DHAKA TUESDAY AUGUST 15, 2023, SRABAN 31, 1430 BS ● starbusiness@thedailystar.net

Star BUSINESS

LIBERALISATION OF TARIFF POLICY

Makes local companies more competitive in global markets

Protects infant industries for a certain period

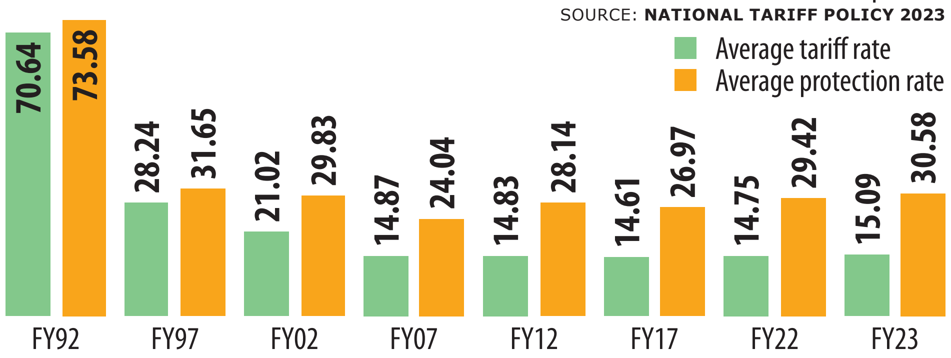
DUTY AND TARIFF

Average rate of import duty in fiscal 2022-23 was **15.09%**

Average protective tariff was **30.58%** in the fiscal 2022-23

CHANGES IN TARIFF RATES SINCE FY92

In percent
SOURCE: NATIONAL TARIFF POLICY 2023



Number of weak NBFIs on the rise

Higher NPLs to blame

MD MEHEDI HASAN

Fourteen non-bank financial institutions (NBFIs) out of a total of 35 were in the red zone last year as per the stress test report of the central bank.

This was an increase from 12 seen in 2021, according to the Bangladesh Bank Stability Report 2022.

Last year, seven NBFIs were in the yellow zone and 14 in the green zone.

The NBFIs that possess sound financial health belong to the green zone, while those with moderate health conditions are in the yellow zone and those with weak conditions are grouped in the red zone.

The BB said that 21 NBFIs would remain resilient under stress scenarios, but 14 are vulnerable to different types of credit risks mainly to a rise in non-performing loans (NPLs).

The report did not cite the name of the NBFIs.

Since 2020, the number of NBFIs in sound shape has continued to fall while the number of those with weaker health has kept rising.

The number of NBFIs with sound health was 18 in 2020 and it dropped to 16 in 2021 and 14 in 2022. On the other hand, the number of weak financial institutions was 13 in 2020 and 12 in 2021.

The BB report blamed the default of large borrowers for the spike in the NPLs.

The highest 19 percent of the loans and leases of NBFIs were concentrated in the power, gas, water and sanitary service sectors while 14 percent was in the garment sector and 11.44 percent in the textile sector.

14 non-banks were in the red zone in 2022, up from 12 in the previous year

In March, NPLs stood at Tk 17,855 crore in the NBFI sector, up more than 25 per cent from Tk 14,232 crore a year ago, BB data showed. The bad loans represented about a quarter of the total credits disbursed.

"The growing default loans are the main reason behind the weak situation of 14 NBFIs," said Md Golam Sarwar Bhuiyan, chairman of the Bangladesh Leasing and Finance Companies Association.

Borrowers enjoyed a deferral facility to pay back loans in 2020 and 2021 due to the Covid-19 pandemic. The withdrawal of the facility last year pushed up the volume of bad loans, he said.

READ MORE ON B2

Govt frames maiden tariff policy

Aims to liberalise rates to make firms competitive in post-LDC era

REJAUL KARIM BYRON *and* REFAYET ULLAH MIRDHA

Bangladesh has formulated its maiden tariff policy to improve the competitiveness of local companies in the international market as they brace for an increased competition after the country becomes a developing nation in 2026.

The commerce ministry published a gazette on the National Tariff Policy on August 10.

It aims to rationalise the import tariff structure as the country will not enjoy the preferential trade facility after it leaves the group of least-developed countries (LDCs).

Thanks to a high protection locally for a long time, domestic industries are reluctant to compete in the international markets and to be more competitive globally. Rather, they prefer to sell their goods in the domestic markets.

The rationalisation of tariffs will accelerate economic activities and generate more jobs while the government will gradually cut its dependency on import duties.

For instance, Bangladesh imported raw materials and intermediate goods worth $20 billion in FY22 from China to feed its local and export-oriented industries, yielding thousands of crores of taka in duty.

However, after the rationalisation of the tariffs, the government might not be able to collect such a huge amount of revenue in the form of import duties alone on Chinese raw materials and intermediate goods.

It is, however, expected that more goods will be imported at lower prices, allowing local entrepreneurs to add more value to their export-oriented items and be more competitive in the international market and paving the way for more economic activities and more revenues.

The National Tariff Policy aims to rationalise the import tariff structure as the country will not enjoy the preferential trade facility after it leaves the LDC club

Besides, if the tariffs are fixed in line with global rates, more foreign direct investments might flow into Bangladesh since the cost of production in the country would decline.

Over the past few decades, the government has raised the supplementary and protective duties to offset the fall in revenue collection and protect domestic industries from international competitors, the gazette notification said.

As a result, the efforts to make local firms competitive have been affected.

Mostafa Abid Khan, a former member of the Bangladesh Trade and Tariff Commission (BTTC), says one of the major objectives of the tariff policy is to resolve many complexities in import tariffs since some are enjoying more benefits while some are not.

"Moreover, a high tariff is no more viable to attract foreign investments and make domestic industries globally competitive."

He warns that if taking preparation does not begin now, it would be difficult to be ready for the post-LDC era.

Import tariffs, comprising customs and regulatory duties, account for 10 percent of the total tax revenue of the government.

Khan said it is possible to generate the same amount of revenue from the domestic market if economic activities accelerate and more jobs are created.

A national committee will periodically review industries and advise the government to protect them, if required.

The committee will also recommend measures in favour of infant industries so that they can thrive and contribute more to the economy, Khan added.

Senior Commerce Secretary Tapan Kanti Ghosh said Bangladesh has always imposed tariffs unilaterally, but retaining the same practice would be difficult following the LDC graduation.

Bangladesh is negotiating with major trading partners to sign bilateral trade agreements to retain the preferential trade facility after graduation. But in the high tariff regime, the countries may not agree to ink such deals.

READ MORE ON B3

CYBER THREAT

Some BB services may be unavailable for 36 hours

STAR BUSINESS REPORT

Some web-based services of the central bank would remain inaccessible from 8pm on Monday to 8am on Wednesday as it would carry out emergency system maintenance activities, said the Bangladesh Bank in a notice yesterday.

It gave no other details.

The central bank will remain closed today on the occasion of National Mourning Day.

A central banker, seeking anonymity, said that the suspension of the web-based services is linked to the alert in the government's Computer Incident Response Team has issued to banks, financial institutions and other organisations over possible cyber-attacks on August 15.

The alert was issued after hacker groups said on July 31 that they would launch a storm of cyberattacks against Bangladesh's cyberspace on the day.

Agent banking branching out even further

MD ASADUZ ZAMAN

Agent banking, which helps bring banking services to unbanked people, continues to gain ground in Bangladesh as the number of accounts, deposit collection and loan disbursement are on the rise.

The number of accounts opened through agent banking outlets rose 23 percent year-on-year, or 37.76 lakh, to 1.98 crore in June 2023, according to central bank data.

Of them, 1.71 crore are from rural areas and 26.85 lakh from urban areas. In comparison with June 2019, the number accounts increased by around 481 percent from 1.22 crore.

The overall deposit balance with agent banking stood at Tk 366,258 crore as of June this year, registering an increase of 18 percent year-on-year, Bangladesh Bank data shows.

The number of accounts opened through agent banking outlets rose 23 percent year-on-year, or 37.76 lakh, to 1.98 crore in June 2023, according to central bank data

Loan disbursement through the agent banking channel was Tk 854 crore that month, up 27 percent year-on-year.

Besides, migrant workers used the service to send home Tk 3,029 crore in June, up 33 percent from Tk 2,272 crore during the same month in 2022.

Similarly, the number of transactions rose 10 percent to about 2.13 crore in June compared to the same month the year before and transaction volume swelled by 24 percent to Tk 72,693 crore.

Meanwhile, the number of agents jumped 8 percent year-on-year to 15,510 while the total number of outlets reached 21,861 by the end of June, up 8 percent compared to the same month a year ago.

The number of accounts held by men advanced 22 percent to about 97 lakh and the number of accounts owned by women went up by a staggering 25 percent to around 98 lakh at the same time.

"Agent banking is a good model as people are using it with ease," said Md Arfan Ali, former managing director of Bank Asia, which pioneered the new banking model in the country in January 2014.

READ MORE ON B2

New FBCCI chief plans a world trade centre for Dhaka

STAR BUSINESS REPORT

Mahbubul Alam, the newly elected president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), has expressed his commitment to bolster trade and business in the country in the days ahead.

The outgoing board of directors led by former president Md Jashim Uddin, who held the position from 2021 to 2023, handed over the responsibilities to the new board at the FBCCI office in Dhaka yesterday.

"Our collective efforts will drive growth in the private sector. I urge for everyone's collaboration in this journey," Alam said after assuming office.

READ MORE ON B3

One of the handful of people who refuse to give up their traditional yet dying skill in operating handlooms. Though power looms have mostly taken over with their ability to produce fabric at a faster and cheaper rate, handloom fabrics are often softer in texture and more resilient. The photo was taken from Chattogram city's Panchlaish area recently. PHOTO: RAJIB RAIHAN

STOCKS

DSEX ▼	CASPI ▼
0.48%	0.35%
6,257.14	18,503.35

COMMODITIES

Gold ▲	Oil ▼
$1,914.32	$82.96
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.12%	▼ 1.27%	▼ 1.41%	▼ 0.34%
65,401.92	32,059.91	3,247.70	3,178.43

IIDFC to use Prime Bank's digital platform

STAR BUSINESS DESK

Prime Bank Ltd and the Industrial and Infrastructure Development Finance Company Ltd (IIDFC) recently signed an agreement on digital cash management solutions.

Shams Abdullah Muhaimin, deputy managing director of the bank, and Md Golam Sarwar Bhuiyan, managing director of the IIDFC, penned the deal at the latter's office in Motijheel, said a press release.

PrimePay, an omni digital platform of the bank, allows its clients to initiate and authorise the transactions electronically, which offers a cost-effective and time-efficient transactional service with greater transparency.

The IIDFC will use the digital channel "PrimePay" to initiate automated collections from their customers through direct debit instruction, which will be backed by a robust MIS reporting.

Senior officials of both the organisations were also present.

Shams Abdullah Muhaimin, deputy managing director of Prime Bank, and Md Golam Sarwar Bhuiyan, managing director of Industrial and Infrastructure Development Finance Company (IIDFC), exchange signed documents of an agreement on digital cash management solutions at the latter's office in Motijheel recently. PHOTO: PRIME BANK

StanChart wins Euromoney Awards

STAR BUSINESS DESK

Standard Chartered recently won the award "Best Bank in Bangladesh" by London-based Euromoney magazine at the Euromoney Awards for Excellence 2023 for launching inventive and impactful community projects, adopting a concentrated focus on accelerating zero carbon emissions and creating new opportunities for countless stakeholders.

This milestone victory is a recognition of the bank's long-standing push to embrace digitalisation and disruption – a strategy that has enabled Standard Chartered to stand at the forefront of financial innovation, said a press release.

In recent months, the multinational bank continued its pioneering streak with a number of 'firsts' for the country, including the transmission of the first end-to-end digital cross-border letter of credit, the completion of the first automated over-the-weekend loan disbursement, and the launch of new and original digital learning tools.

The bank's commitment to supporting Bangladesh's continued journey of prosperity saw the Bank secure over 25 major international awards in 2022.

"These awards, coupled with support from our valued stakeholders and well-wishers, inspire us to keep moving forward in the service of our nation," said Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh.

For more than 118 years, Standard Chartered has remained dedicated to driving commerce and development by investing in communities, expanding the reach and scale of services to promote greater inclusion, and by creating new opportunities for stakeholders.

Euromoney Magazine was launched in 1969 to cover the emergence of the international cross-border capital markets. Euromoney's Awards for Excellence were established in 1992 and were the first of their kind in the global banking industry.

They remain the worldwide gold standard in this regard and are determined by an editorial panel of judges following a three-month research and interview process.

Shah Rafayat Chowdhury, president of Footsteps Bangladesh, and Samia Chowdhury, chief executive officer of MTB Foundation, exchanged signed documents of an agreement at Mutual Trust Bank's corporate head office in Gulshan recently on creating access to safe water for coastal communities. PHOTO: MUTUAL TRUST BANK

MTB Foundation, Footsteps sign deal for safe water

STAR BUSINESS DESK

MTB Foundation recently signed an agreement with Footsteps Bangladesh, a Dhaka-based social enterprise, for a project styled "Building Community Water Point at Ayla Patakata, Barguna".

Shah Rafayat Chowdhury, president of the social enterprise, and Samia Chowdhury, chief executive officer of the foundation, inked the deal at Mutual Trust Bank's corporate head office in Gulshan, said a press release.

The partnership aims at catering to a large underprivileged segment of Ayla Patakata by resolving the region's long-standing safe water crisis through establishing a "community water point" and creating access to safe water from a single water source via efficient water extraction.

China property fears rattle stocks

REUTERS, *Sydney*

Shares slid on Monday as China's property woes amplified the case for stimulus even as Beijing seemed deaf to the calls, while rising Treasury yields lifted the dollar, which briefly poked its head above the closely watched 145 yen level.

There was plenty to be watching on the geopolitical front too, as Argentine voters punished the two main political forces in a primary election on Sunday, pushing a rock-singing libertarian outsider candidate into first place.

A day earlier, a Russian warship fired warning shots at a cargo ship in the southwestern Black Sea, heralding a new stage of the war that could impact oil and food prices. The Russian rouble on Monday softened past the psychologically key 100 per U.S. dollar threshold for the first time since March, with President Vladimir Putin's economic advisor blaming loose monetary policy.

MSCI's world index was down 0.2 percent, with most of the losses driven by Asian stocks. The main ex-Japan index was down 1.7 percent, after shedding 2 percent last week. Japan's Nikkei was off 1.3 percent.

Europe's broad STOXX 600 benchmark was flat, but the miner-heavy and China-exposed FTSE lagged, falling 0.2 percent.

"A crisis in the Chinese real estate sector is a story the market has heard before and not one which has typically come with a happy ending for stocks," said AJ Bell investment director Russ Mould.

Trouble in China's largest private property developer, Country Garden, could have a chilling effect on homebuyers and financial institutions.

The company's shares plunged 18 percent to a record low on Monday after its onshore bonds were suspended.

That was a fresh blow to policymakers trying to shore up confidence in a stuttering economy, aspirations that were not helped by weekend news two Chinese listed companies had not received payment on maturing investment products from Zhongrong International Trust Co.

Chinese blue chips fell 0.73 percent, on top of a 3.4 percent decline last week, amid disappointing economic news culminating in a dire report on new bank loans in July.

US share futures shrugged off the news however, rising 0.2 percent, following losses on Friday when surprisingly high readings on US producer prices tested market optimism that inflation would cool enough to avoid further rate hikes.

On this week's data docket are figures on US retail sales this week are forecast to show a 0.4 percent pick up in spending, with risks on the high side thanks in part to Amazon's Prime Day.

Such an outcome would challenge the market's benign outlook for rates, with futures implying a 70 percent chance the Federal Reserve is done hiking. The market also has more than 120 basis points of cuts priced in for next year starting from around March.

Minutes of the Fed's last meeting are due on Wednesday and could show members wanted to keep their options open on further hikes.

PRICES OF KEY ESSENTIALS IN DHAKA CITY

	PRICE (AUT 14, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 62-Tk 72	-0.74 ↓	-6.94 ↓
Coarse rice (kg)	Tk 48-Tk 50	0	-7.55 ↓
Loose flour (kg)	Tk 50-Tk 52	0	7.37 ↑
Lentil (kg)	Tk 90-Tk 100	0	-9.52 ↓
Soybean (litre)	Tk 155-Tk 160	-7.35 ↓	-7.62 ↓
Potato (kg)	Tk 36-Tk 40	-10.59 ↓	35.71 ↑
Onion (kg)	Tk 80-Tk 85	26.92 ↑	73.68 ↑
Egg (4 pcs)	Tk 53-Tk 55	12.5 ↑	2.86 ↑

SOURCE: TCB

Funds fret over fallout of Biden's China order

REUTERS

Fund managers are worried the Biden administration's move to restrict some outbound US investment to China will further fuel anti-Beijing sentiment in Washington and prompt more limitations.

The executive order regulates US investments in China in sensitive technologies. Investors, advisers and an administration official said it is tailored around national security and reflects months of consultations with industry and other stakeholders.

Even so, the order, while narrow in scope as expected, is unprecedented. It sets a new framework for outbound capital controls, making it easier to add areas to it in the future.

It is also spurring rhetoric in Washington. Some lawmakers are calling for more restrictions, with a congressional panel opening a probe into asset manager Blackrock and index provider MSCI over Chinese investments.

For US investors trying to navigate the geopolitics, the noise in Washington is making it hard to determine what they should be doing in China. The executive order along with anti-China moves by lawmakers and agencies means the overall policy is unclear and riddled with landmines.

China is making it harder for businesses, too. The uncertainty is likely to hit investment flows further and add to the urgency of contingency planning.

"The executive order in and of itself is establishing a framework for further action," said Anthony Rapa, co-chair of law firm Blank Rome's international trade practice group. "It will be very important to monitor how this executive order is being received in Congress."

An administration official said there were no immediate plans to add additional sectors or countries to the order.

A top executive at a major asset manager said the thinking in Washington is unresolved, torn between the urge to not do any business with China and the belief that trade is good.

This person, who requested anonymity because of the sensitivity of the situation, described the environment from business perspective as "a combination of confusion and fear," with policy debates expressed by "punching companies in the nose."

Take the case last week of letters excoriating Blackrock and MSCI from the Select Committee on the Chinese Communist Party.

The House committee, which does not write legislation but has subpoena power, takes issue with what are legal, passive investments in companies flagged across several government blacklists with different policy objectives. That's at odds with the Biden order, which contemplates excluding passive investments and focused only on national security. A former diplomat and an investor said the exclusion of passive investments in the executive order was an industry ask.

The executive order affects venture funds and private equity firms that invest in Chinese companies in semiconductors and microelectronics, quantum information technologies and artificial intelligence.

That's narrow enough for many fund managers to keep operating in China without any impact, top executives from two major firms with China business said. But if restrictions were to broaden it would be a different story.

Number of weak NBFIs

FROM PAGE B1

As of March, the highest defaulted loan of Tk 3,755 crore was held by International Leasing and Financial Services.

It was Tk 1,649 crore for FAS Finance, Tk 1,013 crore for Uttara Finance, Tk 907 crore for People's Leasing, Tk 967 crore for Phoenix Finance, Tk 886 crore for Fareast Finance, Tk 848 crore for Infrastructure Development Company Ltd, Tk 835 crore for First Finance, Tk 798 crore for Aviva Finance, and Tk 755 crore for Bangladesh Industrial Finance Company, according to central bank data.

A central bank inspection team in 2020 unearthed huge irregularities and scams at a dozen of NBFIs, including People's Leasing, International Leasing, Premier Leasing, Uttara Finance, and First Finance.

The NPLs of the NBFIs have increased in recent years, said a senior official of the central bank.

A lack of corporate governance has also worsened the condition of the NBFIs, said Bhuiyan, also the managing director of Industrial and Infrastructure Development Finance Company Ltd.

In Bangladesh, the NBFIs have long been facing an image crisis due to loan irregularities and scams in a few companies.

Another blow stems from the fund crisis as depositors' trust in the sector has taken a hit.

Muinul Islam, a former economics professor at the University of Chittagong, said the situation in the NBFI sector is worsening day by day.

"The situation will deteriorate further if the actual scenario is swept under the carpet by the sector. But they can't hide it for long."

Islam warns that the fragile state of the sector will not improve if the central bank does not take strict measures against the perpetrators responsible.

A reminder of regime shift

FROM PAGE B4

"The rating agencies are not looking at them in a systemic way. And the investors even less," said Moritz Kraemer, former head of sovereign ratings at S&P Global, now chief economist at German lender LBBW.

There is no shortage of research sounding alarm. Without cuts to age-related spending, median net government debt will rise to 101 percent of gross domestic product in advanced and 156 percent in emerging economies by 2060, S&P Global Ratings said in a study this year.

S&P said the assumption that governments would prioritise servicing debt over spending promises had rarely been tested at such high debt levels.

It expects policy steps that will make aging-related costs more manageable. Not taking them would see creditworthiness deteriorate and half the governments it rates would have metrics associated with junk credit ratings while even top-rated governments would lose the highest ratings, S&P said.

For the European Union and the euro area, where public pensions and healthcare play a major role, the European Commission and European Central Bank have also flagged costs related to ageing as a key risk to debt sustainability.

Japan is one major economy where financing costs remain low even as its debt exceeds 260 percent of GDP, and it has one of the world's oldest populations. But that reflects high domestic ownership of government debt and ultra-loose monetary policy - a hard act to follow with higher inflation.

On the environmental front, a study last week showed a failure to curb carbon emissions will raise debt-servicing costs for 59 nations within the next decade.

"These long-term risks may not possess a well-established historical precedent, making reliance solely on historical data for risk assessment a challenge," said Gael Fichan, head of fixed income at Swiss private bank Syz Group.

Agent banking branching out

FROM PAGE B1

There are two major reasons -- lack of formalities and rural entrepreneurship -- for intensifying agent banking in the rural areas, where access to personal banking services is helping women become entrepreneurs, he added.

Ali went on to say that agent banking will be sustained in the future despite the growth of digital banking.

"But when someone wants to conduct cash-in or cash out transactions, they have to go to physical outlets," he said.

"Bangladesh may need some time for full automation. So, agent banking will survive easily," he added.

He also said that when Bank Asia rolled out their agent banking service, two things were kept in mind: promoting entrepreneurship and taking banking services to the people's doorsteps.

The owners of outlets are also driven to render good service because their success would also depend on attracting customers and retaining them, Ali said.

The central bank introduced agent banking to provide a safe alternative delivery channel for banking services to the underprivileged, under-served population, who generally live in remote areas beyond the reach of the traditional banking network.

Bangladesh Bank has so far issued licences to 31 banks for operating agent banking activities, all of which are in operation.

Kremlin blames

FROM PAGE B4

that could spur the central bank into action ahead of its next scheduled interest rate decision on September 15.

"The main source of rouble weakening and accelerating inflation is soft monetary policy," Oreshkin wrote. "The central bank has all the tools to normalise the situation in the near future and ensure that lending rates are reduced to sustainable levels.

"A weak rouble complicates the economy's structural transformation and negatively affects the population's real incomes," he said. "It is in the interests of the Russian economy to have a strong rouble."

The Bank of Russia, which hiked rates by 100 basis points in July to 8.5 percent, has blamed the rouble's sharp slide this year on Russia's shrinking current account surplus - down 85 percent year-on-year in January-July. On Monday, the bank said it saw no financial stability risks from the rouble's weakening and gave another hawkish signal that a rate hike is possible soon.

The rouble has chartered a turbulent course since Russia invaded Ukraine, slumping to a record low of 120 against the dollar in March last year before recovering to a more than seven-year high a few months later, supported by capital controls and surging export revenues.

Before the war, the rouble traded at around 75 to the dollar.

"The weaker rouble is a damning indictment of Russia's war on Ukraine," Timothy Ash, a London-based senior sovereign strategist at BlueBay Asset Management, said in an email.

"It is being driven not only by lower energy receipts due to the loss of the bulk of the European gas business but also by the success of the G7 oil price cap, the much higher cost of imports due to sanctions and then continued capital flight."

Incessant rain for the past few days has led to waterlogging in various areas of Patuakhali. As a result, farmers are struggling to transplant their Aman paddy seedlings after already having endured a late start to the season due to drought.
PHOTO: SOHRAB HOSSAIN

Bangladesh needs proper policy for net zero by 2050

Experts tell Robi-CSR Window roundtable

STAR BUSINESS REPORT

As a growing economy that needs to adopt clean technology, Bangladesh requires coordinated efforts and proper policy support to achieve net zero by 2050, said experts yesterday.

"Achieving net zero also depends on the overall capacity of the country," said Shafiqul Alam, an energy analyst at the Institute for Energy Economics and Financial Analysis.

"So, Bangladesh needs to spearhead measures to ensure the availability of sufficient finance and international support is crucial here," he said.

He suggested that corporate companies focus on high mitigation targets as it can enhance business competitiveness, which Bangladesh can utilise to its advantage.

Alam was addressing a roundtable titled "Creating a Net Zero Smart Bangladesh" at Brac Center yesterday organised by mobile phone operator Robi Axiata Limited and CSR Window, a collaboration platform for social projects.

The roundtable sought to raise awareness on the need for pursuing the "Smart Bangladesh" vision on a net zero emission basis.

Net zero refers to the balance between the amount of greenhouse gases being produced and the amount being removed from the atmosphere. It can be achieved through a combination of emission reduction and removal.

To limit global temperature rise to 1.5 °C by 2100 according to the 2015 United Nations Paris agreement on climate change, emissions need to be net zero by 2050.

Alam recommended increasing renewable energy capacity to meet 40 percent of demand by 2041 and then spearhead measures for cleaning the energy system rapidly as well implementing waste to energy projects.

Enhancing energy efficiency both on the demand and supply sides is key alongside adopting a behavioural change to minimise wastage of energy and resources, technological shift in brick kilns, electric vehicles and mass transport, he said.

"Way forward for Bangladesh is to develop climate friendly programmes and explore climate finance options, enhance capacity to utilise more climate finance and check the viability of probable just energy transition fund projects," he added.

Unveiling Robi's Sustainability Report for 2022, Sharif Shah Jamal Raz, vice president of Robi's public affairs and sustainability, informed that Robi was currently working towards a net zero vision by 2050.

Net zero refers to the balance between the amount of greenhouse gases being produced and the amount being removed from the atmosphere

Robi will cut down its emission by 45 per cent within 2030, he said.

"As of now, Robi is powering around 13 percent of its network sites with solar energy. With a total of 2,127 solar powered network sites, total installed capacity increased by nearly 50 percent between 2020 and 2022," he said.

"This resulted in an almost 25 percent increase in solar power-based energy production. Besides relying on solar power, Robi is also aggressively pursuing tree plantation to offset its carbon emission," added Raz.

"We should not wait for 2050 as stipulated by United Nations, rather we should aim to achieve net zero target within 2041, when we will achieve our Smart Bangladesh vision," said Shyam Sunder Sikder, chairman of Bangladesh Telecommunication Regulatory Commission.

"We need the public and private sector to collaborate to deliver," he added.

Bangladesh needs to approach the net zero vision on a step-by-step basis, said Munira Sultana, chairman of the Sustainable and Renewable Energy Development Authority (Sreda).

"We have reduced electricity consumption at Sreda by more than 40 percent by taking simple measures," she said.

"Even a common person can be part of this drive by using the net metering policy which allows anyone to supply electricity to the national grid and adjust their total electricity consumption in the process," she said.

"We need to popularise this policy instrument to pave the way for a journey towards the net zero vision," said Sultana.

Half of banks yet to adopt Bangla QR

STAR BUSINESS REPORT

Just over half of banks have yet to start adopting Bangla QR in spite of instructions passed by Bangladesh Bank on boosting cashless transactions across the country by this year.

It was in January that the central bank launched Bangla QR, a uniform digital payment system aimed to significantly cut cash-based retail transactions.

A QR code is a barcode that stores information as a series of pixels in a square grid and can easily be read by smartphones.

The uniform digital payment method, Bangla QR, enables paying bills for goods and services through mobile banking applications, mobile financial service and payment service providers.

It is cost-effective, secured, and card-less and is expected to help promote digital transactions to a large extent in an economy that relies almost entirely on paper currencies and notes to function.

The uniform digital payment method, Bangla QR, enables paying bills for goods and services through mobile banking applications, mobile financial service and payment service providers.

Afterwards, 28 banks and five mobile financial services providers adopted Bangla QR code-based transactions, said a central bank document.

The remaining 33 are yet to follow suit.

Most do not have apps to offer services digitally, said a senior official of the central bank.

Against this backdrop, Bangladesh Bank held a meeting with head of card, alternative delivery channel and IT departments of those banks at the banking regulator's headquarters yesterday.

Md Sharafat Ullah Khan, the BB's payment system department director, presided over the meeting.

The central bank instructed the banks to fast adopt Bangla QR-based transactions as the regulator had set December as the deadline to boost digital transactions, said the commercial bank officials who attended the meeting.

They said the BB also asked to phase out cards that were not interoperable.

On launching Bangla QR, the BB had initiated a campaign to popularise the QR code in Dhaka city and four other districts -- Gazipur, Gopalganj, Natore and Rangpur.

The BB officials said the volume of transactions through Bangla QR was not satisfactory, which was why the BB had asked those banks to speed up their activities.

The central bank has set a goal to have at least 75 percent of retail transactions settled through digital technologies by 2027 to create a cashless society.

Weak yen gives Japan's automakers some relief

REUTERS, *Tokyo*

Japanese automakers are getting much-needed cover from an old standby, as the weaker yen helps prop up profits amid declining sales in China and the increasingly tough shift to electric vehicles.

Toyota, Honda and Nissan recently reported earnings that topped analyst estimates by 6 percent to 21 percent in the three months through June, and all cited the currency as a factor.

"If the yen stays low, they clearly benefit but it doesn't offset any other concerns," said Satoru Aoyama, senior director at Fitch Ratings Japan.

"They are struggling in the Chinese market," he said. "They just don't have an immediate solution" for their problems there, he added.

Nissan late last month upgraded its full-year operating profit forecast, raising it by 30 billion yen ($208 million) to 550 billion yen. About 20 billion yen of that came from the currency, CFO Stephen Ma told a briefing.

A weak yen has traditionally lifted profits for Japan's big exporters, although it is no longer as large a boon for automakers that have increased their overseas manufacturing in recent years.

Automakers' shares are quick to react to swings in the yen, although the companies themselves tend to stick to conservative forecasts for the currency.

India's wholesale price index falls

REUTERS, *New Delhi*

India's wholesale price index fell 1.36 percent year-on-year in July, but the decline was smaller than expected because of higher prices for food and some commodities.

Economists polled by Reuters had estimated the wholesale price index for July would fall 2.70 percent. It fell 4.12 percent in June.

In July, fuel and power prices fell 12.79 percent from a year earlier, compared with a fall of 12.63 percent in June, and prices of primary articles rose 7.57 percent versus a fall of 2.87 percent.

Food prices sharply rose 7.75 percent year-on-year, compared with a fall of 1.24 percent in June, and manufactured product prices fell 2.51 percent in July, against a 2.71 percent fall the previous month.

Inflation in Asia's third-largest economy has started to accelerate after showing signs of easing in the first few months of the year.

New FBCCI chief plans

FROM PAGE B1

"As of today, we stand united and will work together to foster economic growth and safeguard the private sector," he added.

Alam also shared his plan to set up a world trade centre in Dhaka in addition to several action plans of the new board for the coming days.

These plans include forming a 21-member advisory committee comprised of renowned economists and chartered accountants, fostering initiatives for a smart web portal bringing all chamber associations under the FBCCI, and hosting at least one standing committee meeting every three months.

Outgoing president Jashim Uddin said they dedicated the past two years to elevating the FBCCI to new levels.

"Our strategic policy initiatives have propelled the business community and the private sector forward. I believe the incoming board will maintain this momentum," he added.

A total of 80 directors were elected for the board of directors for the 2023-25 period, with 40 each from the chamber and association groups.

Also, one president, one senior vice-president, and six vice-presidents were elected as office bearers among the board of directors.

Md Amin Helaly, vice president of the Bangladesh Textbook Printing and Marketing Association, took charge as senior vice-president of the new board.

Khairul Huda Chopol, president of the Sunamganj Chamber of Commerce and Industry, Mohammad Anwar Sadat Sarker, president of the Gazipur Chamber of Commerce and Industry, and Joshoda Jibon Deb Nath, president of the Bangladesh Chamber of Industry, took over as vice presidents from the chamber group.

Shomi Kaiser, president of the E-Commerce Association of Bangladesh, Rashadul Hossain Chowdhury (Ronni), president of the Meiji Association of Bangladesh, and Md Munir Hossain, president of the Exporters Association of Bangladesh, took charge as vice presidents from the association group.

Govt frames

FROM PAGE B1

"Tariff rationalisation will indicate that the country is maintaining the standard set by the World Trade Organisation," Ghosh said.

Tariff rationalisation, however, does not mean that all tariffs will be made zero.

In some cases, tariff rates will be reduced while in other areas, the government will protect local industries by maintaining a sensitive list.

This means many domestic industries under the sensitive list or negative list will enjoy protection, the senior secretary said, adding that infant industries will get protection for certain years.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said tariff rationalisation has long been overdue.

The protective rate of Bangladesh is more than 30 percent whereas it is less than 9 percent in India and 4.7 percent in the Association of South East Asian Nations.

So, other countries will not feel encouraged to sign free trade deals with Bangladesh, said Mansur. If Bangladesh wants to sign Comprehensive Economic Partnership Agreement, it will have to reduce the tariff rate.

"If Bangladesh wants to enjoy market access in other countries, we will have to offer the same level of market access to others after the LDC graduation," added Mansur.

A vendor sells a Thai variety of guava for Tk 120 per kilogramme in the capital's Dhanmondi Road 32. The Thai variety accounted for about 70 percent of the 430,000 tonnes of guava grown on more than 88,938 hectares of land across the country in fiscal year 2021-22, according to the Department of Agricultural Extension. Overall, guava production has increased 34 percent from that seven years ago. The photo was taken recently.

PHOTO: FIROZ AHMED

Claim settlement by non-life insurers dipped in 2022

SUKANTA HALDER

The claim settlement ratio of non-life insurance companies in Bangladesh slipped in 2022 due a liquidity crisis, reduced investment and lower returns on investment, according to industry people.

As per the latest Bangladesh Bank Financial Stability Report, the claim settlement ratio of non-life insurers stood at 33.44 percent last year, down 5.87 percent from 2021.

Industry people say the lack of obligatory vehicle insurance and inability of many insurers to pay their customers' claims are behind the decreased claim settlement ratio.

Similarly, claim settlement in the life insurance sector stood at 67 percent in 2022, as per data of the Insurance Development and Regulatory Authority (IDRA).

SM Azizul Hossain, chief executive officer of Peoples Insurance Company Ltd, said claims were lower in 2022 than in 2021, which is why the claim settlement ratio is low.

"Mainly claims are car-centric but at present, the car business in the country is not very good," he said, citing how 80 per cent of their total claims are for vehicle insurance while claims against import and fire insurance are low.

The vehicle insurance business is passing through hard times as people are not interested in insuring automobiles in absence of legal obligation as well as a lack of trust in insurers and promotional activities.

In the past, insurance was mandatory for all types of vehicles, such as motorcycles, cars, buses and trucks. The government abolished the system in 2018, taking a toll on the insurance business.

Tariqur Rahman, a consultant of Green Delta Insurance, said the number of car accidents in the country has decreased, due to which claim settlement in the sector has also decreased.

Industry people say the lack of obligatory vehicle insurance and inability of many insurers to pay their customers' claims are behind the decreased claim settlement ratio

Another reason for the reduced claim settlement ratio is that the premium income of many companies may have decreased in 2022 compared to 2021, said Rezaul Karim, adviser of Pragati Insurance Limited.

Sheikh Kabir Hossain, president of the Bangladesh Insurance Association (BIA), said several companies are currently unable to settle claims due to bad investments and non-compliance.

"Some companies have gone sick. They are unable to settle claims timely," he added.

Hossain, also chairman of Sonar Bangla Insurance, informed that the IDRA and BIA are working on how to increase the claim settlement ratio.

As per the Bangladesh Bank report, return on investments in the non-life insurance sector decreased to 5.65 percent in 2022 compared to the previous year's 7.66 percent, resulting in an overall decrease in profitability.

Likewise, the investment to total assets ratio decreased slightly to 47.40 percent from 48.74 percent in 2021.

It also said the risk retention rate of the non-life insurance sector increased to 55.10 percent in 2022 from 49.77 percent the preceding year, indicating lower risk sharing among insurance companies.

However, the management expense ratio of non-life insurance companies decreased to 42.24 percent in the review year from 46.45 percent in 2021, the central bank added in its report.

Professor Md Main Uddin, a former chairman of the Department of Banking and Insurance at the University of Dhaka, said the liquidity crisis and lower returns on investment were to blame for the reduced claim settlement ratio.

"After analysing the data of the financial stability report, it seems many companies did not have willingness to settle claims despite having the ability. This is dishonesty," he said.

"This is because the reduction in management costs means that the company's revenue has increased. So, here's where the IDRA fails," he added.

India's trade deficit stood at $20b in July

REUTERS, *New Delhi*

India's merchandise trade deficit in July stood at $20.67 billion, according to a Reuters calculation based on export and import data released by the government on Monday.

Economists expected a July trade deficit of $21 billion, according to a Reuters poll.

Merchandise exports stood at $32.25 billion, while imports were $52.92 billion in July, the government data showed. The previous month, merchandise exports were $32.97 billion, while imports stood at $53.10 billion.

Russia emerged as the second-biggest goods seller to India in April-July, with exports doubling to $20.45 billion during the period from $10.42 billion during the same period last year, data showed.

India has been gorging on Russian oil since the West imposed sanctions on Moscow for its invasion of Ukraine, helping it climb from the position of 18th biggest supplier of goods to India before the war.

China remained the biggest supplier of goods to India even with imports falling to $32.70 billion from $34.55 billion.

Services exports in July were $27.17 billion, while imports were $14.85 billion. In June, services exports were $27.12 billion and imports were $15.88 billion.

For the April-July period, services and merchandise exports fell about 6 percent year-on-year to $244.15 billion, while imports fell 11 percent to $272.41 billion.

Dhaka, Ctg stocks bleed amid sell-offs

STAR BUSINESS REPORT

The key indices of the stock markets of Bangladesh witnessed a significant drop yesterday owing to massive sell-offs by general investors.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), slid 30 points, or 0.48 percent, to close at 6,257.

The DS30, the blue-chip index, decreased 0.65 percent to 2,124 while the DSES, the Shariah-compliant index, went down 0.45 percent to 1,357.

Turnover, a key indicator of the market, edged down 2.82 percent to Tk 413 crore.

Top officials of several stock market intermediaries said investors are worried that political tension linked with the upcoming national elections may worsen. As a result, they were in a selling mood.

Another factor behind investors' worries has been the impasse created in the market by the floor price, said a broker, adding that if it continues, funds may remain stuck for a long time.

"Investors are concerned that if the floor price is lifted, it may cause the index to plummet."

The Bangladesh Securities and Exchange Commission set the floor price of every stock to halt their free fall amid global economic uncertainties brought on by the dragging coronavirus pandemic and the Russia-Ukraine war.

The floor price, the lowest price at which a share can be sold, was lifted for 169 companies in December before being reintroduced again in March this year as economic uncertainty deepened.

Of the securities that traded on the DSE yesterday, 19 advanced, 148 declined and 223 did not show any price movement.

Central Pharmaceuticals Ltd posted the highest gain with an increase of 2.6 percent.

Nitol Insurance, Navana CNG, Far Chemical Industries, and Janata Insurance were among the top gainers.

Khan Brothers PP Woven Bag Industries was the sharpest loser, shedding 8.7 percent.

Sea Pearl Beach Resort & Spa, Fu Wang Food, Shyampur Sugar Mills, Monno Agro & General Machinery were also on the list of significant losers.

Fu Wang Food was the most-traded stock on the day with its issues worth Tk 23 crore changing hands.

Sonali Paper & Board Mills, Gemini Sea Food, LafargeHolcim Bangladesh, and Square Pharmaceuticals registered significant turnover as well.

UK employers plan 5% pay hike

REUTERS, *London*

British employers expect to raise pay by 5 percent over the coming year and are increasingly making counteroffers to keep staff who are tempted by higher wages from rival firms, according to a survey which added to signs of inflationary heat in the job market.

The Chartered Institute of Personnel and Development (CIPD) said human resources executives expected to increase basic pay rates by a median 5 percent - unchanged from the previous two quarters and the joint-highest readings since the survey started in 2012.

Pay expectations in the public sector rose to 4 percent, the highest recorded by the CIPD, from 3.3 percent.

The survey of 2,000 employers took place between June 9 and July 5, before Prime Minister Rishi Sunak offered a pay rise of more than 6 percent to teachers, doctors and other public-sector workers.

Private-sector wage growth expectations of 5 percent found by the CIPD were in line with those in a recent Bank of England survey of businesses.

US LOSS OF AAA BADGE

A reminder of regime shift for govt debt

REUTERS

Financial markets barely flinched when Fitch stripped the United States of its top credit rating, but it served as a reminder of longer-term structural risks investors in government bonds are yet to grasp.

The immediate focus in the aftermath of the Aug. 1 downgrade has been on US governance, but Fitch Ratings also flagged higher rates driving up debt service costs, an aging population and rising healthcare spending, echoing challenges that reverberate globally.

David Katimbo-Mugwanya, head of fixed income at EdenTree Investment Management, a 3.7 billion-pound ($4.71 billion) charity-owned investor, said with the move highlighting reflecting elevated debt levels at a time when interest rates will likely remain high, debt sustainability was back in focus.

"I think it really brings home that shift being a regime shift rather than a cyclical one," Katimbo-Mugwanya said.

Pressures investors will eventually face include ageing populations, climate change and geopolitical tensions.

Such risks are making some investors, including hedge fund manager Bill Ackman, bet on rising longer-term borrowing costs. Yet many investors say factors at play are too complex and their impact too far out to influence their investment decisions.

READ MORE ON B2

The photo taken yesterday shows buildings of China's developer Country Garden Holdings in Zhengzhou, in China's central Henan province. Concerns are mounting in China around Country Garden, a major property developer whose colossal debt raises fear of a bankruptcy that could spell wider economic turbulence, two years after the unravelling of its competitor Evergrande.

PHOTO: AFP

ROUBLE'S SLIDE

Kremlin blames loose monetary policy

REUTERS, *Moscow*

President Vladimir Putin's economic adviser rebuked the central bank on Monday as the rouble slid past 101 per US dollar, blaming its 30 percent year-to-date slump on loose monetary policy and revealing growing discord among Russia's monetary authorities.

The rouble, which has lost around a quarter of its value against the dollar since Putin sent troops into Ukraine in February 2022, hit 101.04 per US dollar, its weakest point in almost 17 months.

As the rouble tumbled, Putin's economic adviser Maxim Oreshkin said in an op-ed for the TASS news agency that the Kremlin wanted a strong rouble and expected a normalisation shortly, an intervention

READ MORE ON B2