

# Star BUSINESS



## Jica offers Tk 2,273cr budgetary support loan

**STAR BUSINESS REPORT**  
Japan International Cooperation Agency (Jica) will provide an Official Development Assistance loan of Tk 2,273 crore (equivalent to JPY 3,000 crore) as budgetary support for strengthening public financial management. Ichiguchi Tomohide, chief representative of JICA Bangladesh, and Sharifa Khan, secretary to Economic Relations Division, signed an agreement in this regard at National Economic Council in Dhaka yesterday, according to a press release. The loan comes with an annual interest rate of 1.6 per cent along a 30-year repayment period, including a 10-year grace period. Aimed toward the economic recovery of Bangladesh, it is to be disbursed quickly, it said.

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### SAVAR TANNERY ESTATE AT A GLANCE

- Another Tk 1,000cr needed to make it fully functional
- Total number of plots: 205
- Plots allotted for tanneries: 162
- Estate authority already spent Tk 1,080cr
- Tanneries that got environmental clearance: 88
- Tanneries in production: 140

### CETP: WHAT'S WHAT

- Efficiency of CETP was not improved in tune with rise in waste generation
- It has a capacity to treat 25,000 cubic metres of waste per day
- During Eid-ul-Azha around 45,000 cubic metres of waste is generated a day
- Estate authority could not set up sedimentation tank for waste retention
- Chromium recovery plant yet to be built
- No modern laboratory to monitor the total process of waste treatment
- Dhaleshwari river continues to suffer from effluence being released into the river from CETP
- Lack of capacity of CETP holds back potential of leather industry

# Another Eid comes, leather estate is still ill-equipped

Another Tk 1,000cr needed to make it fully functional

**SUKANTA HALDER and MOSTAFA YOUSUF**  
Bangladesh's two-decade-long quest to put in place a system that can process 100 per cent of rawhides generated during Eid-ul-Azha continues owing to the lower-than-required capacity of the Savar Tannery Industrial Estate (STIE). As a result, the authorities have decided to treat the animal skins to be collected in phases in order to tackle oversupply, if any.

The estate will process the rawhides collected from Dhaka in the first week after Eid, which falls on Thursday, since traders in and around the capital city are well-positioned to bring skins to the facility fast. Currently, the central effluent treatment plant (CETP) at the STIE has the capacity to treat 25,000 to 30,000 cubic metres of liquid waste. But during Eid-ul-Azha, the generation of waste climbs to 45,000 cubic metres as the number of rawhides collected shoots up.

In Bangladesh, Eid-ul-Azha accounts for half of the rawhides that tanners collect throughout the year. About one crore animals were sacrificed last year. Around 1.30 crore animals are ready to be sacrificed this year, said Aftab Khan, president of the Bangladesh Hide and Skin Merchants' Association, recently quoting data from the livestock ministry.

The estate has been set up to help the country's tannery industrial estate get rid of pollution stemming from rawhide processing. But it has not made significant progress in putting in establishing a fully functional liquid and solid waste management, a salt purification system and a common chromium recovery unit even though the work to construct the STIE started in 2003.

**The estate has been set up to help the country's tannery industrial estate get rid of pollution. But it has not made significant progress in establishing a fully functional liquid and solid waste management system.**

When the estate and the CETP were planned, the systems and units were supposed to be set up in the initial stage of construction, but they were later dropped, said Mustak Ahmed, managing director of Dhaka Tannery Industrial Estate Waste Treatment Plant Company (DTIEWTPC), which runs the facility. Steps have been taken to address the issues, he said.

The DTIEWTPC has spent Tk 1,080 crore to establish the CETP but Ahmed said another Tk 1,000 crore is needed to make the facility fully functional.

Kabir Hossen, an official of Nabarun Tannery, said his company has targeted to buy 10,000 pieces of rawhides. "If the price is low, we will double the number." Failing to process the precious rawhides in line with global standards is already proving costlier for Bangladesh although the leather industry is one of a few sectors in Bangladesh for which raw materials are locally available, which offers the scope for a huge value-addition and thus earning more foreign currencies.

But owing to a lack of global recognition, Bangladeshi suppliers have to export leather mainly to China at rates that are much lower than the going rates in the international markets. What is more, finished goods exporters have to import rawhides from compliant factories in other countries to ship products to developed markets.

In the July-May period of the current fiscal year, Bangladesh exported leather and leather goods worth \$1.12 billion, registering a year-on-year growth of 0.42 per cent. But industry people say the industry has the capacity to be a multibillion dollar sector.

Another drawback of an absence of a fully functional CETP is the nearby

Dhaleshwari river is being polluted, meaning the principal goal of shifting tanneries from Dhaka's Hazaribagh to Savar has remained unachieved in the first place.

The tanneries were relocated in 2017 with the hope of reviving the Buriganga, which bore the brunt of pollutants released by the factories. The tanneries might have been shifted, but their processes are still polluting rivers.

During a visit to the estate area on Monday, one of the correspondents talked to Mohammad Nasir, a fisherman.

He said he had earned a living by catching fish in the Dhaleshwari for 30 years. "During monsoon, fish seems okay. But during the other times of the year, fish smell of kerosine" he said, adding that he pulls a rickshaw most of the time of the year and occasionally catches fish.

Currently, the CETP takes 53 hours to treat wastes but the standard time should be 72 hours, according to the DTIEWTPC. The biological treatment process takes 25 hours whereas it should be 48 hours as per international practices.

An official of the Department of Environment told The Daily Star that the design of the CETP was flawed and it was set up without a feasibility study. Even the facility does not have any environmental clearance and it has been allowed to operate based on some conditions.

## ESSENTIALS' PRICE SPIRAL

### Munshi's comment exposes govt's helplessness

**Economists say**

**MAHMUDUL HASAN**

The commerce minister's recent admission that stern measures against market manipulators could create a sudden crisis has exposed the helplessness and lack of political will of the government, said three top economists and a consumers' body.

They suggest that the government end the monopoly in the market for edible oil, sugar, flour and other essential commodities and create alternatives to ensure competition in the market and thus benefit consumers.

Earlier on Monday, in the face of the criticism of opposition lawmakers in parliament, Commerce Minister Tipu Munshi said, "We are discussing the syndicate. It is correct that large companies are doing lots of businesses together."

"We need to think...We can put them behind bars and we can fine them. That might be possible," he said.

"But it will be difficult for us to bear the sudden crisis caused by it. That's why we try to remain within the rules and (tackle the situation) through discussions," he added.

**"We have created a large oligarch over the years like Russia. There is the existence of those oligarchs in every sector, including the commodity sector. We all know who they are," said Ahsan H Mansur, executive director of PRI.**

In his reaction, Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the commerce minister's speech was an expression of the truth.

"We have created a large oligarch over the years like Russia. There is the existence of those oligarchs in every sector, including the commodity sector. We all know who they are," he said.

The main issue is to regulate them, they should not be destroyed or put behind bars, he said.

"They control the whole commodity market and no one will be able to compete with them as their capacities are high. Because they buy in large quantities. They even have their own shipping," said Mansur.

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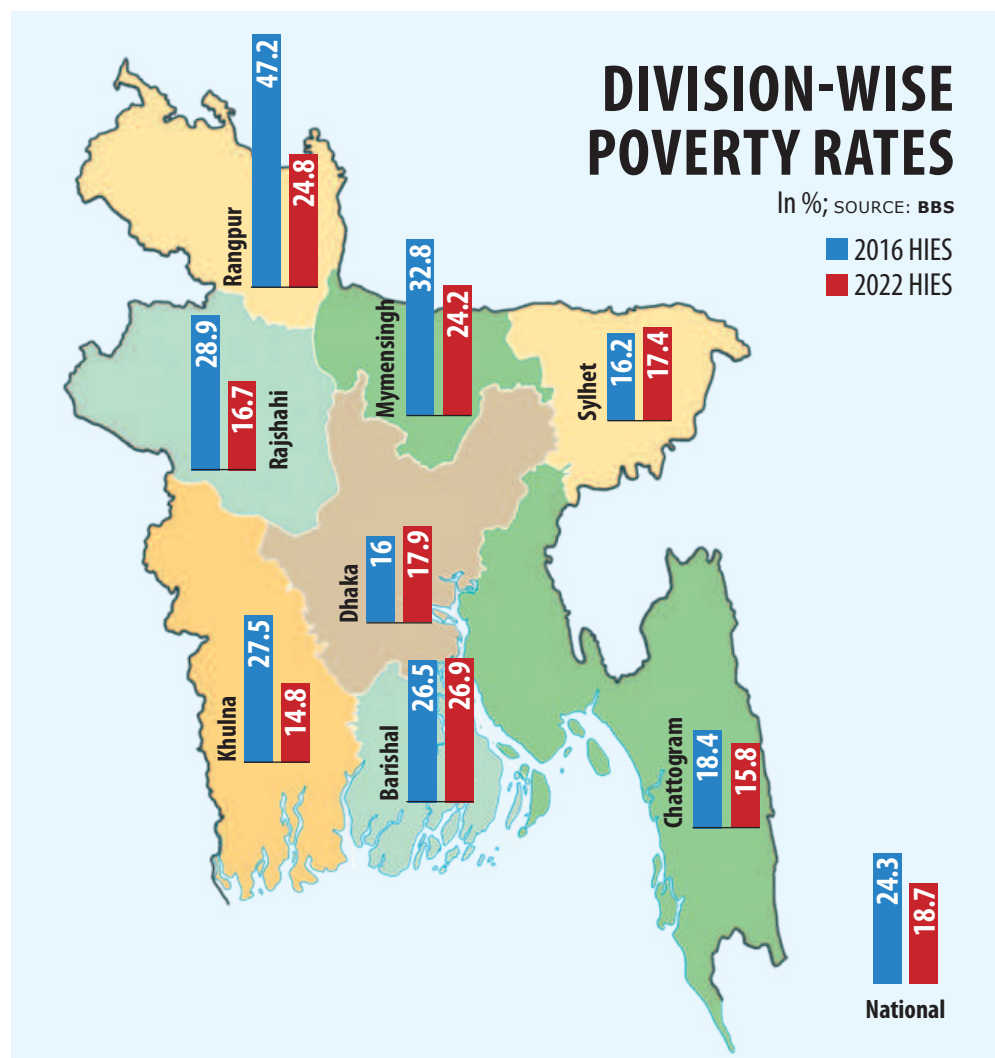
STOCKS		MONDAY CLOSINGS	
DSEX ▲	CASPI ▲	0.29%	0.16%
6,344.08	18,702.20		

COMMODITIES	
Gold ▲	Oil ▼
\$1,923.70	\$73.40
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.71%	▼ 0.49%	▲ 0.49%	▲ 1.23%
63,416.03	32,538.33	3,205.35	3,189.44



## Poverty rose in Dhaka, Barishal, Sylhet

**AHSAN HABIB**

Although the national poverty rate dropped in 2022, it rose in Dhaka, Barishal and Sylhet divisions.

The poverty rate rose mainly in the rural areas of the three divisions while the urban areas saw reductions for economic growth and development.

The once poverty-prone Rangpur, Khulna, Mymensingh and Rajshahi divisions attained massive progress in reducing poverty in 2022 compared to 2016.

Economic progress still down not permeate all throughout the land, for which income inequality and disparity has remained at the regional level in Bangladesh for years and are increasing, according to economists.

The Household Income and Expenditure Survey of 2022 shows that the national poverty rate dropped to 18.7 per cent, which was 24.3 per cent in 2016.

However, the poverty rate rose in Dhaka and Sylhet to 17.9 per cent and 17.4 per cent in 2022, which was 16 per cent and 16.2 per cent in the previous survey of 2016 respectively.

The poverty rate also rose in Barishal to 26.9 per cent in 2022 from 26.5 per cent in 2016. This caused Barishal to replace Rangpur as the most poverty-prone division in the country.

Rangpur's poverty rate was 24.8 per cent in 2022 whereas it was the highest at 47.2 per cent in 2016.

"Regional disparity in poverty is a common feature of our economy as the benefits of economic growth is not trickling down equally," said Mustafa Kamal Mujeri, a former director-general of the Bangladesh Institute of Development Studies.

"...and some regions are always benefiting from government projects," he said.

**The poverty rate rose mainly in the rural areas of the three divisions while the urban areas saw reductions for economic growth and development.**

Mostly people of Dhaka division fell victim to the severe impacts of the pandemic. Meanwhile, many people temporarily migrated back to rural areas. "It also may be a reason of higher poverty in the rural areas of the divisions," said Mujeri.

Also executive director of the Institute for Inclusive Finance and Development, Mujeri

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## EBL to buy exchange house in Dubai to woo remitters

**STAR BUSINESS REPORT**

Eastern Bank Ltd (EBL) has decided to purchase an exchange house in Dubai to attract more remittances sent by Bangladeshi migrants working in the emirate.

The board of the EBL agreed in principle in this regard, according to a filing posted by the private bank on the Dhaka Stock Exchange website on June 26.

"We want to open a money exchange house subject to the approval by the Bangladesh Bank and central bank of the UAE. If we can do so, we will be able to bring in more remittances to the country," said Ali Reza Iftekhar, managing director and chief executive officer of EBL.

The bank made the decision at a time when Bangladesh faces a shortage of foreign exchange reserves as total inflows from exports and remittances fall short of the requirement to clear external payments mainly import bills.

Between July 1 and June 25 of fiscal year 2022-23, remittance inflow grew 4.6 per cent to \$21.43 billion from last fiscal year's total of \$21.03 billion, according to Bangladesh Bank data.

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PHOTO: UNITED COMMERCIAL BANK

United Commercial Bank PLC (UCB) shareholders approved 5 per cent stock dividend and 5 per cent cash dividend for 2022 at its 40th annual general meeting, which was held virtually on Monday. Rukhmila Zaman, chairman, Touhid Shipar Rafiqzaman, independent director and audit committee chairman, Bazal Ahmed, Nurul Islam Chowdhury, Roxana Zaman, Afroza Zaman, Muhammed Shah Alam, Kanak Kanti Sen and Masuma Parvin, directors, Aparup Chowdhury and Iftekhar Uddin Chowdhury, independent directors, and Arif Quadri, managing director and CEO, were present.



PHOTO: STANDARD BANK LIMITED

Standard Bank Ltd shareholders approved 2.5 per cent stock dividend and 2.5 per cent cash dividend for 2022 alongside changing the bank's name to Standard Bank PLC at its 24th annual general meeting, which was held virtually on Monday. Kazi Akram Uddin Ahmed, chairman of the board of directors, Kamal Mostafa Chowdhury, Ashok Kumar Saha, Ferozur Rahman, Md Manjur Alam, SAM Hossain, Mohammed Abdul Aziz, Mohammed Shamsul Alam, Gulzar Ahmed, Md Zahedul Hoque, Ferdous Ali Khan, AKM Abdul Alim and Md Abul Hossain, directors, and Md Habibur Rahman, managing director and CEO, were present.

## Germany, France and Italy agree raw materials cooperation

AFP, Berlin

Germany, France and Italy said Monday they would cooperate more closely on the procurement of raw materials as Europe seeks to reduce its reliance on imports from countries such as China.

"Better diversification of our raw material supply is economic security," German Economy Minister Robert Habeck said in a statement.

The European Union member states would set up a working group to discuss "the extraction, processing and recycling" of critical raw materials, Habeck said.

"We need to help our industries secure access to the raw materials they need to make a success of the digital and ecological transition," French Economy Minister Bruno Le Maire also said in a statement.

The forum between the three largest economies in the EU would be used to "exchange information on our level of dependence, on the direction of our procurement, the securing of strategic stocks", Le Maire said in a press conference in Berlin alongside Habeck and their Italian counterpart Adolfo Urso.

The European Commission in March put forward proposals to secure supplies of materials, such as lithium or nickel, needed for the production of key technologies like batteries or solar panels.

Le Maire welcomed the Commission's proposal as a "first step", saying the cooperation between the three countries was an opportunity to "go further".

The EU's proposal will notably encourage the establishment of raw material mining and extraction projects in Europe.

France has already created a 500-million-euro (\$545 million) fund for investments in critical raw material projects, while Rome was also making one billion euros available for a similar plan.

Habeck evoked the possibility of establishing a similar fund in Germany, although there was "not yet an agreement" between the ministries on the idea.



PHOTO: PRIME BANK LIMITED

Mamur Ahmed, head of consumer sales of Prime Bank, and Md Halimuzzaman, deputy managing director (DMD) of Healthcare Pharmaceuticals, signed an agreement recently over payroll services and privileged rates on consumer loans and credit cards for the pharma's employees. Faisal Rahman, additional managing director of the bank, Nazeem A Choudhury, DMD, and Md Hafizur Rahman, executive director for finance and accounts of the pharma, were present.



PHOTO: MUTUAL TRUST BANK LIMITED

Md Shafquat Hossain, head of retail banking division of Mutual Trust Bank, and Zayed Moyeen, director of Fareast Group, signed a memorandum of understanding at MTB Centre over offering MTB Privilege Banking clients access to MTB Air Lounge in the country's airports and hospitality of The Oberoi Grand, Kolkata. Syed Mahbubur Rahman, managing director and CEO of the bank, and Asif Moyeen, managing director and CEO of Fareast Group, were present.

## US manufactured goods orders post surprise rise

AFP, Washington

Orders of big ticket manufactured items continued to defy expectations to rise again in May, fueled by a sharp jump in orders for transportation equipment, according to US government data released Tuesday.

The figures underline the continued strength of some sectors of the American economy despite hikes in interest rates from the US Federal Reserve as it moves to tackle high inflation.

Manufactured durable goods orders

rose by 1.7 percent in May from a month earlier to \$288.2 billion, the Commerce Department announced in a statement.

The increase was well above the median expectation of a fall in orders in a MarketWatch survey of economists.

"Durable goods orders have come in far stronger than implied by leading indicators and the survey data for three straight months now, making it hard to explain away the disconnect simply as noise," Pantheon Macromomics senior US economist Kieran Clancy wrote in a note to clients.



PHOTO: MEGHNA GROUP OF INDUSTRIES

Fresh Ceramics has opened a showroom named Nandonik Tiles Gallery on KB Ismail Road (Chhoto Kalibari) in Mymensingh recently. AKM Ziaul Islam, chief operating officer, Iftekhar Alam, deputy general manager, Shahjada Yeasir Arifat Shuvo, brand manager, and Sumon Ghosh, proprietor of Nandonik Tiles Gallery, were present.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JUN 27, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	-6.25 ↓
Coarse rice (kg)	Tk 48-Tk 50	0	-2.97 ↓
Loose flour (kg)	Tk 52-Tk 55	-5.31 ↓	22.99 ↑
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 167-Tk 175	-5 ↓	-7.07 ↓
Potato (kg)	Tk 35-Tk 40	-8.54	29.31 ↑
Onion (kg)	Tk 65-Tk 70	-6.9 ↓	42.11 ↑
Egg (4 pcs)	Tk 45-Tk 48	-4.12 ↓	13.41 ↑

SOURCE: TCB

## Dollar hits 7-month high against yen

### Euro picks up against the greenback

REUTERS, London

The dollar rose to a seven-month high against the yen on Tuesday before paring its gains, with investors on the look out for possible intervention by Japan to boost the ailing currency.

Meanwhile, the euro picked up against the dollar as investors listened closely to policymakers' speeches at the European Central Bank's annual forum at Sintra in Portugal.

The dollar rose to 143.94 yen, its highest since Nov. 10, despite Japanese officials vowing to respond appropriately if currency moves became excessive. It was last up 0.1% at 143.63 yen to the dollar.

Finance Minister Shunichi Suzuki said on Tuesday: "We will closely watch currency market moves with a strong sense of urgency and will respond appropriately if the moves become excessive." Japan intervened to boost the yen last year when it weakened past the 145 per dollar level. It has recently

fallen sharply as U.S. interest rates have soared above those in Japan, making U.S. bonds look more attractive.

Many investors and analysts believe intervention is a possibility after the government stepped up its comments on the situation in recent weeks.

"If big data comes out of the U.S. in the next couple of weeks (and) dollar-yen spikes above 145, then I would think that the Bank of Japan would step in, or threaten to step in," Francesco Pesole, currency strategist at ING, said.

The euro was last up 0.37% against the dollar at \$1.095, after rising slightly on Monday.

"Euro-dollar is a bit stronger this morning, we had probably a bit of help from hawkish ECB (European Central Bank) comments this morning," said ING's Pesole.

Latvian central bank governor and ECB official Martins Kazaks said in Portugal on Tuesday that the central bank will likely keep hiking interest rates after July. The euro zone's key interest rate

currently stands at 3.5%. Kazaks' comments suggest they could go to 4% or higher.

ECB President Christine Lagarde also spoke in Sintra on Tuesday, saying that "policy needs to be decided meeting by meeting and has to remain data-dependent".

The dollar index was 0.19% lower at 102.55, weighed down by the euro, which is its biggest component.

Federal Reserve Chair Jerome Powell, Bank of England governor Andrew Bailey, and Bank of Japan Governor Kazuo Ueda are due to speak at a panel with Lagarde on Wednesday.

Investors also had U.S. data to look forward to, with durable goods orders

and building permits figures due later on Tuesday. Elsewhere, the Russian rouble weakened 0.93% versus the dollar to 85.19. It hit its weakest level since March 2022 on Monday at 87 roubles to the dollar.

Russian President Vladimir Putin said on Monday he let an aborted mutiny go on as long as it did to avoid bloodshed. On Tuesday, Russia's security service dropped its criminal case against the Wagner mercenary group over the brief rebellion.

Sterling was last trading at \$1.272, up less than 0.1% on the day. The dollar fell 0.36% against the offshore Chinese yuan to 7.217 on Tuesday, after hitting a 7-month high of 7.243 on Monday.

## China weary of weakening yuan

REUTERS

The US dollar's protracted smile is making China and Japan uncomfortable. China, unencumbered as it is by global pacts and commitments on market rates, has reacted swiftly this week. State banks have sold dollars to slow the yuan's decline, and the mid-point for daily trade has also been adjusted.

The next cab off the rank is Japan's finance ministry, and top yen diplomat Masato Kanda is "not ruling out any" options to fix a rapid and one-sided yen decline.

Both countries have not done much since mid-May as the dollar cruised higher, gaining 8 percent-10 percent against their currencies

and for a number of reasons - the yields, the flailing Chinese economy and the health of banks.

But it's time to get twitchy when the yuan is closing in on the 7.3 per dollar levels last seen in November and, before that, in 2008. Likewise, when it's around the 145-150 levels, the yen tips the cost-benefit balance for Japan too. Japan's yen has weakened against the dollar so far this year significantly more than its regional counterparts.

The yuan has slid more than 4 percent against the dollar so far this year. One factor that might be worrying Chinese authorities, analysts say, is that the yuan's value against its major trading partners has fallen 2.16 percent this year, according to Reuters calculations based on official data.

## Japan may extend fuel subsidy

REUTERS, Tokyo

Japan is leaning towards extending support measures for gas and electricity bills set to expire at the end of September, three government and ruling party sources with knowledge of the matter told Reuters on Tuesday, aiming to underpin a fragile economy.

The world's most heavily indebted government has been wrestling over ending subsidies for utility companies out of concern that it may turn voters away from supporting Prime Minister Fumio Kishida.

Extending subsidies, however, would make it more difficult to achieve Kishida's aim of bringing the state's primary budget balance, which excludes new bond sales and debt servicing costs, into the black by the fiscal year ending in March 2026.

The scale of any new support will need to be decided, taking into account energy prices, currency moves and more broadly, inflation and its impacts on the economy, the sources said.

## EBL to buy

FROM PAGE B1

Iftekhar said EBL is in discussion with a couple of exchange houses in the UAE, the third biggest source of remittances for Bangladesh, though it has not been finalised yet.

"If we get the approval and see prospects, we may

consider offering services from other countries in the region," he said.

"We want to start within the third quarter of this calendar year," said Iftekhar.

Once launched, this would be EBL's first exchange house abroad.

## Jica offers Tk 2,273cr

FROM PAGE B1

It said the development policy program for this loan would support strengthening public financial management capacity through increasing revenue and improving expenditure management of the Bangladesh government.

"The signing of this loan agreement is crucial to support economic

recovery and sustainable and inclusive growth for the people of Bangladesh," said Tomohide.

"The fund will help in meeting the government's budgetary needs, prop up foreign exchange reserves and give impetus to the reform plans," he said.

Iwama Kininori, Japanese ambassador to Bangladesh, was present at the event.



A woman walks past a money exchange in Mexico City on June 23. PHOTO: AFP

## Some factories yet to pay festival bonus, wages

STAR BUSINESS REPORT

As of 8:00pm yesterday, about 76.92 per cent, or 2,449 of the 3,164 industrial units in Bangladesh, have paid their workers' salaries for the first 15 days of June, according to data from the Industrial Police.

Similarly, 96.87 per cent, or 3,065 of the industrial units, have already paid bonuses to their workers on the occasion of Eid-ul-Azha.

However, about 3.59 per cent, or 42 of the 1,624 units under the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), are yet to pay the bonus.

In a statement, the BGMEA said 100 of its member factories have paid the bonus.

The BGMEA also said that primarily, 300 factories were under monitoring for not paying their workers ahead of Eid.

Finally, some 25 factories were facing trouble in making payments to their workers, forcing the BGMEA to intervene and ensure that wages and bonuses were paid.

About 13 of the 699 factories under the Bangladesh Knitwear Manufacturers and Exporters Association could not pay bonuses to their workers either.

Likewise, 21 of the 359 mills of the Bangladesh Textile Mills Association did not pay bonuses as of yesterday.

On the other hand, all 392 factories under the Bangladesh Export Processing Zones Authority have paid the festival bonus.



With Bangladesh set to celebrate Eid-ul-Azha tomorrow, blacksmiths across the country are sharpening the knives, hatchets and other instruments that will be used to butcher the meat of sacrificial animals. The picture was taken from the Hathkhola area of Barishal city on Monday.

PHOTO: TITU DAS

# Motorcycle sales in the slow lane ahead of Eid

### But high-end models still in demand

JAGARAN CHAKMA

Sales of motorcycles, particularly low-end ones, were disappointing ahead of the upcoming Eid-ul-Azha as the ongoing inflationary pressure has limited peoples' purchasing power, according to market players.

However, the demand for high-end models remains impressive, they said.

As such, overall sales dipped by around 28 per cent during the July-May period of the outgoing fiscal year (FY) while the high-end segment registered sales growth of about 18.5 per cent.

Of the high-end bike retailers, Yamaha and Suzuki achieved sales growth of 15 per cent and 12 per cent respectively during the 11-month period.

Other two-wheeler brands saw their sales drop by 15 to 42 per cent with a total

of 420,922 units being sold in the July-May period, down from 586,650 units during the corresponding period of FY 2021-22.

Bijlob Kumar Roy, chief executive officer of TVS Auto Bangladesh, said the situation is unimaginable as their sales declined by around 38 per cent year-on-year during the July-May period.

"We have yet to sell 60,000 units on the occasion of Eid-ul-Azha even though sales would normally cross 100,000 during this time," he added.

Roy blamed inflationary pressure for the lower sales as people are focusing on purchasing essential items rather than luxury products such as motorbikes amid the economic crisis.

"We do not have a clear idea on when the industry might get relief from these challenges," he said.

Roy believes the government should

reduce the value-added tax on motorcycles by at least 5 per cent from the existing 15 per cent as it would encourage buyers and thereby give some relief to sellers.

"Sales of high-end motorcycles increased ahead of this Eid compared to Eid-ul-Fitr," said Subrata Ranjan Das, executive director of ACI Motors, the local distributor of Japanese brand Yamaha.

"Our sales increased 15 per cent in the July-May period of the current fiscal," he added.

And while exact sales data for the month of June is yet to be compiled, the company expects a roughly 30 per cent increase.

Das said they were concerned about a potential fall in sales due to the ongoing inflationary pressure and US dollar shortage.

"But our sales record is healthy

compared to other brands due to our good reputation and services," he added.

Shah Muhammad Ashequr Rahman, chief marketing officer of Bangladesh Honda Private Limited, said the overall market size is decreasing due to ongoing economic tension but sales were good ahead of Eid.

According to him, any further hikes in motorcycle prices could significantly deter potential buyers, particularly in the low-end segment, where price sensitivity is higher.

Motorcycle prices have risen by around 15 to 18 per cent as imports have become costlier amid the taka's devaluation against the US dollar during the past year.

But as more and more people are using motorcycles for their daily commute, the company expects demand will eventually increase once again, Rahman added.

## SOCIAL SECURITY SCHEMES Barishal home to highest portion of recipients

AKANDA MUHAMMAD JAHID

The percentages of households and people getting support from the government's Social Security Programmes (SSP) in Barishal are the highest among the country's eight divisions, according to the Household Income and Expenditure Survey (HIES) 2022.

The support is being provided to 53.1 per cent of the division's households and 75.2 per cent of people living there.

Khulna division accounts for the second highest - 48.6 per cent of households and 68.1 per cent of people.

Some 45.1 per cent of households and 63.3 per cent of people avail the support in Rangpur division, followed by 47 per cent and 62.5 per cent in Rajshahi division and 45.9 per cent and 62.2 per cent in Sylhet division respectively.

It is 32.7 per cent and 41.1 per cent in Chattogram division and 43.6 per cent and 59.1 per cent in Mymensingh division respectively.

The lowest percentages are in Dhaka division - 23.9 per cent of households and 29.7 per cent of people.

According to the HIES 2022, 18.7 per cent of people are poor and 5.6 per cent of people are extremely poor.

Most of the extremely poor suffer from chronic poverty and live on charity or below the subsistence level. The government runs the SSP to support such families with cash or provisions to overcome hunger.

The SSP module was first introduced in the HIES 2005, when there were 11 programmes. Later, the number of programmes were increased to 66.

The HIES 2022 reveals that 37.6 per cent of households received the SSP support during the last 12 months. In contrast, 27.8 per cent of households received it in 2016.

In rural areas, 44 per cent of households received the support in the past one year whereas it was 34.5 per cent in 2016.

In urban areas, it was 23.9 per cent in 2022 compared to 10.6 per cent in 2016.

## Bitcoin bounces

REUTERS

Bitcoin, the currency created to subvert the financial establishment, has shaken off weeks of sickness with the support of Wall Street's finest.

The original crypto coin has leapt 20 per cent to two-month highs at \$30,182 over the past 11 days after BlackRock, the world's largest asset manager, revealed hopes for a spot bitcoin exchange-traded fund (ETF) in the United States.

BlackRock filed for a prospective spot bitcoin ETF on June 15, undeterred by the Securities and Exchange Commission's (SEC) past record of rejecting every such application. The news helped bitcoin bounce out of the doldrums and snap two consecutive weeks of losses.

Satoshi Nakamoto's rebel child is invigorated by the prospect of an ETF that offers investors exposure to spot bitcoin on a regulated US stock exchange without the hassle of custody.

## Munshi's comment exposes

FROM PAGE B1

The government now has no capacity or political intention to regulate them, he said.

"If you have the political will, you can do a lot. But containing them should come with circumspect measures, otherwise there will be a crisis. It has to be done in a systematic approach," he said.

"In the last 20 years, we have built them up like Frankenstein. If we suddenly break them, we may fall into trouble. Because there are no alternatives to their infrastructure," said Mansur.

He underscored the importance of creating competition in the commodity market.

"To create competition, we have to go ahead with the policy front, formulating regulations. We have to regulate the flour, edible oil and sugar. We have to set prices properly adjusting with the global market," he said.

The economist said alternatives to those monopoly powers have to be created slowly, ignoring all their influences, including by rejecting their bribes.

"They have already made thousands of crores of taka in profit manipulating the market in the last two years and they are ready to spend some of that money to keep the manipulative system. So, a strong political will is imperative to regulate them," he said.

"The argument (made by the minister) is that taking action against them could

collapse their business and result in a major crisis in the economy," said Zahid Hussain, former lead economist of the World Bank's Dhaka office.

"So, do we mean that the big groups (companies) can do whatever they want? Do we mean they are above the law because the economy is hostage to them? But, no one is supposed to be above the law," he said.

Hussain thinks the conglomerates in commodity markets would not shut their businesses if they were barred from raking in excess profits.

"What is the logic of this assumption? They have interest here, they will not stop making normal profit if you don't let them make extra profit," he said.

The artificial crisis in the market played a role in high inflation coming about. "This at least can be understood from the minister's speech," he added.

"He (minister) is not denying it. I applaud him for that because he is recognising reality. But listening to him, it seems that we are helpless and the cure may be worse than the disease," said Hussain.

The top commodity players can be declared Significant Market Players (SMP) to enforce remedial rules just as had been in the case of Grameenphone of the telecom sector, he said.

"Same method can be applied for the big and dominant players in the edible oil or sugar market. Because players in those commodities don't always play by the rules," he said.

"Now we have to find out how to make them play by the rules. Because if they get leniency, they will not play by the rules. But they will not stop playing. But they wouldn't engage in foul play when you would not let them," he added.

Had the government created many small suppliers in the commodity market, the large players would not have been able to control the market, said Debapriya Bhattacharya, a distinguished fellow at the Centre for Policy Dialogue.

"For that, we will have to provide banking support and some customs related facilities to the small players," he said.

Syndicates in the commodity and daily essentials market have violated some rules, otherwise the commerce minister would not have mentioned that they can be sent to jail, he said.

He questioned the government allowing such kinds of violations in the first place and not applying the laws on those manipulators.

He thinks that the government has neither adequate machinery nor necessary information to regulate the market.

The syndicate in the commodity and daily essential markets has become a Frankenstein, said Ghulam Rahman, president of the Consumers Association of Bangladesh.

If an alternative supply chain is first not created and the current supply system improved, consumers will fall into more crisis if drastic action

is taken against the big players, he said.

"But there is no alternative to controlling them by creating competition in the market. So, the government must bring them under regulation, but in a cautious manner," he said.

Bangladesh may have to get out of the open market model to give comfort to consumers, said Rahman.

"The government has to initiate business and if 25 per cent of the supply is directly provided by the government, they syndicate would not dare to do so much," he said.

## US home sales jump in May

AFP, Washington

New home sales in the United States surged unexpectedly in May, the Commerce Department said Tuesday, reaching the highest rate in over a year despite efforts to cool the economy.

Sales of new properties have been rising in recent months, with a lack of inventory elsewhere pushing buyers into the market.

May sales of new single-family houses jumped 12.2 per cent over the previous month - to a seasonally adjusted annual rate of 763,000 - the Commerce Department said in a statement.

That defied expectations of a decline, and is markedly higher than April's revised rate of 680,000.



PHOTO: HABIBUR RAHMAN

The demand for chui jhal has risen on the occasion of Eid-ul-Azha as consumers will use the vine to spice up dishes made with the meat of their sacrificial animals. Chui jhal is currently selling for Tk 400 to Tk 1,200 per kilogramme in Khulna, a major growing district. The picture was taken from Boro Bazar in Khulna city on Monday.

## Poverty rose in Dhaka, Barishal, Sylhet

FROM PAGE B1

regommends that the government give more focus on the equalising factors to reduce the inequality which has been rising over the years.

The Gini coefficient, which is the economic measure of equality, stood at 0.499 in 2022. Measured on a scale of 0 to 1, the closer it is to 1, the higher the inequality is in society.

Most mega projects of Bangladesh will ensure

benefits to urban people. Connectivity in rural areas needs to increase so that people there can also get the benefit, he added.

The poverty rates in Mymensingh and Rajshahi divisions also dropped to 24.2 per cent and 16.7 per cent in 2022, which was 32.8 per cent and 28.9 per cent in 2016 respectively.

Khulna's poverty rate also declined to 14.8 per cent from 27.5 per cent in the same period.

Regional disparity is always seen in Bangladesh, so pockets of poverty remain in the economy, said Selim Raihan, a professor of economics at the University of Dhaka.

The disparity becomes visible in regions where there are inadequate job opportunities and people of these areas migrate to other parts of the country to improve their situation, he said.

About the overall poverty rate, Raihan,

who is also the executive director of the South Asian Network on Economic Modeling, said the impact of the pandemic was not apparent, which was quite interesting.

However, people have adjusted to the situation after the pandemic, so a reduction in national poverty is believable, he added.

"How extreme poverty was reduced to 5.6 per cent from 12.9 per cent is not clear to me," said Raihan.



Shopkeepers all over the country are selling an array of spices on the occasion of Eid-ul-Azha, when people will prepare various dishes with the meat of their sacrificial animals. The picture was taken from Boro Bazar in Khulna city on Monday.

PHOTO: HABIBUR RAHMAN

# Eid vacation raises concern for mango farmers

Lack of transportation, lower demand to take a toll on prices

MD ASADUZ ZAMAN, KONGKON KARMAKER and S DILIP ROY

The ongoing holiday centring Eid-ul-Azha has raised concerns among mango farmers that prices for the fruit may decline further in coming days despite the high production cost.

This is because there is a lack of transportation and low demand from consumers amid the religious festival for Muslims in the country, they said.

And although mango farmers are beams for the overall increase in production, they are not making good profit due to oversupply.

Besides, they are having to harvest mango before they are naturally ripe because of unfriendly weather conditions.

In this situation, farmers and analysts fear that the ongoing Eid vacation may disrupt the supply chain as the lack of storage facilities means that the fruit may go to waste amid lower demand.

"The ongoing harvesting process has been disrupted due to the Eid rush as we cannot even send mango through courier services as they are not taking orders for now," said Abdus Salam Sarker, who cultivated the fruit on more than 14 acres of land in Rangpur.

He also said that demand could fall as people have little time to enjoy mangoes while passing busy times on the occasion of Eid-ul-Azha.

Although trucks and covered vans will be available for shipping perishable products, courier services and home deliveries will remain suspended during the vacation, according to the authorities

concerned.

"Our transportation services will remain closed for three days from Wednesday," said Hafizur Rahman Pulok, vice chairman of the Sundarban Courier Service.

However, he added that they would conduct regular activities, such as ensuring existing deliveries and taking

including shortage of transportation and manpower," he said.

But the situation will be normal a couple of days after the festival, he added.

Ismail Khan Shamim, a farmer from Chapainawabganj, said he used to sell mango for about Tk 50-55 per kilogramme (kg) with an additional charge of Tk 25 for purchases made through online platforms

Haribhanga mangoes are available in markets across Rangpur from the third week of June each year.

But this time, due to the severe heatwave, the mango came to the market 10 days ahead of schedule on June 10, according to farmers.

Mehdi Hasan, a mango grower in the Padaganj area of Rangpur, said overall yields were better this year.

"Still, I had to start harvesting mango earlier than usual because of adverse weather. Depending on the size of the mango, I sell them for Tk 25 to Tk 50 per kg," he added.

Dr Md Sorof Uddin, a renowned mango researcher of the Bangladesh Agricultural Research Institute, said mango production has increased this year in terms of acreage.

"Now is the peak season for the Fazli, Amrapali and Haribhanga mango varieties," he added.

Uddin also said that due to the vacation, farmers will not be able to do marketing and so, prices will fall in the next eight to nine days.

"If mango consumption or export processing does not increase in line with production, then farmers won't get proper prices," Uddin added.

A total of 24.68 lakh tonnes of mango were produced in fiscal 2021-22 while production has been estimated to be more than 25 lakh tonnes this year, according to the Department of Agricultural Extension.

There are more than 2,000 Haribhanga mango orchards across the five districts of Rangpur, with each being about two to 15 acres in size.



new bookings, during this time.

Echoing the same, Md Sohag Ali, manager of SA Paribahan Courier Service in Dinajpur, said their parcel service will remain open during the Eid holiday, but without any home delivery.

"The smooth service will be disrupted during the holidays for various reasons,

that are delivered using courier services.

And even though the cost of such services increased, he would still turn a profit by selling online.

"But due to the suspension of these services, I might have to sell it in local markets for just Tk 30-35 per kg," he added.

## Mutual fund investment tips for beginners

M SHAHRIAR AZAD BHUIYAN

Mutual funds have emerged as a popular and beneficial option for individuals seeking to grow their personal wealth. With their unique blend of diversification, professional management, and accessibility, mutual funds offer a compelling avenue for beginners to enter the exciting world of investing. Here are some tips to get you started: **Understand mutual funds:** In Bangladesh, there are basically two types of mutual funds available in the market: open-end mutual funds and closed-end mutual funds.

Open-end mutual funds allow investors to buy and sell units at any time, and they continuously issue and redeem shares based on investor demand. On the other hand, closed-end mutual funds have a fixed number of units and are traded on the secondary market of stock exchanges.

**Research the fund:** Research the fund's performance history, investment strategy, management team and fees. This information can be found in the fund's prospectus, which is available on the fund company's website or through your broker's research team.

**Diversify your portfolio:** It is important to diversify your mutual fund portfolio by investing in funds with different investment objectives and asset classes. This can help reduce risk and increase returns. This diversification helps minimise risk and potentially increase returns by spreading investments across various holdings.

**Choose suitable options:** Mutual funds come in various types, catering to different investment goals, risk appetites, and time horizons. Investors can choose

from equity funds, fixed-income funds, balanced funds, growth fund and shariah fund. This variety allows investors to align their investment choices with their specific financial objectives and preferences.

By investing in mutual funds, individuals can access a broader range of investments than they could afford individually,

which further contributes to reducing the impact of any single investment's performance on their overall portfolio.

Mutual funds offer convenience and accessibility to individual investors. They typically have lower investment minimums, allowing individuals with smaller amounts of capital to participate.

Additionally, open-ended mutual funds provide ease of entry and exit, enabling investors to buy or sell fund shares at the fund's net asset value on any business day. Simultaneously, closed-ended mutual funds can be liquidated through the secondary market of the stock exchanges. This liquidity allows investors to access their investments relatively quickly.

**Make the most of professional management:** Mutual funds are managed by experienced fund managers who have expertise in analysing the local market and selecting suitable investments. This professional management can be particularly beneficial for individuals who may not have the time, knowledge, or resources to actively manage their own investments.

**Avail tax benefits:** Investing in mutual funds can provide tax benefits under certain conditions. For closed-ended mutual funds, a dividend income of up to Tk 50,000 is tax-free and for open-ended mutual funds, the limit is Tk 25,000 for a fiscal year.

Mutual funds have the potential to generate attractive returns over the long term. While past performance is not indicative of future results, investing in well-managed funds with a strong track record may provide opportunities for capital appreciation and income generation.

Mutual funds offer several advantages. However, they also have some drawbacks, such as fees and expenses, lack of control over individual investments, and market risks.

The author is the head of operations and compliance at UniCap Securities Limited.



## West's economic de-risking a 'false proposition'

Chinese premier says

AFP, Tianjin

Chinese Premier Li Qiang slammed efforts in the West to "de-risk" their economies as a "false proposition" on Tuesday, hitting back against US and EU policy aimed at reducing their reliance on China.

The United States and the European Union have in recent months moved to "de-risk" from the world's second-largest economy.

"In the West, some people are hyping up what is called 'cutting reliance and de-risking'," Li told delegates at the opening of a World Economic Forum meeting in northern China.

"These two concepts... are a false proposition, because the development of economic globalisation is such that the world economy has become a common entity in which you and I are both intermingled," he said in a wide-ranging speech calling for deepening economic globalisation and cooperation.

"The economies of many countries are blended with each other, rely on each other, make accomplishments because of one another, and develop together," he added.

"This is actually a good thing, not a bad thing." This week's meeting of the World Economic Forum in the port city of Tianjin -- known colloquially as the "Summer Davos" -- is the first of its kind after a three-year hiatus caused by the Covid pandemic. It will last until Thursday.

## Investors overly optimistic on speed, cost of taming inflation: IMF

REUTERS, Sintra

The world's top central banks may need longer to get inflation back down to target and a fresh bout of financial turbulence could make the process even more protracted, the International Monetary Fund's second-in-command said on Monday.

Central banks have raised interest rates at a brisk pace over the past year-and-a-half to fight off a historic surge in prices, but they have persistently underestimated inflationary pressures.

Describing what she called uncomfortable truths, Gita Gopinath argued that the financial community may be too optimistic about the cost and difficulty of taming inflation, which then raises the sort of stability risk central banks might not be equipped to handle.

"Inflation is taking too long to get back to target," Gopinath told the European Central Bank's annual get-together in Sintra, Portugal.

"While headline inflation has eased significantly, inflation in services has stayed high, and the date by when it is



Customers eat and drink outside a cafe in the Soho area of London on June 18. Recent data showed UK inflation slowed to a 13-month low in April, but remains elevated at 8.7 per cent amid soaring food prices.

PHOTO: AFP

expected to return to target could slip further." Such a delay would be costly, so central banks need to keep policy

tight, despite an obvious cost to growth, she said.

The problem is that investors

seem overly optimistic about the inflation path and do not see much of a hit to economic growth, an unlikely combination, especially if high rates persist for longer than currently predicted, Gopinath argued.

"It is useful to bear in mind that there is not much historical precedent for such an outcome," she said.

Once the reality hits, asset prices could reprice, potentially setting off the sort of financial turbulence seen around the collapse of Silicon Valley Bank and the sale of Credit Suisse earlier this year, she warned.

While central banks have been adamant that they have the tools to manage both price and financial stability risks, the reality is that their powers are limited when financial stress threatens to morph into a systemic crisis, she added.

It is then up to governments to forestall a crisis but their fiscal capacity is quite limited now, so central banks may need to let inflation come down even more slowly to avoid their own policy triggering a crisis.