Political Arena Maintains Cool In The Heat Of May

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Coming Budget

Acid Test For Finance Minister

Edible Oil's Artificial Crisis Robs Eid Joy

BUSINESS OUTLOOK

From the Editor

Ensure Strong Market Monitoring

It is a totally unacceptable explanation from Commerce Minister Tipu Munshi that he had been cheated by traders who promised not to hoard edible oils to create an artificial crisis. It is a well-known fact that most Bangladeshi traders always wait to take advantage of any national or international disasters to line their pockets. During the festival times, when traders around the world sell products and commodities at discounted rates, Bangladeshi businesses go the opposite direction—they increase prices as much as they can. So, knowing the historic facts, how could our commerce minister, himself a businessman-turned-politician, keep trust in fellow colleagues in a crisis moment hoping that their 'inherent' characteristic will change? It's a totally unacceptable excuse from the commerce minister regarding the shooting prices of edible oils. The fact is that he miserably failed to ensure proper monitoring of the market to check the price hike. Most of the consumers believe that edible oil's price volatility in the global market and an artificial crisis at home feeding on lax monitoring inflicted a heavy blow on them at a time when they are already struggling to cope with skyrocketing prices of essential commodities. The consumers are subjected to paying high prices for edible oils after the import prices went up in the global market mainly because of the ongoing war between Russia and Ukraine. Bangladesh is dependent on imports for meeting over 90 per cent of its annual demand. Law enforcing agencies are supposed to be very careful so that no disruption in the marketing process occurs while the government monitoring agencies need to be very cautious to assess imports and supplies continuously. It is now black and white when we see that the Directorate of National Consumer Rights Protection in Bangladesh conducted a raid at Karwan Bazar the day before Eid and recovered a stock of 2,000 litres of soybean oil from Bismillah Traders. Many other agencies were recovering illegally stored edible oils from different parts of the country. But such drives could have been more effective if done earlier. There is no such artificial crisis in neighbouring India which is also dependent on import to meet 60 per cent of its demand. It has taken stringent measures against hoarders. The central government asked all state governments to take strict action against hoarders in April.

So, no major artificial crisis took place there. We strongly recommend not trusting the traders, most of whom are not fair and honest. Only strong monitoring and proper enforcement by the administration can check the artificial crisis of any essential commodity. ■

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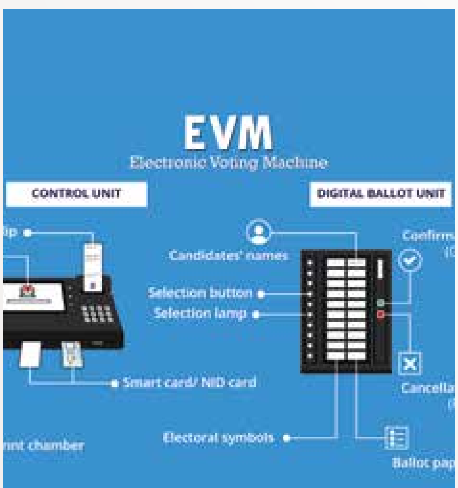
In this Issue

Cover Story



POLITICS

UNDP And ICT Division To Launch Cybersecurity Awareness Campaign

The United Nations Development Programme (UNDP) and the ICT Division of the Government of Bangladesh recently reached an agreement to launch a cybersecurity campaign for the youth and children in selected Least Developed Countries (LDCs). Sudipto Mukerjee, Resident Representative of UNDP Bangladesh and Bikarna Kumar Ghosh, Managing Director of Bangladesh Hi-Tech Park Authority, signed the agreement on behalf of their respective organisations recently. Senior officials from UNDP and ICT Division were also present during the signing ceremony. Under this partnership, the UNDP-Bangladesh Bangabandhu Sheikh Mujibur Rahman International Award on Cybersecurity Awareness would be announced to encourage and inspire the youth to combat cyber security challenges. The ICT Division will provide US$ 5 million to implement the cybersecurity campaign for the youth and children in selected LDC countries in 5 years. The fund will be raised from the 'Golden Jubilee Bangladesh Concert' that will take place on 6th May, 2022 at the Madison Square Garden in New York, USA. ■

Speedy Projects Taken To Explore Oil From Abandoned Wells

Bangladesh Petroleum Exploration and Production Company Limited (Bapex) has taken speedy projects to explore oil from abandoned 21 wells, aimed at easing pressure on LNG imports from volatile global market. Under the initiative, it already found gas reserves at Kailashtila well no-7 abandoned well, said a top official at Bapex. "We have found gas reserves at the abandoned well no: 7 in the Kailashtila field in Sylhet," Bapex managing director Md Ali said on May 5. He said the state-owned Bapex had taken less than three months to discover the well at a cost of Tk 30 crore. "We are hopeful to supply the natural gas to national grid by May 10 as the gridline and process plant were already installed at the gas field," Md Ali said. ■

Bangladesh Receives Record $2.09 Billion Remittance In April

Bangladesh has received USD $2.09 billion in remittances in April, the highest amount in a single month of the current fiscal year. Bangladesh Bank (BB) published the updated information on May5. According to the sector insiders, expatriates usually send more remittances to the country on the occasion of Eid festival. In its continuation, the flow of remittances has increased since the beginning of Ramadan. Besides, the government is now giving 2.5 percent incentive on remitances. According to the BB, five state-owned commercial banks received $354.89 million in April, private commercial banks received remittance of $1612.74 million, foreign banks$7.35 and two specialized banks $34.51 million. Bangladesh received $1.85 billion in remittances in March of fiscal year 2021-22. ■

BB Issues Clarification To Remove Confusion Over Foreign Currency Accounts

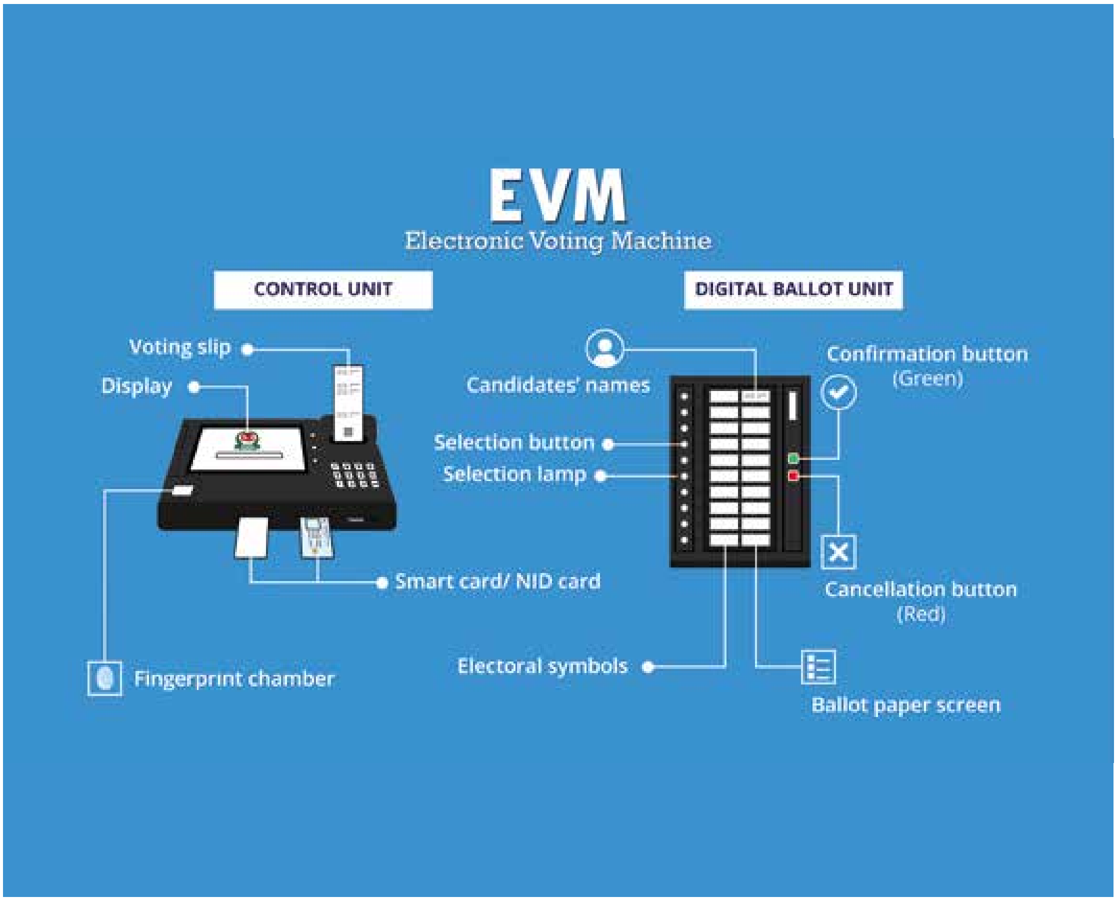
Bangladesh Bank (BB) in clarification said the non-resident Bangladeshis can open foreign currency accounts (FCA) in any scheduled banks in the country and any amount of money can be deposited to those accounts without the BB permission. If the expatriates bring any amount of cash, dollars or other foreign currencies during arrival, they can deposit it to their bank accounts and exchange it in local currency. The expatriates can deposit USD $ 10,000 to their accounts without declaring it to the customs authorities. The BB issued a notification in this regard on May 11 to inform people and remove the confusion over free transferring of foreign currency abroad. Under the existing foreign exchange transaction policy, Bangladeshis living abroad can operate private foreign currency accounts or non-resident foreign currency deposit accounts in the country's banks. Any amount of foreign currencies sent from abroad or brought to Bangladesh from abroad can be deposited to these accounts without question. ■

BB Will Not Demonetise Tk 1,000 Note As Claimed By Propaganda

Bangladesh Bank (BB) has ruled out a propaganda saying the central bank will demonetise Tk 1,000 note after May 30. "BB noticed a message on social media and online platforms that red-coloured note of Tk 1,000 will demonitise after May 30. That is fake news," read a news release signed by General Manager Abul Kalam Azad on May 11. The central bank also requested all to be aware of such propaganda against the monetary system of the country. ■

Munshi Urges Canadian Investors To Set Up Canola Oil Mills In Bangladesh

Commerce Minister Tipu Munshi has invited the Canadian investors to set up canola oil manufacturing mills in Bangladesh. The minister said Bangladesh imports a lot of canola oil every year to meet its domestic demand and Canada is a major producer and exporter of canola oil. So, the Canadian entrepreneurs would be immensely benefited if they set up canola oil manufacturing units in the country, Munshi said. The minister made the comments in a meeting with Lilly Nicholls, Canadian high commissioner in Bangladesh, at the minister's secretariat office in Dhaka on May 11. Munshi also invited the Canadian entrepreneurs to invest in Bangladesh in different promising sectors as the government has been developing 100 special economic zones across the country, according to a statement of the commerce ministry. Bangladesh can import canola oil from Canada through the Trading Corporation of Bangladesh by signing government to governments agreements, Nicholls was quoted as saying in the statement. Between July-March period of the current fiscal year, Bangladesh exported goods, mainly garment products, worth $1 billion to Canada and imported goods worth $428.86 million from the North American country, according to data from the commerce ministry. ■



Political Arena Maintains Cool In The Heat Of May

MS Hasan

With the ruling Awami League and the BNP engaging in verbal joustings over some key issues in recent days, speculation about a possible upheaval in the otherwise calm and uneventful political landscape in the coming months is making rounds in the political circles. Though the generation election is scheduled for the last quarter of 2023, the electronic voting machine (EVM) has already become a contentious issue. Prime Minister and Awami League President Sheikh Hasina raised the issue in the executive committee meeting of her party saying that the EVM will be used in all 300 constituencies in the next parliamentary polls. The BNP and like-minded parties reacted sharply saying that the prime minister cannot make such a decision as the Election Commission will make the final call. The party maintains its reservation about using EVM, which it says will be the main instrument to rig voting. For the BNP, the EVM is a secondary issue since its main agenda is the election-time government. It has determined that the party would never participate in any future election under the ruling Awami League. It will contest the polls only if they are supervised by a caretaker government. The BNP has been trying to forge a new coalition with political parties which are not part of the Awami League-led 14 party alliance. It has been sharing the idea with other parties for forming a national government during the election period to ensure a fair and participatory election. Even after the election, a national government led by BNP could continue for the greater interest of the nation. They claim the Western countries, including USA, and neighbouring India have been supporting such an idea. But there's no credible evidence that USA or other country, would overcome such nervousness.

Many political analysts say this could be good tactics by the Awami League to divert the attention in politics to a new issue through the issue of EVM.

Awami League Central Working Commitee Meeting

Western nations are supporting the idea of a national government.

Meanwhile, newly-appointed chief election commissioner has clarified that they are yet to decide on the use of EVM in the next election. He said the EC is incapable of holding elections in all the constituencies using EVM.

Many political analysts believe the USA and Western powers will want a credible, impartial, transparent and fair election as part of their commitment to promote democracy. But it is unlikely they would directly push for any specific mechanism or idea of a caretaker government.

Meanwhile, ruling Awami League has been continuing its campaign that it would not accept any unconstitutional government or anything that would go beyond the constitution. But it's true that the Awami League is under pressure from USA and its Western allies to hold a participatory, free, fair and credible election. Under such pressure, the ruling party seems to be a little bit nervous. Such nervousness has been expressed through the recent statements from the party chief and other senior leaders. But many political observers believe the Awami League, as the oldest political party in the

Meanwhile, after Awami League's recent working committee meeting, there have been discussions in political circles about the use of EVM in the coming general election.

AL general secretary Obaidul Quader indicated the same later. He said the election would be fair. The votes will be cast through EVM. The election commission will be neutral. There is no cause for BNP Secretary General Mirza Fakhrul Islam Alamgir to be concerned.

EVM in all constituencies: PM

At the Awami League Central Working Committee (ALCWC) meeting on May 7, Prime Minister Hasina indicated that EVM would be used in all 300 seats in the coming national polls.

She categorically said that her party always came to power through elections and never through the back door.

"We want the democratic process to continue. Awami League came to power with the mandate from the voters in the elections and never used the back door," she said, thanking the people for repeatedly voting her party to power.

"Due to this, the country witnessed huge development in the last 13 years leading to their rising living standard," she said adding: "Awami League is the party of people and land of this country."

She also emphasised the continuation of the pace of the development.

Once again, Hasina questioned the existence of the

Obaidul Quader
General Secretary, AL

leadership of opposition BNP. "Where is their leadership? … Rightists, leftists and extreme leftists have now joined with them," she said.

She underscored the need for strengthening her party further as the election neared.

Talking about the move of the BNP-Jamaat clique and their alliances to oust the government she once again questioned the logic behind it. "What is the fault of the Awami League? In which area we have failed," she questioned.

The prime minister said that her government has emphasised the development of the rural areas since 2009. "As a result, the infrastructures of the rural areas have improved a lot and people could go to their village homes smoothly," she said.

She said that Bangladesh has now become a role model of development. "We will follow our own path to develop the country and will move around the world keeping our heads high," she said.

EVM: An AL 'trap'

The BNP feels that the ruling Awami League has already begun to draw up all sorts of 'strategies' and 'conspiracies' in preparation for the coming parliamentary election. BNP leaders say they think the indication given at ALCWC about using the EVM is part of those plans.

Attempts to bring BNP to the next election, giving it the scope to hold meetings and rallies, and the prime minister's assurance of a free and fair

Mirza Fakhrul Islam Alamgir
Secretary General, BNP

election, are all a part of AL's political strategy, the party feels.

Senior BNP leaders say similar assurances had been given by the top level of government before the Jatiya Sangsad election in December 2018. But the people no longer have faith in assurances of free, fair and neutral elections. These assurances are new ploys to entrap BNP and the other opposition parties.

BNP central leaders have said that they maintain their stand that there is no question of discussing the election until the AL government resigns. "We are clear about the next election. There can be no question of the election unless the Awami League government resigns and power is handed over to a neutral government," Fakhrul told the media.

BNP and other opposition parties, in the meantime, are discussing whether EVM is the AL government's latest election strategy. The parties failed to pinpoint AL's strategies in advance in the last two elections in 2014 and 2018.

In face of the opposition boycott and movement, 153 lawmakers were elected uncontested in the 2014 election. And in the 2018 election, though all parties contested, BNP failed to catch out the ploy of votes being cast in advance, on the night before the election. BNP and the other parties are still not clear about the strategy the government is adopting this time.

Won't contest polls with AL in office: Fakhrul

Fakhrul on May 8 made the BNP's stand clear about EVM, "The issue of EVM arises later. We will not take part in the election if Sheikh Hasina remains in power."

Speaking to leaders of BNP and other opposition parties, it was learned that they are now focused on this government stepping down and for the election to be held under a neutral government. They have no other consideration at the moment. They have no faith in any assurance of the government concerning the election.

Nagorik Oikya President Mahmudur Rahman Manna said, "The government has created such an environment in the country that a government official loses his job just by a phone call from a minister's wife. Even a fool won't believe that a free and fair election will be held under such a government."

Ever since the 2018 election, BNP has continuously maintained that the Awami League government cannot be trusted or believed. Fakhrul spoke in this regard on May 8 at a press briefing held at the BNP Chairperson's office in Gulshan.

Replying to a question, he said, "What can you expect from those who do not allow meetings and rallies to be held, not even a milad (prayer gathering), who attack Eid get-togethers?" ■

Saudi Aramco becomes world's most valuable company

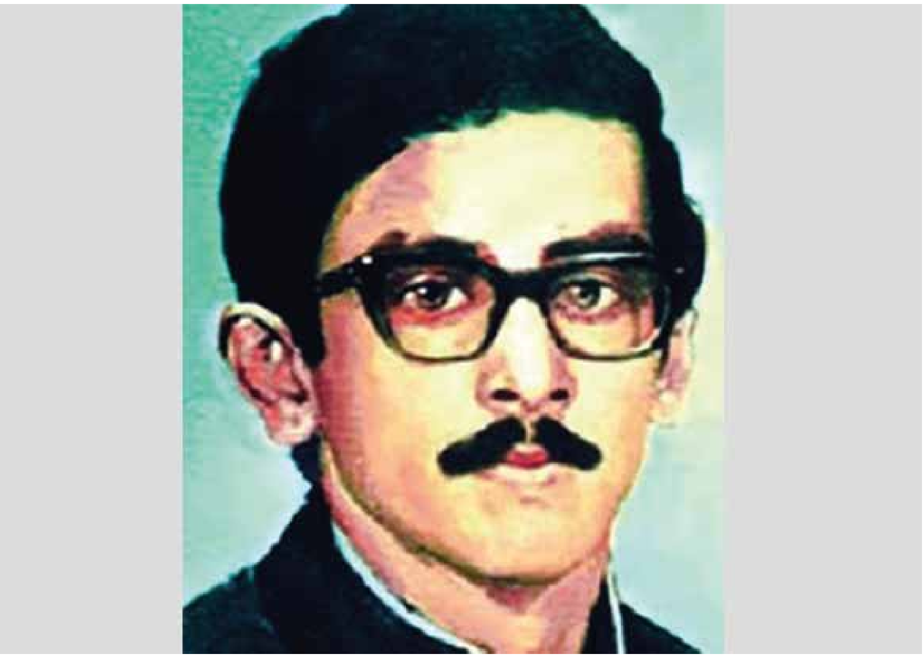
Business Outlook Report

Saudi Aramco dethroned Apple as the world's most valuable company as surging oil prices drove up shares and tech stocks slumped on May 11. The Saudi Arabian national petroleum and natural gas company, billed as the largest oil producing company in the world, was valued at $2.42 trillion based on the price of its shares at close of market, reports AFP.

Apple, meanwhile, has seen its share price drop over the past month and was valued at $2.37 trillion when official trading ended on May 11. The sinking share price came despite Apple reporting better-than-expected profits in the first three months of this year amid strong consumer demand. But, Apple warned that the China Covid-19 lockdown and ongoing supply chain woes would dent June quarter results by $4 to $8 billion.

"Supply constraints caused by Covid-related disruptions and industry-wide silicon shortages are impacting our ability to meet customer demand for our products," Chief Financial Officer Luca Maestri said on a conference call with analysts. The results looked good following stumbles by some Big Tech peers as growth from the stay-at-home demand amid the pandemic slows and companies confront rising operating and labor costs. Oil giant Saudi Aramco recently reported a 124 percent net profit surge for last year, hours after Yemeni rebels attacked its facilities causing a "temporary" drop in production. As the world economy started to rebound from the Covid-19 pandemic, "Aramco's net income increased by 124 percent to $110.0 billion in 2021, compared to $49.0 billion in 2020," the company said. The kingdom, one of the world's top crude exporters, has been under pressure to raise output as Russia's invasion of Ukraine and subsequent sanctions against Moscow have roiled global energy markets. Aramco president and CEO Amin Nasser cautioned that the company's outlook remained uncertain due in part to "geopolitical factors".

"We continue to make progress on increasing our crude oil production capacity, executing our gas expansion program and increasing our liquids to chemicals capacity," Nasser said. ■



Govt to Set Up IT Incubation Centre In 14 Districts

Business Outlook Report

The government has taken an initiative to set up IT training and incubation centre in 14 districts as part of its efforts to transform the ICT sector into a major driving force of economy. The move comes as the government has put more emphasis on creating a knowledge-based human resource to turn the nation into a middle-income country through Information Communication Technology development.

The Hi-tech Park Authority under the ICT Division will set up the IT training and incubation centres named after Bangabandhu Sheikh Mujibur Rahman's eldest son Sheikh Kamal. The ICT Division has proposed a Tk 11.15 billion project titled "Establishing Sheikh Kamal IT Training and Incubation Centre" to the Planning Commission for Executive Committee of the National Economic Council (ECNEC) approval, the commission sources said. The IT training and incubation centres will create infrastructural facilities to help operate businesses of IT and hi-tech industries in 14 districts, ICT Division says.

At the same time, it will establish a link between the IT industry and the academia, while it will be possible to bring the BPO sector in all the regions of the country on one platform, they added. The proposed districts for the centres are Habiganj, Sunamganj, Narail, Dhaka, Tangail, Gopalganj, Sherpur, Gaibandha, Panchagarh, Thakurgaon, Nilphamari, Noakhali, Feni and Patuakhali. The government has so far undertaken programme to set up 39 hitech parks across the country. Of them, work of setting up software technology, IT business, training and incubation centres has ended in seven places.

The setting up of IT parks at potential places can play a vital role in wooing foreign investment and creating jobs for huge number of unemployed youths as the parks will provide necessary infrastructure IT institutions. Project Evaluation Committee (PEC) of the Planning Commission has already recommended for placing the proposal before the Ecnec meeting after the ICT division complied with the previous recommendation of PEC. Once approved by Ecnec, Hitech Park Authority will implement the project by December 2026. "It is a large project of ICT sector. A huge number of unemployed youth will be able to receive IT training from the centres" remarked Nasima Begum, Member of Socio-Economic Division of the Planning Commission.

As a result, IT institutions will get a good supply of necessary IT professionals from these centres, she said, adding that the youth received training from the centres will be able to work as freelancers while they will also be able to become an entrepreneur by dint of initiating startups.

Moreover, the IT institutions will flourish in the country as the incubation centres will create necessary infrastructure for the ICT sector. With the abundant supply of skilled workforce, the foreign will find investment in Bangladesh very lucrative, she explained.

Under the proposed scheme, incubation buildings with seven-storey foundation will be built at every centre alongside two-storey security building will be erected and necessary land acquisition and development will be carried out, among others. ■

Litchi Production To Hit Record High

Business Outlook Report

Litchi cultivation is on the rise in Pabna, where the seasonal fruit now plays a vital role in agro-economics as farmers in the district are likely to get record production due to the favourable weather conditions in early summer.

As such, local litchi farmers are expecting to do business worth about Tk 500 crore this year, according to various sources.

As per data from the regional Department of Agricultural Extension (DAE), a total of 4,731 hectares of land in Pabna has been brought under litchi cultivation for an expected yield of 42,579 tonnes of the fruit, which is the most ever produced anywhere in the country.

However, the actual amount produced may even reach 50,000 tonnes as evinced by the current progress in harvesting.

"A minimum of 12,000 to 15,000 litchis are produced by each middle-sized tree while big trees can produce even more amid this suitable weather," said Md Mizanur Rahman, deputy director of the Pabna DAE.

"If the targeted litchi is harvested, farmers will get at least Tk 500 core

business in the next one month," he added.

But despite the bumper production, local farmers claim they are yet to get their expected prices.

Sonju Pramanik, a litchi farmer of Silimpur village in Ishwardi upazila who runs an inherited orchard, bought five more orchards to expand litchi cultivation this year in hopes of getting bumper profit.

"Each thousand litchi [local variety] is being sold for Tk 1,200 to Tk 1,500 this year even though I sold the same amount for Tk 2,200 to Tk 2,300 last year at the beginning of harvesting," he said.

Pramanik went on to say that he got 7,000 to 8,000 litchis from each tree last year but this year, he is getting a minimum of 15,000 litchis from each tree, which is the highest on record in the last few years.

"As there were no storms in early summer that could have damaged the litchi trees, the orchards are seeing bumper output this year," he said.

"And although a long drought did destroy a few of the fruits, we will continue to get bumper production for the next few days barring any massive natural disaster," Pramanik added.

Although Dinajpur is considered the most popular district for litchi production due to the region's fertile soil and suitable weather, cultivation is now increasing in Pabna, local DAE officials said.

Farmers in Pabna have been growing the local variety of litchi, called the Ati litchi, for many years now. With profits rolling in every year, more farmers in the region were inspired to cultivate hybrid varieties of the fruit that offer better returns, especially the China-3 and Bombay litchi varieties.

"But everything was made possible by the suitable soil and weather," said Pabna DAE Deputy Director Rahman.

Harvesting of the local variety of the fruit began in early May but the peak harvesting period starts from the middle of the month, he added.

Seasonal job opportunities other than producing litchi

Bumper litchi production not only brings happiness to the farmers, but also there are many new job and business opportunities created in Pabna centring the seasonal fruit.

Md Mirajul Islam, a vegetable trader of Shahpur village, did not have enough land to cultivate the fruit until he bought two litchi orchards in hopes of earning extra profit through the seasonal business.

"Every year I used to buy some trees from land owners, this year I have bought two orchards with 50 trees for Tk 2 lakh

expecting to get at least 6 lakh pieces of the fruit," he said, adding that litchi output is better now than in previous years and so, farmers may exceed the DAE's production target.

Islam informed that he spends about Tk 5 lakh on fertilisers, pesticides, and workers for harvesting and processing.

"After that I sell the fruit for about Tk 8 lakh in each month of the season," he said.

Like him, fellow litchi grower Golzar Sardar of the same village bought 250 trees at a cost of Tk 5 lakh and expects to earn a minimum Tk 8-10 lakh through the seasonal fruit business.

As the litchi harvesting season begins, many unemployed men and women find work at litchi orchards.

"At least two labourers are needed to pack each maund [37 kilogrammes] of litchi after harvesting. As the harvesting season is ongoing, I have joined a litchi orchard for harvesting and packaging work to earn Tk 500 hundred per day," said Md Alif, a resident of Tilokpur village in Ishwardi upazila.

Pabna DAE Deputy Director Rahman told The Daily Star that more than 20,000 to 25,000 unemployed people get seasonal job opportunities amid the litchi harvesting period each year.

Marketing hassle for growers

Despite the bumper production though, litchi growers of the district have been experiencing hassles in marketing due to the monopoly of wholesale traders.

"Litchi prices vary in different markets across the country but we don't have the facility to get a suitable market because there is no dedicated market for litchi growers in the country's biggest litchi producing area," said litchi grower Sardar.

"The litchi season is very short-lived and when the harvesting season hits its peak, wholesale traders cut prices but we have no scope to store the fruit and so, we are bound to depend on them," he said.

"If there were special wholesale markets for litchi growers in Pabna, where wholesale traders from different areas could come, then the hassle of marketing would be removed," Sardar added.

According to the traders, more than 20 to 25 trucks loaded with litchis have been supplying the fruit across the country each day ahead of the peak harvesting season, after which over one hundred trucks will supply to fruit to various areas every day.

Md Mazahar Ali, director of the Organisation for Social Advancement and Cultural Activities (OSACA), a leading non-government organisation, said his organisation has taken steps to set up dedicated litchi markets.

"Concerning the hassle of marketing for farmers, we have already taken preparation to establish dedicated a litchi market at Varuimari in Ishwardi upazila, where wholesale traders from across the country will come to buy litchis directly from producers avoiding the middle men," he said.

"We are expecting to resume the litchi market this season," Ali added.

Other than setting up a dedicated market, this organisation has already working to establish a tourism spot at Awtapara and Kathalbaria villages in Pabna for attracting visitors.

"In the peak litchi harvesting season, people from different corners of the country come to Pabna every year for buying the juicy fruit. So, we have plans to decorate a few orchards at the Awtapara and Kathalbaria villages as a tourism spot," Ali said. ■

National Grid Starts Receiving Newly Discovered Gas From Kailashtilla

Business Outlook Report

Newly found natural gas from Kailashtilla field has started flowing into the national grid and boosted the country's overall supply of the fuel, officials said on May 2. "The newly discovered gas started coming to the national grid from May 2," said Nazmul Ahsan, chairman of the state-owned Petrobangla.

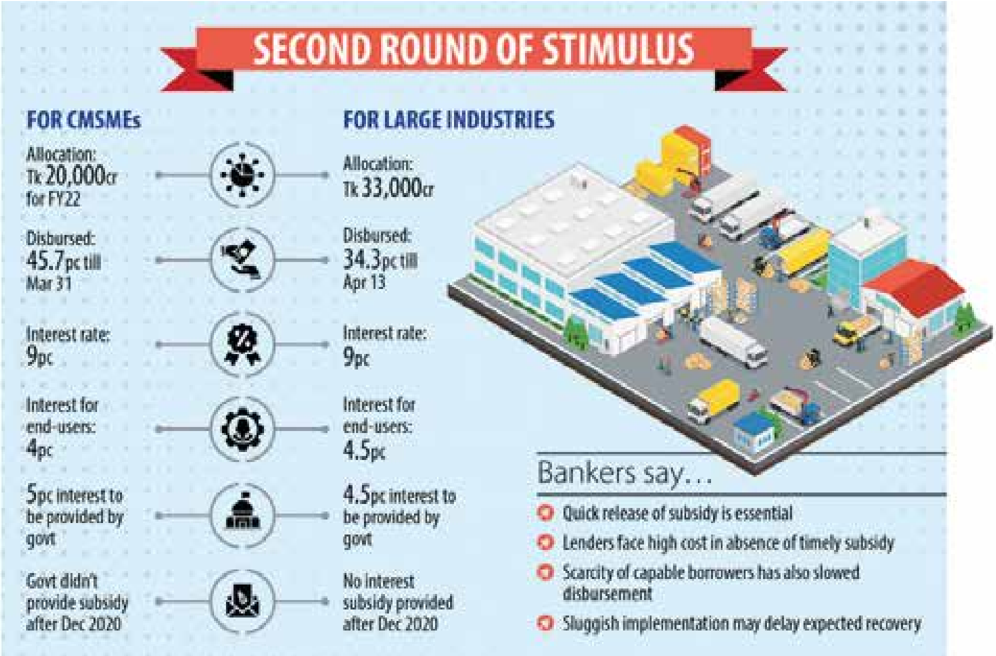
"We hope the gas will regularly be supplied to the national gas network from May 3 through a permanent transmission line," he said. Sylhet Gas Field Limited (SGFL), a subsidiary of Petrobangla discovered the new gas on May 2 at the Kailashtilla field from an abandoned well through a work-over process. The well will regularly supply about 20 million cubic feet of gas per day (MMCFD), said the officials. State Minister for Power, Energy and Mineral Resources Nasrul Hamid made the announcement of the discovery through his Facebook status on May 2.

The ministry also in a press release confirmed the discovery saying that it will be possible to supply between 17-19 MMCFD gas to the national grid from May 10. A discovery of about 17-19 MMCFD gas and 187 barrels of condensates has been confirmed through a work-over process by logging, perfection and testing in the lower gas sand zone of the Kailashtilla gas field. It is expected that the current zone of the gas field will continue production for the next several years, the ministry said adding, that the remaining recoverable gas reserves in the Kailashtilla field are 758 billion cubic feet (BCF) which could be gradually produced through different wells.

So far, seven wells have been drilled in the Kailashtilla gas field of which two are now producing about 29 MMCFD gas. Energy industry insiders said the new, but small, discovery will give a minimum relief to the government when the country has been experiencing a huge gas shortage of more than 600 MMCFD. The country's total supply now stands at 2950 MMCFD against a demand for over 3600 MMCFD. Of this, the country's 27 gas fields can supply 2200 MMCFD while the remaining 750 MMCFD is met by imported liquefied natural gas (LNG).

The recent Russia-Ukraine war made the global import market volatile pushing up the gas price to over $37 per MMBtu from below $10.

As a result, the government has to spend a huge amount of foreign currency to import natural gas, said the gas industry sources. ■



Stimulus Funds: Lending Loses Steam For Slow Release Of Interest Subsidy

Business Outlook Report

Bangladesh's economy might fail to benefit from the government's timely rollout of stimulus packages for cottage, small, medium and large industries as banks have lost the zeal to extend loans since interest subsidy was not paid out at the expected pace as initially thought. The unwelcome development came as banks and non-bank financial institutions disbursed only 34.3 per cent of Tk 33,000 crore funds allocated for large industries as of April 13 of the current fiscal year, according to data from the central bank.

Similarly, lenders loaned 45.7 per cent of Tk 20,000 crore set aside for the cottage, micro, small and medium enterprises (CMSMEs) between July and March. Officials of commercial banks and the BB say that lenders had not received any interest subsidy from the government after December 2020, so they are not encouraged to disburse the loans. Lenders were supposed to receive interest subsidies to the tune of Tk 286 crore between April 2020 and June 2021 on their CMSME loans, but they got only Tk 78.6 crore.

A central banker termed the process of providing the interest subsidy lengthy. In April 2020, the BB unveiled the stimulus package worth Tk 20,000 crore for the CMSME sector to protect it from the impacts of the coronavirus pandemic. Of the sum, 77 per cent was disbursed. Banks are allowed to charge a 9 per cent interest rate on their disbursed loans. The end-users get the loan at a 4 per cent interest rate. The government provides 5 per cent as an interest subsidy to lenders. The tenure of the first round of the stimulus package expired in June last year, prompting the central bank to allocate another Tk 20,000 crore for the current fiscal year ending on June 30.

The BB official says that the central bank requested the finance ministry in February to release the subsidy for the period of January-June last year. The ministry placed it to the Office of the Controller General of Accounts (OCGA), the debit authority of the fund, but it is yet to release the amount, he said. The BB recently sat with lenders to gear up the loan disbursement under the CMSME package. The lenders requested the central bank to take prompt measures for the release of the interest subsidy. The scenario is the same when it comes to the stimulus package for large industries as lenders did not receive any subsidy after December 2020.

The central bank has not furnished the finance ministry with the subsidy data for 2021 and this year. As per the government decision, lenders are permitted to enjoy an interest rate of 9 per cent on the loans under the stimulus package. The end-users are getting the fund at a 4.5 per cent interest rate. The rest of the interest will come from the government. The first round of the stimulus package for the large industries, involving Tk 40,000 crore, was unveiled in April 2020 and lenders collectively disbursed 82 per cent of the fund by the end of the last fiscal year. The size of the fund is Tk 33,000 crore this fiscal year.

Contacted, Mohammad Salauddin Tapadar, a joint director of the central bank who played a major role in formulating the packages, said the stimulus packages had given a boost to the economy at the height of the pandemic. He, however, declined to comment on the sluggish release of the interest subsidies.

Md Serajul Islam, spokesperson and executive director of the BB, said that the central bank had to send recommendations to the finance ministry on the release of the subsidy after conducting inspections on the loans. "We will disburse the fund just after getting approval from the Office of the Controller General of Accounts." Another BB official says that the economy will not rebound at the expected pace if the implementation of the packages remains sluggish. Emranual Huq, managing director of Dhaka Bank, requested the authorities to release the subsidy as quickly as possible in a bid to speed up the implementation of the stimulus packages.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said that lenders had selected capable borrowers to disburse the loans during the first round of the packages.

"It is a bit difficult to find out efficient borrowers as many borrowers who had taken up loans have failed to pay back on time." ■

Fresh Spike In Onion Price Irks Consumers

Business Outlook Report

Onion prices shot up in Bangladesh after the plant quarantine office of the agriculture ministry stopped issuing import permits for the popular cooking ingredient in a bid to protect the interest of local growers.

Onion prices, including that of imported varieties, began to slump since the second week of March amid increased imports and local supply, falling as low as Tk 20 to Tk 35 per kilogramme at retail. Locally grown bulbs are usually sold at higher rates compared to imported onions because of their longer shelf-life.

Against this backdrop, many farmers stopped selling onion as they had to sell their produce at around Tk 22 per kilogramme, which according to some was below the production cost. Onion prices then started an upward climb from the beginning of this week as imports came to a halt after the agriculture ministry suspended issuing permits in this regard. Retailers in Dhaka sold each kilogramme of onion for between Tk 35 and Tk 40 on Ma 11, up 25 per cent from Tk 25 to Tk 35 a month ago, shows market price data compiled by the Trading Corporation of Bangladesh. The spike created hopes among farmers, reports our correspondent from Pabna. Few weeks ago, each maund (37 kilogrammes) of onion was sold for Tk 900 to Tk 1,000. Now, the same amount is being sold for Tk 1,300.

"But this is not good enough for us. If we can sell onions at Tk 1,500 per maund, we will be able to make our expected profit," said Md Montu Miah, an onion farmer of Ulat village at Sujanagar wholesale market of Pabna, one of the main onion producing districts.

Farmers grew onions on 2.49 lakh hectares of land across the country in the current fiscal year, down marginally from the previous year. However, production has increased to nearly 34 lakh tonnes, according to provisional estimates by the Department of Agricultural Extension (DAE). ■

Income Tax Wing of NBR Racing To Meet Target In Last 4 Months Of Fiscal

Business Outlook Report

The National Board of Revenue (NBR) has taken a tougher move to increase its collection from the Income Tax Wing by expanding its net and realising outstanding taxes, as in the first eight months of the current fiscal it collected just over 50 percent of its target for the fiscal.

The revenue collection target from the Income Tax Wing for the 2020-21 fiscal is Tk 103,945.10 crore. But, according to available data from the NBR, till February of this year the wing has been able to collect only Tk 52,854.37 crore. It means the rest, an almost equal amount of Tk 51,090.7 crore, has to be collected in just 4 months. In February, the 8th month of the fiscal, the NBR collected Tk 6,446.87 crore, almost 10 percent more than the corresponding month in 2021, when it collected Tk 5882.03. The collection in the first 8 months of the current fiscal, is 13.3 percent higher than what it was in the first 8 months of the last fiscal. According to the NBR sources, the Board has directed the tax commissioners to bring all eligible persons and organisations under the tax net and to take initiatives to remove the phobia regarding hassle in tax payment.

It also asked to intensify the tax survey and activate the inactive TIN numbers as submitting income tax return has been made mandatory for every TIN holder from this fiscal. The Income Tax Wing of the NBR has already given necessary directives to the field offices in these regards. As a part of the internal survey, the field level officials are collecting possible taxpayers information from city corporations, Rajuk and similar organisations, and sub-registrar offices. This is popularly called 'secondary data'. Secondary data refers to the information of the individuals that are already kept in any organisations. The NBR has also started to collect information of the potential taxpayers at the upazila level through secondary data gathering, otherwise known as internal survey.

For example, a file of 'X' company mentions that it has 450 employees. The concerned official can ask for the names of the 450 employees and their TIN numbers. With this little move the NBR can find out the eligible taxpayers' names and bring them under the tax net, if they are not already. "This is called an internal survey," a senior NBR official explained. In this connection, he said that at first the NBR is taking information of the trade licences that have been issued by the city corporations and municipalities. Later, TIN will be issued in their names to bring them under tax net and collect revenue from them.

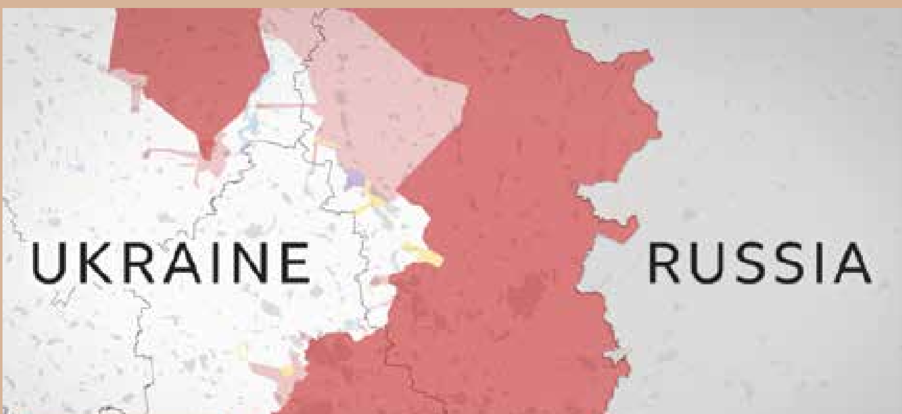
Besides, he mentioned that the NBR is taking information on foreigners from Bangladesh Investment Development Authority (BIDA), vehicle owners from the BRTA, and land buying and selling information from the sub-registry offices, power distribution offices and service oriented offices. Information of the flat and house owners are also being taken from the National Housing Authority, the NBR official said. All these efforts would help NBR identify the eligible taxpayers who are still staying out of the tax net. "We hope that by this we will be able to net the affluent section of society who are evading tax," he added.

According to the NBR sources, the NBR officials generally collect information of the potential taxpayers by door-to-door survey. A senior official of the NBR said that field officials have been asked to conduct their survey maintaining health safety issues. The total revenue target for the NBR for fiscal 2021-22 has been set at Tk 330,078 crore. Of the total target the VAT wing will contribute the lion's share with Tk 127,745 crore.

The target for Income Tax and Tax on Profit has been set Tk 104, 952 crore. The Income Tax Wing will contribute Tk 103945.10 crore.

The revenue collection from import duty will be Tk 37, 807.18 crore, Tk 55,225.26 crore from from Supplementary Duty, Tk 55.45 crore from export duty, Tk 3685.69 crore from Excise Duty, Tk 1529.90 crore from travel tac while Tk 1050 crore from other taxes and duties. ■

Finance Minister Hints At Hard Decisions Due To Russia-Ukraine War



Finance Minister AHM Mustafa Kamal has said the government may take hard decisions unless the global vulnerabilities caused by Russia-Ukraine war are over. "You have to take hard decisions when there are tough times", he told reporters after a meeting of the Cabinet Committee on Public Purchase on May 11. He said the prevailing global situation is not the same as before. "We have to make a decision considering the overall situation of the world," he said. Clarifying his remark on hard decisions, the finance minister said: "It does not mean the wheel of the economy or our development will come to a standstill." He said the government may decide to temporarily stop importing luxury items. "But we can buy those items two months or six months later". His remarks came when his attention was drawn to the Bangladesh Bank's recent decision on increasing LC margin for import of luxury items and the prime minister's instruction for not taking new road construction projects. The minister said implementations of the non-essential projects could be deferred, but not cancelled. "We are restructuring such projects so that we can effectively manage the situation. Through our management our economy will receive further pace," he said. He also said that nobody can say when the Russia-Ukraine war will come to an end. He said the Covid situation is over and now it has no negative impact on any country. Now only the impact of the Russia-Ukraine war is prevailing across the world. Everybody is sharing the pain. Responding to a question on frequent foreign trips of the government officials he said the prime minister has already issued directives against such tours unless these are very exclusive or essential from a strategic point of view. Asked about the projected GDP growth at 7.2 per cent and doubts expressed by some economists, the FM defended the government's position. "We have calculated the GDP in the conventional way and no new component was added to it. Even there is no change in the methodology of calculation and it maintained the consistency.

"If anybody has any doubt, let them consult", he said adding, that the stakeholders, especially IMF or World Bank, differed with our figures. ■

An acid test for the Finance Minister

FY23 Budget

Apu Ahmed

Finance Minister AHM Mustafa Kamal has faced an acid test in finalising the budgetary measures under the new financial year that will begin from July.

Two Reasons

They are simple -- one is the high inflation and the other is the rising number of poor. While high inflation has been blamed on volatility in the global commodity market because of the war between Russia and Ukraine, the number of poor has grown in the country as a result of the pandemic's fallout. It will be interesting to see what kind of measures the finance minister will announce to check inflation when he places the new budget on June 9. Most people facing problems in maintaining daily expenditures expect suitable measures to be announced in the budget so that the price hike of essentials could be checked ahead of the next national polls to be held in late 2023.

Rising Inflation

The last update on inflation released by the Bangladesh Bureau of Statistics on April 19 showed that the rate climbed further to 6.22 per cent in March. This was the first time in many years that the monthly inflation rate recorded more than 6 per cent for successive months. The BBS recorded the monthly inflation rate at 6.17 per cent in February 2022, a 16-month high after the rate rose to 6.44 per cent in October 2020. The finance minister will have to consider the forecast made by the global financial entities before finalising the safeguard measures under the budget. However, the estimates by the international agencies are not suitable as the volatility in the global commodity market will persist throughout this year.

Bleak Forecast

According to the World Bank's Commodity Markets Outlook report released on April 26, the war in Ukraine has dealt a major shock to commodity markets, altering global patterns of trade, production, and consumption in ways that will keep prices at historically high levels through the end of 2024. The increase in energy prices over the past two years has been the biggest since the 1973 oil crisis. Price increases for food commodities—of which Russia and Ukraine are large producers—and fertilisers, which rely on natural gas as a production input, have been the highest since 2008. The WB outlook also said the energy prices were expected to rise more than 50 per cent in 2022 before easing in 2023 and 2024. The country is almost entirely dependent on imports to meet its energy demand. The finance minister is already facing a headwind as an extra amount of Tk 12,900 crore will be required in the revised budget in the outgoing financial year for an upward adjustment in gas, power, and fertiliser prices. It is clear that the ruling party has kept the energy price hikes pending to check the inflation further ahead of the national polls.

Growing Subsidy

The finance ministry has calculated that the government will require around Tk 50,000 crore to provide subsidies on power, liquefied natural gas and fertilisers in the next financial year if the prices of energy items and the fertilisers are not increased. Of the amount, the power sector will require the highest Tk 18,000 crore and the fertiliser sector will need the second-highest of Tk 15,000 crore. The subsidy will be Tk 17,300 crore for importing LNG and the interest payment against stimulus packages given to businesses amid the Covid pandemic. Increasing interest rates is the major tool applied by the central banks worldwide to control inflation.

Economists for Applying All Tools

Controlling inflation through wage and price controls can trigger recession and job losses. Economists have suggested the government utilise all available policy tools, including duty and tax exemption on essential commodities at domestic and import levels, extension of social safety net programme, and raising income tax exemption levels to control global food inflation impact on the vulnerable marginalised groups. They also said the government should fully utilise the fiscal space to keep inflation at a tolerable level as the protracted pandemic has hit the people's purchase capacity. They recalled that Tk 11,600 crore was eventually spent on subsidies against the initial projection of Tk 5,999 crore in FY2008 to contain inflation after the global price hike of commodities and a record rally in fuel oil price, which hit $143 a barrel.

Market Monitoring

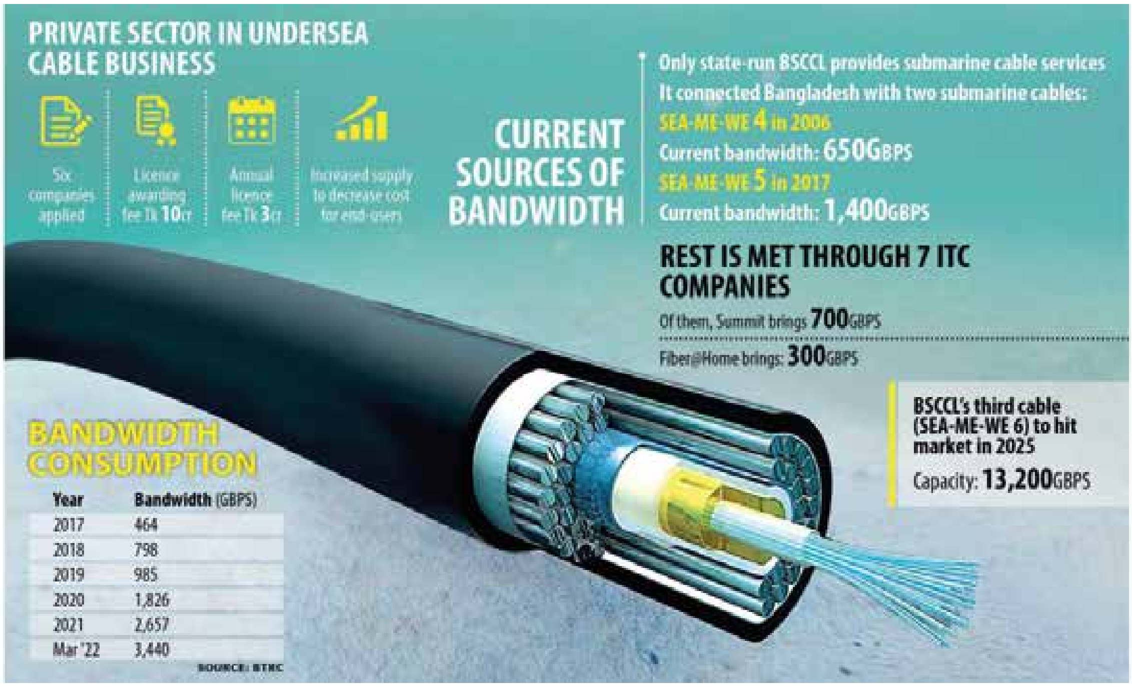
Market monitoring is no less challenging for the government in the new fiscal. The general people are convinced that there were lapses in market monitoring. It is always argued that the reliable data on local outputs and the imported items are imperative for maintaining a balance between demand and supply, mismatches of which eventually causes price hikes of essential commodities. Unscrupulous traders also cash in on the situation by extracting higher profits from consumers. Systematic and regular market monitoring are the most suitable ways to check the unusual and abnormal price hikes of essentials and their artificial crisis. It is reported that packaged soybean oil almost disappeared from the market while the unpackaged item was selling at around Tk 200 a litre in different markets in the city ahead of Eid-ul-Fitr. Retailers blamed refiners and distributors for creating the artificial crisis for increasing profit margins.

Enhancing Buying Capacity

Enhancement of buying capacity of the country's majority population is the other major challenge for the finance minister. The poor now account for one-third of the population, up from one-fourth before the pandemic. Widespread job losses and income cuts have primarily contributed to creating the new poor, although the government policymakers do not admit the presence of such poor due to political reasons. These people should not be overlooked. Their buying capacity contributes to consumption, an important component for calculating the GDP.

Safeguarding Livelihoods

The upcoming fiscal measures should also deal with the other issues like capital flights, narrow revenue base, maintenance of a required amount of foreign currency reserve and lowering defaulted loans. However, checking inflation, known as a hydra-headed monster, is necessary to keep the macro-economic stability on the right track. For the same reason, the government should also create employment opportunities to safeguard the livelihoods of the majority population. ■



Govt To Open Up Submarine Cable Business To Private Firms

Business Outlook Report

Private companies in Bangladesh are set to get licences to establish, maintain and operate submarine cables, in a shift that will break the state monopoly and pave the way for a smooth supply of bandwidth amid a surge in internet use. The state-run Bangladesh Submarine Cable Company Ltd (BSCCL) is the lone entity permitted to connect the country with the rest of the world through undersea cables.

But in order to attract private investment to the telecommunication industry to support the growth in bandwidth consumption, the Bangladesh Telecommunication Regulatory Commission (BTRC) has floated a tender to grant licences. Six companies have applied. According to the BTRC, the companies, including Summit Communications, Fiber@Home, and Mango Teleservices applied for the licence as of May 10, the deadline for the submission of the application. "We have applied for the licence," said Md Arif Al Islam, managing director of Summit Communications. It has signed a memorandum of understanding with an international consortium, and the final deal will be inked after obtaining the licence. Once the private companies enter the market, there will be more supply of bandwidth, which will drive prices down and benefit end-users, said Islam.

The licensee will have to establish its submarine cable systems and offer services within two years from the date of securing the approval. The licence will cost companies Tk 10 crore, and the annual licence fee will be Tk 3 crore. The government will decide how many licences will be issued, according to a BTRC guideline. "Our policy is to create opportunities for the private sector, so we are now allowing private companies to establish submarine cables," said telecom minister Mustafa Jabbar,. Private entities have presence in all areas of the telecommunication sector, including telecom, tower, internet service, and transmission network. The minister said the government has initially connected the country through the state-run company since a huge investment was needed and there was uncertainty about the benefit of the investment.

"Now we have done the groundwork, and the business case is lucid to private entities." Sumon Ahmed Sabir, chief technology officer at Fiber@Home, said: "We are ready to form a partnership to establish a submarine cable for the local market. This will enhance competition and bring down the price." Abu Saeed Khan, senior policy fellow at

Colombo-based think-tank LIRNEasia, said the private companies should have been allowed to establish submarine cables much earlier.

"Bangladesh is the only country in South Asia and Southeast Asia where the state-owned monopoly in the submarine cable business is prevailing. There is competition in other countries, including Myanmar, Sri Lanka and the Maldives."

Mohammed Shahedul Alam, chief corporate and regulatory officer at Robi, welcomed the government decision and called for awarding the licence to competent companies so that they can arrange the landing of submarine cables within the shortest possible time. The move from the government comes as the use of bandwidth is growing at a break-neck pace in Bangladesh.

At the end of December 2008, the use of bandwidth was only 7.5 gigabytes per second (Gbps), serving 7.7 lakh people, according to the telecom minister. It was 600 Gbps in 2016.

The bandwidth consumption witnessed a remarkable rise during the coronavirus pandemic as people turned to internet to work, study and find entertainment at home. The bandwidth use surged to 3,440 Gbps in March this year, up from 1,000 Gbps before the pandemic, according to the BTRC. About 650 Gbps is supplied by BSCCL through the South East Asia–Middle East–Western Europe 4 (SEA-ME-WE 4) consortium, the first undersea cable with which Bangladesh was connected with in 2006.

BSCCL supplies another 1,400 Gbps through the country's second submarine cable, SEA-ME-WE 5. The connection was established in 2017.

The rest comes from India through seven international terrestrial cable service providers, with Summit Communications bringing in 700 Gbps and Fiber@home 300 Gbps. Industry people warn Bangladesh could face the scarcity of bandwidth in 2024 as internet use is rising at a faster clip. Alam of Robi says the life span of the first undersea cable is coming to an end in 2025 and the capacity has been exhausted. "So, we may face a bandwidth shortage if there are no new cables."

The current capacity of the second cable is 2,500 Gbps and it currently supplies 2,000 Gbps.

AKM Habibur Rahman, managing director of BSCCL, does not expect any bandwidth scarcity as the company has taken steps to keep the supply smooth. "The capacity and time expansion of the first submarine cable is underway and we will announce it soon," said Rahman.

The company is set to receive 13,200 Gbps from the third submarine cable, SEA-ME-WE 6, in 2025. "However, it is difficult to make predictions since internet use is expanding rapidly and the government has initiated measures to take digital services to a vast number of end-users." More than 50,000 educational institutions will be connected to internet soon, said Jabbar. And the education ministry estimated the country needs 35,000 Gbps of bandwidth by 2030.

"But, to my estimate, we don't need that much bandwidth. Since we are allowing private entities to enter the market and there is the third cable, there will be no bandwidth crunch till 2030," said the telecom minister.

Islam of Summit Communication said laying cable underground is a difficult task and many parties are involved.

"So, if the licensee companies can't do it fast, there could be a bandwidth crunch." ■

Edible Oil's Artificial Crisis Robs Eid Joy

Apu Ahmed

Edible oil's price volatility in the global market and an artificial crisis at home feeding on lax monitoring inflicted a heavy blow on the local consumers already struggling to cope with skyrocketing prices of essential commodities.

High Prices

The consumers are subjected to paying high prices for edible oils after the import prices went up in the global market because of a number of reasons including the ongoing war between Russia and Ukraine. Bangladesh is dependent on imports for meeting over 90 per cent of its annual demand. A number of local refineries meeting the demand have passed over the higher imported prices of crude soybean and palm oils on consumers that should be called a usual phenomenon. The refineries depend on traders to market their refined items. Law enforcing agencies are supposed to be very careful so that no disruption in the marketing process occurs while the government monitoring agencies need to be very cautious to assess imports and supplies continuously.

Monitoring Lapse

Lack of aforementioned efforts may cause problems and that's exactly what happened in the local edible oil market. Consumers were cheated since an unprecedented anarchy over edible oil supply and prices took place on the market before Eid because of an artificial crisis caused by monitoring lapses. The packaged soybean oil almost disappeared from the market before Eid. Traders charged more than Tk 200 for a litre of unpackaged soybean oil in many places. And just after Eid on May 6, the Edible Oil Refiners of Bangladesh increased the price of packaged soybean oil to Tk 198 a litre from Tk 160, marking a hike of Tk 38. According to the commerce ministry officials who approved the price adjustment, the edible oil refiners wanted the single biggest upward revision in the price of the item against the backdrop of the excessive price hike of edible oils on the global market.

Artificial Crisis

Market experts said the situation was made favourable for the refineries for seeking an upward price

adjustment in the local market because of the crisis, which according to them, was created artificially. Consumers Association of Bangladesh president Ghulam Rahman said the supply of the commodity would increase on the market with the increase in prices as a section of traders had hoarded the items expecting a price hike. Market experts noted that the government agencies are now recovering illegally stored edible oils which should have been done much before Eid. The policymakers should have prior information about the looming artificial crisis. The government has already cut duty on edible oil imports but failed to ensure its benefit to the consumers. The benefit has gone other ways because of the artificial crisis.

Volatility at Local Market

With the commerce ministry's nod, the oil refiners' association has been allowed to increase the prices of soybean and palm oils on eight occasions since February 2021. The price of one litre soybean oil was selling at Tk 135 in February 2021. The price was Tk 85-87 in March 2020, just before the Covid pandemic hit the country. The annual wholesale traded value of edible oils and fats consumed in the country is about Tk 20,875 crore or US$ 2.5billion (Tk 83.50= $1), which in the retail market is about Tk 23,000 crore, according to data based on a calculation in 2019 by the Malaysian Palm Oil Council Office in Dhaka. The consumption of edible oil is growing in the country with its annual demand reaching 30.3 lakh tonnes, according to the Council of Palm Oil Producing Countries. The association in a webinar on September 1, 2021, said the per capita consumption of edible oil in Bangladesh increased by 20 per cent in the last five years and reached 18.4 kilograms (kgs) in 2020.

No Alternative to Monitoring

There is no alternative to extensive market monitoring to protect the interest of the consumers. The country's neighbour India is also dependent on import to meet 60 per cent of its demand. It has

taken stringent measures against hoarders. The central government asked all state governments to take strict action against hoarders in April. No major artificial crisis took place there. The Directorate of National Consumer Rights Protection in Bangladesh conducted a raid at Karwan Bazar the day before Eid and recovered a stock of 2,000 litres of soybean oil from Bismillah Traders. Many other agencies were recovering illegally stored edible oils from different parts of the country. But such drives could have been more fruitful if done earlier.

Govt Admission

On May 9 commerce minister Tipu Munshi blamed wholesalers and retailers for creating an artificial supply shortage of edible oil before Eid.

He admitted that they had made a mistake by keeping faith on businesses' commitment not to hoard the item. But they hoarded the edible oils and created an acute supply shortage for seven to 10 days, he said at a press briefing on the supply and price situation of edible oil. The commerce minister may deserve thanks for the admission but he cannot skirt responsibility for failing to protect the interest of the consumers.

Fazlur Rahman, chairman of City Group, one of the largest edible oil refiners in the country, said that there was no crisis of edible oil in the market but wholesalers and retailers created artificial supply shortage for additional profit. He also deserves credit for giving assurance of uninterrupted supply of edible oil, but he, too, could not avoid responsibility. The artificial crisis could have been averted had a seasoned businessman like him warned the government about it.

Outlook

Available global commodity market reports say that price volatility of edible oils may persist as war in Ukraine has added to economic supply and pricing instability worldwide. Ukraine produces and exports a great deal of cooking oils, including about half of the sunflower oil in the world.

Russia, currently embroiled in its invasion of Ukraine, also produces about 25 per cent of global sunflower oil.

Indonesia, the Southeast Asian country which accounts for nearly half of the palm oil in the world, says it's trying to lower prices and maintain supply on the in-demand product by keeping more of it in the country. Amid tight supply situations, the government needs to enhance monitoring in the coming days. ■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Rajesh Surana, Chief Executive Officer of LHBL, and Alexia Michels, Country Director of W&L in Bangladesh, signed a MoU on behalf of their respective organizations that took place at the corporate office of LHBL. LafargeHolcim Bangladesh Limited (LHBL) has recently signed the Memorandum of Understanding (MoU) with the Water & Life (W&L) to create a positive impact on the lives of the Bhashantek slum dwellers. ■

Nitol Insurance Company Limited achieved Emerging Asia Insurance Award 2021 in three categories. The award ceremony programme was held in Kolkata, India. The Managing Director & Chief Executive Officer, Mr. S. M. Mahbubul Karim received the award. ■

Jamuna Bank Ltd organised a two-day long zonal business development meetings with local eminent businessmen, lawyers and branch managers in Rajshahi. Al-Haj Nur Mohammed, Chairman, Jamuna Bank Limited and Jamuna Bank Foundation was present as the Chief Guest on the occasion. ■

Mercantile Bank Limited signed an agreement with Nazihar Tech Limited (NTech) to provide fast, secure online and technology-based advanced core banking services for customers. The agreement was signed at the bank's head office. ■

Social Islami Bank Ltd (SIBL) arranged an Eid Reunion on the first working day after Eid ul Fitr at its Head Office. Dr. Md. Mahbub Ul Alam, Chairman of the Bank, and Zafar Alam, Managing Director and CEO, were present at the ceremony. ■

Eastern Bank Ltd.(EBL) has signed a MoU with Ananta Real Estate Ltd, to offer home loan to its customers for purchasing property at the Ananta Terraces, an exclusive residential condominium project. M. Khorshed Anowar, DMD and Head of Retail and SME Banking of EBL and Tamanna Rabbani, Vice President of Ananta Real Estate signed the MoU at a simple ceremony held the bank's head office in Gulshan in the city. ■

Islami Bank Bangladesh Limited organized Eid re-union at Islami Bank Tower. Mohammed Monirul Moula, Managing Director and CEO of the Bank, addressed the programme as the Chief Guest. ■

Shahjalal Islami Bank Limited celebrated its 21st anniversary. Chairman of the Board of Directors of the Bank Mr. Mohammed Younus and Managing Director (Current Charge) Mr. Abdul Aziz participated in the event. ■

(Standing from left): Kevin Green, Head of Commercial Banking, HSBC Bangladesh, Ramon Wangdi, Vice President- Asia Pacific, Excelerate Energy, Mahesh Palashikar, President - GE South Asia, Peter Haas, US Ambassador to Bangladesh, Md Mahbub Ur Rahman, CEO HSBC Bangladesh and Dr. Ahmad Kaikaus, Principal Secretary to the Prime Minister seen at an event titled 'US-Bangladesh Business Forum: Building on 50 years' of friendship', arranged by HSBC Bangladesh, in partnership with the US-Bangladesh Business Council (USBBC). ■

Chairman of Janata Bank Limited Dr SM Mahfuzur Rahman exchanged views with branch managers of the bank working in Sylhet district at Sylhet divisional office of the bank. ■

Mr. Arif Quadri, Managing Director & CEO of United Commercial Bank Limited (UCB) handing over the Congratulations Crest to Mr. Abdul Haque, Managing Director of Haq's Bay Automobiles Ltd. and former president of Japan-Bangladesh Chamber of Commerce and Industry (JBCCI) on being awarded as 'Order of the Rising Sun' by The Government of Japan. ■

eGeneration has recently signed an agreement with Intelligent Machines Ltd to provide Microsoft Azure solutions which includes productivity and collaboration tools, smart analytics solutions, task management software under a secure cloud platform to them. Shameem Ahsan, Managing Director of eGeneration, was present. ■

Bangladesh's SINGLE-MONTH RMG EXPORTS TO US Top $1b

Business Outlook Report

Bangladesh's single-month apparel export earnings from the United States topped the $1-billion mark for the first time in March as both export orders and unit prices witnessed a surge in the market. The export earnings almost doubled in March from the US compared with that of the same month of 2021, according to the US Department of Commerce's Office of Textiles and Apparel data released on May 4.

The country's RMG exports to the US in March 2022 posted a record increase by 96.10 per cent or $506.55 million to $1.03 billion compared with that of $527.01 million in the same month of 2021. Apparel exports to the US, the single largest export destination for Bangladesh, grew by 62.32 per cent or $950 million to $2.47 billion in January-March of 2022 compared with that of $1.52 billion in the same period of 2021. Exporters said that the US had been shifting its sourcing from China gradually and Bangladesh getting the benefit.

At the same time, the unit prices of products increased on the global market due to the price hike of raw materials.

In terms of volume, the apparel exports to the US from Bangladesh in the first quarter of 2022 grew by 50.12 per cent or 304 million square metres to 909 million square metres from 606 million square metres in the same period of 2021, the data showed. In March 2022, the apparel exports to the US from Bangladesh increased by 77.70 per cent or 165.84 million square metres to 379.21 million square metres from 213.36 million square metres in the same month of 2021. 'Bangladesh's exports to the US will continue to increase in the coming days as China is shifting its apparel manufacturing by itself and at the same time the US is shifting its sourcing from China in a big way,' said Md Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association. He said that Bangladesh was also getting additional export orders from the US due to political instabilities in Myanmar and Ethiopia.

Shahidullah said that the prices of apparel products increased on the global market but proportionately those were still lower than the price hike of raw materials. The OTEXA data showed that the total US imports of RMG from the world in January-March of 2022 increased by 39.71 per cent to $24.31 billion compared with that of $17.40 billion in the same period of the previous year. The US apparel imports from China in the first quarter of 2022 grew by 44.27 per cent to $5.32 billion from $3.68 billion in the same period of 2021.

RMG imports by the US from Vietnam in January-March of 2022 increased by $29.86 per cent to $4.45 billion from $3.42 billion in the same period of the past year.

India's RMG exports to the US market in the first quarter of 2022 grew by 53.49 per cent to $1.49 billion from $976 million in the same period of the previous year.RMG imports by the US from Indonesia in January-March of 2022 increased by 62.31 per cent to $1.45 billion while the imports from Cambodia grew by 39.99 per cent to $1.08 billion in the month, the data showed. ■

NSC Sales Drop By 50.29pc In 9 Months

Business Outlook Report

The net sales of national savings certificates dropped by 50.29 per cent or Tk 16,698.52 crore year-on-year in July-March of the fiscal year 2021-2022 as the government has tightened the NSC sale rules to contain people's buying spree of the savings instruments. According to Bangladesh Bank data, the net sales of NSCs dropped to Tk 16,504.13 crore in the first nine months of the fiscal year 2021-2022 against Tk 33,202.65 crore in the same period of the previous fiscal year.

For FY22, the government's budgetary target was to borrow Tk 32,000 crore through NSCs. In March, the net sales of NSCs dropped by 53.36 per cent or Tk 2,076.56 crore year-on-year. The net sales dropped to Tk 1,814.72 crore in March 2022 from Tk 3,891.28 crore in the corresponding month of 2021. Prior to the plunge in FY22, the sales of NSCs were significantly high in the fiscal year 2020-2021 and the surge prompted the government to slap budgetary restrictions.

Poor interest rates against bank deposits were another reason for the significant surge in NSC sales in FY21. Demand for liquidity in banks dropped sharply after the Covid outbreak that prompted banks to lower interest rate of deposits. Even some banks offered as low as 2 per cent interest against deposits. So, many of the savers found interest rates on savings instruments lucrative since the NSCs offered as high as 12 per cent against its different products. To keep the fund flow in the banking sector normal and to support individual depositors and pensioners, the central bank linked deposit rate of certain categories, including term deposit of individuals and pension-related funds, with the rate of inflation in August, 2021, which contributed to reducing fund injection in NSCs.Under the instruction, the BB said that the interest rates against deposits of individuals, pension funds of the government entities or private entities and term deposits of any amount meant for the payment of post-retirement benefits must not be lower than the inflation rate. The sales of NSCs in FY21 rose to Tk 41,959.5 crore, more than double the government's initial budgetary target for the particular year. In FY20, the net sales of NSCs were Tk 15,139 crore.

Deep Seaport Will Be The Regional Export-Import Hub

Business Outlook Report

The deep seaport being constructed by the Chittagong Port Authority (CPA) in Matarbari of Cox's Bazar will turn into the most important export-import hub of the region in future, hopes Chairman of the CPA Rear Admiral M Shahajahan. Through operating mother vessels for the ports of the neighbouring countries, it will acquire the fame of the most important feeder port in the region, he says.

Talking to The Financial Express, the CPA chief said, "Once its construction is completed, the deep seaport of CPA will be the regional business hub. We can handle mother vessels at the deep seaport's terminals in Matarbari. The largest mother vessels can berth at the seaport's terminals in future. As a result, it will be the most important regional hub of export and import for the neighbouring countries." "Bay Terminal, Patenga Container Terminal (PCT) and other terminals of the CPA will be service ports in future. Besides, the capacity of Chittagong port will be increased several times with establishment of the seaport's terminals in future. Moreover, Bay Terminal and PCT will also increase the capacity of the CPA," he added.

"The draft of Matarbari deep seaport terminals is the highest among the neighbouring country's ports. So, the deep sea port of CPA will be the feeder port of the region," Mr Shahajahan said. He expected that after completion of the dream project of the deep seaport at Matarbari in Cox's Bazar under the management of Chittagong sea port, export, import and maritime connectivity of Bangladesh will increase remarkably and the deep sea port will enhance the total capacity of Chittagong sea port for handling cargoes and containers several times.

"Building a deep sea port to enhance the capacity of Chittagong port was the demand of time. Our Prime Minister declared a role model for the blue economy and the deep seaport at Matarbari is being constructed as per the model. After completion of the construction of the deep seaport, a new economic belt will be developed from Dhaka to Cox's Bazar, which will enrich our economy," he said. The total scenario of Matarbari area is being amazingly changed as the mega-project like deep seaport is being implemented there. Alongside the deep seaport, some other related projects including the Coal Base Power Station, LNG Terminal and development of highway are being implemented now.

After improvement of the coronavirus situation, work of the deep seaport is continuing without any break; as a result, the dream project is likely to be completed by 2025. The seaport was originally to be built for Matarbari coal-fired power plant but the government later decided to turn it into a deep seaport. Work of the project at a cost of Tk177.75 billion (Tk17,775 crore) began on November 16, 2020. The new deep seaport will be the first of its kind in Bangladesh.

The port is planned to reduce pressure on the Chittagong port and in the first phase, one 300-metre long multipurpose terminal and one 460- metre long container terminal are planned to be constructed by 2026. The navigation channel will be 350 metres long with a maximum permissible draught of 16 metres. Ships with the capacity of 8,000 TEUS containers will be able to berth. The container terminal will be built on 18 hectares, and have an annual capacity of 600,000 to 1.1 million TEUs.

Later, the container terminal will be extended up to 70 hectares, with 1,850 metres berth and have a 2.8 million TEUs capacity. ■

ADB Asked To Provide More Development Assistance For LDC Graduation

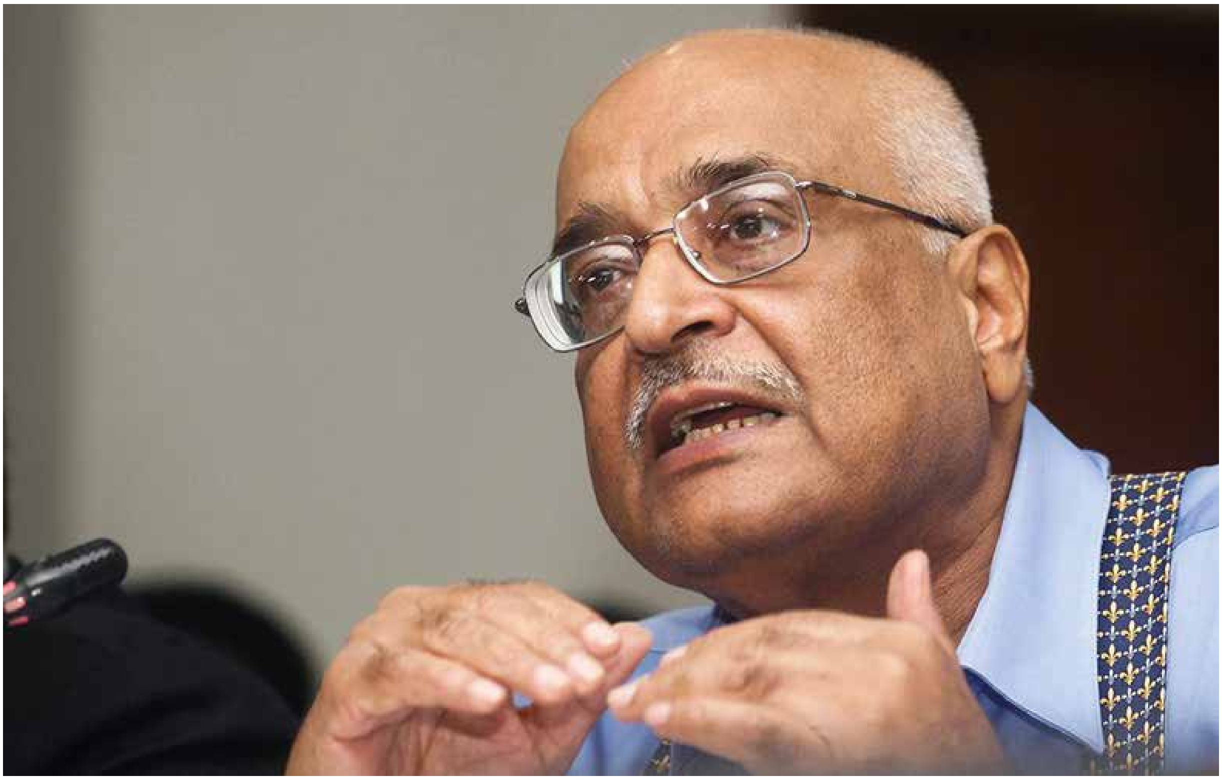
Finance Minister AHM Mustafa Kamal has sought more development assistance from the Asian Development Bank (ADB) to properly address the challenges of the country's graduation from the least developed country to the developed country.

Kamal made the plea at a view exchange meeting with the visiting ADB Vice-President (Operations 1) Shixin Chen at The Westin Dhaka on May 9. The ADB provided a total of US$ 2.2 billion to Bangladesh for the last two years to uplift its economic growth from the pandemic-battered situation along with purchasing Covid-19 vaccine for its people.

Of them, the regional development bank gave one billion US dollar in case of budgetary assistance to Bangladesh, $100 million for Covid-19 response emergency assistance project, US $940 million loan for purchasing Covid-19 vaccine, $9.34 million grant and $150 million for fast economic recovery and skill development of the immigrant workers.

The minister thanked ADB for its support to Bangladesh when such assistance was needed for the country to maintain its rising growth amid the challenges of the pandemic-battered situation.

Shixin Chen assured Kamal that the way the ADB helped Bangladesh for the recovery of the social and economic safety from the pandemic will keep its continuation in future also. ■



Dr Debapriya warns against rising public debt faster than GDP

Economy To Feel Pinch From Unproductive Public Debt

Business Outlook Report

Bangladesh is still in a suitable position in terms of public debt, but it may be pushed to yellow rating after FY25 as spending on high value foreign debt is rising on non-productive sector, a new study shows. Both public and private sector debt from external sources have increased in recent past, which would create stress on forex reserves and widen the imbalance of trade, it said.

Distinguished Fellow of independent think tank Centre for Policy Dialogue (CPD) Dr Debapriya Bhattacharya presented the study at a virtual event titled 'Deconstructing Public Debt of Bangladesh: Trends, Status and Outlook' on May 9. Presenting the overall scenario of Bangladesh's debt, Debapriya said total national debt is increasing at a faster rate than Gross Domestic Product (GDP). While the debt stress in the external borrowing is expected to increase due to the exhaustion of grace period of a number of high-value loans, the Achilles ' heel will be the growing domestic debt, Dr Debapriya pointed out. He said the macro economy of the country will face pressure if the government does not take cautionary measures from now to spend debt money in the nonproductive sector.

If the current tendency of national debt continues, the economy will witness weakening of external balance, deteriorating current account and balance of payment, fall in external financial flows including export revenue, remittance income, FDI, income on assets overseas, he said. As a result, the situation may arise as debt default, fall in economic growth, high inflation, foreign exchange reserve depletion, exchange rate depreciation, loss of economic competitiveness and lowering of credit rating, Debapriya observed. Replying to a query he said, if the GDP ratio of Bangladesh is not matching with other indicators of economy and different economic indicators are interrelated, while one of it is rising, the changes also affect others indicators.

He urged the government to continue the quarterly budget review and debt situation review so that parliamentary standing committee members can discuss the matter for national interest. Dr Debapriya also urged the government entities to be more friendly and transparent in releasing economic data and easy access to it for the researchers. Bangladesh's total public debt (as percentage of GDP), 34.7 percent, was among the lowest in South Asia in FY20, with Sri Lanka (112.2 percent) and Bhutan (120.7 percent), being the highest, according to International Monetary Fund (IMF).

The total outstanding debt amount in FY21 in Bangladesh was $131.14 billion, it increased by $16.45 billion on average for the past 3 years, which was about 2.5 percent of GDP. In FY21 only, total public debt increased more than $18.64 billion (additional 2.2 percent of GDP) of which more than 54 percent was domestic debt.

The total debt as percentage of GDP decreased in Bangladesh between FY08 (38.8 percent) and FY17 (28.2 percent). It has since increased between FY18 (29.5 percent) and FY21 (36.9 percent). The linear decadal growth rates were 44.1percent (FY02 to FY11) 66.6 percent (FY12 to FY21). Per capita outstanding debt – $432 (FY21), the annual increase of outstanding debt (FY20 to FY21) – $9.62 billion and annual increase in DSL – (FY20 to FY21) – $ 0.7 billion.

Total outstanding external private debt amount in Bangladesh was $18.69 billion in FY21, the share of external private debt in total debt increased between FY03 (3.9 percent) and 2021 (14.5 percent). ■

ACI To Ship Drugs To US Market Directly From Bangladesh

The Advanced Chemical Industries (ACI) has recently got approval from the US Food and Drug Administration (FDA) to export its product directly from Bangladesh to the United States of America.

ACI Healthcare Ltd, one of the subsidiaries of ACI Ltd, obtained the FDA approval for its healthcare establishment at Tripordi in Narayanganj's Sonargaon for the manufacturing of Gabapentin capsules, which will be exported to US market. The listed conglomerate disclosed the information on May 5 through a posting on the website of the Dhaka Stock Exchange.

The healthcare site is primarily dedicated for export and this will positively impact pharmaceutical export of the company, according to the web posting. ACI HealthCare was incorporated in 2013 with an objective to manufacture and market pharmaceutical products for regulated markets, especially for the US market. To serve the local market also, a state-of-the-art pharmaceutical factory of the company has been built at its own land in full compliance with the US FDA, the Europe, Middle East and Africa, the World Health Organisation's Current Good Manufacturing Practices and other relevant agencies of that nature.

It had got approval of nine Abbreviated New Drug Application by the US FDA and commercial supply of some of these products started by toll manufacturing arrangement with contract manufacturing companies in India and in the USA. Pharma export of ACI Ltd achieved 100 per cent growth in business volume despite the Covid-19 pandemic and problems in supply and logistics in 2020-21, the company said in its latest annual report. Ten new export destinations were added in its list during the year, it said, adding the ACI has received marketing authorisation of 190 products from different regulatory authorities in different countries. During the pandemic, ACI has tried to extend its support to the severely Covid-19 affected countries with its coronavirus drugs and was able to contribute to save lives and improve the quality of life of people, it added.

Stocks of ACI Ltd rose 0.62 per cent to Tk 291 at the Dhaka Stock Exchange on 5 May compared to the previous working day. ■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সেতুবন্ধনে ন্যাশনাল ব্যাংকের নিজস্ব রেমিটেন্স প্রতিষ্ঠান
এন বি এল মানি ট্রান্সফার এখন নিউইয়র্কে
আমেরিকা
বাংলাদেশ

Exports Booming Despite Gloomy Global Outlook

Shipment clocks 51.18pc growth to hit $4.73b in April

Business Outlook Report

Earnings from merchandised exports from Bangladesh soared 51.18 per cent year-on-year in April to $4.73 billion helped by higher shipment of garments, home textiles and footwear, recent official figures showed.

The higher flow of export receipts continues despite persisting global uncertainties emanating from the Russian-Ukraine war, dragging supply chain disruptions, and higher inflationary pressures. In fact, exports from Bangladesh have been posting stellar growth since September, sending monthly receipts above $4 billion for the first time in the country's history, as demand rebounded in the Western Economies in keeping with the receding Coronavirus pandemic. Earnings hit an all-time high of $4.9 billion in December and the momentum continued in the subsequent months.

Between July and April, the first 10 months of the current fiscal year, earnings surged 35.14 per cent year-on-year to $43.34 billion, according to data from the Export Promotion Bureau (EPB). With the improvement of the Covid-19 situation worldwide, the global apparel supply chain is also recovering fast. As a result, exports from Bangladesh are growing at a faster clip. From July to April, apparel shipment, which accounts for about 85 per cent of the national exports, swelled by 35.98 per cent to $35.36 billion. Of the total, $19.24 billion came from knitwear shipments, up 37.49 per cent, and $16.11 billion from woven shipments, a rise of 34.23 per cent.

The buoyancy in the shipment of apparel came as international clothing retailers and brands are flocking to Bangladesh in droves to place orders as many other producing countries are struggling to meet rebounding demand. Orders are shifting from China, India, Pakistan, Vietnam, Sri Lanka, Myanmar and Ethiopia to Bangladesh as the cost of production has gone up there. "Export will keep growing until July because local suppliers have received a significant volume of orders," said

Md Shahidullah Azim, senior vice-president of the Bangladesh Garment Manufacturers and Exporters Association.

Manufacturers are now taking orders for October and November seasons. However, they are selective in booking orders as the prices of raw materials such as yarn, fabrics and chemicals have increased at home and abroad in order to avoid losses, said Azim. "Many suppliers suffered losses as they had to supply goods even at lower prices as they had booked orders before the prices of the raw materials went up." The entrepreneur says the Russian-Ukraine war has had little impact on the garment export until now as the shipment is growing every month. However, if the war continues, it might have an impact on the export as consumers in the western economies would face higher inflationary pressures.

Eurozone inflation soared to 7.4 per cent in March, an all-time high for the currency club, while inflation in the US hit 8.5 per cent in the month, the sharpest annual rate since 1981. The EU and the US are the two biggest markets for Bangladesh. Besides, Bangladesh has already lost the Russian market due to the war as the export to the country is declining. Before the war erupted, it was expected that the export of garments to Russia would cross the $1-billion mark at the end of the current fiscal year, for the first time. The milestone might not be hit in 2021-22 as the conflict shows no sign of abating. "We need to improve the ease of doing business significantly to be more competitive in the international markets," Azim said.

Earnings from leather and leather goods shipment grew 32.97 per cent to $1.01 billion in the July-April period, data from the EPB showed. Frozen foods and live fish exports grew 17.45 per cent to rake in $463.62 million and agricultural products exporters brought home $1.04 billion, an increase of 26.29 per cent, year-on-year. Jute and jute goods shipment, however, declined 6.68 per cent to $966.51 million. ■

Reducing Power Generation Cost: BPDB For Lifting VAT, Duties On HFO

Business Outlook Report

Bangladesh Power Development Board (BPDB) has sought to withdraw import duties and Value Added Tax (VAT) on imported furnace oil for electricity generation. This aims to lower the energy tariff due to volatility in High-Speed Furnace Oil (HFO) prices in the international market over Russia-Ukraine war. HFO tariff increased to $750 per tonne now, which was around $200 per tonne in January 2020, said an importer of a private power generation company. He added the cost of per kilowatt electricity generation rose to Tk 16-18 due to the rise of HFO market prices.

“Introduction of 34 percent of VAT on imported HFO in February 14, 2020 made the power tariff costlier despite the fact that BPDB paid the fuel bills for electricity production,” the producer said on the condition of anonymity. He said the overdue bills four to five months made the import of HFO more complicated as the private sector incurred losses due to the bank interest rate. “We depend on banks for fuel import. But volatility in HFO import as well as the cash payment of 34 percent VAT to NBR makes it even more complicated,” he said. Talking over the issue, State Minister for Power and Energy Nasrul Hamid said the NBR set the VAT on HFO import when the market price was stable. “But, it creates more pressure on liquid fuel-based power generation. It should be addressed right now,” he said. According to BPDB, Bangladesh’s electricity generation capacity is now 21,484MW. Of it, HFO-based power projects contribute 27.39 percent or 5884MW. BPDB depends more on HFO-based electricity generation due to gas crisis and volatility in the international market.

According to the BPDB data, it produced maximum 5004MW of electricity against the total production of 14,782MW of electricity in April 16, 2022. It means 33.85 percent of electricity comes from HFO one. In the particular day, the BPDB produces 33.85 percent of electricity against the production of 303.69 million units of electricity. Despite the fact that the public and private power producers had enjoyed the VAT cut till February 13, 2020, which had been implemented since February 14, 2011 to reduce pressure on power tariff. “I just tell you that I have not opened any new LC’s as over the due payment as well as the volatile HFO market,” said a private sector sponsor.

He added that per tonne of furnace oil tariff is at $750 now. "So, the cost of per tonne HFO will exceed $1000, including VAT and duties," the importer said. "We have overdue bills of power generation tariff for around five months. In addition, the volatile market of HFO makes our production even costlier," he said.

Due to the non-payment of bills, the bank interest rate also soared, according to him. Recently, the private power producers proposed to withdraw the VAT and other import duties to bring the import cost down and lower the production cost. The BPDB requested the Power Division to withdraw the VAT and other duties through reintroducing the Custom Act, 1969 (Act 1V of 1969) under section 19 facilities.

"The withdrawal of VAT and duties will help the BPDB bring down the government subsidy as well as reduce the investment on customs clearance for import of furnace oil," BPDB secretary Mohammed Selim Reza told Power Division through an official letter on April 25, 2022.

BPDB spends around Tk 35 billion every month on purchase of electricity from the private producers. ■

Bangladesh Tops List Of New Countries To Invest In: US Delegation

Business Outlook Report

The visiting delegation of the US-Bangladesh Business Council has said Bangladesh is top of their list of new countries to invest in. The delegation said this to Prime Minister's Private Sector Industry and Investment Adviser Salman F Rahman when he invited them to invest in "smart Bangladesh" Monday during a meeting in the capital.

"The US entrepreneurs are now investing in the energy sector, but I informed them about many other potential sectors," the PM's adviser said while talking with reporters after the meeting. The business delegation will also consider attracting investment to the agriculture sector, he added. Salman told the delegation that the Bangladesh Economic Zones Authority (BEZA) is setting up 100 economic zones across the country.

"We are setting up public, private and public-private partnerships, and country-based economic zones. Country specific economic zones have been set up for Japan, Korea, and China. The government is providing them with all the support they need," he said. Salman also urged the entrepreneurs to invest in the zones. The delegation from the US is visiting Bangladesh till May 11 to explore economic opportunities between the two countries. Over 25 executives from across sectors like digital, energy, financial services, insurance, and agriculture are part of it.

The delegation of global business leaders met Foreign Minister Dr AK Abdul Momen at Foreign Service Academy in the afternoon. US Ambassador to Bangladesh Peter Haas had a brief interaction with it Sunday. Senior officers of the US Embassy in Dhaka and the United States Agency for International Development (USAID) Bangladesh shared their briefing on high-level opportunities for stronger Bangladesh-US economic and commercial ties.

The purpose of the Council's first trade mission to Bangladesh is to renew old friendships and explore opportunities for new partnerships, said Jay R Pryor, vice-president (business development), Chevron. Pryor, also inaugural board chair of the US-Bangladesh Business Council, said the US companies want to contribute to Bangladesh's impressive economic development. ■

Taka Slides Further Against Dollar

Business Outlook Report

The country's foreign exchange market has remained volatile even though the Bangladesh Bank has depreciated the taka against US dollars four times this year. The latest devaluation came on May 9 when the BB depreciated the inter-bank exchange rate by Tk 0.25 to Tk 86.70 per USD.

Because of the currency devaluation, the importers had to buy the American greenback at as high as Tk 95 to pay import bills. Banks usually sell US dollars to importers, under the arrangement known as BC (bills for collection) selling rate, by Tk 0.05 with the inter-bank exchange rate. But, managing directors of four banks, requesting anonymity, say that they are now compelled to ignore the BC selling rate, which was quoted at Tk 86.75 per dollar. This is because banks have to spend Tk 94-Tk 95 to purchase one dollar. Bankers blame the rising import payments for the ongoing volatility in the foreign exchange regime. The Coronavirus pandemic had disrupted the supply chain around the world, which subsequently pushed up the commodity prices in the global market. The Russian invasion of Ukraine has deepened the crisis.

The central bank has depreciated the local currency on a regular basis in recent months in a bid to contain imports. But economists have urged the central bank to weaken the taka at a faster pace. The BB devalued the local currency by Tk 0.20 to Tk 86.45 a dollar on April 28. The inter-bank exchange rate stood at Tk 84.80 on May 9 last year. The country's import payments increased 44 per cent year-on-year to $61.5 billion in the first nine months of the current fiscal year. Exports grew 33 per cent to $36.6 billion during the period. Against the backdrop, the trade deficit rocketed to an all-time high of $24.90 billion between July and March.

The central bank is also injecting greenbacks into the market at a large volume to support banks such that they can settle import payments smoothly. It has so far sold around $5 billion this fiscal year. Still, it has failed to keep the foreign exchange market stable. The central bank bought a record volume of US dollars, amounting to $7.93 billion, from local banks in the last fiscal year when imports plummeted amid the coronavirus pandemic. This boosted the country's foreign exchange reserves, which stood at more than $48 billion in August last year. But the higher-than-expected import payments are now squeezing the reserves as it fell to $44 billion on April 30.

The reserves will fall further as the country is scheduled to make import payments to the Asian Clearing Union (ACU), an arrangement by which participating countries settle payments for intra-regional transactions.

Bangladesh, Bhutan, India, Iran, the Maldives, Myanmar, Nepal, Pakistan and Sri Lanka are members of the Tehran-headquartered ACU, which was established in 1974. ■

SELECTED ECONOMIC INDICATORS

Governor Secretariat
Policy Support Wing
25 November 2021

No.	Indicator							
1.		24 November 2020	30 June, 2021	31 October 2021		24 November 2021		
	Foreign Exchange Reserve (In million US$)	41104.58	46391.44	46496.85		44944.14		
2.		24 November 2020	30 June, 2021	31 October 2021		24 November 2021		
	Interbank Taka-USD Exchange Rate (Average)	84.8000	84.8146	85.6667		85.8000		
3.	**Call Money Rate**	24 November 2020	30 June, 2021	31 October 2021		24 November 2021		
	Weighted Average Rate	1.93	2.23	2.33		4.09		
4.	**Broad/Overall Share Price Index**	24 November 2020	30 June, 2021	24 November 2021		Percentage change		
						From June, 2021		From June, 2020
	a) Dhaka Stock Exchange (DSE)[@]	4833.20	6150.48	6917.92		12.48		21.16
	b) Chittagong Stock Exchange (CSE)	13870.58	17795.04	20269.76		13.91		22.40
5.		October, 2020	July-Oct, FY21	October, 2021[P]		July-Oct, FY22[P]		FY2020-21
	a) **Wage Earners' Remittances** (In million US$)	2102.16	8815.36	1646.87		7055.17		24777.71
	b) Annual Percentage Change	28.05	43.08	-21.66		-0.20		36.10
6.		September, 2020	July-Sep' FY21	September, 2021[P]		July-Sep' FY22[P]		FY2020-21
	a) **Import (C&F)** (In million US$)	4652.50	12686.50	6996.00		18720.40		65594.70
	b) Annual Percentage Change	-7.03	-11.43	50.37		47.56		19.73
		September, 2020	July-Sep' FY21	September, 2021P		July-Sep' FY22[P]		FY2020-21
	a) **Import(f.o.b)** (In million US$)	4304.00	11736.00	6473.00		17321.00		60681.00
	b) Annual Percentage Change	-7.04	-11.47	50.39		47.59		19.71
7.		October, 2020	July-Oct FY21	October, 2021[P]		July-Oct FY22[P]		FY2020-21
	a) **Export** (EPB) (In million US$)*	2947.80	12844.64	4727.53		15749.48		38758.31
	b) Annual Percentage Change	-4.08	0.97	60.37		22.62		15.10
8.		July-September, 2020		July-September, 2021[P]		FY 20-21		
	Current Account Balance (In million US$)	3481.0		-2314.0		-3808.0		
9.		September, 2020	July-Sep' FY21	September, 2021[P]		July-Sep, FY22[P]		FY2020-21
	a) **Tax Revenue** (NBR) (Tk. in crore)	19830.49	49991.33	23802.21		58351.19		259881.80
	b) Annual Percentage Change	10.76	4.11	20.03		16.72		18.99
10.	**Investment in National Savings Certificates** (Tk. in crore)	September, 2020	July-Sep' FY21	September, 2021[P]		July-Sep' FY22[P]		FY2020-21
	a) Net sale	4152.78	11607.83	2825.56		8558.14		41959.54
	b) Total Outstanding	313742.17	313742.17	352652.04		352652.04		344093.90
11.		September, 2020	June, 2020	September, 2021[P]	Percentage change			
					Sep'21 over Sep'20	FY2020-21	FY2019-20	FY2018-19
	a) **Reserve Money** (RM) (Tk. in crore)	280821.60	284483.40	323334.30	15.14	22.35	15.56	5.32
	b) **Broad Money** (M2) (Tk. in crore)	1426204.40	1373735.00	1585917.60	11.20	13.62	12.64	9.88

12.	**Total Domestic Credit** (Tk. in crore)	1332958.80		1307633.70	1468902.90		10.20	10.11	14.02	12.26
	a) Net Credit to the Govt. Sector	190498.50		181150.70	227544.50		19.45	22.01	59.92	19.37
	b) Credit to the Other Public Sector	29378.00		29215.10	30636.20		4.28	2.75	25.09	21.64
	c) Credit to the Private Sector	1113082.30		1097267.90	1210722.20		8.77	8.35	8.61	11.32
13.		July-October, FY21		July-October, FY22^P		Percentage change				
						July-October, FY22				FY 2020-21
	L/C Opening and Settlement (million US$)	Opening	Settlement	Opening	Settlement	Opening		Settlement		Settlement
	a) Consumer Goods	2107.20	1947.26	3381.42	2887.06	60.47		48.26		18.73
	b) Capital Machinery	1511.37	1029.65	1831.97	1294.12	21.21		25.69		-12.39
	c) Intermediate Goods	1486.18	1211.03	2381.98	2020.90	60.28		66.87		3.91
	d) Petroleum	1235.75	1150.61	2350.94	2099.27	90.24		82.45		-5.14
	e) Industrial Raw Materials	6491.52	5768.68	9702.70	8604.14	49.47		49.15		11.01
	f) Others	5112.23	4341.72	7673.31	6472.73	50.10		49.08		9.64
	Total	**17944.25**	**15448.95**	**27322.32**	**23378.22**	**52.26**		**51.33**		**7.52**
14.	**Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)**	December, 2018	June, 2019	September, 2019	December, 2019	June, 2020	December, 2020	June, 2021	August, 2021	September, 2021
	a) Twelve Month Average Basis	5.55	5.48	5.49	5.59	5.65	5.69	5.56	5.53	5.50
	b) Point to Point Basis	5.35	5.52	5.54	5.75	6.02	5.29	5.64	5.54	5.59
	Corresponding Period	December, 2017	June, 2018	September, 2018	December, 2018	June, 2019	December, 2019	June, 2020	August, 2020	September, 2020
	a) Twelve Month Average Basis	5.70	5.78	5.68	5.55	5.48	5.59	5.65	5.65	5.69
	b) Point to Point Basis	5.83	5.54	5.43	5.35	5.52	5.75	6.02	5.68	5.97
15.	**Classified Loan**	June, 2018	December, 2018	June, 2019	December, 2019	June, 2020	September, 2020	December, 2020	June, 2021	September, 2021
	a) Percentage Share of Classified Loan to Total Outstanding	10.41	10.30	11.69	9.32	9.16	8.88	7.66	8.18	8.12
	b) Percentage Share of Net Classified Loan	2.66	2.18	2.53	1.02	0.15	-0.22	-1.18	-0.47	-0.55
16.	**Agricultural and Non-farm Rural Credit (Tk. in crore)**	September'20	October'20	July-Oct'20-21	September,'21	October,'21^P	July-Oct'21-22^P	FY 2020-21	FY 2019-20	FY 2018-19
	a) Disbursement **	1228.13	1945.54	6629.85	2535.72	2694.62	7905.12	25511.35	22749.03	23616.25
	b) Recovery	2265.99	2179.63	8457.26	2216.69	2011.22	7597.33	27123.90	21245.24	23734.32
	c) Outstanding	44041.91	43913.45	43913.45	45689.74	46353.79	46353.79	45939.80	45592.86	42974.29
17.	**SME Loan (Tk. in crore)**	Apr-Jun.'18-19	Oct-Dec.'19-20	Jan-Mar.'19-20	Apr-Jun.'19-20	Oct-Dec.'20-21	Jan-Mar.'20-21	Apr-Jun.'20-21^P	2020	2019
	a) Disbursement	43154.88	48649.61	37762.10	28063.70	48980.98	44445.97	41788.73	153496.15	167970.67
	c) Outstanding	208150.75	219293.97	218972.00	221695.35	237653.44	240169.54	243074.82	237653.44	219293.97
18	**Industrial Term Loan (Tk. in crore)**	Apr.-Jun.'18-19	July-Sep.'19-20	Oct-Dec.'19-20	Jan-Mar.'19-20	Apr-Jun.'19-20	Oct-Dec.'20-21	Apr-Jun.'20-21^P	FY 2020-21^P	FY 2019-20
	a) Disbursement	22233.63	21970.01	24207.24	15947.74	12132.03	16499.23	19430.74	68765.25	74257.02
	b) Recovery	23628.71	20785.68	22148.24	16602.21	10187.76	15538.37	14734.86	58488.71	69723.89
	c) Outstanding	243825.17	247338.00	259314.87	266715.34	277351.09	275311.09	315294.16	1163938.15	277351.09
19.		2012-13	2013-14	2014 -15	2015 -16	2016 -17	2017-18	2018-19	2019-20^R	2020-21^P
	GDP Growth Rate (in percent, **Base: 2005-06=100**)	6.01	6.06	6.55	7.11	7.28	7.86	8.15	3.51	5.47

Weekly basis commodity Statement of LCs Opened and Setteled for the month of November/2021

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	0.72	13.20	0.02	12.54	0.17	5.96	0.10	5.84	0.11	1.36	1.12	38.90
	i) Private Sector	0.72	12.91	0.02	12.41	0.17	5.96	0.10	4.06	0.11	1.36	1.12	36.70
	ii) Public Sector	0.00	0.29	0.00	0.14	0.00	0.00	0.00	1.78	0.00	0.00	0.00	2.20
2.	Wheat	49.12	23.43	53.00	29.82	31.14	53.91	17.21	35.08	3.67	30.22	154.14	172.47
	i) Private Sector	48.39	22.78	52.84	28.45	31.08	53.41	15.96	34.64	3.67	29.89	151.94	169.17
	ii) Public Sector	0.72	0.66	0.16	1.37	0.06	0.50	1.25	0.44	0.00	0.34	2.20	3.30
3.	Sugar	37.25	22.56	23.92	20.13	7.97	34.07	13.64	0.08	0.00	0.05	82.78	76.89
	a. Raw	32.45	18.88	23.87	20.13	0.00	34.07	13.49	0.07	0.00	0.05	69.82	73.19
	i) Private Sector	32.38	18.88	23.87	20.13	0.00	34.04	9.00	0.05	0.00	0.00	65.25	73.10
	ii) Public Sector	0.07	0.00	0.00	0.00	0.00	0.02	4.50	0.02	0.00	0.05	4.57	0.09
	b. Refined	4.80	3.68	0.04	0.00	7.97	0.00	0.15	0.01	0.00	0.00	12.96	3.69
	i) Private Sector	0.00	3.68	0.04	0.00	7.97	0.00	0.15	0.01	0.00	0.00	8.16	3.69
	ii) Public Sector	4.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.80	0.00
4.	Milk Food	4.74	6.53	5.20	16.93	3.92	4.51	5.97	10.35	2.76	4.12	22.60	42.44
5.	Edible Oil (Refined)	22.85	24.58	31.54	24.60	23.12	10.46	28.22	44.99	0.78	12.29	106.51	116.93
	a) Soyabean	0.00	0.00	0.18	0.10	8.63	0.00	8.01	11.36	0.00	0.00	16.82	11.46
	b) Palm Oil	22.69	24.11	31.32	10.26	14.12	10.30	20.21	33.59	0.74	12.03	89.08	90.29
	c) Others	0.16	0.47	0.04	14.24	0.36	0.16	0.00	0.04	0.04	0.26	0.61	15.18
6.	Edible Oil (Crude)	14.33	40.79	24.72	29.82	30.58	16.26	15.02	22.53	0.00	25.77	84.65	135.16
	a) Soyabean	0.00	33.01	4.71	18.12	25.69	11.00	14.76	0.07	0.00	15.89	45.16	78.09
	b) Palm Oil	4.42	0.31	12.83	0.31	0.00	5.25	0.00	16.94	0.00	0.00	17.25	22.81
	c) Others	9.91	7.47	7.19	11.39	4.89	0.00	0.26	5.52	0.00	9.88	22.24	34.26
7.	Dry Fruits	2.96	1.61	3.78	0.71	4.15	2.05	1.34	1.54	0.94	0.39	13.17	6.30
	a) Dates	2.38	1.28	3.34	0.40	3.34	1.73	1.13	0.94	0.74	0.16	10.93	4.52
	b) Others	0.58	0.33	0.44	0.31	0.81	0.31	0.21	0.60	0.20	0.23	2.24	1.78
8.	Pulses	1.90	3.70	3.16	8.98	7.74	1.41	0.71	0.24	1.90	0.15	15.42	14.47
	a) Masur Dal	1.47	3.45	1.51	0.17	0.22	0.46	0.10	0.08	1.35	0.00	4.66	4.16
	b) Chola Dal	0.00	0.00	0.00	0.29	0.14	0.31	0.08	0.16	0.56	0.00	0.78	0.76
	c) Others	0.43	0.25	1.65	8.52	7.38	0.63	0.53	0.01	0.00	0.15	9.98	9.55
9.	Onion	2.64	3.12	1.14	3.22	5.07	2.96	2.61	3.02	1.38	1.41	12.84	13.73
10.	Ginger	1.00	0.83	1.16	1.18	0.86	1.05	0.73	0.76	0.34	0.58	4.09	4.40
11.	Drugs & Medicines	1.65	1.63	0.62	1.93	1.96	1.05	1.40	0.81	0.78	1.93	6.41	7.34
12.	Poultry Feeds	6.61	3.76	13.22	5.94	16.95	8.38	5.07	6.01	6.72	2.14	48.57	26.22
13.	Coal	0.25	5.67	0.64	12.12	15.94	25.90	19.36	0.08	0.09	0.11	36.29	43.89
14.	Cement	4.01	6.37	7.23	3.50	5.05	1.73	3.59	10.89	0.13	1.30	20.01	23.79
15.	Clinker	11.68	7.62	15.92	20.38	25.27	16.70	7.73	10.04	2.99	2.35	63.60	57.10
16.	B.P Sheet	1.54	10.59	1.75	3.35	2.93	8.51	1.02	1.56	0.44	0.46	7.68	24.47
17.	Scrap Vessels	0.41	37.97	62.81	35.50	17.77	59.11	55.18	3.62	3.28	29.47	139.45	165.67
18.	Paper	2.09	1.91	3.24	3.91	2.16	2.85	1.86	2.08	2.43	0.99	11.77	11.75
	i) Newsprint	0.01	0.12	1.31	0.05	0.00	0.12	0.15	0.20	0.00	0.00	1.47	0.49
	ii) Others	2.08	1.79	1.93	3.86	2.16	2.74	1.71	1.88	2.43	0.99	10.31	11.26
19.	Zinc Ingot	2.41	1.24	0.51	1.62	2.36	1.38	0.72	3.88	0.00	0.00	6.00	8.12
20.	Raw Cotton	70.82	33.88	92.81	49.74	87.28	42.12	72.22	38.81	11.86	15.23	334.99	179.79
21.	Synthetic/Mixed Yarn	31.38	16.21	44.73	25.81	30.03	23.00	18.28	25.88	6.64	6.70	131.07	97.61
22.	Cotton Yarn	67.99	53.31	69.57	68.03	61.29	63.11	49.42	43.63	11.31	21.28	259.57	249.36
23.	Textile Fabrics	34.85	21.36	27.75	15.56	21.50	18.84	11.75	9.91	4.24	3.22	100.09	68.90
24.	Textile Accessories	22.47	16.17	22.87	17.36	18.48	15.18	16.29	14.70	1.60	2.30	81.71	65.71
25.	Back-to-Back L/Cs	168.21	124.79	184.04	159.45	145.11	161.75	100.37	122.56	41.22	47.64	638.94	616.19
	a. Fabrics	107.19	81.87	122.46	107.80	99.00	105.13	65.76	81.44	30.19	31.22	424.60	407.47
	b. Accessories	56.05	38.53	58.55	48.49	43.11	51.92	31.15	37.90	10.63	14.54	199.49	191.38
	c. Others	4.97	4.38	3.02	3.16	3.00	4.70	3.45	3.22	0.40	1.88	14.85	17.35
26.	Pharmaceutaical Raw Materials	23.48	21.72	27.80	21.05	21.91	22.06	13.55	14.80	3.59	4.91	90.32	84.54
27.	Chemicals & Chemical Products	85.72	21.38	181.64	72.73	46.03	55.94	53.30	34.61	129.12	45.87	495.81	230.53
	a. Chemical Fertilizer	71.66	8.06	164.83	55.88	33.47	36.47	42.11	23.80	100.42	41.34	412.50	165.55
	i) Urea	24.39	0.12	50.02	0.37	23.52	0.31	2.38	13.27	26.87	0.00	127.18	14.08
	ii) TSP	0.07	0.00	44.06	0.00	0.00	0.01	0.00	6.50	0.00	17.12	44.14	23.63
	iii) MOP	0.11	0.95	28.05	0.41	0.17	0.03	0.04	0.08	0.00	0.04	28.37	1.51
	iv) DAP	29.39	1.19	34.30	31.14	0.93	28.75	33.28	0.20	70.77	0.02	168.68	61.31
	v) Others	17.70	5.80	8.40	23.96	8.86	7.37	6.41	3.75	2.78	24.15	44.14	65.03
	b. Other Chemicals & Chemical Product	14.06	13.32	16.81	16.86	12.55	19.46	11.19	10.81	28.70	4.53	83.31	64.98
28.	P.O.L.	68.14	180.90	58.85	62.28	214.95	238.94	33.09	53.75	32.51	32.65	407.54	568.52
	i) Crude	0.00	120.27	0.58	3.70	0.00	26.21	0.10	12.34	0.00	0.00	0.68	162.52
	ii) Refined	68.14	60.63	58.27	58.58	214.95	212.73	32.99	41.41	32.51	32.65	406.86	406.00
29.	Capital Machinery	142.34	86.03	67.19	94.99	59.46	55.99	73.65	87.33	24.38	37.25	367.01	361.59
30.	Machinery For Mise Industries	62.65	36.50	64.48	70.52	53.60	45.42	32.64	36.02	13.28	11.25	226.65	199.71
31.	Motor Vehicle	17.54	7.65	7.66	18.74	57.32	14.28	34.96	12.07	2.20	4.90	119.68	57.64
32.	Computer, Its Accessories & Spares	14.78	2.68	5.40	6.49	5.39	4.09	7.88	7.33	0.59	2.08	34.03	22.68
33.	Medical, Surgical & Dental Equipments	3.38	1.96	6.56	5.59	3.25	2.39	1.84	1.69	0.54	1.00	15.57	12.63
34.	Others	460.08	357.58	485.06	417.17	484.52	430.28	373.04	410.72	117.61	117.46	1920.30	1733.21
	Grand Total	1441.98	1199.20	1599.98	1341.71	1515.22	1451.67	1073.78	1077.23	429.40	468.84	6060.36	5538.64

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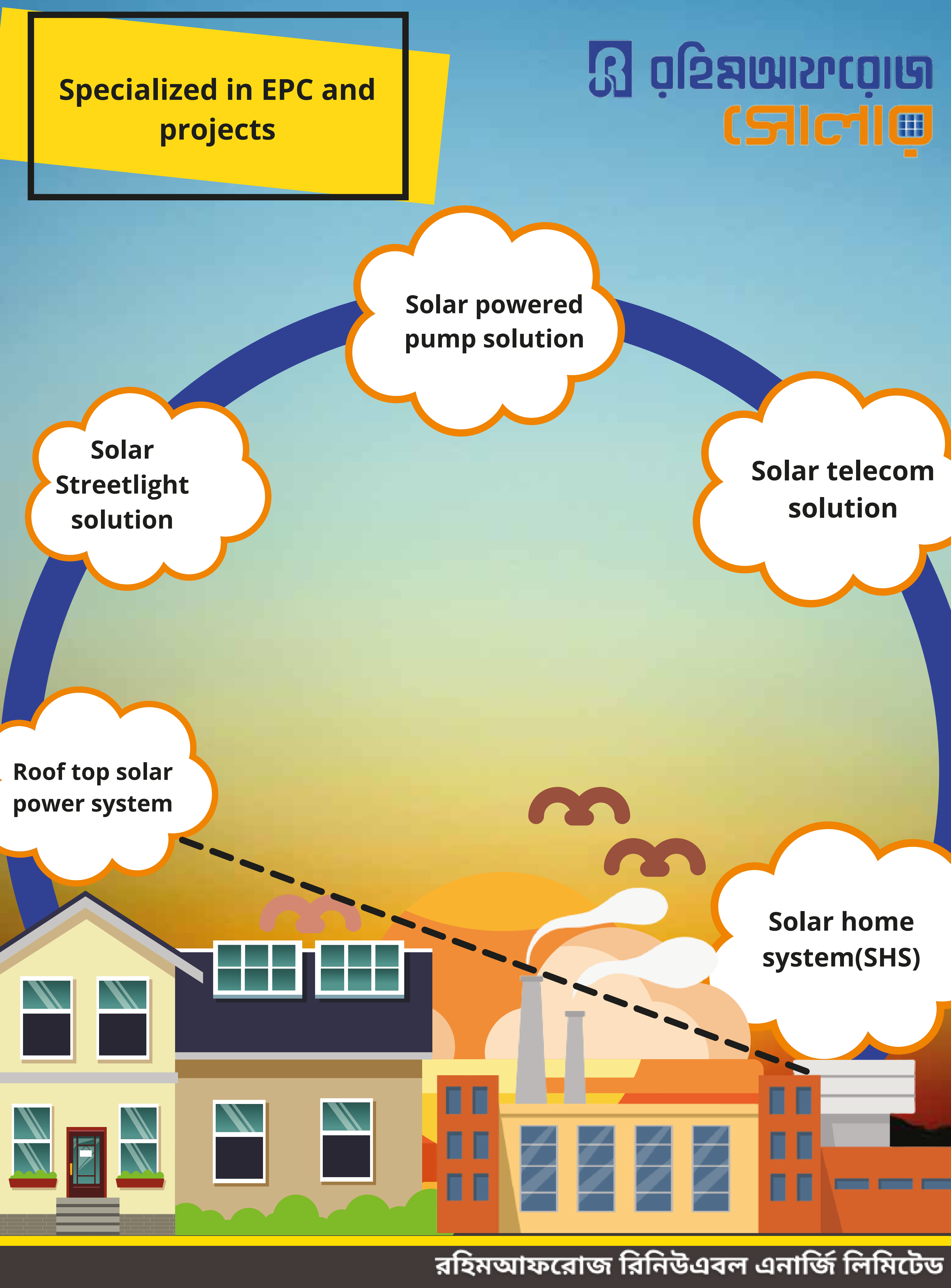
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Omera LPG

সঠিক মাপ ও মানসম্পন্ন

বিশ্ব সেরা প্রযুক্তির

নিরাপদ সিলিন্ডার