

Will The Opposition March in March?

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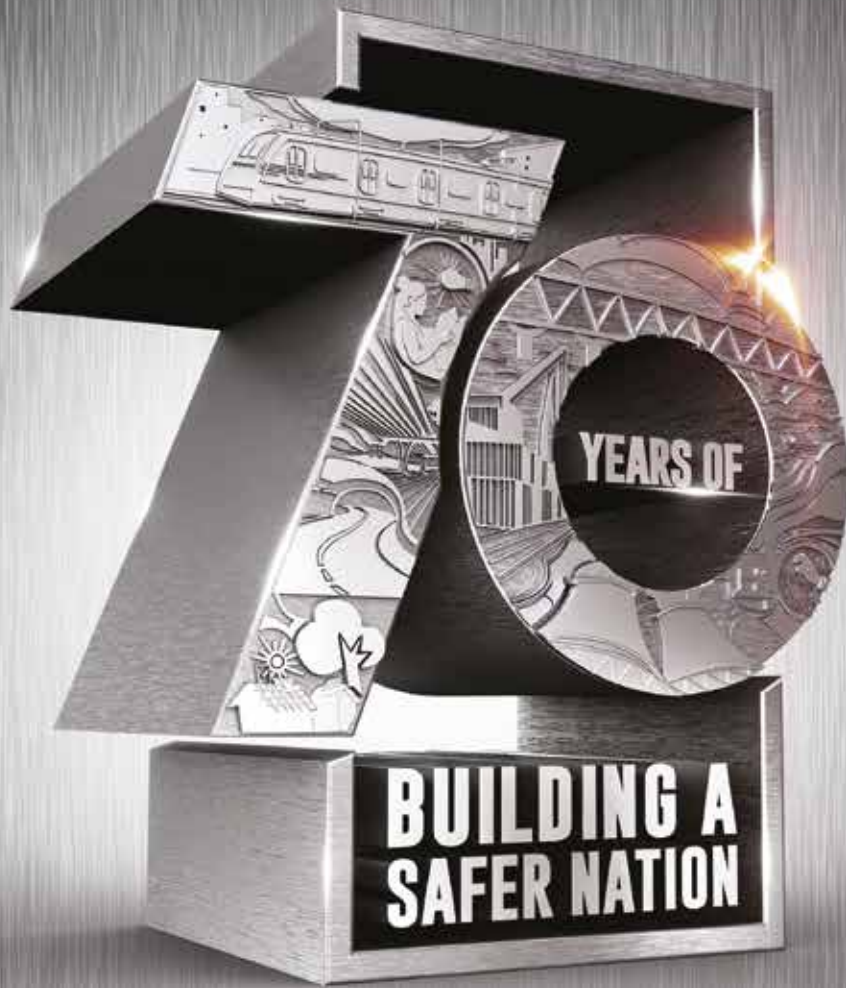
16 January 2023

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## Rice Marketers Feast On People's Helplessness



- Poor Policy Hamstrings GDP Growth Rate
- Bangladesh's Foreign Debts Stand At \$92.69 Billion



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### Free The Rice Market

In any consideration, rice is the main food of people of Bangladesh. From people struggling to make their ends meet to well-off persons, everyone eats rice as the main food as our national habit. But unfortunately, the government seems to have zero control over the rice market. Farmers grow paddy to produce rice, but the market intermediaries are the main beneficiaries of the product. A study by Bangladesh Institute of Development Studies in 2019 exposed the entire picture of the country's rice market. The entry of big corporate houses into the rice market exacerbated the situation rather than ameliorating it. The market has been more distorted and they gained more control over the total supply chain that created a monopoly leading to a disaster, with the general people as the main sufferers. The BIDS study also predicted rapid changes in the rice market and indicated consolidation in the marketing system in the near future. It said big corporate groups could store rice for many days as per the existing regulation in its report titled 'Rice Market in Bangladesh: Role of key intermediaries. This may lead them to control the market by stockpiling the staple. At present, 50 big millers in the country have the capacity to store 20 per cent of rice produced in the country and have the capacity to control the rice market. As per the law, a 200-tonne capacity mill can normally store 400 tonnes for 15 days. Big corporate groups or organisations can legally store rice for many days. The BIDS suggested the government should closely monitor the number of days that mills stockpile rice. Not only the corporates, another beneficiary group is the rice millers who make excessive profits. The recent import of rice by the government has exposed another truth that retailers and wholesalers are making excessive profits. The price of imported rice is lower than the local rice. Another study by the BRRI has made it clear that millers and retailers are making excessive profits which is one of the reasons for price hikes of the staple. There have been perceptions among common people that a cartel is active to manipulate the rice price. But the extent of the profit margin has been shocking when a large number of people were facing difficulties in buying rice following its price hike in the local market since the Covid pandemic struck. The war in Ukraine in 2022 aggravated the price spiral of rice and other essentials.

But the unfortunate part is that there is no effective market monitoring mechanism in place which makes the situation horrible and anytime the intermediaries can create an artificial crisis. We recommend enforcing strong market monitoring and also enacting new law so that no intermediary group can control the rice market. ■



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# POLITICS

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# Will The Opposition March in March?

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## 4,100C Collected As Income Tax, 2.85m Submit Returns

Some 2.85 million individual taxpayers submitted their returns in the first half of FY23 while the National Board of Revenue (NBR) collected Tk4,100 crore as income tax. Submission of income tax returns this year grew by 23.98% while revenue collection also increased by a healthy 24.96%. According to data from the National Board of Revenue (NBR), some 2.3 million returns were submitted in the last FY22, from which the revenue board collected income tax worth Tk3,281 crore. Currently, there are some 8.2 million TIN holders in the country. NBR officials said that around 250,000 individual taxpayers have applied before the revenue board to extend the deadline for submission of income tax returns. If all of them submit their returns finally, then the overall number of income tax returns would cross 3.1 million. According to the Income Tax Ordinance, November



30 was the last date for submitting income tax returns. But, the deadline was then extended by a month till December 31 and then again till January 1 (due to holidays) to facilitate the return submission process. ■

## Bangladesh Bank Sells Dollar At Tk 100 For First Time

The dollar selling rate of the Bangladesh Bank went up to Tk 100 for the first time as it sold \$78 million greenbacks to banks on January 3 to help settle import payments, a central bank official said. Since the beginning of this fiscal year in July, the central bank has so far injected nearly \$7.50 billion into the market, to facilitate the government and businesses to clear their import bills. The exchange rate of local currency taka against the dollar has been facing acute pressure for almost a year thanks to the higher import payments against slower-than-expected export earnings and remittance inflow during the period. This forced the central bank to devalue its selling rate of the greenback several times in the last year, which caused the country's foreign exchange reserves to sink from \$44.4 billion a year ago. The reserves stood at \$33.7 billion as of January 3. ■



## Bangladesh May Adopt Indian Model For Open-Market Fuel Sales



The government may adopt the Indian experience in fuel import and distribution by the private sector as the government is drafting a policy for open market sales of petroleum fuels. Bangladesh has sought Indian cooperation and experience in open market fuel sales on the local market by private companies. During a bilateral meeting with Indian Minister of Petroleum and Natural Gas, Housing and Urban Affairs Hardeep Singh Puri, Nasrul Hamid sought the support from the Indian government. The Indian counterparts have experience of fuel imports and marketing in the private sector, Nasrul Hamid said. In addition to LNG and oil import prices, the meeting also discussed drilling of deep sea blocks and the commissioning of the Numaligar pipeline, he noted. Following the meeting, Nasrul Hamid met with Raj Kumar Singh, the Indian power minister. Moreover, they discussed formal commissioning of the 1320MW Rampal power plant, as well as power imports from Adani. India and Bangladesh both stressed the need for renewed fuel imports in the coming days. ■

## China Firm To Invest \$24.05m In Bepza EZ

Chinese company SSH (BD) Sustainable Fashion Co Ltd has signed an agreement with the Bangladesh Export Processing Zones Authority (Bepza) to invest \$24.05 million to set up a high-end garment factory in Bepza Economic Zone. Ali Reza Mazid, member (investment promotion) of the Bepza, and Sun Ge, managing director of SSH (BD) Sustainable Fashion Co Ltd, inked the deal at the Bepza Complex in Dhaka on January 4, said a press release. The investment will create employment opportunities for 2,062 Bangladeshi nationals. The company will annually produce 36 million pieces of different types of high-end garment products, including jackets, blazers, coats, suits, pants, trousers, shirts, shorts, underwear, jersey, t-shirt, knit-bottom, baby bumper, swimsuit, sheath dress, hoodie and uniform. ■



## FBCCI For Building Skilled Workforce For Achieving SDGs



The Federation of Bangladesh Chambers of Commerce and Industry has called for building a skilled workforce to achieve the sustainable development goals. Importance should be given to setting up technical and vocational training centres in every district and upazila along with conventional educational institutions, it said. FBCCI made the call during the second meeting of its Standing Committee on National Economic Policy and Planning, 8th Five Year Plan, SDGs, and Vision 2041 in Dhaka on January 5. FBCCI senior vice-president Mostofa Azad Chowdhury Babu said: 'There is no alternative to building a skilled workforce to further accelerate our efforts to achieve the SDGs.' Dhaka Chamber of Commerce and Industry president Sameer Sattar said that foreign investment was very important in achieving the SDGs. Also, he emphasised increasing foreign investments, building a skilled manpower, and developing non-conventional sectors. ■

## 4,100C Collected As Income Tax, 2.85m Submit Returns

Placement of funds from offshore banking operations (OBOs) with domestic banking units will continue to facilitate import payment, amid the forex crisis. The central bank Wednesday extended time for fund transfer from OBOs to facilitate settlement of import payments for capital machinery, industrial raw materials and imports by the government. The facility will remain valid till June 30, 2023, according to a circular issued by foreign exchange investment department of the Bangladesh Bank. This will help in collecting Dollars and mitigate Dollar shortages. OBOs operate their activity under the central bank guidelines and they usually take deposits and lend through foreign currencies. Earlier, Bangladesh Bank had extended the facility up to December 31, 2022. But such placement of funds into domestic banking units will not exceed 25% of a bank's regulatory capital. However, a



number of bankers feel such facilities usually would not help much on-shore banking. Offshore banks can borrow from foreign sources to meet their demand for foreign currencies. ■



BNP Secretary General Mirza Fakhrul Islam Alamgir and party Standing Committee Member Mirza Abbas were released from jail

## Will The Opposition March in March?

*SMS Hasan*

**T**he country has seen relatively calm days until January 14 after it experienced a heated politics on December 10 centering opposition BNP's grand public rally in Dhaka. The rally which was supposed to be held in Paltan finally took place at Golapbagh. After the rally leaders of both the ruling Awami League and main opposition BNP waged a war of words.

However, in the meantime, there were huge developments in the political arena. A number of pro-BNP political alliances was formed breaking away from the BNP-led 20-party alliance. Some other anti-Awami League parties also formed separate alliances and agreed to join BNP-led anti-government movement. They also

observed a country-wide sit-in on January 11. All the rallies and meetings, organised by the BNP and its supporters pro-BNP alliances were peaceful and no major incident of violence was reported. Many political analysts believe BNP and its like-minded alliances are gearing up for a greater movement in coming March-April period. The country may again see a big political movement during this time. But some political analysts are skeptical about the real impact of these alliances in politics. Meanwhile, BNP Secretary General Mirza Fakhrul Islam Alamgir and party Standing Committee Member Mirza Abbas were released from jail after almost a month of imprisonment.

On the other hand, the Awami League held its council and formed

new central committee keeping president and general secretary unchanged. Prime Minister Sheikh Hasina again became president while Road Transport Minister Obaidul Quader was selected as general secretary. Other major posts were also kept unchanged. The ruling party also is contemplating to reactivate the 14-party alliance to face the coming political situation on the street.

Meanwhile, there are some interesting developments in the diplomatic scene. US Assistant Secretary of State Donald Lu is coming to Bangladesh on January 14 to discuss many formal and informal issues in political and other sectors. Many believe the visit by a high profile US envoy in this crucial time is very significant. Many issues will take new

shapes based on the outcomes of the US envoy's visit. The foreign ministry has asked its missions abroad to remain alert about any further possible US Sanction. All these developments indicate a new dynamism in politics for the days to come.

### **How Effective Are Pro-BNP Alliances?**

Although BNP has launched a simultaneous movement with more than four dozen parties and organisations to realise its 10-point

Adhikar Parishads convener Reza Kibria, member secretary, Nurul Haque Nur, Kalyan Party chairman Syed Muhammad Ibrahim, and Gonoforum leaders Mostafa Mohsin Montu, Dr Abu Sayeed and Subrata Chowdhury, who have a face value and can play a role in shaping public opinion. They also said Bangladesh Jamaat-e-Islami still has a base across the country, and it can play a role in the movement. But they say that the success of the simultaneous movement will mainly depend on BNP

political partners of the 20-party alliance--Jatiya Party (Kazi Zafar), Bangladesh Kalyan Party, Bangladesh Labour Party, Bangladesh Jatiya Dal, NDP, Bangladesh Liberal Democratic Party (LDP-Selim), Bangladesh Muslim League, Jamiat-Ulema-e-Islam Bangladesh, Islami Oikya Jote, Jagpa (Tasmia Prodhan), Islamic Party, and Bangladesher Samyabadi Dal-- formed a new alliance dissolving the 20-party to carry out a movement alongside the BNP and realise the 10-point demand.



*US Assistant Secretary of State for South and Central Asian Affairs Donald Lu*

demand, political analysts are skeptical about the ability of most of the parties to contribute to street programmes due to the lack of their organisational strength and popular public support.

They said making alliances with many small parties is just a number game in politics, but only three to four parties have the organisational capacity and popularity to show their strength on the streets.

The analysts, however, said some small parties now on the simultaneous movement with BNP have few leaders, including LDP president Oli Ahmed, Jatiya Samajtantrik Dal president ASM Abdur Rob, Nagorik Oikya convener Mahmudur Rahman Manna, Biplabi Workers Party general secretary Saiful Haque, Ganasanghati Andolon's chief coordinator Zonayed Saki, Gana

while the other parties will work as a morale booster for it and justify its demands.

After two rounds of talks with political parties, BNP on December 10 last year announced to launch the simultaneous movement with a 10-point demand, including the resignation of the current government and holding the next polls under a non-party neutral government.

Earlier on August 8, seven opposition parties -- Jatiya Samajtantrik Dal (JSD-Rob), Nagorik Oikya, Bangladesher Biplobi Workers Party, Gonosamhati Andolon, Gono Odhikar Parishad, Bhasani Onusari Parishad and Rastra Sangskar Andolon -- floated Ganatantra Mancha, a new political platform and announced to join the movement with BNP. On December 22, 12

Another new political platform, "Jatiyatabadi Samamona Jote", comprising 11 parties was launched on December 28 to strengthen the simultaneous movement. The parties in the new 11-party alliance are National People's Party-NPP, Jagpa (Khandkar Lutfur), Democratic League (DL), Bangladesh NAP, Bikalpa Dhara (Nurul Amin), Samyabadi Dal, Gano Dal, NAP-Bhasani, Islami Oikya Jote, People's League and Bangladesh Minority Janata Party. Islami Oikya-jot and Samyabadi Dal are there in the two new alliances.

On January 3, Ganatantrik Bam Oikya, a leftist political platform of four parties-- Communist Party of Bangladesh (Marxist-Leninist, Social Democratic Party, Samajtantrik Majdur Party and Progressive Democratic Party--also announced to join the movement with BNP.

On January 8, another new anti-government platform, "Samamona Ganatantrik Jote" (Like-minded Democratic Alliance) comprising 15 organisations was launched to join the simultaneous movement.

The members of the newly formed alliance include Youth Forum, Zia Nagorik Sangsad, Democratic Movement, Shaheed Zia Ainjibi Parishad, Jatiyatabadi Nagorik Dal, Bangladesh Justice Party, Constitution Preservation Parishad, Ganatantra Raksha Mancha, Chalak Dal,



Jatiyatabadi Muktijoddha '71, Ghure Dharo Bangladesh, Movement for Democracy, Bangladesh Democratic Council, Desh Raksha Manush Bachao Andolan and Bangladesh Jubo Oikya Parishad.

Besides, Jamaat, LDP (Oli) and Gonoforum (Montu) also announced joint simultaneous movement.

Of all these parties, only LDP (Oli) JSD-Rob, Biplobi Workers Party, Kalyan Party and Bangladesh

parties, especially Awami League and BNP are the key players in the politics of Bangladesh,” he said.

Majumdar said BNP may feel good that many parties are with them, no matter what their organisational capacities are. “But only a few of them can play some sort of role in the movement.”

He also said the success of the simultaneous movement mainly depends on how much strength BNP can demonstrate and how effective

their leaders have acceptability and face value. “They also have an influence among the people and they can help create public opinion.”

“These parties don’t have huge supporters like the major ones, but they are also democratic forces. You may see their very thin presence on the streets, but their collective efforts can strengthen the movement for realising popular public demands,” he noted.

### ***Unity Among Many Parties Has A Value***

Prof Dilara Chowdhury, a former teacher of the Department of Government and Politics at Jahangirnagar University, said there are many parties with BNP’s simultaneous movement which do not have big workforces, but there are many national figures in those parties who matter in politics.

“If these parties take to the streets simultaneously, it can boost up BNP’s moral strength. So, you can’t ignore the value of unity among so many political parties,” she observed.

Besides, the political analysts said around 50 parties and organisations are now taking to the streets with BNP demanding the next election be held under a non-party caretaker government. “So, the number matters here when it comes to who is against the polls under a partisan government.”

Prof Dilara said many common people are increasingly taking part in BNP’s current political rallies and programmes. “I am observing that BNP is seriously making efforts to turn around. The way BNP’s grassroots have been demonstrating strengths despite being subjected to various repressive acts is a very positive sign.” Doreen Chowdhury, a Doctoral Researcher at University of Groningen, in an article in *Modern Diplomacy*, said: On January 14th, 2023, US assistant secretary Donald Lu is visiting Bangladesh. Lu is the top diplomat for the USA



*Road Transport and Bridges Minister Obaidul Quader, also general secretary of Bangladesh Awami League, addressing a rally of the party*

Muslim League are registered with the Election Commission (EC).

Two programmes --mass rally and mass sit-in--of the simultaneous movement have so far been observed on December, 24, 30 and January 11 respectively, but the presence of leaders and workers of these parties and alliances was very poor.

### ***‘A Meaningless Number Game’***

Shusashoner Jonno Nagorik (Shujan) Secretary and political analyst Badiul Alam Majumdar said it is the reality in Bangladesh that most of the political parties, except for three-four ones, are name-only organisations run by some individuals who have a face value.

“It’s also our tradition to increase the size of alliances with such small parties. You can call it a meaningless number game. But only a few

strategy the party can adopt.

### ***Number Matters In Politics***

Prof Mahbubullah, a pro-BNP intellectual and a former teacher at the Dhaka University, said the unity of the political parties--small and bigger ones--is now crucial to overcoming the current situation of the country and restoring people’s voting rights.

“The size of the alliance matters in politics. Unite the many to defeat the few is an effective political philosophy to make political gains. So, one should not ignore the number of the political parties that have got united to realise public demands,” he observed.

The political analyst said there are many parties with BNP that may have not that much popularity and organisational strength, but some of

in South and Central Asia, where he has been working for a long time as

Lanka's economic crisis. Lu had a role in reinstating Ranil Wickrem-

he will exchange views with the government high-ups, political parties, and civil society. He will also meet Foreign Minister and Foreign Secretary. The main agenda of his visit will revolve around priority issues such as energy, trade, security cooperation, religious freedom, labor, and human rights. Lu will also explore possibilities of expanding economic engagement and hear civil society perspectives on labor and human rights.

It seems the visit will focus heavily on the ongoing dissatisfaction with internal politics, human rights issues, the GSP scheme, defense agreements namely GSOMIA and ACSA, the Rohingya issue, and its future, and investment in Bangladesh. The geopolitics regarding Indo-pacific will be discussed as the US is now prioritising it seriously.

### ***Lu's Visit: A continuation of Diplomatic Engagement***

Lu's visit can also be seen as a continuation of diplomatic engagement between the countries. Since the last two years, both the countries have increased their diplomatic engagement. Till now 17 mid and high-level bilateral visits have taken place including Eileen Laubacher's latest one. Among the 17 visits,



*BNP Standing Committee Member Iqbal Hasan Mahmood addressing a press conference on the occasion of formation of a new political alliance*

a diplomat. However, Lu has also gained notoriety for his coercive diplomatic method among South Asian diplomats. His involvement in Pakistan, Nepal, and Sri Lanka has created an image of a 'coercive diplomat' in the region. But considering the current trend of Bangladesh-US relations, his visit will surely have several implications including the settlement of political dissatisfaction, the future of the Rohingya, investment, and the Indo-Pacific strategy.

### ***Lu's Notorious Image***

The name 'Donald Lu' became well-known after Pakistan's ex-Prime Minister Imran Khan's allegation. After being toppled, Imran Khan directly accused Donald Lu to be the conspirator behind his topple. Khan also alleged that Lu threatened Khan about the topple.

Prior to that Donald Lu also played an instrumental role in pursuing Nepal to sign Millennium Challenge Cooperation (MCC) with the USA. MCC now has become a burden for Nepal to fulfill its commitments. Lu also visited Nepal last year and forced Nepal to ratify the agreement threatening to review the existing bilateral ties.

Lu was also instrumental in Sri

asinghe as the Prime Minister amid the turmoil to safeguard US interest. Even in October, Lu also said 'you are the right man to it [referring to the recovery process]'. Hence, after Imran's allegation, Lu became a name of 'coercive diplomacy' in South Asia. However, in the context of Bangladesh, things may not be the same considering the visit and Bangladesh's neutrality policy.

Hence, after Imran's allegation, Lu became a name of 'coercive diplomacy' in South Asia. However, in the context of Bangladesh, things may not be the same considering the visit and Bangladesh's neutrality policy.

### ***Lu's Visit***

Donald Lu is supposed to arrive in



*Leaders of newly formed pro-BNP 12-party alliance made the declaration during a press briefing at the Jatiya Press Club*

Dhaka on January 14 at midnight. The following day, on January 15,

Bangladesh has sent 7 delegations to the US while the US has sent 10 to

its counterpart. Lu's visit will be 11th in last two years. The reason behind such large number of visits is due to expanding relations and short-term disagreements that needs to be solved. The Indo-pacific strategy and Bangladesh' geostrategic significance are also behind this deepening engagement.

The bilateral relations are also flourishing ranging from economic to cultural. Over the years, the existing bilateral trades are increasing and have reached USD 13 billion in 2022. The US is also the 3rd largest trading partner of Bangladesh and is the top donator to the Rohingya with USD 1.9 billion. It has also provided over 100 million doses of vaccine as an aid to Bangladesh which accounts for its 70% donation of total vaccine to the world.

Amid such expanding relations, discontent has also emerged for both parties. The US is dissatisfied with Bangladesh's domestic politics while Bangladesh is also dissatisfied with US's interference. The RAB sanctions also put a strain on the relations and Bangladesh is seeking to lift them. Apart from such political issues, there are some security and economic issues also for both countries to discuss. The US wants to sign two defense agreements with Bangladesh while Bangladesh wants to GSP to reinstate and the US to increase investment in Bangladesh.

And lastly, the US also wants Bangladesh to join its Indo-Pacific Strategy.

### Implications

As a result of deep engagement and long list of priorities, Donald Lu's visit will bring several implications for Bangladesh. Firstly, the visit will increase diplomatic communication bilaterally and will serve as a continuation since 2020. As Lu is the top diplomat for the US in this region, the meeting will provide opportunity for both countries to hold talks on pressing issues. And lastly, this visit will also provide Lu with a personal opportunity to regain his image as

image by working on mutual interest rather than using coercive methods. The US-Bangladesh relations and its latest trend is favourable for both countries. Bangladesh's neutrality and balancing policy is also accommodative of US objectives in the region as it will not bring any threat to any rivals. The routine visits are good signs for the bilateral relations as these provide opportunities to share on disagreements and helps locating opportunities to pursue together. For Lu, it is also an opportunity to reconstruct his diplomatic image. Coercive diplomacy only drives nation far away. In this



BNP holds sit-in programme at Nayapaltan

he has gained notoriety in other South Asian states. It could be an opportunity for Lu to reconstruct his

context, Lu's visit may bring many positive implications not only for Bangladesh but also him.

## Call For Developing Smart Agriculture

**A**griculture Minister Dr Md Abdur Razzaque urged the country's agriculturists to develop a 'smart agriculture' based on modern science and technology, saying that the country has already witnessed a revolution in the agriculture sector. "The biggest revolution in the country has taken place in the agriculture sector. After independence, 1.10 crore tonnes of rice was produced and now it has increased to 4.4 crore lakh tonnes," he said. The minister made the remarks while he was addressing a discussion organized by the Agriculture Ministry at Krishibid Institution Bangladesh (KIB) Auditorium in the city, marking the Victory Day-2022, said a press release. Noting that there

has been a great success in the production of wheat, corn, vegetables and other crops in the country, Razzaque said Prime Minister Sheikh Hasina is the key-person behind this success while agriculturists and farmers are the driving forces for the achievements. Though rice was imported less than the amount of previous years in the country, he said, there was no food crisis yet as the domestic production was good. Lawmakers Shajahan Khan and Emaz Uddin Pramanik, and Additional Secretary of the Agriculture Ministry Rabintra Sri Barua spoke at the function, among others, with Additional Secretary of the ministry Md Ruhul Amin Talukder in the chair. ■

## Ctg Port's Anomalies Cost Govt Tk 258 Crore



*Business Outlook Report*

**T**he state coffers were robbed of Tk 258 crore for 26 counts of irregularities by the Chattogram Port Authority between fiscal 2017-18 and 2019-20, found the Comptroller and Auditor General (CAG).

The irregularities include violations of Public Procurement Rules 2008, Income Tax Ordinance 1984, National Board of Revenue's order and statutory regulatory order, Chittagong Port Ordinance 1976 and Central Public Works codes and breach of contract terms. For each of the irregularities, the CAG sought explanation from the CPA chairman and the shipping secretary but got

no answer, said the report, which was presented at the parliament in June last year. CPA Chairman Mohammad Shahjahan, however, refuted the allegation. "We gave answers to each of the enquiries made by the CAG. It is the CAG's duty to raise objection while our duty is to give explanation to those objections and we did that," he said.

There was no financial irregularity on their end and everything was done following the rules, he said, while drawing attention to an irregularity mentioned in the CAG report over the procurement of a tug boat. CPA signed an agreement with New Western Marine Ship Builders for the procurement of a

high-power tug boat for Tk 37.75 crore, Tk 3 crore more than the shipping ministry's estimated cost of Tk 34.72 crore, the CAG said. The contractor was supposed to deliver the tug boat by June 2017, but as of May 2020, the tug boat remained undelivered, according to the report. The shipping ministry asked the CPA to take punitive action against the supplier.

But instead of taking any action against the contractor like cancelling the contract or confiscating performance security or blacklisting it, the port authority continued to pay the contractor in violation of the Particular Condition of Contract. As of December 8, 2020, a total of Tk



23.09 crore was paid to the contractor, the CAG said in the report. The tug boat was completed on December 2021 and delivered in the first week of January 2022, Sohail Hasan, managing director of New Western Marine Ship Builders, told The Daily Star.

In the same month, the tug boat was launched by Shipping Minister Khalid Mahmud Chowdhury. "As Western Marine was taking so much time to deliver the boat, I personally took the initiative as per the direction of the ministry." CPA is yet to pay Tk 7 crore to the contractor for the boat, Shahjahan said. "But we are using the boat for several months now and earning money off it. Am I

making a loss or profit for the government by doing this? We did not pay a single penny anywhere violating any rule," he added. There was also a loss of Tk 87.45 crore for non-recovery of the port authority's share of sales proceeds of auctioned goods by the Chattogram Custom authority between fiscal 2017-18 and fiscal 2019-20, the audit found.

In another case, CPA's marine department on June 25, 2018 signed a deal with Chittagong Dry Dock Limited for docking and repairing MT Kandari-1 for Tk 12.68 crore. The work order was issued on the same day and no timeline was mentioned for the completion of the works. The contractor submitted a

bill three days later showing that the work was completed, and CPA made the full payment on July 11, 2018. "It is not possible to complete a work involving such a huge amount of money in just three days," the CAG said in the report.

Noticing defects in the vessel, its engine driver sought repair on August 2, 2018. "This proves that the ship was not repaired as per the terms of the contract before." The contractor refused to do further repairs even though the defects were observed within the contractor's defect liability period, the report said.

The state coffers were also deprived of Tk 32.27 crore after CPA's accounts and finance department deducted income tax from the bill of berth operators at a rate prescribed by the National Board of Revenue from fiscals 2017-18 to 2019-20, the CAG found. Another Tk 30 crore was lost for CPA's estate department's failure to collect rent from companies for CPA's properties leased out.

Despite not achieving the set targets, the port authority gave Tk 29.27 crore as incentive bonus among its officers and staff in fiscal 2019-20. This was counted as an irregularity by the CAG, which has called for collecting the amount given out in incentive bonus back from the officers and employees. There was a financial loss of Tk 10.9 crore for CPA's rental of cars and microbuses overshooting the ceiling set by the finance ministry for such expenses, the report said.

Subsequently, CAG called for recovery of the disputed amount.

The port also suffered a financial loss of Tk 50 lakh as several officials and staff received the amount showing expenses during foreign tours without submitting any reconciliation bills and vouchers even after accepting airfares and all other allowances. ■



## Gold Rallies To 6-Month High

### *Business Outlook Report*

**G**old started the new year on a solid note after ending a volatile 2022 largely unchanged, with prices rallying to a more than six-month peak on January 3 as investors positioned for the Federal Reserve's latest policy minutes.

Spot gold rose 0.8 per cent to \$1,838.54 per ounce by 1000 GMT, having hit a high since June 17 last year. US gold futures gained 1 per cent to \$1,844.70. Benchmark US 10-year Treasury yields fell to their session lows, reducing the opportunity cost of holding gold, which does not pay any interest.

"Alternatively, the new year is supporting new inflows into all asset

classes," said UBS analyst Giovanni Staunovo. However, "we continue to see rising US interest rates and lower US inflation as a headwind for gold, but look for higher prices later in the year, when the Fed rate hikes are expected to end," Staunovo said.

The market focus now turns to the minutes from the Fed's December policy meeting due on Wednesday and other economic data expected this week. While gold is seen as a hedge against economic uncertainty, it tends to lose its appeal in a higher interest rate environment.

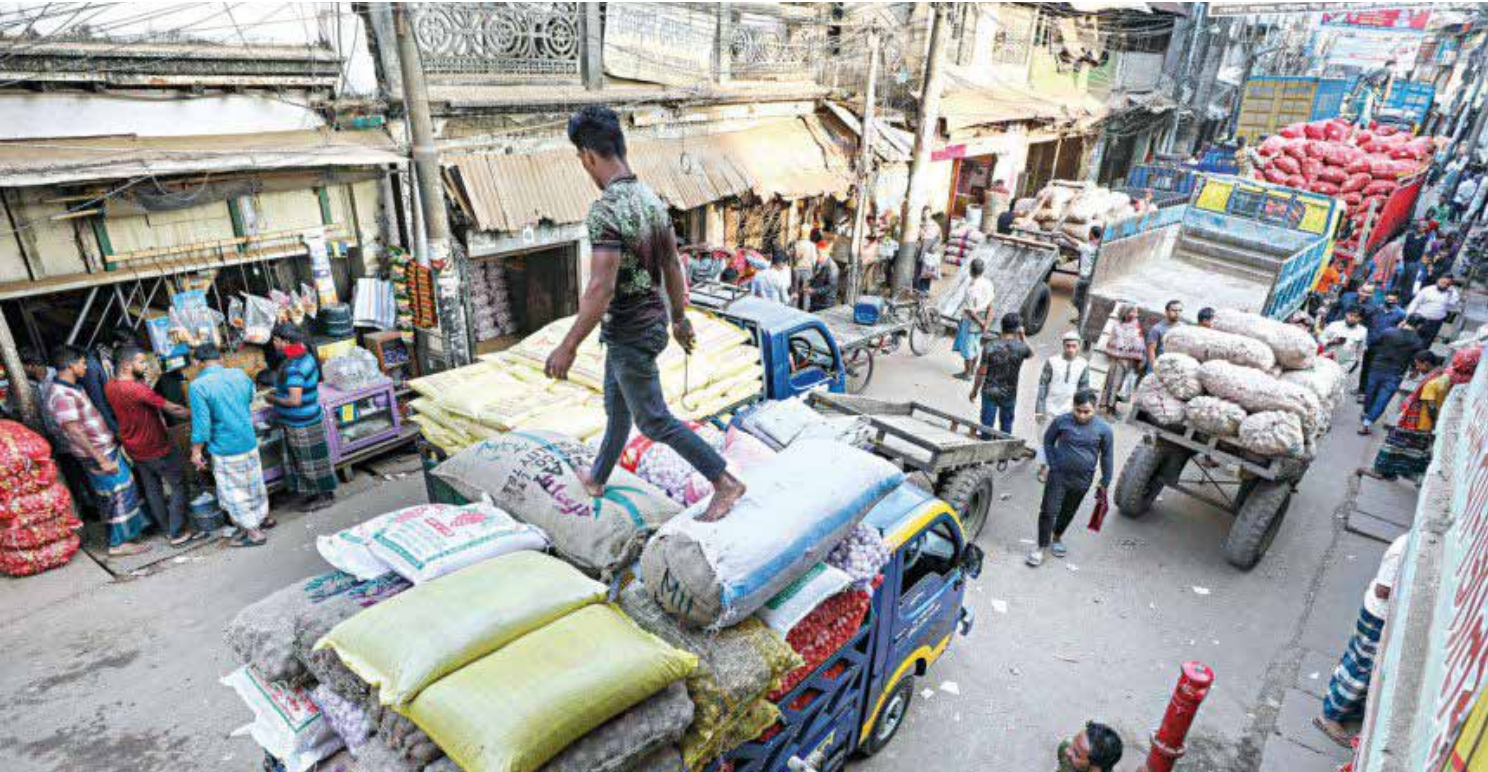
Bullion posted a yearly loss in 2022, albeit a small one, as hawkish Fed policies fuelled a dollar rally that challenged the precious metal's role

as a safe haven. "The de-dollarization seen by several central banks last year, when a record amount of gold was bought look set to continue, thereby providing a soft floor under the market," according to a Saxo Bank note.

On a technical front, above \$1,842, the 50 per cent of the 2022 correction, gold will be looking for resistance at \$1,850 and \$1,878 next, the note said.

Elsewhere, spot silver rose 1.6 per cent to \$24.37 per ounce, platinum scaled 1.4 per cent to \$1,083.98, and palladium advanced 0.6 per cent to \$1,805.01. ■

# Imports Of Key Essentials Drop For Dollar Crunch



## Business Outlook Report

**T**he import of essentials such as edible oil, chickpeas, dried peas and sugar fell in July-November as traders face difficulties in opening letters of credit (LCs) to purchase the items from international markets amid the US dollar shortage. This led traders and importers to warn that there might be a shortage of the items during Ramadan when their demand usually surges.

The dollar shortage is at the heart of the lower imports of edible oil, chickpeas, dried peas, dates, and sugar. Bangladesh has been witnessing a shortage of the American greenback since the Russia-Ukraine war erupted, sending the prices of commodities higher. As a result, the international currency reserves of import-dependent Bangladesh declined since the country has to pay more to buy essentials from external sources.

Thus, banks don't have enough US dollars so they can't open LCs in line with the demand. Businessmen usually open LCs two to three months before the fasting month begins to facilitate imports and meet the rising demand. Chattogram Custom House data showed that the imports of edible oil, sugar, chickpeas, peas, ginger and onions fell between 10 per cent and 60 per cent year-on-year in the first five months of the current fiscal year, which began in July.

Importers brought in 9.48 lakh tonnes of edible oil, including crude soybean and refined palm oil, through the Chattogram port in the five months to November. It was 6.69 lakh tonnes during the same period in FY22. About 2.17 lakh tonnes of chickpeas and peas were imported against 3.27 lakh tonnes a year earlier. Between July and November, sugar

imports stood at 1.39 lakh tonnes, way lower than the 3.15 lakh tonnes that arrived in the identical period of the previous financial year. The import of wheat, dates and lentils, which are among the most-consumed items during the fasting month that begins in the middle of March, rose slightly. About 1.83 lakh tonnes of dates were purchased from international markets in July-November, up from 1.42 lakh tonnes a year ago.

"The opening of LCs has become very tough. Banks are going to open LCs that are lower than what's needed. If a company like ours is in such a situation, it is easy to understand the situation others are facing," said Taslim Shahriar, senior assistant general manager at Meghna Group of Industries, one of the biggest commodity importers and processors. The products for which LCs are

opened in December will arrive in the country in February or in the first week of March. And the items against which LCs will be opened by January 15 will enter the country at the beginning of Ramadan. So, the prices of the products might be higher before Ramadan, Shahriar said. The central bank has asked banks to take a

held at the commerce ministry today. Senior officials of the Bangladesh Bank, the National Board of Revenue, the public security division, the agriculture, food, industries, and commerce ministries, the Trading Corporation of Bangladesh, the president of the Federation of Bangladesh Chambers of Commerce

open LCs easily while small and medium traders are facing difficulties," he said. Md Mezbaul Haque, the spokesperson of the Bangladesh Bank, declined to comment on the troubles confronting businesses while opening LCs. Ghulam Rahman, president of the Consumers Association of Bangladesh, says consumption of a number of essentials doubles during Ramadan.

"So, the government should pay special attention so that there is no shortage of supply. A crisis can occur if there is not enough supply of essential commodities." Rahman alleged that some traders create an artificial crisis by taking advantage of the increase in demand, raising prices and making extra profits. "The government should strictly monitor the issue from now on," he said.

Consumers in Bangladesh have been facing a cost-of-living crisis since March as the prices of almost all commodities have gone up owing to the supply disruptions caused by Covid-19, the Russia-Ukraine war, and the global energy crisis. Inflation surged to a 10-year high of 9.52 per cent in August before easing to 8.71 per cent in December. "We are already in serious trouble for the hike in the cost of living. If the prices go up further during Ramadan, the suffering will only deepen," said Ismat Zerín, a resident in the capital's Uttara. Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said the inflation pain can't be understood unless one suffers from it.

"If you ask a rickshaw-puller, a tea vendor or a restaurant waiter, you will find out how anxiously they pass each night thinking about whether they will be able to afford three meals for the family members the next day, children can be sent to school, and healthcare expenditures can be afforded."

"It is a real livelihood crisis for the low-income groups and the people living below the poverty line," he said last week. ■



minimum cash advance from importers while opening LCs for essential commodities as it looks to keep their prices at a tolerable level during Ramadan and ensure smooth supply. Importers of eight items – edible oil, gram, lentil, onion, sugar, peas, spices and dates – were initially supposed to receive the advance payment facility, also known as the cash LC margin. Later, rice and wheat were added to the list of concessions in the LC margin.

The cash LC margin should be kept at the minimum level depending on the bank-client relationship, said the Bangladesh Bank in a notice on December 11. Shahriar claimed, "The directive has not been implemented yet." City Group, a commodity importer and processor, is also in a similar situation.

"Due to the dollar shortage, we have been able to open LCs for less than 50 per cent of goods that are usually imported ahead of Ramadan," said Biswajit Saha, director of corporate and regulatory affairs at the group. A meeting of the government's task force tasked with assessing the price situation of essentials is going to be

and Industry, the Consumers Association of Bangladesh, the Bangladesh Vegetable Oil Refiners & Vanaspati Manufacturers Association, and Bangladesh Sugar Refiners Association are expected to attend the meeting, among others. "Let's see what decisions are taken during the meeting. If LCs can be opened by January, the products can be supplied to the market before the start of Ramadan," said Saha.

Mahbubul Alam, president of the Chattogram Chamber of Commerce and Industry, said the LC margin facility for essential commodities was already there, so the new directive would not help much since it would not resolve the dollar crisis. "There is a need to fix the dollar crisis as soon as possible and ensure the opening of LCs."

The seven products that are imported on the occasion of Ramadan will involve about \$2.5 billion in import costs, commerce ministry data showed. M Mofizur Rahman, an importer of consumer goods in Khatunganj, urged banks to treat all traders equally when it comes to opening LCs. "Large traders can





## BB Rolls Out Tk 10,000cr Export Facilitation Fund

### *Business Outlook Report*

**B**angladesh Bank on January 1 rolled out an export facilitation fund of Tk 10,000 crore in order to help exporters gear up their businesses. An exporter will be allowed to take a loan of a maximum of Tk 200 crore from the fund, which is a pre-finance scheme by nature. Under the pre-finance scheme, the central bank finances businesses through banks in response to their applications.

Exporters will have to use the fund to import raw materials. Banks will avail the fund at an interest rate of 1.5 per cent from the central bank. The end users will pay 4 per cent to avail the fund from banks, according to a Bangladesh Bank notice. The BB said the fund would help exporters to tackle challenges in external trade stemming from its journey towards becoming a developing

nation from a least developed one. In addition, it will also help exporters address the challenges emanating from the ongoing Russia-Ukraine war. Lenders will have to repay the fund within six months. But they can extend or reduce the repayment tenure for clients. If any exporter fails to repatriate the worth of the exported goods on time due to any unexpected situation, the central bank will extend the repayment facility for another three months on a case-to-case basis.

Clients will not be allowed to enjoy new funds from the scheme if they have overdue export bills. The central bank, however, said banks would be able to enjoy new funds from the scheme if they failed to repatriate their export bills on time for unforeseen reasons. In such a situation, exporters will have to repay at least 50 per cent of their

overdue payments before availing the loan facility. Clients already enjoying loans from other funds of the central bank to import raw materials will not be allowed to take loans from the central bank's scheme.

Members of the Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Textile Mills Association, Bangladesh Knitwear Manufacturers and Exporters Association, and B and C types industries of the export processing zones (EPZs) will be eligible to avail the fund.

There are three types of companies in the EPZs, namely A, B, and C.

Joint venture companies with foreign and Bangladeshi ownerships are treated as type B and those with 100 per cent Bangladeshi ownerships type C. ■

## All BRTA Fee Payments Now Through Nagad



### Business Outlook Report

People can now pay all fees of Bangladesh Road Transport Authority (BRTA) in the comfort of their home through Nagad – a mobile financial service of Bangladesh Postal Department.

To this end, an agreement was recently signed between Nagad and Computer Network Systems (CNS) Limited, a digital payment service provider of BRTA, at the latter's head office in the capital's Pallabi area, reads a press release.

On behalf of Nagad, its Executive Director Md Shafayet Alam and General Manager of Key Stakeholder Relations Mohammad Monirul Islam were present at the signing ceremony, while Senior Executive Director and Chief Operating

Officer of CNS Limited Major Ziaul Ahsan Sarwar (Retd) and CNS Head of Operations Mohammed Golum Mohiuddin represented their organisation.

Customers now can easily pay all types of fees, such as for motor vehicle registration, driving license, fitness certificate, tax token and route permit, using their Nagad wallet without having to physically visit banks or BRTA-designated locations for the fee payments.

Customers will get an E-receipt in Nagad payment system as soon as they pay fees through this state-owned MFS carrier. Showing it, they can collect the original receipt from banks or BRTA-designated locations at their convenient time without facing any hassle of

standing in long queues. Executive Director of Nagad Md Shafayet Alam said: "The opportunity to pay BRTA fees through Nagad will give customers relief from waiting a long time in queues, thus saving their working hours."

Nagad always works to make life easier for people, he also said, adding that Bangladesh will take another step towards a cashless society through such services of Nagad.

Currently, customers can easily pay electricity, gas, water and other utility bills through Nagad.

Besides, salaries of various educational institutions, insurance premiums, loan instalments, credit card bills, etc can be paid by the Postal Department's MFS carrier. ■



## Rice Marketers Feast On People's Helplessness

*Apu Ahmed*

**T**wo recent disclosures about the country's main staple rice in the space of 72 hours have surprised the nation.

### *Two Disclosures*

The first one has been that the millers are making a profit of at least Tk 8 to Tk 14 per kilogramme of rice although they are not involved in the cultivation process. State-owned Bangladesh Rice Research Institute gave the disclosure while sharing a study at its auditorium in Gazipur on January 1.

The other disclosure has emerged after a meeting of the cabinet committee on government purchase on January 3 that the import price of 1 lakh tonnes of non-basmati rice in competitive biddings is lower than local market price. Per kilogramme price of imported rice will cost Tk 42.07 to Tk 42.68 while the coarse variety of rice sells Tk 46 to Tk 52 a kg in the local market.

### *Millers Make Excessive Profit*

The second disclosure has confirmed that the price of rice is higher than the international market and local

consumers are forced to pay more than consumers in other rice growing countries. The first disclosure by BRRI has made it clear that millers and retailers are making excessive profit which is one of the reasons for price hikes of the staple. There have been perceptions among common people that a cartel is active to manipulate the rice price. But the extent of the profit margin has been shocking when a large number of people were facing difficulties in buying rice following its price hike in the local market since the Covid pandemic struck. The war in

Ukraine in 2022 aggravated the price spiral of rice and other essentials.

### **Monitoring Agencies Ineffective**

The overall findings are depressing since those exposed the weakness of the government monitoring agencies in ensuring fair price of rice in the local market so that consumers do not feel cheated. The current economic turmoil in the country due to shortage of dollars subsequently after an almost two-year long Covid pandemic have reduced

1973–74 as per the Gini coefficient. A widening Gini means that the rich are becoming richer and the poor poorer. A narrow Gini gap gives the opposite picture.

### **Farmers Deprived Of Fair Prices**

High profit by the millers is also discouraging for millions of farmers who are instrumental for trebling the country's rice production in the past five decades and maintaining food security. About two-thirds of total calories and about one-half of the total protein of an average



incomes of majority of the population and their purchasing power. According to a rough estimate, one third of the country's population now lives below the poverty line from one fourth in 2019. They failed to survive the twin shocks as they are deprived of the country's economic progress over the past two decades. The distribution of economic gains only benefits only a few people amid a rising inequality. The successive government has failed to check income inequality increased to 0.483 in Bangladesh in 2016, from 0.36 in

person in the country is supplied by rice. Rice sector contributes one-half of the agricultural GDP and one-sixth of the national income. Rice is also politically sensitive since nearly 48 per cent of rural people depend on it for employment. However, the marketing system is dominated by 500 automatic and semi-automatic rice mills along with 17,000 husking mills engaged in parboiling, drying and crushing paddy bought from farmers. Of the mills, more than 350 operators market rice under their own brands mainly in the fine rice

segment. The association-linked mills process and market at least 60 per cent or 30 million tonnes of 50 million tonnes of paddy produced a year in the country. Farmers keep the rest of the produce for their own consumption.

### **Corporate Group In Rice Marketing**

Entry of big corporate groups in marketing rice since 2015 has brought a new dynamism in the rice market. ACI, City Group, Pran-RFL Group and Bashundhara Group are among the corporate groups. Along with the millers these corporate groups are marketing rice in the market where the presence of the middle-class consumer is growing. The corporate groups are now mainly marketing rice in attractive packs capitalising fancy of the consumers. Still, the millers are worried as the milling capacity of the corporate groups may exceed the annual production of paddy. This may force many small and medium husking mills to struggle for survival. They may be forced to close down their mills.

### **BIDS Predicts Changes In Rice Marketers**

A study by Bangladesh Institute of Development Studies in 2019 also predicted rapid changes in the rice market and indicated consolidation in the marketing system in the near future. It said big corporate groups could store rice for many days as per the existing regulation in its report titled 'Rice Market in Bangladesh: Role of key intermediaries. This may lead them to control the market by stockpiling the staple. At present 50 big millers in the country have the capacity to store 20 per cent of rice produced in the country and have the capacity to control the rice market. As per the law, a 200-tonne capacity mill can normally store 400 tonnes for 15 days. Big corporate groups or organisations can legally store rice for many days. The BIDS suggested the government should

closely monitor the number of days that mills stockpile rice.

### **Govt Efforts Fail To Check Rice Price Spiral**

On June 1, 2022, Food Minister Sadhan Chandra Majumder blamed Square Group, Pran Group, City Group, Akij Group, Bashundhara Group and ACI Group for the price hike of rice during the harvesting period. Despite countrywide raids against illegal rice hoarding, the government agencies failed to contain the staple food's price hike. In September 2022, the Bangladesh Competition Commission had filed cases against 19 companies and individual traders on charge of manipulating the market by abnormally increasing rice prices.

### **Doubtful Data**

Despite claims from the government

of producing surplus rice in the country the prices of the staple had been increasing unusually since 2020. A section of rice experts said that rice production is surplus in the country. In his welcome speech of the study launching, BIRRI Director General Md Shahjahan Kabir said that the Aman production would hit an all-time high with a yield of 163 million tonnes. 'Our rice security is ensured till June 2023 with 42 lakh tonnes of surplus,' he pointed out. But accuracy of data became doubtful.

### **Rice Imports**

Against the backdrop of the unusual rise in the prices of rice, the government slashed the rice import duty and imported huge quantities of the food grain in the past two years but prices continued to rise. The government had to import 9.87

lakh tonnes of rice in the past financial year. In the current financial year, the government has targeted collecting an overall 30 lakh tonnes of rice, from local and international markets, one third of them from abroad. It should be noted that volatility in prices of rice continued despite the imports.

### **Actions That Can Make Different**

The government needs to import rice timely. Delays have helped the intermediaries to manipulate the market. Besides, the government needs to collect more rice from local sources to bolster its stock and keep the supply situation stable. Monitoring production, milling and storing with accurate data is also imperative to ensure fair price of rice for consumers. ■

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# Local Airlines Look To Rebound From Pandemic Losses

## **Business Outlook Report**

**T**he year 2022 had been a good year for Bangladesh's two local airlines thanks to increased flow of travellers after the authorities lifted pandemic-related restrictions. The operators said the rise in passengers helped them narrow down severe losses they had suffered because of the halt in carrying passengers.

And if the trend continues in 2023, they would be able to do better. The reaction of the local airlines is similar to the views of International Air Transport Association (IATA). In early December of 2022, it said to have expected a return to profitability for the global airline industry in 2023 as airlines continued to cut

losses stemming from the effects of the pandemic to their business in 2022. And in spite of the growing economic uncertainties with a slowdown in global gross domestic product (GDP) growth, airlines are expected to post a small net profit of \$4.7 billion in 2023, it said.

It will be generated on the back of a lower oil price, inflation and continued prevalence of pent-up demand which should help keep costs in check as the strong growth trend continued, it said. In spite of the growing economic uncertainties with a slowdown in global gross domestic product growth, airlines are expected to post a small net profit of \$4.7 billion in 2023, said International Air Transport Association

Locally, state-owned Biman Bangladesh Airlines had carried around 16.35 lakh passengers in the July-December period of the year 2022, said a top official of Biman. It is almost double the 9 lakh passengers it transported on the international and domestic routes during the same period a year ago, he said.

He said the national flag carrier fetched Tk 3,800 crore in revenue in the six months, up 80 per cent year-on-year. Including Biman, Bangladesh has four local airlines now in operation while another one, Fly Dhaka is likely to start operation. Four other local airlines are now grounded. Besides, nearly 30 foreign carriers are operating flights to and from Bangladesh registering rough-

ly 80 lakh domestic and international travellers annually, with migrant workers being the main passengers. Kamrul Islam, general manager, public relations at US-Bangla Airlines, said the airline had 90 per cent of its seats occupied on some routes last year.

US Bangla Airlines operates flights on all 10 domestic airports, and a number of international destinations namely Kolkata, Chennai, Sharjah, Doha, Muscat, Kuala Lumpur and Singapore. "We could not fly between domestic destinations for a long time owing to restrictions. After lifting of the restrictions in 2022, we have been able to recover a lot," he said. Islam said overall, seat occupancy rate grew to 85 per cent

manager, public relations at US-Bangla Airlines. "Fuel cost accounts for nearly half of our operational cost," he said. For Novoair, the year 2022 however was not a good year compared to the previous year of 2021, said Managing Director Mofizur Rahman.

"After the global Covid-19 pandemic, we passed a good year in 2021. The number of passengers were good in between January and March, 2021," he said, adding that the number of passengers later decreased. And the number of passengers decreased by 30 per cent to 35 per cent in 2022 compared to that in 2021, he said. Usually, the number of passengers remain high during the period of November and

Bangladesh," he said. "Besides, Bangladesh's economy grew even during the pandemic when countries suffered contraction," he said. Movement of people engaged in mega projects implemented by the government also supported the recovery, he said.

"And although a number of projects is going to be completed, we will reap the benefits as the projects will drive economic growth once these become operational," he said. "As a result, air travel will increase as economic growth is one of the drivers of airline industry," Asif said. Bangladesh's air transport industry has created 17,000 jobs and it contributed \$769 million to the country's GDP, according to an estimate by the IATA in 2018.

Passenger numbers are expected to reach 1.93 crore by 2038, it predicted at that time.

Asif said the projection was made before the pandemic and air transport prospects would be better if the assessment was conducted now. To facilitate the growth of the local airlines, he urged the government to ensure purchase of fuel at competitive rates. Jet fuel prices should be equal for all operators. It should not be abnormally high that affects competitiveness of local airlines, he said. Asif said local carriers bring in foreign currencies as opposed to international airlines. "So, the government should give us an easy solution so that we can make payments for our purchases and leases and compete," he added.

Kazi Wahidul Alam, editor of the Bangladesh Monitor, a tourism and aviation industry fortnightly, said local airlines could turn around to a great extent because of the recovery in air travels in 2021 and 2022.

International travel increased a lot in 2022 for recovery in travels, and Bangladeshi airlines, especially Biman and US Bangla, have got a fair share from the spike. The prospect for local airlines looks great, he said. ■



in flights last year, up from 60 per cent in 2021. "The year 2022 was the period of recovery for us.

The year 2023 is expected to be good. If so, we will be able to recover from the losses we suffered for coronavirus pandemic," he said. He said airlines could not operate fully in 2020 and in part during the year 2021 because of the Covid-induced restrictions on air travel both inside and out of the country.

Yet, carriers had to face increased operational cost. One of the reasons is an increase in jet fuel prices. Jet fuel was Tk 46 per litre in the October–November period of 2020 and has risen 172 per cent to Tk 125 per litre now, said Kamrul Islam, general

manager, public relations at US-Bangla Airlines. "But in this year, we were forced to cancel many flights during this time due to a shortage of passengers," said the chief of Novoair which launched commercial operations a decade ago.

The airline currently operates flights to all domestic destinations, except Barishal. Its lone international destination is Kolkata. Imran Asif, chief executive officer at Air Astra, a newly launched domestic airline, said domestic air travel was the primary driver of recovery of the airline industry globally.

"In case of Bangladesh, domestic air travel recovered at a quicker pace than other countries. This is because of resilience of the people of



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## Poor Policy Hamstrings **GDP** Growth Rate

*Apu Ahmed*



**T**he government has cut the gross domestic product projection in the current fiscal by one percentage point because of disruptions in economic activities influenced by external and internal causes characterised by high inflation.

### **Projection Cut**

The coordination council on macroeconomy and resources led by Finance Minister AHM Mustafa Kamal in a meeting held in December lowered the GDP growth rate to 6.5 per cent from original 7.5 per cent. Other than FY20, such sharp deviation is almost rare in recent years. The Covid pandemic was blamed for pulling

down the high-flying GDP to 3.5 per cent from the initial projection of 8.15 per cent in FY20. The finance minister who loves GDP to determine the economic progress had fixed the FY20 growth projection following over 8 per cent growth in FY19, just before the pandemic during which the government enforced a 66-day shutdown from March 17, 2020, followed by partial shutdowns.

### **Uses Of Covid Stimuli Under Question**

To offset the pandemic's impact, the government also extended over Tk 1,00,000 crore as loans to businesses. Many feared that the low-cost loans would not be utilised properly in productive business activities and

might be spent on unproductive economic activities. They had also feared that unproductive economic activities under the big loan package would create inflationary pressure. Cheap money had also entered into the economy from external sources for the vaccination and pandemic related programme. Roughly \$5 trillion was released by the Federal Reserve in the United States as stimulus of the pandemic that not only impacted the US economy but also other countries' economies as well.

### **Cheap money comes from abroad**

A substantial part of the US stimulus also went to many developing countries like Bangladesh since the





US is one of the single biggest export destinations of Bangladeshi products. The country's readymade garment exports to the US in January-June of 2021 witnessed a strong rebound with a 26.81 per cent growth, thanks to an increased demand for the apparel items in the US market after the massive stimulus in connection of the vaccination programme there to prevent the Covid pandemic. Apparel imports from Bangladesh by the US in the first half of 2021 increased by \$662 million to \$3.13 billion from \$2.45 billion in the same period of 2020, according to the US Department of Commerce's Office of Textiles and Apparel data.

### ***War Spikes Inflation***

Bangladesh's economy also showed a strong recovery from the pandemic as it obtained 6.9 per cent growth in FY21 and 7.2 per cent in FY22. Aiming at recovering fully, the government had set a target of 7.5 per cent GDP growth in the current fiscal to be ended in the coming June. However, the war in Ukraine since February 2022 has caused price hikes of essentials, mainly energy items, on the international market and its domino effects on others products and services. Energy starved countries including Bangladesh had to spend more foreign currency to meet their energy demands. Along with this, the US policy of continuous rate hike caused appreciation of the dollar worldwide.

### ***Fed Rate Hikes***

On December 15, the Federal Reserve raised the interest rate to 4.25 per cent to 4.50 per cent. The 50 basis point increase pushed the rate to the highest it's been since December 2007 and also marked the seventh consecutive rate hike in 2022 from 0.25 per cent to 0.50 per cent. For Bangladesh, the depreciation of local currency was massive—more than 20 per cent in less than six months- and critical. Former Bangladesh governor Salahuddin Ahmed recalled the economic meltdown caused by a record price hike of fuel oils in 2007-08. However, the country did not face much pressure on its exchange rate, he said.

### ***Depreciation Of Local Currency***

Economists viewed that blocking the depreciation of local currency against dollar artificially since 2019 has become counterproductive. Inflation has skyrocketed causing immense problems for majority people since the increase of wage rate is lower than the rate of inflation. Less than 2 per cent inflation on point-to-point is comfortable, five per cent is affordable but more than that is unbearable if not addressed by the wage rate hike. Because of high inflation, the purchasing power of people has diminished in the current financial year. Since a significant portion of the GDP growth relies on consumption, cutting the current fiscal GDP growth by one percentage point is not a surprise. The World Bank, the country's major multilateral development partner, in its October projection said that the country's economy would see 6.1 per cent growth in FY23. The International Monetary Fund projected 6 per cent GDP growth for FY23 in October from its previous projection of 6.7 per cent while the Asian Development Bank in its latest projection in

September lowered the GDP growth rate to 6.6 per cent from its April projection of 7.1 per cent.

### **Inflation To Stay**

Bangladesh Bureau of Statistics recorded overall inflation at 8.71 per cent in December after 9.5 per cent in August. On the first day of the new year, the finance minister hoped that inflation would ease in the new calendar year following the decrease in prices of essential items in the global market. However, BB said the inflation might remain high in 2023 amid the supply shock in the wake of an increase in fuel and energy prices. There are no signs of abating in energy prices soon, said Bangladesh Bank in its quarterly report released on December 4. 'Inflation is likely to remain around current levels for much of FY23 due to the large supply shock associated with the increase in fuel and electricity prices,' said BB. Strong

domestic demand, coupled with persistent supply shocks resulted in the core inflation to rise to 8.39 per cent in September 2022 from 6.24 per cent in June 2022, it said. 'The inflationary effect from the Russia-Ukraine war has proven to be lasting for both energy and food prices, with the little prospect of those price pressures abating very soon.'

### **Flawed Policy**

The lending rate at 9 per cent enforced by the government since 2019 has become an ineffective policy due to changing economic scenarios. It is causing supply of cheap money and fanning inflation. The flawed economic policy persuaded by the current political regime has been proven to be more concerning than the external shocks. In fact, the flawed policy aggravated the external shocks. The mismanagement of economic affairs

should be corrected. Otherwise, the government needs to continue to borrow from BB amid liquidity crunch in the commercial banks plagued with loans scams and capital flight under the guise of over-invoicing.

### **BB Prints Money**

Between July 1 and December 28 this fiscal year, the government borrowed Tk 45,057 crore from the central bank, according to BB data. It had borrowed Tk 31,403 crore from BB over the previous year. Borrowing from the central bank means money is being injected into the market. This usually has an adverse impact on inflation, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh. Economists warn that if the government consistently borrows from the central bank, it may stoke inflation in the coming days. ■



## **Many TIN Holders Failed To Submit Tax Returns By Extended Deadline**

### **Business Outlook Report**

**T**hough the government has made mandatory the submission of tax returns to get more than 40 services, the response remained poor. The National Board of Revenue (NBR) extended time twice for return submission in the fiscal year 2022-23, despite this move, the number of returns remained around

30 lakh out of around 82 lakh TIN holders, NBR sources said on January 1. As per the provisional data of NBR around 36 percent of TIN holders have submitted income tax returns. As a result, the direct tax volume of NBR is not increasing despite time extension and raising awareness. According to the Income Tax Act, November 30 is the deadline for submission of

income tax returns, but the NBR extended the time by one month in view of the demands of professional organizations including FBCCI. There are currently over 82 lakh Tax Identification Number (TIN) taxpayers in the country. In 2016, the Income Tax Ordinance changed and it was decided not to file returns after National Tax Day on November 30. So the path to time extension is closed. However, last two years the period was extended by one month considering the Covid-19 pandemic and the global situation in the domestic economy. The income tax fair was not held under one roof to meet the expectations of taxpayers. All 31 tax offices of the country provided services to taxpayers in a festive atmosphere in November. As per Income Tax Guidelines 2022-23, proof of return filing has been made mandatory for 40 types of services. Due to this e-TIN holders have no option to file returns. If not, people will have to face various complications to get different services. ■



# Measures In Place To Ensure Supply Of Essentials In Ramadan

## *Business Outlook Report*

**C**ommerce Minister Tipu Munshi has said that the initiative has been taken to stock seven daily essentials and ensure adequate supply to keep their prices stable during the fasting month of Ramadan.

The minister said this while speaking at the 5th meeting of the 'Task Force on Review of Commodity Prices and Market Situation' held at the conference hall of the Ministry of Commerce at the Secretariat on January 4. He said necessary measures have been taken to ensure supply of edible oil, sugar, lentil, onion, dates, rice, and wheat as per the demand.

He said despite some difficulties in LC opening due to the current global situation necessary action has been taken to disburse foreign currencies through banks for LC opening to facilitate imports of essential

commodities. "The government of India has been informed not to stop the export of some essential items without prior notice. In addition, the Indian government has ensured supply of essentials as per Bangladesh's requirement," the minister said.

He reassured that there will be no shortage of the essential commodities and the prices will remain normal considering all these aspects. "Market monitoring will be intensified to keep the situation normal and there is no need to buy large quantities of these goods at once before the start of the Ramadan. The country's media can play an important role in creating public awareness in this regard," the minister said.

Prime Minister's Advisor on Private Industry and Investment Salman F Rahman attended the meeting while Senior Secretary of the Ministry of

Commerce Tapan Kanti Ghosh presided over the programme. Bangladesh Trade and Tariff Commission Chairman Mahfuza Akhtar, Bangladesh Competition Commission Chairperson Pradeep Ranjan Chakraborty, Bangladesh Trading Corporation of Bangladesh (TCB) Chairman Brigadier General Md. Ariful Hasan, Director General of National Consumer Rights Protection Directorate AHM Shafiquzzaman, NBR's representative Khandkar Nazmul Haque, Director (Foreign Exchange Operations) of Bangladesh Bank Abdul Haque, First Vice President of FBCCI Mostafa Azad Chowdhury Babu, representative of Consumers Association of Bangladesh (CAB) Kazi Md. Abdul Hannan, representatives of TK Group, City Group and various intelligence and security agencies were also present at the meeting. ■



Modhumoti Bank Limited handed over a cheque under the bank's CSR programme of Tk 10 million for 3rd DSCC Inter Ward Sports Tournament - (Dhaka Mayor Cup-2023) organised by Sports & Cultural Standing Committee, Dhaka South City Corporation. In presence of Barrister Sheikh Fazle Noor Taposh, mayor, Dhaka South City Corporation. ■



NCC Bank Ltd has signed an agreement with Millennium Information Solution recently for operation of the "NCC Islamic Banking Solutions" software. Mohammad Mamdudur Rashid, managing director & CEO of NCC Bank, and Mahmud Hossain, managing director & CEO of Millennium Information Solution, signed the agreement. ■



The 3rd annual general meeting (AGM) of MTB Foundation was held at the bank's corporate head office in the city recently. Syed Manzur Elahi, chairman, MTB Foundation and founding chairman of Mutual Trust Bank Ltd (MTB), presided over the AGM. Malik Muntasir Reza, group company secretary, moderated the meeting and Samia Chowdhury, chief executive officer, MTB Foundation, read out the agenda before the Governing Body. The AGM was also attended by Rashed Ahmed Chowdhury, vice chairman, MTB Foundation and members of the Governing Body of MTB Foundation, Md. Waki-luddin, Md. Abdul Malek, Md. Hedayetullah and Syed Mahbubur Rahman. ■



Bengal Commercial Bank Ltd. held its 17th meeting of the Board of directors at the bank's Head Office in Dhaka recently. Md Jasim Uddin, Chairman of the Board, presided over the meeting. Among others, Mahbubul Alam and Ghulam Mohammed Alomgir, Vice Chairmen of the bank; member of the Board of Directors, and Tarik Morshed, Managing Director & CEO, attended the meeting. ■



Managing Director & CEO of Rupali Bank Limited Mohammad Jahangir along with other high officials placed a wreath at the portrait of Bangabandhu Sheikh Mujibur Rahman at the Head Office of the bank in Dhaka, marking the Homecoming Day of Bangabandhu. ■



Chairman of Janata Bank Limited Dr SM Mahfuzur Rahman and Managing Director & CEO Md Abdus Salam Azad along with directors and other officials placed a wreath at the mural of Bangabandhu Sheikh Mujibur Rahman at the Head Office of the bank in Dhaka, marking the Homecoming Day of Bangabandhu. ■



The 844th meeting of the executive committee (EC) of Shahjalal Islami Bank Limited (SJIBL) was held at corporate head office of the bank recently. The meeting was presided over by Akkas Uddin Mollah, chairman of executive committee (EC) of the bank. Mosleh Uddin Ahmed, managing director & CEO, and Md. Abul Bashar, company secretary, were also present in the meeting. ■



Ali Reza Iftekhar, managing director and CEO of Eastern Bank Limited (EBL), and Abul Kalam Azad, director, Agricultural Credit Department of the Bangladesh Bank, are exchanging documents after signing a participatory agreement on disbursement of agriculture loans at a maximum interest rate of 4 per cent under a refinance scheme worth Tk 50 billion at the latter's office in the capital recently. The scheme is to ensure food security of the country. Bangladesh Bank Governor Abdur Rouf Talukder and Deputy Governor AKM Sajedur Rahman Khan were present on the occasion. ■



National Bank Limited (NBL) in collaboration with Mastercard has launched the Mastercard LoungeKey™ Programme, providing NBL Mastercard Platinum cardholders the opportunity to access over 1,100 airport lounges across 120 countries worldwide. The inauguration ceremony was held at the head office of National Bank in the city. ■



DBL Group has signed on to a \$52 million credit facility provided by British International Investment (BII), the UK's development finance institution (DFI) and impact investor. ■



Managing Director of Rajshahi Krishi Unnayan Bank (RAKUB) Md Zahidul Haque placed a wreath at the mural of Bangabandhu Sheikh Mujibur Rahman on the bank premises in Rajshahi, marking the Homecoming Day of Bangabandhu. Deputy Managing Director Kazi Abdur Rahman and other high officials were also present. ■



A two-day Annual Business Conference-2023 of Social Islami Bank Limited was held at Kuakata, Patuakhali recently. Dr. Md. Mahbub Ul Alam, chairman of the board of directors of the bank, was present as chief guest while Zafar Alam, managing director & CEO, presided over the programme. ■



# Pvt Sector Foreign Debt Sees First Fall Since 2020

## Business Outlook Report

**F**or the first time since December 2020, private sector borrowing from external sources declined as the appetite among firms eroded for increased borrowing costs. Firms' total external debt dropped 2 per cent to \$25.4 billion at the end of September 2022 from 25.95 billion in June. At the same time, external debt in the public sector decreased as well. Meanwhile, the private sector's foreign debt grew 29 per cent year-on-year from \$ 19.68 billion in September 2021, showed Bangladesh Bank data.

However, analysts say the pressure of repaying loans will not ease soon, which is needed to cut the demand for US dollar and bring stability in the foreign exchange market. This is a reflection of the lack of demand from the private sector to borrow from external sources for their disappointment with the exchange rate, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh. He then said many borrowers suffered losses as

they had to repay foreign loans by purchasing US dollar at higher prices than their estimates due to the depreciation of taka against the greenback. Besides, the interest of foreign lenders to lend to Bangladesh's firms has declined as there is demand for funds elsewhere, namely the US. Foreign loans availed by the private sector in Bangladesh had been swelling fast since 2020 and the upward trend continued until June 2022, creating a major headache for the country's economy at a time when its foreign exchange reserves are plummeting.

Mansur, a former economist at the International Monetary Fund, said the pressure of repaying loans is going to be over fast despite the decline of debt position. Apart from the fall in private sector debt, the government's debt declined too, leading to an overall fall in Bangladesh's total external debt. Bangladesh's gross external debt dropped 3 per cent to \$92.69 billion at the end of September 2022 from \$95.23 billion three months ago, as per

Bangladesh Bank data. Mansur said the fall in the flow of foreign loans for the public sector is not a good sign. Foreign loans are necessary for the government as budget support and to reduce pressure on the foreign exchange market. "It has implications for the economy. The government is borrowing from the central bank, which could stoke inflation," he said. "It could become a destabilising factor for the economy."

Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue (CPD), said overall external debt position of the private sector did not change to a high extent.

"The pressure of repayment is not going to ease," he said, recommending keeping an eye on the impact of the repayment on the dollar market.

It is necessary to categorise the types of loans into loans that are foreign exchange generating and loans that would require payment by purchasing foreign currencies, he added. ■

# Low-Income People In Bangladesh Suffer For Food Price Hike Throughout 2022



## Business Outlook Report

**T**he poor and low-income people suffered throughout the year 2022 due to surging prices of food and other essentials.

A continued spiral of rice and atta prices in particular multiplied the sufferings of the poor and the low-income people as their buying capacity fell gradually. Market experts and economists said that a large proportion of people were forced to compromise their nutrition intake in 2022 because of the high prices.

They said that consumers with limited purchasing power cut food items like meat, chicken, eggs and fish from their daily menu due to the

uncontrolled food inflation. Fixed-income people are still compromising their protein intake and it would negatively impact public health.

Food items, including rice, atta, lentil, chicken, edible oil, milk and sugar, were very costly on the local market throughout the year. According to government data, the price of atta increased by more than 70 per cent over the year, edible oil by 23 per cent, red lentil by 20 per cent, fish by 33 per cent, powdered milk by 40 per cent and sugar by 45 per cent.

Although the prices of chicken and eggs have decreased recently, the prices of these items remained

abnormally high during the March–October period of 2022, official data showed. The price of broiler chicken topped Tk 200 a kilogram while egg price went up to Tk 65 a hali (four pieces) in the period.

‘The soaring prices of food items put the low-income people into serious difficulties throughout 2022 and they were forced to cut back on their consumption,’ said Consumers Association of Bangladesh president Ghulam Rahman.

Although the government has taken some food-friendly programmes for the poor, those do not cover all the needy people while low-income people were also forced to compro-

mise the quality of whatever food they were able to buy, he said. According to data of the Bangladesh Bureau of Statistics, the monthly inflation rate rose to an 11-year high at 9.52 per cent in August.

Food inflation reached 9.94 per cent in August, with the BBS recording the indicator at 9.98 per cent in rural area and at 9.87 per cent in urban area.

The latest BBS data showed that food inflation was at 7.29 per cent throughout the country in December.

The BBS has been facing criticism from economists for using 2005–06 as the base year to calculate the sensitive data on the price of essentials. Former research director of the Bangladesh Institute of Develop-



ment Studies M Asaduzzaman said that the government data showed that food inflation eased slightly in December but, he added, a 7.29 per cent inflation cannot ease the daily life of poor and fixed-income people.

‘People are still making compromise on their nutrition intake and the situation is not likely to improve shortly,’ he said. Usually, food price hike creates many crises for the low-income people as they have to spend a very large portion of their income to buy foods, Asaduzzaman said. Such high spending on foods, he went on to say, may cause their

children to drop out of schools, increasing the number of early marriages.

Despite government claims that the country has been producing surplus rice the prices of the staple food has been increasing unusually since 2020, making it difficult for the poor and the low-income people to maintain their families.

The price of rice increased by nearly 5 per cent in 2022 and the coarse variety of the item sold for Tk 46–52 a kilogram in the capital on Tuesday, according to the Trading Corporation of Bangladesh.

TCB data showed that the fine variety of miniket sold for Tk 75–80 a kilogram and Najirshail for Tk 80–90 a kilogram on the day in the city. Unpackaged atta sold for Tk

64–65 a kilogram while packaged atta sold for Tk 70–75 a kilogram in the city on Tuesday.

Unpackaged refined sugar sold for Tk 110 a kilogram and the packaged one for Tk 115 a kilogram in the city on the day.

The fine variety of red lentil sold for Tk 140 a kilogram on in the city.

‘Our family has, meanwhile, become almost vegetarian so that we can manage two meals a day,’ Saidul Islam, a security guard in the city, told New Age. He further said that beef, mutton and fish had long become luxury for them. According

to Khaleda Islam, director of the Institute of Nutrition and Food Science at Dhaka University, price hike of food items affects poor people disproportionately as they have to spend a large share of their income to buy foods.

‘There must be many negative effects of food price hike on the poor people and society as well but data are not available on the adversity of recent high prices of daily essentials,’ she said. Khaleda also pointed out that low-income people had decreased their intake of protein for a certain period due to the price hike of broiler chicken and eggs while the prices of the items decreased recently. ‘Usually, poor people seldom visit doctors and food price hike make them shyder than normal times to visit physicians but data are still not available whether low-income people cut their budget for treatment in 2022,’ she said.

After the hike in the price of diesel in August, government data show, the prices of almost all the daily essentials went up in the kitchen markets in and around the capital city by 20–28 per cent in a week.

The prices of rice had witnessed a sudden rise in that month, with the coarse variety of the staple grain going up to Tk 56–58 a kilogram and the fine variety to Tk 85–95 in the city.

Despite countrywide raids against illegal rice hoarding, the government agencies failed to contain the staple food’s price hike.

In September 2022, the Bangladesh Competition Commission filed cases against 44 companies and individual traders on charge of manipulating market by abnormally increasing prices of essential commodities.

Experts also repeatedly blamed inconsistencies in statistics, provided by various government agencies, on the production of and demand for rice for unusual rice price hike. ■



# Bangladesh's ICT Export Grew In 2022 Despite Major Challenges

## Business Outlook Report

**D**espite local and global uncertainty, Bangladesh's expanding ICT sector did rather well in 2022. ICT exports from the country reached record highs last year as a result of businesses in the sector receiving an increasing number of orders from international customers for software, data processing, and IT-enabled services (ITES).

Export Promotion Bureau (EPB) statistics show that by the first quarter of 2022, local IT companies' export revenues had increased by 52% year over year (YoY) to \$369

million, marking an annual export milestone, through offering services in the form of software and ITES. As per the Bangladesh Association of Software and Information Services (Basis) export earnings from IT services are more than the EPB figures as government figures do not include the earnings of freelancers and service providers who bring their export proceeds through unofficial channels.

Experts pointed out that Ukraine was one of the top IT and ITES providers prior to the ongoing war, and some of their orders got diverted

performed well last year and they are expanding," said Shariff, citing how his organization has been hiring more and more in response to the growing demand of its foreign clients, since the beginning of last year. More than 350 local firms are now exporting IT products to around 80 countries including the US and the European Union countries, according to Basis

However, in 2022, the Local IT sector also faced three key challenges, according to Syed Almas Kabir, former president of Basis, which are foreign exchange regulation and revenue issues, poor internet connectivity, infrastructure and lack of skills for high-end IT products. Pandemic-induced disruptions to supply chains, soaring US dollar and energy prices and the Russia-Ukraine war, as well as the imposition of new taxes this year on broadband, smartphones, laptops and digital services, have brought in digital entrepreneur and consumer suffering. The National Board of Revenue (NBR) has imposed a 15% VAT on laptop imports, a 10% advance income tax on broadband internet service and a 5% VAT on mobile phone sales.

Entrepreneurs in the IT sector as well as consumers also suffered, as smartphones devices and the internet are crucially linked to the IT sector.

During the same year, in the current fiscal budget, the government imposed a 5% VAT on online sales and deliveries and excessive import duties impeded the growth of the e-commerce sector, which is deeply connected to startups of the country and the ICT sector. ■



million. The earnings from the July-April period of FY 2021-22, were 35.59% more than the target set for the sector in that period.

The growth was amid the Russia-Ukraine war that had disrupted almost all economies around the globe, including export destinations of Bangladesh IT services, which insiders initially thought would adversely impact the local IT sector.

However, in 2022, Bangladesh IT firms have expanded their global footprint, crossing the \$1.4 billion

to Bangladesh. Additionally, work orders are coming in from EU and US markets as IT firms in those markets are struggling to meet demands as job switching has intensified.

Omar Sharif, managing director of IT and ITES exporting company, focused on the US market, said that their export earnings doubled in the first half of the year thanks to growing demands for call centre agents as well as software from clients in the Texas region.

"All the top local IT companies



## Inflation To Stay High On Rising Food, Energy Prices

### *Business Outlook Report*

**I**nflation may remain high in the financial year 2022-23 amid a supply shock in the wake of an increase in fuel and energy prices, which is not abating soon, the Bangladesh Bank forecasted in its quarterly report released on January 4.

The BB in its report said, 'Inflation is likely to remain around current levels for much of FY23 due to the large supply shock associated with the increase in fuel and electricity prices.' Strong

domestic demand, coupled with persistent supply shocks resulted in the core inflation to rise to 8.39 per cent in September 2022 from 6.24 per cent in June 2022, it said.

'The inflationary effect from the Russia-Ukraine war has proven to be lasting for both energy and food prices, with the little prospect of those price pressures abating very soon.' The overall inflation was at 8.71 per cent in December, according to the Bangladesh Bureau of

Statistics. 'The delayed pass-through of past price hikes in food and energy from global commodity markets to consumer prices may continue to persist a high inflation in the short term. Higher level of inflation in energy prices might have second-round implications through higher transport and electricity costs for businesses,' the central bank report said.

It said, 'The growth momentum of nominal wage was much lower than CPI inflation, but

gradually moving upward since January 2022, compensating the price surge of necessary goods.' The overall wage rate inched up to 6.86 per cent in September from 6.47 per cent in June 2022.

The point-to-point CPI inflation in rural and urban areas rose to 9.13 per cent and 9.03 per cent in September 2022 from 8.09 per cent and 6.62 per cent in June 2022. Global supply chain issues continue that have slowed production and shipping, the report said. Ongoing uncertainties could

emerge due to the slowdown of major economies and overshooting cost-of-living driven by persistent and increasing inflationary pressures, the BB said.

The significant depreciation of local currency, rising interest rates in global markets and tight global financial condition may lift the cost of foreign borrowings and debt burden, it also said.

The continued challenges of the global economy may have some negative externalities over the Bangladesh economy, the

report said. Policymakers should continue to remain vigilant and work on various alternative policy options to sustain against any adverse global economic shock, it suggested.

The private sector credit growth which has increased gradually in recent quarters is expected to be moderated soon as external trade related financing will be lesser in coming periods as global commodity prices are declining.

The BB will continue its prudential and timely

policy measures to implement its monetary targets while controlling inflation at tolerable levels, it said.

However, the country's economy is expected to remain broadly stable during FY23 amid various active and timely measures of the government and the BB, the central bank report said.

The adoption of some policy initiatives for increasing export and remittance inflows and limiting luxury and unnecessary imports are expected to help improve

current account balance and stabilise the exchange rates in the coming months.

However, exchange rate volatility emanating from the Russia-Ukraine war and worsening non-performing loans will remain a concern in the coming months, it predicted.

Sizable private sector credit off-take, falling deposit growth on the back of negative real interest rates on deposits and increased bank spending on dollars somewhat squeezed up the banking system liquidity, it said. ■

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## Area-Wise Wage Gap 60% Among Female RMG Workers



### *Business Outlook Report*

**T**he country's female garment workers have a wage gap of around 51 per cent to 60 per cent depending on the area and living wage benchmark in five major industrial areas in Bangladesh, including Dhaka city, a survey finds.

However, the wage gap for male workers remains at 45 per cent to 54 per cent, according to the survey of the South Asian Network on Economic Modeling (Sanem). The

Sanem has been conducting the survey in collaboration with Microfinance Opportunities (MFO), a USA-based non-profit organisation, on 1,300 selected garment workers in Dhaka city, Chittagong, Gazipur, Narayanganj, and Savar every week since April 2020.

Three-quarters of the survey respondents are women, which roughly represents the composition of the labour force in the readymade garment (RMG) sector as a whole, it

said. According to the survey, the median earnings of a month reported by the workers, excluding the overtime, was Tk 9,984 -- Tk 9,669 for women and Tk 10,928 for men -- in the April-June period. However, the countrywide current wage gap is from Tk 9,408 to Tk 15,616 per month for women and Tk 7,947 to Tk 14,400 for men.

"The remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family," according to the definition of living wage by the Global Living Wage Coalition (GLWC).

"The elements of a decent standard of living include food, water, housing, education, healthcare, transportation, clothing, and other essential needs, including provision for unexpected events."

The living wage range was estimated to be Tk 19,200 to Tk 22,900 for Dhaka, Tk 21,300 to Tk 26,000 for Chattogram and Tk 19,200 to Tk 22,900 for Gazipur, Narayanganj and Savar, Sanem said. ■



*Cultivation of the non-native variety to boost exports*

# Govt To Allow Commercial Farming Of Vannamei

## *Business Outlook Report*

**T**he government is going to allow commercial cultivation of non-native vannamei species of shrimp, also known as whiteleg shrimp, as experimental farming in three farms in the southern coastal region showed severalfold higher yields compared to that of locally farmed black tiger shrimp.

The development comes as a technical panel, formed by the Department of Fisheries (DoF) earlier to assess the feasibility of the whiteleg shrimp culture in Bangladesh, suggested taking necessary steps to grow the shrimp commercially to catch up

with the export market. The DoF is going to place the recommendation before the fisheries and livestock ministry for final approval, said DoF Director General Kh Mahbubul Haque. "We expect the ministry to give a decision this month. If so, it will be possible to start commercial cultivation of vannamei in the coming farming season, starting from March," he said.

Frozen food exporters who had been pursuing the government to allow cultivation of the non-native shrimp in the face of falling export earnings for over a decade cheered the decision. "It is a historical achieve-

ment. This is going to bring a revolutionary change in shrimp production and brighten prospects in frozen foods sector," said Md Amin Ullah, president of Bangladesh Frozen Foods Exporters Association. He said a majority of shrimp processing plants were going through a downturn as they could not utilise their full capacity because of a dearth of their raw material.

Today, around 35 plants are operational while the rest of our 105 members are going through a downturn, he said. "Production of shrimp will increase for cultivation vannamei and we will get enough

raw materials," he said. The DoF, which had been unwilling to grant permission for cultivation of the non-native shrimp fearing negative impact on biodiversity and environment, started giving permission for experimental culture of the whiteleg shrimp since 2019.

Initially it allowed Shushilan, a nongovernmental organisation, to pilot the first culture of whiteleg shrimp in the southwestern division of Khulna, a major farming region for export-oriented shrimp.

Later, it granted permission to MU Seafood, Jashore and Grotec Aquaculture, Paikgacha in the southwestern division.

In the third phase, it allowed eight firms to conduct experimental culture of vannamei.

Of the firms, Shushilan, MU Seafood and Niribili Fisheries farmed the vannamei between 2021 and 2022, and yields of the shrimp in these farms stood between 8.33 tonnes and 12.34 tonnes per hectare, according to the minutes of a meeting of the technical committee held last week.

Per hectare yield of locally farmed black tiger shrimp is nearly half a tonne, according to the sector's people. "The results that we have got are positive," said DoF DG Haque.

Introduced in the US in the 1970s, commercial cultivation of whiteleg shrimp started to expand in the 1980s, reaching many Asian countries such as China, Thailand, Indonesia and India over time.

As such, production of the shrimp soared, making a huge stride in the global market.

The vannamei put locally grown black tiger shrimp out of competition as though it is smaller in size, it is cheaper, affecting export earnings of Bangladesh. Export receipts from shrimp, which stood at \$545 million in fiscal year 2013-14, had been on a

downward trend since then before it rebounded in fiscal year 2021-22.

In the first half of the current fiscal year of 2022-23, shrimp exports slumped 32 per cent year-on-year to \$183 million, weakened by a drop in demand in the western markets, according to Export Promotion Bureau data.

The association president, Amin Ullah, said export earnings would double in five years due to commercial cultivation of vannamei.

DoF Chief Haque said India was growing the whiteleg shrimps for the past couple of years and it has not

to farm vannamei in enclosed environments and impose conditions that water can be discharged in open water bodies only after proper treatment. "We will give permission case by case," he said.

Md Monirul Islam, professor & chairman of the department of fisheries at the University of Dhaka, said the shrimp would be grown through the use of feed.

So, there will be waste and there are environmental risks if the waste are not managed properly, he warned.

He suggested that the whiteleg shrimp be allowed to be farmed



faced any negative effect on biodiversity there. So, the species will not sustain and breed even if it enters water bodies.

He said they would give permission

through zoning so that it cannot spread sporadically initially. The government also should prepare a manual for culture of the non-native species, he added. ■

# Dressing Up Balance Sheets



Four more Islamic banks take BB emergency loans

## Business Outlook Report

**F**our more shariah-based banks have been found to have taken emergency funds, which are usually taken during extraordinary circumstances, in an attempt at dressing up their balance sheet for last year. Named "lender of the last resort", the facility has allowed the banks to borrow from Bangladesh Bank (BB) at 8.75 per cent interest.

The four -- First Security Islami Bank, Social Islami Bank, Union Bank and Global Islami Bank -- took Tk 6,790 crore on December 29. Earlier, information could be availed of Islamic Bank Bangladesh, the country's top largest private lender in terms of deposit and credit, having taken Tk 8,000 crore under the arrangement on the same day. This means the five collectively took

Tk 14,790 crore from the BB. In practice, shariah-based banks do not borrow money by offering interest, rather they provide "profits" on the amount. But the five banks have been forced to do so owing to their cash reserve ratio (CRR) falling short of the central bank-stipulated rate for an acute liquidity crisis. The CRR is a portion of the bank's deposits that it must keep with the central bank in cash to protect depositors' interests. In Bangladesh, the CRR is 4 per cent.

The collective shortfall of the five banks stood at Tk 8,133 crore on December 28. In exchange for the funds, the lenders presented a "demand promissory note", which is a legal instrument in which the issuer guarantees to pay a specific sum of money within an agreed

time. The BB usually accepts a demand promissory note when any bank does not have available bills and bonds to provide as collateral. "The central bank is considered the lender of the last resort, which is why it provided the funds to the banks due to their CRR shortfall," said Md Mezbaul Haque, spokesperson of Bangladesh Bank.

Shariah principles do not allow Islamic banks to use most of the traditional windows of the central bank for availing funds, which is why the lenders have taken the fund under the arrangement of the lender of the last resort. The lenders repaid the funds on January 1 as the repayment tenure is overnight, he added. "If the banks show a CRR shortfall on their annual balance sheets at the end of the year,

depositors' confidence on the banks will erode further," according to BB documents.

A Bangladesh Bank official, on condition of anonymity due to the sensitivity of the matter, said a bank rarely uses the window to take funds from the central bank. Contacted, Syed Habib Hasnat, managing director of Global Islami Bank, said the lender had taken the fund for a night in order to keep its balance sheet strong at the end of the year.

"We do not have any major problem. And the financial health of

the bank is quite good," he said. Managing directors of the three other banks, however, did not respond to a media request for comment.

Islami Bank Bangladesh took the highest amount from the emergency funds, followed by First Security Islami Bank (Tk 3,125 crore), Social Islami Bank (Tk 1,500 crore), Union Bank (Tk 1,465 crore) and Global Islami Bank (Tk 700 crore), according to the BB documents.

The central bank is investigating allegations of gross irregularities at

Islami Bank Bangladesh over the disbursement of loans amounting to Tk 7,246 crore among nine companies last year. Reports about the investigation's initiation led to a confidence crisis of depositors of the five banks, all of which have Chatto-gram-based business conglomerate S Alam Group well-represented in their boards.

This compelled the five to take liquidity support of Tk 5,250 crore from the BB last month under another "Islamic Bank Liquidity Facility". ■

## Private Sector Credit Growth Rises



### Business Outlook Report

**P** rivate sector credit growth rose to 13.97 per cent in November to near the central bank's target for the ongoing financial year owing to cheaper loans, a development that may stoke inflationary pressures.

The Bangladesh Bank has aimed a 14.1 per cent credit expansion for

2022-23, which began in July. The growth surged to 14.07 per cent in August before falling to 13.93 per cent in September and 13.91 per cent in October as banks' capacity to disburse loans eroded due to the ongoing stress in the foreign exchange market.

Some banks are purchasing American greenbacks almost every day from the

central bank in exchange for the taka to clear import bills, so the majority of lenders are witnessing a shortage of loanable funds.

But a recent report of the central bank blamed the unprecedented depreciation of the taka against the US dollar for the increase in the private sector credit growth at higher rates in recent times. Bangladesh

Bank has aimed a 14.1 per cent credit expansion for 2022-23, which began in July. The taka lost its value by up to 21 per cent in November compared to a year earlier owing to the depletion of the foreign currency reserves.

Reining in inflation is needed for Bangladesh in order to contain higher consumer prices.

Inflation surged to a 10-year high of 9.52 per cent in August before easing to 8.71 per cent in December.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said since the real lending rate has become zero owing to the 9 per cent interest cap on loans amid escalated inflation, there has been a pickup in demand for funds from borrowers.

The central bank has maintained the interest rate ceiling since April 2020. ■

## WEEKLY SELECTED ECONOMIC INDICATORS

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

	21 December 2021	30 June, 2022 <sup>R</sup>	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
				From June, 2022
4. Broad/Overall Share Price Index		30 June, 2022	21 December 2022	From June, 2021
a) Dhaka Stock Exchange (DSE) <sup>®</sup>	6757.26	6376.94	6198.82	-2.79
b) Chittagong Stock Exchange (CSE)	19690.78	18727.52	18308.15	-2.24
		July-Nov, FY22	November, 2022 <sup>P</sup>	July-Nov, FY23 <sup>P</sup>
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
		July-Oct, FY22	October, 2022 <sup>P</sup>	July-Oct, FY23 <sup>P</sup>
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
		July-Oct, FY22	October, 2022 <sup>P</sup>	July-Oct, FY23 <sup>P</sup>
7. a) Import(f.o.b) (In million US\$)	6578.00	23899.00	6157.00	25505.00
b) Annual Percentage Change	62.50	51.41	-6.40	6.72
		July-Nov, FY22	November, 2022 <sup>P</sup>	July-Nov, FY23 <sup>P</sup>
8. 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
		July-Oct, FY22	July-Oct, FY23 <sup>P</sup>	FY 2021-22 <sup>R</sup>
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
		July-Oct, FY22	October, 2022 <sup>P</sup>	July-Oct, FY23 <sup>P</sup>
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
		June, 2022	October, 2022 <sup>P</sup>	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
				2.15
				9.43



12.	Total Domestic Credit (Tk. in crore)	July-September, FY2021-22			July-September, FY2022-23 <sup>P</sup>			Percentage change					
		Opening	Settlement	1482105.50	Opening	Settlement	1733085.90	Opening	Settlement	16.93	3.67	2.93	
a)	Net Credit to the Govt. Sector	2475.07	1999.72	230981.60	2588.00	1992.50	305145.30	4.56	-0.36	32.11	7.71	4.50	
b)	Credit to the Other Public Sector	1771.26	926.25	31587.10	606.89	1457.33	38792.20	-65.74	57.34	22.81	4.28	5.23	
c)	Credit to the Private Sector	1749.13	1518.60	1219536.80	1494.50	1559.28	1389148.40	-14.56	2.68	13.91	2.81	2.58	
		1744.30	1404.93		2633.63	2971.47		50.99	111.50				
		7475.75	6483.00		6386.89	8230.81		-14.57	26.96				
		5106.85	4730.38		4871.01	6236.82		-4.62	31.85				
	<b>Total</b>	<b>20322.36</b>	<b>17062.88</b>		<b>18580.92</b>	<b>22448.21</b>		<b>-8.57</b>	<b>31.56</b>				
	<b>Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)</b>	June, 2019	December, 2020		June, 2021	December, 2021	March, 2022	June, 2022	September, 2022	October, 2022	September, 2022	October, 2022	November, 2022
a)	Twelve Month Average Basis	5.48	5.69		5.56	5.55	5.75	6.15	6.96	7.23	6.96	7.23	7.48
b)	Point to Point Basis	5.52	5.29		5.64	6.05	6.22	7.56	9.10	8.91	9.10	8.91	8.85
	<b>Corresponding Period</b>	June, 2018	December, 2019		June, 2020	December, 2020	March, 2021	June, 2021	September, 2021	October, 2021	September, 2021	October, 2021	November, 2021
a)	Twelve Month Average Basis	5.78	5.59		5.65	5.69	5.63	5.56	5.50	5.44	5.50	5.44	5.48
b)	Point to Point Basis	5.54	5.75		6.02	5.29	5.47	5.64	5.59	5.70	5.59	5.70	5.98
	<b>Classified Loan</b>	June, 2019	December, 2019		June, 2020	December, 2020	June, 2021	December, 2021	March, 2022	June, 2022	March, 2022	June, 2022	September, 2022
a)	Percentage Share of Classified Loan to Total Outstanding	11.69	9.32		9.16	7.66	8.18	7.93	8.53	8.96	8.53	8.96	9.36
b)	Percentage Share of Net Classified Loan to Agricultural and Non-farm Rural Credit (Tk. in crore)	2.53	1.02		0.15	-1.18	-0.47	-0.43	-0.07	0.49	-0.07	0.49	0.90
		October, 21	November, 21		July-Nov, FY22	October, 22 <sup>P</sup>	November, 22 <sup>P</sup>	July-Nov, FY23 <sup>P</sup>	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21	FY 2019-20
a)	Disbursement **	2694.62	2868.43		10773.55	2884.97	3308.34	12777.68	28834.21	25511.35	28834.21	25511.35	22749.03
b)	Recovery	2011.22	2741.69		10339.02	2703.95	3090.79	12871.11	27463.41	27123.90	27463.41	27123.90	21245.24
c)	Outstanding	46353.79	46523.25		46523.25	50468.00	50206.69	50206.69	49802.28	45939.80	49802.28	45939.80	45592.86
	<b>SME Loan (Tk. in crore)</b>	Jan-Mar, 20-21	Apr-Jun, 20-21		Jul-Sep, 21-22	Oct-Dec, 21-22 <sup>P</sup>	Jan-Mar, 21-22 <sup>P</sup>	Apr-Jun, 21-22 <sup>P</sup>	Jul-Sept, 22-23 <sup>P</sup>	2022	Jul-Sept, 22-23 <sup>P</sup>	2022	2021
a)	Disbursement	44445.67	41788.73		42075.49	57118.60	51716.69	56484.26	51676.81	207395.04	51676.81	207395.04	185428.48
c)	Outstanding	240169.54	243074.82		245325.67	252082.09	259704.21	271448.58	273906.60	1028560.55	273906.60	1028560.55	252082.09
	<b>Industrial Term Loan (Tk. in crore)</b>	Jan-Mar, 20-21	Apr-Jun, 20-21		Jul-Sep, 21-22	Oct-Dec, 21-22 <sup>P</sup>	Jan-Mar, 21-22 <sup>P</sup>	Apr-Jun, 21-22 <sup>P</sup>	Jul-Sept, 22-23 <sup>P</sup>	FY 2021-22	Jul-Sept, 22-23 <sup>P</sup>	FY 2021-22	FY 2020-21
a)	Disbursement	17379.01	19430.74		14834.23	18772.59	17340.49	21413.63	18562.45	72360.94	18562.45	72360.94	68765.25
b)	Recovery	16893.10	14734.86		12979.47	18477.42	16572.97	16832.73	20610.17	64862.59	20610.17	64862.59	58488.71
c)	Outstanding	299048.73	315294.16		303329.12	308918.45	310572.40	320410.22	328742.50	320410.22	328742.50	320410.22	315294.16
	<b>GDP Growth Rate (in percent, Base: 2005-06=100)</b>	FY2013-14	FY2014-15		FY2015-16	FY2016-17 <sup>N</sup>	FY2017-18 <sup>N</sup>	FY2018-19 <sup>N</sup>	FY2019-20 <sup>N</sup>	FY2020-21 <sup>NR</sup>	FY2019-20 <sup>N</sup>	FY2020-21 <sup>NR</sup>	FY2021-22 <sup>NP</sup>
		6.06	6.55		7.11	6.59	7.32	7.88	3.45	6.94	3.45	6.94	7.25

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

In million US \$(Provisional)

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

Data downloaded: on 31.08.22



# Bangladesh's Foreign Debts Stand At \$92.69 Billion

*Business Outlook Report*

**B**angladesh's external debts declined by about \$2.53 billion to \$92.69 billion at the end of September 2022, compared with the figure at the end of September 2021 amid volatility on the global foreign exchange market. The figure hit \$95.23 billion at the end of June from \$93.23 billion at the beginning of April 2022, according to Bangladesh Bank data.

The amount of loans received by the country's private sector from foreign sources fell to \$25.4 billion at the end of September from \$25.95 billion at the end of June. It was first time since December 2020 that the

foreign debts in the private sector dropped as companies were reluctant to borrow from foreign sources due to high borrowing costs, bankers said. Private firms incurred losses as the depreciation of local currency taka forced them to repay loans by purchasing dollars at higher prices, they said.

The private sector's foreign loans, however, increased by 29 per cent in September 2022 compared with that of \$19.68 billion in September 2021. Usually, a country receives foreign loans from multilateral lending institutions, including the World Bank, the International Monetary Fund, the Islamic Development

Bank, the Asian Development Bank, and large overseas commercial banks and institutions. According to the central bank data, the amount of foreign loans taken by the government was \$67.29 billion at the end of September 2022. Of the amount, about \$56.54 billion was directly borrowed by the government as long-term loans.

The remaining \$10.75 billion was borrowed by various government institutions. The country's foreign debts have more than doubled in just six years. The debts were at \$81.57 billion in the financial year 2020-21 against \$45.81 billion in 2016-17. The country has been struggling with the

depreciation of the local currency taka against the dollar, with the debt burden worsening due to the dollar appreciation. The approaching maturity of a number of large foreign loans, with their grace periods ending soon, will almost double the volume of the country's external debt repayment at \$4.02 billion in FY25 against \$2.4 billion in FY22, according to the Economic Relations Division.

The ERD has figured out that the overall debt repayment would stand at \$2.7 billion in FY23, of which \$1.9 billion would be principal and the rest interest. In FY24, the overall repayment volume would be some \$3.28 billion, with \$2.3 billion in principal and \$980 million in interest.

Meanwhile, the imbalance in foreign trade has created an unstable situation on the country's currency market. In July 2021, the exchange rate per dollar in the country was Tk 84.80.

The interbank dollar rate increased to Tk 102 on September 14 after the central bank allowed the rate to be floating.

The country's foreign exchange reserve dropped to \$33.83 billion on December 28, 2022 after reaching a record high of \$48.06 billion in August 2021.

The country's trade deficit hit record \$33.24 billion in FY22 against \$23.78 billion in FY21. ■

# Vegetable Cultivation Shows Promise In Pabna



## Business Outlook Report

**V**egetable cultivation is gaining popularity in Pabna as growing profits have spurred local farmers to expand their activities over the past few years, according to the Department of Agricultural Extension (DAE) in the district. "We once cultivated only mustard and other winter crops but now, we are cultivating carrot and tomato as well," said Md Rojob Ali, a farmer of Varoimari village in Ishwardi upazila.

Ali is growing carrots on one bigha of land while mustard plants cover the rest of the area in his two-bigha plot. "One bigha of carrot can easily earn Tk 25,000 while the mustard

will bring a profit of as much as Tk 15,000," he added. Like Ali, most farmers in the region are cultivating more than one crop. Md. Jasim Uddin, another farmer of the same village, said he cultivated a hybrid variety of carrot early in the season in a bid to get a handsome profit. "I cultivated the early hybrid variety carrot on one bigha at a cost of Tk 50,000," Uddin said, adding that he planted tomato on one bigha of land as well.

He then said carrots worth TK 80,000 have already been sold and that it is very easy to earn such an amount from the crop, which provides better returns than other vegetables. As per DAE data, a total

of 22,250 hectares of land in the district will be brought under cultivation with a target to produce 5.67 lakh tonnes of vegetables this year. Already, 20,184 hectares have been cultivated. "Last year, 22,171 hectares were brought under vegetable cultivation to produce 5.68 lakh tonnes. This year, expect to get more vegetable cultivation," said Md Idris Ali, a development officer of the Pabna DAE.

Some 35 types of vegetables are grown in Pabna with eggplant, cauliflower, pumpkin, radish and carrot being the biggest cash crops. While some vegetables are grown year-round, most of the crops in Pabna are sown in winter, Idris said,

adding that farmers in the district supply their produce to markets all over the country to bring in thousands of crores worth of business each year.

Vegetables are being sold for at least Tk 40 per kilogramme (kg) at retail while the same amount is being bought for Tk 20 to Tk 25 from farmers, DAE officials said. But despite the handsome profits, vegetable growers believe they could get even better profits if there was a proper marketing facility, in lieu of which they mostly depend on middlemen. "I sold each maund [37 kgs] of carrot for up to Tk 2,000 in November after the harvesting hybrid early variety, when each kg of carrot was sold for Tk 80-100 at retail," said Rajab ali, another local farmer.

Now, each maund of carrot is being sold for as much as Tk 900 from the field level and Tk 40 per kg in retail markets. "Like this, all other kinds of vegetables are selling for double the

price in retail outlets but the farmers are deprived of the expected price," he added. Shajahan Ali Badsha, a local pioneer in vegetable cultiva-

costs have doubled in the past year while middlemen continue to take most of the profit," said Sajahan Ali Badsha, an Agricultural Important



tion, said farmers are often deprived of their expected prices due to the lack of a marketing facility and excessive transport costs. "Vegetable farmers do not directly supply the retail markets. Besides, transport

Person (AIP) of the country.

If the farmers had access to a marketing facility to sell their crops directly, they would get the expected profit, he added. ■

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# Mongla Port Expansion Makes Headway

## *Business Outlook Report*

**V**he Mongla Port Authority's plan to undertake a massive development work to expand, modernise and build the capacity of the port has received a major boost as uncertainty over funding is set to disappear.

The government has long been seeking external funds to develop the capacity of the port in the southern region with a view to cutting reliance on the Chattogram port and facilitating the growing international trade of Bangladesh. The expansion plan has now got a fillip after China and India agreed to provide the much-needed financing. The plan is one of the 27 projects

that Dhaka and Beijing agreed to execute with Chinese assistance under an umbrella deal struck during President Xi Jinping's Dhaka visit in 2016. Since then, the government has been trying to secure funds from China for the project. Now, China has agreed to bankroll the expansion and modernisation of Mongla port facilities project, said Rear Admiral Mohammad Musa, chairman of the Mongla Port Authority (MPA).

"Beijing has given its approval to finance the project. The Chinese embassy in Dhaka has informed the finance ministry about it." Bangladesh has sought \$353.52 million from China. The size of the

fund may increase or decrease depending on the requirement, according to Musa. The project is expected to beef up the efficiency of the seaport. In 2016, the MPA struck a deal with China National Complete Engineering Corporation. But it fell through due to the delay in fund mobilisation.

It signed a memorandum of understanding with China Civil Engineering Construction Company in July 2021 to implement the project. The Chinese approval came after the MPA appointed Egis India Consulting Engineers Private Limited as the consultant for a capacity-building project involving Tk 6,014 crore. The two sides inked

a deal on December 26. In 2020, the Executive Committee of the National Economic Council approved the capacity-building project.

Of the sum, the government of Bangladesh will provide Tk 1,555 crore and the rest of Tk 4,459 crore

government to strike business contracts in order to complete the required pre-approval procedures. The loan application evaluation material will have to be submitted to the Export-Import Bank of China.

Under the China-backed project, container terminals at jetty no. 1 and

Padma bridge in June last year. The port handled 1.07 crore tonnes of cargo in the July-May of 2021-22. It was 1.19 crore tonnes in the entire 2020-21, data from the MPA showed.

"We have already started to reap the benefit of the port. There is a huge



will come from India as project assistance under its third line of credit for Dhaka. The implementation period runs from January 2020 to July 2024. Once the project is implemented, cargo and container handling will be possible through the berthing of more ships.

"We will invest the Chinese fund for the modernisation of the port to provide quality and quick services. The Indian fund will be used to build the capacity," said Musa. "We will invest the funds for the construction of infrastructure such as jetties and adoption of technologies to run the port efficiently." China has asked the

2, container handling yard, container delivery yard, vessel jetties, sheds, and offices would be constructed, among other facilities.

Besides, a mechanical workshop, equipment yard, equipment shed and pool, the overpass for rail crossing, and the river dam along with the roads and recreation facilities will be built.

The dredging is underway in the Pasur river, the main channel. Once it completes, vessels with drafts up to 9.5 metres would be able to enter the port jetty.

Mongla Port's importance has grown after the opening of the

potential of the port in handling cargo and facilitating export and import activities," Musa noted.

The authorities earned Tk 340 crore last fiscal year, the highest in the port's 70-year history. It was Tk 316 crore a year earlier.

In FY22, a total of 20,400 cars were imported through the port, up from 14,474 units in FY21.

"We are offering a lower turnaround time and it will improve further once the projects are implemented," Musa added. ■

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