

Tumultuous Politics Turning Confrontational

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# BUSINESS OUTLOOK

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## De-Dollarisation Is Bangladesh Ready?



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### *De-dollarisation: Move Cautiously*

The idea of de-dollarisation is not new. For many years, it has been in discussion that regional countries can set an alternative currency to run their trade and business. After the acceptance of the Chinese Yuan, also known as the Renminbi, as a tradable one by the International Monetary Corporation (IMC), the way became widened for its use as an international currency like Euro after the US dollar. The idea got further intensified after the Shanghai Cooperation Organization (SCO) following a summit by its member states. On the other hand, a bank from India, our closest neighbouring country, made a similar move to prefer the Indian Rupee instead of the US dollar to trade with Bangladesh. It has been reported that the overall development regarding Bangladesh's international trade transactions with China and India in local currencies are linked to calls from the Shanghai Cooperation Organization – which has both China and India as its members – for increasing the use of national currencies for trade among the member countries. Bangladesh is not yet an SCO member but has applied for observer status in the Eurasian organisation. It should be noted that barring China and India, Bangladesh's trade volumes with other SCO members aren't quite significant. But it's a ground reality that Bangladesh will need to increase its trade with other SCO countries, which are now increasingly looking to expand international trading in national currencies. The joint declaration released after the SCO Summit stated that the leaders 'noted the adoption by the interested SCO member states of the road map on increasing the share of national currencies in mutual settlements and called for expansion of this practice.' The SCO has grown as a big international organisation and currently comprises nine member states: China, India, Russia, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Uzbekistan and Iran. Afghanistan, Belarus and Mongolia have observer status while there are nine dialogue partners including Türkiye, Sri Lanka, Cambodia, Azerbaijan, Nepal, Armenia, Egypt, Qatar and Saudi Arabia. According to the Samarkand Declaration adopted by the member states, Kuwait, UAE, Maldives, Myanmar and Bahrain will soon be granted the status of dialogue partners. The nine full members of SCO now represent 25 per cent of the world's land area, 42 per cent of the world's population and contribute 25 per cent to the world's GDP.

The call from the SCO is definitely a positive move in the current volatility of international trade where the US dollar and other currencies face frequent fluctuations in their exchange rates. But there should be more cautiousness in commencing international trade through the Chinese Yuan or Indian Rupee. It could start on an experimental basis and then move on according to the future situation. ■



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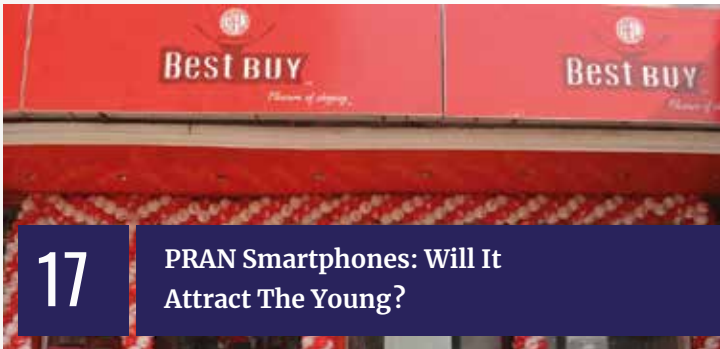
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## Qatar To Supply More LNG

World's leading LNG producer Qatargas will supply additional liquefied natural gas amounting to around a million tonne per year (MTPA) to cater Bangladesh's growing gas demand. "Qatargas has confirmed us providing at least 1.0 MTPA of LNG from 2025," said Petrobangla chairman Nazmul Ahsan as the country is on the lookout for foreign supplies to make up for domestic gas shortages. Bangladesh sought to import around 2.0 MTPA additional LNG but Qatargas of the gulf-state Qatar confirmed decision to provide around half the additional requirement yet, he said. The company has assured of looking into the matter of supplying 1.0MTPA more LNG in future, said the Petrobangla top brass. He, however, could not say about the buying price of LNG. "We had discussions with Qatargas last week and a deal regarding the additional import of LNG will be inked soon," says Mr Ahsan. Currently, Qatargas supplies LNG to Bangladesh under a long-term deal



with Petrobangla. The state corporation also has sale and purchase agreement (SPA) with Qatar's RasGas to buy annually up to 2.5 MTPA lean LNG for over 15 years. ■

## BB Allows Banks To Maintain Yuan Account



Bangladesh Bank (BB) has allowed banks to maintain accounts in Yuan with their corresponding branches abroad to settle cross border transactions in Chinese currency. "To bring wider scope, it has been decided that Authorized Dealers (ADs) may maintain accounts in Chinese Yuan Renminbi (CNY) with their correspondents or branches abroad for settlement of cross border transactions executed in this currency," said a BB circular today. Previously, the authorized dealers could maintain foreign currency clearing account with the Bangladesh Bank in the Chinese currency. ■

## Ukraine Ports Shipped 4.7m Tonnes Of Food Under Grain Deal

A total of 211 ships with 4.7 million tonnes of agricultural products on board have left Ukraine so far under a deal brokered by the United Nations and Turkey to unblock Ukrainian sea ports, the Ukrainian infrastructure ministry said. The ministry said eight ships with 131,300 tonnes of agricultural products are due to leave Ukrainian Black Sea ports on September 23, reports Reuters. Ukraine's grain exports slumped after Russia invaded it on February 24 and blockaded its Black Sea ports. Ukraine, a global major grain producer and exporter, shipped up to 6 million tonnes of grain per month before the war. Three Black Sea ports were reopened under a deal signed on July 22 by Moscow and Kyiv and the ministry has said these ports are able to load and send abroad 100-150 cargo ships per month. ■



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## Virtual Currencies Not Allowed

Bangladesh Bank yesterday reiterated that it does not allow holding or trading of any kind of virtual coin or cryptocurrency in the country. It has asked all to refrain from trading any kind of virtual currency as the definition of "currency" provided by the Foreign Exchange Regulation Act, 1947 does not recognise virtual currencies. Virtual currencies, a subset of virtual assets, are not approved by the central bank for the settlement of any type of foreign exchange transaction or for investment as per the act, according to a BB notice. Virtual currencies or virtual assets have no financial claim embedded and neither issued by any sovereign nor guaranteed by any jurisdiction. Thus, their value is highly volatile and associated with high financial risks. The BB in the notice said borderless transactions of unregulated virtual currencies were growing fast and being exchanged with some other foreign currencies. Treating virtual currency as an alternative form for foreign exchange transactions was a contravention of the act. ■



## US-Bangla Airlines Wins Best Domestic Airlines Award

Country's Leading private airlines US-Bangla Airlines received "Best Domestic Airline of the Year-2022" award for its consistent quality service in air transport sector. Besides, US-Bangla Airlines also received Silver Award in 'Best Regional Airline' and 'Best On-time Flight Departure' category and Bronze Award in 'Best Economic Class Food' category, reports UNB. The Bangladesh Monitor, one of the travel related fortnights of Bangladesh, awarded US-Bangla for maintaining stability in-flight service, number of passengers on domestic routes, on-time departures, number of flights and increased connectivity in the country's air routes. Managing Director of US-Bangla Airlines Mohammed Abdullah Al Mamun received the award from the Chief Guest of the ceremony, State Minister for Civil Aviation and Tourism, Md. Mahbub Ali were present at the award giving ceremony held on 23 in the capital. Mohammed Abdullah Al Mamun, MD of the airline, said all recognitions US-Bangla Airlines received are a reward for the confidence of the passengers. ■

## Finance Ministry To Frame Policy For Land Reg At Actual Price

The Ministry of Finance plans to reform the land registration system taking into account the real price of land instead of the mouza-based government-fixed rate, reports UNB. As a result, the price at which the land is bought or sold will be mentioned in the land registration deed document. Finance Minister AHM Mustafa Kamal has decided to come up with an effective method for buying and selling land at a competitive market price. Kamal announced this decision in a meeting of the National Coordination Committee, held recently, which was formed to formulate and implement guidelines and policies to prevent money laundering and financing of terrorism. Financial Institutions Division Secretary Sheikh Mohammad Salim Ullah has been given the task of developing the new system. He will do the work along with coordination of the Ministry of Land, Directorate of Registration; Ministry of Law, Justice and Parliamentary Affairs, and National Board of Revenue (NBR). The



**Finance Division, Ministry of Finance**  
Government of the People's Republic of Bangladesh

officials who participated in the meeting said that the finance minister said a large amount of legitimate money was becoming illegal because high-value land is shown at a much lower price, in the deed registration. The money is smuggled abroad later as it becomes illegal income as per law. The cabinet department held many meetings on the matter, but no decision could be reached. ■



# Tumultuous Politics Turning Confrontational

*SMS Hasan*

**I**n the recent spate of clashes between the Awami League and BNP supporters across the country has political analysts and observers wondering whether Bangladesh's is veering towards confrontational politics. Since the BNP announced its protest programmes in early September, a series of clashes took place either between BNP and ruling Awami League or between BNP and police. In some places, BNP alleged that its leaders and activists came under attack from AL and police jointly. Already, a number of BNP activists were killed in the clashes in Narayanganj and Munshiganj. BNP alleged that its activists were killed in police firing but police have rejected the allegation and brought counter allegation that they were killed by brick chips hurled by BNP activists. BNP is trying to create a new polar-

isation in politics with anti-Awami League forces. On the other hand, the Awami League is trying to keep its political strength intact against any move by BNP to mobilise its leaders and activists in the name of "resisting anarchy". This time, it seems BNP wants to show off in a different way. It re-organised protest rallies where it faced resistance from arch-rival Awami League. Prime Minister Sheikh Hasina accused BNP of "creating anarchy" in the name protest rallies during her USA visit.

BNP refuted her accusation and reiterated its stance on 'no election under Awami League', and continued demanding holding of next general election under a neutral caretaker government and rejected the Election Commission's decision to use electronic voting machine

(EVM) in the polls. Meanwhile, many political observers believe that the Jatiya Party (Ershad) is trying to distance itself from ruling Awami League as part of political polarisation. JP Chairman GM Quader relived party advisor Raushan Ershad from the post of chairman of parliamentary party.

## *AL, BNP Clash In Pallabi*

A huge clash took place in Mirpur's Pallabi on Sep 15 when supporters from both sides were attending rallies in close proximity. Police intervened with tear shells and rubber bullets to disperse the protesters. The BNP and its supporters gathered to protest against the rising prices of daily commodities including fuel oil at the Mukul Fauz field near Muslim Bazar at Section-6. The Awami League and

its supporters, on the other hand, met at Eidgah ground at Block D of Section-12 to mourn the death of their leader Syeda Sajeda Chowdhury. Parvez Islam, in-charge of Pallabi Police Station, said the clash occurred after 2pm and it took police one and a half hours to control the situation. No casualties have been reported. A stone thrown from the BNP group toward the

prices. Sheikh Bazlur Rahman, the president of Awami League's Dhaka North unit, said their rally was "planned" and the BNP later announced a gathering there as well. Though the BNP later changed the location, it was not too far away. The Awami League leader mentioned that they were "instructed" to avoid altercations with the rallies being held at such close

BNP leaders say that apart from obstructing their protests, police are intimidating party members by going to their houses, supposedly for information.

"The action of the police is a blatant interference with the personal liberty of the citizen, which is a clear violation of Articles 31, 32 and 43 of the constitution. Even the Code of Criminal Procedure, Police Act or any other law do not support this," said BNP Secretary General Mirza Fakhru Islam Alamgir at a press conference in Gulshan on Sep 21.

Tarikuzzaman, Officer-in-Charge (OC) of Munshiganj Sadar Police Station, claimed the police were trying to control the pre-announced rally when BNP activists attacked them suddenly and police charged batons to disperse the group.

### **Jubo Dal Man Injured In Munshiganj Clash Dies**

Jubo Dal activist Shahidul Islam Shaon, 27, who was injured during a clash between BNP men and police in Munshiganj died at Dhaka Medical College Hospital. He was on life support with head injuries, said his younger brother Sohag. Shaon is survived by his wife and one-year-old son. Meanwhile, over 1,700 people have been sued in two cases filed over the violence. Mohammad Mainuddin, sub-inspector of Munshiganj Sadar Police Station, filed a case accusing 313 named and 1,200 unnamed people accusing them of "attacking cops on duty and attempting to rob their firearms". Abdul Malek, leader of Sramik League, a pro-Awami League workers body, lodged the other case accusing 52 named and 200 unnamed of being involved in "violence, damaging public properties and setting fire to vehicles".

The sheer number of the unnamed accused has sent most local BNP



*Prime minister Sheikh Hasina addresses a press conference at Bangladesh Permanent Mission in the United Nations in New York*

Awami League as the two sides were making their way to the rally venues sparked the clash, Parvez said.

The arrival of police transformed the clash into a three-way skirmish, blocking off traffic and forcing the stores shut. Inspector (operations) Uday Kumar Mondol said the Awami League meeting started around 2:30pm and ended an hour and a half later but the BNP crowd never returned after dispersing. Aminul Haque, a BNP member secretary, claimed that the leaders and supporters of the party arrived there "with the permission of police" and upon their arrival, the supporters of Awami League, Jubo League and Chhatra League began "assaulting with sticks", while police fired tear shells. Aminul said the clash was a testament to the Awami League's efforts to quell the BNP's demonstrations against rising commodity

distances. "But some overenthusiastic people got involved in a mess."

### **100 Injured In Munshiganj police-BNP Clash**

At least 100 people, including journalists and police officers, were injured in a clash between security forces and BNP activists in Munshiganj on Sep 21.

Among those injured, an additional superintendent of police and two BNP men, were in critical condition.

The clash took place at a protest rally in the Ferryghat area of Mukrarpur, pre-announced by the BNP and in line with the party's 17-day demonstration programmes, which have taken an aggressive turn in recent days following repeated crackdowns by security forces.



leaders and activists into hiding, reports the Daily Star. Md Mohiuddin, convener of BNP's Munshiganj Sadar upazila unit, said almost all party leaders and activists were on the run as police were raiding their homes. Meanwhile, criminals allegedly set fire to a spinning mill owned by former general secretary Md Nizamuddin of the district BNP in Miresworai area. Nizamuddin is also the nephew of BNP's Munshiganj district unit convener Abdu Hai. Locals said they woke up to the smell of something burning around and found the factory ablaze. "On information, we rushed to the spot and doused the fire after around two hours of efforts," said Nirmol Chandra of Fire Service and Civil Defence in Munshiganj. The fire department could not say how the fire began. Nizamuddin alleged that ruling AL men had set fire to his factory and that all machines and products were gutted. He also alleged that he sent a person to the local police station to file a general diary, but police did not record it. Suman Dev refuted the allegation and said police were supposed to record the GD.

### ***BNP Won't Form Govt Alone If It Wins***

BNP would not form a government alone, even if it wins the majority in the next general elections, party members have said. BNP wants pro-democratic forces to unite and form a government that would represent its people in order to repair the current state system, BNP Media Cell highlighted the party's stance at a meeting organized in Rajshahi on Sep 24. The party wants to form an anti-fascist government with all the political forces, and alliances that will win the next polls, reports Bangla Tribune. In this regard, Member of Parliament Rumeen Farhana said that government institutions have been destroyed, and the party which has the majority of power becomes a dictator at one point. "So we don't believe that a

mere shift in power will lead to a fundamental change in the system. Therefore, we want to build a bicameral parliamentary system with all small and big parties," she added. Member Secretary of BNP Media Cell Shahiduddin Chowdhury Annie mentioned that to ensure Bangladesh's citizens regain their power, an urgent repair is needed in the state system. BNP wants pro-democracy forces to form a strong, effective state with a government that would actually represent the country's people, he added. Meanwhile, speakers at the meeting said BNP leaders have failed to play their role. If BNP leaders had spent their time organizing rather than forming teams among themselves, the party would have prospered.

### ***'No Scope To Change Govt Without Polls'***

Drawing the attention of the BNP leaders, Awami League General Secretary and Road Transport and Bridges Minister Obaidul Quader said that there is no scope of changing government without holding elections. "People's mandate and holding elections are the only way to change any particular regime of the government," he said, addressing a press conference at his office in the Secretariat on Sep 25. Criticising

of the government, the ruling party leader asked the BNP leaders why the government will resign and who will accept the resignation. Quader said: "The government has been elected for a certain tenure and the next elections will be held in the scheduled time. BNP must return to positive politics, if they [BNP] want to change the government. Otherwise, it will be useless to create chaos for materializing the goal of changing the government." Referring to BNP's demand of bringing back the caretaker government, the ruling party general secretary said the caretaker government is a settled issue and nothing will be achieved by repeatedly raising the issue. "Ruling Awami League is always confident that people are with them for its development and achievements. So, BNP's dream to capture power in an undemocratic way will come to an end soon," said Quader.

### ***BNP: People Ready For Final Movement To Oust Govt***

BNP Senior Joint Secretary General Ruhul Kabir Rizvi has said the country's people are ready for the 'final' movement to oust the current government, braving bullets and repressive acts. "Prime Minister, you can no longer suppress the power of the people with your anger, rifles



*BNP Media Cell highlighted the party's stance at a meeting organized in Rajshahi*

BNP Secretary General Fakhru'l frequently demanding resignation

and guns. You don't know in which direction rifles and guns will turn

now. There's still time to hand over power to a caretaker government," he said at a human chain protest on Sep 25. The BNP leader said people have got fed up with the misrule and repression of the government.

desh. This contradiction suits Sheikh Hasina. She buried her country's democracy and freedom of speech and enacted the Digital Security Act to control the media," he observed. Reacting to Quader's comment that

unguarded and inhumane comments only to appease Sheikh Hasina." Describing the current Election Commission as a worthless and subservient one, the BNP leader said it is not capable of holding a fair election. "They (current EC) are the servants of Sheikh Hasina. If she asks them to call a day as the night they will say it a night."

**Ranga: Will Rejoin The Party If They Call For Me**

Jatiya Party leader Mashiur Rahman Ranga has said he will rejoin the party if he gets called again. He made the statement at a press conference at Nasrul Hamid Hall of Dhaka Reporters Unity (DRU) on Sep 22. Ranga said: "Is it my fault? I don't understand why our chairman, who is my relative, did this. The way I have been relieved from the party is not democratic. If there is no democracy in the party, then how will we fight for democracy?" "There are some futile people around our chairman and I have been removed from the party on their ill-advice. They are dividing the party now," he added. Wishing for the Jatiya Party to run unitedly as



*People's mandate and holding elections are the only way to change any particular regime of the government*

*Obaidul Quader  
General Secretary, AL*

"People across the country have become agitated and you can't resist them by putting up any barricade. The awakened people are just waiting for the final push and they're ready to do it," he said. Bangladesh Labour Party arranged the programme in front of the Jatiya Press Club protesting against the unusual price hikes of daily essentials and demanding BNP Chairperson Khaleda Zia's unconditional release.

BNP wants to go to power by doing the politics over corpse, Rizvi said their party has been holding their programme peacefully, but police and the ruling party activists are attacking those intentionally. He said four leaders and activists of BNP's different associate bodies

Rizvi accused the government of misleading people by spreading propaganda that Jubo Dal activist Shaon was killed by a brick chip thrown by BNP leaders and activists. "Those who are talking nonsense and trying to confuse people in various ways after killing people won't be spared from the anger and outrage of the people," he warned. The BNP leader said Prime Minister Sheikh Hasina was talking against war and advocating for peace by addressing the UNGA while law enforcers were killing people in Bangladesh. "While talking about the Rohingyas, she's crying at a time when blood was flowing in Bangla-

*Prime Minister, you can no longer suppress the power of the people with your anger, rifles and guns*

*Ruhul Kabir Rizvi  
Senior Joint Secretary General,  
BNP*



have been killed in police firing since July 31. "Even after that, Quader says BNP does the politics of corpse. They're lying and making

one he said: "It doesn't matter whether I am in the party or not, I don't want the party to be divided or defamed. I want the team to run

smoothly or else I will not be in the Jatiya Party.” Asked whether the Jatiya Party will go for BNP, Ranga said, “It is up to our senior leaders, they will decide which party to select in the election.”

### **Nothing To Be Worried, PM Assures BNP**

Prime minister Hasina addressed a press conference at Bangladesh Permanent Mission in the United Nations in New York on Sep 24 where she reiterated that election process only becomes transparent in the tenure of the Awami League (AL) government which was not in the past.

She also said AL always comes to the power through the people’s votes. “AL never ever came to the power through rigging votes rather AL always comes to the power through the votes of the people,” she said. Responding to a question she said: “Who are those people who wanted to raise questions regarding elections? AL always fought to establish democracy in the country.”

Sheikh Hasina categorically said that people will cast their votes freely in the elections and assured de facto opposition BNP that there is nothing to be worried. “I think they (BNP) are really worried when there will be a transparent election, as they are not going to get the scope to be in the power through vote rigging and keeping 1.23 crore fake voters in the list. Otherwise there is nothing to be worried,” she said.

The prime minister said that she doesn’t know what is there to give so much importance on those people’s question regarding the election those who never came to the power by getting votes from the people. “People cast their votes in the election freely in 2009, 2014 and 2018 elections held under such environment,” she added. Talking about the participation of BNP in the election, she said, BNP didn’t participate in the 2014 elections. It was their party’s decision, she added. Sheikh Hasina said, “They knew that they don’t have any possibility to come to the power through an accurate election process. They are

habituated to come to the power through killing, coup and conspiracy. That is the reality.” Sheikh Hasina also claimed that the AL government has put the election process of the country on the right track which had been derailed during the military regimes and BNP-Jamaat tenures. The prime minister firmly said that the AL government has ensured the people’s right to vote. Sheikh Hasina also claimed that the AL government has put the election process of the country on the right track which had been derailed during the military regimes and BNP-Jamaat tenures. About Electronic Voting Machine (EVMs), she said that EVM is a modern system and used in many countries around the world.

“We saw that the elections where the EVM was used got quicker election results and people could give their votes freely,” she said.

Sheikh Hasina, however, said that it is right that there are some people against this EVM. ■

## **BRAC Bank Signs Employee Banking agreement With Shanta Holdings, Shanta Lifestyle**



BRAC Bank has signed an Employee Banking agreement with two entities of Shanta Group – Shanta Holdings Limited and Shanta Lifestyle Limited.

This agreement will enable the employees of these companies to enjoy the privileges associated with salary accounts and a host of benefits of the BRAC Bank Employee Bank-

ing proposition.

From Shanta Group, M. Anisul Haque FCMA, Executive Director, Group Finance; M. HabibulBasit, CEO, Shanta Holdings; Irshadur Rahman, Senior General Manager, (Head of Admin & HR) Shanta Holdings; and Dewan M. Sajid Afzal, CEO, Shanta Lifestyle Limited; were present.

From BRAC Bank, Md. Mahiul Islam, Head of Retail Banking; K-hondker Emdadul Haq, Head of Employee Banking; and Anisur Rahman, Area Head, Dhaka West Region, North Zone, BRAC Bank; were present at the signing ceremony in Dhaka on September 21. ■



# Trade and Investment Opportunities between Thailand and Bangladesh

16 September 2022

Vithes Samosorn Hall, Ministry of Foreign Affairs, Bangkok, Thailand



## Bangladesh, Thailand Ample Opportunities To Increase Economic Cooperation

### *Business Outlook Report*

**A**ddressing a seminar on “Trade and Investment Opportunities” was organised by the Ministry of Foreign Affairs of Thailand, they also highlighted the socio-economic development of Bangladesh. The seminar was organised by the Ministry of Foreign Affairs of Thailand on the occasion of celebrating the 50th anniversary of the establishment of diplomatic relations between the two countries.

Sarun Charoensuwan, Deputy Permanent Secretary of the Thai Foreign Ministry and Ms. Maleka Parveen, Chargé d'Affaires of the Bangladesh Embassy in Bangkok gave welcome and special remarks respectively at the seminar held at the Foreign Office of Thailand. Sarun Charoensuwan in his speech spoke high about the socio-economic development of Bangladesh. He said that under the sustainable economic development model of Bangladesh and the Bio-Circu-

lar-Green Economy model of Thailand, there are ample opportunities to increase economic cooperation between the two countries. At the beginning of her speech, Maleka Parveen paid her deepest tribute to the memory of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman and said that Thailand is one of the Southeast Asian countries that recognised Bangladesh immediately after her independence.

She stressed on the importance of exchange of business delegation between the two countries. She hoped that through this seminar, the businessmen and investors of the two countries will have an opportunity to learn more about the sector-based benefits and opportunities provided by the governments of both countries. In the seminar, held in four sessions, the speakers shed light on the trade relations between the two countries, the opportunities and possibilities in trade and invest-

ment in Bangladesh, and the future plans to strengthen trade relations between Bangladesh and Thailand. Representatives from Academia, Board of Investment of Thailand, Thai investors to Bangladesh, Thai Halal Food Manufacturers and Exporters Association and representatives of Thai public and private sectors participated in the event.

On the invitation of the Thai Foreign Ministry, Md. Ariful Haque, Director of International Investment Development Division, BIDA joined the session virtually. He focused on the investment opportunities and prospects for Thai investors in Bangladesh and so on.

The event was well attended by senior officials of the Thai Ministry of Foreign Affairs and Bangladesh Embassy in Bangkok, relevant stakeholders from Thai public and private sectors, and students of the Islamic University of Thailand. ■

# Garment Export To Japan Rises 26pc In Jul-Aug

*Business Outlook Report*



**R**iding on strong demand for apparel items made in Bangladesh, the shipment of garments to Japan, a promising Asian export destination, rose 25.81 per cent year-on-year to \$217.53 million in July-August.

The receipts in the first two months of the previous fiscal year were \$172.91 million, according to data from the Export Promotion Bureau (EPB) compiled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Japan is the only country in Asia where Bangladesh's shipment of garment items crossed

\$1-billion mark a lot earlier whereas many other promising nations such as India, Russia and China have not lived up to the expectations of local suppliers.

Revenue in Japan's apparel market is estimated to be \$75.91 billion in 2022, said German market and consumer data provider Statista. China and India have an apparel market of \$287 billion and \$88 billion this year.

Garment manufacturers are banking on Asia as they look to grab more share of the global apparel market. Demand for the items made in Bangladesh is increasing among Asian consumers, whose buying capacity is on the rise. The BGMEA is preparing a

roadmap to export \$100 billion worth of garment items by 2030 and capture 10 per cent of the global market by 2025.

Last fiscal year, garment shipment to Japan was \$1.09 billion, up 15.46 per cent from \$0.944 billion in 2020-21, EPB data showed. Apparel exports to the European Union stood at \$3.45 billion in the July-August period, an increase of 23.21 per cent from a year prior. The shipment to Germany, the largest apparel export destination for Bangladesh, rose 16.44 per cent to \$1.06 billion.

Garment export to Spain and France surged 24.52 per cent and 37.73 per cent to \$574.70 million and \$370.80 million,

respectively. The shipment to other EU countries also showed a positive trend during the two-month period.

Receipts from the US, the single largest export destination for Bangladesh, were up 20.52 per cent to \$1.41 billion. Manufacturers shipped \$819.86 million worth of apparel items to the UK and \$227.03 million to Canada, respectively clocking 35.64 per cent and 18.49 per cent growth in July-August.

Among the non-traditional markets, garment exports to India nearly doubled to \$188.29 million, according to the EPB. By contrast, the export to Russia and China declined by 58.29

per cent and 13.21 per cent to \$29.04 million and \$33.89 million, respectively. Though exports grew in August from a year earlier, the growth might decelerate from

September due to the global economic turmoil and record inflation affecting retail business, exporters warned. "Many global brands are suffering from a decline in sales and

unsold stocks, so they are putting current orders on hold," said one exporter. Garment shipment clocked 35.47 per cent year-on-year growth in FY22, netting \$42.61

billion. Of the sum, \$23.21 billion came from knitwear shipment, up 36.88 per cent. Woven garment shipment grew 33.82 per cent to \$19.39 billion. ■

## BB Issues Guideline For Green Bond Rollout



### Business Outlook Report

**B**angladesh Bank 20 issued guidelines on September for the rollout of green bonds to facilitate sustainable investment of banks and non-banks to tackle the adverse impacts of climate change. Lenders will be able to raise funds by issuing green bonds in the market in order to implement different types of projects which will focus issues such as climate change mitigation and adaptation and energy and

resource efficiency, according to a central bank notice. The central bank has fixed eight sectors where banks and non-bank financial institution (NBFIs) would be allowed to provide finance by raising funds issuing green bonds. The sectors include low-carbon electricity generation and transportation, heating and cooling, green establishment, and energy and resource efficiency in industry. The central bank has also fixed 88 types

of activities under the eight sectors. The central bank has fixed eight sectors where banks and non-bank financial institution would be allowed to provide finance by raising funds issuing green bonds

Banks and NBFIs will be able to implement several types of environment-friendly infrastructural projects like roads and dams by using funds of the bonds, said Chowdhury Liakat Ali, director (current charge) of Sustainable Finance Department of BB. Besides, the government agencies can also take lease of such projects by providing the required money to the bond-issuer lenders. Individuals, corporate and government entities and other banks and NBFIs can purchase green bonds issued by lenders, Ali said. The maturity period of the green bonds will not exceed 15 years. Banks, which have non-performing loans of more than 10 per cent, will not be permitted to issue green bonds. This rule will not be applicable for state-owned banks. Lenders have to maintain capital as per the guidelines set by Basel III to qualify for issuing the bonds.

If any lender has a record of having faced a provision shortfall in the past two years, they will not be eligible to issue the bonds.

On top of that, banks intending to issue the bonds have to maintain the cash reserve requirement (CRR) and statutory liquidity ratio (SLR) on a regular basis. ■



# SBI Asks Exporters To Trade With Bangladesh In Rupee, Taka

## Business Outlook Report

**T**op lender State Bank of India has asked exporters to avoid settling deals with Bangladesh in the dollar and other major currencies as it looks to curb exposure to Dhaka's falling reserves, according to an internal document and a source.

Bangladesh's \$416-billion economy is battling rising prices of energy and food as the Russia-Ukraine conflict widens its current account deficit, and dwindling foreign exchange forces it to turn to global lenders such as the International Monetary Fund (IMF). "The country is facing a shortage of foreign currency due to higher import bills and weaknesses of Bangladeshi taka against dollar in recent times," the SBI said in an August 24 letter sent to its branches and seen by Reuters.

The letter and its contents have not previously been reported. The SBI did not immediately respond to an e-mail seeking comment. The decision to not increase exposure to the dollar and other foreign currencies in relation to Bangladesh stemmed from the current economic situation and the neighbouring nation's shortage of foreign currency, the bank said in its circular.

"However exposure in Indian rupee (INR) and taka will continue," it added. Bangladesh's foreign exchange reserves declined to \$37 billion by Friday from \$48 billion a year earlier, according to data from the central bank, which provides import cover of just five months. Finance ministry officials have said Bangladesh is seeking a \$4.5 billion loan from the IMF, in excess of its

maximum entitlement of \$1 billion under the IMF Resilience and Sustainability Trust. Source familiar with the matter said SBI did not want to increase its exposure to Bangladesh. "We have an approximate exposure of \$500 million to Bangladesh and have taken the decision not to grow it further aggressively, and maybe, even reduce it as needed, with the news surrounding the economy," added the source, who spoke on condition of anonymity.

Bangladesh is just one of India's neighbours in financial distress. The island nation of Sri Lanka is grappling with a financial crisis as its central bank reserves stand at just \$1.7 billion at a time of galloping inflation and severe shortages of food and fuel that sparked protests

and a change of government. And Pakistan's central bank reserves of \$8.6 billion are sufficient for just about a month of imports. Bangladesh wants to cut dependency on the dollar, commerce minister Tipu Munshi said last week, and it does not see a problem in dealing in local currencies.

Speaking at an event in Dhaka, he was responding to a query on the growing focus on local currency trade, and added that the finance ministry was looking at ways to do this. However, the Bangladesh central bank's executive director, Serajul Islam, told Reuters, "No such decision has been taken yet," in reference to trade in local currencies with India. Last week, the Bangladesh central bank freed up banks to do transactions in Chinese yuan, so as to enable trade with China. Last month, rating agency Standard &

Poors affirmed its stable outlook rating for Bangladesh, saying it expected its external position to stabilise within a year. However, the agency said it might lower the ratings on Bangladesh if net external debt or financing metrics worsen further as higher commodity prices and strong imports could add to weakening in the taka and drain foreign exchange reserves. "Despite its moderate net debt position, the Bangladesh government's interest burden is considerable," the agency added.

"Despite its moderate net debt position, the Bangladesh government's interest burden is considerable," the agency added. "Its foreign currency-denominated debt, though predominantly borrowed from multilateral and bilateral sources, is subject to exchange rate risk." An Indian textile exporter, who

asked not to be identified, said banks and importers in Bangladesh were not willing to trade in rupees, however, and preferred the taka currency instead. Also, India has not yet clarified if exports denominated in rupees will receive the same benefits as those in dollars, he said. "SBI's circular is very alarming, as they have said not to take exposure on Bangladesh exports," the exporter added.

"Bangladesh is a major trading partner and if a premier bank like SBI does not take exposure, how will the trade grow? It is going to go down."

India's exports to Bangladesh rose 17.5% to \$4.94 billion in the period from April to July, or the first four months of the fiscal year to March 31, 2023, while imports were up about 11% at \$580.7 million, government data showed. ■



## Bangladesh Received Over \$1 Billion Remittance Till Sep 15

Bangladesh received inward remittance worth over USD \$1008.67 million (1,000 million = 1 billion) in the first 15 days of September, amid forex crisis in the country. Bankers said remittance inflow shows an upward trend as the remitters are encouraged by the depre-

ciation of taka and they get more than Tk 108 per dollar. The remittance inflow is expected to cross \$2 billion in September. Bangladesh received remittances of \$2.09 billion in July and \$2.03 billion in August, which became a blessing amidst forex crisis. Md Serajul

Islam, executive director and spokesperson of Bangladesh Bank told UNB that the central bank has simplified various processes to attract more remittance through banking channels. The government is also extending remittance incentives as well as

providing policy support. Now the dollar rate is getting higher, he said. The sector insiders said that Bangladesh's inward remittance flow will grow more as manpower export hit a new high in the past fiscal on a post-pandemic rebound of the overseas job market. The data of the Bureau of Manpower Employment and Training (BMET) showed over 9.88 lakh workers had gone abroad in the fiscal year FY22 while this figure was 2.71 lakh in FY 21.

This happens to be the highest number of annual overseas jobs in the last seven years.

It is also contributing to growing up the inward remittance flow. ■





# \$250m Budget Support

*WB First Wants To Know About Forex Reserves*

## *Business Outlook Report*

**W**orld Bank has sought to know about Bangladesh's current economic situation, especially the state of forex reserve and inflation, ahead of providing \$250 million in budgetary support. A 10-member delegation of the international lender held a meeting in this regard with State Minister for Planning Shamsul Alam at his office in Dhaka on September 19.

"They wanted to know especially what we think about our foreign exchange reserves, whether the reserves will increase or decrease. Moreover, they want to know about the overall state of the macroeconomy," Alam told the media after the meeting. The

delegation also wanted to know the reasons behind the reserves falling below \$48 billion and how Bangladesh can raise it, he said. Besides, they wanted to know about the current status of inflation and steps taken to control it, he said. Responding to the queries, Alam stated to have said, "We are facing challenges. But our situation is better than other South Asian countries."

"Our inflation has not increased as much as it was supposed to increase following the international market," he said. The WB delegation also wanted to know about the reasons behind the reserves falling below \$48 billion and how Bangladesh can raise it. "According to FAO (Food and Agriculture Organiza-

tion) data, food prices have increased by 50 per cent. And in the case of inflation, the government has taken many steps in order to control it. We have reduced many imports," he added. "In particular, our current account deficit and deficit in the balance of payments led to our reliance on reserves," said Alam.

"But since July our overall condition is good. Because exports have increased by 25.31 per cent in the last two months since July. On the other hand, imports increased by 23 per cent," he said. Remittance flow through official channels has also increased, he said, adding, "We have been receiving remittances of \$2 billion per month for the last two months. We have never had \$2 billion

together in a month in the past." Alam said they told the delegation that if this growth rate continued, remittance inflow would increase by about \$25 billion by June 25.

"As exports are increasing, remittances are increasing and as we have been able to reduce import costs drastically, the overall performance of our economy is now in a relaxed state," the state minister started to have told the delegation.

On the meeting's talking points, Alam said they had also informed that Bangladesh has already reduced the value of the local taka several times to keep the exchange rate stable. "Now our economic situation is stable," he added. ■



# More LNG Terminals On Cards As Dependence On LNG Import To Continue

## Business Outlook Report

**P** rime Minister's Energy Adviser Tawfiq-e-Elahi Chowdhury has said the dependence on imported liquefied natural gas (LNG) will continue some more time as there is no immediate possibility of gas exploration from the country's offshore areas. "So, the government has taken initiative to set up more floating storage and re-gasification units (FSRUs) across the country", he told a webinar, organized by the Bangladesh Energy Society (BES), on September 18 in the city.

FSRU is known as an LNG terminal used to import gas in liquefied form and then re-gasified there before releasing it to the local supply network. The energy adviser said more sites are being

selected in Payra of Patuakhali and Bhola to set up land-based LNG terminals in addition to the existing two FSRUs in Moheshkhali Island of Cox's Bazar. He noted that Prime Minister Sheikh Hasina has already instructed officials to sign long term deals to import more LNG. Currently, Bangladesh has long term-contracts with Qatar and Oman to import LNG while it also buys liquefied gas from international spot markets on a short term basis.

BES president and former principal secretary Abul Kalam Azad made a presentation at the virtual seminar titled: "Present Energy Crisis – Way Forward for Bangladesh" while eminent energy expert Professor Mohammad Tamim, president of Bangladesh Solar and

Renewable Energy Association (BSREA) Dipal Barua, chairman of Energy Standing Committee of FBCCI Humayun Rashid, president of Bangladesh Independent Power Producers' Association (BIPPA) Imran Karim, director of Summit Group Mohammed Faisal Karim Khan addressed on the occasion.

Former chairman of Bangladesh Power Development Board (BPDB) and BES vice president ASM Alamgir Kabir presided over the event.

Tamim said it would not be wise to take a concrete decision depending on the current energy crisis as it may not continue for long. "Rather, there should be short, medium and long term measures to ensure energy security of the country", he opined. Dipal Barua said that

renewable energy could play a vital role in the current energy crisis. He mentioned that he came to his village home in Raojan where there was no electricity from 8 am to 12:30 pm.

Humayun Rashid FBCCI leader and CEO of Energypac Power Generation Ltd, which has set up a number of private power plants, said no other ministry should talk about the current power and energy crisis as it creates unrest among the people.

"We're passing our best ever time in electricity generation", he claimed.

BIPPA president Imran Karim said the role of the private sector in power generation is increasing and it is contributing 33 percent of electricity to the country. ■



*Best Buy a Concern of PRAN-RFL Group*

## PRAN Smartphones: Will It Attract The Young?

*Apu Ahmed*

**P**RAN-RFL group which announced venturing into the highly-competitive handset market early this year, is set to release its first batch of smartphones from its factory in Narsingdi soon.

### ***Time Is Critical***

Market operators welcomed the food and beverage behemoth in the handset market. Sales of handsets have slowed down amid high inflation in the country. Besides, volatilities in prices of commodities in the global market with the war between Russia and Ukraine have put pressure on the overall economy. The continuous depreciation of taka against the US Dollar is mounting the import inflation in the country that largely depends on the international market for outsourcing raw material, chemical and energy items.

### ***Smartphone Sales Slow Down***

The downward trend in sales of handsets surprises local assemblers of globally reputed brands. They argued that the sales of the smart handset were very good even at the peak of the Covid pandemic in the

past year. Increasing the value-added tax by 5 per cent on handset sales from the current financial year could be another reason for the slowdown in sales of smartphones. The majority of people are resorting to tight belting strategies to tackle inflation which has already crossed a nine-year high to 7.5 per cent in June. Smartphone sales have dropped to 6 lakh units in recent months from about 9 lakh units in 2021, said the sector operators.

### ***PRAN Targets 1 lakh Smartphones***

Sales data kept by the Bangladesh Telecommunication Regulatory Authority also showed that around 14 lakh handsets were manufactured in the local factories in January while the production slumped to 6.7 lakh in May and 9 lakh in June. The World Bank has predicted that the current economic crisis in most parts of the globe would continue until next year. The Pran-RFL group insiders said they had already calculated the risk factors while setting up the manufacturing plant at Palash in Narsingdi. The factory will be capable of manufacturing 1 lakh smartphone sets and over 3 lakh feature phones per month. The manufacturing unit to be run under RLF Electronics, a sister concern of RFL Group, will

market its product with the brand name 'Proton'.

### ***Paperworks Pending***

The group's marketing manager Kamruzzaman Kamal told the fortnightly that they would be able to start promotion of the handsets once paperwork with the regulatory agencies concluded. He said they were also considering exporting the items to Nepal and Bhutan. The Pran-RLF group has a good reputation in marketing. It has a strong marketing network throughout the country and also in the United Arab Emirates thanks to a robust Bangladeshi diaspora. The group's study on the smartphone



market, according to its insiders, has suggested that the majority people do not have the capacity to buy smartphones marketed by global brands due to their high prices.

### ***Market Dynamic***

However, many of them will buy and use smartphones if they have the opportunity to buy them at affordable prices. Pran-RLF is likely to bank on this sentiment of the people to make its cell phone venture a success. Since 2013, Pran-RFL has been marketing electronic items including televisions under the brand name Vision. However, its market share in LED television is slim demonstrating that the group could not make any good competition with other manufacturers. However, the dynamic cell phone market dynamic is different from other electronics items.

### ***Rise of Xiaomi***

There has always been a good market for budget phone sets. Xiaomi which released its first smartphone in China in August 2011 entered Bangladesh in July 2018. It received huge responses from smartphone consumers because of its outstanding features and price point. The smartphone market of Bangladesh is driven mainly by features and price. By the

end of 2017, the share of smartphones went up to almost 50 per cent from 28 per cent. Xiaomi is among the top brands chosen by the young generation in 2022 with its well-developed local manufacturing facility and a wide entry-level portfolio with features like larger display size, huge battery capacity and improved camera.

### ***Realme Makes Big Impact***

Realme has also created big splashes with its budget sets in its three years of operation in the local market. One of its phones – Realme C21Y – has become the fastest sold-out phone on popular e-commerce platform Daraz in 2021. Around 3,000 units of Realme C21Y had been sold out within just a minute. During the flash sale, interested people got the chance to buy this phone for Tk 11,490 whereas its original price was Tk 12,490. Other than this, buyers who purchased C21Y during the flash sale enjoyed a 12-month extended warranty, free internet offer from GP, Robi and Banglalink, got Realme water bottles as gifts and could avail of a 3-month EMI facility.

### ***Samsung Adds Budget Sets***

One of the market leaders, Samsung, has also newly added budget smartphones and their steady performance in the entry- and mid-price levels. Samsung's active promotions and marketing helped it remain among the top three despite falling from its first position in the first quarter of 2022. Amid the presence of global brands, electronics manufacturer Walton, a local company, introduced smart handsets in 2018. It exported its first shipment to the USA in 2020. It also exported smartphones to Nepal. But compared to its dominance in other electronic segments like refrigerators, the group's smartphones are less popular. However, Walton's market share in the feature phone segment is much higher than its smartphone segment. In fact, its share in the smartphone segment at the local level is in the category belonging to others after Xiaomi, Samsung, Oppo, Realme, and Vivo.

### ***Features, Price Matter Most***

So, it will be interesting to see what kind of features Pran-RFL can offer with its upcoming smartphones to attract young people and users of featurephone. Unless it can attract the young, chances are slim for the group to challenge global reputed assemblers on the local turf. Appreciation from the young will play a big role for the group to win the credibility of its products to others. ■



# China To Talk With Myanmar To Wither Tension Along Bangladesh Border

## *Business Outlook Report*

**C**hina will discuss the issue of conflicts along Myanmar, Bangladesh border with the Myanmar government. “We have informed the Chinese envoy about our concerns over the conflict along the border and we are assured that China will discuss the issue with the Myanmar government”, acting foreign secretary Khurshed Alam said after his meeting with Mr Li Jiming, Chinese ambassador in Dhaka on September 26.

The Chinese ambassador met the acting foreign secretary as part of Bangladesh’s consultation with ASEAN countries over the recent conflict in Myanmar along the Bangladesh border. During the one and half hour long meeting, Bangladesh also requested China to expedite the process of repatriation of Rohingya to Myanmar. Since the

beginning of the Rohingya crisis, China is engaged to facilitate negotiations between Bangladesh and Myanmar to repatriate over 1.0 million Rohingya refugees who took shelter in Bangladesh after a brutal crackdown on them by Myanmar security forces. The ambassador has assured me that they are working on it, Mr Alam added. He hoped that China can play an effective role in withering the tension along the border because they have leverage on the Myanmar government.

Responding to a question, acting foreign secretary said that the repatriation of Rohingya people is possible despite the ongoing conflict as the areas where Rohingya will be repatriated, is far away from the conflict area. Talking to the reporters after the meeting Chinese ambassador said that he was

informed of the conflict along the border by the acting secretary. This is a very unfortunate incident, he noted. “We had a friend-to-friend discussion. We have discussed a lot of issues including the Rohingya repatriation and other international issues” he said.

It may be mentioned that the recent landing of mortar shells at Bandarban’s Naikhongchhari near the Bangladesh-Myanmar border since August 28 has created diplomatic and security dilemmas for Bangladesh.

Incidents of landing Myanmar’s mortar shells at Tamru in the Ghumdhum area of Naikhyangchhari Upazila in the hill district of Bandarban and the violation of airspace through crossing Bangladesh’s boundary caused concerns in Bangladesh. ■



# Exclusive-Chevron Offering Minority Stakes In Three Alaskan Oilfields

## *Business Outlook Report*

**C**hevron Corp is marketing its interest in more than 2,000 oil and gas wells in Alaska, the company told Reuters on September 10, in a move that could mark the oil major's second exit from oil production in the state in three decades.

According to an exclusive report of Reuters, one of the earliest companies to prospect for oil in Alaska, Chevron helped develop the state's oil industry last century but later exited output there in 1992. It returned a decade later with its \$20 billion purchase of Unocal. The company is offering

stakes in three oilfields, it confirmed. It holds around 10% in Alaska's Endicott field, 5% in Kuparuk field and 1.2% in Prudhoe Bay. Bids are due this month. The stakes are non-operating interests that provide a share of profits.

Chevron estimates the proved and developed portion of these assets is worth \$655 million, and including future development, it could be worth \$926 million, according to a marketing document the company shared. However, at current oil prices, a sale would likely fetch between \$450 million and \$550 million, according to a Rystad

Energy analyst using comparable transactions. If a sale materializes, Chevron would follow in the steps of BP Plc, which in 2020 sold its producing assets to closely-held Hilcorp for \$5.6 billion and exited. Exxon Mobil separately transferred operations of Point Thomson oilfield to Hilcorp last year but retains a majority stake.

The properties offered include interests in pipelines in the Kuparuk and Endicott fields, according to the marketing document. ConocoPhillips operates the Kuparuk field, while Hilcorp operates Prudhoe Bay and Endicott, and

either could bid on the assets, two people familiar with the companies said, requesting anonymity to discuss private plans. ConocoPhillips declined to comment. Hilcorp did not immediately respond to requests for comment. The oilfields that Chevron is offering produce around 9,400 barrels of oil and gas per day. Overall production in the state has been declining since a peak in 1988 when output exceeded more than 2 million barrels of oil a day.

In 2021, Alaska produced 437,000 barrels of oil a day, the lowest since 1976, according to U.S. government data. ■



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# De-Dollarisation Is Bangladesh Ready for it?

*Apu Ahmed*

**O**n Sept 15, Bangladesh Bank asked local commercial banks to open accounts in corresponding banks in China in Chinese currency, the Yuan.

## *RBI Moves*

But it is yet to come with any such declaration regarding Indian currency, the Rupee, although the State Bank of India has asked Indian exporters to avoid settling deals with Bangladesh in the US Dollar and other major currencies. The RBI gave the directive four days after the BB's announcement on yuan, also known as Renminbi, or 'people's money'. It wants transactions to be completed in local currencies – the Taka and the Rupee. BB spokesperson Serajul Islam told reporters that the SBI operated under the Reserve Bank of India, the central bank of India. He noted that the Indian central bank did not give any such directive for the Indian traders.

## *Strong Dollar Hurts Many*

The BB was yet to enlist Rupee to settle letters of credit until Sept 24. BB officials admitted that the central bank was reviewing currency diversification in foreign trade to reduce sole dependency on the US Dollar. The appreciation of the dollar due to

interest rate hikes by the US central bank, the Fed, against the taka and other major currencies put a big pressure on the country's economy in recent months. The country's foreign exchange reserves fell from \$48 billion last year to \$37 billion in the past month, which is sufficient to foot import bills for five months.

## *BB for Yuan*

BB's announcement regarding yuan came less than a month after a visit by Chinese foreign minister Wang Yi in Dhaka on Aug 6 and Aug 7. It has been reported that the bilateral financial and currency cooperation was strongly recommended by the Chinese foreign minister to help facilitate trade and economic cooperation. The uses of taka and yuan in bilateral trade are expected to reduce transaction costs and mitigate exchange risks. A currency clearing arrangement between the central banks of our two countries will also create scopes for more Chinese investment in Bangladesh as well as the import of Bangladeshi goods to China.

## *MCCI Welcome BB Move*

The BB move also came more than one-and-a-half months after chamber bodies, including the Metropolitan Chamber of Commerce and



Industry, urged the central bank to allow multiple currencies for international trade settlements to cut Bangladesh's over-reliance on the US Dollar amid volatility and rising cost of the greenback. So, they welcomed the BB clearance to settle payments for international trade through yuan, but said implementation will be challenging. They noted





that a dialogue between the central banks of two countries should begin immediately to make the announcement operationalised.

### *Tasks To Be Done*

Businessmen said the exchange rate with yuan needs to be determined as the currency swap option is almost impossible because of the yawning

trade gap tilted towards China for its around \$14 billion trade surplus. Bankers have viewed that the rise of China as a major economic powerhouse in the global economy has already been accepted by many including the International Monetary Fund. Since Oct 1, 2015, the yuan has joined the US dollar, the euro, the yen and British pound in

the IMF's special drawing rights (SDR) basket, which determines currencies that countries can receive as part of IMF loans. It marks the first time a new currency has been added since the euro was launched in 1999. The inclusion into the SDR is a milestone in the internationalisation of the renminbi, and is an affirmation of the success of China's economic development.

### *Trade in Rupee on Experimental Basis*

The businessmen viewed that adverse impact due to fluctuation of the currency exchange rate could also be avoided if Dhaka can transact in local currencies with Delhi. India is the second largest trading partner of Bangladesh after China. Bangladesh exported goods worth \$1.76 billion against the import of \$14.09 billion in 2021. But economists viewed that there were some challenges since the rupee has been depreciating against the greenback substantially in recent months. They viewed that transactions in local currencies between Dhaka and Delhi might not bring any major impacts to avoid transactions in the US dollar. Still, they said some parts of the transaction could be made in local currencies on an experimental basis.

### *SCO Calls*

It has been reported that the overall development regarding Bangladesh's international trade transactions with China and India in local currencies are linked to calls from the Shanghai Cooperation Organization – which has both China and India as its members – for increasing the use of national currencies for trade among the member countries at its leadership summit in the Uzbek city of Samarkand last month. Bangladesh is not yet an SCO member but has applied for observer status in the Eurasian organisation. It should be noted that barring China and India, Bangladesh's trade volumes with other

SCO members aren't quite significant.

### *SOC Grows*

Therefore, doubts by some local trade and industry experts about the success of Dhaka's bilateral currency cooperation in the long run is quite logical. To deal with this challenge, Bangladesh will need to increase its trade with other SCO countries, which are now increasingly looking to expand international trading in national currencies. The joint declaration released after the SCO Summit stated that the leaders 'noted the adoption by the interested SCO member states of the road map on increasing the share of national currencies in mutual settlements and called for expansion of this practice.' The SCO has grown as a big

international organisation and currently comprises nine member states: China, India, Russia, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Uzbekistan and Iran. Afghanistan, Belarus and Mongolia have observer status while there are nine dialogue partners including Türkiye, Sri Lanka, Cambodia, Azerbaijan, Nepal, Armenia, Egypt, Qatar and Saudi Arabia. According to the Samarkand Declaration adopted by the member states, Kuwait, UAE, Maldives, Myanmar and Bahrain will soon be granted the status of dialogue partners.

### *De-Dollarisation*

The nine full members of SCO now represent 25 per cent of the world's land area, 42 per cent of the world's population and contribute 25 per

cent to the world's GDP. With a renewed focus on international trading in national currencies, it has been hoped the SCO can create a potential market for other countries to trade with SCO member countries in their currencies or a mutually-accepted single currency such as the Chinese yuan. This will have a severe impact on the global currency leader dollar. It has been believed that if Bangladesh successfully trades in local currencies with two of its largest trading partners, it will encourage many other countries to do the same to lower dependency on the greenback. Amid the evolving scenario, it can be said that Bangladesh staying in between China and India becomes an ideal platform for making experiments to challenge the domination of the dollar. ■

## Reserve Bank Of India To Raise Interest Rates Again



### *Business Outlook Report*

**T**he Reserve Bank of India is set to raise interest rates again next week with a slim majority of

economists in a Reuters poll expecting a half-point hike and some others expecting a smaller 35 basis point rise. There was a wide

consensus that the RBI will raise rates at the Sept. 30 meeting, although there were differences over how far it would go with

inflation accelerating to 7 per cent and with the rupee weakening. The RBI has lagged many of its global peers, despite inflation sticking above the top end of its target range of 2-6 per cent all year. It has raised rates in three separate moves since May, one of them unscheduled, totalling 140 basis points and taking the key repo rate to 5.40 per cent.

In the latest Reuters poll, economists were split five ways on what the RBI will do at its next meeting. Slightly over half, 26 of 51, said the RBI would go for a 50 basis point hike, taking the repo rate to 5.90

shown no signs of slowing down, sending the dollar index to a new two-decade high and more downward pressure on the rupee. "In India's case, bulging twin deficits - current account and fiscal - in the wake of a stronger dollar are likely to place a greater premium on macro stability, despite the visible scarring from the pandemic," said Sajjid Chinoy, chief India economist at JP Morgan.

"But a food price surge in recent weeks and a hawkish Fed will induce the RBI to move 50 bps, instead of 35 bps, at the September

than analysts had predicted in a separate Reuters poll. A weaker currency is likely to make imports more expensive and keep inflation elevated for longer. The survey also showed inflation staying above the top of the RBI's tolerance range until the first quarter of 2023.

Despite GDP growing 13.5 per cent last quarter on a year ago, which made India the world's fastest-growing major economy, the pace of expansion was forecast to halve this quarter to 6.2 per cent and further slow to 4.4 per cent in the following two quarters. That



*Reserve Bank Of India*

per cent. Another 20 predicted a 35 basis points increase. The remaining five respondents pencilled in more modest increases, ranging from 20 to 30 basis points.

While many revised their forecasts up from an August poll, and no one expected the RBI to leave rates unchanged this time, there were no immediate explanations on why the central bank would opt for a smaller move right now given most of its peers are going big. The US Federal Reserve just delivered its third straight 75 basis point hike and has

meeting, and be forced to act again in December, taking the terminal rate closer to 6.25 per cent, 50 bps higher than the global-recession outcome that we had envisaged."

However, the poll showed the RBI taking a softer approach with rates, with no clear majority on where it will stop hiking but with median forecasts showing the repo rate at 6.00 per cent in each quarter through end-2023. Meanwhile, the rupee, down nearly 9 per cent this year, hit an all-time low of 80.86/dollar on Wednesday, lower

may be one reason why the RBI is not following the same pace as other major central banks.

Over 60 per cent of analysts, 23 of 38 who answered an additional question, said a slowdown in economic growth would play a larger than normal role in the RBI's deliberations on interest rates by the end of this fiscal year.

Economists expected growth to average 6.2 per cent and 6.5 per cent over the next two years, the poll showed. ■



The Premier Bank Limited has achieved the globally recognised ISO 27001:2013 Certification for the implementation of Information Security Management System (ISMS). M Reazul Karim, Managing Director and CEO of the bank, received the ISO certificate from Ahmed Kamal Khan, Group Advisor of Software Shop Limited (SSL). ■



BRAC Bank training for entrepreneurs: The closing ceremony of the second batch of a training titled 'Entrepreneurship Development Programme', conducted by BRAC Bank with technical assistance from Bangladesh Bank, was held at the BRAC Bank's Head Office in Dhaka. ■



Agrani Bank Limited's Rajshahi circle arranged a Meet the Borrower event and a View Exchange meeting with its officials from Bogura, Sirajganj, Joypurhat and Naogaon in Bogura. Managing Director and CEO of the bank Md Murshedul Kabir is seen handing over a loan sanction letter to a customer under the bank's loan scheme for house building of government officials. ■



Trust Bank Limited (TBL) and InterContinental Dhaka have entered into an agreement recently. Ahsan Zaman Chowdhury, Deputy Managing Director and Chief Business Officer, TBL; and Ashwani Nayar, GM of InterContinental Dhaka; have signed two MoUs in the presence of Humaira Azam, Managing Director & CEO of Trust Bank. Under the MoUs, the bank's Signature Card Holders will get 'Buy One Get One Buffet' facility from InterContinental Dhaka and the Signature and Platinum Card holders will get access to facilities at the 'Balaka Executive Lounge' at Hazrat Shahjalal International Airport. ■



Jamuna Bank Limited organised three get-together programmes for non-resident Bangladeshis (NRBs) at Yujeong and Ansan City in South Korea recently. Chairman of Jamuna Bank and Jamuna Bank Foundation Nur Mohammed was present as the chief guest. Managing Director and CEO of the bank Mirza Elias Uddin Ahmed presided over the events. ■



Rupali Bank held Business Conference-2022 for its branches under Cumilla Divisional office. Mohammad Jahangir, managing director and CEO of the bank, addressed the conference as the chief guest at the Rupali Bank Tower at Monohorpur in Cumilla. ■



IFIC Bank distributed loans to 2500 CMSME entrepreneurs across the country through all its branches and sub-branches on Tuesday. On the occasion, an inaugural programme titled 'Glorious Journey of CMSME Loan Refinancing Scheme Distribution' was held at the IFIC Tower in Dhaka. Abdur Rouf Talukder, Governor of Bangladesh Bank, inaugurated the event as the chief guest while ARM Nazmus Sakib, Director of IFIC Bank, presided over it. ■



South Bangla Agriculture & Commerce (SBAC) Bank Ltd. and The Institute of Chartered Accountants of Bangladesh (ICAB) signed an MoU on Documents Verifications System (DVS). Habibur Rahman, Managing Director & CEO (CC) of SBAC Bank, and Md Shahadat Hossain, President of ICAB, inked the MoU at the bank's head office recently. ■



The Bangladesh Garments Manufacturers and Exporters Association (BGMEA) and upay, one of the fastest growing mobile financial service providers in the country, entered into an agreement to disburse stipends through upay. BGMEA President Faruque Hassan and upay Managing Director and CEO Rezaul Hossain signed the agreement recently. ■



NRBC Bank has won six prizes as 'Best Bank' at the South Asian Business Excellence Awards 2022 ceremony. The bank has been crowned with the titles of 'Brand excellence in BFIS', 'Best use of IT & Technology', 'Best Use of Mobile Technology', 'Best use of CSR Practice during Pandemic', 'Best Business Response to the Crisis' and 'Most Innovative Covid Response'. Managing Director and CEO of NRBC Bank Golam Awlia received the award from Planning Minister Abdul Mannan at the award ceremony organised by the SAPS in Dhaka. ■



IBBL achieves 'Best Bank' award: Islami Bank Bangladesh Limited has achieved the 'Best Bank in Bangladesh' Award at the South Asian Business Excellence Awards-2022 ceremony hosted by South Asian Partnership Summit. Managing Director and CEO of the bank Mohammed Monirul Moula received the award from Planning Minister MA Mannan at the ceremony held at a city hotel recently. ■



Mercantile Bank awarded as the 'Best Bank': Mercantile Bank Limited has been awarded the South Asian Business Excellence Award-2022 as the 'Best Bank in the Private Sector' by South Asian Partnership Summit. Managing Director and CEO of the bank Md Quamrul Islam Chowdhury received the award from Planning Minister Abdul Mannan at the award ceremony organised by the SAPS at a city hotel recently. ■

# 2nd Phase Of Directional Drilling At Srikail North Gas Field Starts



## Business Outlook Report

**S**tate-owned Petrobangla has started the 2nd phase of the directional drilling of exploratory well No-1 at Srikail North in Comilla district.

Petrobangla officials said the initiative to dig the well is part of the government's plan to drill a total of 46 exploration, development and work-over wells during the period 2022-2025 to increase production of natural gas from local sources against the backdrop of nagging gas crisis. Earlier, the

Bangladesh Petroleum Exploration and Production Company Limited (Bapex), a subsidiary of Petrobangla, commenced the first phase of the drilling of exploratory well No-1 at Srikail North in June this year. It has already completed about 182 meters of excavation work in the vertical direction of the well.

The 2nd phase of drilling wells in deviated directions started after procuring the related goods and third party services. The depth of the drilling well will be 3500 m TVD

(°100 m). Bapex's own rig Bijay-12 (ZJ50 DBS) is being used for drilling, said a top official adding that the target is to complete the drilling of the well by the end of the year. He said that it is expected that the well will produce 10-15 million cubic feet per day (mmcf/d) per day after completion of the drilling works.

Officials said if the gas is found commercially extractable, it will not need to set up any processing plant as a gas gathering pipeline will be

constructed and processed through the nearest processing plant which is located within 5-6 km.

The plant has another 20 mmcf/d gas processing capacity and supply to the national grid.

Senior secretary of the Energy and Mineral Resources Division Mahbub Hossain visited the drilling works on Saturday while Petrobangla chairman Nazmul Ahsan and other top officials were present on the occasion. ■



# Call For Logistics Policy To Make Ports More Efficient

## *Business Outlook Report*

**S**peakers at a seminar suggested that the government make the port logistics system more efficient to lower cost of doing business and attract more investment in industries. To this effect, they called for framing a 'National Logistics Policy' in order to make the port logistics management more resourceful and organised.

The suggestions came at a seminar on 'Efficient port logistic management & trade competitiveness of Bangladesh' hosted by the Dhaka Chamber of Commerce and Industry (DCCI) at its auditorium in Motijheel on September 19. Shipping secretary Md Mostafa Kamal addressed the programme as the chief guest. Chittagong Port Authority (CPA) joint secretary Md Zafar Alam and Summit Alliance Port Ltd managing director Syed Ali Jowher Rizvi also spoke. Policy Exchange Bangladesh chairman Dr

M Masrur Reaz presented a keynote paper at the event with DCCI president Rizwan Rahman in the chair. Mr Kamal said alongside Chattogram port, Mongla port has also started handling more containers while Payra port will come into full operation soon.

Abu Dhabi Ports has recently showed its interest to work in Bangladesh's port sector. It would be helpful for enhancing capacity of the ports, Mr Kamal noted. Regarding logistic improvement, he said the government in recent past has invested a lot to make the ports more functional. At the event, Mr Rahman said port logistics management is an important element of international trade competitiveness. With the country's growing export, Chattogram port has become the world's 64th busiest but has been ranked as Asia's least efficient seaport, he added. According to the World Bank, slow container

handling, lower drafting capacity, inefficient port management, limited port yards, poor turnaround time and scarcity of modern equipment are retarding the port from being efficient.

The DCCI chief said, "If the infrastructural capacity of Chattogram port is increased, our cost of doing business will reasonably fall, resulting in better lead time, which lures more investors in the country." Keynoter Dr Reaz said Bangladesh is ranked 100 in the Logistic Performance Index and 102nd in the Logistics Quality and Competence Index. Terming Bangladesh's logistics cost one of the highest globally, he said sea and land ports here need modernisation to enhance the quality of regional connectivity and access to global market. Absence of national logistics strategy, complex regulatory system, lack of effective policy intervention and inadequate private-sector participa-

tion are among the major challenges in efficient port logistic management, said Dr Reaz. Putting emphasis on formulating a national logistics policy, he said many industrial zones will come into production in the coming decade and the ports' capacity is needed to increase for growing export items. Meanwhile, Mr Alam said the CPA has

been increasing its efficiency by adding modern equipment, broadening yard area and reducing lead time. The CPA has initiated to increase the terminal draft of Chattogram port to accept larger vessels with a draught of up to 10 metres and a length of up to 200 metres. Besides, Mr Rizvi said the country should have off-docks in the private

sector in order to achieve the \$100-billion export target. DP World Bangladesh country director Shamim Ul Huq, Bangladesh Freight Forwarders Association president Kabir Ahmed and PSA International Private Ltd vice-president (group business development) Lee Peng Gee, among other, also spoke. ■

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## Overall Trend Of Bangladesh Economy Positive: ADB



### *Business Outlook Report*

**C**ountry Director of the Asian Development Bank (ADB) to Bangladesh Edimon Ginting noted that the overall trend of the country's economy is 'positive'. "The overall trend of the economy is still positive. But, if you can make the right policy, then you can make the economy

stronger going forward," he said while responding to a volley of questions at the Bangladesh Resident Mission of ADB in the capital on September 21. The ADB country director was speaking at the launching of the Asian Development Outlook 2022 Update "Softening Growth and A Darkened Global Outlook, Regional".

Senior Country Specialist of ADB Soon Chan Hong made a power-point presentation while ADB Deputy Country Director Jiangbo Ning and Team Leader of the External Affairs Gobinda Bar were present, among others, on the occasion. According to the Asian Development Outlook (ADO) 2022 Update, Bangla-

desh's gross domestic product (GDP) is expected to grow by 6.6 percent in the fiscal year (FY23). The moderately lower growth forecast reflects slower domestic demand and weaker export prospects due to slower growth in advanced economies. Inflation is projected to rise from 6.2 percent in FY2022 to 6.7 percent in



FY2023. The current account deficit is expected to narrow from 4.1 percent of GDP in FY2022 to 3.6 percent of GDP in FY2023 as imports slacken and remittances increase. The main risk to this growth projection is a slowdown in exports caused by global uncertainty over the prolonged war in Ukraine. "The last year was a great year for Bangladesh as the GDP growth reached 7.2% up slightly from 6.9% in the FY21 supported by a broad-based recovery in economic activities with rapidly rising external and domestic demand," added Ginting. Replying to a question, he said that attaining 6.6 percent growth would still be good at this time of difficulties adding that the lending agency would be pleased if the government could surpass that estimation. When asked whether the government should pursue the expansionary monetary policy or not, the ADB Country Director said during the COVID-19 pandemic, the focus was to support the fiscal and monetary policy. But, the current problem of the economy of Bangladesh is widening external imbalance and for this there is not much need for expansionary policy right at the moment. Shedding light on some of the macroeconomic issues, Ginting said that the import costs has now declined to \$1.5 billion from \$3 billion in February due to the

government policy while the current foreign currency reserve is sufficient enough to meet the import bills of five months. Noting that Bangladesh did well in exports despite the hard times of the pandemic, he said that the demand for women's and children's clothing is actually rising. "There might be a decline in growth, but Bangladesh exports will contin-



*Edimon Ginting  
Country Director, ADB, Bangladesh*

ue to grow very strongly," he said adding, "I don't see any forex crisis for Bangladesh in the near term." Asked about the ADB's future investment plan in Bangladesh, the Country Director informed that they have a plan to provide up to \$2.5 billion support against different projects every year over the next three-year term while 20 percent of that amount would come as budget support. He said in order to materialize the government's bid to turn Bangladesh as an upper mid-income country by 2031, the government

needs to finance more in human resource development through digitization, more eligible people are needed to be brought in the tax net, leakage needs to be checked in tax exemptions to support growth while improvement is also needed in the tax administration. Terming exports and remittances as the two pillars of the country's economy, Ginting opined

that there is a room to make improvement in availing more remittances by sending more skilled people abroad. Besides, he suggested for having a much bigger and vibrant private sector. The ADB Country Director said the government is navigating the prolonged external economic uncertainties relatively well and has implemented appropriate policies to reduce the external imbalance. He said turbulent times like these are also a good time to accelerate reforms that would improve the country's growth prospects in the medium

term. "These reforms include improving domestic resource mobilization, deepening the financial market, and enhancing competitiveness to promote the creation of productive jobs in the private sector."

"Uncertainties in the international energy market provide a good momentum to accelerate reforms to achieve the country's climate change goals and expand domestic renewable energy supply to reduce dependence on fossil fuels," Ginting added. The ADO 2022 Update states that private investment growth will be lower due to global uncertainty and energy shortages. With slower revenue growth and higher import costs, public investment growth will also be slower as a result of government austerity measures. Inflation is expected to accelerate from 6.2 percent in FY2022 to 6.7 percent in FY2023 as price pressures increase due to the upward adjustment of domestic administered prices for all types of fuel and rising global commodity prices.

ADB has already provided \$2.5 billion in loans and \$7.23 million in grants to Bangladesh to address the socioeconomic impacts of the pandemic and support a rapid recovery. For the period 2023-2025, ADB has programmed about \$9.5 billion for Bangladesh. ■



## Bay Terminal Project

# CPA May Save Tk 3,600cr On Land Acquisition

### *Business Outlook Report*

**T**he Chattogram Port Authority (CPA) may not have to spend Tk 3,600 crore to acquire 803 acres of khas land for the Bay Terminal project as the government is considering its application to be given the area for free or at a token price. Once implemented, the terminal would enhance the port's container storage capacity three times to 1.5 lakh twenty-foot equivalent units while larger vessels with a draft of up to 12 metres and length of 280 metres would be able to berth.

The existing jetties can currently accommodate ships with as much as 9.5 metre draft and 190 metres length. There was administrative approval for the acquisition of a total of 870 acres of land for the project. Of which, around 67 acres of land was privately owned. In September

2018, the CPA handed over Tk 352.62 crore as compensation to the district administration for those privately-owned lands while a decision over the remaining 803 acres remained pending. The Chattogram district administration had earlier demanded Tk 3,600 crore from the CPA for acquiring the 803 acres of khas land, which is government owned. However, the CPA lacks such funds as it already deposited its surplus fund worth around Tk 3,500 crore to the national exchequer, according to a senior official preferring anonymity.

The CPA recently applied for the settlement of the khas land at a token price or free of cost and the district administration sent a proposal in this regard to the land ministry last week. Rear Admiral Mohammad Shahjahan, chairman of the CPA, said the Prime Minister is consider-

ing their proposal in a positive light. He hopes the decision will be finalised soon after the prime minister and land minister return from abroad, and they get the land at a nominal price if not for free. Shahjahan was addressing a view exchange with various stakeholders and port users regarding the draft masterplan of the Bay Terminal project submitted by a Korean consultancy.

In April, the port authority had appointed a Korean joint venture between Kunhwa Engineering and Consulting Co Ltd and Daeyoung Engineering Co Ltd at Tk 126.50 crore as an international consultant for the Bay Terminal's construction. The firm recently submitted its draft masterplan. The terminal would be constructed on around 2,500 acres of land on the coast of the Bay of Bengal in the North Halishahar area, which is around six kilometres west

of Chattogram port. The project includes three terminals having a total length of 3.5 kilometres. Of the three, a 1.5-kilometre long multi-purpose terminal will be constructed and operated at the port's own expense.

The remaining two terminals, which will have a length of one kilometre each, will be constructed and operated with the funding of skilled and experienced international terminal operators under a public-private partnership arrangement. Currently, UAE based DP World and PSA Singapore are negotiating with the government for getting the job of developing the

two terminals. While discussing the draft masterplan, the CPA chairman said a 4.5-kilometre long terminal access road having two to eight lanes would be built to enable smooth vehicle entry without conflicting with Chattogram city's Outer Ring Road.

Representatives of the Chattogram City Corporation, Chattogram Development Authority, Chattogram Wasa, Water Development Board, Roads and Highways Department, CMP Traffic and leaders of different business associations gave their opinions at the meeting. Shahajhan said all logical proposals would be incorporated to

finalise the masterplan.

Park Jong-Jin, team leader of the consultant firm, told The Daily Star they would finalise the masterplan within a month and prepare a detailed drawing on the design.

The CPA chairman hoped that after completing the detailed design and preparing a development project proposal, they would start work on appointing an EPC (engineering, procurement and construction) contractor for constructing the multi-purpose terminal by February next year. ■

## Bangladesh's Forex Reserves Now \$36.9bn



Bangladesh's forex reserves are now down to USD 36.90 billion, despite the central bank's move of curbing imports, and currency diversification in foreign trade.

According to the data of Bangladesh Bank, forex reserves on September 21 stood at \$36.90 billion,

which was \$37.08 billion on September 19.

In the first week of this month, the reserves fell to \$37.06 billion as the Asian Clearing Union (ACU) cleared its July-August arrears of \$1.74 billion. As of August 25 last year, the reserves were \$48.60 billion. According to that,

the reserve has decreased by \$11.5 billion in one year.

This is happening due to the selling pressure of US dollars for import LCs and the surge of individual demand to meet travel, medical treatment, and tuition fees for foreign universities. On Septem-

ber 1, 2022, forex reserves of Bangladesh were \$39.05 billion.

Bangladesh Bank has been selling dollars from the reserves in continuation of last fiscal year to bring stability to the forex market. In total, the central bank has sold \$2.57 billion from reserves in two months (July-August) and of the current FY 2022-23. Former Bangladesh Bank governor Atiur Rahman said that despite the increase in remittance, forex reserve fell due to the continued sale of dollars.

"There is no problem even if the reserves fall to \$38 billion in the current global context. Because, with this reserve, it is possible to meet the import expenses of more than six months," he added. ■

## WEEKLY SELECTED ECONOMIC INDICATORS

Chief Economist's Unit  
(Policy Support Wing)  
22 September 2022

	21 September 2021	30 June, 2022 <sup>R</sup>	31 August 2022	21 September 2022
1. Foreign Exchange Reserve (In million US\$)	46322.84	41826.73	39065.79	36851.11
2. Interbank Taka-USD Exchange Rate (Average)	85.2750	93.4500	95.0000	102.9284
3. Call Money Rate	1.96	4.42	5.57	5.53
				Percentage change
				From June, 2022
				From June, 2021
4. Broad/Overall Share Price Index	21 September 2021	30 June, 2022	21 September 2022	
a) Dhaka Stock Exchange (DSE) <sup>®</sup>	7258.57	6376.94	6551.44	2.74
b) Chittagong Stock Exchange (CSE)	21240.49	18727.52	19319.28	3.16
5. a) Wage Earners' Remittances (In million US\$)	August, 2021	July-Aug. FY22	August, 2022 <sup>P</sup>	July-Aug. FY23 <sup>F</sup>
b) Annual Percentage Change	1810.10	3681.59	2037.80	4134.12
	-7.83	-19.30	12.58	12.29
				FY2021-22 <sup>P</sup>
				FY2019-20
6. a) Import (C&F) (In million US\$)	July, 2021	FY2020-21	July, 2022 <sup>P</sup>	FY2021-22 <sup>P</sup>
b) Annual Percentage Change	5141.10	65594.70	6333.80	89162.30
	21.60	19.73	23.20	35.93
				FY2021-22 <sup>P</sup>
				FY2019-20
7. a) Import(f.o.b) (In million US\$)	July, 2021	FY2020-21	July, 2022 <sup>P</sup>	FY2021-22 <sup>P</sup>
b) Annual Percentage Change	4757.00	60681.00	5862.00	82495.00
	21.63	19.71	23.23	35.95
				FY2021-22
8. a) Export (EPB) (In million US\$)*	August, 2021	July-Aug. FY22	August, 2022 <sup>P</sup>	July-Aug. FY23 <sup>F</sup>
b) Annual Percentage Change	3383.07	6856.50	4607.00	8591.82
	14.02	-0.31	36.18	25.31
				FY2021-22 <sup>R</sup>
				FY2019-20
9. a) Tax Revenue (NBR) (Tk. in crore)	July, 2021	FY2020-21	July, 2022 <sup>P</sup>	FY2021-22 <sup>P</sup>
b) Annual Percentage Change	15344.25	259881.80	17760.68	301633.84
	4.00	18.99	15.75	16.07
10. Investment in National Savings Certificates (Tk. in crore)	July, 2021	FY2020-21	July, 2022 <sup>R</sup>	FY2021-22 <sup>R</sup>
a) Net sale	2104.00	41959.54	393.11	19915.75
b) Total Outstanding	346197.90	344093.90	364403.24	364010.13
				Percentage change
				Jul'22 over Jul'21
				Jul'22 over Jun'22
				Jul'21 over Jun'21
11. a) Reserve Money (RM) (Tk. in crore)	July, 2021	June, 2022 <sup>P</sup>	July, 2022 <sup>P</sup>	July, 2022 <sup>P</sup>
b) Broad Money (M2) (Tk. in crore)	349551.20	347162.10	344931.00	344931.00
	1578045.90	1708122.40	1707930.20	1707930.20
				Percentage change
				Jul'22 over Jun'22
				Jul'21 over Jun'21
				FY2021-22
				-0.26
				1.10
				9.43

	Percentage change											
	July, FY2021-22				July, FY2022-23 <sup>P</sup>				July, FY2022-23			
	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement
<b>12. Total Domestic Credit (Tk. in crore)</b>	1446282.60	1671748.90	1672464.20	15.64	0.04	0.44	16.10					
a) Net Credit to the Govt. Sector	229134.90	283314.60	281761.80	22.97	-0.55	3.67	28.18					
b) Credit to the Other Public Sector	30137.10	37198.70	38136.10	26.54	2.52	0.40	23.92					
c) Credit to the Private Sector	1187010.60	1351235.60	1352566.30	13.95	0.10	-0.16	13.66					
<b>13. L/C Opening and Settlement (million US\$)</b>												
a) Consumer Goods	450.92	501.28	558.35	652.61	23.82	30.19	27.50					
b) Capital Machinery	499.24	341.37	221.16	623.62	-55.70	82.68	40.78					
c) Intermediate Goods	366.93	417.16	450.76	476.30	22.85	14.18	35.23					
d) Petroleum	505.83	427.96	975.75	1289.19	92.90	201.24	116.18					
e) Industrial Raw Materials	2101.66	1688.95	1893.91	2563.02	-9.88	51.75	47.03					
f) Others	1220.77	1323.85	1591.09	2059.92	30.33	55.60	39.46					
<b>Total</b>	<b>5145.35</b>	<b>4700.57</b>	<b>5691.02</b>	<b>7664.66</b>	<b>10.61</b>	<b>63.06</b>	<b>46.15</b>					
<b>14. Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)</b>	December, 2018	June, 2019	December, 2020	June, 2021	September, 2021	December, 2021	March, 2022	June, 2022	July, 2022			
a) Twelve Month Average Basis	5.55	5.48	5.69	5.56	5.50	5.55	5.75	6.15	6.33			
b) Point to Point Basis	5.35	5.52	5.29	5.64	5.59	6.05	6.22	7.56	7.48			
<b>15. Corresponding Period</b>	December, 2017	June, 2018	December, 2019	June, 2020	September, 2020	December, 2020	March, 2021	June, 2021	July, 2021			
a) Twelve Month Average Basis	5.70	5.78	5.59	5.65	5.59	5.69	5.63	5.56	5.54			
b) Point to Point Basis	5.83	5.54	5.75	6.02	5.97	5.29	5.47	5.64	5.36			
<b>16. Classified Loan</b>	December, 2018	June, 2019	December, 2019	June, 2020	December, 2020	June, 2021	December, 2021	March, 2022	June, 2022			
a) Percentage Share of Classified Loan to Total Outstanding	10.30	11.69	9.32	9.16	7.66	8.18	7.93	8.53	8.96			
b) Percentage Share of Net Classified Loan to Total Outstanding	2.18	2.53	1.02	0.15	-1.18	-0.47	-0.43	-0.07	0.49			
<b>17. Agricultural and Non-farm Rural Credit (Tk. in crore)</b>	June 21	July 21	FY2020-21	June, 22 <sup>P</sup>	July, 22 <sup>P</sup>	FY2021-22 <sup>P</sup>	FY 2019-20	FY 2018-19	FY 2017-18			
a) Disbursement **	3540.96	942.11	25511.35	2867.48	1664.77	28834.21	22749.03	23616.25	21393.55			
b) Recovery	3686.82	1687.71	27123.90	3402.15	2045.80	27463.41	21245.24	23734.32	21503.12			
c) Outstanding	45939.80	45195.81	45939.80	49802.28	50757.43	49802.28	45592.86	42974.29	40601.11			
<b>18. SME Loan (Tk. in crore)</b>	Oct-Dec, 20-21	Jan-Mar, 20-21	Apr-Jun, 20-21	Jul-Sep, 21-22	Oct-Dec, 21-22 <sup>P</sup>	Jan-Mar, 21-22 <sup>P</sup>	Apr-Jun, 21-22 <sup>P</sup>	2021	2020			
a) Disbursement	48980.98	44445.67	41788.73	42075.49	57118.60	51716.69	56484.26	185428.48	153496.15			
b) Recovery	237653.44	240169.54	243074.82	245325.67	252082.09	259704.21	271448.58	252082.09	237653.44			
c) Outstanding	16499.23	17379.01	19430.74	14834.23	18772.59	17340.49	21413.63	68765.25	74257.02			
<b>19. Industrial Term Loan (Tk. in crore)</b>	Oct-Dec, 20-21	Jan-Mar, 20-21	Apr-Jun, 20-21	Jul-Sep, 21-22	Oct-Dec, 21-22 <sup>P</sup>	Jan-Mar, 21-22 <sup>P</sup>	Apr-Jun, 21-22 <sup>P</sup>	FY 2020-21	FY 2019-20			
a) Disbursement	15538.37	16893.10	14734.86	12979.47	18477.42	16572.97	16832.73	58488.71	69723.89			
b) Recovery	275311.09	299048.73	315294.16	303329.12	308918.45	310572.40	320410.22	1163938.15	277351.09			
c) Outstanding	6.06	6.55	7.11	6.59	7.32	7.88	3.45	6.94	7.25			
<b>GDP Growth Rate (in percent, Base: 2005-06=100)</b>	FY2013-14	FY2014-15	FY2015-16	FY2016-17 <sup>N</sup>	FY2017-18 <sup>N</sup>	FY2018-19 <sup>N</sup>	FY2019-20 <sup>N</sup>	FY2020-21 <sup>NR</sup>	FY2021-22 <sup>P</sup>			

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

In million US \$ (Provisional)

Sl. No.	Name Of The Commodity	First week		Second week		Third week		Fourth week		Fifth week		Total	
		Opened	Settled	Opened	Settled	Opened	Settled	Opened	Settled	Opened	Settled	Opened	Settled
1.	Rice	6.54	2.75	6.74	6.05	16.40	4.26	8.36	3.21	4.98	0.51	43.03	16.78
	i) Private Sector	6.52	2.75	6.74	6.05	16.37	4.26	8.36	3.21	4.98	0.51	42.97	16.78
	ii) Public Sector	0.02	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.06	0.00
2.	Wheat	35.70	11.42	0.91	12.04	0.68	6.45	18.73	10.57	119.26	3.62	175.29	44.10
	i) Private Sector	13.28	11.42	0.91	12.04	0.68	6.45	18.73	10.57	119.26	3.62	152.87	44.10
	ii) Public Sector	22.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.42	0.00
3.	Sugar	3.36	10.09	0.07	10.78	0.02	5.27	2.53	24.36	0.04	10.33	6.02	60.83
	a. Raw	0.00	5.09	0.04	5.78	0.02	5.27	2.53	14.36	0.00	10.28	2.59	40.78
	i) Private Sector	0.00	5.09	0.04	5.73	0.02	5.27	0.00	14.36	0.00	10.28	0.06	40.73
	ii) Public Sector	0.00	0.00	0.00	0.06	0.00	0.00	2.53	0.00	0.00	0.00	2.53	0.06
	b. Refined	3.36	5.00	0.03	5.00	0.00	0.00	0.00	10.00	0.04	0.06	3.43	20.04
	i) Private Sector	0.00	5.00	0.00	5.00	0.00	0.00	0.00	9.98	0.04	0.06	0.04	20.03
	ii) Public Sector	3.36	0.00	0.03	0.00	0.00	0.00	0.00	0.02	0.00	0.00	3.39	0.02
4.	Milk Food	10.02	10.82	3.15	6.34	1.93	1.75	4.01	8.15	0.09	0.53	19.21	27.60
5.	Edible Oil (Refined)	47.55	36.81	49.28	51.78	91.38	46.41	57.07	17.37	0.00	4.03	245.29	156.40
	a) Soyabean	2.93	18.50	14.18	0.00	4.81	2.49	0.00	8.66	0.00	0.00	21.92	29.65
	b) Palm Oil	4.77	13.76	0.01	28.85	19.57	16.25	57.07	4.86	0.00	4.03	81.42	67.75
	c) Others	39.85	4.55	35.09	22.93	67.00	27.67	0.00	3.85	0.00	0.00	141.95	59.00
6.	Edible Oil (Crude)	39.50	40.14	9.36	15.78	44.59	54.37	51.72	23.16	0.01	17.45	145.17	150.91
	a) Soyabean	10.23	13.30	6.52	10.69	17.56	45.18	21.30	22.74	0.00	11.50	55.60	103.41
	b) Palm Oil	0.00	0.00	0.00	5.10	0.00	9.17	30.40	0.37	0.00	0.00	30.40	14.63
	c) Others	29.27	26.84	2.84	0.00	27.04	0.02	0.02	0.05	0.01	5.95	59.17	32.86
7.	Dry Fruits	0.60	0.32	0.32	0.52	0.41	0.14	0.57	0.24	0.07	0.03	1.97	1.25
	a) Dates	0.09	0.06	0.11	0.29	0.22	0.03	0.40	0.06	0.04	0.01	0.86	0.45
	b) Others	0.50	0.26	0.21	0.24	0.19	0.10	0.17	0.18	0.03	0.03	1.10	0.80
8.	Pulses	0.57	0.82	1.27	0.71	1.06	15.39	8.53	7.58	2.06	2.56	13.49	27.05
	a) Masur Dal	0.44	0.70	1.14	0.71	1.01	15.06	8.43	7.14	2.02	0.58	13.03	24.19
	b) Chola Dal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	c) Others	0.12	0.12	0.13	0.00	0.06	0.32	0.10	0.43	0.04	1.98	0.46	2.86
9.	Onion	3.46	3.32	3.30	3.86	2.78	2.19	3.44	3.55	0.87	0.65	13.85	13.58
10.	Ginger	0.16	0.44	0.64	0.51	0.26	0.21	0.18	0.50	0.03	0.07	1.27	1.73
11.	Drugs & Medicines	2.48	1.72	1.03	2.37	0.20	1.62	1.22	0.81	2.07	0.12	7.01	6.63
12.	Poultry Feeds	7.98	17.10	2.67	22.62	4.17	3.44	3.06	17.58	2.51	3.41	20.38	64.15
13.	Coal	14.98	2.96	13.32	0.59	8.39	0.16	0.45	0.28	0.11	0.21	37.25	4.19
14.	Cement	2.73	4.39	4.33	0.53	1.07	4.29	2.40	4.86	0.00	1.31	10.53	15.38
15.	Clinker	15.81	8.51	24.36	12.69	20.46	4.70	20.95	19.74	2.33	6.72	83.90	52.36
16.	B.P Sheet	2.64	1.11	3.42	1.41	0.29	0.81	0.92	0.57	0.70	0.35	7.98	4.25
17.	Scrap Vessels	12.06	8.88	22.93	2.72	0.00	3.31	1.66	6.09	0.00	11.82	36.66	32.82
18.	Paper	2.11	2.68	1.16	2.31	0.86	2.96	0.83	3.71	0.29	0.93	5.24	12.60
	i) Newsprint	0.01	0.24	0.00	0.09	0.54	0.15	0.00	0.06	0.00	0.00	0.55	0.55
	ii) Others	2.10	2.44	1.16	2.22	0.32	2.81	0.83	3.65	0.29	0.93	4.69	12.05
19.	Zinc Ingot	0.61	0.79	1.91	4.89	0.00	2.11	5.75	0.95	1.85	0.08	10.13	8.83
20.	Raw Cotton	38.87	70.33	42.74	65.53	27.12	63.07	33.07	74.82	6.44	22.88	148.24	296.63
21.	Synthetic/Mixed Yarn	21.65	24.52	13.22	26.10	17.13	20.06	12.57	22.86	3.38	6.47	67.95	100.00
22.	Cotton Yarn	27.29	50.04	29.08	53.21	22.55	42.60	27.32	52.75	7.26	12.68	113.49	211.29
23.	Textile Fabrics	25.43	18.18	23.03	19.82	15.03	16.66	16.59	23.26	1.53	4.19	81.62	82.12
24.	Textile Accessories	18.41	21.01	17.34	16.99	10.97	15.95	22.04	22.73	5.72	8.80	74.47	85.48
25.	Back-to-Back LCs	171.73	155.03	131.06	160.80	80.92	117.43	125.50	185.55	18.89	48.03	528.10	666.85
	a. Fabrics	124.44	108.31	89.84	110.88	55.79	81.34	92.85	132.42	11.86	35.42	374.78	468.38
	b. Accessories	42.05	42.33	38.36	42.70	22.42	33.74	31.09	49.26	6.71	11.38	140.64	179.41
	c. Others	5.23	4.39	2.86	7.22	2.71	2.35	1.56	3.87	0.32	1.23	12.68	19.06
26.	Pharmaceutical Raw Materials	19.59	17.20	12.10	12.53	11.21	13.11	14.78	18.77	1.99	3.77	59.67	65.37
27.	Chemicals & Chemical Products	65.36	22.53	78.18	109.53	34.82	54.94	19.88	198.75	3.89	18.13	202.12	403.88
	a. Chemical Fertilizer	39.74	6.19	20.47	88.18	23.53	40.30	3.22	179.42	0.48	3.46	87.43	317.55
	i) Urea	33.85	0.21	0.63	0.05	1.40	0.93	0.38	0.13	0.00	0.00	36.26	1.33
	ii) TSP	0.27	0.03	14.14	30.46	0.00	0.00	0.00	28.97	0.00	0.00	14.41	59.46
	iii) MOP	0.00	0.00	0.00	0.04	20.70	29.02	0.04	57.71	0.00	0.11	20.74	86.87
	iv) DAP	2.78	0.62	3.18	50.82	0.09	0.25	0.08	88.78	0.00	0.00	6.13	140.47
	v) Others	2.84	5.33	2.52	6.82	1.34	10.09	2.72	3.84	0.48	3.36	9.89	29.43
	b. Other Chemicals & Chemical Product	25.62	16.34	57.71	21.35	11.28	14.65	16.66	19.33	3.41	14.66	114.69	86.33
28.	P.O.L.	53.95	62.39	48.86	216.24	48.89	49.31	46.46	104.75	44.78	0.00	242.95	432.69
	i) Crude	2.50	0.09	0.04	0.00	0.01	0.12	0.06	0.20	0.00	0.00	2.62	0.41
	ii) Refined	51.45	62.30	48.81	216.24	48.88	49.19	46.40	104.55	44.78	0.00	240.33	432.28
29.	Capital Machinery	39.67	60.15	30.44	72.01	18.97	58.71	54.02	62.79	6.14	21.98	149.24	275.64
30.	Machinery For Misc Industries	40.80	38.27	36.40	26.25	33.05	46.50	40.34	48.12	10.81	12.19	161.40	171.34
31.	Motor Vehicle	9.83	15.82	4.24	16.59	1.19	7.30	7.55	9.67	1.18	4.16	23.99	53.54
32.	Computer, Its Accessories & Spares	4.49	4.33	1.11	5.08	3.04	5.07	3.14	2.92	0.06	0.90	11.85	18.29
33.	Medical, Surgical & Dental Equipments	1.62	2.12	2.18	2.20	1.07	2.10	2.28	3.90	0.77	0.57	7.92	10.90
34.	Others	391.39	369.18	331.13	427.49	255.00	403.68	326.46	452.04	76.18	150.14	1380.15	1802.54
	<b>Grand Total</b>	<b>1138.93</b>	<b>1096.19</b>	<b>951.28</b>	<b>1388.85</b>	<b>775.92</b>	<b>1076.34</b>	<b>944.39</b>	<b>1436.97</b>	<b>326.30</b>	<b>379.63</b>	<b>4136.82</b>	<b>5377.98</b>

Data downloaded: on 31.08.22



# NBFI Loan Disbursement Shoots Up 46pc

## *Business Outlook Report*

**L**oan disbursement by non-bank financial institutions (NBFIs) surged 46 per cent year-on-year in the April-June quarter thanks to a recovery in demand after the reopening of the economy in the second half of last year. Financial institutions disbursed Tk 6,839 crore in the July-April period of 2022, up from Tk 4,680 crore in the same period a year ago, according to Bangladesh Bank data released on September 18.

Agriculture and fishing saw the highest year-on-year growth in disbursement followed by transport, trade, commerce and construction. The industrial sector, which accounted for 37 per cent of the total loans disbursed during the quarter, registered 21 per cent growth in the three months ending in June 2022 from a year ago. Top officials of two

leading NBFIs said the growth in disbursement was high as the sector is recovering from a decline in demand due to the resurgence of Covid-19 in the April-June period last year. "The transport sector was one of the worst hit and disbursements for this sector were low last year," said Mominul Islam, managing director and CEO of IPDC Finance Ltd. Agriculture and fishing saw the highest year-on-year growth in disbursement followed by transport, trade, commerce and construction

He said disbursements began to recover since the October-December period last year and maintained an upward trend the following quarter. "Liquidity availability was good in the market last year. Refinance schemes from Bangladesh Bank have also played significant roles," Islam added. However,

overall disbursement of loans declined marginally in the April-June period from the previous January-March quarter amid uncertainty on the fallout of the Russia-Ukraine war on the local economy. "We have felt that hit in the last quarter," said Islam, adding that growth may be slow this quarter too.

During the April-June quarter, NBFIs also saw a decline in overall deposits excluding inter-NBFIs both on a year-on-year and quarter-to-quarter basis. Deposits at NBFIs totalled Tk 42,086 crore in the three months leading to June 2022, down 0.44 per cent from Tk 42,272 crore the previous quarter. Deposits at the financial institutions stood at Tk 42,603 crore in the April-June period last year, Bangladesh Bank data showed. Mesbah Uddin Ahmed, general manager of

IDLC Finance Ltd, said the cap on interest rates on lending and deposits imposed since April 2020 has affected deposit growth in the financial sector.

But there is no cap on interest rates on bank deposits, he said. He then said the third wave of coronavirus infections in the April-June period

seriously affected loan disbursements. Usually, the NBFIs as a whole disburse around Tk 8,000 crore each quarter.

"Construction activities were almost shut at the time and demand fell drastically for the recurrent lockdowns to slow the pandemic," he said. "Because of the dip in

disbursement last year, we are seeing very high growth this year."

Bangladesh has 34 NBFIs operating through 281 branches mostly in urban areas. As of June 2022, their total deposits stood at Tk 42,086 crore while advances were Tk 69,080 crore, as per central bank data. ■

## Six Firms To Invest \$457m In Pharma, Hospitality



Six Bangladeshi companies have showed their interest to invest \$457 million at Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram and Sabrang Tourism Park in Cox's Bazar. They have prepared six investment proposals -- one for the pharmaceuticals sector and the rest five for the hospitality sector.

The economic zones' authority will provide 17 acres land to the entrepreneurs, which are: Healthcare Pharmaceuticals Ltd (HPL), Ifad Motors Ltd, DIRD Composite Textiles Ltd, DIPTA Garments Ltd, DIRD Garments Ltd,

and East West Travels & Tours (Pvt) Ltd. The investment of the six will create around 8,219 direct jobs, according to the officials of the Bangladesh Economic Zones Authority (Beza).

HPL earlier had been running its operation on a 30-acre land inside Bangabandhu Shilpa Nagar. Now, Beza has decided to allocate additional 10 acres to HPL to fulfil its demand to expand operation.

Healthcare Pharmaceuticals will invest \$400 million to establish three factories to produce active

pharmaceutical ingredients and formulated pharmaceuticals products.

The investment proposals came for Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram and Sabrang Tourism Park in Cox's Bazar. HPL would establish the facilities to meet the local demand for import substitute and export finished products, said Muhammad Halimuzzaman, deputy managing director and chief executive officer of HPL.

Another investor, Ifad Motors Ltd, has submitted proposal to invest over \$16 million to construct

and operate a 10-storied 3-star hotel with a 370-room hotel in Sabrang Tourism Park.

Ifad will also utilise the fund for serviced land for construction of 3-star hotel, leisure spot and recreation, convention centre and transport.

Ifad, DIRD Garments Ltd and East West Travels & Tours (Pvt) Ltd will get one-acre land each while DIRD Composite Textiles Ltd and DIPTA Garments Ltd will be provided with two acres of land each.

DIRD Composite Textiles will invest over \$17 million, DIPTA Garments

Ltd over \$14 million, DIRD Garments

Ltd over \$6.5 million and East West Travels over \$2.5 million.

The businesses are scheduled to sign land lease agreements with Beza at the former's office in Dhaka's Agargaon area on September 20. ■



# Northern Paddy Farmers At A Loss Over Rising Labour Cost



## Business Outlook Report

**P**eople who subsist on paddy farming in the country's northern districts, namely Bogura, Joypurhat, Gaibandha and Dinajpur, are currently in a vulnerable situation due to their prolonged struggle to make a profit from the crop amid rising labour costs.

"Five years ago, the labour cost was only Tk 1,000 to Tk 1,500 for transplanting saplings on each acre but now, we have to spend Tk 3,500 for the same purpose," said Rubel Hossain, a farmer of Naogaon village under Gobindaganj upazila of Gaibandha. Labour costs have been leaping up due to a shortage of manpower stemming from the availability of other employment options, such as rickshaw pulling and garment factories. The cost gets particularly high during peak harvesting seasons, when labours are

paid as much as Tk 600-700 per day compared to Tk 500 during normal times. As a result of the higher labour cost, large-scale farms are steadily becoming more mechanised but not all can afford such technology even at the government subsidised rates. Hossain went on to say that farmers spent just Tk 3,000 to Tk 4,000 to harvest one acre of paddy five years ago but the cost has risen to between Tk 10,000 and Tk 12,000 at present.

"The higher labour cost is the biggest challenge currently faced by paddy farmers," he said. Similarly, growers in Maltia village under Kalai upazila of Joypurhat said that aside from the increased cost of transplanting and harvesting, weeding charges have gone up from Tk 300 to Tk 1,500 per acre. Echoing Hossain, local farmer Rashedul Islam said rising labour costs have become

a major threat for people like him. Amirul Islam, a farmer of Palsha village under Dinajpur's Ghoraghat upazila, who cultivated around 20 bighas of aman paddy this year, said all input costs related to growing paddy have increased but the biggest problem is the sharp hike in labour costs. Farmer Shahidul Islam of Vatra village under Bogura's Nandiagram upazila said even though labour costs have risen, a labour crisis occurs during the peak season in most years.

For example, many farmers were not able to hire labourers during this year's boro season, when quickly harvesting the crop was of paramount importance in the face of incessant rain. As a result, around 300 acres of boro paddy were ruined as entire fields became submerged, Islam added. "We are going to incur losses as production costs have risen

but the market price for rice did not see equal growth," said Saidul Islam, a farmer of Paroil village in Gobindaganj upazila. Asked how the government is trying to ease the sufferings of farmers, Dulal, Hossain, deputy director of the Department of Agricultural Extension (DAE) in Bogura, said they are selling agro-machinery at 50 per cent subsidised rates in a bid to lower production costs.

As such, more than 100 combine harvesters have already been distributed across 12 upazilas of the district in the past two fiscal years, he added. Harun-Or-Rashid, a farmer of Tolashan village in Nandigram upazila of Bogura, said he spent Tk 14.5 lakh on a combine harvester, which has significantly decreased his production cost. He then explained that it costs at least Tk 11,000 to harvest each acre of paddy using labourers but with a combine harvester, the cost is around Tk 2,000 to Tk 2,500 per acre. Other than buying a combine harvester themselves, farmers also have the option of renting one out.

"Labourers usually charge around Tk 5,000 for harvesting one bigha [33 decimals] of paddy but we charge only Tk 1,600 per bigha," said SM Musha, the owner of a combine harvester in Bogura sadar upazila. In Gaibandha, some 69 combine harvesters and four power threshers have been distributed across seven upazilas. A combine harvester can reap one acre of paddy in about one hour, according to Belal Uddin, deputy director of the Gaibandha DAE. "So, farmers who can afford this machine are benefiting highly as their production cost is dropping manifold," he said. But even though there are more combine harvesters up for sale, most farmers are unable to buy them considering the high price despite the government's 50 per cent subsidy.

Uddin then said that it would cost farmers just Tk 1,500 per acre if they use transplanting machines whereas the labour charge is around Tk 4,000 to Tk 5,000 per acre. ■



## Customs Locks 3,270 BINs For Irregularities

Customs Bond Commissionerate (Dhaka) of the National Board of Revenue has so far locked a total of 3,270 business identification numbers of bonded warehouse licence holders for non-compliance with conditions of the license and other irregularities. With the locked BINs, there are 7,127 BIN holders in the country. Of the 3,270 locked BINs, the authorities have cancelled 796 bond licences for various non-compliance issues. With the locking of the BINs, the bond licences and benefits are suspended until the BINs are unlocked.

According to the CBC data, the commissionerate has locked around 200 BINs from July 2021 to September 15. However, the authorities also issued a total of 31 licences from June to August. NBR officials said that they normally locked bond licences due to manipulation of annual export and import data, misuse of bond facilities and other

non-compliance issues. The commissionerate by this time has unlocked BINs of around 500 licence holders following compliance by the owners of the firms, according to the data. The officials said, 'We also found that a number of traders enjoying the duty-free import with their inactive BIN illegally as the customs' Asycuda World system was not fully updated with the newly locked BINs.'

They said, 'We often issues order to lock or suspend BIN due to irregularities of exporters and violations of conditions of the bond licenses and the AW system implements the order by locking BINs.'

On other hand, a number of businesses maintain both manual and digital active BINs at a time and that is why the information related to BINs are not updated in the bond database and the AW system faced difficulties to comply with the CBC instructions, they added. ■



# Steel Industry Suffering From 50pc Slump In Sales

## Business Outlook Report

**T**he steel industry in Bangladesh is currently witnessing a steep drop in sales as the depreciation of taka against US dollar has hiked production costs at a time when consumers are unwilling to pay higher prices for the key construction material.

Industry insiders say sales have fallen by an average of 50 per cent to 2.5 lakh tonnes per month even though the annual demand for steel products is about 60 lakh tonnes in normal times. The recent decline comes as a double whammy for the industry considering how sales had

already slumped to about 3.6 million tonnes in 2020 due to the effects of Covid-19. And although there is no credible data in this regard, manufacturers believe the market size was Tk 58,000 crore in 2021 while it was Tk 55,000 crore in 2019. However, they could not provide any estimate on how much revenue will come from the industry this year.

According to data of the state-run Trading Corporation of Bangladesh (TCB), MS rod was selling for Tk 91,000 per tonne in Dhaka yesterday while it was priced at Tk 91,500 to Tk 92,000 per

tonne in different districts. In addition, the data shows that the price has increased by more than 17 per cent over the past year. Md Shahidullah, secretary general of the Bangladesh Steel Manufacturers Association (BSMA), said the production cost of 60-grade MS rod ranges from Tk 95,000 to Tk 107,000 depending on the price of raw materials used and location of producing factories.

"We reduced production to bring down losses in the face of increasing costs. We are just trying to keep the factory alive while having to pay bank

instalments and workers' wages," added Shahidullah, also managing director of Metrocem Steel. He went on to say that steel manufacturers opened letters of credit at rates of Tk 84 to Tk 86 per US dollar six months ago but are now having to settle import bills by buying each greenback at Tk 108. With this backdrop, the cost of raw materials has increased by 30 per cent, which is quite abnormal, he said. "This is not a problem only for the steel sector, but also all sectors that depend on imported raw materials," Shahidullah added.

The BSMA secretary

general then said most factories are having to operate at half capacity due to the dip in demand. "Demand from the public sector is relatively unchanged but we are seeing a huge drop in demand from the private sector as people have halted their construction work while many realtors are taking a go-slow approach," he said.

The demand has fallen as people are less willing to take on the added burden of higher steel costs amid ongoing inflation, pressure on the country's foreign exchange reserves

and other economic concerns. "So, the government should immediately take initiatives to reduce duty and value added tax to keep prices at a reasonable level," Shahidullah added. Tapan Sengupta, deputy managing director of Bangladesh Steel Re-Rolling Mills, which is the largest steelmaker in Bangladesh, said millers are selling steel below their production cost in order to ensure various construction work can continue.

However, he said it is not possible to continue this

practice in the long run as the industry's working capital would be exhausted. The production cost for MS rod is around Tk 107,618 per tonne, excluding advance income tax and tax deducted at source. However, manufacturers are selling the product at Tk 91,000 per tonne. "There is no way to reduce the production cost at this moment due to the appreciation of dollar and hike in fuel prices in the local market," Sengupta added.

Shahriar Jahan Rahat, deputy managing director of Kabir Steel Re-Rolling

Mills, said although scrap price came down to an average of \$581 per tonne between July and August this year from to \$730 to \$750 per tonne in March 2022, the overall production cost has increased due to the sudden depreciation of the local currency.

As a result of the increased dollar price, the cost of raw material imports rose by around 27 per cent.

"There is a perception that steel makers make huge profits but that is practically wrong," Rahat added. ■

## Continue Reforms To Maintain Growth Trajectory



Bangladesh needs to continue to execute its reform priorities under its national plans to maintain its growth trajectory and enhance macroeconomic stability amid uncertainties and rising inflation, said World Bank (WB) Vice President for South Asia Martin Raiser on September 23.

He made the comment on concluding his maiden three-day visit to Dhaka when he met with Finance Minister AHM Mustafa Kamal, Salman F Rahman,

the prime minister's private industry and investment adviser, and Bangladesh Bank Governor Abdur Rouf Talukder.

Raiser also talked to senior government officials and representatives from the private sector, civil society and development partners, said the international financial institution in a press release. A German national, Raiser assumed his current role on July 1, 2022. He earlier served as country director for China, Mongolia, Brazil

and Turkey and director of Korea. He said the WB was committed to helping Bangladesh remain on a sustainable and inclusive growth path. In his meetings, Raiser discussed how the World Bank's support can be best aligned to help Bangladesh realise its vision of being an upper-middle-income country by 2031.

Raiser said Bangladesh was a development success story in South Asia, and the World Bank was proud of being a partner in the country's development journey for the past 50 years. "We remain committed to helping Bangladesh achieve its growth aspirations. This will require timely policy actions to build strong public institutions, improve competitiveness, ensure climate resilience, and strengthen external and fiscal buffers," he said.

Talking to the finance minister, Raiser commended the government for the rapid post-Covid recovery. They also discussed the global economic outlook and implications for economic policies. The WB Group is preparing a new country partnership framework for Bangladesh, which will guide its support to the country from 2023-2027, said the statement.

World Bank has committed over \$37 billion in International Development Association financing in the form of grants, interest-free loans, and concessional credits since Bangladesh's independence. ■

With nearly \$15.7 billion in financing for 55 ongoing projects, Bangladesh is the largest recipient of finances from the WB globally.

# Revenue Collection Jumps 21pc In Jul-Aug



## Business Outlook Report

**R**evue collection by the National Board of Revenue (NBR) witnessed robust growth of 21 per cent in the July-August period of the current fiscal year thanks to the devaluation of taka, high inflationary pressure and expansion of the economy. As such, the NBR has collected Tk 40,270 crore from income tax, value added tax (VAT) and customs duty in the first two months of fiscal 2022-23, according to official documents.

Revenue collection by the NBR had grown by some 14.49 per cent during the same period last year. In an extraordinary move, the government had offered holders of undisclosed income amnesty for bringing back their laundered money back to the country by paying 7 per cent tax. However, there was no response in

this regard over the past two months, NBR officials say. The increased growth in collection is a result of the government's budgetary measures for the ongoing fiscal year, according to an official of the finance ministry. Besides, the country's economic recovery from Covid-19 has also contributed to the growth, he added. Various economists termed the rise in tax collection as "good" but also "challenging" for the NBR to fulfil this year's revenue target.

Dr Ahsan H Mansur, an economist and executive director of the Policy Research Institute of Bangladesh, termed it as a mixed scenario. "There is no doubt that it is good news for our economy but whether such growth can be maintained is the real issue," he said. The economist credited the country's econom-

ic expansion following the coronavirus pandemic, increased inflation and devaluation of the local currency for the rise in revenue collection. However, he fears uncertainly over the country's economy due to high inflation and subsequently lower purchasing power of the general public may ultimately hamper future prospects in this regard. He then explained that revenue collection usually grows in times of inflation but only nominally. Meanwhile, import duties have increased due to the devaluation of taka.

According to Bangladesh Bank, the local currency's value has fallen by some 25 per cent in the past year. Asked whether the scope for amnesty provided to holders of undisclosed income could positively impact revenue collection, Mansur said it would not be very effective to this

end. Muhammad Abdul Majid, former chairman of the NBR, agreed that inflation is a major cause for the increase in tax collection.

"But we cannot understand the economy's progress just from two month's growth. Usually, the figure of July is adjusted with the previous month's transactions. So, the figures are not exactly correct," he said.

"The performance of August is good but if we consider the components of revenue collection, VAT submissions were higher due to inflation," Majid added.

As for other components, it cannot be gauged from higher income tax collection in the past two months whether this growth is positive or not as it will be complied in the

October–November period. "So, it should not be talked about before then," he said.

The revenue collection target for fiscal 2022–23 was set at Tk 3,70,000 crore, which is 12.12 per cent higher than what it was the previous year. In fiscal 2021–22, overall revenue collection was Tk 3,00,000 crore, according to NBR sources. ■

## Ctg Port Earns Record Tk 35.85b In FY 22



Moreover, Chittagong port has obtained the 64th place among 100 ports across the world - this position was 67 earlier, he said. As the Chittagong port is handling more containers recently, the position has moved up, added Mr Faruk. CPA Chairman Rear Admiral M Shahjahan said, "Chittagong port handled a record quantity of containers in 2021. The prime seaport of the country handled a total of 3,214,548 TEUS containers from January 01 to December 31 in 2021. The port is overcoming the crisis of Covid outbreak and has restored the speed of operational activities."

"Now, the waiting time for ships in Chittagong port is zero," said the CPA chief, adding, "A total of 4,209 ships came to the port in 2021, while 3,728 ships in 2020 and 3,807 ships in 2019."

Though the maritime trade suffered a blow due to Covid, Chittagong port could handle an increasing number of cargoes and containers, he added.

### Business Outlook Report

**C**hittagong port, the prime seaport of the country, earned a record Tk 35.85 billion in the last fiscal year of 2021–2022 (FY 22). After paying all the expenditure including charges, taxes and salaries of staff, the net income stood at Tk 10.75 billion.

In the immediate past FY 2020–2021, the income of the port was Tk 30.70 billion, according to sources. Sources said

Chittagong Port Authority (CPA) spent Tk 1,578 crore for development purposes, including equipment procurement, in FY 22.

The CPA also paid Tk 5.76 billion in taxes to the government while Tk 420 billion to the Chattogram City Corporation (CCC) as city tax. In addition, it paid Tk 1.80 billion in salaries to its employees. The port earned money as charge of equipment, loading and unloading,

storage charges, rent of tug boats, shipping charge, piloting charge, etc.

CPA Secretary Omar Faruk said, "Chittagong port earned more money in the last fiscal compared to previous fiscal years. The handling of containers and cargoes increased after the coronavirus outbreak during the period." "Besides, the CPA also decreased the costs of maintenance in the last fiscal. As a result, the port earned more money."

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