

Bangladesh Economic Zones Authority is likely to seek suggestions from government officials over deciding the fate of two Indian special economic zones

Story on B4



# Govt urges China to reduce loan interest, extend repayment period

REJAUL KARIM BYRON and AHSAN HABIB

The government has requested China to lower the interest rates on existing Chinese loans to 1 percent and extend the repayment period to 30 years.

To this end, the Economic Relations Division (ERD) of the Ministry of Finance sent a letter to Beijing early this week, ERD Secretary Shahriar Kader Siddiky confirmed to The Daily Star.

Currently, interest rates on Chinese loans range from 2-3 percent with a repayment period of 20 years.

ERD officials said that if they cannot secure interest rate cuts for ongoing Chinese loans, they will attempt to get it along with extended repayments for new Chinese borrowing.

In his address to the nation on Wednesday, Chief Adviser of the interim government Professor Muhammad Yunus said Bangladesh is seeking lower rates and extended repayments for foreign loans to alleviate pressure on its fast-depleting foreign exchange reserves.

Professor Yunus said Bangladesh has requested China to reduce the interest rates on its loans and to extend the repayment tenure.

Currently, interest rates on Chinese loans range from 2-3 percent with a repayment period of 20 years

Chinese President Xi Jinping during his visit to Bangladesh in October 2016 pledged \$20 billion – the largest amount committed by a bilateral partner of Bangladesh – over the following four years to implement 27 projects.

Following the loan promise, agreements were signed on a project-by-project basis. As of this January, Dhaka and Beijing had managed to sign agreements on only nine projects, totalling \$8.08 billion, according to ERD figures.

Of the \$8.08 billion, Bangladesh has only been able to utilise \$4.91 billion, less than a quarter of the money promised by China.

Now, the interim government says the remaining 18 projects would be reviewed to determine their economic priority amid the current context.

## LOAN RELIEF TALKS WITH RUSSIA ON TOO

Chief Adviser Yunus also said Bangladesh had requested Russia to lower its interest rates and allow extended repayments as well.

Yunus said that the government was negotiating with the Russian Federation regarding the advance payment for the ongoing Rooppur Nuclear Power Plant and outstanding debts.

The \$11.38 billion nuclear plant loan from Moscow covers 90 percent of the project cost. Besides, Bangladesh took a \$500 million Russian loan for the primary work of the project.

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| STOCKS |          |           |
|--------|----------|-----------|
|        | DSEX ▲   | CASPI ▼   |
|        | 0.21%    | 0.13%     |
|        | 5,726.51 | 16,140.02 |

| COMMODITIES |             |              |
|-------------|-------------|--------------|
|             | Gold ▲      | Oil ▲        |
|             | \$2,520.18  | \$68.32      |
|             | (per ounce) | (per barrel) |

| ASIAN MARKETS |           |           |           |          |
|---------------|-----------|-----------|-----------|----------|
|               | MUMBAI    | TOKYO     | SINGAPORE | SHANGHAI |
|               | ▲ 1.77%   | ▲ 3.41%   | ▲ 0.72%   | ▼ 0.17%  |
|               | 82,962.71 | 36,833.27 | 3,556.53  | 2,717.12 |



Luxury hotels have not yet resumed normal business activities, which were severely disrupted when the student-led protests began in July. As the overall situation is still unstable, foreign travellers continue to stay away. The photo was taken in front of the InterContinental Dhaka on Minto Road recently.

PHOTO: STAR

# Luxury hotels fall silent as business travellers fade away

JAGARAN CHAKMA

Luxury hotels in Dhaka are yet to resume normal business activities as foreign and local clients do not feel confident in travelling to the country given that the overall situation is still unstable.

Industry insiders said the situation has slightly improved compared to mid-July, when nationwide protests against the government's quota system for public jobs took hold. However, it is still at an unsatisfactory level.

"Since mid-July, the occupancy rate has dropped to 30 to 35 percent from the normal range of 78 to 80 percent," said Mohammad G Jisan, senior manager of sales at the Radisson Blu Dhaka Water Garden.

Usually, those travelling for business purposes occupy 70 to 80 percent of their rooms, he said. However, the number of such travellers decreased significantly, especially after August 5, when the Sheikh Hasina-led Awami League government was ousted by a mass uprising.

Those travelling for business purposes account for 10 percent of room occupancy at present, he said, adding that although some guests related to international and non-government

organisations are arriving, the number is negligible.

Furthermore, out of the 200 rooms at the Radisson Blu Dhaka Water Garden, 50 rooms were usually booked by airlines. But that number has also fallen as the number of foreign flights from Dhaka has been reduced.

Given the dire situation, Jisan said

20 percent on some days and 30 percent on others. But it is around 65 percent when conditions are normal," he said.

According to Nafeuzzaman, the hotel business goes through highs and lows.

"We are not an occupancy-based business. Our business is event-based," he said, adding that the situation may improve next month as a cricket team will arrive at the hotel.

Mahmud Hassan, director of sales and marketing at Dhaka Regency Hotel and Resort Limited, said the business has been in a fragile state since mid-July, when there were virtually no guests.

He added that many foreign clients had cancelled bookings due to the unstable situation since July 18.

"At that time, we were very stressed about how long this situation would last," he said.

However, the situation has slightly improved over the past week although the occupancy rate is still below 40 percent, Hassan stated.

He also said there was a dearth of corporate clients as buyers of garment products are yet to start visiting Bangladesh after the political changeover.

Furthermore, different countries such

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that the hotel was not generating enough revenue to cover its operating costs.

"This applies not only to Radisson, but to almost all five-star hotels," he said. "If this situation continues for the next six months, some hotels will have to close."

Mohammed Nafeuzzaman, public relations manager at the Pan Pacific Sonargaon Dhaka, said it is natural for the hotel business to suffer from a slowdown given the situation that has persisted since July.

"Currently, our hotel occupancy rate is

# Govt may miss Aman acreage target

SOHEL PARVEZ

Bangladesh may miss its target for cultivation of the Aman rice, the second biggest rice crop, this year as farmers in the eastern districts are unlikely to transplant the seedlings again in fields that were washed away by last month's devastating flood.

Until September 11, farmers across the country transplanted the seedlings of rain-fed Aman rice varieties on 52.10 lakh hectares, which was 91 percent of the target set by the Department of Agricultural Extension (DAE).

Agronomists said the optimum time to cultivate Aman rice for the season is over. Yet farmers in the southern belt transplant different rice varieties until the third week of September.

However, achieving the national goal still might be tough.

Floodwater has not receded from the croplands in the affected eastern districts Feni, Noakhali and Cumilla, and it may take more than a week for the water to ebb. Even after the decline in the water flow, not all farmers have rice saplings suitable to grow and ensure good yields, according to them.

"The flood was unexpected and unusual. Farmers in these regions were not prepared," said Md Shahidul Islam, chief scientific officer and head of the agronomy division at the Bangladesh Rice

Research Institute (BRRI).

He said before the flood came, farmers already transplanted the seedlings. "It was also beyond our calculation that there might be a high demand for late variety seeds."

In late August, the US Department of Agriculture (USDA) forecasted that rice

acreage and production in Bangladesh may decline because of recent floods.

It said the floods that submerged a vast part of the eastern part of the country in August may cause a reduction in Aman cultivation area.

The agency, citing its rapid assessment, said the flood had damaged 2 lakh

hectares of land containing Aman season saplings.

The USDA said Aman season rice can usually be transplanted until September 15 and added if the floodwaters receded and farmers received enough seeds to prepare the seedbeds by August 31, some

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Farmers plant saplings of Aman season paddy in Ghotkhali area in Barguna's Amtoli upazila yesterday.

PHOTO: SOHRAB HOSSAIN

# China gives duty-free access to all products of Bangladesh

DIPLOMATIC CORRESPONDENT

China has decided to provide 100 percent duty-free access to products from Bangladesh, as well as other least developed countries (LDCs).

Chinese Ambassador to Bangladesh Yao Wen conveyed the decision when he called on Foreign Secretary of Bangladesh Jashim Uddin at the foreign ministry yesterday.

"The Chinese ambassador said in the Sino-Africa summit in early September that China had decided to provide a 100 percent tariff line to LDCs, including Bangladesh," Jashim told reporters.

In 2022, China had granted duty-free access to 98 percent of Bangladeshi goods, including 383 new products, especially leather and leather goods.

In 2020, it was for 97 percent of Bangladeshi products.

China is Bangladesh's largest

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# Nagad to go through forensic audit

STAR BUSINESS REPORT

The administrator of Nagad, a company that provides digital financial services under the Bangladesh Post Office, decided to conduct a forensic audit of all its previous work alongside a regular audit for fiscal year 2023-24.

A forensic audit is an examination and evaluation of a firm's or individual's financial records, through which evidence is derived to be used in a court of law or legal proceeding.

On August 21, the Bangladesh Bank (BB) appointed Muhammad Badiuzzaman Didar, who served as director of the central bank's Chattogram office, as administrator of the mobile financial service (MFS) provider for a one-year term, as per an internal central bank order.

To support the administrator's overall operations, six central bank officers were also appointed to different positions at Nagad.

This decision was made in the face of numerous allegations of irregularities in the MFS provider's operations and dealings.

In a letter recently sent from the Nagad administrator's office to the director general of the Directorate of Posts, the importance of forensic audits in assessing the quality of all previous works was highlighted.

Nagad's previous management team, including managing director and CEO Tanvir A Mishuk, was effectively dissolved following the administrator's appointment.

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# Asia Insurance fined for embezzling Tk 2.27cr

SUKANTA HALDER

The Bangladesh Financial Intelligence Unit (BFIU), a wing of the country's central bank responsible for investigating money laundering, has fined Asia Insurance Limited and its officials for embezzling Tk 2.27 crore of policy premium through forgery, according to official documents.

The misappropriation by the non-life insurer involved TVS Auto Bangladesh Limited, which collected initial insurance policy papers for opening over two dozen letters of credit (LCs) in 2021 and 2022 to import goods.

Two-wheeler manufacturer TVS Auto says it imported the goods against all the 25 LCs and completed subsequent procedures.

However, according to the insurer, TVS Auto cancelled the LCs and requested refunds of the LC cover notes, totalling Tk 2.27 crore, through emails. And Asia Insurance refunded the amount minus value-added tax accordingly.

But Asia's client TVS Auto completely opposes the account.

"Neither we cancelled any LCs nor we received any refund of the insurance premium," TVS Auto said in a formal letter to the insurer recently.

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