

Amazon to raise India investment to \$26b by 2030

REUTERS, New Delhi

Amazon said on Friday it will take its investments in India to \$26 billion by 2030, adding \$6.5 billion in new planned investments in an announcement made after CEO Andy Jassy met Prime Minister Narendra Modi in the United States.

Though Jassy gave no breakdown, the announcement follows Amazon's cloud computing unit Amazon Web Services (AWS) saying last month it will invest 1.06 trillion rupees (\$12.9 billion) in the country by the end of 2030.

Earlier, Amazon had announced a \$6.5 billion investment plan, largely to boost its e-commerce business where it competes with Walmart's Flipkart and billionaire Mukesh Ambani's Reliance Retail.

The new investment amount committed now comes to around an additional \$6.5 billion.

The e-commerce giant's announced investment during Modi's trip adds to other companies, including U.S. semiconductor toolmaker Applied Materials and memory chip firm Micron Technology, which have made commitments during the Indian prime minister's state visit.



Jackfruits on display at Kola Bazar of Terokhada in Khulna, with the smallest selling for Tk 70 and the largest Tk 450. More than one million tonnes were produced around the country in fiscal year 2020-21, according to the Bangladesh Bureau of Statistics. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

Strong public-private ties needed to fight disaster risks

Says Dhaka chamber president

STAR BUSINESS REPORT

Strong public and private sector collaboration is essential for effective disaster risk management alongside formulation of a long-term master plan to safeguard industries, said Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry (DCCI), yesterday.

Disaster risk has broad socioeconomic and developmental implications crippling the sustenance of businesses and industries. Industry is the lifeline of the Bangladesh economy, accounting for 36 per cent of gross domestic product, he said.

Disaster risk has far-reaching consequences on sustainability of business. Bangladesh can offer a wide range of financial tools as disaster control measures to enhance the financial resilience of the private sector, said Sattar.

Raising of awareness, compliance to rules, presence of a central disaster management fund, easy access to low-

cost funds and other tax advantages can ensure an effective and result-oriented disaster risk management ecosystem, he added.

Sattar was addressing a conference on "private sector's participation in disaster risk management: towards Smart Bangladesh" jointly organised by the DCCI and Strengthening Urban Public Private Programming for Earthquake Resilience (SUPER) Project at Radisson Blu Dhaka Water Garden.

The SUPER Project is being implemented by the DCCI, ActionAid Bangladesh, United Purpose and World Vision and supported by European Union Civil Protection and Humanitarian Aid.

Disaster risk management strategies should be implemented through public-private partnerships to make them more sustainable, said Sheikh Fazle Noor Taposh, mayor of Dhaka South City Corporation.

He also suggested maintaining effective private sector emergency operation centres.

Fire drills should be mandatory in offices, homes and markets for greater awareness, said Dhaka North City Corporation Mayor Md Atiqul Islam.

Bangladesh can offer a wide range of financial tools as disaster control measures to enhance financial resilience of the private sector, says DCCI chief

"We do not have underground utility service mapping and due to a lack of proper geographic information and mapping system, sometimes it becomes risky to carry out infrastructure-related work, especially on the roads," he said.

Technology is a strong tool in the fight against disasters, said Lokman Hossain Miah, executive chairman of Bangladesh Investment Development Authority,

stressing on easy financing mechanisms for tackling disasters.

"In terms of business, we are in a competitive world. Any disaster may harm our competitiveness in the international market," said Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry.

Capacity of the fire service and civil defence should be further strengthened and there is no alternative to maintaining compliance with regulations in industries, he said.

In this regard, the private sector has a big role to play along with the public sector, he added.

Disaster risk management should be inclusive, said Mizanur Rahman, director general of the Department of Disaster Management.

"Since Bangladesh is situated in a disaster-prone zone, we have to be ready with adequate equipment. Technology can play a pivotal role in facing disaster risks," he added.

He urged the young generation to engage in disaster risk management.

BB invites applications for digital bank licence

STAR BUSINESS REPORT

Bangladesh Bank has invited applications from entrepreneurs interested in establishing digital banks and delivering financial products efficiently through branchless operations.

It has opened a portal for the applications and said it will accept applications until August 1 this year.

Applicants will have to pay Tk 500,000 as a non-refundable application processing fee through the web portal, said the central bank in a notice.

In its notice seeking the applications, the central bank said digital innovation is continuously modifying the landscape of the financial system all over the world.

It said BB promotes an enabling regulatory environment allowing innovation to make a robust, efficient and secured financial system.

"Accordingly, BB recognises the role of digital platforms and usage of artificial intelligence in driving greater efficiency in the delivery of financial products and services and in widening the outreach of the financial system," said the central bank.

Digital banks will provide financial services alongside the existing 61 conventional banks.

The BB's move comes within a week after it approved guidelines regarding the establishment of digital banks which will provide financial services alongside the existing 61 conventional banks.

On June 1, Finance Minister AHM Mustafa Kamal, in his budget speech, said a central bank committee was working to draw up strategies to broaden financial inclusion.

The BB said investors willing to set up a digital bank will have to have a minimum paid-up capital of Tk 125 crore and the capital will have to come from sponsors.

The entity willing to set up a digital bank must be a public limited company. The minimum shareholding stake of each sponsor shall be Tk 50 lakh, it said.

"Sponsors' contribution to the share capital of the proposed digital bank will be required to be out of net worth declared to the tax authorities," said the BB in the notice issued on June 21.

"Sponsors' contribution out of borrowings from bank or financial institutions or from anywhere else, even from family members, shall not be acceptable," it said.

The central bank said the sponsors or directors of digital banks must meet criteria of a fit and proper test (FPT).

In its guideline, BB said digital banks will not be allowed to provide any service to clients directly through physical counters and can not issue any physical instruments.

Online cattle sales rising ahead of Eid

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also received tremendous response for its shared qurbani service, which allows up to seven people to split the cost of a sacrifice.

It already sold 30 cows to clients through the sharing method.

Like in the last few years, sacrificial animals are being sold online this year, said Mohammad Shah Emran, general secretary of Bangladesh Dairy Farmers Association (BDFA).

However, there will be more sales of goats than cows this time around because people are spending less amid the economic downturn, he added.

The trend of purchasing sacrificial animals online started in 2020 due to the strict countrywide lockdown imposed by the government to contain the spread of Covid-19.

"It's true that online purchase of qurbani cattle decreased last year after the severity of the virus waned," said Md Reajul Huq, director (admin) of the Department of Livestock Services (DLS).

"But as many people got accustomed to purchasing animals online since the pandemic, many are still opting to buy qurbani cattle online," he added.

According to the DLS, about 45,000 sacrificial animals were sold online in 2020.

In 2021, about 4 lakh cattle were sold online for Eid-ul-Azha while it was 70,000 the following year.

About 1 crore animals were sacrificed across the country last year, as per data from the Ministry of Fisheries and Livestock. Of this figure, 46 lakh were cattle.

This year, a total of 51,298 animal pictures have been posted on 646

online platforms as of yesterday. Of these, 9,063 animals have already been sold as of June 22.

Among the divisions in Bangladesh, Chattogram has the highest number of published animals with 24,273. Following closely is Dhaka with 12,916 animals.

However, in terms of online

and other makeshift local markets have joined the digital market platform this year.

Along with that, the convenience of purchasing cattle online using digital payment methods has been introduced for expatriate buyers. The Bangladesh Dairy Farmers Association is assisting in this



platforms, Dhaka has more options with 162 platforms, while Chattogram has 139 and Rajshahi has 113, according to the DLS.

Huq said about 1.4 crore animals are expected to be sold centring Eid this year.

The e-Commerce Association of Bangladesh (e-CAB), with technical assistance of the A2I, launched a digital platform -- digitalhaat.gov.bd -- that allows customers from across the country to purchase sacrificial animals.

The haats supervised by the DLS

initiative.

"Over the past three years, we have engaged nearly 10,000 farmers in this process," said Muhammad Abdul Wahed Tomal, general secretary of e-Cab.

"They have sold livestock in various ways online, and many have also reaped the benefits directly. Keeping the concerns of farmers, online entrepreneurs, and customers purchasing sacrificial animals in mind, we have continued this initiative without interruption," he added.

Govt's borrowing goes up

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and the use of bank financing will both put additional pressure on aggregate demand and on the balance of payments," said Ahmed.

"The correct policy stance should be to reduce the fiscal deficit to around 4 per cent of GDP by cutting subsidies and republishing spending on large infrastructure projects."

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the government should borrow judiciously. "There is no alternative to generating more revenues."

The government is increasingly depending on borrowing from either banks or foreign sources, which has some implications, said Raihan.

When the government considers taking loans from the banking sector, it can borrow from commercial banks or the central bank. When it takes up funds more from commercial banks, it affects the private sector's credit growth since the availability of loans for businesses narrows.

The private sector credit growth target has been set at 11 per cent in FY24 against the public sector's 30 per cent.

"If the government continues to borrow from commercial banks, it will create a big implication," said Raihan, also a professor of economics at the University of Dhaka.

In FY24, the government has planned to borrow Tk 132,395 crore from the banking sector and Tk 102,490 crore from external sources.

If the government borrows from the central bank, it means an injection of fresh money into the economy. Then it may quicken inflation, which is already running at a decade high.

In the last few years, the government has taken some mega

projects, which prompted the country to turn to the external sector for funds.

Prof Raihan said the government is moving towards short-term bilateral loans and longer-term multilateral loans.

"This is a matter of concern as the government may face higher debt servicing and interest repayments, especially for bilateral loans since they usually remain high."

The pressure stemming from higher debt repayments may deepen in the coming years, he said.

The economist urged the government to scrutinise foreign loans and initiate projects carefully after carrying out proper feasibility studies.

"If projects are undertaken through proper assessment, it may cut cost- and time overruns and give some relief to the government."

Towfiqul Islam Khan, a senior research fellow of the Centre for Policy Dialogue, said the apparent quick rise of GDP, partly due to rebasing, has allowed the deficit to grow as the size of the budget deficit relative to GDP in considered more often.

Khan thinks the more concerning part of the budget deficit is the composition of financing.

"Foreign aid is increasingly coming from more stringent and expensive sources while the domestic borrowing's share and the debt servicing liability are growing. Indeed, Bangladesh has lost track of its set pathway to some extent," he said, referring to the medium-term debt strategy.

Since higher borrowing from the central bank is expected to continue in FY24, it will undoubtedly increase the money supply and lead to inflationary pressure, he said.

"If administered interest rates are maintained, the situation is likely to worsen day by day."

Challenges remain despite drastic cuts

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If Bangladesh starts consuming at the level of India, the total volume of the shampoo market is expected to expand by approximately 70 per cent.

However, Akhtar said, the presence of a 10-15 per cent supplementary duty, in addition to the value-added tax, at the local stage on shampoos, conditioners, and most skin care products makes them more expensive, thereby discouraging consumers.

"Bangladesh is still a very high-tariff country with a multitude of direct and indirect tariffs. As we become a middle-income country, we will need to rationalise many of the tariffs in order to ensure market access, protect our internal revenue collection and promote local industries."

"It will require a fine balance of moderating tariffs while fostering domestic growth so that we are able to continue the trajectory of accelerated revenue collection."

According to Akhtar, the government has significant leverage to simplify the duty structure for raw materials so that local industries can thrive and cater to the domestic market.

"The time is not on our side anymore and we probably need to take heed of the implications of being a middle-income country now, else we risk falling into the much-unwarranted middle-income trap."

On the overall budgetary measures, he said budget-framing required finding a fine balance against the backdrop of macroeconomic instability due to global geopolitical headwinds and the ensuing election.

"I believe that a budget that fosters private consumption and investments and can address short-term woes while investing to attain long-term goals will augur well for the country."