ↑
SOURCE: TCB			



Sheikh Rakibul Karim, chief executive officer of Guardian Life Insurance, poses for photographs with officials of the insurer at the launching ceremony of child protection plan “Guardian Projonmo” at its head office in Police Plaza Concord Shopping Mall, Dhaka recently.

PHOTO: GUARDIAN LIFE INSURANCE

Guardian Life Insurance unveils child protection plan

STAR BUSINESS DESK

Guardian Life Insurance Limited recently launched a child protection plan, namely “Guardian Projonmo”.

Sheikh Rakibul Karim, chief executive officer of the insurer, inaugurated the new product at the insurer’s head office at the Police

Plaza Concord Shopping Mall, Dhaka, said a press release.

The product offers three different options to customers as per preference, namely aspire, academia and startup.

The policyholder can nominate one or more of his/her children under the plan and the maximum age of the child can be 25 years.

It will pay out more than 1.5 times the guaranteed coverage amount when the policy matures. Policyholders can also avail the option to receive money in phases instead of a single terminal payment and the nominee will receive more than double the coverage amount in the case of the sudden death of the policyholder.



Ahshanuzzaman Shujan, group head of human resources at Bangladesh Finance, and Shafaat Ali Choyon, head of marketing and corporate sales at Praava Health, exchanged signed documents of a memorandum of understanding on service relations at Bangladesh Finance Securities office in Gulshan, Dhaka on Wednesday. Mohammad Abu Obayed, head of wealth management at the non-bank financial institution, was present.

PHOTO: BANGLADESH FINANCE

Imports keep falling

FROM PAGE B1

Consumer goods imports, however, rose 1.9 per cent to \$4.92 billion, led by a spike in the purchase of spices, edible oil and pulses.

Ahsan H Mansur, executive director of the Policy Research Institute, said the imports have fallen because of the US dollar shortage, not because of the regulatory controls.

“Our importers want to import raw materials, intermediate goods and machinery, but they can’t do so because of the dollar crisis.”

For the past one year, importers in Bangladesh have found it difficult to open letters of credit to buy raw materials and equipment from the international market owing to the persisting shortage of the American greenback. The shortage shows no sign of improving.

Mansur said the fall in the import of capital machinery means factories are not expanding. This will not bode well for the government’s plan to raise the investment-GDP ratio by 4 percentage points in the next financial year.

“And if the investment does not go up, the economic growth target will

not be achieved,” he said, adding that the opening of fresh LCs has already plummeted by more than 55 per cent.

According to the former economist of the International Monetary Fund, imports have already fallen sufficiently and it should not be allowed to go down further.

Central bank data showed the deficit in the financial account widened further to \$2.16 billion in July-April.

The deficit was \$2.04 billion in July-March whereas it stood at a surplus of \$11.95 in July-April of the last financial year.

A financial account is a component of a country’s balance of payments (BoP) that covers claims or liabilities to non-residents concerning financial assets. Its components include foreign direct investment, medium and long-term loans, trade credit, net aid flows, portfolio investment, and reserve assets.

A deficit shows more money is flowing out, while a surplus indicates more money is flowing in.

Historically the financial account of Bangladesh has experienced a surplus almost every year.

For example, it was \$944 million in FY16, \$4.25 billion in FY17, \$9.01 billion in FY18, \$5.13 billion in FY19, \$7.54 billion in FY20, \$14.07 billion in FY21, and \$13.67 billion in FY22, according to the World Bank data.

Mansur said the current account deficit of \$3.77 billion could easily be overcome during normal times when the country’s financial account was in surplus.

But when the financial account has itself turned negative, it is difficult to plug the shortage in the current account.

“But we have no other way but the stop the depletion of the forex reserve and build it further.”

He, however, thinks that turning the financial account into surplus wouldn’t be easy under the current economic uncertainty and after Moody’s downgrading of the country’s sovereign rating.

So, he urged the central bank to sit with banks immediately to find out the magnitude of the unpaid foreign bills. The Bangladesh Bank also needs to talk to external lenders and assured them that the country would pay back loans, he said.

Moody’s rating downgrade

FROM PAGE B1

On condition of anonymity, a top official of a leading brokerage house, said the participation of foreign investors is still low as they suffer from a confidence crisis.

Foreign investment was in the negative for almost every month in the last four years. The situation was so dire at one point that foreign investors’ turnover in the stock market plunged to a decade-low of Tk 87 crore last March, as per DSE data.

“And now, the lower rating will further dampen their confidence,” Musa said.

Besides, institutional investors, particularly corporate houses, may become reluctant to pour funds into the stock market while the cost of

listed companies could also rise, he added.

Echoing the same, Md Sayedur Rahman, president of the Bangladesh Merchant Bankers Association, questioned how it could be possible for the index to drop further seeing as it remains at the bottom level.

Likewise, Richard D’ Rozario, president of the DSE Brokers Association of Bangladesh, said the lower rating has had no impact on local investors as they rush to invest based on rumours rather than fact.

Additionally, the floor price mechanism in place prevents the index from dropping past a certain point. But still, the downgrade is bad news for the market as it may impact the decisions of foreign investors.

At the end of July last year, the Bangladesh Securities and Exchange Commission set floor prices for each stock to halt the freefall of market indices amid global economic uncertainties.

The floor price was decided by averaging each stock’s closing price on July 28, 2022, with the preceding four days.

“So, the market is not being impacted with the bad news,” Rozario added.

On March 1, Moody’s downgraded Pakistan’s sovereign credit rating to Caa3 from Caa1.

After that, the KSE 100, the prime index of the Karachi Stock Exchange, dropped 3.5 per cent, or 1,460 points, in the first one month.



People living in plainland ethnic communities mainly use mobile financial services for receiving, sending and withdrawing money, forgoing many of the advantages offered by such services. Here, customers are seen at a bKash agent in Patuakhali town.

PHOTO: SOHRAB HOSSAIN

MFS usage restricted to basics at marginal level

Find three separate studies

STAR BUSINESS REPORT

Major use cases of mobile financial services (MFS) are still confined to receiving, sending and withdrawing money at marginal levels, where the gender divide is palpable, according to three studies.

About 83 per cent of the people in plainland ethnic communities in northern Bangladesh use MFS for receiving money, as per a survey commissioned by the Policy Research Institute (PRI).

Similarly, 83 per cent of these people use the facility for sending money and 70 per cent for withdrawing money, it said.

Around 749 ethnic people in Rangpur and Rajshahi were interviewed as a part of the survey, styled "Digital Financial Services for the Plainland Indigenous Population in Northern Bangladesh".

The study found that only 6 per cent of participants use MFS for depositing money, 10 per cent for receiving government stipends for children, 8 per cent for government grants, 9.5 per cent for government allowances, and 1 per cent for paying bills.

"For driving digital financial services, purchasing through MFS has to be increased," said Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh.

"People should be topping up their MFS accounts for spending on purchases, paying bills, fares, and more," he added.

Mansur was speaking at the National Consultation on "Digital Financial Services and Financial Inclusion at the Local Level in Bangladesh", organised by the PRI at Sheraton Dhaka yesterday.

He then said that people do not have to withdraw cash for making purchases through MFS, which ultimately reduces the transaction cost.

Another study that surveyed the Santal and Orao communities in northern Bangladesh found that only 77 per cent of the respondents own mobile phones.

The percentage of mobile phone ownership is even less among women at just 31 per cent.

Although a vast majority (84 per cent) opened MFS accounts with help from agents, only 42 per cent currently use the facility.

Three quarters of the male respondents actively use MFSs compared to only 25 per cent of the female respondents.

A major reason for not being able to use MFSs is a lack of literacy or formal education, it said.

Only 35 per cent of the respondents completed secondary education with MFS usage being higher among educated people.

Meanwhile, 27 per cent of the respondents said they lack knowledge and awareness about the facility.

The study, titled "Adoption and Potency of Digital Financial Services among Farmers in Bangladesh", highlighted the role of digital financial services (DFS) in empowering farmers and enhancing the agricultural sector.

The study involved surveying 400 farmers from the livestock, fisheries, agriculture and horticulture sectors.

It found that bKash (82 per cent) is the most popular DFS product among respondents followed by Nagad (30 per cent) and Rocket (23 per cent).

DFS is most commonly used for utility bill payments as the payment amount

is comparatively small and incurs low transaction fees.

Lastly, the study on "Impact of Digital Financial Services on Poverty of Haor People in Bangladesh: Expansion and Deepening Approach", found that 65.66 per cent of respondents own bank accounts while 64.66 per cent have accounts with NGOs.

Most respondents (81.33 per cent) were found to be aware of or have knowledge regarding MFS.

Among these respondents, 52.37 per cent own and use their accounts independently while 45.65 per cent use their accounts with the help of others.

The remaining 1.98 per cent do not have their own accounts and use that of others' instead.

The study also identified several barriers to MFS usage, including complexity of transactions (25.39 per cent), unavailability of mobile phones (14.87 per cent), lack of guidance on M/DFS usage (13.42 per cent), unavailability of electricity (12.69 per cent), and absence of a photo for registration (10.70 per cent).

Nodric countries see potential in agro industries

STAR BUSINESS REPORT

Bangladesh can achieve food security, eradicate poverty, foster social equality and promote economic growth through responsible investment in agriculture and food systems, according to Agriculture Minister Muhammad Abdur Razzaque.

"Investing in agriculture and the related market system is not merely an option, it is an imperative for the sustainable growth of our nation," he said.

Razzaque made these comments at an event, styled "Investment for Catalyzing Sustainable and Resilient Food Systems", at the Sheraton Dhaka yesterday.

The event was organised by the Nordic Chamber of Commerce and Industry (NCCI) in Bangladesh in collaboration with local embassies of Nordic countries -- Denmark, Norway and Sweden -- and the Global Alliance for Improved Nutrition (GAIN).

Tahrin Aman, president of the NCCI, said that foreign investors, including those from Nordic countries, see the UNFSS Pathway and N4G commitment as a collaborative framework.

They acknowledge the role of the private sector in achieving economic goals and consider these commitments an opportunity to align investments with Bangladesh's sustainable development objectives, he said.

This fosters partnerships for innovation, responsible business practices and technology transfer, he added.

Munshi seeks support from the Commonwealth for duty extension

STAR BUSINESS REPORT

Commerce Minister Tipu Munshi has sought support from his counterparts in the Commonwealth nations as the government looks to extend the preferential trade benefit for Bangladesh for six more years after the country's graduation to a developing country.

On Wednesday, the minister said the 13th Ministerial Conference of the World Trade Organisation will be held early next year and he sought support from the commerce ministers of the Commonwealth nations in favour of Bangladesh's demand, according to a statement from the commerce ministry.

Munshi made the comments after a meeting of the commerce ministers of the Commonwealth nations at the Marlborough House in London between June 5 and 6.

Tipu Munshi argued that the graduating least-developed countries will face difficult challenges if the tenure of the LDC-related trade facilities is not extended as the global economy is going through a turbulent time owing to the severe fallout of the Covid-19 and the Russia-Ukraine war.

"So, the LDC-related trade benefits should be extended for six years."

Fifty-six countries are members of the bloc.

Walton launches smart refrigerators

STAR BUSINESS DESK

Walton has launched three new artificial intelligence of things-based refrigerators of a "giantech" (GT) series.

Golam Murshed, managing director and CEO of Walton Hi-Tech Industries, unveiled the new product at its corporate office in the capital on Wednesday, said a press release.

The features of the refrigerators

include ioniser, ozoniser and intelligent germ terminator with UV features, electronic control feature, door opening alarm, child lock, three-layer odour guard, internal automatic ice maker and fingerprint resistant metal.

Actor Amin Khan, senior executive director, moderated the programme, where Mehedi Hasan Miraz, cricketer and sports ambassador of Walton, was present.

Family's grip to loosen

FROM PAGE B1

per cent from three months ago and 16 per cent from a year earlier, data from the BB showed.

The latest NPL figure is the second-highest in the banking sector's history and comes within a whisker of the highest ever NPL of Tk 134,396 crore reported in September of 2022.

As per the provisions of the draft law, banks must send the list of willful loan defaulters to the BB. The central bank can ban them from travelling abroad.

Willful defaulters will also be barred from obtaining trade licences, listing their companies on the stock exchanges and securing registration from the Registrar of Joint Stock Company and Firms to open a new company.

A willful defaulter will not be eligible to be a director of a bank or NBFi within five years after their exclusion from the list of willful loan defaulters.

If a director of a bank becomes a willful loan defaulter, the BB can remove him and declare the post vacant.

Banks will have to file lawsuits against habitual defaulters within two months after they are categorised as willful defaulters.

If a bank fails to send the list of habitual defaulters to the central bank on time or does not file a lawsuit, it could be fined Tk 50 lakh to Tk 1

crore. The bank will count fines of an additional Tk 1 lakh for the delay for each day.

The central bank can remove the chairmen and managing directors of banks if they become involved in harmful activities that go against the interest of depositors.

If a bank faces financial losses due to the harmful activities committed by directors, the lender has been empowered to take legal action to recover the money.

The draft law has banned all companies, including cooperatives, from using the word "Bank" in their name if they are not licensed to run banking operations.

Directors of such companies will face a fine of up to Tk 50 lakh and imprisonment for a maximum of seven years. They will also have to count an additional fine of Tk 1 lakh for each day if the breach of laws continues.

Speaking in the parliament, opposition Jatiya Party lawmaker Fakhrul Imam objected to the bill.

He alleged that the bill was introduced in accordance with the conditions of the IMF.

However, the finance minister said the amendment has not been brought in on the advice of anyone. Some amendments are being made to establish a modern banking system.

Later, Imam's objection was rejected in a voice vote.

Cold storages struggling

FROM PAGE B1

and market crises while preserving seeds becomes challenging.

Around 5 lakh tonnes of potatoes have been stored this year, according to Bangladesh Cold Storage Association (BCSA).

"Due to the dollar crisis, the government is unable to buy coal, resulting in power shortages. However, traders and people have deposited their crops with us," said Mostafa Azad Chowdhury Babu, president of the BCSA.

"To address this issue, we have scheduled a meeting with the owners on June 17. If the load shedding persists, the charge for keeping each sack in cold storages may have to be increased," he said.

"We are observing this situation," he said, adding that the final burden would fall on the consumer.

The Daily Star spoke to cold storage owners and potato growers in Bogura, Kurigram, Gaibandha and Munshiganj districts.

Cold storage owners have increased the charge for keeping each sack of potatoes from Tk 280 to Tk 310 this year due to the power shortage, said Murad Mondal, a potato grower of

Gaibandha's Gobindaganj upazila.

"If damaged, what will people eat?" he asked, stressing on the need for cold storage owners to provide compensation.

Moshiur Rahman, managing director of Gobindaganj Cold Storage, said he had two cold storages with 12,000 tonnes of potatoes, including seeds.

He explained that the cooling systems need to be continuously run for three hours to reach a certain temperature.

Afterwards, even if there is no electricity, that temperature can be maintained for three hours, he said. But even this was getting hard to maintain, he added.

Rahman said he requires 18 hours of electricity but receives it for 12 hours to 13 hours for which there was a notable cost difference, as electricity from the grid costs Tk 12 per unit while that of generators cost Tk 25 to Tk 30 per unit.

"We will consider ensuring uninterrupted power to cold storages but we ourselves do not get supplied 100 per cent of the demand," said Aktaruzzaman, deputy general manager of Gobindaganj unit of Palli

Bidyut Samity on being contacted.

"As we have started releasing potatoes, now we need electricity 24 hours a day but we do not get it," said Rayhan Kabir Rajeeb, managing director of Babar Cold Storage Limited in Kurigram sadar upazila.

He explained that accessing the cold storage repeatedly causes heat to seep inside the facility, causing loss of the required temperature.

Shah Md Abu Hannan, executive director of AHZ Cold Storage in Bogura's Shibganj upazila, confirmed he was facing the same challenges and was having to run generators to preserve 2.36 lakh sacks of potatoes.

"We are getting 20 per cent to 25 per cent less electricity than the demand," said Monowarul Islam Firozi, general manager of Bogura Palli Bidyut Samity-1, on being contacted.

"We can not give extra importance to the cold storages because these are located in a scattered manner," he added.

In Munshiganj, around 3.86 lakh tonnes of potatoes are stored in 65 cold storages.

Prashant Kumar Mandal Dulal, manager of the Kadam Rasool cold storage in Munshiganj sadar

upazila, said he was facing significant challenges with 12 hours of intermittent power cuts daily.

If the situation continues for the next two or three weeks, potatoes will be damaged, he said.

"We are thinking of increasing the charge for keeping a 50-kilogramme sack in cold storages, which is currently Tk 240," he added.

"During load shedding, I keep my cold storage operational with the help of generators but it cannot run continuously for more than three to four hours," said Abdullah Al Foyzal, a cold storage owner at Munshiganj town.

"After three to four hours I have to shut down my cold storage," he said.

"The rent for the cold storage increases according to the electricity price, and if it gets spoiled due to power outages now, it can cause a crisis in the market," said Prabib Kumar Datta, manager of Dhaleshwari cold storage in Tongibari upazila.

"The frequent power cuts are causing sleepless nights and pose a significant risk to farmers' livelihoods," said Salm Uddin, a potato grower of Munshiganj.

that are being given to the domestic consumer electronics industry will continue for at least 2030 which is needed for the sector to reach a strong position," he said.

Who needs to file statement

FROM PAGE B1

If investments are made in apartments and real estate in a city corporation area, taxpayers will need to file the statements on living expenses as well.

In the case of non-submission, the Deputy Commissioner of Taxes would be able to ask taxpayers to submit their cost-of-living statement.

Brac Bank to issue Tk 700 crore bond

STAR BUSINESS REPORT

Brac Bank Ltd has decided to issue bonds in order to raise up to Tk 700 crore to enhance its capital base.

The board of directors has decided to issue the subordinated, non-convertible, fully redeemable, coupon-bearing, floating rate subordinate bond for seven years under private placement in a bid to enhance the Tier-II capital base, said the private commercial lender in a post on the Dhaka Stock Exchange yesterday.

Shepherd Textile to merge with Shepherd Industries

STAR BUSINESS REPORT

Shepherd Textile (BD) Limited is going to merge with Shepherd Industries PLC with a view to cutting administrative expenses.

In a filing on the Dhaka Stock Exchange, Shepherd Industries said its board has decided to hold an extraordinary general meeting to approve the draft scheme of amalgamation/merger.

The meeting will take place on June 25. The record date has been set at June 14.

Shepherd Industries said it was not possible for it to comply with the relevant securities laws regarding the record date and the EGM date since it would have to comply with the order passed by the High Court on May 22.

The court has ordered the two companies to complete the procedure by June 25, said Mohammed Ataur Rahman, chief financial officer of Shepherd Industries.

He said since both factories are located on the same compound in Bhaluka of Mymensingh and the corporate headquarter is also housed in the same building in the capital's Uttara, Shepherd Textile and Shepherd Industries decided to go for the merger.

"This will cut administrative expenses to a large extent. This will be ultimately beneficial for shareholders as a lot of money will be saved," he said, adding that Shepherd Textile is a profitable company.

Shares of Shepherd Industries closed unchanged at Tk 24 on the DSE yesterday.



Workers at a tea plantation in Moulvibazar are seen carrying freshly picked leaves amid the current harvesting period. Clonal seedlings have sped up development of the domestic tea industry by ensuring higher yields of top-quality tea.

PHOTO: MINTU DESHWARA

Clonal seedlings a new hope for the tea industry

MINTU DESHWARA

Clonal tea seedlings, which are cloned from hybrid varieties of the plant, are helping develop the tea industry of Bangladesh by providing high yields of top-quality tea, according to growers.

The clone tea plants developed so far have demonstrated average yields of more than 3,000 kilogrammes (kgs) per hectare while also indicating reduced susceptibility to disease, experts say.

The tea industry has developed steadily over the years, and even though much of its potential remains untapped, there have been many achievements along the way.

For example, technology and scientific knowledge developed by the Bangladesh Tea Research Institution (BTRI) is being used to locally produce tea clones through genetic modification and micro propagation.

Compared to common seed cultivars, clone cultivars have better cold and drought tolerance, disease and insect resistance, and improved taste and odour.

In order to boost tea production in the country, the BTRI has so far released 18 varieties of clone tea plants that were bred through clonal selection and seed development.

Mainly four types of bi-clonal seedlings – BT-1, BT-2, BT-3 and BT-4 – developed by the BTRI are providing the best quality and highest yields compared to those



grown from normal seeds.

Besides, the BTRI recently developed its latest variety of clone tea called BT-23 while the launch of BT-24 is highly anticipated.

High quality seedlings of the BT-22 and BT-23 varieties were unveiled on the occasion of the first National Tea Day in 2021. The event was organised by Bangladesh Tea Board.

Shamim Ahmed Chowdhury, manager of Shirajnagar Tea Garden, said he is enjoying good yields from his clonal tea plants even though they have low heat tolerance.

However, the BTRI has come up with new seedlings that are more resilient to bad weather, such as cold and drought as well

disease and pests.

"So, I planted those too but I cannot say how the yields will be until the harvest period," he added.

As such, the development of high-quality clone tea plants with high production capacity has been making a significant contribution to the progress of the tea industry.

Dr Md Ismail Hossain, director (in-charge) of the BTRI, said the highest recorded yield from a hectare of clone tea plants is about 4,000 kgs.

"Efforts are being made to produce quality clones that are capable of leafing and full bushing in a short period of time," he added.

Tea workers trained in cloning

seedlings say that no seedlings are currently produced from seeds with about 25,000 clonal seedlings being planted each year.

Golam Mohammad Shiblee, chairman of the Sylhet chapter of the Bangladesh Tea Association, a platform of tea garden owners, said they are getting more than double the yield from clone plants compared to traditional seedlings.

Shiblee went on to say that the BTRI discovered these clones after several years of research.

Jahar Tarafder, member secretary of the Tea Planters and Traders Association of Bangladesh, said 96.5 million kgs of tea was produced by 167 tea gardens across Bangladesh in 2021.

This was the highest recorded production in the 168-year history of the country's tea industry.

Bangladesh ranks ninth in global tea production. The domestic demand for tea is increasing due to the country's increasing population and continuous urbanisation.

As a result, exports of tea have suddenly decreased but still, the importance of the tea industry in the national economy is immense and far-reaching.

"As the production of tea increases, so too does the price," Tarafder said, adding that there is no alternative to developing new and improved varieties of seedlings to sustain the industry.

DIGITAL DARE

Driving tax revenue using technology

MAHTAB UDDIN AHMED

My son has his own studio and content creation platform where many influencers record their programmes. Last week, a very successful entrepreneur was interviewed. He explained that during the pandemic, he created an online marketplace that became highly successful.

When asked what his USP (Unique Selling Proposition) was, he startled us, saying it was honesty. He added that this segment has no competition and less stress as rules are followed. If all our taxpayers and collectors had followed this USP in their business and personal lives, Bangladesh's tax revenue would have been one of the best in the region. Today, Bangladesh has one of the lowest tax-GDP ratios in the world.

Our revenue collector's easiest route is increasing rates on the existing taxpayers rather than expanding the tax net, albeit some feeble efforts otherwise. With advancements in digitalisation, the focus could shift to how technology and existing data points can be used to widen the tax net. The National Board of Revenue (NBR) may consider connecting its core system with the databases of telecommunication firms, banks, corporates, and ministries to extract personal and business details.

Using cloud computing and artificial intelligence, the NBR can collect information from various sources. For example, telecom companies can provide data on mobile users aged 18 years and above with their movements and spending habits.

Banking, mobile financial service and fintech transactions can be used to derive information on a wealth of individuals and businesses.

The land ministry database can help with the list of apartments and landowners and the Bangladesh Road Transport Authority can help list vehicles on the road with personal details.

Cross-matching all these data, the system can calculate an individual and company's wealth and ability to pay taxes. Presently, banks and fintech companies provide loans based on virtual credit rating tools using less data than those mentioned above. Why can't NBR do the same and demand accurate tax submissions? If the above data is simulated well, the number of identified taxpayers can be several times more than 26 lakh in 2020-21.

In developed countries, in the calculations of personal and company tax assessment, data like tax payments, interest statements, land tax payments and AIT for vehicle registration are used, leaving little room for manipulation.

Based on the simulation of the past year's transactions and the current condition, the authority can advise paying next year's taxes in accordance with the financial condition of taxpayers, allowing even quarterly instalments.

The NBR or the government have considerable untapped pockets of revenue hidden behind opaque internal processes, high operational costs, and misallocated labour costs. Technology can access these hidden potentials for revenue with a more effective and faster means of revenue collection.

Every factory and warehouse has surveillance cameras. By accessing them, the NBR may calculate the goods coming in and going out, their value and estimated VATs. With advanced digitalisation, the government can be more efficient and address the existing human resource shortage at the NBR. Tech-driven revenue management can generate windfalls without requiring unpopular tax hikes or additional fees.

With major financial setbacks triggered by multiple factors, including the pandemic and the Ukraine war, the aim should be catering to public needs and sentiments by emphasising more on better revenue management rather than additional outside revenue sources.

If we want a corruption-free tax ecosystem through adequate use of technology, then this is the right time to act.

The author is founder and managing director of BuildCon Consultancies Ltd



Eurozone in recession at start of 2023

AFP, Brussels

The eurozone entered into a technical recession at the start of the year, shrinking by 0.1 per cent for a second consecutive quarter, figures from the EU's statistic agency showed Thursday.

Eurostat revised down an earlier forecast that had predicted slight growth, after economic powerhouse Germany said last month it had fallen into recession.

The worse-than-expected figures come as inflation and higher interest rates have curbed demand in Europe's largest economy.

Eurostat cut its earlier estimate of 0 per cent growth in the final quarter of 2022 and 0.1 per cent growth in the first quarter of 2023 to 0.1 per cent contractions in both periods.

Two consecutive quarters of shrinking gross domestic product is the threshold for a technical recession.

The bad news comes after a painful year for European economies as surging energy prices sparked by Russia's war on Ukraine sent inflation spiralling.

The European Central Bank has responded by hiking its key rates by 3.75 percentage points since embarking on an unprecedented campaign of monetary tightening in July last year.

The latest figures cast doubt over more optimistic predictions for the whole 2023.

The European Commission forecast in mid-May that growth for the year would reach 1.1 per cent across the 20 countries that use the single currency.



Trucks with fresh bunches of palm oil fruits are seen in queue for unloading at a factory in West Aceh, Indonesia.

PHOTO: REUTERS

Indonesia, Malaysia to fight against EU palm oil 'discrimination'

AFP, Putrajaya, Malaysia

Indonesian President Joko Widodo on Thursday called for stronger collaboration with Malaysia to protect palm oil products threatened by a European Union trade law he termed "discrimination".

The European Parliament adopted the new legislation in April that will ban imports deemed to be driving deforestation, throwing the bloc's trade muscle behind a global fight against climate change.

The law, which is awaiting final approval from EU member countries, would restrict imports from around the world on coffee, cocoa, soy, timber, palm oil, cattle, printing paper and rubber.

Imports that come from land deforested after December 31, 2020, will be prohibited in the huge EU market – the third-largest for both Indonesia and Malaysia.