

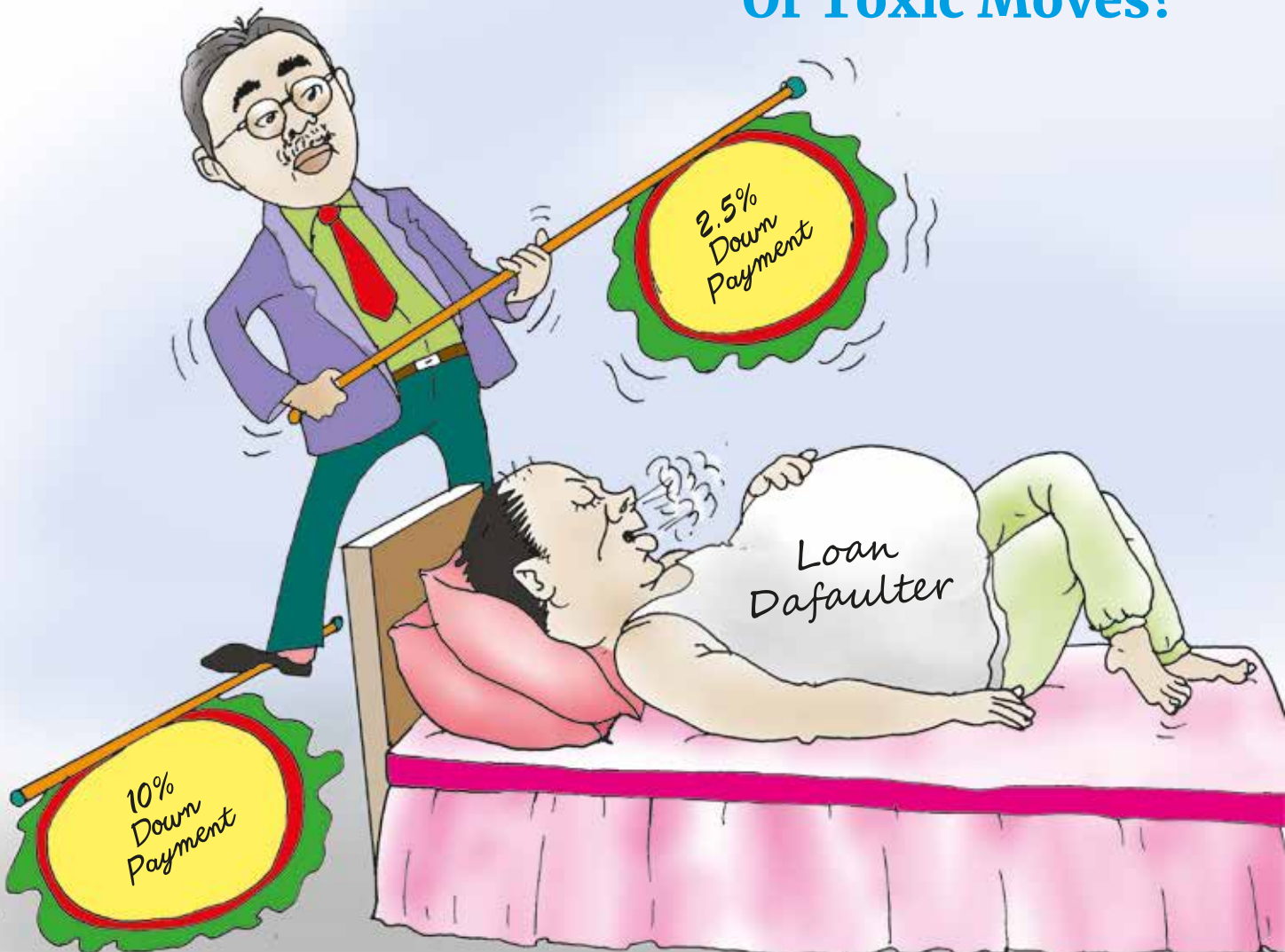
# BUSINESS OUTLOOK

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11th Year of Publication

01 August 2022

## Loan Rescheduling Scopes Or Toxic Moves?



### POWER OUTAGE

Soaring Demand For IPS, Rechargeable Items Make Holes in People's Pockets

**Oil's Price Decline May Be Short-Lived: Chevron CEO Says Market Remains Tight**



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### *BB Must Make Informed Decisions*

It's not new news that Bangladesh's banking sector has been reeling from default loans. But the latest development of Bangladesh Bank giving further leeway to loan defaulters is raising eyebrows. Instead of making an obligatory 10 per cent down payment, they can get significant relief by paying only 2.5 per cent of their outstanding loans to the banks. The new policy, announced by the central bank in a recent circular, gives defaulters the scope to reschedule their loans for up to 29 years. If a loan has already been rescheduled for four or more terms, banks can reschedule the same loan for another term, and the scope will remain valid until December 2023. The measures have been called the easiest ones since the issuance of the loan rescheduling policy in the past. The new policy announcement came, much to the defaulters' relief and ahead of the next general election scheduled for late 2023, as soon as new governor Abdur Rouf Talukder assumed office. Even, he didn't follow the normal practice of a bureaucrat to take time to understand the situation or the merits and demerits of such a significant decision in the financial sector. Records say that BB allowed banks to reschedule loans three times under its previous two circulars issued in 2012 and 2013. Apart from the guidelines issued in 2012 and 2013, the central bank allowed banks to issue general rescheduling scope to the borrowers after the Covid outbreak. The facility would remain valid until December 2022. Before the outbreak, the BB, amid a record surge in defaulted loans, allowed a big break to defaulters as it empowered banks to reschedule defaulted loans for 10 years against only 2 per cent down payment. Almost all the leading economists believe that the impacts of non-performing loan (NPL) on the overall economy are manifold. The high amount of NPL ultimately accelerates businesses' operating costs and reduces employment opportunities. A large amount of NPL creates obstacles for any economy to run smoothly. Many believe that only one reason – benefiting the influential large companies – was not behind the central bank's latest move. Possibly, the biggest reason was helping the politicians in the next general election. In the past month, the Election Commission moved to ease contesting polls by loan defaulters but it was suspended after banks and utility service providers raised objections. But the latest move by the BB has removed the commercial banks' problems regarding loan rescheduling complexities.

The regulatory body's decision to allow loan rescheduling with a nominal down payment would create scope for regular payers to turn into defaulters. So, we hope any move from the central bank should come for the nation's greater interest, not for serving a particular section of society. ■



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Issue-14, 01 - 15 August 2022

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## Cover Story

18

**MORE THAN MEETS THE EYE**  
*Loan Rescheduling Scopes or Toxic Moves?*



22

**POWER OUTAGE**  
Soaring Demand For IPS, Rechargeable  
Items Make Holes in People's Pockets



**POLITICS**

05

**Politics Heats Up  
Over Power Cut,  
Economic Issues**

- 10** E-Commerce Scams: Year Passes, Few Get Redress
- 12** Uninsured Losses From Disasters High In Bangladesh
- 16** Tea Producers Want 20pc Subsidy To Boost Export
- 27** Oil's Price Decline May Be Short-Lived: Chevron CEO Says Market Remains Tight
- 32** CMSMEs Get Tk 25,000cr Under Refinance Scheme
- 39** EU Wants Full Implementation Of Labour Roadmap For Trade Facility

## PM: We Have Forex Reserves Enough To Meet Up To 9 Months Of Imports

Prime Minister Sheikh Hasina on July 27 said Bangladesh would be able to meet six to nine months of import expenditures with the existing foreign currency reserves. "We have money in our hands to import foodgrains and others (essentials items) for at least three months during any crisis. We'll be able to import the food for six to nine months, not only for three months, with the reserve that we have now," she said. The premier was addressing the 28th founding anniversary programme of Bangladesh Awami Swechasebak League at Krishibid Institution Bangladesh auditorium in the city's Farmgate area, joining it through a virtual platform from her official residence Ganobhaban. She said despite having enough reserve, the government will have to take steps to grow more crops in order to save the foreign



currencies and keep the forex reserve for any emergency. Awami Swechasebak League, an associate body and the volunteer wing of Bangladesh Awami League, was founded on July 27 in 1994. ■

## US-Bangla To Operate Two Daily Flight From Dhaka-Kolkata From August 4



US-Bangla Airlines, one of the largest private airlines in the country, will operate two flights on daily basis from Dhaka to Kolkata from August 4 due to the increase in passengers, said a press release signed by Md. Kamrul Islam, general manager (Public Relations) of the organisation. The airlines is currently operating one daily flight from Dhaka to Kolkata which takes off at 10:00 am and again comes back at 12:55 pm. The newly second flight will depart Dhaka for Kolkata at 6:30 pm every day from August 4 and depart from Kolkata to Dhaka at 7:35 pm IST. The airlines will operate the flights with Boeing 737-800 aircraft on the route. The US-Bangla has a total of 16 aircraft including 6 Boeing 737-800 to its fleet. Along with the existing route, the airline plans to operate new flights on Chittagong-Kolkata and Dhaka-Delhi routes in the days coming. Ticket aspirants are asked to contact their sales points or any travel agency. ■

## Bangladesh's Inflation Recorded At 7.56pc In June, Highest In Eight Years

Bangladesh witnessed an eight-year high of 7.56 per cent inflation rate in June, the last month of FY22, as per state-owned BBS data. This important indicator of the economy rose by 7.42 per cent in May. In June, the index increased by another 0.14 per cent to 7.56 per cent. It means, in June 2021, a product or service that had to be spent was Tk 100, in June 2022, for similar product or service one had to spend Tk 107.56, reports UNB. The Bangladesh Bureau of Statistics (BBS) data, revealed on Tuesday, showed that the average inflation rate at the end of FY22 stood at 6.15 per cent, which is 85 per cent higher than the fiscal target. The government was able to fix it at 5.30 per cent in the last financial year (FY 21). ■



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## Workers In Global Garment Supply Chains: Campaign Launched For Living Wage

A campaign, titled 'Good Clothes, Fair Pay', was launched recently, aiming to secure payment of living wages for workers in global garment supply chains. Clean Clothes Campaign (CCC) and other campaign organisations aim to collect 1.0 million signatures from European citizens to support the European Citizens Initiative (ECI), which calls for concrete measures to ensure workers in the global garment industry are paid a living wage. With support from a broad coalition of organisations and individuals, this is the biggest European campaign on living wages and the loudest call for legislation on this topic ever heard, according to a statement. A living wage is the amount of income needed to provide an employee with a basic but socially acceptable standard of living. It is different from the minimum wage, which is an amount set by law to ensure workers have enough income to ensure they are living above the poverty level. ■



## Bangladesh, Indonesia For Early Conclusion Of PTA

Bangladesh and Indonesia have stressed concluding the bilateral preferential trade agreement (PTA) to further strengthen the economic cooperation between the two countries. Bangladesh and Indonesia held a bilateral meeting in Jakarta on July 18 and discussed the issue. Foreign Minister Dr AK Abdul Momen and Indonesian Minister of Foreign Affairs Retno Marsudi led the respective delegation in the discussions, reports UNB. The meeting reviewed the whole gamut of the existing excellent bilateral relations and both sides renewed their commitment for further strengthening it. The two Foreign Ministers exchanged felicitations on the occasion of the 50th anniversary of the diplomatic relations between the two countries. The two countries agreed to accelerate cooperation in the areas of trade, investment, agriculture, food, energy, health & pharmaceuticals, connectivity, ICT, tourism, halal trade, human resources development, defence, youth & cultural exchanges, etc. ■

## Flashfloods Damage Crops Worth Tk 127 Crore In Kurigram

Crops on around 8,027 hectares of land have been damaged due to the recent floods in Kurigram district. Crops worth Tk 127 crore have been damaged, according to the Department of Agricultural Extension (DAE). According to Kurigram DAE, in nine upazilas of the district, 80,000 farmers have been affected by the recent floods. Mofizal Haque, a farmer Sadar upazila, said the seedbeds that he prepared have been washed away. "I am preparing new seedbeds again. I have no way to recoup these losses," he said. The damaged crops in the district include Aman seedbed, jute, Aush paddy, sesame, vegetables, peanuts, banana, corn, chili, ginger, turmeric and lentil. Around 312 hectares of Aman seedbed, 2,500 hectares of Aush, 3,800 hectares of jute, 114 hectares of sesame, 1,600 hectares of vegetables and 18 hectares of quinoa have been damaged in floodwaters. The Agriculture Ministry has provided Aman seeds and fertilizers to 7,000 farmers in the district. Nikhil Chandra, another



farmer of the area, said, "No matter how hard it is, we have to plant paddy again with a loan." Kurigram DAE Deputy Director (Acting) Md Samsuddin Mia said they have provided seedlings and fertilizers to the farmers and some have already planted seedlings in the field. ■





# Politics Heats Up Over Power Cut, Economic Issues

*SMS Hasan*

**E**conomic issues have taken centre stage in politics as Bangladesh heads towards its next national election roughly 18 months away. The ruling Awami League is trying to paint a positive picture saying everything is on the right track but the opposition BNP insists that it's a sham. In reality, the economy is under tremendous pressure with soaring foreign debts and depleting forex reserves, creating a major vulnerability in the economy. The dollar crisis in the financial

market forces banks to decline the request of Bangladesh Petroleum Corporation (BPC) to open letter of credit (LC) for petroleum import. The price of dollar in the kerb market already crossed Tk 105, up from Tk 85 a few months back. The government closed down the operation of diesel-fired power plants against the backdrop of the fuel crisis and enforced countrywide scheduled power outages. Now each area has to experience power cuts for more than an hour, inviting scathing criticism. Critics question

the government's success in power generation and reaching cent percent electricity coverage. When the government was claiming the power generation capacity to be over 25,000MW, the country now generates more or less 12,000MW, just half of the capacity. The remaining half have to remain idle. The government has to count a "capacity payment". Already the parliamentary standing committee on power and energy received a statement from Power Division that it had to pay Tk 54,000 crore in capacity charge to the power plant operators in the



*Obaidul Quader, General Secretary of AL*

last three years. Of these, the private operators received Tk 42,000 crore while state-owned companies got the remaining Tk 12,000 crore. It is an open secret that most of the private power plant operators are politically blessed by AL. Another 5,350MW power is going to be added to the national grid within the next 6 months.

All the indicators in the economy are not showing positive signs. Inflation is rising while revenue collection is falling, so is the remittance inflow. The sole exception is export, which is going up but imports are outpacing it, swiftly widening the trade gap. Bankers and economists are insisting on raising interest rate to arrest inflation. But the central bank is issuing more regulations to give more concessions to loan defaulters. It's unclear how the economy will move further under such pressure. In such a situation, the election commission is sitting with different political parties as part of its plan to prepare for the next election scheduled for the fag end of 2023. The main opposition BNP and its like-minded parties have already rejected the EC's call to sit with them. They said they don't feel any need to

sit with the EC as their main demand is to hold the next general election under a caretaker administration. Until the demand is accepted or realised, they would try to settle the issue on the street. Awami League and its allies have rejected the demand, conveying that they would not accept any such unconstitutional arrangement. They say the election must be held under the current government. So, it's unclear where the debate over election-time government is heading.

### **Load Shedding Returns**

The government on July 18 announced a nationwide daily one-hour area-based power cuts from the next day as the country faced a fuel crunch that disrupted power generation. "Primarily, we will conduct daily area-wise one-hour load-shedding on an experimental basis. If needed, we will revise the decision after one week," State Minister for Power, Energy and Mineral Resources Nasrul Hamid said on July 18, hours after load-shedding was announced for two hours a day.

The earlier announcement was made by the Prime Minister's Energy Adviser Tawfiq-e-Elahi Chowdhury who said the rationing was needed to tackle the power crisis. The adviser announced the decision after a high-level meeting at the Prime Minister's Office in the morning. Nasrul Hamid and Principal Secretary to the Prime Minister Ahmad Kaikaus also attended the meeting.

Tawfiq-e-Elahi said the power distribution entities will conduct the load shedding under a schedule so that the people get time to prepare for it and do not feel any disturbance. But in each spell, no load shedding will continue for more than half an hour, he said. He said the diesel-run power plants will remain closed until further order to save petroleum fuel while the shopping malls and markets will have to be closed by 8pm. He said some options like keeping petrol pumps closed one day a week were discussed at the meeting. The adviser said the government office hours might be rescheduled while virtual meetings will be held instead of those with a physical presence. Nasrul, in his press briefing, said no decision was made regarding closing the petrol pumps a day in a week.



Bangladesh Petroleum Corporation was asked to work out the issue. They will make the final decision after consultation with the transport operators. He also said that religious institutions like mosques, temples and churches were requested to take power-saving measures. They should keep operating air conditioners just during prayer time. He said in no way markets and shopping malls be allowed to keep open after 8pm. If they fail to abide by the decision, their electricity connection would be snapped. He said the closure of diesel-run power plants will save 10 per cent on petrol import and another 10 per cent could be saved through conservative consumption of diesel in the transport sector.

Officials said the country has about 10 diesel-run power plants having 1,290MW, mostly in the private sector. The next day, the country experienced a total of 1,915MW of load shedding (July 19, 2022), the first day of a new era of area-wise planned power cuts announced by the government, that many believed they had left behind for good. "We generated a total of 12,442MW of electricity against a demand for 14,400MW. The load shedding was planned to be 1,915MW to cover the gap between demand and supply," said Shamim Hasan, director, public relations, of the state-owned Bangladesh Power Development Board (BPDB).

Following the government's decision, different power distribution entities – Dhaka Power Distribution Company Limited and Dhaka Electric Supply Company Limited – published their area-wise outage plans. But it was observed that the load shedding schedule was not followed in most areas as the distribution companies received lesser power supply than the amount they are assured with. The reports coming from rural areas were further worse as many areas had to experience five to six hours of power cuts in different spells.

### **Load-Shedding An Early Sign Of Grave Economic Crisis: Fakhru**

Terming the countrywide load-shedding an early sign of serious economic crisis, BNP Secretary General Mirza Fakhru Islam Alamgir on July 19 said the government will now find it very difficult to overcome the situation and prevent its fall. "The econo-

mists are saying problems are being created in every sector. The government will now be at a loss for what to do. People are fuming and they'll burst with anger, hastening the fall of the government," he said, reports UNB. Speaking at a press conference at BNP Chairperson's Gulshan office, Fakhru also said the government has given around \$7.5 billion to the Export Development Fund from the reserves to abet those who are doing business in different countries. "They siphoned off the money abroad and built houses there. So, that money is not coming



*Mirza Fakhru Islam Alamgir, Secretary General of BNP*

to the country anymore. This is the beginning of the crisis." He feared that the country's economy will be hit hard by the frequent power outages as production in RMG and other sectors will be hampered by it. "The economy of Bangladesh mainly depends on the garment industry. When there is a shortfall in power and energy supply in that sector, problems will arise regarding the production and transportation," the BNP leader observed. Mentioning that fuel oil and electricity are deeply intertwined with the economy, he said when the rationing system is introduced in power distribution, there will be a considerable possibility of reduction in production.

"The economists are saying that this (load-shedding) is a temporary measure. They (govt) have to take steps toward a permanent solution to the problem. But they're not going in that direction. They are not raising prices (of power) further in fear of facing public wrath as the prices have already been increased. But the economy is suffering tremendously," the BNP leader viewed. He said the government will have to pay now for the power plants that are not generating

electricity due to the fuel crisis. "In that case, a large part of the money will be spent and in most cases, these payments are made in dollars. These problems have been created



*Students are the great victims of power cuts*

due to rampant corruption and for lack of government plans. Their only goal is to indulge in corruption everywhere." The BNP leader said the government paid about Tk 78,000 crores to the power plants that did not generate any electricity. "It is being now said that six diesel-run power plants remain closed, but they and other plants will continue to get money. I saw in the newspaper that Tk 1,760 crores will have to be spent for them annually. It's now proved that they (govt) did it to create a scope for special companies to make money and thus they themselves benefited from it." He warned that the government must be accountable to people someday for plundering public money by paying the power plant owners



*Load Shedding May Linger Till September*

without producing electricity. Apart from the power sector, the BNP leader said the government is cutting money from people's pockets in various ways in the name of mega projects. "The biggest problem now in

Bangladesh is the lack of good governance and accountability anywhere. So, corruption is the main cause behind the crisis that has now arisen." Fakhru said the government should not undertake any plan or project which will be a burden on the country. "If we buy oversized shoes we cannot wear them. That is what exactly now happening in the country, but people have to pay for it." Even, he said the experts are warning that a situation like Sri Lanka may arise in seven other countries, including Bangladesh. At the press conference, Fakhru also came up with the decisions made at a virtual meeting of their party's standing committee on July 18. He said their meeting strongly condemned the recent attacks on the Hindu community members and on their houses and temples in Narail. It also formed a three-member investigation committee, headed by party vice chairman Advocate Nitai Roy Chowdhury, to look into the incident, the BNP leader said. He said the probe body had been asked to submit the report by July 26. Fakhru said their standing committee meeting voiced concern over the crash of a cargo plane carrying arms from Serbia for Bangladesh on July 16. He said the meeting expressed wonder at the contradictory statements by the ISPR. "The statement of the Serbian Defense Minister and the statement of the ISPR are not consistent, causing confusion among people." The BNP policymakers urged the government to make public the real information in this regard. Besides, the meeting denounced the government's move to increase the prices of WASA's water and 53 medicines. Referring to different comments of Chief Election Commissioner Kazi Habibur Awal, Fakhru said, "He (CEC) has now become a laughing stock." He said it has been proven over the last 10 years that a fair and credible election is not possible under Awami League and any partisan government. "The government must restore the caretaker government system for ensuring an acceptable election and overcoming the crisis."

### **Talks on electricity don't suit BNP: Quader**

Awami League general secretary Obaidul Quader on July 19 said talking about electricity does not suit BNP leaders, reports news agency BSS. "How can the BNP

leaders talk about electricity? Do they have any shame?” he questioned while speaking at a press conference at his official residence. Quader, also the road transport and bridges minister, said the country’s people did not get electricity during the BNP regime, instead, they got electric poles. “So, how can they (BNP leaders) talk about electricity?” he asked. He said those, who plunged the country into darkness during their regime when there was load shedding for half a day and factories were shut down, are now talking

disrupted but Bangladesh kept its economy smooth under the leadership of prime minister Sheikh Hasina, Quader said.

Recently, he said, the economy of Bangladesh like many other countries has fallen into a minor crisis due to the Russia-Ukraine war and its international consequences.

Due to the impact of the war, the energy market has become extremely volatile and in these circumstances, the government should take some precautionary measures so that the



*Trial Of Corrupt People In Power Sector Demanded*

about the power crisis. Quader said the people did not forget “the power-connectionless pole corruption”, firing on public procession demanding power, demonstration with kerosene lamps and blockade of Bidyut Bhaban. Calling upon the people to cooperate with the measures the government has taken for optimum use of power considering the welfare of the country and its people, he said: “I am urging the countrymen to be patient amid temporary crisis and cooperate.” He also asked the people to keep faith in Prime Minister Sheikh Hasina, who turns crises into opportunities. Requesting all not to pay heed to anyone’s words, the AL general secretary said the power crisis will be overcome within a short time under the leadership of Sheikh Hasina. Responding to the statements of BNP leaders that the government would be ousted due to a power outage, he said such colourful dreams of the BNP leaders will soon turn into nightmares.

Due to the coronavirus pandemic, the economic activities of the whole world were

country’s economy does not face any major setback, the road transport minister said. Even a developed and economically prosperous country like Japan is not able to provide regular electricity to their more than 35 million people and the same situation is prevailing in Australia, he said, adding everyone has to go for rationing during a crisis period. Quader said a national state of emergency has been declared in the United Kingdom, while sending SMS, people in the United States have been asked to limit their energy use. He said that the government is ensuring an uninterrupted power supply to the factories and industries to keep the country’s economy vibrant.

Quader said amid the global crisis period, the government has reduced power generation and it has decided to continue the power supply through rationing to save valuable foreign exchange and keep the cost of power generation at an affordable level. ■



# E-Commerce Scams: Year Passes, Few Get Redress

## *Business Outlook Report*

**O**ver a year has passed since government agencies cracked down on several e-commerce platforms for not providing refunds or delivering products of thousands of customers after luring them with hefty discounts. Only a few got to avail redress. The scope of getting redress is narrowing as some of the accused have fled the country, some are in jail, some out on bail and the rest still at large.

Only 47 per cent of complaints filed by e-commerce customers with the Directorate of National Consumer Rights Protection (DNCRP) were settled as of June this year, down from 86 per cent in the same period last year. Meaning that the number of customers who are getting remedy is shrinking. Customers so far filed about 27,417 complaints against the e-commerce platforms and 12,792 of those have been settled and the remaining 14,625 remained unsettled as of June. How-

ever, one year earlier, the number of complaints was 13,317 and about 86 per cent of the complaints were resolved. The highest number of complaints were against Evaly. About 84 per cent of the 10,747 complaints filed against Evaly were settled last year as of June. But the settlement rate plunged to 41 per cent as of June this year. About 5,815 new complaints were filed against Evaly in the last one year but only 353 were resolved during this period.

The probability of getting back money for Evaly's customers is particularly low as it has a huge amount of liabilities to customers and merchants but only has limited amount of assets. For example, a sum of Tk 25 crore of Evaly is now stuck in escrow accounts of different payment gateways and goods worth Tk 25 crore are in two of Evaly's warehouses, according to a court-instituted board. Justice AHM Shamsuddin Chowdhury Manik,

who leads the board, recently said this amount was a "drop in the ocean" when compared to the claims made against the company. E-orange took second place on the list of companies with the highest complaints as 5,867 were filed against it. Only 33 or 0.56 per cent were settled by the DNCRP.

E-orange founder Sonia Mehjabin and several of its officials have been in jail since their arrest on August 16 last year on charge of embezzling Tk 1,100 crore of customers. Around a year has passed since Arif Anwari, a freelancer who made advance payments of about Tk 9 lakh to E-orange for motorcycles and other products, filed a complaint with the DNCRP. But his complaints haven't been resolved. An official of Criminal Investigation



## E-COMMERCE SCAMS

Department (CID) said the department had recently concluded that E-orange officials laundered over Tk 230 crore abroad. Of 554 complaints against Dhamaka Shopping, only 81 or 14 per cent have been resolved so far.

A CID official said over Tk 100 crore of customers and merchant money was laundered by the Dhamaka officials and its managing director, SMD Jashimuddin Chisty, has fled to the US. Among other controversial e-commerce platforms, the rate of complaints being resolved stands at 1.39 per cent for Alesha Mart, 2.11 per cent for Qcoom.com, 7.69 per cent for Dalal Plus and 24 per cent for Adyan Mart as of June 13 this year. Asked about the fall in the rate of complaints being resolved, AHM

Shafquzzaman, director general at the DNCRP, said to resolve complaints, the directorate calls the officials of the companies for a hearing.

But offices of many of such e-commerce platforms have shut down and there is no trace of their officials, he said. "The maximum number of complaints are against Evaly. There is no one to refund its money," he added. He said about 300 complaints against Alesha Mart and Qcoom.com would be resolved within this month. Hafzur Rahman, additional secretary to the commerce ministry, said about 20,299 customers of Qcoom.com, Alesha Mart, BoomBoom, Anandabazar and others received Tk 182.24 crore as of June 16 from Tk 394 crore stuck at payment

gateways. According to industry people, the amount refunded is very small compared to the total amount embezzled from customers.

"It's just the tip of the iceberg. Our estimate is that the liability of only Evaly is over Tk 2,000 crore and none of Evaly's customers got their money back," said AKM Fahim Mashroor, a former president of the Bangladesh Association of Software and Information Services. Over 4 lakh customers and merchants haven't got any of their Tk 4,000 crore to Tk 5,000 crore back yet, said Mashroor, also chief executive officer of bdjobs.com and ajkerdeal.com. ■



## Uninsured Losses From Disasters High In Bangladesh

*Business Outlook Report*

**B**angladesh lost up to 1.1 per cent of its gross domestic product (GDP) between 2016 and 2020 because of natural disasters such as floods, cyclones and salinity, and much of these losses could be reduced by providing insurance to the underserved population and protecting vulnerable communities.

Bangladesh's non-life insurance penetration ratio is very low at 0.1 per cent compared to 0.16 per cent in the Asia Pacific region in 2020. This low penetration level indicates that uninsured losses from disasters in Bangladesh are significantly higher than in other countries, according to a workshop on inclusive insurance and risk finance for Bangladesh. The Financial

Institution Division (FID) under the finance ministry and Insurance Development and Regulatory Authority (IDRA), with technical and financial assistance from the United Nations Development Programme (UNDP), organised the event recently at Pan Pacific Sonargaon Dhaka.

At the workshop, a paper by Professor Hasina Sheykh, national consultant for inclusive insurance at UNDP Bangladesh, said economic losses due to such risks are vast. In 2021, Bangladesh lost \$11.3 billion due to natural disasters, the paper showed. Inability of poor families to pay insurance premiums, insufficient knowledge, and lack of trust are some reasons for low insurance penetration. "Uninsured losses

due to different risks, including natural disasters, are significantly higher in Bangladesh compared to other countries," she said, adding that adoption of insurance schemes is still very limited despite their potential.

The inability of poor families to pay insurance premiums, insufficient knowledge, lack of trust, lapse coordination among insurers and relevant government agencies, and inadequate institutional and human capacities to design and implement disaster risk transfer mechanisms are the main reasons for low insurance penetration. Inclusive insurance, which aims at the excluded or underserved market rather than just the poor, can be used as a risk mitigation tool to

this end, Sheykh said. For this, it is necessary to work on developing insurance schemes that fit the peoples' purposes. So, the schemes and products should be simple and easily understandable, according to the paper. She went on to say that formal insurance companies are mostly focused on high to middle income people. However, some microfinance institutions like BRAC, Grameen Bank, and Proshika are piloting relevant insurance products on approval of the IDRA and Micro-credit Regulatory Authority.

Sheikh Mohammad Salim Ullah, secretary of the FID, said there is an increasing need for decision makers to be involved in developing insurance products. "They also need to understand how climate change risks could affect their investments and how to mitigate those risks through proper planning, incentive structures and financial instruments," he added.

Van Nguyen, deputy resident representative of UNDP Bangladesh, said he is resolute that under the leadership of the FID, finance ministry and IDRA as regulatory authorities, strong representation of the insurance industry and relevant stakeholders, the country diagnostic will provide a clear direction for creating an enabling environment for mainstreaming inclusive insurance and risk financing in the country. ■



# D-8 PTA Likely To Be Operational This Year To Boost Intra-trade Bangladesh To Remain Chair Of D8 For Another Year, Says FM

## Business Outlook Report

**T**he Preferential Trade Agreement (PTA) among the D-8 member states is likely to be operational in October this year with the ratification by Egypt which will help boost intra-trade.

“Seven member states other than Egypt have ratified the D-8 PTA. You will be happy to know that

10 times. That’s my hope. There is no reason that we can’t achieve it,” Momen said. While talking to UNB, D-8 Secretary General Ambassador Isiaka Abdulqadir Imam said the D-8 PTA is already there and they just need to make it operational. “We hope it will become operational by October this year.”

The D-8 Preferential Trade Agree-

Trade Ministers meeting to be held in Bangladesh soon, he said. Momen talked about tariff barriers and hoped that those barriers will be removed to help boost trade among the member countries. Responding to a question on inclusion of new members, the foreign minister said there has been discussion on Azerbaijan’s inclusion and there was no objection from any country. “But we have to



Egypt has announced at this meeting that they will soon ratify the D-8 PTA,” said Foreign Minister Dr AK Abdul Momen while briefing the media on the outcome of the D-8 Ministerial meeting at a city hotel on July 27. The volume of intra-trade among the D-8 member states at the time of establishment was \$14 billion, which has now reached \$129 billion.

“My hope is that within the next 10 years our intra trade will increase by

ment (PTA), signed on 13th May, 2006 in Bali, Indonesia is regarded as one of the most tangible outcomes of D-8 cooperation in trade. Foreign Minister Momen said the process of finalization of the draft “Trade Facilitation Strategy” is underway with a view to speedy implementation of the D-8 PTA.

The issue was reviewed in the ministerial meeting and it is expected that this draft Trade Facilitation Strategy will be accepted in the 3rd

develop the procedures for inclusion of new members.”

The Foreign Minister said Bangladesh will remain chair of the D-8 for another year as Egypt will remain busy with Conference of the Parties (COP 27).

“They (Egypt) made a special request. We have no objection. Other member states also agreed. This is good news for us,” he said. The foreign minister said the D-8 energy ministers’ meeting will

be held soon but the date is yet to be fixed. Director General (International Organizations wing) Wahida Ahmed and DG (Public Diplomacy wing) Toufique Hasan were also present.

D-8, also known as Developing-8, is an organization for development cooperation among Bangladesh,

Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey. It was officially launched in Istanbul in 1997.

The establishment of D-8 was announced officially through the Istanbul Declaration of Summit of Heads of State/Government on June 15, 1997. The objectives of D-8

Organization for Economic Cooperation are to improve member states' position in the global economy, diversify and create new opportunities in trade relations, enhance participation in decision-making at international level, and improve standards of living. ■

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## Country Has Adequate Stocks Of Petroleum Fuel: Energy Division



### Business Outlook Report

**T**he Energy and Mineral Resources Division has said that the country has adequate stocks of petroleum fuel.

In a clarification on July 27 it said the country has stocks of 431,835 metric tons of diesel for 32 days' consumption while Jet-A1 fuel for 44 days' consumption and furnace oil for 32 days' consumption. Requesting the people not to be misguided, it also said that a vested interest group is spreading

false and fabricated information about fuel oil reserves, which is misleading the common people. The entire petrol is locally produced while 40 percent of octane is also produced by the country, it added.

The process of importing 6 months' petroleum fuel is in pipeline. "We strongly say that companies under the Bangladesh Petroleum Corporation have sufficient fuel oil reserves. At present there is no shortage or crisis of petroleum fuel in the

country. There is no fear of crisis," it said. In July 2022, the country has so far received some 255,000 metric tons of diesel from 9 vessels, about 43,000 metric tons of Jet-A-1 from 2 vessels, 24,677 metric tons of octane from one vessel and 53,358 metric tons of furnace oil from 2 vessels.

In August 2022, some 218,000 metric tons of diesel will arrive in 8 ships while 25,000 metric tons of Jet-A-1 in one ship and 25,000 metric tons of octane through one ship.

According to the import plan, these bulk fuels will arrive in Bangladesh in next 6 (six) months. Of these, 50 percent will be procured through G-to-G contract and the remaining 50 percent through open tender. There is no risk of shortage.

The Energy and Mineral Resources Division requested all to be cautious and economical in the use of fuel which is being supplied in subsidised rates. ■



## Industries Seek Protection From Power Cuts

### *Business Outlook Report*

**I**ndustrial unit owners of different sectors have demanded that the government provide them immunity from blackouts or load shedding. They also expressed relief at production remaining nearly unhurt yesterday, the first day of planned power cuts, just as the government had promised to ensure.

Mohammad Ali Khokon, president of Bangladesh Textile Mills Association, said the primary textile sector did not feel any impact. "We will be able to understand the impacts after a few days as we have just opened our mills after the Eid holidays," he said. This was echoed by Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and

Exporters Association. Mohammed Amirul Haque, managing director at Premier Cement Mills, said if industries suffered power cuts, the country's \$50 billion-worth export earnings would face the same fate. "So, the industries should be kept immune to load shedding at any cost," he said.

He said manufacturing plants of some industries—of cement, glass, dyeing and ceramics—have to run for several days uninterrupted for their vast and complex process and any power cut could severely affect production. "Had we known that the country's electricity generation is so much dependent on diesel, we would have developed dedicated captive power plants for

factories," he said. Aameir Alihussain, managing director of Bangladesh Steel Re-Rolling Mills, said the extent of power cuts has reduced over the last three to four days. But the steelmakers cannot run at fully capacity during peak hours, he said, adding that this affects overall production by around 20 per cent.

"But we have to accept this for the country. This (load shedding) is the right decision from the government as continuous adjustment of fuel prices will increase cost of business and inflation," he said. "This will slow down the economic activities but we will not be Sri Lanka," he said. "Load shedding will directly affect production in factories. Not only production, there will be an impact on

the overall business" said Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry.

"If load shedding is not taken up as a temporary measure, it will have an effect on businesses as well as livelihoods. Especially on those who are exporters," Islam said.

"Load shedding even for a minute in any of our industrial areas, it is a huge loss for us," said an official of a leading company in the tiles sector on condition of anonymity.

Khurshid Ahmad Farhad, general manager of Bombay Sweets, said electricity fluctuations cause damage to production. ■





# Tea Producers Want 20pc Subsidy To Boost Export

*Business Outlook Report*

**T**he apex body of tea producers has requested the government to provide a 20 per cent subsidy, in addition to the existing export incentive facility to the tea sector, with a view to boosting the export of the widely-consumed drink. The Bangladesh Tea Association (BTA) recently sought the facility like the one provided to processed and agricultural products, and urged the authorities to take immediate steps in this regard, said a commerce ministry official.

The country's tea exporters are currently enjoying a 4.0 per cent cash incentive on exporting the item, according to Bangladesh Bank (BB). The volume of the country's

tea export would rise many times if the government provides subsidies and retains the existing export incentive, considering tea as an agro-processing item, industry insiders said. The tea sector is a prioritised industrial sector under the National Industrial Policy 2016. Bangladesh produced around 96.51 million kilogrammes (kg) of tea in 2021 - of which, 90.89 million kgs were consumed locally.

The government has set a target to increase tea production to 140 million kgs by 2025, aiming to meet the country's growing demand and increase its exports, according to the commerce ministry. The volume of export was 0.60 million tonnes in 2019. Around 0.5 million workers

and their dependents are living in the tea garden areas. Some 167 tea estates and tea gardens are registered with Bangladesh Tea Board. Domestic demand for tea is rising rapidly due to urbanisation. There is a call for market diversification to increase tea production and to increase the contribution of tea to national export earnings.

The primary importers of tea from Bangladesh were the United Arab Emirates, Pakistan, the USA, Saudi Arabia, Kuwait, Bahrain, Japan and China in January-March 2019.

Once a tea exporter, Bangladesh has recently turned into an importer of the popular commodity. ■



# Periwinkle Launches Second Outlet In Dhanmondi

## Business Outlook Report

**P**eriwinkle, a renowned apparel and accessories brand for kids in Bangladesh, inaugurated its second store, in collaboration with Step Footwear at the ABC Tradeplex in Dhanmondi on July 1.

Towhida Srabonno, a popular model and presenter was the chief guest of the event. Tanzeena Anwar Kabir and Shamim Kabir, the owners of Periwinkle and Step Footwear, warmly received all the guests and attendees at the opening ceremony, which included a large group of eager and curious customers, friends, and well-wishers. The new showroom caters to the demands of customers residing near Dhanmondi, Mohammadpur, and nearby areas.

Tanzeena Anwar Kabir, the founder, and owner of Periwinkle said, "The new store brings all its aura and glamour into Dhanmondi, and customers can walk in to enjoy the exquisite design of the store and view the fresh collections for this Eid-ul-Adha".

"Periwinkle began its journey in March 2014 in a small store in Uttara and was shifted to a flagship store in Banani soon after. In a short time, it found tremendous popularity among customers due to the quality and modern styles of its products. We hope that we will be able to continue our legacy in the days to come," Tanzeena added.

Periwinkle brings in a lot of Asian, continental, and nautical essence in its product offerings. The product range itself covers a wide variety such as party dresses, bright lightweight tops, dresses for summer, smart casual outfits for casual get-to-gathers, modern minimalist and nautical tops, casual outfits for different seasons, etc. There is also a sizable assortment of shirts, t-shirts, and pants for boys, and jumpsuits and casual tops for young teens, among others. All these products are hand-picked from Thailand, the Philippines, and China and brought in small quantities and batches. ■



# MORE THAN MEETS THE EYE

## Loan Rescheduling Scopes or Toxic Moves?

*Apu Ahmed*

**B**angladesh Bank, under its new governor Abdur Rauf Talukder has eased the loan rescheduling scopes that surprise all and sundries ahead of the next general elections.

### *Easiest Loan Rescheduling Policy*

Under the new policy, defaulters would get scope for rescheduling their loans up to 29 years. The

borrowers are defaulted when they fail to clear instalments within a specific time. Classifying any loan defaulted, the banks have to suffer losses as they cannot realise the interest and principal amounts against that loan. Moreover, the banks have to keep a certain amount of money in the central bank as part of provisioning defaulted loans. In the process, the banks face decreases

ates businesses' operating costs and reduces employment opportunities. It also demonstrates that a large amount of NPL creates obstacles for any economy to run smoothly. For example, a bad borrower may transfer some part of a loan to unproductive sectors instead of official purposes because of monitoring lapses. And, if the sector is land and assets, such investment may create



amount of down payment, a precondition for rescheduling defaulted loans, has been reduced to as low as 2.5 per cent from 10 per cent of the outstanding loan amount. Even if a loan has already been rescheduled for four or more terms, banks can reschedule the same loan for another term, and the scope will remain valid until December 2023. The scopes have been called the easiest ones since the issuance of the loan rescheduling policy in the past.

### *Bad Loans Go Against Depositors' Interest*

Loans extended by banks to

in their capital. At the same time, profits of the banks also decrease and eventually affect the income of the banks' shareholders. There are more bad impacts of non-performing loans or NPL. A bank generally depends on small depositors for its over 80 per cent assets. Since the deposits of the small depositors are largely extended to borrowers as loans, the defaulted loans, in the long run, fail to protect the interest of the small depositors.

### *Economic Impacts Manifold*

The impacts of NPL on the overall economy are manifold. The high amount of NPL ultimately acceler-

bubbles in the property market. Impacts of investment of such bad loans in manipulating the commodity market and other usages in creating political unrest cannot be ruled out amid 'the compromising policy' of the Bangladesh Bank.

### *Previous Rescheduling Scopes*

Records say that BB allowed banks to reschedule loans three times under its previous two circulars issued in 2012 and 2013. Apart from the guidelines issued in 2012 and 2013, the central bank allowed banks to issue general rescheduling scope to the borrowers following the Covid outbreak. The facility



would remain valid until December 2022. Before the Covid outbreak, the BB, amid a record surge in the amount of defaulted loans, allowed a big break to loan defaulters as it empowered banks to reschedule defaulted loans for 10 years against only 2 per cent down payment.

### **NPL Surging**

Even after issuing a series of facilities to the loan defaulters, the amount of defaulted loans in the banking sector increased rapidly. The amount stood at Tk 1.13 lakh crore in March. It had dropped to around Tk 88,000 crore in 2021 after reaching a record high above Tk 1.16 lakh crore in 2019. According to a Transparency International Bangladesh study, defaulted loans grew by 417 per cent in 2009-2019. According to a report

bank's independence in policy making matters and the future prospect of the general election to be held late next year. It has been reported that the latest central bank move would create scope for individuals to contest polls having a significant loan burden. Governance campaigners have already said that the BB's latest decision might have been influenced by political consideration as it opened the door for a section of politicians to join the next general election keeping their bank loans unpaid.

### **Toxic Move**

In the past month, the Election Commission took a move to ease the way of contesting polls by loan defaulters but the move was suspended after banks and utility

International Bangladesh executive director Iftekharuzzaman noted that the new set of concessions was unprecedented and a clear example of further policy support to protect, promote and institutionalise the big loan default culture in the country.

### **BB's Compromise Policy**

The NPL has been proved to be a bane for the country's banking sector as many banks, especially the state-owned ones, are overburdened with bad loans. Even the once profit-making state-owned BASIC Bank was pushed to the verge of bankruptcy due to fraud by the bank's former chairman Abul Hye Bacchu in extending loans, most of which later turned into bad loans. BB's previous effort to check NPL had been obstructed, proving that the BB's independent policy and decision-making status was at stake. However, the imposing policy from outside BB became a new phenomenon. Talukder's predecessor Fazle Kabir, also a seasoned bureaucrat, was given a loan rescheduling policy in a meeting at a city hotel which was criticised. Although the current governor did not have such experience, banking sector experts are pretty sure the latest loan rescheduling policy has been enforced on BB from outside.

### **BB Governor Acting 'Like A Bureaucrat'**

Equations by many that Talukder has carried out the ruling party's wishes in the process of showing gratitude for his promotion to the helm of the central bank cannot be ignored as mere hypotheses. By showing gratitude, Talukder has proven the fact that he still acted like a bureaucrat. In fact, he had been serving as the finance secretary for the past several years before becoming the new BB governor. But in his first assignment as the central bank governor, Talukder seemed to be still working from the secretariat. ■



*The newly appointed Governor of Bangladesh Bank Abdur Rauf Talukder met President Abdul Hamid at Bangabhaban*

by the Singapore-based Asian Banker, a company providing information for the financial services industry, top 10 banks in Asia Pacific with the highest gross non-performing loan ratio include five Indian banks, two Bangladeshi banks and one each from China, Japan, and Pakistan.

### **Chance for Errant Borrowers to Contest Polls**

BB cannot avoid the responsibility for the growing amount of NPL. BB has undoubtedly failed to perform its duty in checking the NPL. The latest move by the BB has raised old questions regarding the central

service providers raised objections. But the latest move by the BB has removed the commercial banks' problems regarding loan rescheduling complexities. "This is not a good move. The decision will be toxic for both politics and economy," former cabinet secretary Ali Imam Majumder told a national English daily. He added that banks would suffer from such a decision while 'bank looters' would get a chance to be elected as public representatives. The regulatory body's decision of allowing loan rescheduling with a nominal down payment would create scope for regular payers to turn into defaulters, he said. Transparency

# Oil's Price Decline May Be Short-Lived: Chevron CEO Says Market Remains Tight

*Business Outlook Report*



The price of oil has tumbled below \$100 per barrel as recession fears mount, raising concerns around demand for crude. But Chevron CEO Michael Wirth said the downturn could be fleeting. "The tightness in supply hasn't gone away," he said recently at CNBC's Evolve Global Summit. "I think it's great for the economy that prices have moderated, but I also see the risks remaining skewed towards the upside." Russia's invasion of Ukraine at the end of February upended global energy markets. West Texas Intermediate crude futures, the U.S. oil benchmark, traded above \$130 per barrel in March — a price last seen in 2008.

The surge boosted gasoline, with the national average for a gallon of regular gas topping \$5 in June for the first time on record. Rapidly rising fuel costs have been a major factor driving inflation, which is running at the hottest pace in more than 40 years. Wirth said some of the recent weakness in oil is also due to demand destruction from high prices. The demand side of the

equation can have a more immediate response, but longer-term supply remains tight. "Now the real challenge for the globe, I think, is to see the investment in supply ... as we come through whatever form of economic slowdown we see what the supplies are to support growth going forward," he said. Wirth pointed to several factors that could lead to a resurgence in demand, including China reopening fully following a spike in Covid cases. Additionally, global energy markets are being reordered following Western nations slapping sanctions on Russian energy. While oil prices have pulled back, WTI is still up nearly 30% for 2022. The national average for a gallon of gas stood at \$4.63 on Wednesday, according to AAA, which is below record levels but still \$1.49 more expensive than this time last year.

The surge in prices at the pump has become a headache for the Biden administration ahead of the upcoming midterm elections. President Joe Biden has repeatedly called on the industry — both domestic and foreign producers — to raise output.

Later this week he will meet with officials from Saudi Arabia, the de facto leader of OPEC. Biden sent a letter to a number of oil executives, including Wirth, in June calling on them to increase refining capacity. Chevron responded with a letter of its own, saying the administration has "largely sought to criticize, and at times vilify, our industry." Wirth said Wednesday that his company is working with the U.S. government. "What we need to see is policy that encourages responsible development of all types of energy resources here and policy that recognizes we need a pragmatic balance between economic prosperity, energy security, and environmental protection," he said. Wirth added that a dialogue is underway with administration officials over the near-term energy situation.

The industry has also been accused of price gouging at the pump. But Wirth said Chevron owns fewer than 5% of the stations that carry its brand. He said he's unsure the president "fully appreciated the nature of the market" and the people operating the service stations. The White House did not immediately respond to a request for comment. The industry has also been criticized for raising shareholder payout through dividends and buybacks, rather than putting that money into bringing more supply online.

But Wirth said the industry can both raise output while also rewarding shareholders.

"We can do it all. We can grow production ... we can invest to deliver more energy to the market, and we can be responsible and return cash to our shareholders at the same time. I think that's what a good company does," he said.





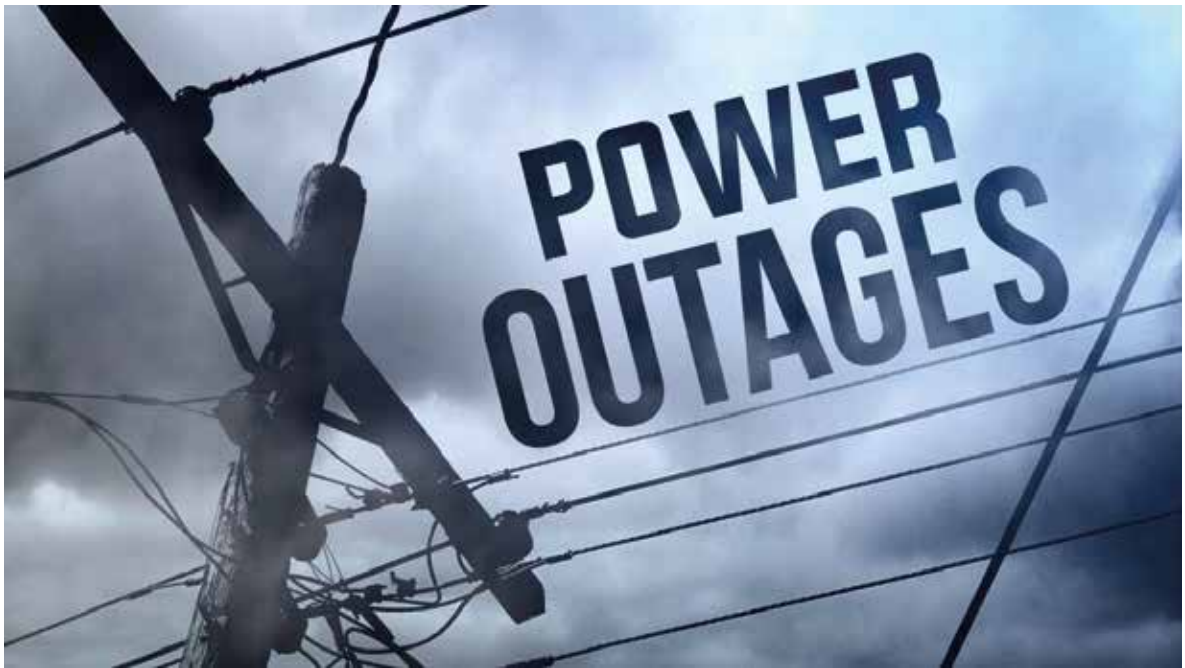
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# POWER OUTAGE

Soaring Demand For IPS, Rechargeable Items Make Holes in People's Pockets

*Apu Ahmed*

**A**hsan Ahmed, a private service holder living in a small rented flat in the old part of the capital city with his spouse and two children, cannot remember the last time he had checked the water level of his Instant Power Supply's battery.

## *Power Cuts Higher Than Projection*

As regular power cuts were reintroduced in recent weeks amid a severe energy crunch, Ahmed had to check the battery's water level to ensure an uninterrupted power supply during outages. He is aware of the fact that maintenance of the water level in the battery correctly is essential for its longevity. Since 2005-06, he has installed IPS although it has cost him extra. Like Ahmed, many others are concerned with power availability during regular power cuts. Although the government projected that the area-based power rationing would be a maximum of two hours in a specific place, in reality, power cuts outside

the capital are three times higher. So, people rush from nearby and remote cities to the capital to buy rechargeable electrical products useful during power cuts.

## *City's Markets Draw Huge Customers*

City's markets where such electrical goods are available have experienced an increase in the number of customers. The demand for charger lights, fans along with AC/DC lights and IPS has shot up, pushing up their prices. A HAMKO IPS dealer named Md Raihan said that the price of 600VA IPS of their company rose to Tk 8,700 from Tk 6,500 in just two weeks. He said that he sold IPS from Rahimafrooz which was now out of stock. A businessman from Jamalpur had to buy an IPS from the city's stadium market at Tk 12,000, the price of which was Tk 10,000 overnight.

## *Sales Boom*

Most wholesale traders at Kaptan

Bazar Complex, Sundarban Square Super Market, Taj Electric Market and Mozammel Electric Market got the upper hand to do brisk business since the beginning of area-wise power cuts. According to the wholesalers, they were selling charger fans and AC/DC (alternating current/direct current) lights at about 30 per cent higher rates over the past seven days as the importers continued to increase the price of the electrical products, mainly charger fans and lights. They argued that there was a supply crunch.

## *Price Shoot Up*

"The price of charger fans like Defender climbed to Tk 5,000 from Tk 3,900 in just two days," said SM Hafizur Rahman, owner of MH Electric Fair at Sundarban Square Market in the capital's Fulbaria. Sheikh Shakib, the proprietor of Shakib Electric and Lighting Zones at Kaptan Bazar Complex, said, "We sold an AC/DC light of Al Hena, a

local company, at Tk 220 before Eid-ul-Azha which is now selling at Tk 350." He added that they sold 12W AC/DC light of OSACA company at Tk 380 which now costs Tk 480. Md Zakir Hossain, owner of Power Electric at Sundarban Square Electric Super Market said, "We are selling all the products, mostly charger lights and fans at higher prices. The prices went up by Tk 500 in just a few hours as the importers hiked it." He said that they bought the items at high prices. "We sold a Chinese charger fan at Tk 3,000 but it was sold at Tk 2,000 just five days ago," he added. The wholesalers also said that the prices of all electrical appliances, including lights, fans, switch boards, cables and others rose sharply this year.

#### *Import Restriction*

Importers blamed the government's import restrictions for the price hike of imported electrical items. Shakaawat Hossain Khan Liton, owner of Khan Trade House, said that they would not be able to import goods as banks were not allowing them to open LCs which led to a supply shortage. The demand for charger fans increased several times than in the past, he added. The importer also blamed the high dollar price, transportation cost and Russia's

invasion of Ukraine along with the existing price hike for the overall scenario. The importers demanded easing imports to tackle the situation.

#### *Candle Prices Increase*

Low-income people who could not afford costly electrical goods for emergency power supply had to rely on traditional candles. However, the prices of candles also increased. A small-size candle's price has gone up to Tk 10 from Tk 5, and a medium one to Tk 15 from Tk 10, according to shopkeepers. So the frequent power cuts brought back the scenario of the 2000s when such outages were a daily routine and forced people to spend a substantial amount of money for illuminating their houses. Now the overall situation is making big holes in the people's pockets.

#### *Flaws in Energy Policy Exposed*

Experts criticised the government's flawed energy and power policy for the current situation. They noted that the country used to face random power cuts due to a lack of power plants in the 2000s. The number of power plants and generation capacity has increased substantially over the last decade. However, the price hike of the primary fuels like diesel and liquefied natural gas in the global market following rising demand and

supply crunch due to the Russia-Ukraine war has exposed flaws in the government policy. Too much reliance on diesel and LNG has led to serious challenges for the current government to maintain its success story in the power sector.

#### *Decline in Local Gas Production*

While the government is blaming the price hike of LNG in the international market behind the shortfall in power generation, experts are saying the government cannot avoid responsibility for the crisis. State minister for power, energy, and mineral resources Nasrul Hamid said gas supply to the power plants dropped to 900mmcf against the demand of around 1,600mmcf since the government has a fund shortage to buy LNG from the spot market to feed the power plants. However, the government cannot hide its reluctance to increase local gas production. The experts rightly pointed out that the country could have averted the present situation had the government maintained the production of gas achieved at over 2700mmcf in 2016. The production of gas has dropped since 2018, the year when the government began importing LNG. ■

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## Govt Braces For Hefty Capacity Charges For 5,350 MW Of Upcoming Electricity Likely To Remain Idle

### *Business Outlook Report*

**I**n next six months several private producers will be ready to supply 5,350 MW of electricity to the national grid under agreements with the government. You are wrong if you think it's going to ease the ongoing power crisis in the country.

Worse still, the state-owned Bangladesh Power Development Board will have little use of this new electricity even though it is likely to pay in crores of taka in capacity charges to

the producers further bulging the government's spending on available but unused power.

Capacity payment is considered a penalty for the BPDB as the government fails to purchase the power available with the power plants for supply to the national grid under agreements. The government has recently been under fire from energy experts for continuing with the capacity payment for idle electricity amid rising economic problems. As

per the government's power purchase agreement (PPA) with the private producers, the entire payments will be made in foreign currency mounting a new pressure on declining foreign exchange reserves, official sources said speaking on condition of anonymity due to the subject's sensitivity.

According to the sources, despite an improvement in payment the government still owes \$1.5 billion to the private power plant operators for

purchase of electricity. This arrear bills may increase as a fall-out of the new arrivals. The sources said, of the 5,346 MW electricity, scheduled to be added to the national grid from November 2022-to February 2022, some 1,600 MW will come from Adani Group's coal-fired power plant in the Indian state of Jharkhand, 620 MW from Rampal Power Plant, 1224 MW from S Alam Group's power

provide them with capacity payment. So, experts in the energy sector said, a huge capacity payment obligation is waiting for the government that will be counted from November this year when the electricity demand will substantially decrease with the beginning of winter season. In the winter that starts from November and continues up to March, the country sees a significant fall in electricity

government needs to spend a total of Tk 71,878 crore in the FY2021-22 for total power production, of which Tk 44,434 crore will be spent on purchasing electricity from the private sector.

Of this amount, Tk 37,963 crore will be required to purchase electricity from the independent power producer (IPP) and small IPP plants in the private sector which produce 38 per cent (8,807MW) of the total generation. The Centre for Policy Dialogue (CPD) at a recent seminar on power and energy sector budget has said that the capacity payment to private sector power plants, including rental and quick rental plants, has gone up to Tk 26,505 crore in FY2022 from Tk 5,600 crore in FY2018. The amount of capacity payment could reach Tk 31,600 crore in FY2023, said CPD research director Dr Khondaker Golam Moazzem, while making his keynote presentation titled: "Energy and Power Sector in the National Budget for 2022-23" at the seminar. Moazzem also said that the country's surplus electricity which was termed as the over generation capacity of electricity has increased to 10,764 MW in 2021-2022 from 8231 MW in 2020-21 with a jump to 42.12 per cent from 37.37 per cent. The BPDB recently submitted a report to the parliamentary standing committee on power and energy where it showed that the government paid Tk 54,000 crore as capacity payment in the last three years of which the private producers received Tk 42,000 crore.

Power Cell director general Mohammad Hossain, however, disagreed with the idea of adding 5,350 MW electricity to the national grid by December 2022- February 2023 period.

He said around 3000 MW could be added to the national grid at that time while the demand may grow by another 700 MW considering a 7 per cent GDP growth. He declined to make any comment about the possible growing burden of capacity payment. ■



plant in Bashkhali of Chattagram, 718 MW electricity from Reliance Power LNG-based Plant in Meghnaghat and another 600 MW from LNG-based GE-Summit power plant in Meghnaghat, and 584 MW from LNG-based Unique Group's power plant in Meghnaghat. The BPDB's official data puts the country's total generation capacity at 25,235MW of which grid-connected generation is 22,348MW up to April this year. The remaining 2,887 is captive generation, mainly produced by industry owners, exclusively for running their own industries, it said. Of the 22,348 MW on-grid power, some 50.3 per cent (11,240MW) is being generated by public sector entities while the remaining 49.7 per cent (11,108MW) is coming from the private sector. Currently, due to fuel constraints—specially, gas and liquid fuel crises, the national grid is getting around 12,500 MW, which is about half of the generation capacity. As per the conditions of the agreements with the private power producers, if the government fails to receive power supply from the IPPs despite their available generation capacity, it has to

demands and the consumption comes down to below 8,000 in evening peak hours while it remains 6,000-7,000 MW during the day peak times. The BPDB official data shows that the country's evening peak demand at the sub-station end was recorded at 7,922 MW and minimum generation was recorded at 5,879 MW at the generation end on December 31 in 2021. The country's highest power generation was recorded at 14,782MW on April 16 – meaning that the surplus capacity is 10,453MW (about 41 per cent). Officials said when the 5,350 MW of new electricity will be added to the national grid in November- February period, the country's generation capacity will go up further to 30,581 MW, but the demand will remain below 8,000 MW leaving the 22,581 MW idle. This will further push up the government's burden of capacity payment, said a top official. But he could not give a clear idea as to how much of the amount the government would need to pay in capacity payment to the private sector power producers. Meanwhile, the BPDB official documents reveal that the





## Metro Rail (MRT Line-6) Project Cost Goes Up By Tk 11,486 Cr; Gets ECNEC Nod

*Business Outlook Report*

**T**he Executive Committee of the National Economic Council (Ecne) on July 19 approved the 2nd revision of Dhaka Mass Rapid Transit Development (Line-6) project with an additional cost of Tk 11,486.92 crore. With the latest revision, the length of the metro rail (Line-6) will increase by 1.16 km while the total cost will reach Tk 33,471.99 crore. The approval came from the 1st Ecne meeting in the current fiscal year with Ecne chairperson and Prime Minister Sheikh Hasina in the chair.

She joined the meeting virtually from her official residence Ganabhaban while Ministers, State Ministers, Planning Commission members and Secretaries concerned attended the meeting from the NEC conference room in the city's Sher-e-Bangla Nagar. Planning Minister MA Mannan briefed reporters after the meeting. He said that a total of 8 projects were approved today involving an overall

estimated cost of Tk 15,856.80 crore. Of the approved eight projects, four are new while four others are revised ones. Of the total project cost, Tk 12,444.25 crore will come from the government of Bangladesh, Tk 134.57 crore from the concerned organization's own fund while the rest of Tk 3,277.98 crore as project assistance. As per the 2nd revision of the metro rail project, there will be civil works, rolling stocks modification, E & M system and station plaza construction from Motijheel to Kamalapur Line.

State Minister for Planning Dr Shamsul Alam said that the Ecne meeting discussed the launching of the much-hyped metro rail (Line-6) likely on December 16 this year with an aim to ease the traffic congestion in the capital. Initially, he said, the metro rail will operate from Uttara to Agargaon as the work on the 11.73 km Diabari-Agargaon portion is nearing completion. The other

projects approved in the meeting are upgrading Hathazari to Raozan portion of Chattogram-Rangamati national highway into four-lane with Tk 104.69 crore, upgrading Itakhola-Mothkhola-Katiadi Road and Noyapara-Araihazar-Narsingdi-Raipura regional highway with Tk 984.85 crore, Construction of Pipeline from Dhonua to Mymensingh for ensuring gas supply to Mymensingh Combined Cycle Power Plant with Tk 553.16 crore.

The remaining projects approved in the meeting are Population-based uterine and breast cancer screening Programme (EPCBCSP) including electronic data tracking, 2nd revised with an additional cost of Tk 129.67 crore, Protecting Khagrachhari town and adjacent infrastructures from river erosion with Tk 586.01 crore, Upazila Governance and Development Project( 2nd revised) with an additional cost of Tk 211.50 crore and Greater Dinajpur rural infrastructures development project with Tk 1,800 crore. ■



Dhaka Bank Limited observed its 27 years of banking recently. Chairman, Dhaka Bank Limited Mr. Abdul Hai Sarker; Founder of the Bank Mr. Mirza Abbas Uddin Ahmed; Founder Vice Chairman Mr. A T M Hayatuz-zaman Khan, Directors and Managing Director & CEO Mr. Emranul Huq attended, among others. ■



M. Khorshed Anwar, Deputy Managing Director and Head of Retail and SME Banking of Eastern Bank Ltd (EBL), and Sadia Haque, CEO of ShareTrip, exchanging documents after signing a customer benefit deal in Dhaka recently. Under the agreement ShareTrip, the online travel agency, offers special discounts to EBL cardholders on their products and services. ■



Investment Corporation of Bangladesh (ICB) congratulated Mr. Abdur Rauf Talukdar, former Senior Secretary, Financial Institutions Department, Ministry of Finance, on his joining as the twelfth Governor of Bangladesh Bank. Mr. Md. Abul Hossain, Managing Director of ICB, greeted him with flowers at the Governor's Office of Bangladesh Bank. ■



Social Islami Bank Limited (SIBL) arranged a day-long half-yearly Business Conference-2022. The conference was presided over by Zafar Alam, Managing Director & CEO of Social Islami Bank. Abu Reza Md. Yeahia, Additional Managing Director, Md. Shamsul Hoque and Mohammad Forkanullah, Deputy Managing Directors, were present at the conference. ■



A day-long workshop on "Preventing Money Laundering and Terrorist Financing" organized by AIBL Chattogram Zonal Office was held at Central Conference Hall at AIBL Jamalkhan Branch, Chattogram. Managing Director & CEO of the Bank Farman R. Chowdhury inaugurated the workshop as the Chief Guest. ■



ANM Mahfuz, DMD & CBO, Consumer Banking Division, Prime Bank, and Syed Moinuddin Ahmed, Additional Managing Director, Green Delta Insurance Company Limited, signed a Memorandum of Understanding (MoU) recently. ■





Bank Asia Limited signed an agreement with International Finance Corporation (IFC), a member of World Bank Group, for Advisory Services on Risk Management & Credit Underwriting. Md Arfan Ali, President & Managing Director of Bank Asia, and Nuzhat Anwar, Senior Country Officer of IFC, signed the agreement on behalf of their respective organisations at a ceremony held at Rang's Tower in Dhaka. ■



The 9th Annual General Meeting (AGM) of NRB Bank Limited was held recently at Bank's Corporate Head Office, Dhaka. The Bank has declared 5 per cent cash dividend for the year 2021. Mr. Mohammed Mahtabur Rahman, Chairman of the Bank, presided over the meeting. Among others Vice Chairman Mr. Tateyama Kabir, Chairman of the Executive Committee Mr. Ali Ahmed, Chairman of the Risk Management committee Mr. Khandakar Ruhul Amin. ■



The Half-Yearly Business Conference-2022 of the Premier Bank Limited was held on Sunday at Renaissance Dhaka Gulshan Hotel. Dr. H.B.M. Iqbal, Chairman, Board of Directors of Premier Bank Limited, graced the occasion as the Chief Guest. Mr. Moin Iqbal, Vice Chairman; Mr. Abdus Salam Murshedy, MP. ■



Dhaka Central Zone & Corporate Branches of Islami Bank Bangladesh Limited organized half-yearly Business Development Conference at Head Office. Mohammed Monirul Moula, Managing Director and CEO of the Bank addressed the conference as the Chief Guest. ■



The board of directors of Community Bank Bangladesh Ltd greeted the newly-appointed Governor of Bangladesh Bank Abdur Rouf Talukder. Managing Director & CEO of Community Bank Bangladesh Ltd Mashiul Huq Chowdhury and directors of the bank were present on the occasion. ■



Asif Ibrahim, Chairman of Chittagong Stock Exchange PLC, greeted Professor Shibli Rubayat-Ul-Islam, chairman of Bangladesh Securities and Exchange Commission (BSEC), on his election as vice chairman of Asia Pacific regional committee of International Organisation of Securities Commission. ■



# Govt To Procure 50,000 MTs Wheat, 30,000 MTs Fertilizer



## Business Outlook Report

**T**he government approved separate proposals for procuring some 50,000 metric tons of wheat and some 30,000 metric tons of granular urea fertilizer to meet the growing demand of the country. The approvals came from the 21st meeting of the Cabinet Committee on Government Purchase (CCGP) in this year held virtually on July 20 with Finance Minister AHM Mustafa Kamal in the chair.

Briefing reporters after the meeting virtually, Cabinet Division Additional Secretary Md Sabirul Islam said that the Ministry of Food would procure some 50,000 metric tons of wheat from M/S Agrocrop International Pte Ltd, Singapore

for the current fiscal year (FY23) with around Taka 209.51 crore. He said following a proposal from the Ministry of Industries, Bangladesh Chemical Industries Corporation (BCIC) would procure some 30,000 metric tons of granular urea fertilizer from SABIC Agri-nutrients Company, Saudi Arabia in 2nd lot under state-level agreement with around Taka 167.60 crore.

Sabirul said the CCGP meeting decided to appoint the joint venture of Northwest Hydraulic Consultants Ltd, Canada, Euro Consultant Mott Macdonald, Netherlands as the consultant with around Taka 127.64 crore for the Flood and Riverbank Erosion Risk Management Investment Programme (Project-2).

He said that the meeting gave nod to four proposals from the Ministry of Shipping. The Cabinet Division Additional Secretary said that the Mongla Port Authority would procure the design, supply, and installation of port reception facility from Lamor Corporation PLC, Finland with around Taka 111.08 crore and two oil recovery vessels including oil schemer, boom and ancillary equipments also

from Lamor Corporation PLC, Finland with around Taka 81.08 crore under the project for Modern waste and released oil management project. Sabirul said the Mongla Port Authority would also procure a modern MAR-IPOL Waste Collection Vessel from Lamor Corporation PLC,

Finland with around Taka 94.71 crore. Besides, Bangladesh Inland Water Transport Authority (BIWTA) would procure a trailing suction hopper dredger from Scheepswerf Gebroeders Kooiman BV Lindtsedijk, Netherlands with around Taka 235.97 crore.

He also informed that the meeting approved two other proposals from the Ministry of Civil Aviation and Tourism for re tendering those as well as a variation proposal from the Local Government Division.

Earlier, the meeting on the Cabinet Committee on Economic Affairs (CCEA) was held virtually, but did not approve the lone proposal from the Power Division. ■



## A Depressing Story Of Bangladesh's Gas Crisis

*Jehangir Hussain*

**T**hough Bangladesh has enough power generation capacity to provide electricity to all, the depressing reality is that load-shedding has become a daily affair. The question is why is enough power not generated? The answer lies in the fact that there is shortage of gas to run the power plants. And why should there be a gas shortage in a country that is supposed to be gas rich? The answer is—there has been minimum exploration in last two decades. And why the nation lagged in exploration? The answer is—due to the failure of the authorities to take timely decision when gas reserves started to deplete.

Was it due to poor capability of the gas exploration agencies to look for new reserves to replace the depleted reserves, or was it to serve the vested interests not to begin large scale exploration so that the gas imports could benefit them? The excuse that the existing gas crisis and the consequent decline in power generation are the results of the Russia-Ukraine war is not fully acceptable. The

current gas crisis in the country was not inevitable, as it occurred due to not doing enough to lift the gas from the ground. Bangladesh— one of the largest deltas in the world, is rich in natural gas. The deltas are always rich in hydrocarbon. But there is a vested group— opposed to explorations as their businesses will be hampered if domestic gas sources are tapped. Internationally reputed companies have testified that there is more untapped natural gas in Bangladesh than had been extracted by it. A two-year joint study by the US Geological Survey (USGS) and Petrobangla showed that Bangladesh has undiscovered natural gas to the tune of about 32 trillion cubic feet.

The Norwegian Petroleum Directorate (NDP) showed that Bangladesh has 42 trillion cubic feet of undiscovered gas. The NDP carried out its study in collaboration with a Bangladeshi counterpart, the Hydrocarbon Unit (HCU) under the ministry of energy and power. Recently, Ramboll, a European oil and gas consultant, suggested that

there is about 34 trillion cubic feet of undiscovered gas in Bangladesh. As Bangladesh consumes about one trillion cubic feet of gas per year, it means that 34 trillion cubic feet would be there or at least 30 years for the nation to consume. But Bangladesh lags behind in explorations to find out and tap its reserves compared to the US, Norway and Australia. Compared to even India's Tripura province Bangladesh has so far drilled about 100 exploratory wells while Tripura has drilled more than 150 exploratory wells. The authorities never explained why they drilled fewer wells in Bangladesh than Tripura?

A few years ago, the authorities announced a plan to drill 55 exploratory wells in five years only to give up the explanations. No wonder Bangladesh has been categorised as one of the least explored countries in the world. Only one third of the onshore area of Bangladesh has been explored for gas, and its success of discovering gas has been much higher than the global average. Bangladesh has a large offshore area



for gas exploration, divided into 26 exploration blocks. In order to engage international oil companies in offshore exploration, in 2015, Petrobangla initiated a plan to engage an international service company to carry out seismic survey (multiclient survey) and to produce a database which would then be used to negotiate with foreign oil companies. A national expert committee was formed to select the best quali-

fied service company for the job. But for unknown reasons, the selection was nullified.

After the previously selected company again qualified for a second round of selection, the whole process was mysteriously abandoned. Years of inaction led to stalled offshore explorations in Bangladesh.

No seismic survey was done and the

inaction continues to cripple the country.

Currently, only one consortium of Indian oil companies owned by state owned O and Natural Gas Corporation, better known as the ONGC, is carrying out offshore explorations in Bangladesh, which drilled only one well in seven years. ■

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## Dry Spell Rings Alarm For Aman Cultivation



### *Business Outlook Report*

**I**t's rainy season in Bangladesh and agricultural land is supposed to be wet with monsoon rains by now. But a vast part of land is currently dry and cracks have formed in many parts of the country, particularly in the north, affecting the cultivation of Aman rice, the

second-largest paddy after Boro, amid dry spell.

According to the Bangladesh Meteorological Department (BMD), the country recorded 86 per cent less rainfall until July 17, against 523 millimetres on average usually seen in the month, compelling growers to turn to diesel-run pumps to

prepare lands and transplant seedlings to avoid late planting since it would reduce yields.

"We have been passing our days looking at the sky for rains," said Nurul Islam, a farmer of Hosenagar village under the sadar upazila of Rangpur, the main producer of Aman in the north, which

accounts for 36 per cent of the total output of the rice variety. The grower had prepared his seedbed on two bighas of land to plant Aman. The seedlings have grown fully, but he could not prepare the land on time to transplant the seedlings for the drought-like situation.

Finally, after waiting for



seven days, he had to depend on water pumps to irrigate though this would increase his production cost. He and his farmers across the country rely on

government targets to bag 1.63 crore tonnes of rice to offset the losses of Boro and Aush crops. Until yesterday, farmers transplanted Aman on 1.57 lakh

in this area." Farmers normally start transplanting Aman on the first day of Srabon (July 16) as per the Bangla calendar year. "We will have to spend for

the timely cultivation of Aman.

"The situation is almost the same throughout the country. But transplantation begins early in the Rangpur and Dinajpur regions."

Md Shahjahan Kabir, director general of the Bangladesh Rice Research Institute, said seedlings of shortly matured varieties have to be transplanted within 15-20 days to ensure maximum output.

"If that exceeds, the yield will decline."

Similarly, dry weather will also affect the cultivation of long-duration rice varieties, he said, suggesting the operation of all public irrigation schemes to ensure timely cultivation to achieve the target.

"The government should initiate a massive agricultural rehabilitation programme under the current situation," said AMM Shawkat Ali, a former food adviser to the caretaker government.

He said farmers should get an adequate supply of diesel for irrigation. "It will offset the future need for import of food grains."

The rainfall may increase from today and the temperature will fall, according to Hafizur Rahman, a meteorologist at the BMD. ■



rainwater to produce the paddy variety. "My expenses would go up by Tk 1,500 per bigha for operating the diesel pump," Islam said.

The unfavourable weather following repeated floods had hurt the previous two rice crops -- Boro and Aush. This fanned concerns about the food security of the nation at a time when the war in Ukraine is disrupting the supply of grains.

Rice is the staple food and Aman accounted for 39 per cent of the total annual production of the grains estimated at around 3.80 crore tonnes during the last fiscal year of 2021-22. The mild heat wave has created worries among farmers and agronomists as any delay in transplantation will reduce the overall yield from the crop. The

hectares of land, out of the government's target of 56.30 lakh hectares, according to the Department of Agricultural Extension (DAE).

Farmers have prepared seedlings on 2.57 lakh hectares so far. "My seedlings matured a week ago and I have been watering them to keep them alive. I don't know when the rain will come and we will start transplantation. We are worried," said Md Khaja Mia, a farmer in Shibganj upazila of Bogura district.

Abdul Halim, a farmer in Rajosh of Gobindaganj upazila of Gaibandha, says all water-bodies, crops lands, canals and ponds are dry now. "We are witnessing this type of drought in our district for the first time since 2001. There has been no rain since June 17

irrigation if there is no rainfall," Halim said, adding that per unit cost of electricity is Tk 4.5 while diesel costs Tk 80 a litre.

Habibur Rahman, a farmer of the Bherberi union of Khansama upazila of Dinajpur, usually completes Aman cultivation by July 20 every year.

"But, it seems that it would be late by a couple of weeks this year," he said.

"We are already 15-20 days behind the usual Aman cultivation period. We are worried because the yield might be poor due to the lack of rains on time," said Abdur Rouf, a grower in Rajosh.

Habibur Rahaman Chowdhury, director (routine charge) of the field services wing of the DAE, said the agency suggested using irrigation pumps to ensure



## CMSMEs Get Tk 25,000cr Under Refinance Scheme

### *Business Outlook Report*

**B**angladesh Bank yesterday unveiled a Tk 25,000 crore refinance scheme for cottage, micro, small and medium enterprises (CMSMEs) in order to increase their access to finances. Borrowers in the CMSME sector will get funds in the form of term loans, whose tenure is more than one year, from the scheme, according to a central bank notice. The tenure of the fund, which is revolving in nature, is three years.

Considered the backbone of the economy, the CMSME sector is contributing to the country by generating jobs and manufacturing items, cutting Bangladesh's reliance on imported items. There are 78 lakh such units across the country as per the latest data from the Bangladesh Bureau of Statistics. "If needed, the fund size will be increased," the BB said. Under the new scheme, banks and non-bank financial institutions (NBFIs) will receive funds at 2 per cent from the central

bank, while CMSME borrowers will get loans at a maximum interest rate of 7 per cent. Lenders will have to distribute at least 75 per cent of the loans among cottage, micro and small enterprises and a maximum of 25 per cent among medium-sized firms. Of the total loans, at least 70 per cent must go to the manufacturing and services sectors and the rest to the trading sector. Clients will be entitled to a maximum grace period of six months, and the repayment period, including the grace period, will not be more than five years, said the BB in the notice.

The loans can be disbursed through branches, sub-branches, agent banking outlets and mobile financial services. The high-priority sectors eligible for the loans under the scheme include agriculture and food processing industries, farm machinery manufacturers, readymade garments, knitwear, design and decorating companies, ICT, leather and leather goods industries,

light-engineering, and jute and jute goods industries. The priority sectors are plastics and other synthetic industries, tourism, home textiles makers, renewable energy, automobile manufacturers and repairing industries, handicrafts, energy-efficient device makers, jewelers, toy industries, cosmetics and toiletries, furniture makers, and mobile, computer and television servicing industries. Lenders with more than 10 per cent default loans will not be allowed to disburse funds under the scheme. Besides, lenders have to have at least three years of business experience.

CMSMEs, economists and bankers welcomed the refinance scheme. Akter Hossain Khan, president of the Exportable Small Garments Owners Association in Syedpur of Nilphamari, says the scheme would help borrowers in the CMSME sector secure funds on easy terms. "Although some banks had earlier disbursed loans among CMSMEs in



Syedpur, the funds have not been enough to fulfil their needs. So, the new scheme may help widen the borrowing scope for businesses." Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, says inadequate access to funds has always been a barrier for the CMSME sector's growth and expansion. Banks and NBFIs usually feel discouraged to lend at 9 per cent since the cost of funds and the operational expenditure are high. "From that sense, it

would provide them loans on easy terms." The economist urged the central bank to use the experiences of the Tk 20,000 crore stimulus package, which took a long time for disbursement to accelerate, and remove complexities standing in the way of CMSMEs when it comes to access to credit. Syed Mahbubur Rahman, managing director of Mutual Trust Bank, describes the refinance scheme as a move in the right direction since the CMSME sector is highly important given its

contribution to the economy. "In addition, the banking sector is now facing liquidity pressure, so it will help lenders secure funds from the central bank at a lower cost," he said.

He points out that the cost of deposits in the banking sector is on the rise, creating roadblocks to disbursing funds smoothly owing to the 9 per cent lending interest ceiling.

"The new scheme will help borrowers secure funds at a lower cost." ■



## India's Rupee Breaches 80 Per Dollar, Hits New Record Low

### Business Outlook Report

**T**he Indian rupee fell to more than 80 per US dollar for the first time on record on Tuesday, as the greenback extended its rally and foreign capital outflows intensified. The rupee 80.0600 against the greenback soon after trading started, Bloomberg data showed.

High inflation and rising interest rates in the United States coupled with fears of an impending recession in the world's biggest econo-

my have fuelled a broad dollar rally in recent weeks as investors turn increasingly risk-averse. Tighter US monetary policy has exacerbated outflows from emerging markets such as India, where foreign investors have withdrawn a net \$30.8 billion in debt and equity this year.

Data released last week showed US consumer price inflation hit a fresh four-decade high in June, exceeding market forecasts and stoking expectations of another large Federal

Reserve rate hike next week. In a written statement to the Indian parliament on July 18, finance minister Nirmala Sitharaman attributed the rupee's sharp fall to external reasons. 'Global factors such as the Russia-Ukraine conflict, soaring crude oil prices and tightening of global financial conditions are the major reasons for the weakening of the Indian Rupee against the US dollar,' she said.

At the same time, the Indian currency has

strengthened against the British pound, the Japanese yen and the euro in 2022 so far, Sitharaman added. But higher crude prices have resulted in a deteriorating trade balance in a country that imports 80 percent of its oil needs. India's merchandise trade deficit widened to a record \$26.18 billion in June, official data showed last week, largely because of higher crude and coal import prices. In its monthly economic review, the Ministry of Finance said costlier imports could widen the current account deficit and cause the rupee to depreciate further. Consumer price inflation in India, the world's sixth-largest economy, cooled off slightly to 7.01 percent in June after hitting an eight-year high of 7.79 percent in April.

But price rises have persisted well above the central bank's two-to-six percent target range despite consecutive interest rate hikes in May and June.

The central bank has also sold more than \$34 billion of its foreign currency reserves in an effort to stabilise the rupee. ■



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## WEEKLY SELECTED ECONOMIC INDICATORS

Chief Economist's Unit  
(Policy Support Wing)  
21 July 2022

|  | 19 July 2021   | 30 June, 2021   | 30 June 2022                | 20 July 2022                 |
|--|----------------|-----------------|-----------------------------|------------------------------|
| 1. Foreign Exchange Reserve (In million US\$)              | 45517.44       | 46391.44        | 41865.06                    | 39674.20                     |
| 2. Interbank Taka-USD Exchange Rate (Average)              | 84.8010        | 84.8146         | 93.4500                     | 93.9500                      |
| 3. Call Money Rate   | 2.06           | 2.23            | 4.42                        | 5.54                         |
|  |                |                 |                             | Percentage change            |
| Broad/Overall Share Price Index                            | 19 July 2021   | 30 June, 2021   | 20 July 2022                | From June, 2021              |
| a) Dhaka Stock Exchange (DSE) <sup>®</sup>                 | 6405.04        | 6150.48         | 6138.79                     | -0.19                        |
| b) Chittagong Stock Exchange (CSE)                         | 18569.76       | 17795.04        | 18030.42                    | 1.32                         |
|  | June, 2021     | July-June, FY21 | June, 2022 <sup>P</sup>     | July-June, FY22 <sup>P</sup> |
| 5. a) Wage Earners' Remittances (In million US\$)          | 1940.81        | 24777.71        | 1837.27                     | 21031.68                     |
| b) Annual Percentage Change                                | 5.90           | 36.10           | -5.33                       | -15.12                       |
|  | May, 2021      | July-May' FY21  | May, 2022 <sup>P</sup>      | July-May' FY22 <sup>P</sup>  |
| a) Import (C&F) (In million US\$)                          | 6135.80        | 58625.70        | 7276.30                     | 81496.50                     |
| b) Annual Percentage Change                                | 73.65          | 17.31           | 18.59                       | 39.01                        |
|  | May, 2021      | July-May' FY21  | May, 2022 <sup>P</sup>      | July-May' FY22 <sup>P</sup>  |
| 6. a) Import(L.o.b) (In million US\$)                      | 5676.00        | 54234.00        | 6731.00                     | 75400.00                     |
| b) Annual Percentage Change                                | 73.63          | 17.28           | 18.59                       | 39.03                        |
|  | June, 2021     | July-June, FY21 | June, 2022 <sup>P</sup>     | July-June, FY22 <sup>P</sup> |
| 7. a) Export (EPB) (In million US\$)*                      | 3577.49        | 38758.31        | 4908.03                     | 52082.66                     |
| b) Annual Percentage Change                                | 31.77          | 15.10           | 37.19                       | 34.38                        |
|  | July-May, 2021 | July-May, 2021  | July-May, 2022 <sup>P</sup> | FY 2020-2021 <sup>R</sup>    |
| 8. Current Account Balance (In million US\$)               | -2783.0        | -17233.0        | -4575.0                     |                              |
|  | May, 2021      | July-May, FY21  | May, 2022 <sup>P</sup>      | July-May, FY22 <sup>P</sup>  |
| 9. a) Tax Revenue (NBR) (Tk. in crore)                     | 22489.01       | 220072.53       | 25164.17                    | 252920.76                    |
| b) Annual Percentage Change                                | 67.16          | 16.74           | 11.90                       | 14.93                        |
|  | May, 2021      | July-May' FY21  | May, 2022 <sup>R</sup>      | July-May' FY22 <sup>R</sup>  |
| Investment in National Savings Certificates (Tk. in crore) |                |                 |                             |                              |
| a) Net sale  | 2657.34        | 37385.98        | 638.68                      | 18157.44                     |
| b) Total Outstanding                                       | 339520.34      | 339520.34       | 362251.35                   | 362251.35                    |
|  | May, 2021      | June, 2021      | May, 2022 <sup>P</sup>      | Percentage change            |
|  |                |                 |                             | May'22 over May'21           |
|  |                |                 |                             | May'22 over Jun'21           |
|  |                |                 |                             | May'21 over Jun'20           |
| 11. a) Reserve Money (RM) (Tk. in crore)                   | 327852.50      | 348071.80       | 330829.40                   | -4.95                        |
| b) Broad Money (M2) (Tk. in crore)                         | 1526275.60     | 1560895.20      | 1662637.00                  | 6.52                         |
|  |                |                 |                             | 11.10                        |
|  |                |                 |                             | 15.24                        |
|  |                |                 |                             | 22.35                        |
|  |                |                 |                             | 13.62                        |



| 12. | Total Domestic Credit (Tk. in crore)<br>a) Net Credit to the Govt. Sector<br>b) Credit to the Other Public Sector<br>c) Credit to the Private Sector   | July-June, FY21 |            |            |            |                |            | July-June, FY22 <sup>P</sup> |                |             |            |                |            | Percentage change |                |             |            |                |            |                 |                |             |            |                 |                |             |            |           |
|-----|--|-----------------|------------|------------|------------|----------------|------------|------------------------------|----------------|-------------|------------|----------------|------------|-------------------|----------------|-------------|------------|----------------|------------|-----------------|----------------|-------------|------------|-----------------|----------------|-------------|------------|-----------|
|     |  | Opening         |            | Settlement |            | Opening        |            | Settlement                   |                | Opening     |            | Settlement     |            | Opening           |                | Settlement  |            |                |            |                 |                |             |            |                 |                |             |            |           |
|     |  | 1400067.70      | 197478.80  | 30780.00   | 1171808.90 | 1439899.00     | 251184.40  | 1611546.90                   | 15.10          | 11.92       | 7.07       | 10.11          | 197478.80  | 251184.40         | 30780.00       | 1171808.90  | 1439899.00 | 251184.40      | 1611546.90 | 15.10           | 11.92          | 7.07        | 10.11      |                 |                |             |            |           |
| 13. | L/C Opening and Settlement (million US\$)<br>a) Consumer Goods<br>b) Capital Machinery<br>c) Intermediate Goods<br>d) Petroleum<br>e) Industrial Raw Materials<br>f) Others<br>Total   | 7812.68         | 6806.99    | 3741.76    | 5314.96    | 9837.10        | 8678.67    | 25.91                        | 27.50          | 18.73       | 18.73      | 5702.59        | 6463.68    | 13.35             | 40.78          | -12.39      | 3.91       | 116.18         | 47.03      | 11.01           | 9.64           | 39.46       | 46.15      | 7.52            | 7.52           |             |            |           |
| 14. | Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)<br>a) Twelve Month Average Basis<br>b) Point to Point Basis<br>Corresponding Period<br>a) Twelve Month Average Basis<br>b) Point to Point Basis | December, 2018  | June, 2019 | June, 2018 | June, 2019 | December, 2020 | June, 2021 | September, 2021              | December, 2021 | April, 2022 | June, 2022 | December, 2021 | June, 2021 | September, 2021   | December, 2021 | April, 2022 | June, 2022 | December, 2021 | June, 2021 | September, 2021 | December, 2021 | April, 2022 | June, 2022 | September, 2021 | December, 2021 | April, 2022 | June, 2022 |           |
| 15. | Classified Loan<br>a) Percentage Share of Classified Loan to Total Outstanding<br>b) Percentage Share of Net Classified Loan to Total Outstanding<br>Agricultural and Non-farm Rural Credit (Tk. in crore)                             | 10.30           | 11.69      | 2.18       | 2.53       | 9.32           | 9.16       | 7.66                         | 8.07           | 8.18        | 7.93       | 8.07           | 9.16       | 7.66              | 8.07           | 8.18        | 7.93       | 8.07           | 9.16       | 7.66            | 8.07           | 8.18        | 7.93       | 8.07            | 9.16           | 7.66        | 8.07       |           |
| 16. | SME Loan (Tk. in crore)<br>a) Disbursement **<br>b) Recovery<br>c) Outstanding   | 1859.43         | 1597.65    | 2000.54    | 45237.50   | 21970.39       | 2252.52    | 2210.01                      | 25966.73       | 25511.35    | 22749.03   | 23616.25       | 2252.52    | 2210.01           | 25966.73       | 25511.35    | 22749.03   | 23616.25       | 2252.52    | 2210.01         | 25966.73       | 25511.35    | 22749.03   | 23616.25        | 2252.52        | 2210.01     | 25966.73   |           |
| 17. | Industrial Term Loan (Tk. in crore)<br>a) Disbursement<br>b) Recovery<br>c) Outstanding  | 28063.70        | 48980.98   | 237653.44  | 45237.50   | 44445.67       | 41788.73   | 42075.49                     | 57118.60       | 51716.69    | 185428.48  | 153496.15      | 44445.67   | 41788.73          | 42075.49       | 51716.69    | 185428.48  | 153496.15      | 44445.67   | 41788.73        | 42075.49       | 51716.69    | 185428.48  | 153496.15       | 44445.67       | 41788.73    | 42075.49   |           |
| 18. | GDP Growth Rate (in percent, Base: 2005-06=100)<br>a) Disbursement<br>b) Recovery<br>c) Outstanding  | 221695.35       | 237653.44  | 275311.09  | 2014-15    | 240169.54      | 243074.82  | 245325.67                    | 252082.09      | 259704.21   | 252082.09  | 237653.44      | 240169.54  | 243074.82         | 245325.67      | 252082.09   | 259704.21  | 252082.09      | 237653.44  | 240169.54       | 243074.82      | 245325.67   | 252082.09  | 259704.21       | 252082.09      | 237653.44   | 240169.54  | 243074.82 |
| 19. | GDP Growth Rate (in percent, Base: 2005-06=100)<br>a) Disbursement<br>b) Recovery<br>c) Outstanding  | 12132.03        | 16499.23   | 15538.37   | 2014-15    | 17379.01       | 19430.74   | 14834.23                     | 17340.49       | 17340.49    | 68765.25   | 74257.02       | 17379.01   | 19430.74          | 14834.23       | 17340.49    | 17340.49   | 68765.25       | 74257.02   | 17379.01        | 19430.74       | 14834.23    | 17340.49   | 17340.49        | 68765.25       | 74257.02    | 17379.01   | 19430.74  |
| 20. | GDP Growth Rate (in percent, Base: 2005-06=100)<br>a) Disbursement<br>b) Recovery<br>c) Outstanding  | 10187.76        | 15538.37   | 275311.09  | 2014-15    | 16893.10       | 14734.86   | 12979.47                     | 18477.42       | 16572.97    | 58488.71   | 69723.89       | 16893.10   | 14734.86          | 12979.47       | 18477.42    | 16572.97   | 58488.71       | 69723.89   | 16893.10        | 14734.86       | 12979.47    | 18477.42   | 16572.97        | 58488.71       | 69723.89    | 16893.10   | 14734.86  |
| 21. | GDP Growth Rate (in percent, Base: 2005-06=100)<br>a) Disbursement<br>b) Recovery<br>c) Outstanding  | 277351.09       | 275311.09  | 2013-14    | 2014-15    | 299048.73      | 315294.16  | 303329.12                    | 308918.45      | 310572.40   | 1163938.15 | 277351.09      | 299048.73  | 315294.16         | 303329.12      | 308918.45   | 310572.40  | 1163938.15     | 277351.09  | 299048.73       | 315294.16      | 303329.12   | 308918.45  | 310572.40       | 1163938.15     | 277351.09   | 299048.73  | 315294.16 |
| 22. | GDP Growth Rate (in percent, Base: 2005-06=100)<br>a) Disbursement<br>b) Recovery<br>c) Outstanding  | 6.06            | 6.55       | 7.11       | 6.55       | 7.11           | 6.59       | 7.32                         | 7.88           | 3.45        | 6.94       | 7.25           | 6.06       | 6.55              | 7.11           | 6.59        | 7.32       | 7.88           | 3.45       | 6.94            | 7.25           | 6.94        | 7.25       | 7.32            | 7.88           | 3.45        | 6.94       | 7.25      |

**Weekly basis commodity Statement of LCs Opened and Settled for the month of June/2022**

In million US \$(Provisional)

| Sl. No. | Name Of The Commodity                 | First week     |                | Second week    |                | Third week     |                | Fourth week    |                | Fifth week     |               | Total          |                |
|---------|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|----------------|
|         |                                       | Opened         | Settled        | Opened         | Settled        | Opened         | Settled        | Opened         | Settled        | Opened         | Settled       | Opened         | Settled        |
| 1.      | Rice                                  | 0.86           | 1.30           | 1.98           | 0.09           | 14.05          | 0.43           | 8.09           | 0.16           | 0.00           | 0.28          | 24.98          | 2.27           |
|         | i) Private Sector                     | 0.86           | 0.30           | 1.98           | 0.09           | 14.05          | 0.43           | 8.09           | 0.16           | 0.00           | 0.02          | 24.98          | 1.01           |
|         | ii) Public Sector                     | 0.00           | 1.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.26          | 0.00           | 1.26           |
| 2.      | Wheat                                 | 0.30           | 21.83          | 18.02          | 27.69          | 0.55           | 12.18          | 0.19           | 38.60          | 0.14           | 35.17         | 19.21          | 135.47         |
|         | i) Private Sector                     | 0.30           | 21.68          | 18.02          | 27.67          | 0.55           | 12.16          | 0.19           | 29.28          | 0.14           | 4.72          | 19.21          | 95.51          |
|         | ii) Public Sector                     | 0.00           | 0.15           | 0.00           | 0.02           | 0.00           | 0.02           | 0.00           | 9.32           | 0.00           | 30.45         | 0.00           | 39.96          |
| 3.      | Sugar                                 | 10.00          | 0.00           | 0.06           | 6.16           | 0.18           | 35.60          | 3.36           | 12.27          | 7.57           | 0.00          | 21.17          | 54.03          |
|         | a. Raw                                | 10.00          | 0.00           | 0.06           | 6.16           | 0.00           | 10.98          | 3.36           | 12.27          | 4.65           | 0.00          | 18.07          | 29.41          |
|         | i) Private Sector                     | 10.00          | 0.00           | 0.00           | 6.16           | 0.00           | 10.97          | 3.36           | 12.27          | 4.59           | 0.00          | 17.95          | 29.39          |
|         | ii) Public Sector                     | 0.00           | 0.00           | 0.06           | 0.00           | 0.00           | 0.01           | 0.00           | 0.00           | 0.06           | 0.00          | 0.13           | 0.01           |
|         | b. Refined                            | 0.00           | 0.00           | 0.00           | 0.00           | 0.18           | 24.62          | 0.00           | 0.00           | 2.92           | 0.00          | 3.10           | 24.62          |
|         | i) Private Sector                     | 0.00           | 0.00           | 0.00           | 0.00           | 0.18           | 24.62          | 0.00           | 0.00           | 0.00           | 0.00          | 0.18           | 24.62          |
|         | ii) Public Sector                     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 2.92           | 0.00          | 2.92           | 0.00           |
| 4.      | Milk Food                             | 7.15           | 9.31           | 4.53           | 4.40           | 5.31           | 11.22          | 9.05           | 8.28           | 6.91           | 2.67          | 32.95          | 35.88          |
| 5.      | Edible Oil (Refined)                  | 37.32          | 16.32          | 37.15          | 15.47          | 94.95          | 35.31          | 20.42          | 14.34          | 19.38          | 2.79          | 209.23         | 84.23          |
|         | a) Soyabean                           | 18.52          | 0.00           | 11.76          | 8.55           | 5.54           | 11.37          | 0.00           | 0.59           | 0.00           | 0.00          | 35.82          | 20.51          |
|         | b) Palm Oil                           | 18.55          | 16.17          | 24.80          | 6.92           | 31.12          | 23.88          | 6.61           | 13.72          | 12.57          | 2.60          | 93.64          | 63.29          |
|         | c) Others                             | 0.26           | 0.14           | 0.59           | 0.00           | 58.29          | 0.06           | 13.81          | 0.03           | 6.81           | 0.19          | 79.76          | 0.43           |
| 6.      | Edible Oil (Crude)                    | 54.36          | 95.62          | 59.74          | 43.20          | 48.24          | 26.16          | 66.16          | 11.67          | 20.12          | 23.28         | 248.63         | 199.92         |
|         | a) Soyabean                           | 32.19          | 11.12          | 55.05          | 22.70          | 12.82          | 22.06          | 18.75          | 11.67          | 8.02           | 5.54          | 126.84         | 73.09          |
|         | b) Palm Oil                           | 0.19           | 0.00           | 4.63           | 0.00           | 0.00           | 0.01           | 0.00           | 0.00           | 4.64           | 4.37          | 9.46           | 4.39           |
|         | c) Others                             | 21.98          | 84.50          | 0.05           | 20.49          | 35.42          | 4.09           | 47.41          | 0.00           | 7.46           | 13.36         | 112.33         | 122.44         |
| 7.      | Dry Fruits                            | 0.82           | 1.24           | 0.60           | 0.83           | 0.50           | 0.75           | 0.21           | 1.05           | 0.04           | 0.35          | 2.18           | 4.22           |
|         | a) Dates                              | 0.02           | 0.98           | 0.06           | 0.60           | 0.14           | 0.25           | 0.08           | 0.62           | 0.02           | 0.00          | 0.32           | 2.45           |
|         | b) Others                             | 0.80           | 0.26           | 0.54           | 0.23           | 0.36           | 0.50           | 0.13           | 0.43           | 0.03           | 0.35          | 1.85           | 1.77           |
| 8.      | Pulses                                | 19.23          | 0.62           | 1.67           | 11.26          | 0.49           | 1.23           | 0.44           | 7.65           | 3.12           | 0.44          | 24.95          | 21.21          |
|         | a) Masur Dal                          | 13.83          | 0.56           | 1.30           | 10.71          | 0.44           | 0.69           | 0.38           | 7.24           | 3.08           | 0.36          | 19.03          | 19.56          |
|         | b) Chola Dal                          | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00          | 0.00           | 0.00           |
|         | c) Others                             | 5.40           | 0.06           | 0.37           | 0.56           | 0.05           | 0.54           | 0.06           | 0.41           | 0.04           | 0.08          | 5.92           | 1.65           |
| 9.      | Onion                                 | 0.00           | 0.63           | 2.48           | 0.22           | 0.04           | 0.14           | 1.62           | 0.20           | 0.57           | 0.18          | 4.71           | 1.38           |
| 10.     | Ginger                                | 0.39           | 0.86           | 0.54           | 0.70           | 0.31           | 0.41           | 0.55           | 0.86           | 0.20           | 0.38          | 1.99           | 3.22           |
| 11.     | Drugs & Medicines                     | 1.33           | 0.57           | 3.64           | 2.28           | 0.30           | 1.86           | 0.97           | 2.36           | 0.15           | 0.60          | 6.39           | 7.67           |
| 12.     | Poultry Feeds                         | 25.59          | 12.63          | 10.40          | 11.59          | 7.88           | 11.96          | 7.72           | 18.44          | 6.14           | 9.42          | 57.73          | 64.05          |
| 13.     | Coal                                  | 0.01           | 1.41           | 0.04           | 9.60           | 0.16           | 1.00           | 0.04           | 3.60           | 56.89          | 24.77         | 57.14          | 40.38          |
| 14.     | Cement                                | 1.20           | 5.44           | 4.14           | 7.60           | 9.54           | 4.22           | 0.06           | 1.29           | 0.52           | 3.23          | 15.46          | 21.79          |
| 15.     | Clinker                               | 9.01           | 9.95           | 9.62           | 16.69          | 10.18          | 10.23          | 6.18           | 18.81          | 0.89           | 4.84          | 35.88          | 60.52          |
| 16.     | B.P Sheet                             | 6.13           | 1.98           | 0.88           | 1.03           | 1.39           | 1.12           | 0.36           | 0.85           | 0.04           | 0.39          | 8.80           | 5.36           |
| 17.     | Scrap Vessels                         | 18.91          | 3.01           | 13.18          | 14.64          | 19.35          | 3.22           | 10.59          | 15.38          | 0.00           | 5.95          | 62.03          | 42.20          |
| 18.     | Paper                                 | 3.82           | 2.01           | 3.35           | 4.27           | 5.98           | 2.68           | 2.04           | 4.88           | 2.44           | 2.07          | 17.63          | 15.91          |
|         | i) Newsprint                          | 0.00           | 0.17           | 0.29           | 0.77           | 0.19           | 0.03           | 0.00           | 0.61           | 0.00           | 0.10          | 0.48           | 1.68           |
|         | ii) Others                            | 3.82           | 1.83           | 3.07           | 3.50           | 5.79           | 2.65           | 2.04           | 4.28           | 2.44           | 1.97          | 17.15          | 14.23          |
| 19.     | Zinc Ingot                            | 0.95           | 1.12           | 0.39           | 0.68           | 3.42           | 0.93           | 4.00           | 4.62           | 0.00           | 0.44          | 8.76           | 7.79           |
| 20.     | Raw Cotton                            | 54.73          | 56.90          | 80.40          | 66.84          | 90.97          | 54.41          | 41.54          | 47.70          | 17.61          | 36.14         | 285.24         | 261.99         |
| 21.     | Synthetic/Mixed Yarn                  | 27.11          | 25.17          | 21.70          | 26.34          | 24.35          | 25.56          | 20.08          | 27.43          | 7.87           | 9.73          | 101.11         | 114.23         |
| 22.     | Cotton Yarn                           | 44.04          | 64.29          | 28.77          | 60.49          | 33.20          | 64.03          | 39.02          | 59.79          | 11.70          | 26.93         | 156.73         | 275.54         |
| 23.     | Textile Fabrics                       | 18.50          | 17.32          | 25.43          | 26.36          | 20.59          | 24.93          | 26.43          | 26.44          | 11.80          | 14.40         | 102.75         | 109.45         |
| 24.     | Textile Accessories                   | 20.97          | 19.40          | 19.57          | 21.20          | 16.47          | 23.36          | 37.53          | 42.21          | 8.29           | 13.64         | 102.83         | 119.81         |
| 25.     | Back-to-Back LCs                      | 144.03         | 175.94         | 141.67         | 182.33         | 136.14         | 176.19         | 139.76         | 202.61         | 60.34          | 73.45         | 621.95         | 810.51         |
|         | a. Fabrics                            | 102.84         | 117.35         | 94.26          | 121.67         | 91.43          | 116.03         | 99.73          | 134.21         | 48.90          | 50.81         | 437.15         | 540.07         |
|         | b. Accessories                        | 37.28          | 54.85          | 42.31          | 54.82          | 36.86          | 56.24          | 31.28          | 62.45          | 10.17          | 19.98         | 157.90         | 248.33         |
|         | c. Others                             | 3.92           | 3.74           | 5.11           | 5.84           | 7.85           | 3.93           | 8.75           | 5.94           | 1.27           | 2.66          | 26.90          | 22.11          |
| 26.     | Pharmaceutical Raw Materials          | 18.89          | 23.58          | 16.81          | 23.43          | 17.45          | 20.45          | 21.05          | 22.65          | 5.35           | 8.21          | 79.55          | 98.33          |
| 27.     | Chemicals & Chemical Products         | 57.32          | 112.85         | 48.18          | 93.70          | 172.63         | 64.51          | 101.85         | 74.15          | 588.60         | 80.47         | 968.58         | 425.68         |
|         | a. Chemical Fertilizer                | 25.33          | 81.05          | 14.93          | 50.56          | 146.30         | 6.28           | 74.06          | 34.62          | 581.16         | 60.67         | 841.77         | 233.19         |
|         | i) Urea                               | 0.25           | 24.05          | 0.00           | 40.48          | 40.55          | 0.80           | 20.49          | 0.27           | 0.00           | 0.64          | 61.29          | 26.25          |
|         | ii) TSP                               | 0.17           | 0.09           | 0.19           | 40.28          | 55.41          | 0.06           | 0.35           | 26.99          | 153.00         | 3.68          | 209.12         | 71.09          |
|         | iii) MOP                              | 0.09           | 0.02           | 0.03           | 0.00           | 0.03           | 0.02           | 0.06           | 0.10           | 0.06           | 0.00          | 0.27           | 0.14           |
|         | iv) DAP                               | 22.42          | 51.34          | 0.20           | 0.77           | 46.16          | 0.25           | 42.72          | 0.46           | 422.47         | 53.28         | 533.98         | 106.10         |
|         | v) Others                             | 2.40           | 5.55           | 14.52          | 9.02           | 4.15           | 5.15           | 10.43          | 6.81           | 5.62           | 3.07          | 37.11          | 29.60          |
|         | b. Other Chemicals & Chemical Product | 31.99          | 31.79          | 33.25          | 43.15          | 26.33          | 58.22          | 27.79          | 39.53          | 7.44           | 19.80         | 126.81         | 192.49         |
| 28.     | P.O.L.                                | 105.73         | 208.00         | 45.74          | 116.78         | 89.32          | 42.44          | 107.36         | 156.71         | 0.04           | 125.46        | 348.19         | 649.40         |
|         | i) Crude                              | 25.47          | 5.33           | 0.00           | 16.72          | 0.00           | 0.00           | 2.93           | 0.02           | 0.04           | 79.90         | 28.44          | 101.98         |
|         | ii) Refined                           | 80.26          | 202.67         | 45.74          | 100.05         | 89.32          | 42.44          | 104.43         | 156.70         | 0.00           | 45.55         | 319.74         | 547.42         |
| 29.     | Capital Machinery                     | 94.66          | 122.99         | 81.37          | 79.60          | 52.65          | 82.19          | 64.06          | 160.01         | 76.60          | 67.16         | 369.33         | 511.95         |
| 30.     | Machinery For Misc Industries         | 71.63          | 36.41          | 31.80          | 50.20          | 23.02          | 46.38          | 39.80          | 87.63          | 15.94          | 30.05         | 182.19         | 250.67         |
| 31.     | Motor Vehicle                         | 17.14          | 15.54          | 6.26           | 15.70          | 12.45          | 15.79          | 10.95          | 88.98          | 8.15           | 5.10          | 54.95          | 141.11         |
| 32.     | Computer, Its Accessories & Spares    | 3.42           | 6.11           | 7.20           | 18.67          | 7.02           | 10.27          | 6.15           | 23.67          | 1.29           | 10.53         | 25.07          | 69.24          |
| 33.     | Medical, Surgical & Dental Equipments | 3.82           | 3.34           | 2.60           | 2.10           | 2.28           | 3.40           | 1.76           | 4.25           | 1.61           | 0.71          | 12.08          | 13.80          |
| 34.     | Others                                | 510.13         | 408.15         | 453.39         | 565.16         | 461.65         | 478.13         | 449.68         | 469.63         | 460.12         | 216.91        | 2334.97        | 2137.99        |
|         | <b>Grand Total</b>                    | <b>1389.53</b> | <b>1481.83</b> | <b>1183.29</b> | <b>1527.31</b> | <b>1383.00</b> | <b>1292.70</b> | <b>1249.08</b> | <b>1659.19</b> | <b>1400.43</b> | <b>836.13</b> | <b>6605.34</b> | <b>6797.16</b> |

Data downloaded: June on 13.07.2022.

# Adjusting Lending Rates: Increase In EDF Loan Interest

## Business Outlook Report

The central bank has increased the interest rates on loans under Export Development Fund (EDF) scheme aiming to adjust the lending rates with traditional market, officials

ue until further instructions. The latest BB move comes against the backdrop of a rising trend in interest rates globally to contain inflationary pressure on the economies. Exporters have also been signalled to go for

country's overall foreign exchange situation," said Bangladesh Textile Mills Association president Mohammad Ali Khokon. Mr Khokon, also managing director of Maksons Spinning Mills Ltd, urges the BB to revert to the

within 180 days from the date of disbursement, extendable by the BB up to 270 days in case of a longer period for repatriation of export proceeds.

On the other hand, the central bank has extended the usance period for imports of industrial raw materials, agricultural machinery and chemical fertilisers under a supplier's or buyer's credit. A usance or a deferred LC means that even after buyers have received goods or services, they get a grace period to make the payment to banks or other lenders. "It has now been decided to extend the usance period to 360 days from 180 days effective until 31 December 2022," the BB says in another notification. In January 2022, the BB pushed back the usance period to 270 days from 180 days. The extended usance period, however, will not be applicable to imports under EDF loans, it adds.

"We've extended the usance period aiming to discourage the outflow of foreign currencies," said another BB official.

A treasury head of a leading private commercial bank says it is a short-term measure to decrease import payment obligatory pressure on the economy. ■



say. Under the revised interest rates, exporters will now be able to borrow from the low-cost fund at 3.0-per cent interest rate instead of 2.0 per cent earlier, according to a notification, issued by the Bangladesh Bank (BB), on July 20.

On the other hand, authorised dealer (AD) banks will get such loans from the central bank by paying 1.50 per cent instead of 1.0 per cent earlier, it adds. The central bank further says that such interest rates on EDF loans will contin-

traditional foreign-currency loan market gradually instead of the concessional one, the officials add.

"Such concessional credit facility will be phased out after LDC graduation," explains a BB senior official. The size of the EDF is now \$7.0 billion. Currently, borrowers may avail foreign-currency loans by paying more than 6.0-per cent interest rate from the banks' offshore banking operations. "It's acceptable for a short period considering the

previous level of interest rate immediately to help enhance export earnings.

Under the current provisions, EDF financing is allowed for input procurements against back-to-back import letters of credit (LCs) or inland back-to-back LCs in foreign exchange, by manufacturers producing final output for direct export and also by producers of local deliveries to manufacturers of the final export. EDF loans are payable by banks upon receipt of exports proceeds



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# EU Wants Full Implementation Of Labour Roadmap For Trade Facility



## Business Outlook Report

**T**he European Parliament's delegation on international trade on Tuesday said that the block wants full implementation of Bangladesh government's commitment to implement a labour roadmap. "We want the full and successful implementation of the roadmap as a clear precondition for our further trade relations," said Heidi Hautala, MEP, head of the delegation.

She was speaking at an event titled 'DCAB Talk' with the European Parliament's Committee on international trade held at Jatiya Press Club on July 19, reports UNB. Maximilian KRAH, Charles Whiteley, ambassador and Head of Delegation of the European Union to Bangladesh also spoke at the function. Rezaul Karim Lotus, president, Diplomatic Correspondents Associ-

ation, Bangladesh (DCAB) moderated the programme. The EU delegation also included Members of the European Parliament (MEP) Jose Manuel GARCIA-MARGALLO, Sven SIMON, Agnes JONGERIUS and Jordi CANAS PEREZ.

"We note with concern reported delays in putting the labour law and the EPZ Labour Law in full compliance with international standards. Compliance with standards should be ensured for all special economic and processing zones," said Heidi Hautala. The EU has been fully supportive of this process. But as these are two fundamental requirements in order to successfully transition to GSP-plus, it would be urgent to anticipate deadlines for entry into force and to ensure full effective implementation. No delay should be acceptable, she said. The EU delega-

tion discussed with the government on Bangladesh's status as a beneficiary of the EU's Everything But Arms (EBA) trade preference scheme and GSP-plus accession through which all Bangladeshi exports can enter the EU duty- and quota-free facility.

Bangladesh must be proud of its economic development and expected graduation from LDC status and EBA trading which is opening the way for the GSP-plus era, they said. "EU congratulates Bangladesh on the progress achieved so far and the success story that is representing under the GSP. But as we are now moving to the next step, it is essential to ensure concrete progress and implementation of the required labour standard and workplace environment," the delegation added. The EU is watching the government's commitment to the imple-

mentation of labour roadmap plan with great attention. The successful implementation of the roadmap will be linked not only to EBA but also to your graduation process and the subsequent potential accession to GSP-plus facility, the delegation opined.

"The EU has a zero-tolerance policy on child labour, and we attach great importance to fully eliminating child labour by 2025," they said. The EU GSP regulation is currently

under review, but clearly, the European Parliament attaches great importance to ensuring the effective implementation of GSP conditions with full transparency.

Reply to a query they said, "We also want to highlight that adequate protection of labour rights can only be guaranteed if fundamental human rights are respected. They cannot exist independently from one another. Respect of human rights is also a fundamental condi-

tion of GSP-plus accession." Civil society must have adequate space for free expression and the EU pays attention to concerning situations of extrajudicial killings and enforced disappearances, EU delegation said.

They said the EU is also concerned on parts of the application of the Digital Security Act and the consequences this has been having on freedom of expression, notably in the case of journalists. ■



## Nothing wrong in economy as Bangladesh seeks IMF loan: Finance Minister

### Business Outlook Report

**C**onfirming Bangladesh's request for a loan from International Monetary Fund (IMF) Finance Minister AHM Mustafa Kamal has said that it does not mean the country's economy is in bad shape.

"But I had to make my previous statement looking into the perspective. I didn't want to expose our demands", he told reporters while briefing on a meeting of the Cabinet Committee

on Government Purchase on July 27. On July 20, after a similar meeting, the Finance Minister had said that Bangladesh didn't need IMF loan and would not seek any funding support from the lending agency. But within days, it was reported by the media that Bangladesh had sought \$4.5 billion in loan from IMF.

When his attention was drawn to his last week's statement, Kamal said he had to make such a statement for strategic reason. "If I expose my

demand in advance, the burden and cost will be high on me", he said. "This is a bargaining point. Everybody has to do this", he added. He said the government has to keep in mind that any condition of the IMF loan will not go against the interest of the country.

He, however, said no specific figure was quoted in the loan proposal sent to the IMF. "We will see first at what conditions they want to provide the loan and how much we should take". Responding

to another question, he said seeking IMF loan does not mean Bangladesh's economy is in bad situation. The IMF, the World Bank know about our economic situation and they know that Bangladesh is capable to repay the loan.

About the current dollar crisis in the market, the finance minister said the government has already taken steps to tackle the situation.

"If anybody or any section is found to be involved in creating artificial crisis in the dollar market or concealing information, action will be taken against them", he said.

Kamal said the main sources of foreign exchange are remittance and export. Both the remittance and export are increasing although import is also rising.

"Dollar rate should be fixed on the basis of demand and supply", he said. ■





## RMG Export Orders Fall 20pc In Apr-June

### *Business Outlook Report*

**T**he domestic apparel industry has witnessed a downtrend in work orders from global buyers in recent times, posing a threat to the country's export growth. Industry insiders, however, attribute this downswing to growing inflation and possible recession in major economies due to uncertainties caused by the Russia-Ukraine war.

Bangladesh, which fetched work orders aplenty after post-lockdown periods from its European and US markets to cater to consumer needs, now receives at least 20-per cent less orders, they say. They mainly blame the ongoing war for stoking global inflation and also apprehend a prolonged uncertainty that has eaten up the demands for apparel items. The declining trend is also reflected in the issuance of utilisation declaration (UD) by two local apparel trade bodies -- BGMEA and BKMEA.

Both Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), on average, issued 20-per cent less UD last month. BGMEA president Faruque Hassan says high inflation and oil prices have forced consumers to reset their priorities as food prices have significantly shot up.

Demands for apparel and other fashionable accessories are thus decreasing, causing a stockpile for many buyers while others are not willing to take risks of placing fresh orders, he adds. "Work orders have also fallen by 20 per cent during the April-June period compared to the same period in 2021 due to these global factors," said Mr Hassan. Echoing Mr Hassan, BKMEA executive president Mohammad Hatem explains that they received plenty of orders in the last one year

followed by increasing demands. Following lockdowns, demands were up from buyers to replenish their empty stores, he says, adding that buyers also placed huge orders in Bangladesh to get timely shipments. Buyers move to reduce reliance on China, and disruptions to garment-producing countries like Cambodia, Vietnam and Myanmar also encourage them to shift orders here, he argues.

"Bangladesh is the only safest country can meet demands with its large capacity and political stability," Mr Hatem claims. Despite high raw-material prices and other logistic costs, Bangladesh offers competitive prices. Local factories often receive orders below their production costs only to stay afloat, he continues. The purchasing power of western consumers is declining, so are demands and orders, according to Mr Hatem. BKMEA former

president Fazlul Hoque, however, sees things differently. He says order is not decreasing; rather a correction is taking place. The pandemic induced an 'abnormal situation', forcing lockdowns and holding off sales, he says, explaining skyrocketing raw-material prices. However, the prices have now started to come down. Consumers' post-Covid buying spree and increased raw-material prices pushed demands and growth last year.

"So, the growth the sector has posted in the last one year might not sustain in the coming months," Mr Hoque says, terming the future challenging. Both Mr Hatem and Mr Hoque, however, look optimistic as they say buyers' China-plus strategy, US-China row and other manufacturers' internal issues will encourage more buyers to shift their orders. Bangladesh will stand high in the race with full safety, capacity and political stability, they add. As Bangladesh produces mostly basic items, Mr Hatem believes, it is less

likely to be affected and export may not enter the negative territory in the new fiscal. Snowtex Outerwear managing director SM Khaled informed that orders from more than a dozen buyers dwindle. He faces a decline in work orders for basic items, whereas no impact on value added ones. He, however, opines that the scenario may deteriorate in the coming days if the global situation prolongs, especially the Russia-Ukraine war. In fiscal year 2021-22, the RMG sector fetched \$42.61 billion which is more than 81 per cent of the country's total export earnings of \$52.08 billion.

Out of \$42.61 billion, over 52 per cent or \$21.40 came from the EU, \$9.01 billion or 21 per cent from the US, \$4.49 billion and \$1.32 billion from the UK and Canada respectively, according to BGMEA data. The remaining \$6.37 billion came from non-traditional markets like Japan, Australia, Russia, India and Korea. Bangladeshi RMG exports

stood at \$31.45 billion in FY2021, which was \$27.94 billion in FY2020. In FY2019, RMG export earnings were \$34.13 billion, according to official data. When asked, Prof Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue (CPD), says foreign buyers are apprehending recession in developed countries and reducing orders anticipating demand fall.

Citing this trend a 'disquieting signal', he says: "What we need is to see whether this is a temporary or medium one. Such signal when we need foreign currency is not positive."

He suggests looking into the prices of imported apparel inputs like cotton, yarn and fabric.

If prices of raw materials start decreasing, the impact in terms of value retention will be lower. Otherwise, it will affect negatively, Prof Rahman observes. ■



## Inflation Hits 8-Yr High At 7.56pc

### Business Outlook Report

Inflation has hit an eight-year high at 7.56 percent in June, fueled by a record food inflation of 8.37 percent, the latest data from Bangladesh Bureau of Statistics (BSB) showed on July 19.

Point-to-point inflation was recorded at 7.42 percent in May when food inflation was slightly lower

at 8.30 percent. The average inflation rate stood at 6.15 percent at the end of 2021-22 fiscal year, which was higher than the government target of 5.30 percent.

"Inflation has increased. It will cool down once Russia-Ukraine war stops. Some strategies will be adopted to quell it. Some

measures have already been discussed at the meeting of Executive Committee of the National Economic Council (ECNEC)," Planning Minister MA Mannan said at a press conference on July 19 after the ECNEC meeting. The minister claimed that prices of some food items like rice, pulses, edible oil and onion have started falling in the local market in the last few days.

He expected that essential prices will drop further at the end of July. "I can't say how much the prices fall. Edible oil price has declined noticeably and a positive change will also be seen in rice price." Non-food inflation also increased last month to 6.33 percent from 6.08

percent in the previous month, according to BBS data. In June, essential food items—rice, pulse, fish, meat, broiler chicken, vegetables, fruit, spices, milk products and other food items have become dearer.

Costs of non-food items like cosmetics, shoe, clothing, house rent, furniture, household items, medicare, transport, education materials and other items have also increased, according to BBS data.

The government has announced a hefty budget for FY23 keeping inflation control at the centre of it. The target for inflation in the current fiscal year has been set at 5.6 percent. ■

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