Fed may need to raise interest rates further **Powell says**

REUTERS

The Federal Reserve may need to raise interest rates further to cool still-toohigh inflation, Fed Chair Jerome Powell said on Friday, promising to move with care at upcoming meetings as he noted both progresses on easing price pressures as well as risks from the surprising strength of the US economy.

will proceed carefully as we decide whether to tighten further or, instead, to hold the policy rate constant and await further data," Powell said. "It is the Fed's job to bring inflation down to our 2 percent goal, and we will do so.'

The Fed has raised rates by 5.25 percentage points since March 2022.



Improving waste management while also increasing consumer awareness on the post-use environmental impact of plastics could help bring the industry into a circular model, experts say.

Infrastructure needed for plastic circularity

Speakers say at seminar

STAR BUSINESS REPORT

Bangladesh needs to establish the required infrastructure to efficiently collect, store and recycle plastic products in order to achieve circularity in the industry, speakers said at a seminar.

Numerous economies are working towards circularity in the plastics industry so that products made from the synthetic material can be reused, recycled or refurbished, thereby ensuring lower pollution.

As such, improving waste management while also increasing consumer awareness on the post-use environmental impact of plastics could help bring the industry into a circular model, they said.

These comments came at a seminar, styled "Innovation for Plastic Circularity", organised by Unilever Bangladesh Limitedand the Bangladesh Plastic Goods Manufacturers and Exporters Association

The event was held at the Radisson Blu Water Garden Hotel in Dhaka yesterday.

"At the policy level, it would be possible to prepare an action plan for reducing plastic pollution if all stakeholders protecting the environment at the same that a major portion is still wasted.

are involved in the planning process," said Zaved Akhtar, CEO of Unilever Bangladesh.

He then pointed out that Singapore has been able to reduce, regulate and increase its overall plastic recycling by creating the Plastic Packaging Council to control plastic use and pollution in the country.

"Since plastic is a recyclable material, our priority should be to establish circularity through design innovation," Akhtar added.

Bangladesh's annual per capita plastic consumption in urban areas rose from 3 kilogrammes (kgs) in 2005 to 9 kgs in

The rate is particularly high in Dhaka, where each individual consumes roughly 24 kgs of plastic materials each year.

And although plastic products have their benefits, the mismanagement of plastic waste is increasing environmental The domestic market for plastics

was worth \$4 billion in fiscal 2022-23, registering growth of about 20 percent year-on-year, as per BPGMEA data.

we want rapid development while

time, which is difficult," said Planning Minister MA Mannan, adding that it falls on the government to balance these two

Amin Helaly, senior vice president of the Federation of Bangladesh Chambers

> Numerous economies are working towards circularity in the plastics industry so that products made from the synthetic material can be reused, recycled or refurbished

of Commerce and Industry, said there is no alternative to the use of plastic.

"The more we get into industrial growth and urbanisation, the more significant plastic use becomes for manufacturing and production. But uncontrolled plastic wastage is harming the environment tremendously," he said.

At present, just 40 percent of the olastics used are being recycled, meaning

"So, innovative ideas are needed to decrease this percentage," Helaly said.

"There are a vast number of industries that are not maintaining proper recycling or reusing of plastic, which is causing pollution and a number of health issues,' he added.

Shamim Ahmed, president of the BPGMEA, said the rate of plastic consumption is increasing every year.

"So, if this problem is not solved now, the future will not be good," he added.

Sheikh Muhammad Tauhidul Islam, CEO of the Chattogram City Corporation, said plastic waste management is becoming more challenging every day.

"If the common people are not aware, the situation will only get worse," Islam added.

Saber Hossain Chowdhury, chairman of the parliamentary standing committee on the environment, forest and climate change, said a visionary policy is needed for circularity in the plastics industry.

"This is a big challenge for the government," he added, citing how another issue is that there are many laws in place for preventing plastic waste, but not many of them are being implemented.

Indian farmers ramp up rice acreage

REUTERS, New Delhi

Indian farmers have planted 38.4 million hectares (94.8 million acres) with rice, up 4.3 percent on the same period last year, farm ministry data showed on Friday, as a revival in July monsoon rains and higher prices encouraged growers to boost

Higher rice planting could alleviate supply concerns in the world's second biggest producer of the grain.

Last month, India surprised buyers by imposing a ban on the export of widely consumed nonbasmati white rice, following a ban on broken rice exports last year.

New Delhi's decision to ban overseas shipments of its largest rice export category would be likely to roughly halve shipments by the world's largest exporter of the grain.

Millions of India's growers start planting summer crops such as rice, corn, cotton, soybeans, sugarcane and peanuts from June 1, when monsoon rains typically begin lashing India. The monsoon is critical as nearly half of India's farmland lacks irrigation.

For June and July together, India's monsoon rains were 5 percent above average, falling 10 percent below normal in June but rebounding to 13 percent above average in July.

But summer rains turned patchy again this month, dragging down overall monsoon rains to 7 percent below average since the season began on June 1. The weather office defines average, or normal, rainfall as between 96 percent and 104 percent of a 50-year average of 87 cm (35 inches) for the four-month season.

Russia may raise fish, seafood exports to China

REUTERS, Moscow/Tokyo

Russia hopes to increase its marine product exports to China in the wake of China's ban on Japanese seafood imports after the release of treated radioactive water from the wrecked Fukushima nuclear power plant into the sea.

Russia is one of the biggest marine product suppliers to China, with 894 Russian companies allowed to export seafood, Rosselkhoznadzor, the Russian food safety watchdog, said in July.

In a statement late on Friday, Rosselkhoznadzor said it was seeking to increase the number of

"The Chinese market in general is promising for Russian fish products. We hope to increase the number of certified Russian companies and ships, the volume of products and its range," the Rosselkhoznadzor statement said.

To aid that effort, Rosselkhoznadzor plans to continue dialogue with China on seafood safety issues and finish negotiations with China on regulations for Russian marine products supply to the country, the statement said.

16 non-banks weighed down

issues, so their choice of lending is not faring well, said Khan, also a former managing director of IDLC Finance Limited.

There is a lack of senior officials in the NBFIs to assess and monitor credit. Without proper risk management, a lender's NPL ratio cannot be kept within the safe zone, he said.

The capital in some of the NBFIs is low compared to their NPLs, which is a matter of serious concern," said Khan, also a former chairman of the Bangladesh Leasing and Finance Companies Association (BLFCA).

He recommended that some of the NBFIs which were staging a poor performance be merged with the big NBFIs so that those could be aptly run at low operational costs.

Due to the high NPL ratio, 25 percent of loans of the NBFI sector has become classified.

The sector's outstanding loans stood at Tk 71,250 crore while classified loans Tk 17,840 crore,

according to Bangladesh Bank. The NPL ratio skyrocketed as the previous board of directors and management failed to perform properly, reasoned Md Mashiur Rahman, managing director of the International Leasing and Financial

Services Limited. "There was theft of funds," he said, adding that now a restructured board was trying to revive the company but

Digital banks should aim

none wanted to provide funds.

"As a result, we are trying to include the big depositors, lenders of the NBFIs, especially banks, who lent funds earlier...If they join the board, people's confidence might be regained," he said. Until the confidence returns, the

company will not be able to properly be up and running, Rahman added.

The NPL situation is comparatively better in the banking sector, although it is the second highest in South Asia after Sri Lanka.

In the banking sector, NPLs stood at Tk 131,621 crore as of March 31, accounting for 8.8 per cent of the banking system's outstanding loans of Tk 14,96,346 crore. Even amidst all the adversities, some NBFIs are still managing to do good business.

The NPL ratio in seven NBFIs remains below 5 percent. They are Strategic Finance & Investments Limited, Alliance Finance Limited, DBH Finance PLC, Agrani SME Financing Company Limited, United Finance Limited, IDLC Finance Limited and IPDC Finance Limited.

Although the NBFI sector is passing a tough period, some companies are doing well in keeping the NPL ratio low, mainly due to good governance, said Md Kyser Hamid, managing director and CEO of Bangladesh Finance.

Most loans turn into nonperforming ones when the lender

does not adopt good governance in lending, he said.

It is true that some borrowers really face problems and it is a part of the business. But, the NPL ratio rose to a high level due to wilful defaulters working in connivance with board and management team members, he added.

BD Finance's NPL ratio was 7.32 percent. As the spread in the NBFI sector has shrunk and income from the stock market slumped, profits have been squeezed, Hamid said.

The gap between borrowing and lending rates came down to 0.27 percent in June while it was at an average of 0.75 percent throughout the first six months of the year, as per Bangladesh Bank.

On top of that, liquidity pressure in the money market also impacted the growth of assets of the NBFIs, added Hamid, who is also vice-chairman of

In June, surplus liquidity in the banking sector stood at Tk 166,200 crore, down from Tk 203,435 crore a year ago, shows the central bank data.

IDLC Finance Limited is the largest NBFI in Bangladesh with outstanding loans amounting to Tk 10,851 crore, followed by Infrastructure Development Company Ltd (Tk 7,877 crore), IPDC Finance Limited (Tk 6,846 crore), LankaBangla Finance Limited (Tk 6,091 crore) and DBH Finance PLC (Tk 4,419 crore).

GM cotton cultivation

Bangladesh joined the list of the hectare of land, which is 15 percent GM-crop cultivating nations in 2014 introducing Bt brinjal, the first GM food crop in South Asia.

This is the second GM plant to be introduced in the country.

The CDB official said it is preparing 168 demonstration plots on 168 acres area in 13 zones namely Chuadanga, Jashore, Kushtia districts in the southwest and western region, Rangpur, Bogura and Rajshahi districts in the north, Dhaka, Mymensingh districts along with hilly districts - Khagrachari, Bandarban, and Rangamati — in the Chattogram region.

Sowing of cotton begins in July-August period and it is harvested in December-January period of a year.

"We saw better performance of these varieties in Jashore and Bandarban areas during field trial,"

to 20 percent higher than the local variety, while the production cost is 12 percent to 15 percent lower, according to the CDB.

The CDB executive director said the genetically modified varieties of cotton are resistant to bollworm and thus increases yield as the insect industries for the production of cannot damage the crop.

The biotech varieties are grown in various countries and GM cotton accounts for 79 percent of total cotton grown in the world, he added.

India began cultivation of GM cotton in 2002 and Pakistan in 2005. China has been using biotech varieties since 1997, he added.

The CDB chief said Bangladesh produced 200,000 bales of cotton last year and in order to increase promote cultivation of genetically modified cotton on fallow land and in The average yield of Bt cotton is areas where cropping intensity is low.

"We want to increase domestic production to 15 lakh bales by 2030 to meet one-fifth of our local requirements," he said.

Some 16 lakh bales of cotton are required in Bangladesh for its domestic consumption and 85 lakh bales are currently required by the country's spinning and weaving yarn and fabrics for export-oriented garment factories, according to a press statement by the agriculture ministry issued last week.

Bangladesh annually imports around Tk 33,000 crore worth of cotton from different countries, including India, Pakistan, Brazil, Australia, Argentina and some South African and central Asian countries, according to the statement.

The CDB top official said domestic production, it plans to Bangladesh saved \$70 million of import cost thanks to the local production of 200,000 bales of

NBFIs with lower bad loans

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Furthermore, seven of these 11 NBFIs registered NPL ratios of less than 5 percent.

For example, Strategic Finance showed that its NPL ratio is currently zero. However, it should be mentioned that this is expected given that the company was only just incorporated in 2020. Of the older NBFIs, the NPL ratio of Alliance Finance PLC (previously known as Lankan Alliance) and DBH Finance stood at 0.2 percent and 0.88 percent respectively, according to Bangladesh Bank data.

Alliance Finance's loan portfolio amounted to Tk 362 crore while that of DBH Finance stood at Tk 4,419 crore by the end of March.

Meanwhile, Agrani SME Financing Company registered an NPL ratio of 3.1 percent while that of United policy, industry issues, natural central bank data shows.

Similarly, IDLC Finance and IPDC Finance saw NPL ratios of 4.46 percent and 4.73 percent respectively.

"The main attribute for ensuring lower NPL ratio is good borrower selection, proper risk management and rigorous monitoring," said Kanti Kumar Saha, vice chairman of the Bangladesh Leasing and Finance Companies Association.

"This is possible only when the best management practices are being followed as if an NBFI can select good borrowers, its recovery will also be better," he added.

Saha then explained that it is expected for a portion of a lender's loan portfolio to become temporarily "toxic" or "bad" for various reasons, such as sudden changes to the fiscal

calamities and so on.

"But that does not mean the NPL ratio can be allowed to go beyond an acceptable level. Even developed markets are no exception to this but keep their NPL ratio at a lower level through prudent risk management,'

"So, the capability of an NBFIs' risk management team is important here. If they cannot assess and identify the risks of the borrower, the NPL ratio will go up," Saha added.

The Saudi Bangladesh Industrial Agricultural Investment Company registered an NPL ratio of 6.3 percent as of this March while it was 6.9 percent in National Housing.

Likewise, the NPL ratio was 7.3 percent in BD Finance and 8.3 percent in LankaBangla Finance,

"There is an average of 12 million transactions carried out through bKash daily. Of it, 8 million transactions are settlements, such as mobile recharges and utility bill payments," he said. "So, I think the digital adoption

rate in Bangladesh is good in general," Quadir added. Quadir said digital lending,

introduced by City Bank with partnership with bKash, has seen a tremendous response from customers.

About 3 lakh people have taken

far, and the rate of non-performing loans stands at just 1 percent, he

AKM Fahim Mashroor, CEO of bdjobs.com, said amid the rise of digital services, financial crimes and scams are also seeing significant growth.

Highlighting the success of fintech products in Bangladesh, Fahim Ahmed, CEO of Pathao, said Bangladeshi consumers took Pathao's option to "Buy Now, Pay Later" very positively.

"So, we have demonstrated our

funds amounting to Tk 400 crore so ability to harness data and analytics to unlock flexible spending for our customers," he added. Ahmed also said that with a digital

bank license, Pathao is uniquely positioned to expand financial access for the digital native youth and techenabled small businesses in the country The Bangladesh Fintech Forum hosted the "Mastercard Presents

4th Bangladesh Fintech Summit", powered by bKash in association with . Mutual Trust Bank Limited, Upay, BASIS and The Daily Star.

Finance was 4.3 percent.