ICCB suggests interim govt adopt six reforms

STAR BUSINESS REPORT

The International Chamber of Commerce Bangladesh (ICCB) has come up with six recommendations for the interim government to bring about reforms in the country's banking, tax, trade and business activities.

ICCB President Mahbubur Rahman provided the proposals to Finance Adviser Salehuddin Ahmed at his office in the Sher-e-Bangla Nagar area of Dhaka on Tuesday.

One suggestion is for bringing about significant reforms in the banking sector, including ensuring full autonomy of Bangladesh Bank and formulating a plan for the reduction of non-performing loans (NPLs), says an ICCB press release.

Strict punitive measures must be taken against wilful defaulters and efforts should be put in to recover money illegally taken out of the country and to prevent a single person or business from securing ownership at multiple banks, as per another advice.

One suggestion is bringing about significant reforms in the banking sector, including ensuring full autonomy of Bangladesh Bank

One recommendation is for bringing about reforms in the National Board of Revenue through the establishment of two separate wings -- one for policymaking and another for tax, customs duty and VAT collections.

The ICCB also suggested expanding the tax net, enabling online submission of income tax returns and fully digitalising the taxation process.

One advice was for updating commercial laws to fully digitalise processes for engaging in international trade, such as issuance of invoices and signing of contracts, to reduce the scope for fraudulence and money laundering.

Regarding the energy sector, the ICCB proposed ensuring reliability in power supplies for industries.

It also suggested strengthening the Bangladesh Petroleum Exploration and Production Company by enhancing its capacity for the exploration of new gas reserves, which would subsequently reduce the need for costly LNG and LPG imports.

PHOTO: STAR/FILE

Bangladesh Bank has set a target to disburse Tk 38,000 crore in loans for agricultural and rural development in fiscal year 2024-25.

Put yourself in farmers' shoes

BB governor tells banks dealing with agri borrowers in difficulties

STAR BUSINESS REPORT

Bangladesh Bank Governor Ahsan H Mansur yesterday urged banks to be compassionate, humane and empathetic when dealing with farmers who fail to repay loans for genuine and understandable difficulties.

"...to understand the situation farmers are in, put yourself in their shoes," he said, quoting a former official of International Monetary Fund (IMF).

"If we look at the situation from the farmer's angle, we will automatically behave humanely," he added.

He was responding to a journalist citing instances of farmers being harassed by being handcuffed and tied with a rope around the waist when being taken to court for failing to repay loans of Tk 5,000 to Tk 1,000.

Meanwhile, people defaulting on substantial amounts of loans are going scot-free, said the journalist.

"Borrowers should be viewed through the humanitarian lens. Because anyone can fall in difficulties at any time irrespective of whether they are big or small (in terms of wealth and influence). So, the humanitarian aspect is very important," said Mansur.

There could be cases where a farmer's death or any other difficulty was causing suffering for his family due to his loans, he said.

"Will it be useful by harassing the family members by putting rope around their waist?" he asked.

Borrowers can default on loans for a variety of reasons and strict enforcement of the law may not always be reasonable, he said.

Loans which farmers are genuinely unable to repay should be written off instead of being kept in the records for years, said Mansur.

"I would say that the matter should be resolved humanely on getting to know about the genuine reason," he said.

Mansur further said farmers often end up requiring assistance when intending to avail loans and this is where they fall victim to harassment from "brokers".

So, banks should ensure that they reach the loans directly to the farmers, he said.

"We will conduct a study on whether the brokers are getting the loans or the farmers to understand the ground realty. Then, we will take steps accordingly. The brokers will be dealt with an iron fist if necessary," he said.

The interaction took place at the central bank, which announced the Agricultural and Rural Credit Policy for FY25, by setting a target for disbursing Tk 38,000 crore in loans for agricultural and rural development in fiscal year 2024-25.

The target is 8.57 percent higher than that of the previous year.

Banks disbursed Tk 37,154 crore in agricultural and rural loans against a target of Tk 35,000 crore last fiscal year, meaning they exceeded the target by 6.15 percent.

Of the loan target set for the ongoing fiscal year, the state-owned commercial and specialised banks have been tasked with disbursing Tk 12,615 crore while private and foreign commercial banks Tk 25,385 crore.

A bank must use its own networks, such as branches, sub-branches and agent banking, contract farming or any other relevant linkage to achieve at least 50 percent of its credit disbursement targets.

The rest can be disbursed through its partnerships with other lenders.

Moreover, 60 percent loans should go to the crop sector, 13 percent fisheries and 15 percent livestock.

Managing directors of various banks and officials of Bangladesh Bank were present on the occasion.

Navigating Bangladesh's crossroads

MAHTAB UDDIN AHMED

Human nature has an innate tendency to escalate demands once an initial concession is made, and thus, the saying goes "If you let someone sit, he wants to eat; if you let him eat, he wants to sleep". This adage holds significant relevance to the recent events in the political arena in Bangladesh after August 5. While the appointment of an interim government led by the esteemed Professor Muhammad Yunus has sparked a wave of public optimism, it has also encouraged certain groups within society to push for their own interests, with the potential to destabilising the government and, in the process, jeopardising the collective dream of a better Bangladesh.

At present, Bangladesh is undoubtedly at a critical juncture. The political corruption, financial irregularities, nepotism and all possible governance irregularities of the past 15 years have eroded public trust in the government. The interim government has been swift in making crucial changes, appointing competent individuals with a clean image to key positions in the government, earning widespread approval, as it signals a move towards transparency and accountability.

However, the road ahead is marred with potholes, as the country is wrestling with countless crises left behind by a corrupt despot: a struggling banking sector, a volatile capital market, dwindling foreign exchange reserves, rising inflation, and an ongoing energy crisis. Additionally, low foreign direct investment (FDI) as a result of the high cost and struggles of doing business in Bangladesh, rampant corruption, strained relations with neighbouring countries, and natural disasters like unexpected floods further complicate the situation.

It is imperative to know who is backing these impatient factions surfacing with all kinds of demands now after remaining silent for decades and playing no role in the student-led movement. In my recent article, "Beneficiaries in a Crisis", I highlighted these issues, foreseeing their advent. There are various theories suggesting a third force backing this group. It is crucial for the government to remain hawk-eyed and ensure that these opportunists do not jeopardise the hard-earned freedom of the people.

When the right people unite for a good cause, as in the case of the interim government, any challenge can transform into opportunities.

Now, the question is how the interim government can work together with citizens to navigate these challenges. The answer lies in learning from countries that have faced similar situations and adopting best practices that have proven effective. While each nation's context is unique, valuable lessons can still be drawn from their experiences.

South Korea's shift from dictatorship to democracy in the late 1980s highlights the role of an interim government in ensuring transparency and engaging civil society. Establishing independent bodies, like an anti-corruption agency, restored trust and stabilised the economy—an approach our interim government can adopt for key sectors like banking, energy and judiciary.

Tunisia's post-Arab Spring transition emphasised dialogue and inclusivity, uniting political factions and civil society to draft a widely supported constitution. This approach prevented polarisation and secured broad support. Bangladesh's interim government should similarly engage all stakeholders, including civil society and business, to build consensus on the nation's future direction.

Rwanda's post-genocide recovery focused on economic reforms and fighting corruption, streamlining business regulations, investing in infrastructure, and enforcing strict laws. These efforts attracted foreign investment, spurring rapid growth. Bangladesh can emulate this by simplifying regulations, improving infrastructure, and combating corruption to boost economic growth.

Given the current severity of socio-economic challenges, it is crucial for political parties to allow the interim government to address these issues effectively. The interim government is positioned to tackle these challenges in ways that a political government may not be able to do so.

The success of the interim government depends not only on its ability to implement reforms but also on public support. As citizens, it is crucial to exercise patience and avoid making unreasonable demands that could derail the government's efforts. Bangladesh's problems today did not emerge overnight, and neither will the solutions.

The author is the founder and managing director of BuildCon Consultancies Ltd

Huawei posts 34.3% rise in first-half sales

AFP, *Beijing*

Chinese tech giant Huawei said Thursday that sales surged in the first half of the year, even as it struggles under the weight of sanctions that have deprived it of technology from the United States.

The Shenzhen-based company has for several years been at the centre of an intense technological rivalry between Beijing and Washington, with US officials warning its equipment could be used to spy on behalf of Chinese authorities -- allegations it denies.

Since 2019, the sanctions have cut Huawei off from global supply chains for technology and US-made components, hammering its production of smartphones at the time.

On Thursday it posted sales of $58.72 billion in January-June, an on-year increase of 34.3 percent. That compares with 3.1 percent growth in the same period last year.

It did not break down net profit. Huawei is a private company that is not publicly traded and is therefore not subject to the same obligations as other companies to publish detailed results. The firm's profit margin reached 13.2 percent in the period, down from 15 percent a year earlier, it said. It did not provide other financial details.

"We grew our revenue in the first half of 2024 by making the most of opportunities in digitalization, intelligence, and decarbonization," a Huawei spokesperson said.

"Our consumer and intelligent automotive solution businesses grew rapidly," they said, adding "our ICT infrastructure, cloud, and digital power businesses remained steady."

Moody's raises India's growth forecasts, Fitch affirms rating

REUTERS, *Mumbai*

Moody's raised India's growth projection for 2024 and 2025 citing signs of improving rural demand, while Fitch affirmed the country's sovereign credit rating, the agencies said in separate releases on Thursday.

Moody's now expects India's economy to expand 7.2 percent in 2024 from 6.8 percent previously, while growth for 2025 is pegged at 6.6 percent versus 6.4 percent.

"These forecast changes assume strong broad-based growth and we recognize potentially higher forecasts if the cyclical momentum, especially for private consumption, gains more traction," Moody's said.

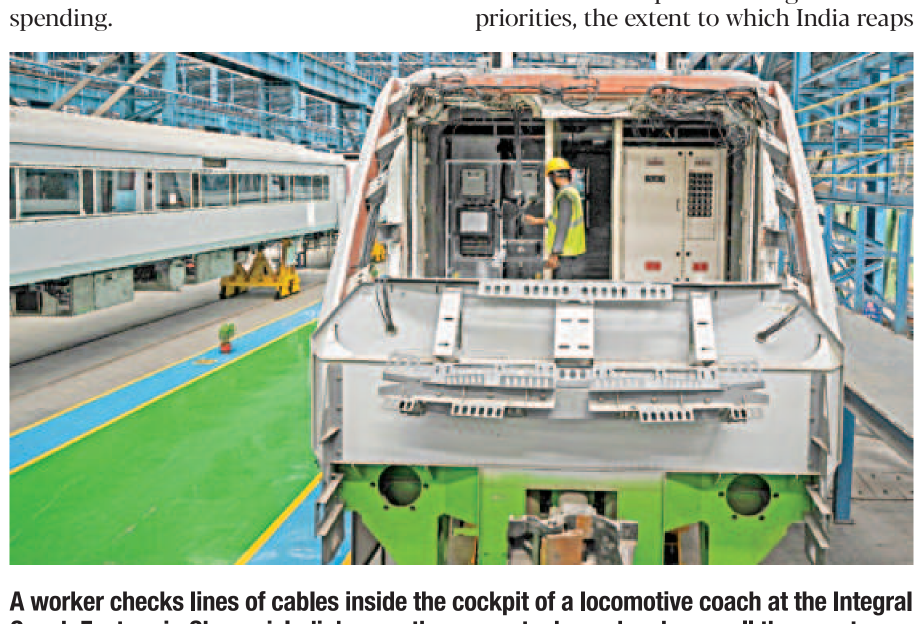
The agency noted that both industrial and services sectors have demonstrated strong performance, with the services PMI consistently above 60 since the start of the year.

"Household consumption is poised to grow as headline inflation eases toward the RBI's target. Indeed, signs of a revival in rural demand are already emerging, on the back of improving prospects for agricultural output amid above-normal rainfall during the monsoon season," Moody's said.

The agency also said it expects the capex cycle to gain more steam amid rising capacity utilization, upbeat business sentiment and the government's continued thrust on infrastructure spending.

Over the medium- and longer-term, India's growth prospects depend on how well the country can productively tap its substantial pool of labour, Moody's said.

"While employment generation and skill development are government priorities, the extent to which India reaps a demographic dividend will depend on whether and how well these policies succeed," the agency said.



A worker checks lines of cables inside the cockpit of a locomotive coach at the Integral Coach Factory in Chennai. India's growth prospects depend on how well the country can productively tap its substantial pool of labour, Moody's said. PHOTO: AFP/FILE

"Nevertheless, 6 percent-7 percent growth should be possible purely on the basis of present conditions."

Meanwhile, Fitch affirmed India's long-term foreign currency issuer rating at 'BBB-' with a stable outlook, citing a strong medium-term growth outlook.

The agency said the growth outlook will continue to drive improvement in structural aspects of its credit profile, including India's share of GDP in the global economy as well as its solid external finance position.

Strengthening fiscal credibility from meeting deficit targets, along with enhanced transparency and buoyant revenues have increased the likelihood that government debt can follow a modest downward trend in the medium term, it added.

"Nevertheless, fiscal metrics remain a credit weakness, with deficits, debt and debt service burden all high compared to 'BBB' range peers. Lagging structural metrics, including governance indicators and GDP per capita, also weigh on the rating," Fitch said.