

2023: An Eventful Year Ahead

Fortnightly Magazine

Business Outlook

www.businessoutlookbd.com

11th Year of Publication

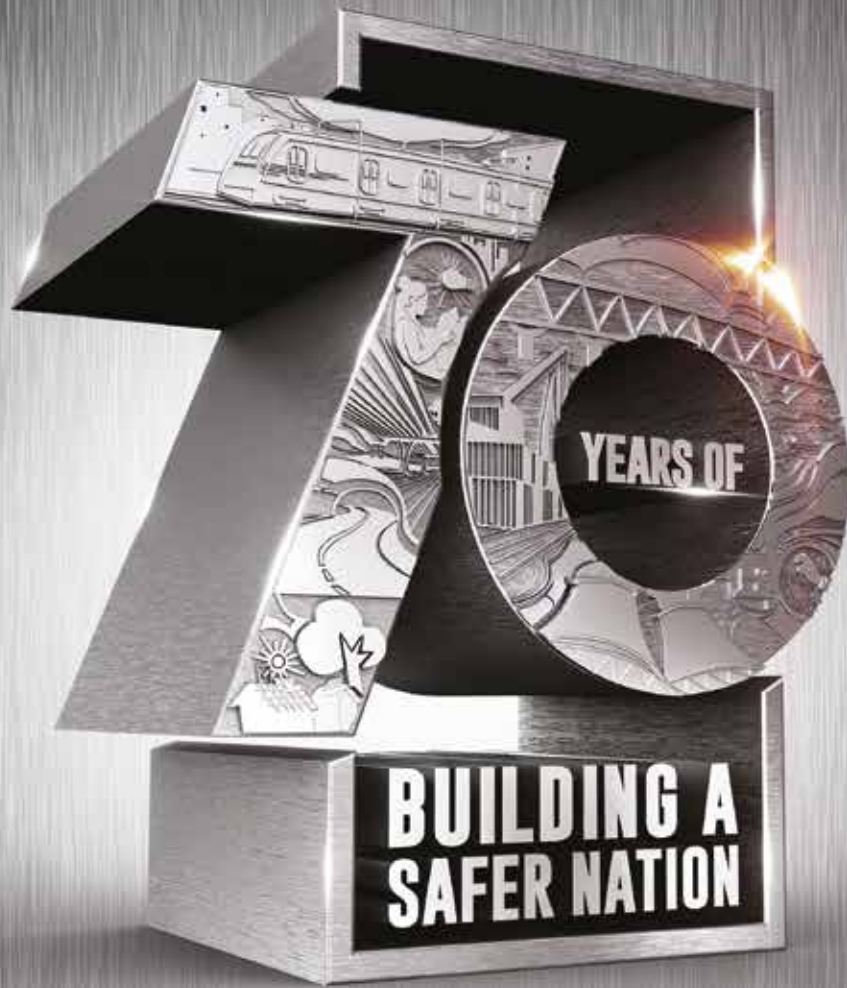
01 January 2022

Price: Tk 30

Helmet Market Importers Rule The Business



- Will Nightmare Continue in New Year?
- Realtors Raise Concerns About New DAP



Building a stronger and safer nation for 70 years

Our victories are for the people

We congratulate all our respected customers, dealers, national and international construction companies, the Bangladesh Government and 17 crore people, for whom we have been able to make our journey of 70 years a great success.

Scan to know more



Protect Our Local Helmet Brand

The use of motorbike is growing fast. Available data from the Bangladesh Road Transport Authority show that, 4,65,484 motorcycles were registered throughout the country in the January–November period of 2022, up from 3,75,252 in 2021, 3,11,016 in 2020 and 4,01,452 in 2019. Motorcycle registration has increased almost fivefold to 39 lakh until November from 7.5 lakh in 2010. So, use of helmet, one of the most important safety gears for motorcyclists and riders, is on the rise almost at the same pace. The sale of helmets will increase sharply once traffic police make errant bikers compliant with the use of the mandatory safety gear throughout the country. At present, traders estimate a sale of around 20 lakh units of helmets annually. Nowadays, a significant portion of motorcycle market share is held by the local manufacturers, but the case is just reverse in regard to the helmet manufacturing. Cent percent of helmets is imported while its market size is not insignificant. The helmet traders estimate the local market size of the product to be around Tk 500 crore with an annual growth rate of at least 10 per cent. The global motorcycle helmet market was valued at \$2.18 billion in 2021 and is expected to expand at 6.6 per cent from 2022 to 2030. Asia Pacific held the largest market share of more than 65 per cent in 2021 owing to the strong buyer foothold of the two-wheeler market in countries such as India, China, Indonesia, and Vietnam. The local helmet market is fully dominated by imported helmets, mostly from China while some are imported from other countries. In such a situation, it's a good news that a local business house has initiated a move to start manufacturing helmet. According to the report, Pran-RFL Group is ready to go into full-scale production of helmets under the brand 'Safemet' at its plant in Narsingdi. The manufacturing and processing giant said they are the first manufacturer of high-quality helmets in Bangladesh, which will ensure maximum safety for the users, particularly the motorcyclists and workers at risky construction sites. The company has established a factory for helmets at Danga Industrial Park in Narsingdi and awaits BSTI clearance for going into full-scale production. The 40,000-square-foot factory can manufacture 50,000 pieces of helmets a month.

We welcome this move. Alongside this, we want to mention that there is a big allegation that many sub-standard helmets are being imported due to lax monitoring by the authorities concerned. So, we urge the authorities to ensure maintaining safety standard in importing helmets. Otherwise, the local manufacturing venture will not be successful given that the competition will not be fair.

We Wish You All A Very Happy New Year 2023. ■



(Sikder Md Sadrul Hasan)

s69hasan@yahoo.com

Editor & Publisher

Sikder Md Sadrul Hasan

Managing Editor

Afroja Bilkis

News Team

Siddique Islam, Salauddin Bablu, Masum Billah
Saadman Sajjad, Kayes M Sohel, Ashrafal Islam
Jasim Uddin Khan and Fahad Ferdows.

Contributors

Zafar Malik, Syed Ishtiaque Reza
Kashem Mahamud

Staff Correspondent

Shahed Farid

USA Correspondent

Waliul Alam

UK Correspondent

Nurul Akbar Bhuiyan

Photo Department

Bulbul Ahmed, Sheikh Mamun

Cartoonist

Syed Rashad Imam (Tanmoy)

IT and Graphic Design

Rizoanul Islam
Tonmoy Rajbangshi

Head of Marketing

Basiruzzaman Akond

Marketing Operation

Chandan Rajbangshi

Published by the Editor

From

Zahan Plaza (3rd floor), 42/1-Ka,
Segun Baghicha, Dhaka-1000.

Printed from

Shariatpur Printing Press,
234 Fakirapul, Dhaka-1000.

Editorial, News & Commercial Office

Razzak Plaza, 9th Floor (L-10)
2, Shahid Tajuddin Ahmed Sarani,
Moghbar Crossing, Dhaka-1217.

Telephone : 01819 200 641, 01627 140 427

Email : bdbusinessoutlook@gmail.com

Website

www.businessoutlookbd.com

All rights reserved. Reproduction in whole or part without written permission is prohibited.

Volume-11

Issue-24, 01 - 15 January 2023

Released on 31 December 2022



Cover Story

17

Helmet Market:
Importers Rule The Business



22

Will Nightmare Continue in New Year?



POLITICS

05

2023
An Eventful
Year Ahead

10 Govt Starts Work To
Prepare FY24 Budget

15 BB Gives Banks More
Time To Adjust

16 Food Minister For
Increasing Zinc-Enriched
Paddy Cultivation

29 EU Reaches Deal On Major
Carbon Market Reform

41 Foreign Funds Dip Despite
Increase In Loan Repayments

43 When Should Bangladesh
Bid 3G Adieu?

Read
Business Outlook

To get
Half Month's Business & Economic News,
Views and Analysis in one fold

Call your hawker or contact : 01847 305167, 01819 200641

PM Opens Country's First Metro Rail



Prime Minister Sheikh Hasina has formally inaugurated the country's first metro rail on December 28. She opened a section of the Mass Rapid Transit (MRT) Line-6 by unveiling a plaque at the playground of Uttara sector-15 at 11:04am. The section of MRT Line-6 connects the capital's Agargaon to Uttara North. A special munajat was offered on the stage on this occasion. Apart from PM, Sheikh Rehana; Road Transport and Bridges Minister Obaidul Quader, Rawshan Ara Mannan, chairman of parliamentary standing committee on road transport and bridges ministry; local AL MP Mohammad Habib Hasan, Road Transport and Highways Division Secretary ABM Amin Ullah Nuri, DMTCL Managing Director MAN Siddique; MRT Line-6

Project Director Aftab Uddin Talukder; new Japanese Ambassador to Dhaka Iwama Kiminori and JICA Chief Representative in Bangladesh Ichiguchi Tomohide took seats on the stage. DMTCL is the implementing agency of the metro rail project. It will also mark the advent of high-speed trains in Bangladesh, she said, adding that the trains can reach a speed of 110 kilometres per hour. Initially, a 12km section, from Uttara to Agargaon, of the 21.26km MRT Line-6 has been opened. The line up to Motijheel will be inaugurated a year from now. The fare for a ride from Uttara to Agargaon is Tk 60 while the minimum fare will be Tk 20. Once in full service, MRT Line-6 will carry around 4.83 lakh people every day between Uttara and Motijheel. The trip will take 38 minutes, which takes at least two hours on other modes of transport. The MRT Line-6 project was given the go-ahead in 2012 with a June 2024 deadline and a cost of Tk 21,985 crore. But the authorities went for early commissioning of the Uttara- Agargaon section considering public convenience. The project was revised this year to extend the line to Kamalapur from Motijheel, and to procure land for some stations. The project cost went up to Tk 33,472 crore and the new deadline was set at 2025. Japan is providing about 60 percent of the cost as soft loan. Japan International Cooperation Agency (JICA) are financiers of the metro rail project. ■

Chevron donates ambulance to SCC

Chevron Bangladesh donated an ambulance to Sylhet City Corporation (SCC). President and Managing Director of the company Eric M Walker handed over the ambulance to the SCC at its Jalalabad Gas Field Office in Sylhet. According to Chevron, the ambulance will help SCC in providing healthcare to the people in Sylhet. Read: Search for gas: Chevron plans drilling in Bibiyana's flanked area in April Eric M Walker visited Sylhet and Habiganj where he attended events to support the local community as part of its Social Investment Initiatives. Chevron Bangladesh has been able to step in at a moment when the country needs reliable, affordable energy to run its hospitals and emergency facilities. Eric M Walker also visited the Integrated Support for Children with Disabilities (ISCwD) Project at SSKS Clinic, -Karimpur, Bibiyana, Habiganj to provide assistive devices among children with disability in one-year program to support children with disabilities aged between 0-18 years and their families and community members living in the project locations. This initiative started in collaboration with Save the Children in March 2022 to support children with disabilities and their parents to get accessible basic services like health, education, and development from mainstream



service providers. The ISCwD project aims to benefit 300 Children with Disabilities, 300 Parents and caregivers, 200 School teachers, and 20 local schools. Read: Uttoron: Chevron-funded skill development project draws to a close Chevron Bangladesh has been managing social investment programs since 2006. Chevron is one of the world's leading integrated energy companies, involved in virtually every aspect of the energy industry. Chevron Bangladesh operates three gas fields in the northeast of the country. It is the largest producer of natural gas in Bangladesh, accounting for over 60% of total domestic natural gas production and over 80% of the domestic condensate production. ■

EU Adopts Global Minimum 15pc Tax On Big Business

The European Union has adopted a plan for a global minimum 15% tax on big business. Leaders gave their final approvals on December 15 after months of political wrangling. The landmark deal between nearly 140 countries aims to stop governments racing to cut taxes in a bid to attract companies. It was praised by US Treasury Secretary Janet Yellen as "an historic agreement which helps even the playing field". Corporation tax is usually based on a company's profits. But often they might be able to pay less depending on where their offices are registered or how they invest in their business. The newly-approved plan was drawn up under with the guidance of the Organisation for Economic Cooperation and Development (OECD) and already had the backing of Washington and several major EU economies. But the implementation of the minimum tax in the



27-nation trading bloc was delayed as member states raised objections or adopted blocking tactics. ■

NBFIs Cannot Change Any Vehicle Before 8-Year Use

Bangladesh Bank has instructed the non-banking financial institutions (NBFIs) that the institutions cannot change any of their vehicles before eight years. Earlier, as per a 2015 directive, there was an opportunity to change vehicles after every five years. In line with the government's decision to reduce operational and development expenditure in the context of the global economic situation, purchases of any type of vehicles (new and replacement) at the official expenses by NBFIs will be suspended during the fiscal year 2022-23. The Financial Institutions and Market Department of Bangladesh Bank on December 21 issued a circular in this regard. The chief executives of financial institutions cannot be given multiple vehicles at companies' expenses. Apart from this, BB has instructed that the officers who take car loans and maintenance cost cannot use the companies' vehicles. ■



Banks Asked To Eliminate Stocks' Over Investments By Dec 2023



The Bangladesh Bank on Monday asked the scheduled banks to bring down their capital market investments to permitted limits by December 31, 2023. The department of off-site supervision of the central bank issued a circular in this regard on the day. As per the Bank Companies Act, the scheduled banks are allowed to invest in listed securities up to 25 per cent of their equity on a solo basis and 50 per cent on a consolidated basis. According to Monday's BB circular, the scheduled banks which had investments beyond the limit in the stock market as on August 31, 2022 are asked to adjust their investments by December 31, 2023. On August 4, the central bank issued instructions to calculate scheduled banks' stock investments based on the cost price instead of the market price of their shares. The purchasing price of shares of other companies, mutual funds, debentures and corporate bonds will be considered during the counting of the highest exposure limit of banks, it said. ■

2023: An Eventful Year Ahead



Awami League chief Sheikh Hasina inaugurated the ruling party's 22nd national council by releasing a pigeon and a set of balloons at Dhaka's Suhrawardy Udyan on December 24

SMS Hasan

2023 might be a crucial year for the country's politics. Both the ruling Awami League and the main opposition BNP are mustering all their strengths to woo voters as the country with the next national election just a year away. Awami League held its 22nd national council on December 24 at the city's Suhrawardy Udyan.

The 21st council of the party was held in December 2019. Keeping its top leadership almost unchanged, the party formed a new central committee with Sheikh Hasina as president and Obidul Quader as general secretary. On the same day, opposition BNP and its other political allies held mass processions at the district and metropolitan levels across Bangladesh except in Dhaka

city. The BNP deferred its Dhaka city protest programme and shifted it to December 30 at the request of Awami League.

The show of respect between the bitter political rivals was the only good news for the mass people in recent years. But this does not mean that the coming days will see more such gestures because the gap between the two parties is almost unbridgeable which seems to be widening further. The Awami League is determined to hold the next general election under its own authority while the BNP is unlikely to participate in any election under Sheikh Hasina's government. There is little chance to reduce the gap and change their stance. Both parties believe that if they compromise with their current political stance, it may lead them towards a political disaster and turn out to be a huge challenge

for their survival. On the other hand, if they don't compromise, it may lead to a disaster for both of them. Many internal and external forces are active. Of these, the recent statements and activities by the Western diplomats, headed by the US ambassador, and counter statement by Russian ambassador drew attention in the political arena.

Nany political polarisations are taking shape. Political observers fear a new force—political or non-political—may come up to fill up the void. So, the New Year 2023 might witness many turning points in the country's political arena. Those incidents might be marked with violence or there might be no violence at all. Time will tell what will actually happen in 2023.

Awami League To Move Forward

Prime Minister and Awami League

President Sheikh Hasina has said the leaders and activists of her party will march ahead in unison by confronting all conspiracies and hurdles and build a prosperous, developed and smart Bangladesh by 2041. “Attacks and conspiracies will come. But we want the leaders and activists of the Awami League to step forward together facing the conspiracies,” she said while inaugurating the 22nd national council of one of the subcontinent’s largest political

not do that as we have confidence and trust in the people,” she said.

No Change In Top AL Leadership

Without any change in the existing leadership, Prime Minister Sheikh Hasina and Obaidul Quader were again elected respectively president and general secretary of Awami League at the 22nd national council.

Smart Bangladesh Goal

Awami League focused on youth

lished Digital Bangladesh. Now, it will also ensure Smart Bangladesh. Our country lagged behind for decades during the first, second and third industrial revolutions, but now we are not behind in the fourth industrial revolution under the leadership of Bangabandhu’s daughter Sheikh Hasina,” he also said.

Simultaneous Movement: BNP’s Liaison Committee

BNP has formed a seven-member



The opposition BNP held mass processions at the district and metropolitan levels across Bangladesh on December 24

parties on December 24. She said Bangladesh will never fall behind and her party will fulfil the dream of Bangabandhu Sheikh Mujibur Rahman by bringing smiles to the faces of the distressed people.

Referring to various measures taken by her government, including enactment of the new law to appoint the chief election commissioner and commissioners for the Election Commission, she assured all of holding the next general election in a free and fair manner.

“If we had any intention of stealing votes, we would have formed an Aziz-style election commission as Khaleda Zia had done. But we did

and “smart” leadership – with the determination to achieve its ‘Smart Bangladesh’ goal – by confronting conspiracies at home and abroad.

The main theme of this year’s council was “Development journey under the leadership of Sheikh Hasina with the determination to build a developed, prosperous and smart Bangladesh of Bangabandhu’s dream”.

Saying that Awami League is a “smart party”, Joint General Secretary and Information Minister Hasan Mahmud said the ruling party is always “the first to think what needs to be done to advance the nation.” “Awami League has estab-

liaison committee to coordinate with the political parties involved in the simultaneous anti-government movement.

The member of the liaison committee are — Nazrul Islam Khan, Selima Rahman, Iqbal Hasan Mahmud Tuku, Barkat Ullah Bulu, Md Shahjahan, Abdul Awal Mintoo and Sayed Moazzem Hossain Alal, said a party press release on December 26.

BNP launched the simultaneous movement on December 24 through a mass-procession across the country, except in Dhaka and Rangpur. Earlier on December 10, the party announced a 10-point demand to “oust” the current

government through a simultaneous movement.

Meanwhile, Liberal Democratic Party (LDP) also formed a five-member liaison committee to coordinate with BNP regarding the programmes of the simultaneous movement.

LDP Secretary General Redwan Ahmed was made the Convenor of the committee while party Presidium Member Nurul Alam its

been reported that there were clashes and pitched battle between BNP supporters and law enforcement members during the processions. Multiple arrests have also been reported from all across Bangladesh.

12-party Alliance To Support BNP's Movement

As many as 12 political parties, which were part of the BNP-led 20-party alliance, formed a new alliance to implement a 10-point

BNP will remain the same as before. We are moving forward with a new strategy to build greater unity with the participation of those political parties which are against this fascist government," he said.

Labour Party chairman Mostafizur Rahman read out the declaration relating to the newly formed 12-party alliance.

"The 12-party alliance will remain active on the streets in a simultane-



Leaders of 12 political parties, which were part of the BNP-led 20-party alliance, formed a new alliance to implement a 10-point demand, including ousting the Awami League government from power

Member Secretary. The other members are Niamul Bashir, Aurangzeb Belal and Mahbub Morshed.

BNP's Mass Processions

The opposition BNP held mass processions at the district and metropolitan levels across Bangladesh on December 24. It is the first programme to realise the 10-point demand announced on December 10 from the party's divisional rally in Dhaka. The anti-government mass processions took place all over Bangladesh were in Barishal, Bhola, Sunamganj, Meherpur, Pirojpur, Dinajpur, Gaibandha, Jamalpur, Lalmonirhat, Bandarban, Chattogram, Panchagarh and Sylhet. It has

demand, including ousting the Awami League government. Mostafa Jamal Haidar, Chairman of a faction of Jatiya Party (Kazi Zafar), announced the formation of the new alliance at a press briefing at the Jatiya Press Club on December 22.

The partners of the new alliance are Jatiya Party (Kazi Zafar), Bangladesh Kalyan Party, Bangladesh Labour Party, Bangladesh Jatiya Dal, NDP, LDP (Selim), Muslim League, Jamiyet Ulamaye Islam, Islami Oikkyo Jote, Jagpa, Islamic Party and Bangladesher Samyabadi Dal.

"I can firmly say that our understanding and unity with the biggest opposition party of the country

ous anti-government movement with the BNP to force the government to resign and hold elections under a caretaker government through a new Election Commission. We'll continue our movement until the achievement of final victory," he said.

The 12-party alliance also considers the BNP's 27-point outline of 'Structural Reform of the State' as a 'national charter of emancipation' and expressed solidarity with it, he added.

Syed Muhammad Ibrahim, chairman of Kalyan Party, said, "Before abolition, the 20-party alliance held its last meeting at the BNP chairper-

son's office on December 9, 2022 where the leaders of the alliance decided not to use the previous name 20-party alliance. The 20-party alliance was formed on April 18, 2012." There are two registered political parties in the 12-party alliance. One is the Bangladesh Kalyan Party and the other is the

alliance as many parties of the group are inexperienced," he told reporters at the Secretariat.

Mayer Dak: US Ambassador's Visit

US Ambassador to Bangladesh Peter Haas on December 14 visited the residence of Sanjida Islam, coordina-

ing with families of the victims of enforced disappearance in the capital's Shaheenbag, following security concerns triggered by the gathering of some ruling party supporters.

The ambassador went to the house of Hazera Khatun, the co-founder of Mayaar Daak, held a meeting with the families of 24 disappearance victims before hastily leaving the place following requests from his protection unit. He rushed to the foreign ministry following the development and urgently met Foreign Minister AK Abdul Momen to express his concerns.

The US ambassador later cancelled a meeting with Garment Manufacturers and Exporters Association President Faruque Hassan at his Uttara office. BGMEA President Faruque told New Age that the US ambassador was scheduled to meet him at 12pm but at 11:30am the embassy informed him the meeting would not take place due to unavoidable circumstances.

Momen in the evening told reporters that the US ambassador 'urgently' met him and expressed his 'extreme disappointment' over the incident. The minister said that he asked the ambassador to identify who had leaked the information about his movements, of which his ministry was unaware.

Mayer Daak co-founder Sanjida said that during their brief meeting they briefed the US ambassador about the struggle, suffering, and intimidation that they had been facing over the years.

"We sought their cooperation in getting justice," she said.

She added that the ambassador had assured them of his country's necessary support.

Dec 14 Incident An "Expected Result": Russia

Russia has said the December 14 incident is an "expected result" of the



US Ambassador to Bangladesh Peter Haas on December 14 visited the residence of Sanjida Islam, coordinator of Mayer Dak at Shaheenbagh in the city.

Bangladesh Muslim League, he added. The other parties have filed their petitions with the Election Commission for registration and it is expected that a positive result will come, said Ibrahim.

The alliance is planning to go to the divisional cities after December 30 and will take a decision about it soon, Ibrahim said. "We will join all programs of the BNP and as part of the simultaneous movement we will bring out mass processions on December 30. We will gather at Bijoy Nagar at around 2 pm," he added.

Responding to the formation of the new alliance, Information Minister Hasan Mahmud said the BNP will not be able to move ahead by forming a new alliance. "The BNP had formed the 20-party alliance for carrying out a movement and it saw that the wheels of the coalition did not move ahead. Now there will be no progress if they form a 12-party

tor of Mayer Dak, an organisation of the relatives of the victims of enforced disappearance, at Shaheenbagh in the city.

Haas went there around 9am and stayed there for about 30 minutes, Sanjida told UNB. He discussed several issues including enforced disappearance and killings, she said. Sanjida is sister of BNP leader Sajedul Islam Sumon, a victim of enforced disappearance in 2013.

"When Peter Haas was leaving my residence, I heard chaos in front of the gate. Later I heard that a group came there and created chaos while he was getting into his vehicle," she said. Commenting briefly on the incident a US embassy spokesperson said, "We are raising this matter at the highest levels of Bangladesh government."

US Ambassador's "Security Concerns"

Haas hurriedly concluded his meet-

activity of the American ambassador, who — under the pretext of caring about the rights of the citizens of Bangladesh — was “persistently trying to influence” the domestic processes in the country.

“As of late, his colleagues from the British and German diplomatic missions have been engaged in the same cause and have allowed themselves to openly give recommendations to the local authorities regarding transparency and inclusiveness in the parliamentary elections scheduled for next year,” Russian Foreign Ministry Spokesperson Maria Zakharova said in Moscow.

Russia said they believe that such actions that “violate” the basic principles of non-interference in the domestic affairs of sovereign states are “unacceptable”.

The Russian foreign ministry spokesperson said they have noted the widely publicised incident involving Ambassador Haas whose security was “allegedly threatened” by activists from a local public organisation when he went to meet with the family of a supporter of an opposition political party on December 14, 2022 in Dhaka.

In 2013, the opposition party supporter went missing, the Russian spokesperson said.

“If anybody wants to ask: How about the terms ‘diplomat, immunity, embassy, security’? We always urge these things in accordance with international law and the Vienna Conventions on Diplomatic and Consular Relations,” she said.

“We urge the US, the United Kingdom and other countries to care about and comment not only on cases of their own security, but also to support their colleagues when the countries and their representatives, including at international organizations, raise questions about the security of their embassies and consular facilities,” Zakharova added. “They do not care about this.

At best, they remain silent and at worst, they justify those who do this.

When international terrorists committed a series of attacks against our embassy in Syria, we urged the Americans to respond to this through the UN Security Council,” she said.

She said, “Everything was obvious. There can be no political justification for an unwillingness to publicly take a stand and use the common voice of the Security Council.”

The spokesperson said Washington did not support Russia’s proposal on the council taking a clear stance on the protection of diplomats and condemning terrorist attacks at

solidarity with Ukraine saying: “Stand with Ukraine.”

Russia on December 20 said it is “invariably committed” to its principle of not interfering in the domestic affairs of other countries, including that of Bangladesh.

“States like Bangladesh, which shape their foreign and internal policy to serve their own national interests instead of following the lead of external powers, take the similar approach,” the Russian Embassy in Dhaka said in a statement.

Under the pretext of protecting “democratic values,” work is underway to interfere in the internal affairs of those who are out of favour



Russian Foreign Ministry spokesperson Maria Zakharova

embassies and against diplomats.

“There cannot be any double standards, only a joint consolidated position,” said the Russian foreign ministry official.

Russian Non-Interference In Ukraine?

The US Embassy in Dhaka took to Twitter on December 21 to respond to the Russian mission’s comment that they are against interfering in the internal affairs of other countries.

“Does this (principle of non-interference) apply to Ukraine?” asked the US mission. It also expressed

with the states that consider themselves “rulers of the world,” the mission added.

“Such policy evidently results in undermining the sustainability of the world order, brings chaos and havoc. The incomplete list includes Yugoslavia, Iraq, Libya, Yemen, Syria and Afghanistan,” it said. ■

Govt Starts Work To Prepare FY24 Budget



Business Outlook Report

The finance ministry has already begun drafting the budget for FY 2023-24 to combat war-induced economic woes and meet election-year demands. According to ministry sources, Finance Minister AHM Mustafa Kamal will hold two meetings on December 20 one with the council for the coordination of fiscal, monetary, and exchange rate policies, and the other with the budget monitoring and resource committee.

This budget is being prepared at a time when the country's economy is being challenged by the Russia-Ukraine war, which threatens to undermine the economic recovery. Furthermore, the government must strike a balance between budgetary measures to help overcome the crisis and populist measures to woo voters ahead of the national election. Bangladesh Bank Governor Abdur Rouf Talukder,

NBR Chairman, finance secretary, ERD secretary and concerned officials of the finance ministry are expected to attend the meetings on Tuesday. A draft of the next fiscal's budget will be placed at the meeting and there will be discussions on potential budget size, GDP growth, economic challenges including rising inflation and the current fiscal's income-expenditure situation, official sources said. A tentative budget size for next fiscal year will be presented to the finance minister, as well as a review of this fiscal year's budget.

Sources said the finance minister will present the budget to the national parliament in early June next year after determining the revised budget size and the new budget. As the government's last budget before the 12th national elections, it will be very important as it will be implemented half by the current government and finished by the new

government. As a result, the government has to seriously consider the election issues despite numerous economic problems. Addressing the high inflation across the globe caused by the abrupt surge in the prices of food items, energy, essential commodities and industrial raw materials is going to be a major challenge for the new budget. "The main challenge of the next fiscal's budget is to fight inflation. Despite many internal shocks, the government will place an expansionary budget for the next year," said a finance ministry official seeking not to be named.

"Development work will get a priority in the fag end of the incumbent government's tenure. So, the size of Annual Development Programme will also increase," he added. The size of the next budget may surpass Tk 7.4 trillion with a 10 percent year-on-year hike over current fiscal's Tk 6.78 trillion

budget, while the next ADP size may rise by 12 percent from current Tk 2.47 trillion, sources informed.

Given the current reality, the GDP growth target may be lowered to 6.9 percent from existing 7.5 percent.

The inflation target may be set at 7.5 percent even though it is hovering around 8 percent now.

The government expects more foreign resources in the next budget thanks to some commitments from

its development partners. Finance ministry officials think that the availability of foreign resources will make budget formulation somewhat easier for the government. ■

Banks' Lending To Industries Slows



Business Outlook Report

The growth in advances in the form of term loans for industries have slowed down as businesses took a slow approach amidst the ongoing economic uncertainty while banks became conservative owing to a reduction in excess liquidity.

As of September of this year, banks' advances to industries in the form of term loans stood at Tk 261,654 crore, which was 8 per cent higher year-on-year.

Yet, this was the lowest growth in the last five

years, according to Quarterly Scheduled Banks Statistics released by Bangladesh Bank last week.

The amount of term loan for industries, however, declined 0.37 per cent in the July-September period from Tk 262,618 crore at the end of April-June quarter this year.

Working capital financing for industries dropped 1.49 per cent to Tk 266,724 crore in the last quarter compared to that at the end of June this year. "Demand for large loans is low this year. There is also no

demand for syndication this year," said Md Abdus Salam Azad, managing director of state-run Janata Bank.

He said the pandemic affected business and many could not repay loan easily. Of late, the increased cost of the US dollar also affected project financing, he said, adding that the state-run bank approved loans for four or five projects.

"Our term lending has declined but our financing to small and medium enterprises has increased," he added. The central bank data

showed that 35 per cent of advances by bank went to trade financing.

Working capital and advances for term loans for industry accounted for 39.6 per cent of total advances at the end of September this year, down marginally from that a quarter ago, and one year ago.

Emranul Huq, managing director of Dhaka Bank, said advances were not coming about by that much of an extent at this point in time.

Now the economy is stressed and entrepreneurs are delaying implementing new projects, he said.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, said banks were facing pressure from falling liquidity, for which they were not going aggressive in investment.

"We are going conservative, not aggressive as of the past," he said. ■



Betel Leaf Cultivation Creeping Up As Exports Expand

Business Outlook Report

Betel leaf grown in Kushtia is not only popular across Bangladesh, but also beyond the country's borders with increasing exports in the last several years encouraging more farmers to cultivate the crop. As such, betel leaf was cultivated on 2,230 hectares of land in fiscal 2021-22, up by some 4 per cent compared to 2,140 hectares the year before, according to sources at the Department of Agricultural Extension (DAE) in Kushtia.

Although the crop is grown throughout the district, three upazilas -- Kushtia sadar, Mirpur and Bheramara -- are the top producers. Abdullah Al Mamun, agriculture officer of Mirpur upazila, said his region exports the most betel leaf with 20 tonnes of the crop having

been shipped to countries in the Middle East as well as England in the previous fiscal. Meanwhile, Kushtia sadar upazila and Bheramara upazila exported 22 tonnes and 27 tonnes respectively but unlike Mirpur, the leaves were collected from various other regions as well.

"Kushtia Paan has great potential in earning foreign currency. So, it can be considered whether any big project can be undertaken for betel leaf growers in the district," said Ramesh Chandra Ghosh, director of the Sustainable Agricultural Development Expansion Project in Jashore. On average, Tk 35 crore worth of betel leaf is exported from the three upazilas each year. Kushtia has always been a betel leaf growing district but farmers had once turned away from its cultivation in the face

of constant losses. However, earnings from betel leaf have risen in the past three years and as a result, many farmers are once again inclined to grow the crop. The local farmers now use organic pesticides, which has enabled healthier and safer cultivation while also boosting yields. Several local varieties of the plant are being cultivated alongside high yielding and disease resistant species, such as Bari Paan-1, 2 and 3.

Among them, Bangla Paan and Mitha Paan the most popular among farmers for their resistance to rot, leaf burn and other diseases. Local agriculture officials say they have trained farmers in the modern methods of betel leaf cultivation and conservation in addition to the correct way of applying pesticides. As a result, betel leaf growers in the

district are earning up to Tk 1.5 lakh per bigha. Even just a few years ago, many farmers were engaged in tobacco cultivation in hopes of better profits but now, they are turning back to betel leaf for a quick path to self-sufficiency. Among them is Hashem Ali Khan, a youth of Hazrahati village in Mirpur upazila, who achieved solvency through his two-and-a-half bigha betel leaf plantation.

Hashem expects to earn more than Tk 3 lakh from the crop this year. Shahidul Islam, a farmer from the Kuchiamora area of Bheramara upazila, said he has been cultivating betel leaf instead of tobacco for the past two years. Islam grew Bangla Paan on one bigha of land last year, when he earned around Tk 1.5 lakh from his harvest. This year, Islam is cultivating Bangla Paan on three bighas of land as this variety of betel

leaf has high demand in different parts of the country. Abdur Rahman, another grower from Bheramara upazila, said he has been sending betel leaf to Dhaka, Chattogram and Sylhet for a long time now. "In the past, profits were low as only expensive and inaccessible modes of transportation were available," he added.

But after the launch of Padma Bridge, Rahman has been able to bring his betel leaf to various markets by himself, saving both time and money. As such, Rahman's profits have almost doubled. Officials of the Kushtia DAE said betel leaf growers in the region use non-toxic organic pesticides, including combinations of mulberry, lime and water, that produce good results while also keeping costs comparatively low. Saidul Islam, a farmer from Brittipara village in Kushtia sadar upazila, said growers

in the region would previously use conventional pesticides but have since switched to organic cultivation after getting good results.

Ramesh Chandra Ghosh, director of the Sustainable Agricultural Development Expansion Project in Jashore, said farmers in Kushtia are getting more profit than ever by cultivating betel leaf. "They are earning Tk 1 to Tk 1.5 lakh per bigha by cultivating betel leaf in a modern way," he added.

Ghosh went on to say that even a few years ago, farmers were leaning towards tobacco cultivation considering its higher profits.

"Kushtia Paan has great potential in earning foreign currency. So, it can be considered whether any big project can be undertaken for betel leaf growers in the district," he said. ■

Coca-Cola Bangladesh Removes Over 1.8 Ton Marine Debris From St. Martin's Island

Business Outlook Report

As a part of the annual International Coastal Cleanup and Coca-Cola's global initiative to achieve a 'World without Waste' by 2030, the Coca-Cola System in Bangladesh in partnership with Kewkradong Bangladesh successfully conducted a coastal clean-up across the beaches of Saint Martin's Island.

The two organizations have teamed up for the annual International Coastal Cleanup for the last 12 consecutive years, reads a press release. Kewkradong Bangladesh is the country coordinator of Ocean Conservancy, an international non-profit organization working to

protect the ocean. More than 450 volunteers participated in the 12th edition of the initiative. People from

all walks of life, including locals of Saint Martin's, and university students and professionals from all



over the country, participated in the event. The event was organized in sync with the 36th annual International Coastal Cleanup® and this

have been driving this initiative for the past 12 years but I urge everyone to take steps from their own places and keep this beautiful island clean

and Kewkradong Bangladesh for this praiseworthy initiative.” Coca-Cola has been supporting the initiative of International Coastal Cleanup in Bangladesh since 2011.



Over the past 12 years of this initiative, more than 5,500 volunteers collected more than 15,450 kilograms of marine debris.

Through this partnership, Coca-Cola is working to clean and free oceans from pollution across the globe.

Additionally, the company is engaged in multiple other initiatives to help the government tackle plastic pollution.

year the participants managed to remove more than 1800kg of marine debris from the shores of St Martin's. Most of the marine debris consisted of food wrappers, plastic beverage bottles, plastic bottle caps, plastic bags, plastic utensils, plastic lids etc.

for the future generation. Only working together can help us attain a cleaner and the more habitable world for everyone.”

Recently, the Coca-Cola Foundation provided funds to SR Asia and CordAid Bangladesh for two separate projects to reduce plastic pollution in Dhaka.

Ta Duy Tung, managing director of Coca-Cola Bangladesh said: “Plastic pollution is a problem faced globally and it is a problem we humans created. We as an organization take the issue of plastic pollution very seriously. Among our many plastic waste management initiatives, we conduct this coastal clean-up drive. We thank Kewkradong Bangladesh and all the volunteers for their continuous effort to keep St. Martin plastic free. But this is a responsibility we all have to acknowledge and anyone visiting these areas shouldn't pollute natural beauty. I sincerely hope, through this initiative, people will be more aware, and we will be able to achieve a world without waste.”

Md Mojibor Rahman, chairman of Saint Martin's Union Parishad said: “Saint Martin's is one of the major tourist attractions of the country.

The Coca-Cola system in Bangladesh and The Coca-Cola Foundation has been playing a significant role in supporting Bangladesh to achieve Sustainable Development Goals (SDGs) set by the United Nations.

This causes an excessive amount of waste around the island. The government is taking multiple initiatives to mitigate this problem but if we want to make any signifi-

The local implication of the company's global initiatives such as Water Stewardship and Women Business

Muntasir Mamun, country co-coordinator of Ocean Conservancy said: “Thousands of tourists visit Saint Martin's Island every year. It's all of our responsibility to keep it clean and preserve this natural beauty. With the help of Coca-Cola, we



cant impact, the private sector's involvement meant is very much necessary. I appreciate Coca-Cola

Centre has been actively contributing to community development across their value chain. ■



BB Gives Banks More Time To Adjust

Business Outlook Report

Bangladesh Bank has extended the period meant for banks to make adjustments to their overexposure in the stock market in a bid to give relief amid existing bearish trends. The central bank issued a circular in this regard December 19. The Banking Companies Act 1991, which was amended in 2013, has limited a bank's stock market exposure to 25 per cent of its capital, which was supposed to be brought about by 2016.

However, some banks made investments exceeding the ceiling, so they were ordered to sell shares to abide by the order. Considering the fact that the stock market is now bearish, the central bank extended the adjustment period several times, the last being by August 31 of the current year. Now, it has been

extended to December 31 of 2023. A stock market analyst, preferring anonymity, said the central bank's circular gave relief to the market and banks as they are not going to sell shares while the bearish trend is prevailing. On the other hand, selling shares was not possible in the dry market as most of the stocks are not undergoing trade for the presence of the floor price. The floor price is the lowest price at which a stock can be traded.

The Bangladesh Securities and Exchange Commission set the floor price of every stock in July to halt the freefall of market indices amid 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. Due to the presence of the floor price, around 200 stocks are getting

little to no buyers and their prices have remained the same for weeks. So, even if they had tried to sell those, it would not have been possible, added the analyst. The recent central bank decision allowing exposure calculations based on purchase prices would put pressure on banks to make sales. As the banks bought shares at a price higher than that prevailing at present, either their purchasing power has reduced or their portfolio has suffered overexposure, he said.

The central bank issued a circular in August after getting an order from the Ministry of Finance saying that the purchasing price of shares of other companies, mutual funds, debentures and corporate bonds will be considered during the counting of the highest exposure limit of banks. ■



Food Minister For Increasing Zinc-Enriched Paddy Cultivation

Business Outlook Report

Food Minister Sadhan Chandra Majumder has urged the farmers to increase the cultivation of zinc-enriched paddy for eliminating malnutrition in the country. It is possible to meet the zinc deficiency of people in the country through cultivating biofortified zinc rice, the minister said at the "Biofortified Zinc Rice Award Ceremony 2022" arranged by the Food Ministry in the capital's Agargaon on December 20.

Most of the people in the country are not aware at all about the biofortified zinc rice or its quality, he said. "We are consuming zinc in chemical form but do not know that we

can get this naturally through rice," he added. So he urged the media to come forward to attract consumers to biofortified zinc rice. He also said that the mill owners of the country produce polished rice as per the demand of the consumers and supply those to market. "Because consumers are not keen to eat zinc rice as it is a bit coarse. Customers or consumers prefer polished rice."

And so farmers are also not interested in cultivating biofortified zinc rice, said the minister. "Normal rice also contains nutrients, but the nutrients are being reduced after being polished," he added. He said about 16 lakh tonnes of rice are wasted annually during the polish-

ing process. "There would have been no need to import rice if those had not been polished." At the event, 11 farmers, three rice millers and 10 food department officials were awarded in recognition to their special contribution in the production, processing and marketing of biofortified zinc rice.

Meanwhile, regarding food crisis and possible famine, the minister urged all not to panic and said, "We are aware that there are sufficient paddy and rice in stock."

Strict action will be taken against those who will stockpile rice, Sadhan Chandra warned. ■



Helmet Market Importers Rule The Business

Apu Ahmed

Local manufacturers are yet to capitalise on the growing demand for helmets in Bangladesh's market dominated largely by imported headgear even amid a severe shortage of dollars.

Helmet Demand Up

Growing awareness among motorcyclists because of strict rules in the capital and other metropolitan cities has pushed up the demand for helmets. As one of the major safety gears, the helmet use had not been maintained strictly in the capital even a few years ago. A movement on road safety in 2018 has rung the alarm bell. The high growth of motorcycles sales as well as motorcycle accidents alerted the

government. Still only one third motorcyclists wear helmets, according to a recent study by the World Bank and BUET's Accident

Research Institute. The study conducted between July 2019 and July 2021 among 400 riders in Dhaka, Barishal and Dhaka-Mawa



expressway and Dhaka-Gaibandha Road said helmets could reduce accident fatality significantly in the country. At least 1,168 people were killed in 994 bike accidents in the past year.

Motorcyclists Up too

The number of motorcyclists is

caused by dollar shortage. Outside the capital and even in remote areas, the need for motorcycles is growing for business purposes. Available data of the Bangladesh Road Transport Authority show that, 4,65,484 motorcycles were registered throughout the country in the January–November period of 2022,

mandatory safety gear throughout the country. At present, traders estimate a sale of around 20 lakh units of helmets annually. They noted the market size of the helmet will be around Tk 500 crore with annual growth rate of at least 10 per cent. The global motorcycle helmet market was valued at US\$2.18 billion in 2021 and is expected to expand at 6.6 per cent from 2022 to 2030. Asia Pacific held the largest market share of more than 65 per cent in 2021 owing to the strong buyer foothold of the two-wheeler market in countries such as India, China, Indonesia, and Vietnam.

Importers Dominate Local Market

The local helmet market is fully dominated by imported helmets. Most of the helmets are imported from China while some are imported from India, Thailand and Indonesia. Yohe is the largest imported brand in Bangladesh. Other imported brands include STM, Steelbird, Vega, Studds, Yema, and MIBK. Due to the volatile exchange rate and newly adopted rules and regulations of the Bangladesh Standard Testing Institute, helmet importers are now facing troubles. The demand for helmets worth Tk 1,500–Tk 2,500 is the highest in the local market. But these are not of standard quality and can't provide proper protection. A high-end helmet can cost up to Tk 1,25,000. Shark Helmet Bangladesh Commercial Agent AKM Abidur Rahman said they were introducing a premium segment Shark brand helmet in Bangladesh. It is one of the renowned helmet brands in the world. The highest price of a Shark brand helmet in Bangladesh is Tk 1,25,000. The lowest price of such helmet is Tk 15,000, he said.

PRAN Establishes Factory

Seeing a high growth of helmets and its good future prospects, a local company has planned to manufacture and market the item.



growing in the capital and elsewhere in the country that is contributing to the sales of helmets. Both young men and women are preferring motorcycles in the congested capital amid the absence of mass transports. The ridesharing that has emerged as an earning source for many youths amid high unemployment also pushed up the motorcycle sales even in the current economic meltdowns

up from 3,75,252 in 2021, 3,11,016 in 2020 and 4,01,452 in 2019.

Only One Third Uses Helmets

Motorcycle registration has increased almost fivefold to 39 lakh until November from 7.5 lakh in 2010. The sale of helmets will increase sharply once the traffic police make the errant bikers compliant with the use of the

Pran-RFL Group is ready to go into full-scale production of helmets under the brand 'Safemet' at its plant in Narsingdi. The manufacturing and processing giant said they are the first manufacturer of high-quality helmets in Bangladesh, which will ensure maximum safety for the users, particularly the motorcyclists and workers at risky construction sites. The company has established a factory of helmets at Danga Industrial Park in Narsingdi and awaits BSTI clearance for going into full-scale production. The 40,000-square-foot factory can manufacture 50,000 pieces of helmets a month.

A Tk20 Crore Venture

The company has already completed necessary preparations to start mass production and officially launch the helmets in the market, said Kamruzzaman Kamal, Director (Marketing) of PRAN-RFL Group. "Thanks to the fast-growing motorcycle industry and a boom in the construction sector as well as rising safety concerns, there is a soaring

demand for high-quality helmets in Bangladesh," he said. The group initially invested around Tk 20 crore in the project which will ensure employment for 400 people for its smooth operation. 'Safemet' brand has developed three categories of helmets – full-face, half-face, and modular off-road– for capturing the market. Kamruzzaman said earlier they used to market imported helmets but seeing growth in demand the PRAN-RFL group decided to manufacture helmets locally.

Lack of Skilled Manpower

Siraj Cycle Store, a well-known importer of rickshaw and bicycle parts in the city's main such hub at Bangshal imported over 1 lakh pieces of helmets in recent years. They mainly import safety gears from India and China. Its owner Azizul Islam planned to establish a factory to manufacture helmets. He pointed out that the manufacturing helmet factory would be viable in the coming days when the bikers

will be more concerned with safety issues. At present, they wear the safety gear to avoid the penalty by traffic police. The production cost of standard helmets is higher than the cheap helmets imported mainly through bypassing rules and regulations. An employee of the Siraj Cycle Store said they were still continuing imports while the plan for establishment of the factory had slowed down because of lack of availability of skilled manpower.

Import Check Necessary

It is clear from the entrepreneurs that production of standard helmets will be only viable when the import of below standard helmets and marketing of those could be checked. The entrepreneurs argued that the time was right to help flourish small and medium factories so that they can reduce dependency on imports and save foreign currencies. The country has been facing a shortage of dollars and the crisis is unlikely to end soon. ■

Bangladesh Bank Creates Fund To Utilise Undisbursed Portion Of Farm Loans



Business Outlook Report

Bangladesh Bank (BB) has taken a decision to form a fund, titled Bangladesh Bank Agricultural Development

Common Fund (BBADCF), for increasing farm production. Under the initiative, banks would deposit money equivalent to the

un-disbursed amount of farm and rural loans in the fund and the BB would give 2 per cent interest on the deposits, as per a BB circular issued on December 19. The funds of the BBADCF would then be distributed among banks in proportion to their capacity. Banks would pay back the loans to the BB, along with 2 per cent interest, within 18 months of the fund release, says BSS citing the circular. "Banks can charge 8 per cent interest on the loans given to farmers using the money from the BBADCF. The loans have to be disbursed using banks' own network, not through microfinance institutions," said the notice.

Banks would be allowed to transfer 4 percentage points of the interest to their income segment on the loans made from the fund. ■

Will Nightmare Continue in New Year?

Apu Ahmed

The outgoing year started on a promising note but turned out to be a nightmare for the country's economy.

Padma Bridge Gives Good Start

The inauguration of the Padma Bridge in June was an auspicious event. But soon the shortage of dollars that exposed the artificial build-up of the foreign exchange reserves put the economy on a roller coaster.

The multi-billion-dollar Padma Bridge promised to boost economic activities in the southwestern region when the country was looking for ways to make a full recovery from the Covid pandemic. In 2020, the

Covid slowed down economic activities affecting life and livelihood. From a record 8.1 per cent gross domestic product growth in 2018-19, the pandemic pulled down the growth to 3.4 per cent in 2019-20.

In 2020-21, the country attained 6.9 per cent growth and 7.2 per cent in 2021-22.

Gunning For Full Recovery

The economic growth has been projected at 7.5 per cent in the current financial year. But the projected growth has become uncertain because of crises the country's economy has been facing since the war in Ukraine began in the second month of the outgoing



year. As prices of essentials soared on the global market due to the war, import-dependent Bangladesh found itself in a total mess. Bangladesh Bank has to restrict import of many goods to check depletion of the foreign currency reserve.

The finance division imposed austerity measures while frequent power outages returned to disrupt business activities since the middle of the year. The government has also kept the import of liquefied natural gas suspended.

From Miracle to IMF Loan

The Prime Minister's energy adviser Tawfiq-e-Elahi Chowdhury turned down an appeal from businesses to



import LNG at higher price citing shortage of dollar. Meanwhile, the international media portrayed the country's financial situation with that of bankrupted Sri Lanka once Finance Minister AHM Mustafa Kamal sought financial assistance from the International Monetary Fund.

A preliminary agreement between the country and the IMF over a \$4.5 billion loan for a period of three years was worked out in November prompting international media to ask questions regarding the country's economic strength. Most reports in international media said that the International Monetary Fund predicted Bangladesh's gross domestic product would soon

exceed that of Denmark or Singapore. Per capita, its GDP is already bigger than neighbouring India's. But what has happened that the country needed IMF help from an economic miracle overnight?

Present Crisis Acute

Bangladesh had also faced a financial crisis in 2005 following price hike of fuel oils on the global market. However, BB did not impose restrictions on imports although power outages were common.

The current price hike of fuel oils has not crossed the record price hit in 2008. Still, the country's economic managers were struggling to maintain necessary imports. To find out what has actually gone

wrong the review on the forex reserves crunch by the IMF official, Rahul Anand, suited most.

While announcing the preliminary agreement on the \$4.5 billion loan deal, the IMF official said in a press conference that the country's foreign reserve build up to \$48 billion until August 2021 was artificial.

Flaw in Reserve Calculation

Simply to say, BB does not have so many dollars as it has been maintaining a calculation in recent years beyond international practices. The IMF has tagged a condition for discarding artificiality in calculating the forex reserves with its loan deal.

BB, the custodian of the reserves, has agreed to follow net based calculation instead of gross one as per suggestion of the IMF to put an end to artificiality.

The BB governor has already said around \$8 billion dollar would be excluded from the reserve under the net-based calculation. But there are strong speculations that the amount would be higher that eventually make the government shaky to transfer to net-based calculation.

Data Manipulation

The country is paying the penalty of presenting sensitive data artificially not only for the case of the forex reserves but also for many other data. The government has been facing allegations of data manipulation to hide the actual condition.

Economists and local think-tanks have been urging the government to calculation style of inflation should be updated while the measurement of GDP be more accurate. The IMF has already observed that that calculation of the country's gross domestic product and the rate of inflation were not up to the mark. It observed that the methodology followed by the Bangladesh Bureau of Statistics for calculating the vital

economic indicators was outdated.

Inflation Skyrocketing

The BBS delayed by more than a month to release the monthly inflation rate for the month of August that rose to an 11-year high at 9.52 per cent. In March, the IMF in its article-IV mission observed that the inflation calculation with the base year 2005/06 introduced in July 2012 was no longer representative of current consumer

containing revenue leakage, shunning unnecessary development projects and closing down costly rental power plants were necessary to tackle the current pressure on macro-economy. The IMF loan is inadequate for the country to overcome its current predicaments in the new year, he said.

Cheap Money

The fixed interest rate introduced since 2019 has become a cheap

a series of loan scams in Sonali, BASIC and Janata banks in the past, and most recently in some Shariah-based banks including the Islami Bank Bangladesh Limited. Former NRB Global Bank Limited managing director Prashanta Kumar Halder, popularly known as PK Halder, allegedly embezzled over Tk 10,000 crore after he had received loans from various financial institutions in the name of companies owned by him and his family members.

PK Halder who escaped to India is currently in prison there in money laundering cases. Funds from loan scams may also end up in capital flights, said former Bangladesh Institute of Development Studies director general MK Mujeri while referring to the banks' failure to recover loans.

Value Gap

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.

The amount of money deposited by Bangladeshi nationals in Swiss banks jumped by 55 per cent to Tk 8,345 crore in 2021 while investments by Bangladeshis in Malaysia and 'Begum Para' in Canada for the second home became an open secret.

Outlook Bleak

The country's financial crisis due to shortage of dollars will continue unless capital flights and loan scams in the banking sector are addressed. ■



expenditures in Bangladesh. It should be updated on the results of the 2015/16 Household Income and Expenditure Survey, said the lender. On GDP calculation relating to residential building construction, the IMF found two shortcomings including the use of old data collected in a 1980/81 survey.

Other Flaws

Besides, the forex reserves calculation flaws, wrong economic policies maintained by the present political regime for generation of costly power to benefit vested groups have compounded the country's macroeconomic situation. Wastage of public funds through implementation of unnecessary development projects is not less appalling. Former Bangladesh Bank governor Salehuddin Ahmed noted that stopping capital flight,

source for easy fund for many industrialists who maintain import business too. Over-invoicing in imports becomes an easy way for capital flight.

The number of suspected trade-related transactions, one of the major ways for capital flight, is growing over the past two financial years, according to the Bangladesh Financial Intelligence Unit data.

The number of such transactions rose by 62.33 per cent in 2021-2022 over 2020-2021. The BB governor recently revealed that around 100 LCs were blocked for over-invoicing. One of them contained 200 per cent overvalue.

Capital Flight

Economists said that there might have been links between loan scams and capital flights while referring to



powering economic growth in Bangladesh for 25 years

Investing over 3.6 billion USD till date, Chevron is the largest US investor in Bangladesh. Chevron Bangladesh is proud to power the country's economic growth partnering with Petrobangla and the Government of Bangladesh. We operate in three fields, including Bangladesh's largest producing gas field Bibiyana and accounting for over 60% of natural gas and over 80% of condensate production in the country

Learn more at: bangladesh.chevron.com





Indian business tycoon Gautam Adani meets Bangladesh Prime Minister Sheikh Hasina in New Delhi during her visit on Sept 6, 2022, to discuss a deal to provide power through the Godda power

The Tk 700 Crore Per Month Hole In The Deal With Adani Power

Business Outlook Report

Bangladesh is likely to incur a huge financial loss to the tune of about Tk 700 crore per month, once it starts importing electricity from the Adani Power-built 1,600 MW thermal power plant in Godda, Jharkhand state - due to the 'faulty' deal the government signed with the private Indian company, reports UNB.

"Including the cost of coal and its transport, we have to pay Tk 2,100 crore per month to import 1,600 MW from Adani's plant at a 75 percent plant factor considering the existing rates of coal in the international market," a top official of the state-owned Bangladesh Power Development Board (BPDB) told UNB. If some rules and provisions observed in other similar deals (from the private sector, coal-fired) had been maintained here, the cost could have been kept down to Tk 1400

crore per month. The country has to count a loss of about Tk 700 crore per month, working out to Tk 8400 crore annually for the faults in the deal, he added. Over the project's life cycle of 25 years, the loss in terms of the increased cost and hidden components in the tariff Bangladesh will ultimately incur, balloons out to Tk 2.10 lakh crore - a third of the national budget - considering the current coal price, the senior official noted.

Even before coming to the hidden components, he said the tariff Adani managed to negotiate in the deal is almost double the purchase price from local coal-fired power plants, and thrice the rate of the power already being imported from India. Yet the loss will mainly be incurred due to the absence of any discount provision on the purchase of coal as fuel to operate the plant in the deal signed with the Indian business

group, said the official, who spoke on condition of anonymity as the issue is highly sensitive. According to official sources, the import of electricity from the Adani plant may start from next March. Adani Power, a subsidiary of the Adani Group, the business empire led by the world's second-wealthiest man, Gautam Adani, bagged the deal in 2015 during Indian PM Narendra Modi's first visit to Dhaka. Adani is well-known for being close to Modi, right from the latter's days as chief minister of Gujarat.

Under the deal signed with Adani Power, a 1,600 MW coal-fired power plant was set up in the eastern state of Jharkhand, with a target to export its entire electricity to Bangladesh. As per Power Division documents seen by UNB, Bangladesh will have to pay Adani Power about \$23.87 billion, equivalent to Tk 248,248 crore (considering US dollar exchange rate at Tk 104), over the 25-year life cycle

of the plant. Officials said Bangladesh signed the final power purchase agreement (PPA) with Adani Power during Prime Minister Sheikh Hasina's New Delhi visit in 2017. Adani Group's deal is not only faulty; the rate it is charging for its electricity is higher than rates of other coal-fired power plants. Adani will be paid 8.612 cents per kilowatt hour (per unit), a levelised tariff for the electricity while the tariff for power purchase from a local coal-fired plant of the S Alam Group was set at 8.2557 cents per unit.

The purchase rate of electricity from the Indian government (3.54 cents per unit) and private sector (7.84 cents per unit) are also lower compared to Adani's tariff. The government also had deals with other local and foreign companies at much lower rates such as Orion Khulna Power at 5.407 cents (Tk 4.35), and SEPC Taylor Power at 8.430 cents (Tk 6.78) per unit. Admitting the tariff charged by Adani is higher compared to that of other companies, Power Division officials said it is due to a number of reasons, including India's high corporate tax and the cost of transmission lines that need to be constructed and maintained to move the electricity across borders.

The BPDB official said the lack of a provision for discounts in the purchase of the coal that will be used to fuel the plant is an oversight, considering such a provision was made mandatory in other deals that Bangladesh signed with independent power producers (IPP), where the price of coal to be purchased was kept as "pass-through".

Explaining the matter, he said Adani will purchase the coal for its power plant as primary fuel and Bangladesh will pay the price of the coal. Normally, the coal price is calculated on the basis of the Newcastle Price Index, and if any company purchases coal at a higher quantity with higher calorific value, then it gets upto 55 percent discount on the bulk value. This was the provision kept in the power purchase deal from the 1320 MW Payra power plant, a joint

venture project of Bangladesh and China, where BPDB is benefiting from the discount in the price of coal. "But BPDB will not get any discount in coal price which ultimately pushes up the electricity tariff from the Adani plant by at least 50 percent," said the official who has been involved in handling the project from BPDB.

As a result, if the price of electricity from Payra is calculated at Tk 12-13 per unit including the cost of coal, the price of per unit electricity from Adani plant will be about double at



Tk 20-22 per unit, he added. Secondly, another fault in the deal is allowing Adani to import coal at its own choice (it even has its own coal mines) using its own ship and unloading it at its own port and then bringing the coal to its own power plant in Jharkhand via a massively elongated route. In this case, the transportation cost will go up excessively as the coal will be imported from Australia or Indonesia, both located to India's east, and then unloaded at Adani-operated Mundra port in the Kutch district of Gujarat, a western Indian state, on Adani's own shipping line. After unloading, the coal will be transported some 2031.8 km by road from the far-western port of Mundra to the far eastern district of Godda in Jharkhand, a journey across the breast of India, to reach the power plant. The entire cost of coal purchase and transportation will be paid by Bangladesh as per the agreement, which raised eyebrows of many energy experts. If Adani purchases coal with low calorific value, then it has to import coal in higher quantities which will result in an even higher transportation cost, which would

ultimately further push up the hidden component of the total tariff, said the BPDB official.

Admitting the "no discount provision" in Adani's deal, BPDB Chairman Mahbubur Rahman said since Adani will purchase the coal through open tender, there is no provision for discount. About the deal, when it was approved by the Cabinet Committee on Government Purchase, the then power secretary Dr Ahmad Kaikuaas in a proposal had mentioned that the decision to import power from Adani Group was made on the basis of

unsolicited offer under the 'Speedy Enhancement of Power and Energy Supply Act (Special) (Amendment) Act 2015'. "The proposal doesn't contradict the existing law, rules and regulation and no deviation was made in dealing with the matter," he said. The Power Division documents also reveal that in the tariff structure of Adani Group, the capacity charges were calculated at 3.8 US cents per unit while the variable operation and maintenance charges were at 0.1 cents per unit and the fuel price (cost of coal) was calculated at 4.7127 cents per unit.

Power Division officials said Adani Group, which has experience of operating and maintaining 10,440 MW power plants in India and elsewhere, would be investing \$2.124 billion to set up the 1600 MW dedicated plant in Jharkhand.

Bangladesh will need to construct 145-kilometre transmission lines up to the Indian border at a cost of Tk 1,000 crore while Adani group will need to build a 90 km transmission line on the Indian side to supply the electricity. ■



Grameen Bank organised a discussion and cultural programme at its Head Office auditorium in the city recently. Its Chairman Dr AKM Saiful Mazid presided over the event while Foreign Minister Dr AK Abdul Momen was present as the chief guest. Vice Chancellor of National University Dr Md Mashiur Rahman and Managing Director of Grameen Bank Md Abdur Rahim Khan were the guests of honour. ■



The 116th meeting of the executive committee of Modhumoti Bank Limited was held on 17 December. The meeting was presided over by EC Chairman barrister Sheikh Fazle Noor Taposh. Managing Director of Sharmin Group Mohammad Ismail Hossain, Director of Mona Financial Consultancy & Securities Ltd Ahasanul Islam Titu, Deputy Managing Director & Chief Operating Officer of the bank Shahnawaj Chowdhury and Deputy Managing Director & Chief Business Officer Kamrul Hasan Khan were also present. ■



José Viñals, Group Chairman, Standard Chartered, arrived in Dhaka on his second official visit to Bangladesh, says a press release. The bank previously welcomed José to Bangladesh in 2018. As part of his four-day visit, José met regulators, senior government officials, and economists. ■



Various business units of ACI Limited such as ACI Pharmaceuticals, ACI Consumer Brands, ACI Logistics Ltd. (Shwapno), ACI Seed, ACI Fertilizer, ACI Crop Care and Public Health, ACI Animal Health, ACI Agrolink, Animal Genetics, ACI Godrej, ACI Motors, ACI Premiaflex, ACI Premio Plastics, ACI Foods, ACI Flours and ACI MIS exhibited their products and services in a three-day exposition, says a press release. ■



Eastern Bank Limited (EBL) has won gold award in the banking category at the 9th ICSB National Award for Corporate Governance Excellence 2021. Ali Reza Iftekhar, managing director and CEO of EBL, received the award in corporate governance from Salman F. Rahman, private industry and investment adviser to the Prime Minister, at a gala award ceremony held at Pan Pacific Sonargaon Hotel in the capital. ■



The 843rd meeting of the Executive Committee (EC) of Shahjalal Islami Bank Limited (Sjibl) was held at the corporate head office of the bank. The meeting was presided over by Akkas Uddin Mollah, chairman of executive committee (EC) of the bank. Chairman of the board of directors Mohammed Younus was present as special invited guest. Managing Director & CEO of the bank Mosleh Uddin Ahmed and Company Secretary Md. Abul Bashar were also present in the meeting. ■



Sonali Bank Limited organised a training workshop on 'Grievance redress system (GRS) and use of its software' at the conference room of the bank's Head Office in the city. Deputy Managing Director of the bank Niranjana Chandra Debnath inaugurated the workshop as the chief guest. Deputy Managing Director Sanchia Binte Ali presided over the workshop while Md Jahid Hossain, Deputy Secretary of Financial Institutions Division under the Ministry of finance, attended it as a special guest and conducted the workshop. ■



BAT Bangladesh has acquired Alliance for Water Stewardship (AWS) core certification for its environment-friendly facilities in Dhaka and Kushtia that has made it the first Bangladeshi company to secure this recognition. ■



Mercantile Bank Limited won the Silver Award in the General Banking category of 9th ICSB National Award for Corporate Governance Excellence 2021. Salman F. Rahman, MP, private industry and investment adviser to the prime minister, handed over the crest and certificate to Md. Quamrul Islam Chowdhury, managing director & CEO, Abu Asghar G. Haruni, company secretary, and Md. Mahtab Uddin, FCS, deputy company secretary of Mercantile Bank, at a ceremony organised by Institute of Chartered Secretaries of Bangladesh (ICSB) at the Pan Pacific Sonargaon Hotel, Dhaka. M. A. Mannan, MP, planning minister, and Tapan Kanti Ghosh, senior secretary, the Ministry of Commerce, were present as special guests. ■



On the occasion of the Victory Day, Jamuna Bank Foundation organised a voluntary blood donation and a discussion at corporate office of the bank in Dhaka and in Chakaria, Cox's Bazar. Chairman of Jamuna Bank Limited and Jamuna Bank Foundation Nur Mohammed was present as the chief guest and inaugurated the events. Director Kanutosh Majumder was present as a special guest and Managing Director & CEO Mirza Elias Uddin Ahmed presided over the programmes. ■



Land Minister Saifuzzaman Chowdhury, Secretary Md Mustafizur Rahman and Walton's high officials visiting the well-equipped products display centre at Walton headquarters at Chandra, Gazipur. ■



Islami Bank Bangladesh Limited organised a three-day training workshop on 'Internal Auditors Roles' at Islami Bank Tower. Mohammed Monirul Molla, managing director and CEO of the bank, inaugurated the programme as the chief guest. ■

Realtors Raise Concerns About New DAP



Business Outlook Report

The members of the Real Estate and Housing Association of Bangladesh (REHAB) have not been able to sign any new agreements with land owners to launch a new project since the government unveiled the new Detailed Area Plan (DAP) four months ago. Even no company has secured approval to roll out a new housing project, said the association on December 18.

"Most are working on old projects. As a result, there will be a shortage of flats in the future and their prices will increase," said Sohel Rana, vice-president of the REHAB, at a press conference at the Pan Pacific Sonargaon hotel in Dhaka. Recently, the Rajdhani Unnayan Kartripakkha (Rajuk) came up with the new DAP for 2022-35. Later, REHAB members met with the local government division minister, the convener of the DAP, and raised concerns about it and demanded a revision to the FAR (floor-area ratio), the ratio of a

building's total floor area to the size of the piece of land upon which it is built. "Most of the buildings in the main Dhaka will have four to five floors due to the reduction in the FAR announced in the new DAP. As a result, the housing shortage will be acute in the future," said the REHAB. "Most of the buildings in the main Dhaka will have four to five floors due to the reduction in the floor-area ratio announced in the new DAP. As a result, the housing shortage will be acute in the future," said the REHAB.

The association hoped the FAR would be revised. Kamal Mahmud, vice-president of the REHAB, says that the price of many construction materials, including rod and cement, has gone up, so the price of flats will increase in the near future as well. The press conference was organised to announce the annual winter fair. The association is going to organise the five-day exposition in Dhaka from December 21 with a view to showcasing flats, plots and other real estate and housing products. Around

180 stalls will be set up at the fair venue at the Bangabandhu International Conference Centre. Building materials suppliers and financial institutions will also take part in the fair. On the first day of the annual event, prospective customers and visitors can enter the fair venue at 2pm. During the remaining days, the fair would remain open to the public from 10am to 9pm. The REHAB has been hosting the fair since 2001. So far, its members have handed over more than 2.25 lakh flats that were either sold or booked at the expositions.

The trade body also holds housing fairs in other countries such as the US, the UK, Canada, Australia, Canada, Italy and the UAE to allow non-resident Bangladeshis to buy properties at home.

"The fair can be a golden opportunity for buyers because many companies will offer flats at special prices," Mahmud added. ■

EU Reaches Deal On Major Carbon Market Reform



Business Outlook Report

EU member states and parliamentarians announced an agreement for a major reform to the bloc's carbon market, the central plank of its ambitions to reduce emissions and invest in climate-friendly technologies. The deal aims to accelerate emissions cuts, phase out free allowances to industries and targets fuel emissions from the building and road transport sectors, according to a European Parliament statement.

The EU Emissions Trading System (ETS) allows electricity producers and industries with high energy demands such as steel and cement to purchase "free allowances" to cover their carbon emissions under a "polluter pays" principle. The quotas are designed to decrease over time to encourage them to emit less and invest in greener technologies as part of the European Union's ultimate aim of achieving carbon neutrality. Negotiators representing member states and the parliament had spent more than 24 hours in intense talks before reaching an agreement on December 18 that widens the scope of the carbon market.

The deal means emissions in the ETS sectors are to be cut by 62% by 2030 based on 2005 levels, up from a previous goal of 43%. Concerned industries must cut their emissions by that amount. The agreement also seeks to

accelerate the timetable for phasing out the free allowances, with 48.5% phased out by 2030 and a complete removal by 2034, a schedule at the centre of fierce debates between MEPs and member states. The carbon market will be progressively extended to the maritime sector and intra-European flights. Waste incineration sites will be included from 2028, depending on a favourable report by the commission.

Climate Action Network, a coalition of NGOs, criticized the agreement, saying it would allow major polluters to continue to receive billions of euros in free quotas for another decade while households would receive little.

'Ambitious carbon price'

French MEP Pascal Canfin, president of the European Parliament's environment committee, said the carbon price for industries affected by the ETS would be around 100 euros per tonne. "No other continent has such an ambitious carbon price," he tweeted.

A "carbon border tax", which imposes environmental standards on imports into the bloc based on the carbon emissions linked to their production, will offset the reduction of free allowances and allow industries to compete with more polluting non-EU rivals. The agreement also aims to make households pay for emissions

linked to fuel and gas heating from 2027, but the price will be capped until 2030. The European Commission had proposed a second carbon market targeting building heating and road fuels, but the plan raised concerns as households grapple with soaring energy prices exacerbated by Russia's invasion of Ukraine. The second carbon market would have obliged suppliers of fuel and gas to buy quotas to cover their emissions, but MEPs argued the measure should be limited to offices and large vehicles. If energy prices continue to spiral, the application of this part of the agreement will be delayed by a year. Funds from this second market will go to a "Social Climate Fund" designed to help vulnerable households and businesses weather the energy price crisis.

'Moment of truth'

"This deal will provide a huge contribution towards

fighting climate change at low costs," European Parliament rapporteur Peter Liese said in the statement. "It will give breathing space for citizens and industry in difficult times and provide a clear signal to European industry that it pays off to invest in green technologies." The conservative German MEP added the bloc would have until 2026 to invest in green sources and energy efficiency, after which it would be "the moment of truth: we must reduce our emissions by then, or pay dear".

The commission first proposed the carbon market reform in July 2021 as part of plans to reduce the bloc's greenhouse gas emissions by at least 55% by 2030 compared with 1990 levels.

The ETS was created in 2005 and applies to around 40% of EU emissions. ■

Govt Moves To Store Data Of 10m Card-Holders To Check Irregularities



Business Outlook Report

The government has moved to centrally store the data of 10 million low-income card-holder families benefiting from the sales drive of the Trading Corporation of Bangladesh (TCB), in order to check irregularities.

To this effect, the commerce ministry has asked city corporations and deputy commissioners (DCs) to provide the information of the card-holder families already

available with the urban and rural administration, said sources.

The move has been taken mainly to maintain proper monitoring of the sales drive under TCB that has now been operating every month, a senior official of the commerce ministry said. Under the flagship programme, TCB has been selling different commodities, including edible oil, lentil and sugar, at subsidised prices among the listed low-income people. Besides, the government

can use the data of the benefited families if it wants to include them in other state beneficiary programmes, he added. The TCB has been operating its sales throughout the year to keep the prices within the buying capacity of the people.

Currently, Soybean oil is being sold at Tk 110 per litre, sugar at Tk 60 per kg and lentil at Tk 70 per kg. The sales drive is coordinated at the district and upazila levels by the local administration, including DCs and Upazila Nirbahi Officers (UNOs), while the commerce ministry keeps a close watch on the overall sales activities across the country. The ministry earlier received allegations of irregularities in TCB sales operations in different parts of the country.

In line with the allegations of irregularities, it took stringent actions, including suspending dealerships of some dealers.

The government will take legal actions against the dealers if any of them is found involved in irregularities while selling essential items, added the ministry official. ■



Early Season Onions Bring No Joy For Farmers

Business Outlook Report

Farmers in Pabna, the biggest onion producing region in Bangladesh, have started harvesting a quick growing variety of the bulb called Kondo, but are being left disappointed by the poor prices currently on offer in local markets. The availability of leftover stock, including imports, from last year has reduced the demand for new onions this season, causing a massive fall in prices, according to growers and traders.

"I used to cultivate different types of onion, a large portion of which were the Kondo variety, on about 70 bighas of land every year," said Md Kamruzzaman, a farmer from Durgapur village under Sujaganar upazila. Similarly, Kamruzzaman grew the Kondo variety on 25 bighas of land this year but the poor market prices have brought him no joy. He got about 70 maunds of onion from each bigha, which cost up to Tk 40,000 to cultivate. "This year, each maund [37 kilogrammes] of the Kondo variety is selling for Tk

850 even though the same crop was worth Tk 1,300 per maund during the harvesting period in early winter last year," the farmer added. Md Idris Ali, a development officer of the Department of Agricultural Extension (DAE) in Pabna, said the Kondo variety are planted before winter to ensure early production.

Traditional onions are cultivated from mid-December and arrive in the markets by March or April the following year. So, the Kondo variety caters to demand in the meantime and farmers usually get the expected profit as a result. A total of 8,610 hectares of land are being used to grow the Kondo variety this year with the target of producing some 1.07 tonnes of the cool-weather crop. Other than that, farmers are now busy cultivating seed onions on 44,810 hectares of land but considering the poor prices for Kondo onions, many have reduced their cultivation target. Md Montu Khan, an onion farmer of Ulat village in Sujaanagar upazila, aimed to cultivate at least 10 bighas of seed

onion after harvesting two bighas of the Kondo variety. Now though, he plans to cultivate seven bighas of the crop instead in fears of not getting the expected profit. "Sales of quick growing onions helps manage the cultivation cost of seed onions but this year, I am struggling to even regain by production cost," he said.

Like Khan, most onion farmers are planning to cut their onion cultivation target this year. Farmers say one of the main reasons for the low prices is that imported onions and last season's reserves are still available in the market.

"I have at least 100 maunds of onion from last year. Now, more than 1,500 maunds of the Kondo variety have been added to the stock but I have been unable to achieve good sales due to poor demand," he said, urging officials to stop onion imports for the sake of local farmers.

What's worse, farmers have to sell the Kondo variety as soon as possible as the crop does not keep well, Khan added. ■



Institutional Failure Behind Poor Domestic Resource Mobilisation

Business Outlook Report

Economists have said that institutional failure on the part of the National Board of Revenue had been affecting domestic resource mobilisation negatively over the years, which, in turn, resulted in an increase in the government debts. Due to a lack of resource mobilisation, Bangladesh's current tax-GDP ratio remains far below the optimum level causing poor public spending in health, education and social safety net, they said.

At a discussion organised by the Policy Research Institute of Bangladesh in the capital Dhaka on December 19, the economists said that only tax policy reforms could increase the tax-gross domestic product ratio, but there were resistances in the NBR against required reforms. 'Bangladesh's

tax-GDP ratio has decreased to 8 per cent from 11-12 per cent in the past few years due to the absence of policy reforms, but tax officials would not allow any changes in the existing system as the current policy has created a comfort zone for them,' PRI executive director Ahsan H Mansur said. He said that Bangladesh's tax administration remained the same as it was in the colonial era and no fundamental changes had taken place in the tax laws except the value-added tax act framed in 2012.

'Now a days, there is no existence of face-to-face communications between taxpayers and tax officials in any country in the world except Bangladesh,' Mansur said. He said that face-to-face communications hampered neutrality and objectivity of tax officials and revenue collection was compromised. 'Institutional

failure on the part of the NBR has been affecting domestic resource mobilisation negatively over the years and the government spending in some areas, including health, education and social safety net remains poor compared with that in the other developing nations in the world,' PRI research director MA Razzaque said. He said that resource mobilisation was crucial for Bangladesh to ensure comfortable fiscal space and microeconomic stability.

Razzaque said that the public expenditure even in lower middle-income countries was more than 24 per cent of GDP while it was only 13 per cent in Bangladesh due to a shortage of resources. As per the United Nations Educational, Scientific and Cultural Organisation standards, public spending on education should be at least 4 per cent of GDP,

whereas Bangladesh's allocation is only 2 per cent, he said. Referring to the World Health Organisation standards, Razzaque said that public spending on health should be 5 per cent of GDP and in Bangladesh it was just 0.81 per cent of GDP in the financial year 2021-22.

'The government was failing to ensure required allocation in the sectors from which poor people can be benefited due to lack of reform initiatives to increase tax efforts. At the same time, the people, who have gained benefits from the existing tax policy, are not paying taxes properly,' he said.

Razzaque recommended that the NBR should provide easy and seamless services to the taxpayers through digitalisation and automation of income tax, VAT and customs duties for ensuring domestic resource mobilisation. Local resource mobili-

sation is a must as the cost of debt servicing for Bangladesh is on the rise, he said. 'External debts, although still sustainable, is growing fast — from less than \$40 billion in FY15 to about \$96 billion in FY22,' he said.

Interest payments on domestic debts are currently about as high as 20 per cent of all government revenue and 14 per cent of total public spending, Razzaque added. PRI director Bazlul Haque Khondker said that if the tax revenue could be increased to 13.5 per cent of GDP, the real GDP would increase by 3.3 per cent and the headcount poverty would fall by 2.2 percentage points.

'The changes in tax structure in favour of the direct tax along with expenditures of additional revenue may likely result in additional 3.3 percentage points to the GDP growth rate,' he said. Bazlul Haque

identified low tax efforts as a key impediment to adequate expenditure on the social sector as well as infrastructure in Bangladesh.

He said that an adequate revenue increase generally supported public expenditure in important areas such as education, health, social protection and infrastructure.

PRI chairman Zaidi Sattar said that Bangladesh should go for reducing trade tax as revenue dynamism was not possible with the trade tax.

He observed that customs administration and tax administration are not the same, rather the custom administration would promote business.

Zaidi said that the existing tax policy was hindering the potential of Bangladesh to become a trading nation. ■

Sustainability Goes Mainstream, Unilever Bangladesh Shows The Way

Business Outlook Report

As the world becomes increasingly aware of the negative impacts of traditional business practices on the environment and society, corporations are reevaluating their purpose and goals. Gone are the days when the sole focus was on maximising profits at any cost.

Today, companies are increasingly recognising the benefits of incorporating sustainability into their operations and strategies.

A prime example of this is Unilever Bangladesh, a leader in the movement towards sustainable business practices. By placing sustainability at the core of the business, the company is not only doing its part to address pressing environmental and social issues, but

it is also positioning itself for long-term success and building positive relationships with stakeholders. "Our strategy is centered

around making sustainable business practices the norm. We define it by our motto, 'Brands with purpose grow, companies with purpose last,



and people with purpose thrive'," said Zaved Akhtar, CEO and Managing Director of Unilever Bangladesh at the CXO Summit 2022 that was held on December 3.

Unilever Bangladesh has made significant progress in incorporating sustainability into all aspects of their value chain, as demonstrated by their commitment to achieving net zero carbon emissions by 2030, and collecting more plastic than they produce by 2025. The company has implemented various measures to reduce energy consumption and carbon emissions within its operations, as well as reducing water

Narayanganj City. The project focuses on finding a circular economic model for plastic waste, particularly in relation to flexible packaging and single-use plastics (SUP). To date, the initiative has collected approximately 482 tonnes of flexible plastic waste and SUP from homes and the environment in Narayanganj City.

The project has also been expanded to Chattogram with a local NGO, Young Power in Social Action (YPSA), and in partnership with the Chattogram City Corporation. It is showing promising results in managing plastic waste in the port

Dove Self-Esteem Project (DSEP) in partnership with Plan International Bangladesh. The brand worked with teachers and parents apart from female students. "I have learned to distinguish what to say and what not to say in front of my children. After all, they will learn from me," says Marufa Begum, a parent. Globally, Dove is working on this project to educate more than 50 million children about self-esteem by 2030, as they believe children who grow up with self-esteem can ensure a beautiful future.

Unilever Bangladesh has a number of notable projects in addition to the initiatives mentioned above. These include the Lifebuoy Friendship Hospital, a floating hospital on the banks of the Jamuna river that provides healthcare to marginalised communities in the char areas, and Domex's efforts to promote safe sanitation practices. "Unilever Bangladesh has been educating people about the importance of handwashing for over a decade. According to an empirical study, handwashing was correlated with a reduction in diarrheal instances and child mortality below the age of five. We could see the positive impact of this practice," said Zaved Akhtar. He added that Unilever Bangladesh is working on equipping more than a million youth with skills by 2030 and propelling this initiative across the education and business competition programmes.

"We believe that when sustainability is at the core of your business strategy, you can actually grow the business", says the CEO & MD of Unilever Bangladesh.

With the core principle, "What is good for Bangladesh has always been good for Unilever", the company strives to rebuild the world in a sustainable way. From ensuring eco-friendly business strategies to strengthening the building blocks of the nation- the youth, Unilever Bangladesh is pulling out all the stops to make Bangladesh better socially and environmentally. ■



Unilever Bangladesh launches its Sustainability Report 2021 titled Partnering Bangladesh held on June 4, 2022

consumption (412 million litres since 2020) and waste generated from plastic. These efforts have resulted in the equivalent of planting 150,252 mature trees. In addition, Unilever Bangladesh has created a more carbon-neutral production zone, further demonstrating their commitment to sustainability.

Unilever Bangladesh partnered with the United Nations Development Programme (UNDP) and Narayanganj City Corporation and piloted a project called 'Plastic Waste Management: Building Circular Cities,' which aimed to create a plastic-neutral environment in

city. According to Zaved, the project has been successful in educating households on how to manage plastic waste and create a sustainable ecosystem for its collection. The project has also explored various models for plastic collection, including household, waste picker, and community-based approaches.

"This year, our sustainability team will recover 40% of the plastic that we produce; next year, it will be 100%," he added while talking about the plastic footprint. Zaved also believes that great brands are made by rooting them in a purpose, which is reflected in Unilever Bangladesh's

RMG Exports To EU Rise By 61pc In 10 Months



Business Outlook Report

Bangladesh's apparel exports to the European Union in January-October of 2022 increased by 60.75 per cent to 18.47 billion euro compared with that of 11.49 billion euro in the same period of 2021 due to an increase of unit prices and shipments to the economic bloc. According to the data released on December 16 by Eurostat, the statistical office of the European Union, knitwear import by the EU from Bangladesh in 10 months of 2022 increased by 61.77 per cent to 11.74 billion euro compared with that of 7.26 billion euro in the same period of 2021.

Woven garment exports to the EU in the period stood at 6.73 billion euro, 59.01 per cent higher than the earnings of 4.23 billion in the first 10 months of 2021. The data showed that Bangladesh's position remained as the second-largest apparel exporter in the EU market while China and Turkey occupied the first and the

second highest positions respectively. Exporters said that export earnings showed a robust growth in the EU in the first 10 months of 2022 as the price of products increased on the global market due to a price hike of raw materials. They said that the export growth might decrease in the coming months as buyers started negotiations with suppliers for cutting unit prices due to a fall in price of raw materials on the global market in recent months.

The Eurostat data showed that the total extra-EU imports in January to October 2022 rose by 47.70 per cent to 2,511.1 billion euro compared with that of 1,700.10 billion euro in the same period of 2021. The total volume of extra-EU apparel imports in January to October 2022 is yet to be available in the EU official data. The Eurostat data showed that RMG import from China by the EU in January-October of 2022 grew by 39.25 per cent to 24.40 billion euro compared with that of 17.52 billion

euro in the same period of 2021. Turkey's apparel exports to the EU in the first 10 months of 2022 increased by 27.67 per cent to 9.62 billion euro compared with that of 7.53 billion euro in the same period of 2021. The EU imports of apparel from India in January-October of 2022 increased by 39.39 per cent to 4 billion euro compared with that of 2.87 billion euro in the same period of 2021.

The import of RMG by the EU from Vietnam in the first 10 months of 2022 grew by 51 per cent to 3.58 billion euro compared with that of 2.37 billion euro in the same period of 2021.

The EU imports of apparel from Pakistan in January-October of 2022 increased by 45.84 per cent to 3.08 billion euro compared with that of 2.11 billion euro in the same period of 2021. ■



Mobile Phone Subscribers Snap Four-Month Decline

Business Outlook Report

The number of mobile phone subscribers in Bangladesh picked up in October snapping a four-month decline thanks to the stellar performance displayed by Banglalink. In October, mobile subscribers increased by more than 2 lakh from September's to reach 18.16 crore, according to data from the Bangladesh Telecommunication Regulatory Commission (BTRC).

Banglalink's customers went up by 9 lakh to 3.92 crore in the month whereas it fell for all other mobile phone operators. Year-on-year, Banglalink's customers grew by 5.45 per cent in October. The solid performance of the third-largest operator was backed by its massive

network expansion and utilisation of the new spectrum from the 2.3 GHz band as the first operator with the time division duplex technology that ensures faster internet. "Spectrum rollout and massive network expansion have helped us attract new customers," said Taimur Rahman, chief corporate and regulatory affairs officer at Banglalink. "These steps have ensured a better user experience."

Banglalink has set up more than 5,000 new base transceiver stations, popularly known as mobile network towers, since August 2021, taking its tally to about 15,000. The operator, owned by Veon, has broadened its network coverage by 50 per cent in the Chattogram division in the last

one year as part of its expansion drive. Top operator Grameenphone continued to lose customers after the regulator banned it from selling new SIMs at the end of June citing its failure to provide quality service and for incurring excessive call drops. However, the regulator hasn't provided any evidence about the operator's lower service quality.

Grameenphone's average call drop rate in December last year was 0.29 per cent in the Dhaka division, according to the results of a nationwide "drive-test" published in March. BTRC data showed its call drop rate was lower than that of the other operators in May this year. In October, Grameenphone lost about 5 lakh customers, bringing down its

total customers to 8.14 crore. The slide contributed to the fall in the country's overall subscriber base: it has dropped by 36 lakh since June. Grameenphone lost about 34 lakh customers since the SIM ban took effect. A number of officials of the operator said the regulator's arbitrary decision has put an obstacle to customers' freedom of choice.

On a year-on-year basis, the number of customers of Grameenphone decreased by 3.21 per cent. Robi Axiata lost about 1 lakh customers in October. However, the

number of customers of the second-largest operator, which runs under the brand names of Robi and Airtel, rose 1.38 per cent to 5.42 crore in October. Market analysis shows that 15-20 per cent of subscribers move from one operator to another or come back every month, said Mohammed Shahedul Alam, chief corporate and regulatory officer of Robi.

"Value-added tax and other taxes have increased for new connection sales in the current financial year. Besides, the minimum recharge

amount has increased by Tk 10-20 while the number of packages and offers has gone down." "So, many customers who kept their second or third connections active with low recharge amounts are either not using them at all or using them as the primary connection. These factors have reduced the fierce competition in the sales of new connections."

State-owned Teletalk lost about 30,000 customers in October to 67.5 lakh. ■

Tk 10,520 Set As Minimum Wage For Fishing Trawler Workers



Business Outlook Report

The government has announced Tk 10,520 as gross monthly minimum pay for workers of the country's fishing trawler industry, increasing the pay from Tk 5,200 set in 2015.

The labour ministry announced the wage structure which was proposed by the minimum wage board through a gazette notification on November 28. Earlier, the minimum wage board formed for the sector in March

2021 finalised its proposal recommending Tk 10,520 as the minimum wage and it had been sent the recommendation to the labour ministry on June 14, 2022.

In the newly announced wage structure, the ministry has incorporated seven grades for fishing trawler industry sector workers and the minimum monthly wage for the workers in the grade seven would be Tk 10,520. The amount includes Tk 6,800 as basic pay, 40 per cent of the basic

pay (Tk 2,720) as house rent and Tk 1,000 as medical allowance. The gross monthly minimum wage for the workers of grade six has been set at Tk 13,600 including Tk 9,000 as basic pay, gross wage for the grade five workers at Tk 16,050 including Tk 10,750 as basic pay.

According to the gazette notification, the minimum monthly wage for the workers of the grade four has been set at Tk 19,200, for the grade three at Tk 23,120, for the grade two at Tk 24,800 and for the grade one at Tk 26,340. The labour ministry has also set Tk 7,000 as the gross monthly pay for apprentice workers of the sector with a provision for a three-month apprenticeship.

The government has also incorporated a provision in the new wage structure of five per cent annual increment.

According to the government data, a total of 204 commercial fishing trawlers with about 5,000 trained workers are catching marine fishes in Bangladesh. ■

WEEKLY SELECTED ECONOMIC INDICATORS

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

	21 December 2021	30 June, 2022 ^R	30 November 2022	21 December 2022
1. Foreign Exchange Reserve (In million US\$)	45468.76	41826.73	35808.73	34011.37
2. Interbank Taka-USD Exchange Rate (Average)	85.8000	93.4500	103.2731	102.8980
3. Call Money Rate	2.66	4.42	5.80	5.77
				Percentage change
		30 June, 2022	21 December 2022	From June, 2022
4. Broad/Overall Share Price Index				
a) Dhaka Stock Exchange (DSE) [®]	6757.26	6376.94	6198.82	-2.79
b) Chittagong Stock Exchange (CSE)	19690.78	18727.52	18308.15	-2.24
	November, 2021	July-Nov, FY22	November, 2022 ^P	July-Nov, FY23 ^P
5. a) Wage Earners' Remittances (In million US\$)	1553.70	8608.87	1594.73	8793.12
b) Annual Percentage Change	-25.26	-20.98	2.64	2.14
	October, 2021	July-Oct, FY22	October, 2022 ^P	July-Oct, FY23 ^P
6. a) Import (c&f) (In million US\$)	7110.80	25831.20	6654.70	27560.00
b) Annual Percentage Change	62.50	51.39	-6.41	6.69
	October, 2021	July-Oct, FY22	October, 2022 ^P	July-Oct, FY23 ^P
				Percentage change
		30 June, 2022	21 December 2022	From June, 2022
7. a) Export (EPB) (In million US\$)*	4041.39	19790.87	5092.56	21946.07
b) Annual Percentage Change	31.26	24.29	26.01	10.89
	November, 2021	July-Nov, FY22	November, 2022 ^P	July-Nov, FY23 ^P
				Percentage change
		July-Oct, FY22	July-Oct, FY23 ^P	FY 2021-22 ^R
8. Current Account Balance (In million US\$)	-3834.0		-4501.0	-18697.0
	October, 2021	July-Oct, FY22	October, 2022 ^P	July-Oct, FY23 ^P
9. a) Tax Revenue (NBR) (Tk. in crore)	21599.19	79622.46	23790.31	90917.69
b) Annual Percentage Change	19.08	16.87	10.14	14.19
	October, 2021	July-Oct, FY22	October, 2022	July-Oct, FY23
10. Investment in National Savings Certificates (Tk. in crore)				
a) Net sale	766.52	9324.65	-963.16	-632.59
b) Total Outstanding	353418.54	353418.54	363377.53	363377.53
	October, 2021	June, 2022	October, 2022 ^P	Percentage change
				Oct'22 over Oct'21
				Oct'22 over Jun'22
				Oct'21 over Jun'21
11. a) Reserve Money (RM) (Tk. in crore)	319958.20	347162.10	335476.60	-3.37
b) Broad Money (M2) (Tk. in crore)	1594460.40	1708122.50	1726769.10	1.09
	October, 2021	October, 2022	October, 2022 ^P	2.15
				9.43
				FY2021-22
				FY2021-22
				301633.84
				16.07
				FY2021-22
				19915.75
				364010.13

12.	Total Domestic Credit (Tk. in crore) a) Net Credit to the Govt. Sector b) Credit to the Other Public Sector c) Credit to the Private Sector	July-September, FY2021-22						July-September, FY2022-23 ^P						Percentage change																																																													
		Opening		Settlement		Opening		Settlement		Opening		Settlement		Opening		Settlement																																																											
		1482105.50	1671749.10	1733085.90	16.93	3.67	2.93	16.10	230981.60	283314.60	305145.30	32.11	7.71	4.50	28.18	31587.10	37198.90	38792.20	22.81	4.28	5.23	23.92	1219536.80	1351235.60	1389148.40	13.91	2.81	2.58	13.66																																														
13.	L/C Opening and Settlement (million US\$) a) Consumer Goods b) Capital Machinery c) Intermediate Goods d) Petroleum e) Industrial Raw Materials f) Others Total	2475.07 1771.26 1749.13 1744.30 7475.75 5106.85 20322.36	1999.72 926.25 1518.60 1404.93 6483.00 4730.38 17062.88	2588.00 606.89 1494.50 2633.63 6386.89 4871.01 18580.92	1992.50 1457.33 1559.28 2971.47 8230.81 6236.82 22448.21	4.56 -65.74 -14.56 50.99 -14.57 -4.62 -8.57	-0.36 57.34 2.68 111.50 26.96 31.85 31.56	27.50 40.78 35.23 116.18 47.03 39.46 46.15	Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100) a) Twelve Month Average Basis b) Point to Point Basis Corresponding Period a) Twelve Month Average Basis b) Point to Point Basis	June, 2019 5.48 5.52 June, 2018 5.78 5.54 June, 2019 11.69 2.53 October, 21	December, 2020 5.69 5.29 December, 2019 5.59 5.75 December, 2019 9.32 1.02 November, 21	June, 2021 5.56 5.64 June, 2020 5.65 6.02 June, 2020 9.16 0.15 July-Nov, FY22	December, 2021 5.55 6.05 December, 2020 5.69 5.29 December, 2020 7.66 -1.18 October, 22 ^P	March, 2022 5.75 6.22 March, 2021 5.63 5.47 June, 2021 8.18 -0.47 November, 22 ^P	June, 2022 6.15 7.56 June, 2021 9.10 5.56 5.64 December, 2021 7.93 -0.43 July-Nov, FY23 ^P	September, 2022 6.96 9.10 September, 2021 5.50 5.59 March, 2022 8.53 -0.07 FY 2021-22	October, 2022 7.23 8.91 October, 2021 5.44 5.70 June, 2022 8.96 0.49 FY 2020-21	November, 2022 7.48 8.85 November, 2021 5.48 5.98 September, 2022 9.36 0.90 FY 2019-20	15.	a) Percentage Share of Classified Loan to Total Outstanding b) Percentage Share of Net Classified Loan Agricultural and Non-farm Rural Credit (Tk. in crore)	October, 21 2694.62 2011.22 46353.79	November, 21 2868.43 2741.69 46523.25	July-Nov, FY22 10773.55 10339.02 46523.25	October, 22 ^P 2884.97 2703.95 50468.00	November, 22 ^P 3308.34 3090.79 50206.69	July-Nov, FY23 ^P 12777.68 12871.11 50206.69	FY 2021-22 28834.21 27463.41 49802.28	FY 2020-21 25511.35 27123.90 45939.80	FY 2019-20 22749.03 21245.24 45592.86	16.	a) Disbursement ** b) Recovery c) Outstanding	Jan-Mar, 20-21 44445.67 240169.54	Apr-Jun, 20-21 41788.73 243074.82	Jul-Sep, 21-22 42075.49 245325.67	Oct-Dec, 21-22 ^P 57118.60 252082.09	Jan-Mar, 21-22 ^P 51716.69 259704.21	Apr-Jun, 21-22 ^P 56484.26 271448.58	Jul-Sept, 22-23 ^P 51676.81 273906.60	2021 185428.48	2022 1028560.55	2021 22749.03	2022 252082.09	17.	a) Disbursement c) Outstanding	Jan-Mar, 20-21 17379.01 16893.10 299048.73	Apr-Jun, 20-21 19430.74 14734.86 315294.16	Jul-Sep, 21-22 14834.23 12979.47 303329.12	Oct-Dec, 21-22 ^P 18772.59 18477.42 308918.45	Jan-Mar, 21-22 ^P 17340.49 16572.97 310572.40	Apr-Jun, 21-22 ^P 21413.63 16832.73 320410.22	Jul-Sept, 22-23 ^P 18562.45 20610.17 328742.50	FY 2020-21 72360.94 64862.59 320410.22	FY 2021-22 68765.25 58488.71 315294.16	18.	a) Disbursement b) Recovery c) Outstanding	FY2013-14 6.06	FY2014-15 6.55	FY2015-16 7.11	FY2016-17 ^N 6.59	FY2017-18 ^N 7.32	FY2018-19 ^N 7.88	FY2019-20 ^N 3.45	FY2020-21 ^{NR} 6.94	FY2021-22 ^{NP} 7.25	19.	GDP Growth Rate (in percent, Base: 2005-06=100)	6.06	6.55	7.11	6.59	7.32	7.88	3.45	6.94	7.25

Foreign Funds Dip Despite Increase In Loan Repayments



Business Outlook Report

Following a series of global crises, Bangladesh's government efficiently handled its foreign aid when it was predicted that it would start to drop from the end of the previous fiscal year. However, the adverse effects of those crises are now quite evident from the current fiscal year FY23.

In the period from July to October, compared to the same time in FY22, Bangladesh's net receipts of foreign aid in the form of loans and grants decreased by 31.7% after deducting the paid principal amount. According to experts, pandemic-focused aid helped increase the amount of total foreign aid last year. However, now that the pandemic has ended,

the country was actually witnessing continuous global economic instability. Policy Research Institute (PRI) Executive Director Ahsan H Mansur said that foreign aid declined in 2022 as the country did not need support for tackling Covid-19 anymore. It had increased in the past year due to pandemic-centric assistance by foreign donors.

As the Bangladesh government has so many deals with the International Monetary Fund (IMF) and World Bank, he expects the assistance would increase in the coming year.

July-October Period

Data from the Bangladesh Bank show that between July and Octo-

ber, net foreign aid fell from \$2,077.45 million in the same months of the previous year to \$1,419 million in FY23 after principal repayment. Data analysis showed that the country's net receipts of foreign aid in the form of loans and grants decreased by 31.7% from July to October of FY22 to that of FY21

The principal payment for July-October was \$551.56 million, which was \$550.6 million in the past year. Central Bank's data also shows that the total foreign aid and project aid was \$1,958 million in July-October, 25.44% lower than that of \$2,626 million in the same period of the past year. Aid in the form of grants as a percentage of net foreign aid in the reported period was only 6.54%.

Dollar And Reserve

The fact that the country's economy has been battling a number of problems recently, including the dollar crisis, exchange rate volatility, and dwindling reserves, are now causes for concern.

According to central bank officials, the main sources of income for banks are remittances, export revenues, and international aid. Consequently, the country needs more aid from abroad to manage the ongoing economic burden. Other-

wise, the reserve money will come under further strain. In order to address the dollar shortfall in the financial industry from July to November 2022, Bangladesh Bank sold more than \$6 billion to banks, which in turn removed comparable local currency from the banking system. As a result, on December 7, Bangladesh's foreign exchange reserve fell to \$33.92 billion.

FY22 And Earlier Fiscals

Development partners and donor countries have released more than

\$10 billion in loans and aid to Bangladesh in 2021-22, a record for a financial year in the country's history. Analyzing the ERD data shows that in FY22, more than \$9.81 billion came as a loan and the rest is various kinds of aid.

Bangladesh brought in the funds for development projects, which is 26% more than the preceding fiscal year.

Development partners and countries gave loans and aid worth \$7.96 billion to Bangladesh in FY21, which was \$7.27 billion in FY20. ■

Take Up Emerging Challenges In Energy Sector: Nasrul Tells Officials, Employees



Business Outlook Report

State Minister for Power, Energy and Mineral Resources Nasrul Hamid has urged the officials and employees of his ministry and its subordinate bodies to take emerging challenges to ensure energy security of the country.

"Every day new types of challenges are coming up in the energy sector. You have to take up those challenges with sincerity and honesty," he said while addressing the annual performance contract (APC) signing ceremony at the Energy and Mineral Resources Division on December 20.

In the function, different organisations and officials and employees were awarded in recognition of their best performances on individual and organisational categories. Nasrul Hamid said the energy sector has to deal with new challenges constantly.

"Efforts must continue to address existing and emerging challenges through concerted and joint initiatives", he added. He said that the power and energy sector has successfully overcome a very hard situation due to the dynamic leadership of Prime Minister Sheikh Hasina. "If there is hard team work and sincerity

in any job, success must come". He hoped that the awards will definitely cheer up the hardworking and dedicated officers and employees as well as encourage others to be competitive with a positive outlook.

Petrobangla, Hydrocarbon Unit and Geological Survey of Bangladesh (GSB) have been awarded in recognition of their efficiency in the implementation of the annual performance contract during the financial year 2021-22.

Nazmul Ahsan, the former chairman of Petrobangla, from the heads of departments and organizations, deputy secretary (planning-1) Shakeel Ahmed, administrative officer Md Abdur Rahim Azad and office assistant Begum Azizun Nahar of Energy and Mineral Resources Division received the awards.

Bangladesh Petroleum Exploration and Production Company Limited (Bapex) and Eastern Refinery Limited (ERL) also received awards in the organization category for special contribution and innovation in the energy sector on the occasion of the birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman. ■



When Should Bangladesh Bid 3G Adieu?

Business Outlook Report

Although many countries have already shut down 3G, the third generation of wireless mobile telecommunications technology, or announced phase-out plans, Bangladesh is yet to set a specific deadline as a chunk of customers still use it. With 4G being steadily deployed countrywide, operators are eyeing to phase out the technology in the coming years.

Ageing 3G networks eat up a substantial share of the operator's capital expenditure and operating expense and the investment does not justify average revenue per user, said the industry people. Moreover, it is important to free up valuable spectrum resources for the 4G

expansion, they said. The 4G is technologically superior to 3G, offering much faster data speeds.

The maximum upload rate of 3G is 5 megabytes per second while it can

at a much faster rate, going as high as 1 gigabit per second. Only Robi Axiata announced at the end of the third quarter of 2021 that it plans to phase out 3G by 2023. It kicked off the transition from Chapainawabganj, Naogaon and Natore. "In some of the areas of Rajshahi Division, Robi has already shut down 3G. Now we are working in Sylhet," said Shahed Alam, chief corporate and regulatory officer at Robi Axiata.

The main barrier to quickly phasing out 3G is the presence of the existing 3G users in the networks, according to officials of operators and regulators. "There are many customers with 4G handsets who do not have 4G SIM. So, we are helping



Mobile Operators in Bangladesh

go much higher with 4G, about 500 megabytes per second. The maximum download rate of 3G is about 21 megabytes per second. But 4G technology can download videos

them by providing discounted or free SIMs," said Alam.

In Bangladesh, there were about 28 million 3G subscribers as of September this year, according to Bangladesh Telecommunication Regulatory Commission (BTRC). Of them, about 14 million use 3G. The country lagged behind many countries for over 10 years before entering the 3G era in 2013. During that time, many countries deployed 4G.

The regulator assigned 35 MHz

were still 71.4 subscribers of 2G as over 50 per cent of mobile users still use feature phones.

"I have recently attended the Executive Committee of the National Economic Council meeting with a 5G project for Teletalk," said Telecom and ICT Minister Mustafa Jabbar at an event recently.

"During the meeting, the prime minister clearly instructed me to keep 2G service for a few more years, because many people still use

overtook the old ones," he added. However, industry people said there should be a regulatory directive for the 3G shutdown.

Unlike Grameenphone and Banglalink, 3G shutdown will be much easier for Robi, which has the largest 4G customers base in the country despite being the country's second largest mobile operator in terms of customer numbers and revenue generation.

As of November, the total number of 3G-only customers of Robi stood at 3.45 million. It has a total of over 54 million customers.

The number of 3G subscribers of the top operator, Grameenphone, which has over 81 million customers, stands at about 9 million as of October 2022.

The operator said a decision for the 3G shutdown would be an important milestone for improving customer experience, subject to the regulatory directives.

"For achieving this milestone, customer awareness and a systematic approach to 3G to 4G migration will expedite the implementation process," said Grameenphone in a statement.

The third-placed operator, Banglalink, with its 39.2 million customers, has about 9 million 3G subscribers now. Of them, 2.5 million use 3G internet, said an official of the operator wishing anonymity.

"Ultimately, we have to shut down 3G. We have to ensure that the customers do not face any problem," said Taimur Rahman, chief corporate and regulatory affairs officer at Banglalink.

"Utilising the same spectrum, more people can be provided with 4G than 3G," he said. ■



frequency for five mobile phone operators to provide services through 3G.

"That time we had said we should skip 3G and introduce 4G directly. But nobody listens to us. Now we have to phase it out after making significant investment," said an official of an operator.

In 2017, the number of 3G subscribers crossed 7 million, its peak.

However, the 3G subscriber count started to fall in 2018, when Bangladesh adopted 4G.

As of September this year, there were 81.4 million 4G subscribers. Out of them, 73.9 million used internet over 4G. Meanwhile, there

feature phones," he said. "There is no reason to continue 3G service after introducing 4G. Because, 3G will no longer bring any fruits to the customers," he added.

From January 1, there will be no 3G set production and import in Bangladesh, said Jabbar.

"The people who still own a 3G phone will continue to use it. When lifetime of their 3G set ends, 3G service will be automatically shut down," he said.

He said they were discouraging the operators from going for 3G expansion.

"If you could provide 3G, you wouldn't need 4G. The technology is such a thing where a new one

Specialized in EPC and projects

Solar powered pump solution

Solar Streetlight solution

Solar telecom solution

Roof top solar power system

Solar home system(SHS)

INDUSTRIAL LPG SOLUTIONS TO SUPPORT YOUR ENERGY NEEDS

Omera
PRIORITY



+880 1708 124 200



priority@omeralpg.com

OMERA SUPPLIES LPG FOR

Boilers	Garments Industry
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



Mobil House, CWS (A) 13/A, Bir Uttam Mir Shawkat Sarak,
Gulshan Avenue, Dhaka - 1212

