

Political Rhetorics Fly High Ahead of AL, BNP's Dec Rallies

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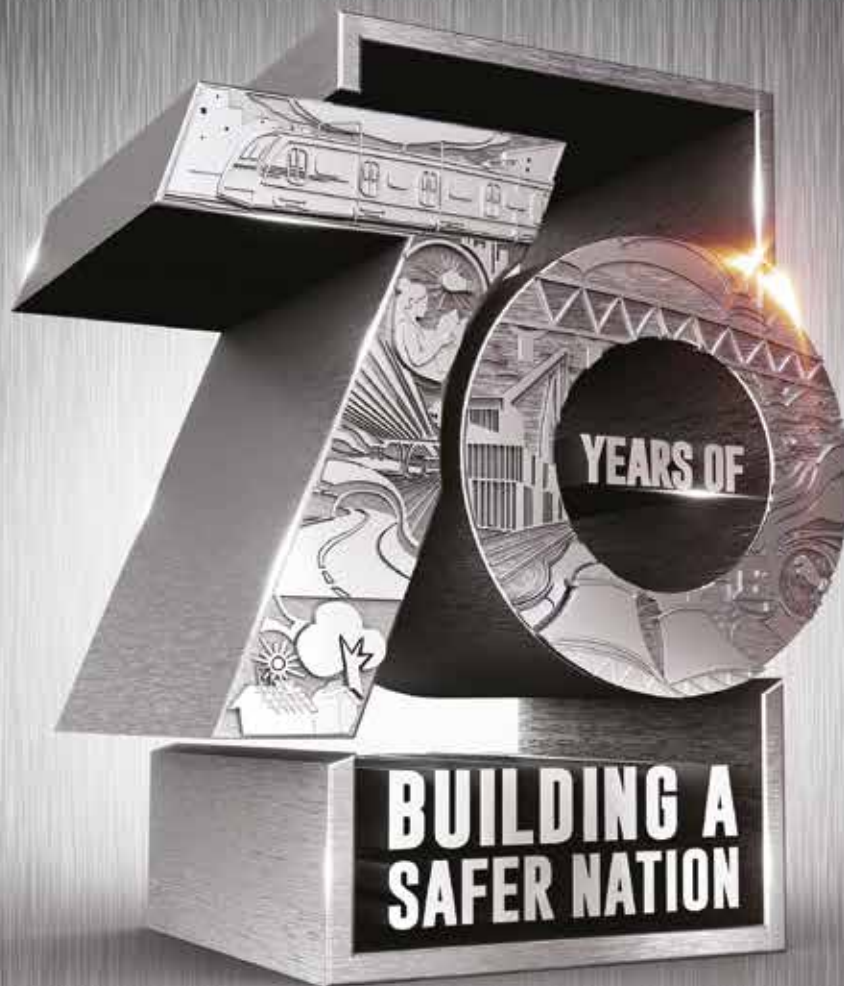
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### *Easing The 'Sweet Burden'*

What's going on with the price of sugar, an essential commodity, in the retail market? The per KG price has already crossed Tk 125 this week from Tk 80 a year ago. If we compare the current price with that of 2020, the price has nearly doubled in two years. Market reports blamed the price spiral on the government's wrong policies and a lack of strong monitoring. There are a number of public sector sugar mills which are old and loss-making. They can now supply less than 10 per cent of the annual demand of around 25 lakh tonnes of sugar as refiners rule the roost. According to modern marketing dynamics, at least 25 per cent supply capacity of a stakeholder enables it to dictate the market price of any product.

In 2012, the annual production capacity of the public sugar mills was about 2,15,000 tonnes. Mismanagement and corruption have largely been blamed for the downfall of the public sugar mills. The liberalisation of sugar import since 2002 and the establishment of private sugar refineries since 2004 hastened the decline of the public sugar mills. The government allowed private sugar refineries to operate in the country on condition that they would export half of their output and help the country keep the sugar price stable. But the raw sugar importers have never complied with the condition, putting the local industry under stress by selling cheap sugar. In 2005-06, the government reduced the regulatory duty on sugar import to 46 per cent from 103.38 per cent in 2003-04. In 2007, the regulatory duty was waived with the fixing of specific duty for each tonne of import — Tk 5,000 for refined sugar and Tk 2,250 for raw sugar. The import of raw sugar increased astronomically after 2006 when 1.44 lakh tonnes were imported. In 2010, the raw sugar import reached more than 12 lakh tonnes, enough to meet the total national demand with the imported cheap raw sugar alone.

Strong monitoring is essential to bring discipline to the local bulk and retail market of sugar. But only monitoring is not enough to regulate the market. Enhancing local production, either by privatising these losing concern public mills or by effective BMRE can tame the situation. Neighbouring India's sugar industry can be a good example for Bangladesh in sugar production which we can follow to keep the sugar market stable. So, effective and long-term planning is required to protect the interest of the consumers in the volatile sugar market. ■



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# Political Rhetorics Fly High Ahead of AL, BNP's December Rallies

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## Govt Should Restore Discipline In Banking Sector



The government should restore discipline in the banking sector as some banks made abnormal profits by selling US dollars cashing in on the exchange rate volatility, FBCCI President Md Jashim Uddin said. "Some banks even have made Tk 200 crore to Tk 300 crore within a short span of time as they sold dollars at an abnormal rate by taking advantage of the situation," he said. The chief of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) was speaking at a dialogue organised by the Economic Reporters Forum (ERF) at the latter's office in Dhaka on November 5. He also urged the authorities not to withdraw the 9 per cent

interest rate on loans now as the investment in the industrial sector will be expensive. "The trouble facing the industry and the economy may deepen if the electricity and gas crisis can't be overcome soon," Jashim Uddin said. ERF Vice-president M Shafiqul Alam and General Secretary S M Rashidul Islam were also present at the event. ■

## Govt Working To Stop Manipulators: Munshi



A section of unscrupulous traders has been trying to make the basic commodity market unstable by creating a syndicate after the international prices of essentials went up, Commerce Minister Tipu Munshi said. The commerce ministry and other government agencies are working to put an end to the market manipulation, Munshi said while replying to the queries of journalists at the Rangpur Lake View City Park area on November 6. The minister is hopeful that the country will avail of a loan from the International Monetary Fund, which will help the government build a safe stock of foreign currency. Garment exports from Bangladesh have experienced a downward trend as the country's apparel buyers are facing financial hardship amid the Russia-Ukraine war. Local garment makers believe exports will start rising again from January next year. ■

## China Exports Fall In October First Monthly Decline Since 2020



China's exports shrank in October, the first such decline since mid-2020, customs authorities said Monday, as domestic slowdown and the threat of global recession hit international trade. Exports fell 0.3 per cent year-on-year in October, according to the General Administration of Customs, a steep drop from September's 5.7 per cent increase and well below analysts' expectations, reports AFP. Year-on-year imports were down 0.7 per cent in October, negative for the first time since March this year and down from September's 0.3 per cent growth. The slowdown in trade comes as global demand for Chinese products weakens with energy prices soaring and the United States facing the threat of recession. Sporadic Covid-19 lockdowns have also hurt consumer enthusiasm and business confidence in the world's second-largest economy. ■

## RMG Owners Want Scope For Importing Yarn Through 3 Land Ports

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has urged the National Board of Revenue (NBR) for allowing import of raw materials including yarn by roads and railways through the Bhomra, Sona Masjid and Darshana land ports. The BGMEA has made the request recently to the NBR through a letter for providing such permission by the concerned customs houses. In the letter, the BGMEA mentioned that the lion share of Bangladesh's yarn import is made from India only through the Benapole land port. As a result, the RMG owners are facing difficulty since there is no scope for importing yarn through railways. Under the circumstances, the BGMEA leaders want scope for importing yarn and other raw materials by roads through Bhomra, Sona Masjid, Darshana land ports and also through railways. If their demands are met, the RMG owners believe that the sector would be able to maintain its competitive edge during this crisis time. ■



## WTO Urges Countries To Lift Green Trade Barriers

The World Trade Organization has urged countries to abolish trade barriers in environmental goods and services in order to help fight climate change. In its annual World Trade Report, the WTO says international commerce should not be pitted against combating the climate crisis. The report comes as global leaders gather in the Egyptian resort of Sharm el-Sheikh for COP27, the 2022 United Nations Climate Change Conference which opened Sunday and runs until November 18. The WTO

said it was misleading to think that trade was nothing but a source of greenhouse gas emissions, arguing that trade could also enable the spread of green innovations and technology. "Trade is a force for good for climate, and part of the solution for achieving a low-carbon, resilient and just transition," WTO director-general Ngozi Okonjo-Iweala said in the report's foreword. "The WTO estimates that reducing tariffs and non-tariff measures on energy-related environmental goods could increase total exports of these products by five percent by 2030 and, at the same time, lead to a net reduction in carbon emissions," the former Nigerian finance and foreign minister said. ■

## Sri Lanka starts its largest port project funded by India's Adani

Sri Lanka's largest port began construction of a \$700 million terminal project on November 9, partly funded by India's Adani Group, an official said, marking the first foray by an Indian company into the sector. India has this year provided the most financial support to its southern neighbour, which is facing its worst economic crisis in more than seven decades. India is now keen to see long-term projects by Indian companies take off in Sri Lanka, reports Reuters. "Dredging commenced in the morning," Upul Jayatissa, managing director of the state-run Sri Lanka Ports Authority (SLPA), said. "The first stage is expected to be done in the third quarter of 2024 and the full project will be completed by 2025-end." Ports-to-edible oils group Adani, controlled by Asia's richest person, Gautam Adani, holds a 51 per cent stake in the West Container Terminal (WCT) of the port, which also has a terminal run by China Merchants Port Holdings Co Ltd. India and China vie for influence in the island nation of 22 million, located near busy shipping routes. Sri Lankan conglomerate John Keells Holdings owns 34 per cent of the WCT and the rest is held by the SLPA. The Adani Group's plans to invest in Sri Lanka's ports ran into controversy last year after powerful port unions pushed for the East Container Terminal (ECT) to be built by the state. ■





*US Deputy Assistant Secretary for South and Central Asian Affairs Afreen Akhter holds a meeting with ruling Awami League, opposition BNP and Jatiya Party leaders to discuss political situation and election related issues during her Dhaka visit*

## Political Rhetorics Fly High Ahead of AL, BNP's December Rallies

**SMS Hasan**

**T**he two major political parties continue to show off their strength through big gatherings as the national election nears, challenging and daring each other to take a popularity test through the polls. But for now, everyone's attention — from the general public to political analysts and nervous businessmen — is focused on December, the month of victory.

Opposition Bangladesh Nationalist Party (BNP) has announced to organise a grand rally in Dhaka on December 10 but the ruling Bangla-

desh Awami League (AL), which has been in power since 2009 and seeks to retain office, has vowed to thwart them on the streets in December.

BNP launched a movement and announced to hold 10 rallies at the divisional headquarters and major districts as part of a strategy to pile pressure on the government to accept the demand for holding next general election under a neutral caretaker government. It already held a number of rallies in Chattogram, Mymensingh, Khulna, Barishal, and Faridpur. It was alleged that the ruling party-backed trans-

port owners and workers enforced strikes ahead of the grand rallies so that people cannot easily join them.

But defying all odds and restrictions, thousands of leaders and activists gathered in the rallies along with general people. On the other hand, the ruling AL also held party councils and meetings at district levels. But one of the grand gatherings was held by the Bangladesh Jubo League, the youth wing of the ruling party in Shuhrawardi Uddyan in the city to celebrate its golden jubilee. Prime Minister Sheikh Hasina personally participated in the

programme and delivered a rousing speech. From their respective rallies, both the BNP and AL attacked each other with strong words.

Through the rallies, they wanted to show off their public support. When such activities are getting intensified, the American Deputy Assistant

Secretary stressed the need for participatory, free and fair elections. The meeting was held at the residence of a US embassy official in the capital on November 8. At the meeting, AL International Affairs Secretary Shammi Ahmed said the caretaker government system was spoilt in the past. BNP Standing Committee

all participants, including political parties," the US embassy said referring to Akhter's visit to Bangladesh.

Masroor Mawla said Akhter first wanted to know from Shammi about the next Jatiya Sangsad polls. The AL leader said Prime Minister



*Prime Minister and Awami League President Sheikh Hasina addressing a youth grand rally as the chief guest marking the 50th founding anniversary of the Awami Jubo League, the youth wing of the ruling AL, at the historic Suhrawardi Udyan*

Secretary for South and Central Asian Affairs Afreen Akhter visited Bangladesh and held a series of meetings at different levels of the government also political parties as well as eminent citizens to understand the political scenario in Bangladesh and also conveyed messages from the United States.

### **Meet With US Official: AL, BNP Won't Budge On Polls-time Govt**

The AL spoke against caretaker government while the BNP said it won't join polls under the incumbent government at a meeting with US Deputy Assistant Secretary for South and Central Asian Affairs Afreen Akhter. Akhter all along

Member Amir Khashru Mahmud Chowdhury said his party would not join polls under Prime Minister Sheikh Hasina's government. Jatiya Party chairman's special envoy and adviser Masroor Mawla and US Ambassador to Bangladesh Peter Haas were also present. Masroor said the two major political parties should find a middle ground ending enmity. Akhter told reporters that the US wants to see the participation of all political parties in the next national election, slated for January 2024.

Earlier in the day, she had a meeting with Foreign Secretary Masud Bin Momen. "Free and fair elections must include a level playing field for

Sheikh Hasina was committed to holding free and credible elections. She also told the US official that the caretaker government system became highly controversial during the BNP's rule and therefore, parliament revoked the system in 2011.

Akhter then wanted to know Amir Khasru's thoughts. The BNP leader said the country made huge strides during the previous rule of his party, and that BNP founder late president Ziaur Rahman had taken the initiative to set up the readymade garment sector.

Migrant workers and the RMG sector were the main foreign currency earners for Bangladesh, but



\$7 billion were laundered each year from the country and that's why the economy is under serious strain now, Masroor quoted Amir Khasru as saying.

The BNP leader said his party would join the next parliamentary polls only under a caretaker or interim government and it was because "elections under an AL government can never be free and fair".

Masroor said he told Akhter that the incumbent Election Commission was not neutral. "For a fair election, the neutrality of the Election Commission is very important." He said they learned a lesson that "fair elections are not possible when polling agents are ousted from the polling booths and ballot boxes are stuffed at midnight".

US Ambassador Peter Haas said all political parties need to move forward positively for the betterment of the country.

"I said the enmity between the two major political parties should end. They need to sit and reach a compromise. Otherwise, whichever party would be in power in future would do the same thing and that cannot continue," Masroor said.

### ***Work To March Country Forward: PM Tells Jubo League Men***

Thousands of leaders and activists thronged Suhrawardi Udyan at a grand rally on November 11 marking the 50th founding anniversary of Jubo League. Prime minister and Awami League president Sheikh Hasina called upon the leaders and activists of Jubo League to take the country forward for prosperity, being imbued with patriotism and dutifulness towards the country and its people.

"I urge the youth that it is their duty to march the country ahead toward development and prosperity... the

people of the country are now getting hope afresh to live a beautiful and dignified life due to the massive development carried out by the Awami League government. To take the efforts forward further, the youths are the most important stakeholders and they can build the country," she said.

Referring to the remarks made by Father of the Nation Bangabandhu Sheikh Mujibur Rahman that he would build the war-ravaged coun-



*BNP Secretary General Mirza Fakhru Islam has said Awami League will not be allowed to play games any more in the name of election*

try using its soil and population, the prime minister said, "It can be done if there is patriotism and dutifulness toward the country and its people and we have proved it." Taking part in person in the first formal rally since the outbreak of the Covid-19 pandemic in 2020, she asked the Jubo League leaders and activists to work in unison to materialise the dream of Bangabandhu to build the country as a developed and prosperous one and thus give the people an improved and beautiful life being imbued with his (Bangabandhu's) ideal.

Sheikh Hasina said the world might be suffering from famine and food crisis as the entire world has been rattled by the economic meltdown stemming from the Russia-Ukraine war, sanctions and counter-sanc-

tions. The PM asked the Jubo League men to go to their native villages and take measures to bring all the lands, including abandoned ones, under cultivation so that Bangladesh never has to face any famine.

She reminded all again not to leave a single inch of land uncultivated to cut dependency on imports as the prices of goods have increased manifold across the globe due to the war. She said her government has opened

various organisations including banks, insurances, mobile phones, television channels and radios in the private sector aimed at generating employment jobs for the youths.

### ***No More Games In The Name Of Election: Fakhru at Faridpur Rally***

BNP secretary general Mirza Fakhru Islam has said Awami League will not be allowed to play games any more in the name of election. He said this while speaking at a huge rally on Komorpur Abdul Aziz Institution's premises, around 6km away from Faridpur district town. Faridpur district unit BNP organised the programme as part of the party's planned divisional rally. "You went to power by playing games in the name of elections last two times by deceiving people and

telling them lies. But this time we have turned around and people too. This time there will be no election unless caretaker government is installed in the country,” he said. Thousands of leaders and followers of the BNP and its associate bodies

C&B Ghat by law enforcers from joining the rally. However, BNP activists were seen coming to the rally venue in small processions chanting various anti-government slogans since early morning, braving all hurdles. The organisers said the

similar strike was also enforced ahead of BNP’s divisional rallies in Barishal, Rangpur and Khulna, but thousands of party leaders, activists and supporters participated in the rallies overcoming the obstacles. BNP will conclude the divisional rallies through a mass gathering in Dhaka city on December 10.



*The 50th founding anniversary of Awami Jubo League, an associate body of the ruling Awami League (AL), was observed today amid festivity and enthusiasm through various programmes across the country*

from five districts — Faridpur, Rajbari, Shariatpur, Madaripur and Gopalganj — participated in the rally in Faridpur, known as a stronghold of ruling Awami League, overcoming various obstacles and a 38-hour bus strike that began in the morning on November 12.

The rally venue was almost filled with BNP leaders and activists on November 11 night as they gathered there in advance from the adjacent districts fearing obstacles by the ruling party men and police and hassles caused by the bus strike.

Though bus communication remained halted between Faridpur and the rest of the country since November 11 morning, the BNP leaders and activists came to the district town from different areas by train, launches, boats, trucks and small vehicles like human haulers, auto rickshaws, three-wheelers, motorbikes, and micro-buses. BNP leaders alleged that their activists were obstructed at different entry points and police check posts and

rally was meant to denounce the price hike of daily essentials and fuels, the death of five party men in previous police action in Bhola, Narayanganj, Munshiganj and Jashore, and to ensure the freedom of BNP Chairperson Khaleda Zia. The BNP has long been demanding that the next general election be held

### ***BNP Vows To Take Movement To Final Stage***

After paying tributes to party founder Ziaur Rahman on November 7, BNP vowed to take the party's movement to the final stage for bringing back democracy, Fakhru said.

“We'll restore democracy, free our leader (Khaleda Zia) and bring our leader Tarique Rahman back to the country and free the people of Bangladesh from the misrule,” he told reporters after paying respect to Ziaur Rahman. He later vowed to establish a truly democratic state and democratic society, reports UNB. BNP leaders and activists marked the day as “National Revolution and Solidarity Day”. Fakhru further mentioned that the patriotic soldiers and mass people brought back the freedom of Bangladesh by freeing



*Swedish, Norwegian Envoys Talk Politics, Polls With Fakhru*

under a caretaker government, not under any political government--a demand sharply rejected by the ruling Awami League as the constitution does not allow it to happen. A

Ziaur Rahman from captivity on November 7, 1975, through a revolution. “That's why this day is significant for the people of Bangladesh. November 7 is not just a day, it

was a day to consolidate the independence and sovereignty achieved by the people of Bangladesh through the Liberation War in 1971," he added.

### **Swedish, Norwegian Envoys Talk Politics, Polls With Fakhrul**

The ambassadors of Sweden and Norway to Bangladesh had a 'closed-door' meeting with Fakhrul on November 8 and discussed various issues relating to the next national election. Swedish Ambassador Alexandra Berg Von Linde and Norwegian envoy Espen Rikter-Svendsen sat in the meeting with Fakhrul at the BNP chairperson's Gulshan office at 3:10pm and it continued until 4:30pm.

BNP Standing Committee Member Amir Khasru Mahmud Chowdhury was present at the meeting.

Talking to reporters after the meeting, Khasru said the two envoys mainly discussed the latest political situation, recent political incidents, and the country's electoral system.

He, however, declined to elaborate on what they talked about the next election and the political situation.

"I can't go into detail about what was discussed inside. I can only say all the matters related to the current political context of Bangladesh have been discussed."

Asked whether there was a discussion about the next election, Khasru said, "Of course, we talked about the election.

Because the election is now on everyone's mind. The election is very important to everyone in the country and outside the country. "

He said the international community wants an elected government and an elected parliament to be in place in Bangladesh through a fair

election. During the discussion, Khasru said the two ambassadors wanted to know what could be the future of Bangladesh's politics and the situation of the country's democracy and human rights rule of law, and public safety.

no mercy on common people, they need only peacock throne that's why they are instigating people."

He said Ziaur Rahman awarded the killer of Bangabandhu and enacted a law to stop all ways for the trial of



*Issuing a warning, Awami League General Secretary Obaidul Quader said a game will be played in December against the misrule of BNP*

### **Quader Promises To Finish BNP's Movement In Dec**

Issuing a warning, Awami League General Secretary Obaidul Quader on November 7 said a game will be played in December against the misrule of BNP, vote thieves and arsonists.

"BNP failed to raise 13 minutes' movement in 13 years and the BNP leaders failed to bring out a procession for their chairperson Khaleda Zia, now they are dreaming to topple the government. They are vowing that they will hold a victory march with Khaleda Zia on December 10. If we call, BNP would not find any path to escape," he said while addressing the triennial conference of Tangail district unit Awami League at Tangail Stadium.

Talking about the BNP's Barishal divisional anti-government rally, the minister said, "Dubai's money flies in the sky and they (BNP) are involved in instigating people against the government. They have

the killers, but now the game will be played against those involved in awarding the killers and enacting the law.

"I have learned that the BNP is agitating to regain their power. Actually, they are doing so to bring back the 'Hawa Bhaban'. The game will be played against the evil power of Tarique Rahman," he said.

Pointing at his BNP counterpart, Obaidul said, "During the tenure of BNP we could not stay at our homes but they are sitting in air-conditioned rooms. Please wait! The people of the country will explain to you what is movement and how many types of movement and what are they?"

Referring to the new committee, the Awami League leader said there will be no trade over Awami League committee and the leaders will be picked as per the wish of the workers. ■

# Private Power Plant Operators Cry For Unpaid Bill Worth \$2.5 Billion



*Business Outlook Report*

**T**he unpaid bills to the private power plant operators have now crossed \$2.5 billion as the government has failed to pay since May this year.

"Our payments have been cleared until May...For the last 5 months no payment has been received from the government", Imran Karim, president of the Bangladesh Independent Power Producers Association (Bippa), told UNB. The association is the apex body of the private power producers in the country.

The association president also claimed that despite a harsh reality, the private plant operators have been making their highest efforts to continue power generation and supplying electricity to the national

grid for the sake of the interest of the nation. "But some of the plant operators have now become unable to generate electricity from their plants as they could not import furnace oil due to the fund crisis", he noted.

Officials of the state-owned Bangladesh Power Development Board (BPDB) admitted about the non-payment of the bills against the electricity purchased from the private power plant operators. It's true, the private plant operators did not get any bill after May this year", said Sheikh Aktar Hossain, member (finance) of the BPDB.

He, however, said the government is trying to clear the payment. "BPDB will take measures as per the directive of the government", he told UNB. Sources said the government

on an average has to pay about Tk5,400 crore per month to the private sector against the purchase of electricity from the private plants. It was Tk 4000 crore before the increase in fuel and US dollar price.

Considering these statistics, the total unpaid bills will be around Tk 27,000 crore or \$2.575 billion (considering US dollar exchange rate at Tk 105), he added. The government purchases electricity from the private sector at the US dollar as per the agreement with them, he noted.

Beyond this liabilities with the private sector, the BPDB purchases electricity from some power plants under different state-owned companies like Ashuganj Power Station Company Limited, Bangladesh-China Power Company (Pvt)



Limited (BCPCL), Rural Power Company Limited (RPCL) and B-R Power Gen Ltd.

The BPDB has similar power purchase agreements (PPA) with the companies and it has to buy electricity of Tk 2,200 crore on an average per month from them. The BPDB has unpaid bills of 11,000 crore to these companies, said a BPDB official requesting anonymity.

Currently, the country's power generation capacity is over 25,500 MW and more than 50 percent of electricity is generated by the private sector through their independent power producer (IPP), rental and quick rental power plants. Import of electricity from India is also counted as private sector generation. The private sector operators mainly use furnace oil and diesel to generate

electricity while natural gas is used in some plants. Of these, 4,700 MW is generated by using furnace oil.

According to Sustainable and Renewable Energy Development Authority (Sreda), of the total 25585 MW of generation capacity comprising both public and private sector plants, currently 1768 MW (6.91 %) is coal-based, 11330 MW (44.28 %) gas-based, 6238 MW (24.38 %) furnace oil (HFO) based, 1341 MW (5.24 %) diesel-based (HSD), Imported 1160 MW (4.53 %), renewable 948.12 MW (3.71 %) and captive is 2800 MW (10.94 %).

Private sector power industry insiders said that recently the private plants operators had to suspend about 800 MW of their furnace oil-based electricity generation because of the fund shortage. "We

had to suspend our operation because of a lack of furnace oil. We can't import fuel as we are not getting bills from the government", said one operator preferring anonymity.

According to the sources, of the 800 MW now remaining suspended are EnergyPac's 230 MW, Hosaf's 113 MW, Ray Lanka's 200 MW, Desh Energy's 200 MW, and Ena Power's 50 MW.

BPDB has been in a cash crunch for the last several months which forced the organisation to move a proposal to the energy regulator to raise the electricity price at bulk level.

But the Bangladesh Energy Regulatory Commission (BERC) held a public hearing on the issue in May this year and finally rejected the BPDB's plea on October 13 through its decision.

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

Of this amount, Tk 37,963 crore will be required to purchase electricity from the independent power producer (IPP) and small IPP plants in the private sector which produce 38 per cent (8,807 MW) of the total generation.

Bippa officials said the delay in payment is not the only problem that the private power producers are facing.

"The shooting trend in dollar price, unavailability of the green bucks with banks and counting penalties for delayed payment to foreign lenders and equipment suppliers have been the major problems", said the Bippa president. ■



# Consumers Continue To Suffer From Price Hikes

## *Business Outlook Report*

**C**onsumers were still unable to get relief from rising prices in the capital's kitchen markets, forcing them to be extremely thrifty when purchasing essential commodities.

Volatility in the sugar market has not stopped yet, while prices of chicken and eggs also increased in the past week.

Adding to that, prices of both wheat flour (atta) and all-purpose flour (maida) had also started to rise again. Retail prices of unpackaged atta and

maida in the kitchen markets increased by Tk2-Tk5 per kg within a week.

Moreover, the price of packaged flour also increased by Tk20-Tk 30 per sack (12 two-kg packets) at wholesale level, although its impact has not yet been felt at the retail level.

According to the state-owned Trading Corporation of Bangladesh (TCB), the price of unpackaged atta increased to Tk60 per kg from Tk55 last week, while the price of packed atta jumped to Tk63 per kg from Tk58

last week. However, the prices of maida -- unpacked and packed -- were stable as of now at Tk68 per kg and Tk75 per kg respectively, TCB data claimed.

Meanwhile, Bangladesh Vegetable Oil Refiners and Banaspati Manufacturers Association (BVORBMA), the association of owners of edible oil refining and marketing companies, has submitted a proposal to raise soybean oil price by Tk15 per litre.

Oil refiners argued that traders will count losses due to higher production costs and price hikes in the

global market if soybean oil price is not adjusted. They urged the government to readjust the prices.

If approved, cooking oil prices may go up as Bangladesh Tariff Commission (BTC) is considering the proposal for hiking edible oil from existing Tk158 per litre for loose oil, a litre bottle at Tk178, and a 5-litre bottle at Tk880.

The price of domestic sugar produced by the state-owned Bangladesh Sugar and Food Industry Corporation (BSFIC) has increased by Tk14 per kg

to Tk99 from existing Tk85. However, the sugar prices were not falling because of controlled supply and priced at Tk110-Tk120 per kg in the retail market.

The price of local onions experienced a hike to Tk65 per kg from Tk55 last week, while the imported variety sold at Tk60 per kg on Saturday, which was also Tk55 last week.

### *Rice prices stable*

As of now, there was no major change in rice prices as it remained stable, although consumers said prices were still high and did not come

down to tolerable rates yet. The finer variant of rice is being sold at Tk75 per kg, pajam and lata variants at Tk58, and coarse variant at Tk55 per kg. Some spices like ginger, garlic, turmeric, cumin also experienced hikes by Tk10-Tk30 per unit.

Though the season of winter vegetables has almost arrived, there has been no change in prices, as most vegetables were still selling at high prices. Beans sold at Tk50-Tk60 per kg, lady's finger at Tk50, radish at Tk30-Tk40, cucumber at Tk60-Tk80, and green chili were sold at

Tk40-Tk60 per kg. Cauliflower at Tk120 a pair, tomato at Tk130 per kg, carrot at Tk120 per kg, and gourd was being sold at Tk60 per piece. Moreover, bitter gourd is sold at Tk40-Tk60 per kg, pointed gourd at Tk40-Tk50 per kg, and sponge gourd (luffa) sold at Tk40 per kg.

Rafikul Islam from Shah Ali market said that the continuous downpour thanks to Cyclone Sitrang damaged the crops, so there was a supply scarcity in the markets. "The supply of vegetables will increase once the season starts in full-swing and the price will also decrease. If

the supply does not increase, how will the price decrease?" he asked.

The cost of eggs and poultry is once again on the rise as a dozen eggs now cost Tk150 instead of Tk140 last week.

Moreover, the market prices for chickens also increased to Tk180-Tk195 per kg for broiler chicken, while Sonali chicken cost Tk330-Tk340 and local chickens from Tk550 to Tk650 a kilo.

The price of mutton went up to Tk1,000 per kg, while beef prices hovered around Tk700 per kg. ■

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## 6th Leadership Summit Held To Strengthen The Transformative Humane Leadership

### *Business Outlook Report*

**B**angladesh Brand Forum organized its flagship initiative, Leadership Summit, for the sixth time on November 5, 2022. Powered by United Group and in association with Team Group, The Daily Star and Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), the gala night was held at Hotel Le Méridien Dhaka on November 5.

According to a press release, this year the theme for the summit was "Transformative Humane Leadership During Extraordinary Times." The day-long summit gathered leaders and experts from various industries from home and abroad who shared their experiences and

knowledge through distinguished panel discussions and keynote sessions. Having the vision at the core, the speakers branched out, discussing the challenges and

complexities of leadership, sustainable business growth, corporate governance and organization culture with the aspiring audiences. Opening the summit, The Founder



and Managing Director of Bangladesh Brand Forum, Shariful Islam, said: “As a nation, we have performed extremely well to reach middle-income status while celebrating our 50 years of independence. We have also taken an ambitious target of becoming a devel-

opment nation by 2041. We at Bangladesh Brand Forum, driven by its vision – 'Inspiring the nation'-feel the urgency to focus on developing senior corporate leaders so that we can pursue and achieve the nation's goal.” The sixth Leadership Summit was comprised of four-panel discussions, four keynote sessions and one insight session.

The discussions began with the only insight session of the day. Conducted by Prof Dr Syed Ferhat Anwar, professor, Institute of Business Administration (IBA), University of Dhaka; President, Asia Marketing Federation, the session on 'Outlook of Bangladesh' showcased the role of leadership for a sustainable and growth-driven future of the country. Later, the panel discussions and keynote sessions were held at consecutive intervals with each other. The discussions created scope for the audiences to the subject matters.

Vivienne Read, director of Leadership Trainer Complexability Pty Ltd, Australia, conducted the first

keynote sessions were conducted by Tausif Ishtiaque, Partner, Boston

“*As a nation, we have performed extremely well to reach middle-income status while celebrating our 50 years of independence. We have also taken an ambitious target of becoming a developed nation by 2041*”

Consulting Group, Malaysia, on 'Creating Business Leaders of the Future;' R Gopalakrishnan, CEO,

The Mindworks; Former Director, Tata Sons Ltd.; Author, and Corporate Advisor, on 'the Soft Aspects Of Business Transformation' and Prof. Roger Levermore, Dean & Associate Professor, Asian Institute of Technology, Thailand. The four panel discussions featured pertinent topics

like 'Future of Bangladesh'; 'Leaders' Role in Creating Organization Culture'; 'Driving Creativity and Originality within Future Employees;' and 'Why Corporate Governance is Key for Sustained Business Growth.

Russell T Ahmed, in the initial panel discussion, stated that: “Bangladesh is doing better in terms of semi-conductors compared to India. Bangladesh has vast IT potential. However, the drawback is the connectivity with the international market. With the world investing more in IT, it is high time for Bangladesh to do the same on a bigger scale.”

In the second panel discussion, speaker Kazi Inam Ahmed emphasized perseverance for leadership. He said: “It is a factor which needs to be promoted in organizations because perseverance drove many first-generation leaders to their success.

The sixth Leadership Summit was followed by the first-ever Bangladesh C-Suite Awards initiated by Bangladesh Brand Forum. ■







*\$1.32 Billion Routine Payment To The ACU Needs To Be Paid*

# Forex Reserves Dips Further

*Business Outlook Report*

**L**ow remittance and export earnings figures in September and October will prove to be costly, as another routine import payment to the Asian Clearing Union (ACU) is slated for this week, which will cause the country's forex reserves to go down further.

Data analysis shows that after that payment, the central bank's reserve will dip to around \$34 billion this week. The latest data of Bangladesh Bank shows that the forex reserve of the central bank stood at \$35.72 billion as of November 3, which is about \$11 billion lower than a year ago.

The amount of reserves on November 2 last year was \$46.49 billion. On the other hand, the \$1.32 billion import payment is for regional imports made during the September–October period this year.

As a respite, data analysis also shows that ACU's route payments are gradually declining. The ACU

import bill for the May–June period was \$1.96 billion, which dropped to \$1.75 billion in the July–August period, according to the Bangladesh Bank. The ACU payment gateway covers monetary transactions by its member countries for regional imports. The bills are cleared every two months.

The ACU is an arrangement involving Bangladesh, Bhutan, India, Iran, Myanmar, Nepal, Pakistan, Sri Lanka and the Maldives, through which intra-regional transactions among the participating central banks are settled on a multilateral basis.

However, in the first four months (July–October) of the current fiscal year 2022–23, more than \$5.14 billion have been sold from the central bank reserve.

As a result, reserves have further depleted. The Bangladesh Bank in FY21 bought around \$8 billion from banks due to low imports and high remittance inflows amid the

pandemic. In FY22 total dollar sales from the reserve stood at a record \$7.67 billion.

Ahsan H Mansur, executive director of the Policy Research Institute (PRI), said: “Last two months both remittances and export earnings are declining, which is a major concern for the economy.”

“The trade deficit is narrowing mainly due to an increase in remittances and a decrease in imports. I think the current reserves are satisfactory in the current global context: there is no risk. We should try not to decrease further, on the one hand, we must pull the reins of imports; on the other hand, emphasis should be given on increasing remittance and export income,” he added.

“But one thing should be remembered here, our reserves exceeded \$48 billion in August last year, when the central bank bought about \$8 billion from the market to maintain the currency rate,” he explained. ■



# Bumper Aman Production May Secure Food Basket

## Business Outlook Report

**T**he country may see a bumper production in the current Aman season that will add a large quantity of the staple grain to the national food basket. Aman harvest has already begun across the country. Its production has been projected to increase 13 lakh tonnes more than the previous year's. The total paddy production may hit 1.63 crore tonnes this year, said Badal Chandra Biswas, additional director (Monitoring and Implementation) of the Field Service Wing at the Department of Agriculture Extension (DAE).

"The peak harvest time of Aman paddy is going on across the country," he said, adding that farmers are witnessing less sterile grain (chita) this year which will increase a good deal of the paddy production. The country's southern region has also witnessed good production despite cyclone Sitrang hit in the region, he said. Aman paddy is the second-highest cereal crop produced in Bangla-

desh after Boro paddy. It is grown in the country during the rainy season. The country's 37 percent of rice production has come from Aman while the rest 63 per cent are from Boro and Aush paddies. The increases in rice prices in the country forced the government to import a large quantity of the staple food grain to stabilise the rice market.

The government wants to produce additional rice by increasing the acreage under cultivation and increasing the cultivation of high yielding paddy to decrease the import dependency, said officials of the Department of Agriculture Extension (DAE). Farmers are now busy harvesting paddy as the peak harvest time is going on across the country. More than 3.64 percent of Aman paddy has been harvested till November 3 and the average yield was 3.194 tonnes per hectare, according to the DAE. The production of Aman paddy was 1.50 crore tonnes from 59.05 lakh hectares of land in the

2021-22 Fiscal Year. The DAE has projected to produce 1.63 crore tonnes of paddy from 59.06 lakh hectares of land in FY 2022-23, but the acreage of Aman paddy has increased to 59.233 lakh hectares. The government has provided farmers with hybrid seeds to produce more rice.

The total hybrid acreage has increased to 3.467 lakh hectares in the current season while it was 2.971 lakh hectares in the previous year.

Aman paddy is planted in July and August and harvested in November and December. It is fully rain-fed and covers the highest acreage.

Suruj Molla, a farmer from Kushtia, said, "I am expecting bumper production of Aman paddy this year as my paddy field is yet to be affected by any diseases and natural calamity."

"I've cultivated Aman on 2 bighas of land this season and its harvest will start in a couple of weeks," he said. ■

# 'Despite Tk 20b credit guarantee, only Tk 1.92b loan disbursed to CMSMEs'



## Business Outlook Report

**B**angladesh Bank's deputy governor Abu Farah Md. Nasser has said despite having a credit guarantee scheme of Tk 20 billion for cottage, micro, small, and medium enterprises (CMSME), loans of only Tk 1.92 billion has been disbursed so far under the facility, which he said was "disappointing".

He said proper utilisation of this credit guarantee scheme is crucial for the revival of CMSMEs, reports UNB. Nasser said this while speaking as the chief guest at a workshop titled "Issues and Opportunities of CMSME Lending", organised by the Dhaka Chamber of Commerce and Industry (DCCI) on November in the capital.

"Though the CMSME

sector is called the engine of our economy, and CMSME financing is the fuel of that engine, the financing in this sector is disappointing despite taking different initiatives by the central bank," he added.

Nasser also said that to reach out to the CMSMEs, banks should think of establishing more sub-branches across the country rather than creating agent banking because creating sub-branches help cut extra administrative costs. "We are going through a tough time due to the Ukraine-Russia war and at this time if we try to control interest rates forcibly, it may create a recession," he added.

The manufacturing and service sector should get priority in getting loans

right at this moment to control inflation, considering the global scenario, he said.

The Bangladesh bank deputy governor urged the experts to think about developing an online marketplace and block-chain as alternatives to the traditional loan system.

Bangladesh Bank has identified a total of 19 clusters, and Nasser urged all the banks to give CMSME loans under these clusters. Later he said that creating a Digital Bank (special focus on CMSMEs) is in the planning of Bangladesh Bank.

DCCI President Rizwan Rahman said, "CMSME sector plays an important role in making our economy grow but due to lack

of policy support and financial support, we cannot fully utilize this sector. Commercial banks and financial institutions sometimes sense risks in giving loans to CMSMEs." Till 2022, 73.77 per cent of the stimulus, or Taka 147.46 billion has been disbursed but most of it went to medium enterprises.

He also said that regulators should give CMSMEs more access to information and communication technology, and financial assistance so that they can have the ability to boost manufacturing and be competitive in the supply chain process.

Md. Jaker Hossain, director, SME and Special Programmes Department of Bangladesh Bank, presented a keynote paper.

Md. Nazeem Satter, general manager, SME Foundation, in his separate keynote paper highlighted that there are more than 7.8 million CMSMEs across the country. He said only banks are not sufficient to ensure loans for CMSMEs, rather, alternative capacity of MFIs, NGO Foundation, Karmasangsthan Bank, BSCIC, SME Foundation should be utilized to disburse loan among the CMSMEs. ■

# \$4.5bn IMF Loan: Govt To Face Music

*Apu Ahmed*

**T**he country has secured a preliminary agreement for a \$4.5 billion loan that will be extended by the International Monetary Fund (IMF) over the next three years.

## *Implementation Main Challenge*

However, the availability of the loan depends on the implementation of economic policies put forward under the preliminary agreement. This is where the government is facing challenges. The loan deal will dwarf the independent power of decisions making of the government ahead of the next general election. It may have to take unpopular decisions to appease the Washington-based multilateral lender. The government has to seek IMF assistance to tackle the foreign currency shortage and meet the high import costs of essential commodities like fuel oils, fertiliser and food items. A surge in demand for imports after Covid-19 and the price hike of essentials due to the Russia-Ukraine war have led to a sharp widening of the current account deficit, a rapid decline of foreign exchange reserves, rising inflation and slow growth.

## *Dollar Shortage*

Besides the exogenous shocks, the flawed



economic policies maintained by the incumbent political regime through the generation of costly power to benefit vested groups have compounded the country's macroeconomic situation. Wastage of public funds through the implementation of unnecessary development projects and data distortions to hide the actual condition are not less appalling. The dollar crisis has become worsened. The central bank has injected about \$5.47 billion to banks since July of the current financial year to mitigate the shortage of foreign currency, but there are no signs of stability in the forex market. Economists noted that the IMF loan was inadequate for the country to overcome its current predicament.

## *Stopping Capital Flight*

Stopping capital flight, containing revenue leakage, shunning unnecessary development



*Finance Minister AHM Mustafa Kamal and representatives of the International Monetary Fund (IMF) at a meeting in Dhaka*

projects and closing down costly rental power plants are necessary to tackle the current pressure on the macroeconomy, they noted. Bangladesh suffered ‘value gap’ to the tune of \$7.53 billion on average annually from 2008 to 2017 in its exports and imports due to misinvoicing, a major way of capital flight and duty evasion, according to the report ‘Trade-Related Illicit Financial Flows from 135 Developing Countries: 2008-2017’ released by the Washington-based think tank Global Financial Integrity in March 2020.

#### ***IMF Loan Helps Little***

Former Bangladesh Bank governor Saleduddin Ahmed, however, stated that the IMF loan to be disbursed in seven tranches over the next three years would give some assistance to the country’s balance of payment which is now under huge pressure due to a shortage of

foreign currencies, mainly the US dollar. The first tranche worth about \$447.48 million to be available in February would hardly meet the country’s requirement. The remaining six tranches each with \$659.18 million will be disbursed in an interval of six months, he said. However, none of the tranches will be condition-free. The government has to implement IMF suggestions to release the fund since the preliminary agreement has been made at the staff level. Approval from the IMF Executive Board is a must for the disbursement of each tranche, according to former IMF official Ahsan H Mansur, now the executive director of the Policy Research Institute.

#### ***Clues For Reform***

The IMF, according to a press release, has agreed to support the country’s economic policies with a 42-month arrangement of about

\$3.2 billion in loans under the Extended Credit Facility and the Extended Fund Facility as well as about \$1.3 billion loan under the Resilience and Sustainability Facility. The loan will bear over two per cent interest rate on average and it



*Finance Minister AHM Mustafa Kamal addressing a press conference after holding a meeting with the visiting IMF Mission at his Secretariat office where Bangladesh Bank Governor Abdur Rouf Talukder (left) and Finance Division Senior Secretary Fatima Yasmin (right) were present*

would be paid back within 20 years while the first 10 years would be grace under the agreed policies that include the generation of additional fiscal space by mobilising higher revenue through rationalisation of expenditure. Containing inflation and modernising the monetary framework are other major policies to stabilise macro economy and buffer external shocks. The IMF wanted the government to strengthen the financial sector by reducing its vulnerabilities, bolstering oversight, and ensuring governance and regulatory framework.

### **Actual Conditions To Be Difficult**

Such an IMF statement can only give a general idea about its recommendations for reform in different areas. The actual conditions will emerge with the passage of time. One such condition is the introduction of a net calculation method instead of the gross one on the foreign currency reserve by the Bangladesh Bank. BB officials have already agreed to implement the condition that will deplete the forex reserve further. BB governor Abdur Rauf Talukder said around \$8 billion will be excluded once the net-based calculation is introduced. Under the new calculation, the country's forex reserves will stand at about \$26 billion as it now hovers at about \$34 billion from \$48 billion recorded in August 2021. The IMF has already calculated that the country's actual forex reserves would be able to meet the

import coverage of only three and a half months if net-based calculation is considered.

### **Possible Conditions**

Over-optimistic finance minister AHM Mustafa Kamal will not like such IMF conditions as it will erase around \$8 billion from the reserve overnight when he used to like to compare the country's economic progress with that of Singapore and Canada. Removal of the interest rate cap, a brainchild of the current finance minister, has also been suggested by the IMF. The IMF also wanted the abolishment of tax waivers given to many sectors so that the tax-GDP ratio, hovering below 10 per cent, can be lifted to 14 per cent, one of the benchmarks for the developing country. The current government will not want to withdraw the duty waiver enjoyed by members of parliament for purchasing cars once in five-year tenure. Or will the government lift tax breaks enjoyed by private power producers? The government paid around Tk 80,000 over the past decade to private power producers as a capacity charge, an infamous provision that enabled the private power producers to earn money from the



government even after not producing power. The most challenging condition may come from the IMF on corruption.

### **Situation Gets Tricky**

The IMF has often acted as a tool for changing regimes across the world. The IMF, established by Westerners, seldom criticises the US and its allies. But it rebuked Liz Truss for her plans to cut taxes. Many believe that rebuke by the IMF accelerated the UK prime minister's resignation after just 45 days in power. Many said that the deliberate delay of the IMF on loan commitment to bankrupt Sri Lanka brought about changes in the regime of the powerful Rajapaksa dynasty. IMF is also said to be the main architect for the downfall of Suharto, the longest-serving Indonesian president with 31 years between 1967 and 1998. ■



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## Spiralling Prices

# Sugar Turns Sour



*Apu Ahmed*

**T**he continued spiralling prices of sugar, which has more than doubled since 2020, is making it dearer for the general people who are already struggling amid a price hike of essential commodities.

### ***Sugar Price Hits Fresh High***

Sugar price has hit a fresh high at Tk 125 per kilogram in retail shops in Dhaka and Chattogram during the second week of November amid lax monitoring by the government agencies over the private refineries. The price was at Tk 90 in October and Tk 80 a year ago. Private sugar refineries dominating the growing market have cited a shortage of gas for production shortfall and eventual price hikes of the item. They had cited a price hike of sweetener in the global market for a gradual price hike of the item from Tk 60 a KG

from 2020. The government has hardly any control over the market as the state-owned mills are on verge of extinction as far as production is concerned.

### ***Private Refineries Rule The Roost***

The state-owned sugar mills under Bangladesh Sugar and Food Industries Corporation which met a significant portion of the local demand in 1980s failed to meet the growing demand from the 1990 onward due to falling production. They can now supply less than 10 per cent of the annual demand of around 25 lakh tonnes of sugar as refiners rule the roost. According to modern marketing dynamics, at least 25 per cent supply capacity of a stakeholder enables it to dictate market price of any product. There is now doubt that sugar supplied by the BSFIC has no say on market

price. The sorry tale of the public sugar mills is disappointing as many of those were established in the British era and had flourished even after the county's independence in 1971.

### ***History Of Local Sugar Mills***

There was presence of at least three sugar mills-- North Bengal Sugar Mill in Natore (1930), Setabganj Sugar Mill in Dinajpur (1933) and Carew and Co Bd Limited in Chuadanga (1938) -- before the departure of the British from the Indian subcontinent. Nine more sugar mills -- Rangpur Sugar Mill in Gaibandha (1954), Thakurgaon Sugar Mill in Thakurgoan (1956), Jhil Bangla Sugar Mill in Jamalpur(1958), Joypurhat Sugar Mill in Joypurhat (1960), Khustia Sugar Mill in Khustia (1961), Rajshahi Sugar Mill in Rajshahi (1962),



Shyampur Sugar Mill in Rangpur (1964), Mobarakganj Sugar Mill in Jhenaidah (1965) and Panchagarh Sugar Mill in Panchagarh (1966) -- were established during country's days as East Pakistan. Three more factories -- Faridpur Sugar Mill in Faridpur (1974), Natore Sugar Mill in Natore (1982) and Pabna Sugar Mill in Pabna had been added to the local sugar industry that used to play an important role in the country's economy as sugarcane firming and crushing ensured 100 per cent value addition.

### **Raw Sugar Imports**

In 2012, the annual production capacity of these mills was about 2,15,000 tonnes. Mismanagement and corruption have largely been blamed for the downfall of the public sugar mills. The liberalisation of sugar import since 2002 and establishment of private sugar refineries since 2004 hastened the decline of the public sugar mills. The government allowed private sugar refineries to operate in the country on condition that they would export half of their output and help the country keep the sugar price stable. But the raw sugar importers have never complied with the condition, putting the local industry under stress by selling cheap sugar. In 2005–06, the government reduced the regulatory duty on sugar import to 46 per cent from 103.38 per cent in 2003–04. In 2007, the regulatory duty was waived with the fixing of specific duty for each tonne of import — Tk 5,000 for refined sugar and Tk 2,250 for raw sugar. The import of raw sugar increased astronomically after 2006 when 1.44 lakh tonnes were imported. In 2010, the raw sugar import reached more than 12 lakh tonnes, enough to meet the total national demand with the imported cheap raw sugar alone.

### **Closure Of Sugar Mills**

Since December 2020, the current government has kept production suspended at six state-run sugar mills

to minimise the accumulated losses of the BSFIC. The factories are Pabna Sugar Mills Ltd, Shyampur Sugar Mills Ltd, Setabganj Sugar Mills Ltd, Kushtia Sugar Mills Ltd, Panchagarh Sugar Mills Ltd and Rangpur Sugar Mills Ltd. Closure of more factories has been considered by the policymakers. The government has not only failed to protect the public mills but also failed to force the local private refiners to participate in sugarcane production to substitute the imports. Compared to the local state-owned sugar mills

cooperative sector units. The foundation of the modern sugar mills in India, the country's neighbour, began during the British period. Unlike Bangladesh, India has been expanding its sugar industry through private owners. There in India, private owners hardly import raw sugar but rely on crushing cranes grown locally. Neighbouring India is responsible for around 15 per cent raw sugar Bangladeshi factories refine, according to local entrepreneurs. They fear if the sugar supply from India stops abruptly



*MGI Sugar Mill*

the Indian sugar industry is vibrant. The sugar industry is an important agro-based industry that impacts the rural livelihood of about 50 million sugarcane farmers and around 5 lakh workers directly employed in sugar mills, according to the Department of Food and Public Distribution of India.

### **Indian Sugar Industry**

India is the second-largest sugar producer in the world after Brazil and the largest consumer. Today the Indian sugar industry's annual output is worth approximately Rs 80,000 crores. There are 732 installed sugar factories in the country as of 31.07.2017, with a sufficient crushing capacity to produce around 339 lakh MT of sugar. The capacity is roughly distributed equally between private sector units and

because of the export ban, the price of the item in the local market may face wheat or edible oil-like volatility.

### **No Shortage Of Raw Sugar**

SM Mujibur Rahman, head of accounts of Meghna Group of Industries, told a local daily that they faced complexities in opening letters of credit to import raw sugar owing to the dollar crisis. Besides, they can refine just half of their capacity due to a reduction in gas supply to factories, he added.

A report from the Directorate of National Consumer Rights Protection said the country had a stock of more than 375,000 tonnes of sugar as of October 23 this year, and there was no shortage of raw sugar. ■



# Bangladesh Balances Energy Needs With Climate, Conservation

## *Business Outlook Report*

**F**ish, rice, mangrove trees and the lush delta wetlands where the massive Ganges, Brahmaputra, and Meghna rivers drain into the Bay of Bengal. It's not luxury. But for the farmers and fishermen who live by the world's largest mangrove forest, it's more than enough. Now, the environment is at risk, reports AP.

A power plant will start burning coal near the Sundarbans this year as part of Bangladesh's plan to meet its energy needs and improve living standards, officials say. Home to 168 million people, Bangladesh is among the most densely populated countries in the world. Once the power plant begins functioning at its full capacity, it will generate 1,320 megawatts of power, as much as Bangladesh's largest coal power plant generates now.

The developing world needs its people to live better. But fossil fuel-powered economic growth can

create environmental problems and make lives worse. Popularly called the Rampal coal power plant, the Maitree Super Thermal Power Project will burn some 4.7 million tons of coal annually, emitting about 15 million tons of carbon dioxide and other planet-warming gases. Plus, some 12,000 tons of coal will be shipped by boat through the Sundarbans each day, prompting

fears of water pollution. Low-lying Bangladesh is already hit by tropical cyclones and rising seas and millions are at risk of being displaced by flooding and other extreme weather. Just two weeks ago, 24 people died, 20,000 people were marooned, 10,000 people lost their homes and 15,000 acres of crops were destroyed by the tropical cyclone Sitrang. "If it turns out bad, we will have to sell



*Coal is being stored for the Maitree Super Thermal Power Project near the Sundarbans, the world's largest mangrove forest, in Rampal, Bangladesh*

our properties and migrate,” farmer Luftar Rahman said. Top scientists say there can be no new fossil fuel projects if the world is going to limit warming to the 1.5 degree Celsius (2.7 Fahrenheit) temperature goal set in the Paris Agreement. Even though it is among the lowest-emitting nations in the world, Bangladesh has pledged to reduce its overall emissions by 22% by 2030. The building of this coal spewing power plant is likely to hinder the nation's efforts to reduce its emissions.

But in October, around 80% of the country suffered a blackout for seven hours as a result of the country's power grid collapsing. Such blackouts and long power cuts, sometimes for as long as 10 hours a day, affect businesses including the garment industry, which accounts for 80% of exports. Bangladesh is the world's second-largest garment exporter, after China.

“We are desperately waiting to start generating power at Rampal. This plant will definitely help ease our energy woes,” said Tawfiq-e-Elahi Chowdhury, an energy advisor to the Bangladesh Prime Minister.

Bangladesh wants poor nations to receive funds to help adapt to the devastating effects of a warmer world. Until May of this year, Bangladesh was the chair of the Climate Vulnerable Forum, a partnership of countries highly vulnerable to warming. With much of its land at or just below sea level, the country has already suffered heavy flooding and erratic rainfall. A World Bank report estimated that Bangladesh could suffer \$570 million in damage annually from climate change-related extreme weather events.

In June, Bangladesh stopped running diesel power plants because of rising fuel prices. Bangladesh has two active coal-powered plants, and some experts say another isn't needed. “We need to be investing in power transmission and distribution

systems. That would be much more beneficial for the country at this moment,” said Khondaker Golam Moazzem of the Dhaka-based economic think-tank Centre for Policy Dialogue

The country also has cleaner resources at home. “Bangladesh has huge potential for natural gas. Onshore and offshore exploration and production of gas resources can be a better option compared to coal,” said Dhaka-based economist and environmental activist Anu Mohammad. And renewable energy

officials said. The coal for the power plant will come from India as well. The Sundarbans, “beautiful forest” in Bengali, evolved over millennia out of the Indian subcontinent's mighty rivers. The Ganga, Brahmaputra, and Meghna dump rich sediments that they collect over thousands of miles from the Himalayas to the Indian ocean.

“The mangrove forests are a natural barrier to the ill effects of climate change and if they are affected, then the 10 million people who live in this coastal delta region will also



*Satellite images captured by the Landsat 9 satellite in 2022 and merged together to show the area around the Maitree Super Thermal Power Project with the Sundarbans*

already powers millions of Bangladeshi homes.

“Bangladesh has actually got one of the fastest growing solar home systems,” said Saleemul Huq, director of the Dhaka-based International Centre for Climate Change and Development.

“Another option is offshore wind power. With the latest technologies available, it is conceivable that wind power generated in the Bay of Bengal can provide for the needs of not only Bangladesh but also for regions in neighbouring India as well as Myanmar.”

The Rampal coal mine will be funded by the governments of Bangladesh and India. The Sundarbans was chosen because of available water and navigation facilities,

suffer,” Mohammad, the Dhaka-based economist and environmental activist, said. “There are many alternatives to power generation. But there is no alternative to the Sundarbans.”

Mangrove forests are more effective than terrestrial forests at sucking carbon dioxide out of the atmosphere.

“During my grandfather's time, all the rice we needed was harvested from our land. There was enough rice and fish for everyone,” said 60-year-old Abul Kalam, who has lived his entire life in the Sundarbans. “If this power plant comes up, there will be no fish in our region. How can we grow crops when they dump toxic wastewater here?” ■



Mercantile Bank Limited (MBL) organised 'Annual Risk Conference 2022' on a digital platform recently. Md. Abdul Mannan, Director of DOS, Bangladesh Bank, inaugurated the conference as the chief guest. Md. Quamrul Islam Chowdhury, Managing Director & CEO of MBL, delivered his speech virtually as the special guest. Mati Ul Hasan, Additional Managing Director & CRO of MBL, presided over the programme. ■



Jute Diversification Promotion Centre (JDPC) under the jute ministry of Bangladesh government and Centre for the Promotion of Imports from developing countries (CBI) under the Netherlands Ministry of Foreign Affairs signed a five-year memorandum of understanding (MoU). Executive Director of JDPC Md Mahmud Hossain and Ambassador of the Netherlands in Bangladesh Anne van Leeuwen on behalf of CBI signed the agreement at JDPC office in the capital. Under the agreement, Bangladesh can export diversified and new design jute products to the European market. ■



Export Import Bank of Bangladesh Limited has received the '2022 US Dollar Clearing Elite Quality Recognition' award from the JP Morgan Chase Bank for their outstanding achievement of 'Best-in-Class MT202'. Mohammad Feroz Hossain, Managing Director and CEO of EXIM Bank, received the award from Sazzad Anam, Executive Director and Country Head, JP Morgan Bangladesh Office at EXIM Bank head office recently. ■



Engineer Enamul Haque, Member of Parliament, along with urban planner architect Md Iqbal Habib and others inaugurated the 'Global Elevator and Escalator Expo 2022' in the city. ■



NCC Bank Ltd signed Issuing Bank Agreement with Asian Development Bank (ADB) under its "Trade and Supply Chain Finance Program (TSCFP)" recently. Mohammad Mamdudur Rashid, Managing Director & CEO of NCC Bank, and Neha Noronha, Investment Specialist of Private Sector Financial Institutions Division of ADB, signed the agreement on behalf of their organisations. Under the agreement, NCC Bank will avail guarantee facility from Asian Development Bank, which will help the bank to get additional credit lines to support its foreign trade business. ■



Rubaiyat A Tanzeen, centreprise business director of Banglalink, and Engr Mohammad Enamul Kabir, director (Training & Development) of Bangladesh Computer Council, signed the agreement on behalf of their respective organisations at BCC auditorium, ICT Bhaban in the city recently. ■



Bank Asia Limited organised a day-long 'AML & CFT Conference 2022' through in person as well as on a digital platform on Saturday. Md. Masud Biswas, Head of Bangladesh Financial Intelligence Unit (BFIU), was the chief guest and M. A. Baqui Khalily, Chairman of the Board Risk Management Committee of Bank Asia, was the Guest of Honor of the conference. Adil Chowdhury, President & Managing Director (CC) of the bank, presided over the programme. ■



Dhaka central and East Zone along with six corporate branches of Islami Bank Bangladesh Limited organised a discussion on 'Compliance of Shari'ah in Banking Operations' at Islami Bank tower on Sunday. Mohammed Monirul Moula, Managing Director & CEO of the bank, addressed the programme as the chief guest. ■



Under the visionary leadership of Prime Minister Sheikh Hasina, Bangladesh has advanced in achieving Sustainable Development Goals (SDGs), with significant progress on under-five mortality and the neo-natal mortality rate, representing achievements of the SDGs targets of 2025. ■



Sonali Bank Limited Managing Director and CEO Md Afzal Karim and Government Bangabandhu College Principal Prof Md Zahurul Alam exchanging documents after signing the agreement on behalf of their respective organisations at the bank's head office in the city. ■



The 349th meeting of the board of directors of Shahjalal Islami Bank Limited (SJIBL) was held at corporate head office of the bank recently. The meeting was presided over by the Chairman of the board of directors Mohammed Younus. Managing Director & CEO Mosleh Uddin Ahmed was also present in the meeting. ■



Eastern Bank Limited (EBL) signed a cooperation agreement with DEG, the German Development Finance Institution and their partner JIM Foundation to initiate a pilot project on Carbon Accounting. Ahmed Shaheen, additional managing director and head of Corporate Banking, EBL and Anne Müllejans, senior manager - Gender Finance Lead FI of DEG are seen exchanging documents after signing the agreement to this effect at EBL head office in Dhaka recently. ■



# IMF Did Not Raise Floor Price Issue: BSEC

## *Business Outlook Report*

**T**he International Monetary Fund (IMF) team did not raise the issue of lifting floor prices during its meeting with the Bangladesh Securities and Exchange Commission (BSEC) on November 7, said Mohammad Rezaul Karim, spokesperson of the regulator.

In July, the stock market regulator set the floor price for each stock to halt the free fall of the market indices amidst global economic uncertainties.

The floor price was fixed on the basis of the average of the closing prices on July 28 and the preceding four days.

The floor price is the lowest price at which a stock can be traded. But the floor does not reflect the market realities since many stocks are supposed to fall amid deepening uncertainties at home and abroad and falling earnings.

A 10-member IMF mission is in Dhaka on a 15-day visit to work out

the conditions for a prospective \$4.5 billion loan the government is seeking to deal with the balance of payments troubles stemming from the escalated import bills and declining foreign currency reserves.

Rahul Anand, mission chief for Bangladesh at the Asia and Pacific Department of the IMF, led the six-member team during the meeting with the BSEC.

BSEC Chairman Prof Shibli Rubayat-Ul Islam led the regulator's side.

After the meeting, Karim told reporters that there was no opportunity to talk about the floor price since the move was taken to develop the market and the IMF did not make any such recommendation. "The issue was not discussed."

A rumour was spread in the market that the floor price would be lifted to secure the loan. The IMF has, however, insisted on automation in every sphere of the stock market as it will reduce time and costs for stake-

holders. It also asked about the steps the BSEC has taken to develop the capital market, Karim said.

Among initiatives, the BSEC has informed the IMF team that it has formed a capital market stabilisation fund, which was lauded by the mission as an innovative idea.

The fund has been set up using the undistributed and unclaimed dividends of listed companies to use it to safeguard the interests of the market and general investors. The commission also talked about its initiatives aimed at introducing new products and commodity exchange and the mission expressed its interest to extend cooperation to the BSEC, Karim said.

The IMF has recommended creating a vibrant corporate bond market, especially sukuk and eco-friendly bonds as well as raising demand among investors.

"The IMF also said it is ready to help in creating a risk management infrastructure," Karim added. ■



# Unsold Potatoes From Last Year: Farmers, Traders Counting Losses

*Business Outlook Report*

**M**d Shafiqul Islam, a potato trader in Dinajpur, kept around 2,000 bags of potatoes in cold storage this year in hopes of recovering his losses from the previous season. However, he now finds himself deeper in the hole as current market prices for the spud have dipped below the previous levels. So, he has registered losses of Tk 7 lakh so far this season while it was Tk 4 lakh in 2021.

As prices have been low for the past two years, wholesalers are having to sell the tuber at Tk 17-18 per kilogramme (kg), according to Shafiqul and traders like him in the Railbazarhat area in Dinajpur town. Shafiqul collected Astrid potatoes from farmers in Dinajpur and its neighbouring districts for Tk 16 per kg between April and May this year. He stored 2,000 bags of the crop at a

local cold storage that charged him Tk 270 for each 50kg bag. Considering all other expenses, such as transport and labour costs, Shafiqul would need to sell the potatoes for Tk 21 per kg in order to break even. Besides, excess supply is making it difficult to offload his remaining 700 bags before fresh potatoes hit markets in December when customers will likely prefer the new variety over those collected previously.

Sumon Islam, another wholesaler in the same market, stored around 3,000 bags of potatoes this year, including the Granola, Dimond, Holland and Astrid varieties. "I have suffered losses of Tk 10 lakh so far and still have around 1,000 bags of potato in cold storage," he said. Sumon was forced to take loans to stay in the business after suffering losses of Tk 6 lakh last year. "The loan has become a burden for me,"

he said. During a recent visit to various markets, this correspondent found that potatoes are retailing for between Tk 22 and Tk 25 per kg. Potato farmers in Dinajpur are also suffering from poor prices as they were selling the crop for dirt cheap after harvesting the crop in January. At the time, many farmers sold their produce for as low as Tk 6 per kg, which was far below the production cost.

And although prices saw a slight bump at the end of March, farmers like Azhar Ali of Mazadanga village under Dinajpur sadar upazila incurred losses of Tk 20,000 per bigha. Azhar had cultivated potatoes on five bighas of land at the end of December last year. Farmers in Dinajpur and other districts now say they will decrease cultivation from next season considering their sustained losses from the crop. In

addition, they are losing interest in the face of higher input costs this year. "Fertiliser, pesticide, labour and transportation costs have been increased to an extent that it is unaffordable for many farmers," said Nur Alam, another farmer in Dinajpur sadar upazila.

As prices were low when the season began, many farmers and traders in Dinajpur, Rangpur, Thakurgaon, Panchagarh, Nilphamari and Joypurhat stored their potatoes in cold storage in hopes of earning better returns later in the year. However, their decision has come back to haunt them as huge stockpiles remain still. There are around 100 cold storages across eight districts in the Dinajpur and Rangpur regions with the capacity to store around 4

lakh tonnes of potato, of which around 40 per cent are still yet to be collected. Similarly, there are 20 cold storages in Joypurhat but only 40 per cent of the potatoes stored have been collected so far. Mozaffar Hossain, a farmer from Khetlal upazila of Joypurhat, said they usually start selling potatoes from cold storage when prices increase in August.

"But this hasn't happened in the last two years." Biplob Kumar, manager of Ishrat Himagarh, a cold storage in Joypurhat, said his business is facing challenges due to rampant load-shedding. "Large quantities of potatoes are rotting in many storages." As per the Department of Agricultural Extension (DAE), potato production in the country has risen since the fiscal year of 2019-20,

when 90 lakh tonnes of the crop were grown.

Overall cultivation surged to 1.13 crore tonnes the following next year while annual consumption stands at around 70 lakh. The country's 400 cold storages can accommodate around 30 lakh tonnes.

Farmers think exporting potatoes could be the solution, but experts remain sceptical.

"Exporting of potatoes is uncertain since it is produced all over the world," said Prodip Guha, director of the DAE in Dinajpur.

Still, Bangladesh ships potatoes to countries such as Nepal, Bhutan, Sri Lanka, and some Middle Eastern nations. ■

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## Poor Infrastructure Failing Tangail BSCIC Estate



### *Business Outlook Report*

**T**he Bangladesh Small and Cottage Industries Corporation's (BSCIC)

industrial estate in Tangail has long been gripped by a myriad of troubles, including poor roads and drainage system, accord-

ing to industry operators.

Besides, the industrial area is not getting a smooth electricity supply while an

unapproved kitchen market that occupies two plots remains an issue of conflict among BSCIC authorities, locals and



traders. Industry operators are demanding the market be removed for security reasons while traders and locals want to keep it where it is. The kitchen market is a security risk as there is no boundary wall to separate it from the industrial area, they said. However, BSCIC officials say they cannot remove the market for being barred by locals, including public representatives.

The BSCIC estate, established on 23 acres of land in the Taratia area of Tangail sadar upazila, was inaugurated on June 5, 1986. Currently, 65 units covering 130 plots collectively are operating in the industrial area while the remaining two plots on the east side have long been occupied by the kitchen market.

According to the Tangail sadar upazila parishad, establishment of the kitchen market was never approved. The two plots were allocated to Masud Enterprise in 1999 but the BSCIC authorities could not remove the kitchen market in the last 23 years. During a recent visit, it was found that not only are the roads and drains in poor condition, but waste is openly dumped inside the industrial area.

In addition, the lack of boundary walls in certain places allows just about anyone to enter and exit the premises freely. Moreover, the untreated waste that is too toxic for dumping on roads are poured into the nearby Louha-

jang river, polluting its water badly. Industry operators also informed that traders from the illegal kitchen market organise a weekly market each Sunday, when they sit with their goods inside the main industrial area.

"The market was here before the BSCIC industrial area was set up so if it is removed, many people will become unemployed while locals will have to travel several kilometres for buying necessities," said Mobarak Hossain,

upazila parishad, said the kitchen market was established during the Pakistan period. Local people and also people from nearby towns come to the market to buy various necessities at cheaper costs compared to other markets.

"So, we want to keep it there," he added. On the other hand, Abul Mansur, president of the factory owners' association in the BSCIC industrial area, said the illegal market causes security concerns for them as people can

matter, Jamil Hossain, an official of the Tangail BSCIC, said they have already written to the higher authorities to implement development projects for the battered roads and drainage system in the industrial area.

"A five-year plan was also sent," he added. Hossain then said they have long been urging the district administration to evict the illegal kitchen market, but to no avail. Dr Ataul Gani, deputy commissioner of Tangail, said a decision



president of the Taratia Bazar Committee. "So, locals have urged the authorities concerned not to remove the kitchen market," he added.

Khalekuzzaman Chowdhury Maznu, chairman of Karatia union parishad, said they have applied to the district administration to keep the market there permanently considering the interest of locals. Shahjahan Ansary, chairman of the Tangail sadar

easily move through the market into factory areas. "The authorities should immediately remove the illegal market and block the area with a boundary wall for the sake of security," he added.

Mansur went on to say that roads inside the industrial estate have long been damaged while the poor drainage system allows water to remain stagnant during times of rain. Asked about the

was previously taken to remove the kitchen market from the BSCIC plots.

However, it was ultimately not possible due to different unavoidable reasons, including the coronavirus pandemic.

"An initiative will be taken again to evict it as soon as possible," he added. ■

# British International Investment Signs \$50M Climate Loan To Pubali Bank



## Business Outlook Report

**B**ritish International Investment (“BII”), the UK’s development finance institution and impact investor, announces a \$50 million loan to Pubali Bank Limited (“Pubali”), a leading universal bank in Bangladesh. The loan facility will help to increase climate-related lending and boost climate mitigation projects across Bangladesh, reads a press release. Bangladesh has made significant economic progress over the last decade.

However, the country remains vulnerable to the adverse effect of climate change and has a rising demand for sustainable energy. Addressing these challenges requires directing climate finance to boost sustainability within critical economic sectors, including the renewable energy sector, manufacturing and the Ready-Made Garments (“RMG”) industry which is transitioning to more resource-efficient production processes and factories. This green loan from BII

will primarily be used for projects in the renewable energy, green buildings, textile and manufacturing sectors. The facility will enable Pubali to extend climate finance loans to its portfolio of corporate clients in such sectors, enabling them to purchase key equipment required in climate projects and implement climate-related technological solutions in Bangladesh. BII will also provide a Technical Assistance package which will further strengthen Pubali’s rapidly growing sustainable finance franchise.

The package will support Pubali in building technical expertise and best practice, strengthen data collection on climate financing and climate risk and further increase the bank’s ability to originate green projects and structure climate investments in line with international standards. This facility marks BII’s first climate finance investment in Bangladesh and demonstrates the DFI’s commitment to and supporting its financial institution partners on their Paris

alignment journey. BII’s climate change strategy outlines its pledge to ensure that 30% of its total commitment will be in climate finance, which will be deployed to accelerate climate action in markets that are at higher risk of the effect of climate change. BII’s capital will also help contribute toward Bangladesh’s 2030 carbon emission reduction target set at COP26.

British High Commissioner to Bangladesh, Robert Chatterton Dickson said: “I am delighted that British International Investment (BII) is backing Bangladesh’s Pubali Bank in developing its green financing capacity and expanding its climate portfolio. This new UK capital, focused on climate action, will direct much-needed climate finance toward Bangladeshi corporates which contribute to reducing greenhouse gas emissions. The UK, including BII, is committed to working with Bangladesh in expanding a trade and investment relationship that will benefit sustain-

able growth in both our countries.” Mohammad Ali, MD and CEO (CC) of Pubali Bank Limited, said: “Climate change has resulted in an economic shock in Bangladesh where we’re seeing reduced agricultural yields, damaged infrastructure, and increased commodity cost.

Through our existing portfolio of climate-related projects and pipelines, Pubali Bank understands the complex impact of climate change in the country. Our triple bottom-line management includes a three-pillared framework that focuses on social, environmental and

economic growth. Our partnership with BII will enable us to grow our climate finance offering and support a wider range of clients who are preserving the environment and strengthening the economy. Pubali is fully committed to playing a pivotal role in creating greater business value and providing finance which benefits the society and the environment in Bangladesh.”

M Rehan Rashid, country director, Bangladesh, at BII, commented: “The landmark climate investment to Pubali marks BII’s commitment to playing a role in supporting

economic and environmental transformation in Bangladesh. We are thrilled to deploy our directed lending facility to help increase funding for climate mitigation projects and businesses that help reduce GHG emissions in Bangladesh.

By supporting Pubali in becoming a leading participant in climate financing, BII’s capital will facilitate greater resilience and sustainability across communities, businesses and industries in Bangladesh.” ■

## FBCCI Delegation Meets RAJUK Chairman To Discuss DAP



A delegation of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) met RAJUK chairman Anisur Rahman Miah to discuss about the effectiveness of Detailed Area Plan (DAP) to build a planned habitat and developed capital.

FBCCI senior vice president Mostafa Azad Chowdhury Babu led the FBCCI delegation during the meeting at the RAJUK office while FBCCI standing committee co-chairman on real estate and housing affairs Liakat Ali Bhuiyan Milon was present, among others,

in the meeting on November 7. During the meeting, Babu thanked the RAJUK authorities for incorporating various plans in the new DAP for ensuring civic amenities for the city dwellers. He said since DAP is a detailed plan, its formulation is very tough alongside its implementation.

In this regard, the FBCCI senior vice president urged the RAJUK to associate with Real Estate and Housing Association of Bangladesh (REHAB) to formulate the master plan to ensure a sustainable and livable capital, restructuring

the RAJUK Board with skilled and experienced technical members, incorporating area-wise data and information in the DAP, increasing floor area ratio, specifying timeframe for availing designs, formulating rules and regulations on real estate. Babu said that such proposals were framed earlier following widespread discussions with the real estate businessmen, city planners, architectures and other stakeholders.

The RAJUK chairman said that all the designs received before August 23, 2022 would be given approval as per the previous rules while decision on the developers, who have signed registered agreements with the land owners before August 23, 2022, would be taken in consultation with the higher authority.

RAJUK city planner Md Ashrafal Islam said that efforts to amend the DAP would be taken later following detailed discussions for ensuring welfare to the city dwellers and the real estate industry. ■

# BB Eases Cap On Lending Interest After 31 Months

## *Business Outlook Report*

**T**he Bangladesh Bank has decided to raise the interest rate on consumer loans to 12 per cent from 9 per cent after economists have long called for the withdrawal of the cap on all loans to contain inflation. As per a central bank instruction aimed at supporting the fast-growing economy, accelerating industrialisation and keeping the cost of funds lower for borrowers, banks have been maintaining the 9 per cent interest rate on all loans except for credit cards since April 2020.

Everything went well until February when the flooding of the cheap funds emerged as a major headache for the economy as the country has been struggling to contain inflation, which has rocketed to a record high in recent months for the higher global commodity prices and the depletion of foreign currency reserves. Inflation surged to a

10-year high of 9.52 per cent in August. It fell to 9.10 per cent in September. The decision to allow the interest rate to go up comes at a time when a delegation of the International Monetary Fund (IMF) is in talks with various state agencies as part of its assessment before sanctioning a credit support of \$4.5 billion to Bangladesh. It is advising the central bank to allow the interest rate to be market-driven. The move is in the right direction as the increase in the interest rate on consumer loans has brought some changes to the interest rate structure and this is required under the current circumstances.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh. The lending interest ceiling has been a major barrier to curbing higher inflation despite the central bank hiking the key interest rate, also referred to as policy rates,



thrice since May 29. This is because the money supply did not less to a large extent owing to the ceiling, according to analysts, who think an increase in interest rate will reduce the money supply, thus helping tackle inflation. The BB has not issued any notice to this end yet. It communicated the decision to the Association of Bankers Bangladesh, a platform for managing directors of banks, around two weeks ago, said bankers.

Contacted, two officials of the central bank said that a circular will be sent out to banks if required. They said that the new decision would help contain the money



supply and bring a positive impact on controlling inflation. BB Spokesperson GM Abul Kalam Azad declined to comment. Both Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, and Syed Mahbubur Rahman, managing director of Mutual Trust Bank, welcomed the BB move. "But so far I have understood that the new rule will not be applicable for the consumer loans that have already been given out," Rahman said.

"In addition, the new interest rate will not apply to mortgages or home loans." The ratio of consumer loans is 5-6 per cent of the total outstanding loans in the banking sector. "So,

the decision will not have a major impact," a managing director of a bank said. Consumer loans in the banking sector stood at Tk 79,017 crore as of December, up 26 per cent year-on-year. The managing director said that the central bank should disseminate a circular on the issue to remove confusion if any. Mansur called the BB move partial.

"This is not the first best solution. But the BB's move is in the right direction as the increase in the interest rate on consumer loans has brought some changes to the interest rate structure and this is required under the current circumstances," he said. He hopes the

central bank will allow the market to determine the interest rate across the board in the quickest possible time. Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, says that the central bank should also consider increasing the interest rates on other loans in order to contain inflation.

The exchange rate and the interest rate have a direct relationship when it comes to managing inflation efficiently, he said.

"The central bank should issue a circular to ensure transparency to this end. Verbal instruction is not expected given the gravity of the issue." ■



# Efforts For Easing Dollar Crisis

## Remitters To Send Money Without Fee: BAFEDA

### *Business Outlook Report*

**T**he Association of Bankers, Bangladesh and the Bangladesh Foreign Exchange Dealers Association has decided not to charge commission on expatriates for sending money to the country in a bid to increase remittance in a formal way.

BAFEDA announced the decision after a meeting with ABB leaders at the head office of Sonali Bank Limited on November 6.

‘The decision will be effective from today,’ BAFEDA chairman Afjal Karim, also managing director of Sonali Bank said. Two associations also

decided to keep banks’ exchange houses open in weekends and holidays, he said.

The bankers also decided to increase the dollar exchange rate ceiling for encasing export bills to Tk 100 from Tk 99.5, Afjal said. The rate for the remitters will remain same at Tk 107, he said.

The country has been struggling with scarcity of dollars in recent months and industries are facing severe difficulties in doing foreign trade due to the shortage in dollars. To make it worse, inflow of remittance, a major method of dollar supply, has continued declining

in recent months. Remittance inflow dropped by 7.37 per cent to \$1.52 billion in October, the fourth month of the current financial year 2022-2023, from \$1.64 billion in the same month of the past financial year.

The inflow of remittance in October was the lowest after February 2022 when it was at \$1.49 billion. About 60 per cent of the dollars required for a bank’s operation comes from exporters while the remaining 40 per cent is met by dollars received through remittance.

The export earnings in October of the current financial year of 2022-23

fell for the second month by 7.85 per cent to \$4.35 billion year-on-year from \$4.72 billion in the same month of FY 2021-22.

On September 11, the ABB and BAFEDA at a meeting decided to set dollar exchange rate ceiling for remittance at Tk 108 and for encasing export bills at Tk 99. Besides, LC settlement will be the average of remittance and export bill rate with a maximum increase of Tk 1.

On September 8, the two associations had held a meeting with Bangladesh Bank officials to discuss the current situation in the foreign exchange

market and find out ways of solving it. The exchange rate rose sharply to Tk 108 from Tk 84.8 against the US dollar within a year.

The interbank exchange rate has been at Tk 103-105 in recent days. The BB approved floating rate of dollars on September 14. The exchange rate

was Tk 84.80 in July 2021 that rose to Tk 93.45 in June 2022.

Due to various restrictions and sluggish business environment amid the Covid pandemic, import payments had declined sharply while exports and remittance earnings witnessed a massive growth. So, the reserves

had hit \$48.6 billion in August 2021. But, now imports exceeded remittance and export earnings, depleting foreign reserves of the country that has also brought down the import payment capacity.

To stabilise the foreign currency market and facilitate banks in making import payments

obligations, the BB sold over \$5 billion to banks in between July 1 and November 2.

So, the country's reserves dropped to \$35.7 billion on November 2, weakening Bangladesh's import payment capacity. ■



## Current Account Deficit Widens As Exports, Remittance Drop

Bangladesh's current account deficit has widened further due to a fall in export earnings and inward remittances, creating more pressure on foreign exchange reserves.

Bangladesh Bank (BB) data showed that September's deficit was \$3.6 billion, almost twice as much as August's \$1.5 billion. A current account deficit indicates that a country imports more than it exports. A BB official said the

central bank has continued to support banks with opening letters of credit for importing 'essential items' despite the pressure on foreign currency reserves.

"Remittance inflows should not be justified by monthly data alone. Remittances continued to grow during July-August," said Abul Kalam Azad, executive director of Bangladesh Bank. According to market analysts, the current account deficit may

increase to \$16.5 billion in the current FY 2022-23. Remittances reached \$1.52 billion in October, the lowest in eight months. BB reported that remittances dropped \$14.1 million in a month as the banking channel brought in only \$1.53 billion in September.

According to data released by the Export Promotion Bureau, October exports decreased 7.85 percent year-on-year to \$4.36

billion, missing the target by nearly 12.9 percent. Syed Mahbubur Rahman, former Chairman of the Association of Bankers Bangladesh (ABB), believes the dollar market might improve by January-February after banks settle international trade bills. According to Syed Mahbubur, managing director of Mutual Trust Bank, if remittances and export earnings increase in the next quarter, the pressure on the dollar will drop over time.

Due to the US dollar crisis, the central bank has sold \$4.89 billion from the reserves since the beginning of the current financial year. August's inflation rate hit a 12-year high of 9.5 percent. In September, it dropped slightly to 9.1 percent. The negative effects of inflation have begun to subside on the country's economy. The central bank directed banks to collect expatriate income and remittances at 107 Tk per dollar. ■

## WEEKLY SELECTED ECONOMIC INDICATORS

**Chief Economist's Unit**  
(Policy Support Wing)  
10 November 2022

	09 November 2021	30 June, 2022 <sup>R</sup>	31 October 2022	09 November 2022
1. Foreign Exchange Reserve (In million US\$)	44977.80	41826.73	35808.73	34261.38
2. Interbank Taka-USD Exchange Rate (Average)	85.7500	93.4500	103.1707	103.5175
3. Call Money Rate	2.29	4.42	5.80	5.78
				Percentage change
				From June, 2022
4. Broad/Overall Share Price Index			09 November 2022	From June, 2021
a) Dhaka Stock Exchange (DSE) <sup>®</sup>	6868.09	6376.94	6350.14	-0.42
b) Chittagong Stock Exchange (CSE)	20097.52	18727.52	18743.89	0.09
5. a) Wage Earners' Remittances (In million US\$)	1646.87	7055.17	1525.43	July-Oct, FY23 <sup>P</sup>
b) Annual Percentage Change	-21.66	-19.97	-7.37	21031.68
				-15.12
6. a) Import (C&F) (In million US\$)	6991.70	18720.40	7191.90	July-Sept, FY23 <sup>P</sup>
b) Annual Percentage Change	50.28	47.56	2.86	20905.30
				89162.30
				35.93
				July-Sept, FY23 <sup>P</sup>
				19348.00
				82495.00
				35.95
				July-Sept, FY23 <sup>P</sup>
				16853.51
				52082.66
				34.38
8. Current Account Balance (In million US\$)	-2545.0		July-Sept, FY23 <sup>P</sup>	FY 2021-22 <sup>F</sup>
				-18697.0
9. a) Tax Revenue (NBR) (Tk. in crore)	23802.21	58351.19	26833.93	July-Sept, FY23 <sup>P</sup>
b) Annual Percentage Change	20.03	16.72	12.74	67124.45
				15.04
Investment in National Savings Certificates (Tk. in crore)			September, 2022	July-Sept, FY23
a) Net sale	2825.56	8558.14	-70.63	330.57
b) Total Outstanding	352652.04	352652.04	364340.69	364340.69
			September, 2022 <sup>P</sup>	Percentage change
			September, 2022	Sept'22 over Jun'22
				Sept'21 over Jun'21
11. a) Reserve Money (RM) (Tk. in crore)	323334.30	347162.10	340080.40	5.18
b) Broad Money (M2) (Tk. in crore)	1585817.10	1708122.40	1722827.60	-2.04
				0.86
				1.60
				9.43



	Percentage change											
	July-September, FY2021-22				July-September, FY2022-23				FY 2021-22			
	Opening		Settlement		Opening		Settlement		Opening		Settlement	
<b>12. Total Domestic Credit (Tk. in crore)</b>	1468903.40	1671748.90	1710072.80	16.42	2.29	2.01	16.10					
a) Net Credit to the Govt. Sector	227545.00	283314.60	292492.10	28.54	3.24	2.95	28.18					
b) Credit to the Other Public Sector	30636.30	37198.70	38167.50	24.58	2.60	2.06	23.92					
c) Credit to the Private Sector	1210722.10	1351235.60	1379413.20	13.93	2.09	1.84	13.66					
<b>L/C Opening and Settlement (million US\$)</b>												
a) Consumer Goods	2475.07	1999.72	1992.50	4.56			27.50					
b) Capital Machinery	1771.26	926.25	1457.33	-65.74			40.78					
c) Intermediate Goods	1749.13	1518.60	1559.28	-14.56			35.23					
d) Petroleum	1744.30	1404.93	2971.47	50.99			116.18					
e) Industrial Raw Materials	7475.75	6483.00	8230.81	-14.57			47.03					
f) Others	5106.85	4730.38	6236.82	-4.62			39.46					
<b>Total</b>	<b>20322.36</b>	<b>17062.88</b>	<b>22448.21</b>	<b>-8.57</b>			<b>46.15</b>					
<b>Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)</b>	December, 2018	June, 2019	December, 2020	March, 2022	June, 2022	August, 2022	September, 2022					
a) Twelve Month Average Basis	5.55	5.48	5.69	5.75	6.15	6.66	6.96					
b) Point to Point Basis	5.35	5.52	5.29	6.05	7.56	9.52	9.10					
<b>Corresponding Period</b>	December, 2017	June, 2018	December, 2019	March, 2021	June, 2021	August, 2021	September, 2021					
a) Twelve Month Average Basis	5.70	5.78	5.59	5.69	5.56	5.53	5.50					
b) Point to Point Basis	5.83	5.54	5.75	5.29	5.64	5.54	5.59					
<b>Classified Loan</b>	December, 2018	June, 2019	December, 2019	June, 2020	December, 2020	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	8.96					
b) Percentage Share of Net Classified Loan	2.18	2.53	1.02	0.15	-1.18	-0.47	0.49					
<b>Agricultural and Non-farm Rural Credit (Tk. in crore)</b>	August'21	September'21	July-Sept, FY22	August'22 <sup>a</sup>	September'22 <sup>a</sup>	July-Sept, FY23	FY 2019-20					
a) Disbursement **	1732.67	2535.72	5210.50	2172.53	2747.07	6584.37	28834.21	25511.35	22749.03			
b) Recovery	1681.71	2216.69	5586.11	2077.33	2953.24	7076.37	27463.41	27123.90	21245.24			
c) Outstanding	45260.89	45689.74	45689.74	50235.40	50246.25	50246.25	49802.28	45939.80	45592.86			
<b>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>a</sup>	Jan-Mar'21-22 <sup>a</sup>	Apr-Jun'21-22 <sup>a</sup>	2021	2020			
a) Disbursement	48980.98	44445.67	41788.73	42075.49	57118.60	51716.69	56484.26	185428.48	153496.15			
c) Outstanding	237653.44	240169.54	243074.82	245325.67	252082.09	259704.21	271448.58	252082.09	237653.44			
<b>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>a</sup>	Jan-Mar'21-22 <sup>a</sup>	Apr-Jun'21-22 <sup>a</sup>	FY 2021-22	FY 2020-21			
a) Disbursement	16499.23	17379.01	19430.74	14834.23	18772.59	17340.49	21413.63	72360.94	68765.25			
b) Recovery	15538.37	16893.10	14734.86	12979.47	18477.42	16572.97	16832.73	64862.59	58488.71			
c) Outstanding	275311.09	299048.73	315294.16	303329.12	308918.45	310572.40	320410.22	320410.22	315294.16			
<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>NP</sup>			
	6.06	6.55	7.11	6.59	7.32	7.88	3.45	6.94	7.25			

**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



# Govt To Shell Out Tk 1,914cr To Set Up 5 Jetties

*Business Outlook Report*

**T**he government is going to undertake a major project to set up five jetties and necessary infrastructure in the economic zones in the country's south-eastern part to ensure the comfortable and safe movement of people and landing facilities and boost tourism.

The shipping ministry has taken up the project, which may be placed at a meeting of the Executive Committee of the National Economic Council on November 8. The Bangladesh Inland Water Transport Authority (BIWTA) will implement the project, in cooperation with the Bangladesh Economic Zones Authority. The project will be completed by June 2024. The government

will provide the fund and the BIWTA will have to acquire 25.86 acres, according to documents of the planning ministry. The Bureau of Research, Testing and Consultation, an expert team of the Bangladesh University of Engineering and Technology, has prepared the designs of the jetties and carried out a feasibility study.

The Bangladesh Inland Water Transport Authority will implement the project, in cooperation with the Bangladesh Economic Zones Authority. The main objective of the project is to set up five jetties and other facilities in the south-eastern part, including Mirsarai and Sandwip parts of Chattogram and Sonadia and Teknaf (Sabrang and Jaliar island) parts of Cox's

Bazar. The jetties will provide infrastructure to carry the increasing volume of products and items for the local residents in Chattogram and Cox's Bazar and contribute to economic development, said Commodore Golam Sadeq, chairman of the BIWTA.

"The jetties will help boost tourism and attract foreign and domestic tourists via modern landing facilities," he said, adding that the jetties will support the Bangabandhu Sheikh Mujib Shilpa Nagar.

The industrial city consists of three economic zones: Mirsarai, Feni, and Sitakundu.

Md Mohidul Islam, chief engineer (civil) of the BIWTA, said: "If the project is okayed, we will

try to complete it within the deadline." According to the planning ministry's document, a jetty will be built in the Jaliar Dwip Island, which is located in the middle of the Naf river where the Naf Tourism Park is currently being built. The park will have all the modern tourist facilities. The jetty will ensure the landing facilities for travellers as well, it said.

Sonadia, which is 7 kilometres far from Cox's Bazar, is a popular place for making dried fish. A jetty with landing facilities is needed to ensure smooth communication for prospective travellers, said the documents. The Mirsarai Economic Zone, which is located on the bank of Sandwip channel, will be the industrial hub where hundreds of thousands of workers will be employed.

Local farmers and small businessmen will be able to transport their products within a short time and at lower costs, it said.

Under the project, the BIWTA will dredge 3.95 lakh cubic metres of area for the safe berthing of water vessels.

It will also construct 75,481 square feet in jetty spaces, 8,485 square metres of parking yards, 24,000 square metres of the access road, and 3,830 square metres of the embankment to save the river banks.

The BIWTA will build a 23,488-square-metre port complex as well. ■

# Legacy Issues, Not Just External Factors, Behind Economic Woes



## *Business Outlook Report*

**N**ot only the external factors such as the Russia-Ukraine war, the energy crisis and supply bottlenecks but also the unaddressed legacy issues that are responsible for the current ills of Bangladesh's economy, said economists.

They listed a surge in inflation, the fluctuation in the exchange rate, depleting reserves, fewer jobs, lack of purchasing power, inequality, lack of good governance in the financial sector and high non-performing loans as

the major bottlenecks that are hurting the economy. Their comments came at a roundtable on "Bangladesh economy: the way forward" organised by The Daily Star at The Daily Star Centre in Dhaka on November 7.

"The existing economic crisis is not only a reflection of one year. Rather, it is the outcome of long perceived misplaced priority that took place in the last one decade," said Salehuddin Ahmed, a former governor of the Bangladesh Bank. "The economy went under some kinds of selective

incentives, to some extent, perverse incentives, which led to some kind of distortion in the market."

According to the former governor, the country went after growth instead of focusing on creating adequate jobs.

"Now we need to revisit this as the suffering of people is not a one year's exchange rate and inflation issues. Rather, this comes from a lack of jobs and purchasing power over many years."

The local currency has weakened by 24.5 per cent to Tk 106.9 against

the US dollar in the past one year owing to the plunging foreign exchange reserves.

In another blow, Bangladesh witnessed a record 9.5 per cent inflation in August, the highest in 12 years. It was 9.1 per cent in September, squeezing the buying capacity of the people and sending many below the poverty line.

Ahmed also expressed concerns about the ballooning private sector loans secured from external sources.

"Such a high level of external private credit had



not been allowed in the past. Now it stands at \$25 billion. I don't know how it would be managed."

Ahmed gave examples where the BB opposed borrowing dollar-denominated loans by the private sector during his time at the central bank.

But in recent years, the BB has allowed it to happen, saying it is sitting on a huge foreign exchange reserve. "The over-confidence has created the current problem," he said.

The International Monetary Fund is now prescrib-

ing reform in the banking sector. The same recommendation has been made by local economists for years, saying that the government was walking backwards by allowing to deepen the influence of family ownership in banks.

There have been a couple of narratives from the government that Bangladesh's economy had been doing pretty good until the Russia-Ukraine war erupted and they are transferring the whole blame to the external shock, said Debapriya Bhattacharya, a distin-

guished fellow of the Centre for Policy Dialogue. "Another narrative is that the whole world is suffering and Bangladesh is not alone. However, the narratives concealed some underlying problems that have become legacy in absence of effective measures and reforms."

The tax-to-GDP ratio is very low. In fact, it is one of the lowest in the world and it has constrained the government's ability to spend. Bhattacharya said: "Bangladesh would have been able to manage the current situation better

had the GDP-tax ratio been 12 per cent from 9 per cent now." The quality of public investment is still an issue and projects suffer from cost and time overruns, said the noted economist.

"On the other side, the operational expenditure of the government is increasing. In the financial sector, non-performing loans (NPLs) have remained high and the problem has been unattended for a long time." Defaulted loans in the country's banking sector hit an all-time high of Tk 125,257 crore

in June. The issue of subsidy pressure on the public coffer was also discussed at the roundtable.

"Bad subsidies have taken over good subsidies," Bhattacharya said, citing the example of the capaci-

Akash went on to say that the state is now captured by three sections: dishonest bureaucrats, businessmen and politicians.

There is a nexus among them and they mutually support each other to control the state. In the

Policy Research Institute of Bangladesh. Remittance has been on the decline largely because of hundi, an illegal cross-border financial transaction system.

"It should be controlled," said Mansur. Remittances

the exchange rate gap between the banking system and the kerb market. Prof Bidisha also underscored reforming the tax system.

"We need to reform the direct taxation system. Because if we cannot generate enough income and cut expenses, how will we be able to spend for people?"

Miran Ali, vice-president of the Bangladesh Garment Manufacturers and Exporters Association, said Bangladesh is not necessarily operating in the low-end of the market only.

"We are not the cheapest destination for garments in the world. We are the most efficient and transparent. In some categories, we have the biggest capacity." "We are not necessarily cheap. In fact, a lot of our products are sold in the North American, west European and Australian markets."

The entrepreneur said that there is a problem with demand.

"But I believe it will stabilise and the export sector can continue to prosper provided the exchange rate is rational and free from the shackles of various mechanisms," he said, urging the government to protect the business community from unnecessary and counter-productive policies.

Mahfuz Anam, editor and publisher of The Daily Star, moderated the roundtable. ■



ty payments made to rental power plants. The government paid Tk 16,785 crore in capacity charges to power plants in the first nine months of the last fiscal year.

MM Akash, chairman of the economics department at the University of Dhaka, emphasised two crises: inequality and lack of governance.

"These problems should be solved, but the governance crisis has been deepened by corruption."

He said the basic reason for the prevalence of corruption is the government can't punish the corrupt because the power structure has been captured by them. Prof

nexus, bureaucrats and businessmen have gained the upper hand whereas politicians are in a relatively weaker position, the professor explained.

In recent times, the opening of letters of credit (LCs) has started to come down, but both exports and remittances have declined as well, a mixed development for the economy.

"The declining export is understandable given the business slowdown in the global market.

But decreasing remittances is unexplained since the manpower export to the Middle East has boomed," said Ahsan H Mansur, executive director of the

to Bangladesh declined 7.4 per cent year-on-year to \$1.52 billion in October.

Prof Sayema Haque Bidisha, research director of the South Asian Network on Economic Modeling, said that there is no way to neglect the agriculture sector and it has to be supported either through subsidies or other incentives.

She said inflation has to be contained, macro-economic stability has to be restored, the poverty rate has to be brought down, inequality has to be narrowed and adequate jobs have to be created.

The economics professor also called for narrowing

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Industrial Dryers	Ceramic Industry
Furnaces	Metal Casting Industry
Kilns of Ceramic	Metal & Aluminium Industry
	Food Industry etc.

## OMERA PRIORITY OFFERS

- Liquefied Petroleum Gas (LPG) as a green & clean fuel
- Competitive energy solution compared to diesel
- Alternate energy solution to natural gas
- 24/7 secured supply of LPG across the country
- Flexible LPG storage set-up solutions
- Best technical service in the industry



Industry



Vaporizer and  
Regulating Station



LPG  
Storage Tank

**Omera**  
LPG



**BEST ENERGY COMPANY  
AWARD 2016**

**BEST LPG OPERATOR  
AWARD 2018**



[omeralpg.com](http://omeralpg.com)



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