

Bend or Break: BNP Faces Crucial Questions

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Banks Merger Raises Suspensions, Worries



**Low Revenue, Sluggish ADP
Complicate Foreign Loan Repayment**



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Business Outlook

From the Editor

Look Before You Leap

Banks merger—the terminology may sound new in our country although it is an old practice. There was an example of such a merger in the past and that did not yield the expected results. This time around, the government has moved ahead with the initiative to merge weak banks with strong ones as a remedy to the swelling default loans. The move is not an arbitrary one from the government. Rather, this has been an outcome of the government's negotiation with the International Monetary Fund that tagged a condition before sanctioning a loan of \$4.75 billion. The condition is that the government has to reduce the uncontrolled default loans within a specific timeframe. In compliance, the BB is now giving directives to the weak banks for mergers. Bangladesh Bank identified at least 10 out of 61 scheduled banks as vulnerable and should be merged with strong banks. The weak banks are AB, National, Bangladesh Commerce, Padma, BASIC, National Bank of Pakistan, Janata, Agrani, and Rupali. The BB also announced a timeframe (December this year) for the voluntary initiatives by the weak banks for the implementation of the proposed merger. It threatened to enforce mergers if the weak banks did not implement the policy willingly within the timeframe. The amendment of the Bank Company Act recently empowered BB to enforce mergers and restructurings of weak banks. But experts are not happy with such an initiative of Bangladesh Bank before its diagnosis to detect the actual disease of the bank defaults. They believe that without a diagnosis of a disease any such action may backfire and lead the whole economy and the banking sector to the wrong direction. The most important thing is to identify the criminals in the banking sector who are helping unscrupulous businessmen become loan defaulters willingly or unwillingly. Secondly, removing the undue political influences on the banking sector is another most important issue. This should be the top agenda before any move in the banking sector to take punitive measures against any criminals. In the past, Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha merged into Bangladesh Development Bank Limited. But it has not brought any good results since both the financial entities were weak. The amount of defaulted loans stood at Tk 8.89 billion, which was 46 per cent of total loans. Defaulted loans rose to Tk 9.82 billion or 42 per cent of total loans in 2023.

We believe the experts' opinion has merits and the government should first take the initiative to identify the reasons why the banks become weak and there should be remedies accordingly as per the prescription of the banking experts. Otherwise, such a move for bank merger will fall flat. ■



(Sikder Md Sadrul Hasan)

s69hasan@yahoo.com

Editor & Publisher

Sikder Md Sadrul Hasan

Managing Editor

Afroja Bilkis

News Team

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

Contributors

Zafar Malik, Syed Ishtiaque Reza Kashem Mahamud

Staff Correspondent

Shahed Farid

USA Correspondent

Waliul Alam

UK Correspondent

Nurul Akbar Bhuiyan

Photo Department

Bulbul Ahmed, Sheikh Mamun

Cartoonist

Syed Rashad Imam (Tanmoy)

IT and Graphic Design

Rizoanul Islam
Tonmoy Rajbangshi

Head of Marketing

Basiruzzaman Akond

Marketing Operation

Chandan Rajbangshi

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Editorial, News & Commercial Office

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

Telephone : 01819 200 641, 01627 140 427

Email : bdbbusinessoutlook@gmail.com

Website

www.businessoutlookbd.com

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Bepza Secures Land To Set Up Jashore EPZ

The Bangladesh Export Processing Zones Authority (BEPZA) has taken possession of 503 acres of land to establish the Jashore Export Processing Zone (JEPZ). The land was formally handed over by Muhammad Abraul Hasan Mojumder, deputy commissioner of Jashore, on March 23, according to a press release. The decision to set up an EPZ in Jashore was taken in 2019 and the Executive Committee of the National Economic Council approved the Tk 1,678.29 crore project in November last year. The project proposal outlines the preparation of 400 industrial plots to attract \$2 billion in investment. Once fully operational, the EPZ is expected to create 150,000 direct and 300,000 indirect jobs, contributing \$2.4 billion annually to the country's exports. Mohammad Faruque Alam, member for engineering at the Bepza, and Md Yousuf Pasha, project director of the Jashore EPZ,



were also present at the ceremony. The Bepza had previously provided a cheque of Tk 266 crore to the district administration to compensate landowners. BEPZA currently oversees the operations of eight export processing zones which are Chittagong EPZ, Dhaka EPZ, Mongla EPZ, Ishwardi EPZ, Comilla EPZ, Uttara EPZ, Adamjee EPZ and Karnaphuli EPZ. ■

Another BD Factory Obtains Gold LEED Certification

One more Bangladeshi garment factory, APS Knit Composite Limited, obtained the Gold LEED certification given by the US Green Building Council (USGBC). The factory located in Gazipur's Kamargan scored 71 out of 110, according to USGBC, a membership-based non-profit organisation that promotes sustainability in building design, construction and operation. With this, Bangladesh now has 214 Leadership in Energy and Environmental Design (LEED) certified factories, with 80 achieving Platinum status and 120 Gold, according to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). In 2024, eight RMG factories earned the LEED certification, of which 4 were Platinum and 4 Gold, BGMEA President Faruque Hassan said. ■



Drive Against Illegal VoIP To Continue



Anyone involved in illegal activities using the Voice over Internet Protocol (VoIP) facility will not be spared and the drive against them will continue, said State Minister for Posts, Telecommunications and Information Technology Zunaid Ahmed Palak. Such activities will not be tolerated under any circumstances, he added. The state minister made the remarks while inspecting a large quantity of seized VoIP equipment, including around 17,000 illegal SIM cards, used in illegal VoIP operations, during a drive in Tongi, Gazipur on March 23. Operations are being conducted and will continue under the initiative of BTRC in collaboration with the National Telecommunication Monitoring Centre, or NTMC, which is legally mandated to monitor, collect and record communications over telco lines as part of intelligence gathering, and Rab. Palak emphasised that the government is firm on shutting down illegal VoIP activities. Operators will be held responsible if SIM cards are sold through dealers without proper verification. ■

Sustainable Business-Friendly Environment A Must Now

Bangladesh should strengthen its business-friendly environment now to fight challenges originated from the Covid-19 pandemic, the Russia-Ukraine war, the Middle East crisis and the nation's upcoming economic graduation, FBCCI President Mahbubul Alam said. "We have already got a number recommendations from different chambers and associations, which will be reviewed to incorporate in the next budget proposal," said the president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) on March 23. He spoke while addressing a discussion on the preparation of recommendations for the upcoming national budget, at the FBCCI office in Dhaka. Bangladesh has built a strong base, but it is still facing global economic challenges like other countries in the world, he said. The apex trade body held the meeting with different chambers and associations to prepare recommendations on import duty, income tax and other taxes. ■



Offshore Banking Law To Boost Flow Of Foreign Currency



Finance Minister Abul Hassan Mahmood Ali on March 24 reiterated that the recently passed offshore banking law will boost the flow of foreign currency in the country. He said this while speaking as the chief guest at the second session of the seminar on 'Unpacking the Economic Manifesto of the Awami League: Trends and Challenges for Tomorrow Bangladesh' organised by the Bangladesh Institute of Development Research (BIDS), the government think-tank, held at its auditorium in Agargaon in Dhaka city. He said the foreign depositors and investors have already started responding in Bangladeshi banks after the offshore banking law was passed. Depositors said that they are pleased with the new offshore banking law in Bangladesh, according to Mahmood Ali. Savings from abroad will rise soon, increasing the flow of foreign currency into the country, the finance minister pointed out. Planning Minister Major General Abdus Salam (ret), MP, was the chief guest in the morning session of the seminar. ■

Revenue Collection Grew 16% In Jul-Feb

The government's revenue collection increased by 16 percent year-on-year in the first eight months of the current fiscal year thanks to a rise in VAT receipts from multinational companies. The National Board of Revenue (NBR) collected Tk 196,039 crore in July-February of 2023-24, provisional data from the tax collector showed. Of the amount, Tk 76,403 crore was raised in the form of value-added tax (VAT), up 16.10 percent year-on-year. Income tax collections climbed 19.65 percent to Tk 60,437 crore while receipts from customs duties rose 10.77 percent to Tk 59,198 crore. The lower customs collections might be a reflection of the falling international trade of Bangladesh, stemming from the persistently higher US dollar rate, which has made imports costlier, and the slowdown in economic activities at home. Imports declined 18 percent in July-January, central bank data



showed. The NBR, however, missed the overall collection target by 45 percent during the eight-month period. Revenue from the income tax segment was behind the target by 51 percent while customs duties and VAT collections fell short of the goal by 40.76 percent and 41.53 percent, respectively. ■



BNP Secretary General Mirza Fakhru Islam Alamgir speaks at an iftar event organized for foreign diplomats stationed in Dhaka March 24, 2024

Bend or Break: BNP Faces Crucial Questions

SMS Hasan

Three months have passed since the general election and still Bangladesh Nationalist Party (BNP) is in a dilemma over two main issues in politics.

First, it is not clear whether the party will participate in the upcoming upazila election or not. Second, whether the BNP will join the Indian product boycott movement or not. These two are very crucial for the BNP's policy makers to decide. Already the standing committee of the BNP sat in a meeting to discuss the issues, but failed to reach a conclusion. It was said by the party that clear decisions

will be made on the two burning issues. There are two streams in the BNP—one group of the top leadership believes that the party should take hardline on both the issues. On the other hand, another group feels that BNP should not take any hardline on both the issues.

The hardliners argue that India had taken a clear line openly in supporting Awami League and helped it retain power and in this case, India showed no ambiguity. And Indian stance has gone against democracy as well as the interest of the people of the country. So vis-à-vis, BNP should think in a clear way to boycott India movement and there

should not be any confusion on the issue. They also believe that BNP's emergence in politics was based on anti-Indian sentiments that were created by the neighbouring country's expansionism policy. So, if the BNP wants to survive as a political party, it has to go back to its original policy. Similarly, boycotting the upcoming upazila election would be its right decision as it had boycotted all the previous elections which ultimately put the ruling Awami League in a credibility crisis.

The other group believe any direct movement against the neighbouring country will create more challenges in current politics of

global geo-politics where America and India are aligned with each other. So, finally it will not give a good dividend to its politics in future. The same group also believe that boycotting upcoming upazila election will be another mistake as it will not resist the election. Rather, participating in upazila elections will give its leaders and activists a space in politics.

However, boycotting Indian products has already created impact in

ting Indian products is visible," said the senior BNP leader. "Therefore, as a party representing the people, BNP and 63 democratic parties and patriotic citizens of the nation are expressing solidarity with the boycott of Indian products," he added.

Addressing the Awami League's reaction to the campaign, Rizvi mentioned that AL leader Obaidul Quader found the social media movement "not expedient," imply-

ing our sovereignty." Rizvi also pointed to statements made by Indian foreign ministry officials expressing support for the Awami League ahead of the January 7 national election. "The notion of our sovereignty is being compromised under the guise of stability under Sheikh Hasina's leadership," he stated.

The BNP leader criticised the Awami League's acceptance of India's alleged dominance, declaring that the "people of Bangladesh will never accept the supremacy of India, even if the AL leaders have." He clarified that the BNP's dispute lies not with the people of India but with the Indian government's policies towards Bangladesh. Rizvi also said, "Today there is a voice in every corner - boycott of Indian products. The people of the country did not do it happily. They are doing this out of long-term deprivation, humiliation, humiliation and anger. Any person or group can declare a boycott of Indian goods. But it has gained acceptance in all quarters today. So the solidarity we expressed in the boycott of Indian products is for the people of Bangladesh and the People's Army." He said India's policy makers talk about friendship, but they will not give a fair share of the same river in Bangladesh, killing people on the border every day, doing one-sided trade will not happen. This wrongdoing has made the people of Bangladesh protest. India doesn't want balanced trade with Bangladesh, they want to treat 'Barabhai Sulhav'.

This BNP leader said they don't want to be friends with the people, they want to be friends with a party. How India is sponsoring a fascist government. They did the same thing on January 7, 2014, 2018 and 2024. They have taken a stand against 97% of the people of Bangladesh. Rizvi said, "The oppressed public leader Maulana Abdul Hamid Khan Bhasani took a



Throwing his Indian shawl away, BNP Senior Joint Secretary General Ruhul Kabir Rizvi has called for the boycott of Indian products in front of the party's central office in Nayapaltan

both the political fields as well as in the commodity markets. A growing support for the movement has put the ruling Awami League and the government in an embarrassing position for which the Prime Minister and other ministers including party Secretary General Obaidul Quader and Foreign Minister Hasan Mahmud reacted.

Rizvi Calls For Boycott Of Indian Products

Throwing his Indian shawl away, BNP Senior Joint Secretary General Ruhul Kabir Rizvi has called for the boycott of Indian products on 20 March in front of the party's central office in Nayapaltan.

"Social media is buzzing with the 'boycott India' campaign. There is a public dissent against the import of Indian goods. The wave of boycot-

ing discomfort within the ruling party regarding the public's dissent towards India's role in Bangladesh's political landscape. Rizvi claimed that AL does not seek the mandate of the Bangladeshi people, instead "clinging to power through the backing of the Modi government and entering into bonds of subjugation."

He further accused the AL of perceiving Bangladesh as a "dummy state," alleging that the real power behind the AL is not the people of Bangladesh but India. By supporting the Awami League, India is exercising control over Bangladesh, infringing upon the rights of its citizens," Rizvi added. Highlighting concerns over foreign influence, Rizvi said, "It is believed that India dictates the appointments of crucial positions like the chief of Bangla-

stand against India's one-sided policy in 1972, he agitated for a fair share of water. The left political parties of this country have taken a stand against India's unilateral policy. They have raised slogans against India, identifying it as a patriarchal power. Criticized. Martyred President Ziaur Rahman also worked in various ways to get fair share from India. So the solidarity we expressed in the boycott of Indian products is for the people of Bangladesh, for democracy."

Sheikh Hasina Challenges BNP Leaders

In a theatrical twist to the political saga unfolding in Bangladesh, Sheikh Hasina has challenged BNP leaders to demonstrate their commitment to boycotting Indian products by setting the Indian sarees of their wives on fire. The fiery riposte from the prime minister is likely to set the political stage ablaze, after a section of the opposition party leaders expressed solidarity with an online campaign to boycott Indian products amidst a backdrop of escalating tensions over India's position on Bangladesh's Jan 7 general elections.

The BNP stayed away from the polls because its demands for the resignation of the Sheikh Hasina administration and the installation of an election-time caretaker government system went unmet. Last week, Rizvi said: "India does not support the people of Bangladesh, but the Awami League. This is why people are venting their anger by boycotting Indian products. They are enthusiastically protesting through the 'Bharat Hoto' [India Out] campaign."

The plot thickened with his symbolic act when he threw his Kashmiri shawl into the flames in solidarity with the boycott campaign. BNP leader Zainul Abedin Farroque recently said India's position on the election went against people's expectations, which

led some Bangladeshis to launch the boycott campaign. Hasina slated the BNP leaders for their support of the campaign. Speaking at the Awami League's Independence Day discussion in Dhaka on Wednesday, the prime minister said: "A BNP leader has burnt his shawl. How many Indian sarees do the wives of these BNP leaders have? I saw BNP ministers' wives selling sarees imported from India before Eid." "If the BNP leaders have truly boycotted Indian products, they will burn their wives' Indian sarees. "They must answer if they can eat without Indian spices. I want to know if they have truly boycotted Indian products."

India – through its foreign ministry and the High Commission in Dhaka – has maintained that it always supports a peaceful and democratic election, as expected by the people, in Bangladesh. Awami League General Secretary Obaidul Quader said last Saturday that due to India's

Rizvi's plan to burn the Kashmiri shawl. Some BNP activists, however, carried placards calling for a boycott of Indian products at a rally outside their headquarters in Naya Paltan on Monday.

Zia And Momen Khan

Hasina alleged BNP founder Ziaur Rahman, who was a sector commander during the Liberation War, was actually loyal to the Pakistani forces that attacked unarmed Bengalis on the night of Mar 25, 1971. "The Pakistan Army fired on the people who barricaded the roads following Bangabandhu Sheikh Mujibur Rahman's call. Ziaur Rahman, who was in charge of the army in Chattogram, opened fire on these people," she said.

"Not only this, Ziaur Rahman went to release the arms shipped from Pakistan." Hasina said Zia was tasked with commanding a sector after the original sector commander was wounded. She also said the



Foreign Minister and Awami League Joint General Secretary Hasan Mahmud on said the main objective of BNP's call to boycott Indian products is to destabilise the country's market

support, many powerful countries refrained from meddling in Bangladesh's domestic affairs, including the election.

Some of the top BNP leaders have confirmed to bdnews24.com that their policymakers did not discuss any boycott of Indian products. They said they were unaware of

former military ruler completed his studies in Karachi and came to the then East Pakistan to perform his duties in the army. "Pakistan was always in his mind."

Hasina blamed Abdul Momen Khan, the then food secretary and father of senior BNP leader Abdul Moyeen Khan, for the famine of

1974. "He [Momen] sent back a ship and did not allow food to enter Bangladesh. A famine then took place in the country," she said.

BNP Wants To Destroy Country's Achievements: Quader

Quader on March 24 said BNP wants to destroy the achievements of the country in the name of boycotting Indian products. "Is it possible to boycott Indian products? Is the boycott proposal realistic amid the situation of Bangladesh and India, the transactions of essential goods and other exchanges between the two countries?" he said. He said

said, "Why would the government think like this? There is no logic, no reality. Election will be held as per the constitution. There is no mid-term election in our Constitution." Asked whether the Eid journey would be comfortable, he said all concerned have been entrusted with different duties and he hopes that everyone will perform their duty with devotion. "I hope this Eid journey will be completely comfortable."

BNP Wants To Destabilise Market: Foreign Minister

Foreign Minister and Awami



Awami League General Secretary and Road Transport and Bridges Minister, Obaidul Quader

this while replying to a question from journalists after the opening ceremony of seven flyovers built under the Bus Rapid Transit (BRT, Airport-Gazipur) project virtually joining from the Secretariat. Quader said the BNP leaders are now tired of their own failures and the party activists are disappointed. "I don't see consistency in the words of their leaders. Moin Khan sought help from India in restoring democracy. Again, Rizvi is showing his anti-Indian stance by throwing his shawl and setting it on fire. They actually want to destroy our achievements in the name of boycott? Responding to a question whether there is any thought of mid-term elections, the minister

League Joint General Secretary Hasan Mahmud on March 23 said the main objective of BNP's call to boycott Indian products is to destabilise the country's market and increase prices of essentials so that people suffer.

He said many products in Bangladesh come from India, and some border trade also takes place legally across thousands of kilometres of border.

"You will eat onions that come from India, your leader will wear sarees from India, your field-level female leaders will also wear Indian sarees, you will eat iftar that has beef that comes from India, you will go to India for medical treatment, and

you call for boycott of Indian products — these are nothing but hypocrisy. The real objective of BNP is to increase the price of products by destabilising the market in the country," Hasan said. The foreign minister made the remarks when reporters asked him about the call for a boycott of Indian products by some groups, including BNP.

He spoke as the chief guest at the district development coordination meeting at the Chattogram Circuit House.

The foreign minister said that BNP leader Ruhul Kabir Rizvi has burnt his shawl along with those who called for a boycott of Indian products. "Actually, I don't know if the shawl was bought from India or from Bangabazar."

Mirza Fakhru Breaks BNP's Silence On Gaza

BNP Secretary General Mirza Fakhru Islam Alamgir, in his first public statement since returning from a medical trip to Singapore, has said that Bangladesh is confronting a deep-rooted political and economic crisis, and spoke out on the conflict in Gaza.

"We assemble here for iftar at the time when the country is under the curse of the ongoing fascist regime," the BNP leader said, adding: "The world on January 7 saw not an election in Bangladesh but a disgrace for a nation's aspirations." Mirza Fakhru was speaking at an iftar mahfil organized by BNP for the foreign diplomats stationed in Dhaka on March 24. Notably, the BNP today opined for the first time on the conflict that has been raging in the Middle East with Israel's assault on Gaza following Hamas's unprecedented attack on Israel last October 7.

"We are all deeply concerned about the Israeli forces' offensive. We call on the international community and United Nations to take immediate measures to stop the genocide. We

believe in the 2-state solution as the only answer to the crisis.” Mirza Fakhru said they value the international community’s support to BNP’s struggle for the restoration of rights and freedom for the people of Bangladesh, which he said can be ensured through an election under a neutral and non-party government. “Unless and until we achieve that, perhaps our peaceful and non-violent movement has to continue,” he said.

People Unable To Buy Daily Necessities

The prices of daily essentials are skyrocketing in the markets and people can't buy their daily necessities because they have no money, BNP Standing Committee Member

Dr Abdul Moyeen Khan said on March 22. The motto of independence was to ensure people's economic freedom as well as democracy, he added.

Moyeen Khan made the comments while delivering his speech as a chief guest in a discussion meeting, Doa and Iftar Mahfil wishing the recovery from illness of BNP chairperson Begum Khaleda Zia and the good health of Acting Chairman Tarique Rahman organised by Jatiyatabadi Nabin Dal held at Dhaka Reporters Unity (DRU).

The BNP senior leader said ruling Awami League (AL) claimed they are a pro-liberation political Party, but they have established the oligarchs in the country denying

the mass people’s economic freedom. He said they have created a conducive environment for 220 well-off families to control the country, while the number of such families was 22 during the Pakistan regime.

AL had destroyed the country's democratic political system by organising January 7 farce election, Dr Moyeen stated, further saying that powerful countries such as USA and UK said the minimum standard of a free election was not maintained.

AL should understand no one can retain power with arms as history teaches us powerful autocrats are dethroned by people, he added. ■

LC Opening Falls In February



The opening of letters of credit for imports declined slightly in February after a rise in January. According to Bangladesh Bank data, LC opening declined to \$5.22 billion in February 2024 from \$6.33 billion in January 2024 and \$5.39 billion in December 2023.

January’s LC opening was the highest after the month of September 2022 when it was \$6.33 billion. From July to February in FY 2023–24, LC opening totalled at \$44.47 billion, nearly matching the

\$46.43 billion figure recorded in the same period in FY23. In the previous financial year, monthly LC opening had dropped sharply from about \$9 billion in the first month of FY23 to a \$4 billion level by the end of FY 2022–23.

LC opening began to rise again at the very beginning of the current financial year, reaching \$5.42 billion in October, \$5.23 billion in September, \$6.1 billion in August from \$4.37 billion in July. The continued surge in LC opening became a

concern as the country is grappling with a severe dollar crisis and a depletion of foreign exchange reserve, bankers said. Bankers said that the LC opening was rising due mainly to the government’s higher import of products, including capital machinery for power sector projects. In addition, imports of various commodities increased due to Ramadan, fasting month of the Muslims, they said.

Over the past 32 months, the central bank sold more than \$30 billion from its reserves. This included \$9.5 billion allocated to banks in July–October of the current financial year 2023–24, \$13.5 billion in FY23 and \$7.62 billion in FY22. Therefore, gross foreign exchange reserves, according to International Monetary Fund guidelines, dropped below \$20 billion on March 20. Due to the continued depletion, the taka, which has

experienced depreciation against the US dollar, reached Tk 110, bankers said. The government and the Bangladesh Bank have implemented several initiatives since April 2022 to address the rapid growth of imports and safeguard the country’s foreign exchange reserves. The BB imposed high LC margins on imports, particularly those of non-essential and luxury items.

The overall imports saw a sharp decline due to increased oversight by the central bank, aimed at preventing misuse of the facility and curbing money laundering amid the ongoing crisis, bankers said. The move has led to a reduction in the trade deficit, with the country’s import payments falling to \$69.49 billion in FY23, down from \$75.4 billion in the corresponding period of the previous year, the BB data showed. ■



3.77cr Suffered Food Insecurity Last Year

Business Outlook Report

Around 3.77 crore people experienced moderate to severe food insecurity in 2023, according to a survey by Bangladesh Bureau of Statistics. Of them, 14.77 lakh or 0.87 percent people experienced severe food insecurity, finds the report titled "Food Security Statistics 2023". This implies a high probability of reduced food intake, and it can lead to severe forms of undernutrition, it observes.

The survey was conducted among 29,760 households across the country in June last year. The respondents were asked whether they had skipped at least one meal anytime in the previous 12 months because they could not afford it. Over 4.30 percent said they had. Over 1.50 percent of the people said

they went hungry for an entire day while three percent said they suffered hunger once or twice every month. The survey measured food security based on answers to different questions from the participants.

The respondents were asked if they went without food for a whole day, ran out of food, ate less than they should have, ate healthy and nutritious food, and were worried about not having enough to eat. Almost 70 percent of the poorest households suffered moderate or severe food insecurity. "This is definitely something to worry about," says Prof Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue. A large number of people who are not considered poor are in a vulnerable condition, according to him. Elevated

levels of inflation in the last two years have badly impacted the people's food intake, he adds. "It is unacceptable that one fifth of the population experience food insecurity at a time when Bangladesh is preparing for LDC graduation and becoming a developing country."

Food insecurity is typically associated with the inability to regularly eat healthy, balanced diets. According to the Bangladesh Bureau of Statistics, "High prevalence of food insecurity at moderate levels can be considered a predictor of various forms of diet-related health conditions in the population with micronutrient deficiency and unbalanced diets." As per the survey, 29.41 percent individuals in Rangpur division witnessed moderate food insecurity and 17.45 percent

in Dhaka. It adds that 1.189 percent suffered severe food insecurity in Chattogram division and 1.417 percent in Sylhet. Rural areas saw higher food insecurity than urban areas: 24.12 percent and 20.77 percent respectively.

In rural areas, 0.91 percent of the households reported that they were severely food insecure. Around 11.45 percent of the households in the city corporation area suffered from moderate or severe food insecurity, according to the survey. In August last year, a World Food Programme report said 24 percent people in Bangladesh were food insecure.

Prof Mustafizur recommends that the government revisit its social safety net programmes and midday meal programmes at schools. ■

Happy Faces Of Cox's Bazar Traders



Masum Billah

Recently, political programs called the strike, blockade, etc. called by the opposition parties around the general elections had a negative impact on the tourism industry of Cox's Bazar. As a result, the beach town did not see as many tourists as expected even in the peak season of last December. But since the end of the elections on January 7, as there were no major political events, the situation has changed completely.

Until the start of Ramadan, more than four hundred hotels, motels, guest houses, cottages and resorts here were fully booked. The traders and businessmen of the most attractive tourist center in the country are very happy with this. Hoteliers and customs officials say business has been very good this year. Till last March 10, the tourism sector of Cox's Bazar has

earned more than Tk 1000 crore.

Mukim Khan, General Secretary of Kalatali Marine Drive Hotel-Motel Owners Association, told the media that more than 5 million tourists have traveled to the world's longest beach - Cox's Bazar, Inani and coral island St. Martin, in the last two months. Tourism workers who have been unemployed for a long time are back to work. At the same time traders have also managed to overcome losses. No hotel room was vacant till March 10. Many tourists arrived without booking a hotel room in advance. As a result, they were to spend the night under the open sky on beaches, mosques, and streets without getting a place in a hotel, motel or resort. Thousands of tourists flock here on festive holidays like New Year, Valentine's Day, etc. apart from Fridays and Saturdays. On Friday, February 16,

the highest number of tourists came to Cox's Bazar in the last two months, said the officials.

Abu Morshed Chowdhury Khoka, president of Cox's Bazar Chamber of Commerce and Industries said that 1 to 3 lakh tourists come here every day during the tourist season. He said the accurate number of tourist arrivals and the information about their expenditures are not available anywhere. Surveys were conducted on the concerned businessmen and incoming tourists at various times on behalf of the Cox's Bazar Chamber of Commerce and Industries. It was seen that a tourist coming to Cox's Bazar spends an average of Tk 5,000 per day. He also said that Cox's Bazar was empty of tourists due to the blockade before the general elections. Now, the tourism business is again active as there are no political programmes in place. With

the arrival of spring, a festive atmosphere prevailed along the 18 km beach of Cox's Bazar for the past two months. Railways opened new doors for tourism. Due to the demand, special trains were launched for 5 days along with regular trains on Dhaka-Cox's Bazar route. Many come to Cox's Bazar just to enjoy the train journey. Industry insiders said that the tourism business was in decline for the past few years, but after the start of commercial railway traffic on the Dhaka-Cox's Bazar route from last December, the tourist drought started to break. All in all, life has returned to the tourism sector.

President of Cox's Bazar Citizens



Parishad ANM Helal Uddin said that the dream of the people of Cox's Bazar was the railway line. The Prime Minister Sheikh Hasina made that dream a reality. This has brought great opportunities for the tourism industry. The number of tourists is increasing day by day. However, the way rail tickets have gone into the black market is not good news for tourism. Railway tickets should be freed from the hands of black marketers. The government should make sure that common tourists are getting tickets easily.

Ramadan has started from March 12. Till then the tourist centers of Cox's Bazar were full of tourists. Some come with family, some with friends.

Newlyweds, Shakib, a barrister from Shyamnagar, Sarkhira, and his wife were walking hand in hand on the sandy beach. They came to Cox's Bazar to make their first honeymoon memorable. Like them, many people have come from different parts of the country to be amazed by the vastness of the sea. As a result, apart from the beach, there was a huge crowd at sea beaches like Inani, Himachari, Ramu, Maheshkhali, and various tourist spots in Teknaf and St. Martins Island. Beach photographers, Jet ski and beach bikers were busy with the influx of tourists.

The Burmese markets in the beach area were also bustling with business. They were crowded with customers day and

night. The shops were busy selling various products, especially Burmese pickles, nuts, home decoration items made from snails and oysters and dry fishes. The leaders of the resort owners and business associations say that the tourism-related sector in Cox's Bazar has an average daily business of Tk 50 crore. The number of tourists who visit the world's longest beach, and St. Martin's coral island every day will be between one and 1.25 lac.

About the tourist pressure in the season, Azahar Hossain, in-charge of Hotel Sea Uttara, at Kalatali area, said many tourists had to spend their nights on the streets and in the open spaces of the beach as they found no rooms available.

The doors of local mosques were open at night to accommodate tourists. Many tourists spent the night there. Tourism officials feel that it is better not to choose a holiday to travel. Instead, it's better to travel to Cox's Bazar on working days to get better comfort. If not, tourists have to experience a very bad situation. "If you do not confirm the hotel bookings before your journey, definitely, there is a danger of falling into the trap of the auto-walla (auto driver) or the broker circle as soon as you get out of the car. They can lead you to low-quality hotels by showing various lures", said Azahar Hossain.

Ajmal Hossain, an official of Hotel Ward Beach Resort and general secretary of Tour Operator Owners Association of Cox's Bazar (TOAC), noted that for the past two months, the city was crowded with tourists. So many tourists thronged in long traffic jams from the city center to Marine Drive were a daily experience.

For the overall safety of tourists, lifeguard workers have worked along with administration and tourist police. Additional DIG of Tourist Police Cox's Bazar Region Apel Mahmud said special measures have been taken to provide security to the tourists coming to Cox's Bazar. "We also have teams at Cox's Bazar railway station. Various levels of teams are working to ensure that tourists do not face any problem in coming to the town from the railway station. Apart from beaches, security has been beefed up at tourist spots. Our members are also working in white clothes", he said.

On the occasion of Ramadan, the number of tourists in the beach town is less. However, it has not become completely devoid of tourists as in previous years. During Ramadan, many hotel and resort owners started renovation work. They are preparing to welcome the tourists during the next Eid holiday. ■

[In collaboration with Ghulam Azam, local journalist]

CPD Prescribes 3-Point Recipe To Fix Economy



Business Outlook Report

The Centre for Policy Dialogue (CPD) has recommended the government restore macroeconomic stability, widen its fiscal space and ensure the best use of taxpayers' money through appropriate prioritisation in the budget for the upcoming fiscal year.

"The macro-budgetary framework for 2024-25 must focus on reducing inflation and stabilising the exchange rate," the think-tank said, citing how inflationary pressure

has eroded people's purchasing power over the years. As such, the Minimum Wage Board should consider increasing the minimum wages across all industries so that workers in the wage bracket can at least afford basic food items, it said.

"Along with that, the volume of essential commodities sold through the open market system should be increased." The think-tank made these suggestions during a media briefing at its office in the capital's Dhanmondi on March 16. Fahmida

Khatun, executive director of the CPD, said fiscal targets for the upcoming budget should be set in a realistic manner considering the emergent macroeconomic scenario at home and abroad.

"Therefore, instead of GDP growth, protecting the interests of vulnerable and disadvantaged groups should take centre stage." She also said complementarity between the fiscal and monetary policies must be ensured by the finance ministry and Bangladesh Bank. "Besides, the government

will need to focus on deep-rooted structural issues since the improvement in macroeconomic performance is contingent upon the solution of these issues. Thus, some hard choices will have to be made regarding reforms on the part of the policy-makers."

Fahmida thinks for a political government, the first year of the five-year tenure can be the best time to make some unpopular but necessary decisions. The CPD said budgetary allocation for the health sector has been

less than 1 percent of the GDP for the past 20 years, indicating that healthcare has never been a priority for the government. In Bangladesh, out-of-pocket expenditure as a percentage of current health expenditure was 74 percent in 2020, showing an increasing trend for the past two decades.

"It is necessary to increase the budget allocation for the sector and use it." Also, the implementation of fiscal measures is crucial for improving public health, which, in turn, can maximise social welfare, it added. Bangladesh's education budget was 1.76 percent of the GDP in FY24, the fifth-lowest among the 41 least-developed countries. Against the backdrop, the CPD recommended raising the allocation and utilisation.

The think-tank said the 5 percent value-added tax on English medium schools should be cut as it puts an additional burden on the parents of middle-income households. English medium schools follow the international curriculum and their students are assigned to study imported books, which face a tax incidence of 73.96 percent.

Considering how this inflates education expenses, the CPD said this tax should be slashed as well. In view of the persisting high inflation, the second slab for personal income tax, which is 5 percent for every additional Tk 1 lakh, should be increased to Tk 2 lakh to provide a cushion to limited income earners, the CPD said. The first slab of the

tax-free income level was raised to Tk 350,000 from Tk 300,000 in the current fiscal year. In the FY21 budget, the highest rate for personal income tax was reduced to 25 percent from 30 percent. The CPD argued that reducing the highest tax rate went against the cause of promoting tax justice.

"So, the highest tax rate should be reinstated at 30 percent for top earners in the FY25 budget." In the FY23 budget, the gap in corporate income tax rate for listed and non-listed companies was reduced to 5 percent, which is discouraging companies from entering the capital market. The think-tank proposed restoring the gap to 7.5 percent. Regarding the issue of undisclosed income, the CPD said rather than

continuing such measures year after year, more proactive actions should be taken against tax dodgers by enforcing appropriate laws. Historically, governments gave opportunities to taxpayers to legalise their undisclosed income or wealth by paying a nominal tax rate.

At present, taxpayers can legalise their undeclared income by paying tax at regular rates on their total income, including undisclosed amounts. On top of that, they have to pay a fine of 10 percent equal to the tax on the undisclosed income. Prof Mustafizur Rahman, a distinguished fellow of the CPD, Khondaker Golam Moazzem, research director, and Muntaseer Kamal and Syed Yusuf Saadat, both research fellows, also spoke at the event. ■

BSOA Determines Prices For Commodities In Ramadan



The Bangladesh Supermarket Owner's Association (BSOA) on March 19 held a meeting to discuss ways to keep essential commodity prices affordable for customers during Ramadan, as done in previous years. They acknowledged the

government's directive on this matter and agreed to adhere to it. As part of this initiative, they decided to sell 10 essential products at prices set by the Directorate of Agricultural Marketing (DAM), ensuring they are cheaper than market prices.

Specifically, unpacked sugar is included in this list, so that all classes of people can observe fast with ease.

Among essential cooking ingredients, the BSOA determined deshi lentil's maximum retail price (MRP) at Tk133 per kg, which was Tk140 provided by DAM, chickpeas at Tk102 per kg against DAM's Tk110, Najirshail rice at Tk73 per kg against Tk80, cucumber at Tk75 against Tk80, green chillies at Tk78 against Tk80, local onions at Tk65 against Tk70, and unpacked sugar at Tk140

against DAM's Tk142 per kg. Among other items, MRPs of large eggplants, powder milk and soybean oil remained unchanged at Tk70, Tk820, and Tk800 respectively. The Super Market Owner's Association will always monitor that the fixed price is being followed.

BSOA has always been and is with the mass people. The main aim of BSOA is to ensure that quality products are delivered to the people at affordable prices in a well-equipped environment under one roof. ■

64pc Respondents Think Capital Market Facing Manipulation



37pc terms market's performance in 2023 'really bad'

Business Outlook Report

Sixty-four per cent of respondents of a recent survey points that fraudulence or market manipulation is the most critical ethical issue the Bangladesh capital market is facing. According to the survey, 37 per cent of respondents voted for the capital market's performance in 2023 as 'really bad' and 29 per cent considered the performance 'bad', with factors such as fear of manipulation in the market, decreased investor confidence and floor price.

A total of 100 respondents from different backgrounds participated in the survey titled 'Bangladesh Capital Market Sentiment Survey 2024', conducted by Lankabangla Securities Limited between December 13, 2023 to January 20, 2024. The survey sought input from respondents hailing from various backgrounds to derive opinion against queries on the passing year's market performance, macro-economic performances and expectations, general issues about the capital market and expectation for the next year on invest-

ment avenues, especially the capital market. The survey also found that a total of 55 per cent of the respondents thought improvement of enforcement of existing laws and regulations, and improvement of transparency of financial reporting and other corporate disclosures were the most needed factors to improve investors' trust in the capital market.

The current market volatility is due to a generally low level of financial education among traders, herd instinct and poor certification requirements for trading eligibility, according to 88 per cent of respondents of the survey. More than half of the respondents opined that depreciation of the taka against the US dollar, poor corporate governance in listed companies, weak regulatory performance and lack of large companies in the market were the reason for the relatively low participation by foreign investors in the capital market. The majority of the respondents believed the price discovery mechanism of the existing IPO regulation needed revision.

Fifty-seven per cent of respondents believed that SME market was ineffective, while 72 per cent was not satisfied with the current state of bond market, according to the survey. The survey said that 88 per cent of respondents felt that brokerage professionals did not have minimum financial qualification to take knowledge-based investment decisions.

The respondents also identified lack of investor's confidence and lack of good stocks as the primary risks for the capital market in the year 2024. The participants thought that the Bangladesh capital market in 2024 may remain 'moderately bullish'. The survey also found that 56 per cent of participants thought inflation would increase in 2024, while 50 per cent voted that the local currency would depreciate further. The respondents believed that foreign exchange crisis, crisis in banking sector, inflation and low remittance inflow would pose the biggest risks to the country's economy in 2024. ■

Peacefulness Of Chinese Civilization In Achieving SDGs



Mohammad Mainul Islam

We are just six years ahead of achieving the Sustainable Development Goals (SDGs) where SDG 16- 'Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels' is still one of the critical challenges among other goals in the world.

Today's China is home to about one-fifth of the world's population, and the government is committed to enhancing the quality of life of its people. We know China is a country with a long history and ancient civilization. Over the past centuries, it has created an

extensive, profound culture and varied, colorful cultural heritage. In the modernization process, China has emerged as a global leader in advocating for SDGs, world peace, and sustainability, where the current leadership of President Xi Jinping matters.

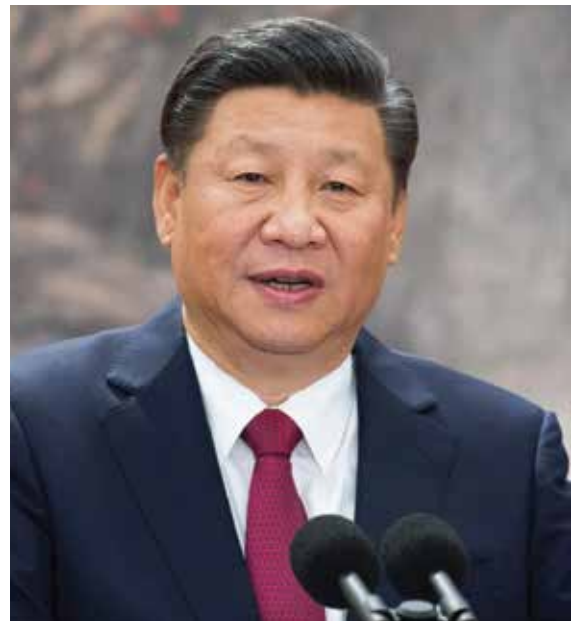
On June 2, 2023, President Xi highlighted at a high-profile meeting on cultural inheritance and development that there are five prominent features- 'Classics of Chinese Thought' or attributes of Chinese civilization -consistency, originality, uniformity, inclusivity, and peaceful nature. The 'Classics of Chinese Thought' provides insights into China's cultural heritage. In this write-up, I

would like to emphasize the role of the peacefulness of Chinese civilization and the promotion of peaceful competition among civilizations, as advocated by President Xi. Later, I will address the relationship of the culture of peace to SDGs and the university's role in promoting the culture of peace.

The Peaceful Nature of Chinese Civilization: President Xi's pursuit of peace and harmony is deeply rooted in the spiritual world of the Chinese nation. This can be seen everywhere from the Confucian idea that "a gentleman should seek harmony in diversity and should not do to others what he would not like himself." He argued that

the peaceful nature of Chinese civilization determines that China will continue to build world peace, contribute to global development, and safeguard the international order. The peaceful nature of Chinese civilization determines that China will continue to pursue exchanges and mutual learning among civilizations rather than cultural hegemony.

It also specifies that China will not impose its values and political system on others. In contrast, China has followed a path of peaceful development, leaving no evidence of colonization or aggression against any other country. It is China's pursuit to champion cooperation



Xi Jinping
president of China

over confrontation. China always insists on non-confrontation, non-conflict, mutual respect, cooperation, and mutual benefit.

Culture Of Peace And Its Relation to SDGs

According to the United Nations General Assembly, a 'Culture of Peace' is a "set of values, attitudes, modes of behavior and ways of life that reject violence and prevent conflicts by tackling their root causes to solve problems through dialogue and negotiation among individuals' groups and nations." The UNESCO group argued a culture of peace should be based on education for nonviolence, gender

tolerance, diversity, and respect under an international umbrella of sincere cooperation from state and non-state actors, including universities, are essential locally and globally.

Role of Universities in Promoting the Culture of Peace

Knowledge and awareness in shaping insights, attitudes, and peaceful behavior, a university's role is to promote a culture of peace. Only a university can encourage a culture of peace through its functions (education, research, and social responsibility) and play a critical role. And only education is for a Culture of Peace, and it ensures coexistence.

others with whom they interact locally and globally. Educational approaches that encourage a culture of

transformation, the university led movements for a new era in Chinese educational, cultural, and



responsible, participatory, and creative coexistence. Promoting a culture of peace has become a significant concern for all in the current complicated situation that needs a peaceful environment. In this respect, Chinese

political life. As an alumnus of Peking University today, I must be a responsible global citizen advocating peaceful development and a harmonious world. Therefore, I have written this piece.

Finally, I would like to conclude that President Xi's advocacy of the consistent, original, inclusive, unified, and peaceful nature of Chinese civilization inspires global cultural exchanges and cooperation, promoting understanding and mutual respect among diverse societies. As China continues to influence the world stage, its initiatives for global peace reflect a sense of responsibility and a commitment to fostering a prosperous and harmonious world, which also matters to achieving the SDGs by 2030 and beyond. ■

[Mohammad Maimul Islam is a citizen of Bangladesh, and currently holds the post of Professor (previously Chairman) in the Department of Population Sciences at the University of Dhaka.]



equality, tolerance among peoples, democratic participation, open communication, human rights, international peace and security, and sustainable development. In this context, fulfilling SDG-16 of the 2030 Agenda-'building peaceful, just and inclusive societies' is more imperative now than ever. For that, dialogue,

Education is a vital and fundamental tool required to achieve social change, especially regarding social cohesion and coexistence. Education affects our most critical issues, including creating various forms of violence, environmental degradation, and the destruction of cultures. It should teach individuals and groups respect for

universities have shared the same orientations, integrating tradition and modernity. The universities play an essential role as a knowledge lighthouse for promoting and advocating a culture of peace. The universities have already played a vital part in modern Chinese history; when China was going through a rapid



Low Revenue, Sluggish ADP Complicate Foreign Loan Repayment

Apu Ahmed

The government is going to face a huge shortfall in revenue income in the current financial year concluding at the end of June amid persisting economic downturn.

Slow Revenue Income

Not only in revenue earnings, but the government is also lagging in implementation of the annual development programme that forced it cut the size of the current ADP by around 10 per cent. Both the components are crucial parts of the annual budget. Besides, they are closely linked and complement each other. A better revenue generation means that the public expenditure by a government is comprehensive and benefits all, including the private sector. But when the implementation of the development projects cannot generate expected economic returns, it also hurts revenue

mobilisation like many other factors. The slow growth in revenue mobilisation also hurts development needs as the government faces difficulties in allocating necessary funds to the much-needed sectors like health and education.

Shortfall To Hit Tk 82,000 Crore

The shortfall in revenue has become a common phenomenon in the country for the past one decade. However, the shortfall projected by a local think-tank recently is worrying. Center for Policy Dialogue has calculated that the revenue shortfall will hit Tk 82,000 crore by the end of FY24. It calculated the amount taking 11.4 per cent revenue mobilisation growth in the first six months of FY24 into account against the target of 37.3 per cent. The National Board of Revenue will require 58.1 per cent growth in the remaining six months to achieve the target. It is exceptionally challenging, said

CPD executive director Dr Fahmida Khatun.

Tax-GDP Ratio Falling

In fact, NBR never generated more than 25 per cent year-on-year revenue growth in the past decade. The country has been facing criticism from the multilateral lenders due to less than expected revenue mobilisation. They always highlight the issue while comparing it with the country's gross domestic product. The revenue-GDP ratio has been dropping. It now stands below 10 per cent against the backdrop of the projection of 14 per cent in the national five-year plan already expired in 2020. It has been argued globally with empirical studies that corruption is correlated with tax to GDP ratio. When taxpayers believe they are living in a corrupt state, their willingness to comply with tax authorities decreases. The level of informality in an economy is

also seen as a major reason behind the disparity in tax levels.

Corruption Hinders Revenue Generation

As a developing nation, the country has faced almost every type of problem in revenue generation. Bangladesh that was ranked as the most corrupt country in the world in the past, could not make much improvement in the annual corruption index prepared by Transparency International. Corruption is rampant in different agencies of the Bangladesh government and the NBR may not be any different. NBR must undergo capacity building to reduce its over-reliance on trade taxes and VAT which is easier to collect than income taxes. Even the current reform programme under the \$4.7 billion loan from the International Monetary Fund cannot bring about major changes in its performance. The NBR officials have already successfully convinced the IMF mission to revise down its collection target of the National Board of Revenue to Tk 3.94 lakh crore from previous Tk 4.10 lakh crore in the current financial year.

Little Fiscal Space

Many even doubt that NBR can achieve the revised target. The continuous poor performance of the NBR and the shortfall have limited fiscal space, and increasing dependency on loans, both from local and foreign sources, for the implementation of ADP. The trend is not good for the country pursuing targets under the sustainable development goals on education, health and human resources. Due to lack of revenue, the government cannot allocate sufficient funds for the education and health sectors. Moreover, funds allocated to the sector under the ADP have remained unutilised. Blames have been given to the lack of capacity of the implementing agencies and difficult conditions attached by lender with the project financing. The government cannot overcome the phenomenon despite many efforts in the past and, also in the current FY 24.

Revised ADP

On March 12, the National Economic Council in a meeting presided over by

prime minister Sheikh Hasina downsized the annual development programme by Tk 18,000 crore with allocations to education and health sectors being substantially cut. The revised annual development programme in FY24 would stand at Tk 2.45 lakh crore from Tk 2.63 lakh crore as only 31.17 per cent was implemented in the first eight months from July 2023 to February 2024. Around Tk 10,500 crore was cut from the foreign part and the rest Tk 8,000 crore from the local funding sources. Allocations for health and education expenditure were slashed significantly because of slow implementation rates of the development projects under both the sectors. The revised allocation to the education sector stood at Tk 17,223 crore from Tk 29,889,

particularly vulnerable to non-communicable diseases like cardiovascular diseases, diabetes, cancers, and chronic respiratory illnesses, which pose significant public health challenges and contribute to premature deaths.

Foreign Loan Repayment on High Growth

Another risk of low revenue income and less quality ADP implementation is the growing complicity in repayment of external borrowing. A new projection by the Economic Relations Division has revealed that the foreign loan repayment will grow 53 per cent to around Tk 57,800 crore in FY25 against Tk 37,775 crore in the outgoing FY24. Compared to the growth in FY 25, the rise in foreign loan repayment between FY 23 and FY



while that of the health sector at Tk 12,066 crore from Tk 16,204 crore.

Health Expenditure

The country's health sector expenditure has been criticised as the lowest in South Asia with the out-of-pocket expenditure in Bangladesh's healthcare sector soaring to Tk 68.5 for every Tk 100 spent in 2020, up from Tk 67 in 2015. This escalating expenditure is driving more households into poverty, underscoring the urgent need for comprehensive healthcare reform. Many households are grappling with catastrophic health expenditure, defined as spending ten per cent of their income on healthcare services. This situation leaves them

24 was around 38 per cent. The ERD officials attributed the borrowing spree over the past several years to the implementation of the mega projects under the ADP. The government's outstanding foreign debt stood at \$62.4 billion in FY23, marking a more than threefold increase in 14 years for the implementation of mega projects such as the Rooppur Nuclear Power Plant, the Padma Bridge Rail Link Project, the Karnaphuli River Underneath Tunnel, the Metro Rail Line Project, the LNG Terminal in Maheshkhali, and Payra Sea Port. If the projects cannot provide quick economic returns, the repayment of foreign loans will be more difficult in future. ■

Currency Outside Banks Keeps Swelling Amid High Inflation



Business Outlook Report

The amount of cash held outside the country's banks increased for the third consecutive month in January to reach Tk 2,57,295 crore. This marked a rise from Tk 2,54,860 crore in December, Tk 2,48,441 crore in November and Tk 2,45,943 crore in October, according to Bangladesh Bank data.

When cash is held outside banks, it reduces the effectiveness of the central bank's efforts to control money supply, which is crucial to managing inflation and economic stability, bankers said. One of the primary reasons cited by bankers for this surge in cash withdrawal is high inflation prevailing in the

country. Bangladesh's overall inflation rate reached 9.67 per cent in February, remaining over 9 per cent for the past 12 consecutive months, driven by recent economic woes. These inflationary pressures have eroded the purchasing power of the currency, prompting depositors to withdraw their funds to hedge against the rising costs of living, bankers said.

Bankers said that the country's economy has been struggling for a range of adverse factors, including global supply chain disruptions, a hike in raw material prices, currency devaluation and a local commodity price spiral, following the Russia-Ukraine war that began in March 2022. Another contributing

factor to the rise in cash outside banks is the erosion of trust in the country's banking sector due to loan irregularities and scandals in several banks, they said. Besides, a significant portion of economic activity occurs in the informal sector in the country and people prefer to use cash for transactions to avoid taxes or regulatory scrutiny, they said.

The Bangladesh Bank data shows a consistent upward trend in the volume of currency held outside banks since October 2021, when it stood at Tk 2,05,895 crore. This trend has implications for the country's monetary policy, liquidity management and overall economic stability, necessitating close monitoring and

potential policy interventions to address the underlying issues. The increase in cash holding outside banks has also had an impact on the liquidity situation within the banking system.

Excess liquidity in banks dropped to Tk 1.63 lakh crore in December, reflecting a decrease in funds available for lending and investment activities.

The liquidity declined further as the Bangladesh Bank sold approximately \$30 billion to the country's banks from its foreign exchange reserves to address a severe dollar shortage in the banks over the past 32 months, which in turn, mopped up an equivalent amount of local currency. ■



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Banks Merger Raises Suspicions, Worries



Apu Ahmed

On March 18, a memorandum of understanding was signed between two local banks for a merger.

Weak Banks

One is the EXIM Bank, and the other is the scam-hit Padma Bank, earlier known as Farmers Bank. The signing of the MoU came following a recent policy step by Bangladesh Bank that at least 10 out of 61 scheduled banks identified as vulnerable should be merged with strong banks. The weak banks are AB, National, Bangladesh Commerce, Padma, BASIC, National Bank of Pakistan, Janata, Agrani, and Rupali. The BB also announced a timeframe by December this year for the voluntary initiatives by the weak banks for the implementation of the proposed merger. It threatened to enforce merger if the weak banks did not implement the policy willingly within

the timeframe. The amendment of the Bank Company Act recently empowered BB to enforce mergers and restructurings of weak banks.

No Specific Law

The merger of banks is a common phenomenon in other countries and is guided by specific laws. In India, the Banking Regulation Act of 1949 governs the merger of two banking entities. In Pakistan, the merger and acquisition of banking companies is mainly governed by the Banking Companies Ordinance 1962. But in Bangladesh, mergers and acquisitions are controlled by a mix of commercial and industry-specific rules such as the Contract Act 1872, the Companies Act 1994, the Bank Companies Act 1991 and the Financial Institution Act 1993. A variety of laws and regulations regulate merger and acquisitions transactions amid a lack of compre-

hensive law.

Challenges

Besides, the merger and acquisition of the banking companies are challenging in Bangladesh. The issue has many potential ramifications. Employees fear losing jobs, directors fear relegation of their positions due to limits on the number of directorships, shareholders feel anxieties for share price dilution, and depositors fear losses and delays in accessing their deposits. Merging two banks is complex and the success of the merger depends on how well the integration is managed. Any disruptions to operations could impact people related to the business. BB's Prompt Corrective Action Framework, a procedural guideline for mergers, is going to apply for mergers based on performance and financial indicators of banks as of December 2024. Under the policy, about 21 banks out of

61 can fall into the weak banks category, BB officials feared.

Why So Many Weak Banks?

However, questions arise as to why so many banks or almost one third of the total banks became weak. The deterioration of the banks' balance sheets did not happen in a day. BB should take the blame for weaknesses of banks as it did not show so much proactive role in the last one decade as it is showing now. For example, the history of Padma Bank can be reviewed. It was renamed in 2019 from its original name of Farmers Bank. The Farmers Bank Limited was established in 2013 after it along with eight others—NRB Commercial Bank, Meghna Bank, Midland Bank, Modhumoti Bank, NRB Global Bank, South Bangla Agriculture and Commerce Bank and Union Bank—were given licences despite protests from many quarters. The critics argued that awarding banking licenses on political considerations as stated by the then finance minister AMA Muhith was not good for the already crowded banking sector. Within three years, the apprehension became true since Farmer Bank, established by Muhiuddin Khan Alamgir, a former home minister under the present political regime, became almost bankrupt due to unethical banking activities. In 2016, BB appointed an observer to the Farmers Bank Limited because of irregularities with the distribution of loan of Tk 400 crore.

Protection For Padma Bank

More irregularities were detected as it was on verge of collapse. Instead of taking tough action or closing-down the bank, the government forced state-owned Investment Corporation of Bangladesh and three state-run commercial banks—Sonali, Janata and Agrani—to buy shares of the banks by providing a bailout fund worth Tk 715 crore. The BB allowed it to change its name on the logic of recovering people's trust. But the bank could not recover from its weakness. Now its proposed merger with EXIM Bank puts forward a vital question whether the BB rules including merger between weak banks and strong

banks are maintained properly. EXIM Bank is not categorised as a strong bank. BB has identified EXIM bank between weak and strong bank. So, will the merger of EXIM and Padma Bank eventually help BB to attain its goals? There is an instance that amalgamation of former Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha to Bangladesh Development Bank Limited has not brought any good result since both the financial entities were weak. BDBL The amount of defaulted loans stood at Tk 8.89 billion, which was 46 per cent of total loans. Defaulted loans rose to Tk 9.82 billion or 42 per cent of total loans in 2023.

IMF Loan

Many other weak banks carry almost the same story. Last December, Centre for Policy Dialogue, a local think-tank, calculated that Tk 92,261 crore had been appropriated in the past 15 years from the banking sector. If BB could play its due role to regulate the banks defying political pressure, the country's banking sector would have not faced the awkward situation. In that sense, the BB proposed reform is a welcome move. But

while another tranche is due by June. The government desperately needs the timely disbursement of remaining installments to overcome the current dollar shortage. So, it allows BB to undertake some steps in the name of reform so that the IMF becomes happy. BB is apparently not taking the steps to make local critics happy since their repeated calls over the past one decade failed to break the hibernation of it.

Scrutiny Essential

There is no doubt that reforms in the banking sector hamstrung by bad loans, loan theft and insider lending, are long overdue. But experts warned that proper examinations were needed to know the reasons behind lapses and deviations from standard international practice in the sensitive banking sector. 'Otherwise, the recent BB move to merge weak banks with strong banks will backfire', said economist Wahiduddin Mahmud, who led two banking sector commissions in the past, in a recent programme. Speaking at the same programme on February 11, former BB governor Salehuddin Ahmed termed the merger process 'very difficult.' Citing examples



its moves are not beyond suspicion for at least one reason. The BB has committed to the International Monetary Fund to bring down the bad loans in the banking sector under the current \$4.7 billion programme which expires in May 2026. Already \$1.1 billion has been disbursed

of other countries, he said that buying shares of weak banks is a way. But in that case, the strong banks would offer Tk 0.20 for a share of Tk 1. The economist warned that responsibility of weak private banks should not be given to public banks. ■

Can Mergers Heal Banking Sector's Wounds?



Business Outlook Report

The news that Shariah-based Exim Bank is going to merge with troubled commercial lender Padma Bank has taken the financial sector of Bangladesh by surprise.

Mergers and acquisitions are widely used practice in the global financial sector. Although it is not entirely new in Bangladesh, the instances are few and far between. The merger comes as the central bank got down to bringing in much-needed governance

to the financial sector, especially the banking industry, where irregularities are rife. Approving loans under pressure from influential quarters, political influence, taking loans through fake names and companies, and influence on management by directors are some of the examples of excesses that have taken a toll on the banking system, all combining to send the non-performing loans (NPLs) to an unsustainable level.

As of December, the banking sector's defaulted

loans stood at Tk 1,45,633 crore, which accounted for 9 percent of the credits disbursed, central bank data showed. However, the distressed assets, which are calculated considering the NPLs, outstanding rescheduled and write-off loans, amounted to Tk 3,77,922 crore as of 2022.

Of the 61 banks in Bangladesh, 10 to 20 banks have become weak due to the lack of governance and massive loan irregularities, hitting the confidence level of depositors. After a meeting with

the BB governor recently, Nazrul Islam Mazumder, chairman of the Bangladesh Bank Association, a platform of owners of banks, told reporters that around 90 percent of banks in the country are in good shape and the rest 10 percent are weak.

In order to address the governance issue, the central bank in February unveiled its roadmap. As part of the strategy, as many as 10 weak banks could be absorbed into sound banks, and Padma Bank's merger is the first

of the process. Bringing governance through mergers is not an easy task and the success sometimes depends on which banks will be merged with what kind of lenders. In 2009, Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha merged to form Bangladesh Development Bank Ltd (BDBL). The new entity is still creaking under the weight of bad loans.

The NPLs of BDBL stood at Tk 982 crore in December, which made up 42.46 percent of the disbursed loans. There have been successful examples as well. For instance, Standard Chartered Bank and ANZ Grindlays Bank merged to form StanChart Grindlays in 2000. It was later named Standard Chartered Bangladesh. Today, the multinational lender is

the most profitable venture in Bangladesh. In 2001, Bank Asia acquired the business operations of the Bank of Nova Scotia in Dhaka, the first of its kind in the banking history of Bangladesh. The bank also took over the country operations of Muslim Commercial Bank Ltd. Today, Bank Asia is one of the successful banks in the country.

Analysts say the merger of a weak bank with a relatively stronger one will set a bad precedence and encourage others to commit loan irregularities and finally avail bailout from the government. In a recent central bank report on banks' health, Padma Bank was in the red zone and Exim Bank was in the yellow zone. This means both banks are weak. When two weak banks merge, it will be difficult

to form a good bank as seen in the case of BDBL. In the merger of Padma Bank and EXIM Bank, the bad loans of the problematic bank will be bought by an asset management company of the government, according to central bank officials. But if that happens, it will be a bailout package from the government for the ailing bank.

Already Padma Bank has received regulatory forbearance from the central bank and the government. State-owned Investment Corporation of Bangladesh, Sonali Bank, Janata Bank, Agrani Bank and Rupali Bank bought a 60 percent stake in the bank for Tk 715 crore. But it has failed to stand on its own. Zahid Hussain, a former lead economist of the World

Bank's Dhaka office, said a comprehensive audit is essential before mergers and acquisitions. If the audit finds out Exim Bank's health to be weak, it will not be wise to merge Padma Bank with it because the move will not yield the expected outcome, he said. The economist said some banks want to come under mergers and acquisitions due to regulatory incentives or forbearance but this is contradictory to the aim of the initiative as it looks to restore good governance.

Anis A Khan, a former managing director of Mutual Trust Bank, echoed Hussain.

"It will be hard to bring good governance through mergers because dispute may emerge in the new entity." ■

Farmers Need High-Yielding Seeds At Affordable Prices



The Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) said on March 20 that there is an urgent need to ensure quality seeds and modern storage facilities to increase agricultural production. FBCCI President Mahbubul Alam was speaking at a discussion

meeting of the standing committee on agriculture, agro-processing and agro-based industries at FBCCI's Morijheel office. He said that to achieve the desired productivity in agriculture, businesses in this sector have given special importance to the availability of good quality

high-yielding seeds at the farmer level, strengthening the food innovation process and climate-tolerant varieties and research. Besides, businesses emphasized on agricultural mechanization, establishment of specialized cold storage facilities, improved supply system and processing of agricultural products to reduce production costs.

"We need to focus on research to improve seed quality. Also, more attention should be paid to the use of technology. As technology improves in agriculture, productivity will increase," said the FBCCI

president. He said that farmers should be assured of getting a fair price of produce while policies should be implemented to protect their interests. Ahsan Khan Chowdhury, chairman of the committee and chairman of Pran RFL Group, highlighted the importance of ensuring maximum utilization of agricultural land and increasing productivity keeping in mind future food security and growing demand.

Apart from traditional crops, he suggested increasing the production of horticulture, fisheries, livestock, and poultry including pulses and oilseeds. ■



BRAC Bank has been honoured with the 'Top Ten Remittance Award' at the inauguration ceremony of the World Conference Series 2024, organised by the Centre for Non-Resident Bangladeshis. ■



Bank Asia Limited signed a participation agreement with the Bangladesh Bank to access the central bank's refinance scheme offering a credit guarantee facility. This facility aims to support women entrepreneurs in small businesses and those in the agro-processing industry. ■



The 124th meeting of Modhumoti Bank's executive committee (EC) was held virtually. EC Chairman Barrister Sheikh Fazle Noor Taposh chaired the meeting. ■



Exim Bank and Padma Bank signed a memorandum of understanding (MoU) to initiate a merger. The signing ceremony was held at the Bangladesh Bank, as the central bank Governor Abdur Rouf Talukdar was the chief guest. ■



An agreement signing ceremony between ONE Bank's OK Wallet and Mutual Trust Bank (MTB) was held recently at MTB Centre in the capital. Md Monzur Mofiz, managing director of ONE Bank, and Syed Mahbubur Rahman, managing director and chief executive officer of MTB, inaugurated the service. ■



Bangladesh Women Chamber of Commerce and Industry (BWCCI) with the support of the Centre for International Private Enterprise (CIPE) organised an 'Awareness raising workshop on gender-based violence at the workplace' at a hotel in Dhaka. ■



eGeneration PLC has given a job appointment letter to a visually impaired individual, reaffirming their support and commitment to standing by them. ■



The Bankers' Welfare Club Bangladesh (BWCB) held a discussion on 'The role of bank and bankers in economic development planning' at the National Press Club in Dhaka. The organisation's bulletin 'The Bankers Mirror' was unveiled at the programme. State Minister for Planning Md Shahiduzzaman Sarkar was present as the chief guest while Dr Tapas Chandra Pal, BWCB president and CFO of Mercantile Bank, presided over the event. ■



Shahjalal Islami Bank has signed a participation agreement with Bangladesh Bank's Sustainable Finance Department to promote green products, projects and initiatives under a refinancing scheme recently introduced by the central bank. Chowdhury Liakat Ali, director of Sustainable Finance at Bangladesh Bank, and Mosleh Uddin Ahmed, managing director of Shahjalal Islami Bank, signed the agreement. ■



In a landmark move, Prime Bank has joined forces with the Bangladesh Bank, inking a deal to tap into a credit guarantee scheme aimed at uplifting women entrepreneurs. Under the initiative women will get collateral free credit and easy access to finance. ■



An agreement to this effect was signed between Bangladesh Export Processing Zones Authority (BEPZA) and Song Shin Leather (BD) Co Limited at BEPZA Complex, Dhaka. The company will invest US \$6.0 million to produce annually 8 million square feet of 'Cow Finished Leather' and 'Buffalo Finished Leather', creating job opportunities for 100 Bangladeshi nationals. ■



Water Resources Ministry held a meeting at the Pani Bhaban in Dhaka to review the progress of various ADP projects under the ministry, with State Minister for Water Resources Zaheed Farooque in the chair. Senior secretary of the ministry Nazmul Ahsan moderated the meeting. ■

Excess Liquidity In Banks Declines In January



Business Outlook Report

Excess liquidity in the banking sector fell by 5.38% to Tk154,000 crore at the end of January compared to December 2023. This decline follows a pattern of fluctuations, with the volume of excess liquidity at Tk161,000 crore in December, Tk141,000 crore in November and Tk159,000 crore in October of 2023, according to Bangladesh Bank data.

Of the surplus liquidity in the banking sector, more than 80% was in the form of securities, including treasury bills and treasury bonds. Banks have been facing a severe liquidity shortage due to factors such as high defaulted loans, increased dollar sales by the central bank, low deposit growth and a high volume of cash held outside banks. To alleviate the liquidity shortage, many banks resorted to the central bank and

took local currency equivalent to more than \$1 billion under a recently launched swap arrangement. To address the ongoing dollar crisis, the Bangladesh Bank sold approximately \$30 billion to the country's banks from its foreign exchange reserve over the past 32 months.

Of this amount, \$9 billion was allocated to banks from July to February of FY24, \$13.5 billion in FY23 and \$7.62 billion in FY22. Due to the dollar sales, Bangladesh's gross foreign exchange reserve, as per International Monetary Fund guidelines, decreased to \$20 billion on March 19 from \$23.25 billion on August 31, 2023. The excess liquidity in banks increased in July and August of 2023 due to the government's high bank borrowing. The government borrowed Tk124,122 crore in FY23, compared with

Tk59,833 crore borrowed in the previous financial year. Of this amount, the government borrowed Tk98,826 crore from the central bank and Tk25,296 crore from the country's commercial banks in FY23. Since June 2022, when the amount of excess liquidity in banks was Tk203,435 crore, it has steadily declined.

As a result of the liquidity shortage, interbank borrowing from the call money market has increased in recent days, leading to a surge in weighted average call money rate, which reached 8.7% on Wednesday. Besides, many people withdrew their deposits and held cash in their hands amid inflationary pressures.

As a result, the amount of cash outside the country's banks stayed over Tk257,000 crore in January. ■



Bangladesh Turning Into A Consumer Electronics Manufacturing Hub

Business Outlook Report

Bangladesh is turning into a manufacturing hub for consumer electronics thanks to its affordable wage structure, expertise in information technology and light engineering industries, according to Singer Bangladesh.

The country's sole listed multinational consumer electronics producer made the assessment against the backdrop of the domination of locally manufactured and assembled televisions with a 90 percent market share, according to industry operators.

This is a significant change from that just over a decade ago, when Bangladesh was fully

dependent on imports. Furthermore, this enhancement in manufacturing capacity is being catalysed by the government's thrust on domestic manufacturing, boosting local value addition and ensuring lower reliance on imports, added Singer 2023 annual report which was published recently.

Since fiscal year 2010-11, the government has reduced import duties and other taxes to encourage domestic manufacturing of goods, including consumer electronics, to facilitate growth and attract investment, said industry insiders.

A rise in per capita and disposable income is raising demand for consumer electronics and

the growth opportunity in rural markets prevails for high remittance earnings, said Singer. There are a few key trends shaping Bangladesh's consumption story, signalling long-term demand -- a large population pool, demographic advantages, low product penetration, replacement demand and urbanisation, it said.

Riding the long-term consumption wave of a developing economy in itself bodes well for future long-term prospects of the industry, said Singer.

Walton, the largest local home appliance maker, sees prospects too. Domestically produced air conditioners (ACs) currently account for 70

percent to 75 percent of the Bangladesh market sales, said Walton Hi-tech Industries in its annual report for 2022-23. In case of refrigerators too local manufacturing meets over 80 percent of the demand.

Just a decade ago Bangladesh was almost fully dependent on imports to meet its demand for refrigerators, according to industry operators. Before 2010, prior to the rise in local manufacturing, the refrigerator market was seeing annual sales of at best 7 lakh to 8 lakh units, said Walton.

It peaked to 40 lakh in 2019 but due to the pandemic and inflation brought about by the Ukraine-Russia war, market sales have recently

shrunk to around 30 lakh units, it said. According to Walton, \$2.4 billion-worth home appliances were sold in Bangladesh in 2021.

The figure has been increasing at an average rate of 14 percent per annum over the past decade. Sales of local consumer electronics, meaning those for communication, entertainment, or information purposes, are expected to grow to \$5.17 billion by 2025, said Walton. Sales

of home appliances, meaning machine which assists in household functions, are expected to rise to \$10 billion by 2030, it said.

"The future of the consumer durables market looks bright as the GDP growth is set to continue in the upward trajectory which in turn will increase the purchasing power of the population," it said. Electricity coverage has reached 99 percent of the country's people, including those in

rural areas, for which there is likely to be high demand from semi-urban and rural areas for consumer durables.

Annual sales of home and kitchen appliance products such as washing machines, ovens, blenders and juicers, rice and electric cookers, kettles and gas stoves currently stand at over Tk 2,000 crore, said Walton. This will reach around Tk 3,000 crore by fiscal year 2027-28 with a consistent market growth rate of

around 7 percent, Walton said. Sales of electrical appliances such as fans, LED lights and electrical accessories stood at over Tk 15,000 crore last fiscal year.

This year it is expected to reach around Tk 18,000 crore with a 23 percent growth rate. This will continue to rise at an estimated average growth rate of 19 percent till fiscal year 2027-28. ■

JBCCI, Jetro For BD-Japan's EPA Benefits



Business Outlook Report

Bangladesh and Japan have agreed to sign the economic partnership agreement (EPA) by the end of 2025 or early 2026 when Bangladesh is expected to graduate from LDC.

JBCCI emphasized that EPA is an important instrument to expand trade & investment between Japan & Bangladesh. In link with that

JBCCI has formed a Standing Committee focusing on EPA (Economic Partnership Agreement) to extend support and facilitate the activities of EPA in different stages.

JBCCI in collaboration with JETRO and JCIAD, supported by Embassy of Japan organized a seminar on EPA Study Report on March 21 at the Embassy of Japan in the capital. Md

Emran, executive director of JBCCI, said that EPA was very important vehicle to secure duty-free market access for Bangladesh after its graduation from LDC in 2026 and conducted the program.

Myungho Lee, president of JBCCI, delivered welcoming remarks where he emphasized the significance of EPA. He also stressed the urgency

of engaging to move forward EPA negotiations. Yuji Ando, country representative of Jetro Dhaka, shared historical overview of the EPA and its significance. M Masrur Reaz, chairman of Policy Exchange of Bangladesh, presented a keynote paper outlining the benefits and challenges of the EPA, along with insights into how countries could benefit from it.

He also highlighted key features of the EPA, drawing examples with other countries to illustrate potential advantages.

After that, a question and answering session was moderated by Asif A. Chowdhury, chairman of the EPA Standing Committee of JBCCI.

In this session participants got the opportunity to exchange ideas and raise questions which were addressed accordingly. ■

MPs Call For Effective Taxes On All Tiers Of Cigarettes



Business Outlook Report

Parliamentarians have urged to increase retail prices of low-, medium, high-, and premium-tier cigarettes by 33%, 19%, 15%, and 13% respectively aiming to curtail availability and affordability of those to realise the prime minister's directives to achieve "Tobacco-free Bangladesh" by 2040.

They came up with the call at a pre-budget discussion session organised by non-government think tank Unnayan Shamannay at the Bishwa Shahitto Kendro building in Dhaka on March 21, read a press release. Lawmakers present at the discussion were – Shri Biren Shikder, Tarana Halim, Nazma Akhter, Jannat Ara Henry, Md Aolad Hossain, and Anima Mukti Gomes. Bangladesh Bank's former

governor Atiur Rahman chaired the session where two professors – M Abu Eusuf and Muhammad Shahadat Hossain Siddiquee – from Dhaka University were present as expert discussants.

Unnayan Shamannay Research Director Abdullah Nadvi presented the effective cigarette taxation proposals on behalf of the think tank and other anti-tobacco civil society organisations. Aolad Hossain and Jannat Ara put emphasis on increasing retail prices of cigarettes and imposing higher taxes on those considering the well-being of low-income people and the youth. The linkage between reducing the use of cigarettes and attaining the SDGs and other national objectives was pointed out by Mukti Gomes and Nazma Akhter. Tarana Halim

and Biren Shikder said policymakers must prioritise safeguarding public health over getting revenue from cigarette sales. Atiur Rahman pointed out that taxation has been established as the most effective tool to reduce the use of cigarettes and that is why the anti-tobacco civil society organisations are strongly advocating for this. "However, to ensure that there is no sudden pressure on the government's revenue income – effective tobacco taxation proposals have been developed with utmost caution," the renowned economist added.

He further pointed out that if the effective taxation proposals for FY2024-25 are realised, on the one hand cigarette use will decrease by 9%, but on the other hand revenue earnings will increase by 28%. ■

Fabric Sales Still Slow Ahead Of Eid



Makers blame inflation, changing trends

Business Outlook Report

Textile makers in Bangladesh are witnessing slow sales ahead of Eid-ul-Fitr due to factors including a drop in demand for women's salwar-kameez amidst a high living cost and a lack of interest among the affluent class to donate clothes as Zakat to avoid hassle.

The wealthy typically donate saris and lungi as zakat, a form of alms offered out of religious obligation, propelling their sales during Ramadan. However, the tradition has changed in recent years as many people now prefer to hand out cash in order to save time and avoid hassles linked with distribution. The wide adoption of mobile financial services (MFS) has brought about

massive convenience to users as they can seamlessly transfer donations to beneficiaries whereas collecting and distributing clothes is slow and cumbersome. MFS accounts totalled 21.92 crore in January in a country where the population size is about 16.98 crore.

Additionally, people have adopted austerity measures to limit their expenses as inflation continues to erode their real purchasing power. Thus, many people are not buying any additional garments this year. Bangladesh has been experiencing higher consumer prices since May 2022. It has particularly stayed above 9 percent over the past year. "These factors have badly impacted fabric sales ahead of Eid not only this year but also the last three," said Rashid-

ul Hasan Rinto, proprietor of Chishtia Sizing Mills in Narsingdi. Baburhaat, a major hub for textile and garment items in Narsingdi, would register weekly sales of about Tk 2,000 crore during Ramadan in previous years. Now, it is difficult to rake up sales of Tk 1,500 throughout the month, he added.

Abdullah Al Mamun, managing director of Abed Textile Processing Mills, said the market seems unpredictable considering the country's economic condition. "We are observing the market condition as the real picture will only emerge after a few days." He is, however, hopeful for better business this time around compared to last year. Khorshed Alam, chairman of Little Group that runs seven textile

mills, said the amount of goods sold centring Eid-ul-Fitr has decreased by 25-30 percent year-on-year. Traders at Baburhaat, Madhabdi and Gausia in Narsingdi allege that people's buying capacity has considerably decreased due to price hikes for essentials.

A large portion of the buyers of local fabrics are middle-class and lower-middle-class people. So, they are now giving more priority to buying essential products. "That's why sales are down," said Alam, who recently visited the three markets. Textile millers usually see sales of more than Tk 35,000 crore ahead of the two Eid festivals. Of the sales, 75 percent take place ahead of Eid-ul-Fitr, according to Alam, also the chairman of the standing committee for local textiles and fabrics of the Bangladesh Textile Mills Association.

Amran Hossain Khan, chairman of Modina Dyeing Printing and Processing Industries Ltd in Munshiganj, said the number of orders received ahead of Eid this year is 25 percent less compared to last year. "Orders have decreased due to the reduced purchasing power of people."

Khan also pointed out that the lack of uninterrupted gas supply at factories is preventing them from running in full swing, thereby negatively impacting the business. ■



Rural Deposits Fall For First Time In Five Years As Inflation Bites

Business Outlook Report

Banks in Bangladesh witnessed a sharp decline in deposits in rural areas in the last quarter of 2023, the first fall in five years, data from the central bank showed. This was driven by an erosion of savings capacity for sustained higher inflation and a rush for cash withdrawals from scam-hit Islamic banks as savers' confidence took a beating after scams made the headlines.

Deposits in the countryside slumped 21 percent year-on-year to Tk 266,415 crore in October-December though overall savings grew nationally on the back of higher inflows of funds to the banking system in cities and towns. "I think inflation has chipped away at their savings," said Mashrur Arefin, managing director of City Bank.

"Even though they have the same disposable income, people have been forced to dip into their savings because of higher inflation in order to get by." Since March 2023, consumer prices in Bangladesh have persisted by over 9 percent. Inflation was also at a higher level in the previous year. Mohammad Ali, managing director of Pubali Bank, also thinks lingering higher inflation could be one reason behind the declining savings in rural areas.

Still, the private commercial lender managed to attract higher deposits from rural and urban customers. "We opened a large number of sub-branches. This includes 150 sub-branches launched in rural areas," Ali added, adding that rural savings might have been diverted to agencies such as cooperatives that offer higher interest rates. Ashikur

Rahman, a senior economist at the Policy Research Institute of Bangladesh, said one possible explanation is that rural inflation had been slightly higher than urban inflation between October and December. "This could relatively undermine the savings capacity of rural households in comparison to urban households."

In rural areas, the Consumer Price Index grew 9.99 percent, 9.62 percent, and 9.48 percent in October, November and December respectively, data from the Bangladesh Bureau of Statistics showed. This was 9.72 percent, 9.16 percent, and 9.15 percent in the identical months in urban areas. Two bankers linked the deceleration in savings flow in rural areas to the ebbing of confidence among people in Shariah-based banks because of widespread allegations of loan scams.

Islamic banks' deposits slipped 11 percent to Tk 56,447 crore in the three months to December, according to the central bank. Thus, the share of rural savings to the total national deposits dropped to 15 percent at the end of 2023.

The gap was filled up by the spectacular growth in urban deposits: banks recorded a 19 percent year-on-year rise in fund inflows to Tk 14,82,717 crore, the highest pace of expansion in five years. The overall deposit growth in the banking sector stood at 10 percent to Tk 17,49,132 crore, said the Scheduled Banks Statistics of the BB released last week. "It seems that people, especially the well-offs,

are becoming interested in parking money in banks as the interest rates are rising," said Md Mahiul Islam, deputy managing director at BRAC Bank. The weighted average interest rate on deposits fell to as low as 3.97 percent in June 2022. Since then, banks have begun to raise the interest rate on deposits after liquidity availability was reduced for the purchase of US dollars from the central bank and for meeting credit demand.

In October, the weighted average interest rate grew to 4.55 percent. However, several banks are offering up to 11 percent interest on fixed deposits to attract savers, according

to Islam. "As there is an investment cap on national savings certificates, the higher interest on fixed deposits has encouraged savers to keep money in banks too." The deposit is expected to grow in the coming months.

BB data also showed banks' loans and advances to the businesses in the rural part of Bangladesh declined 24 percent year-on-year in the final quarter of last year. In contrast, advances to enterprises grew 15 percent in cities.

In total, loans grew 11 percent to Tk 15,38,343 crore at the end of December. ■

Mustard Bonanza To Slash Edible Oil Imports

Business Outlook Report

The soaring demand for edible oil is driving a surge in domestic mustard oil production, leading to a decrease in reliance on imports.

The mustard oil consumption is also projected to increase due to higher domestic production, according to a Global Agricultural Network Information (GAIN) report. The United States Department of Agriculture (USDA) published the report titled "Bangladesh: Oilseeds and Products Annual" on 19 March.

Of the oilseeds produced in Bangladesh, only mustard and sunflower are crushed for edible oil production and locally produced oilseeds meet about 15%-20% of the country's edible oil requirements, it said.

The Department of Agricultural Extension (DAE) reported that in 2023-24 fiscal year, total of 1.34 million hectares of land has been brought under oilseed cultivation in the country with a total oilseed production target of 1.83 million tonnes, up by 31% and 29 %, respectively over

FY2022-23. The increase in oilseed acreage and production is mostly due to increased mustard cultivation. The average yield of mustard in Bangladesh is about 1.3 tonnes per hectare. For Marketing Year (MY) 2024-25, Post forecasts the rapeseed harvested area at 1.15 million hectares and production at 1.48 million tonnes.

Post's forecast for MY2024-25 harvested area and production is 44% higher than the MY2023-24 USDA estimate. Dr Jahangir Alam Khan, an

agro-economist and researcher, told the Daily Sun that farmers have started to cultivate mustard on more land due to the increasing price of edible oil in the country.

"Consumers are also witnessing that mustard oil is good for health and they're consuming mustard oil instead of soybean oil. The growing domestic production is also saving foreign exchange by meeting the edible oil needs," he said.

If the import dependency on edible oil

decreases, there is no chance of any price hike by the syndicate in the country, Jahangir said, adding that it is possible to fulfil 50% of total domestic edible oil needs with local production by five years.

In Bangladesh, mustard oil has become very competitive since 2022 when the price of

oil, many consumers have switched from consuming soybean oil to palm oil. Post lowered its MY2023-24 soybean oil import estimate to 600,000 tonnes, down 12% from MY2022-23.

In MY2022-23, Bangladesh imported 48% of its crude soybean oil from Brazil, followed by

by 2025. Based on the DAE's crop production data, Post has increased its estimate of MY2023-24 mustard harvested area to 1.1 million hectares and production to 1.43 million tonnes, up 37% and 38%, respectively over USDA's official estimates.

Bangladesh produces a variety of oilseed crops,

desh anticipates record-high mustard production, which will further bolster the local supply. Based on the TDM, Post revised down its MY2022-23 rapeseed imports to 274,000 tonnes.

Australia is the preferred supplier in MY2022-23. According to the TDM, Bangladeshi importers



soybean oil reached a record high. Due to government initiatives, mustard cultivation has increased substantially in MY2022-23 and MY2023-24.

The rise in mustard oil production has led to a decrease in the demand for soybean oil in the local market. With lower prices of palm

Argentina (46%) and Paraguay (5%).

To reduce the import dependency of edible oil, the Ministry of Agriculture emphasised increasing the oilseed production in 2022. It formulated a three-year action plan with the goal of producing 40% of Bangladesh's edible oil

including mustard, peanuts, sunflower, soybean and sesame. The largest oilseed produced in Bangladesh is mustard seed.

Post forecasts rapeseed (mustard) imports at 300,000 tonnes, the same as Post's estimate of 300,000 tonnes for MY2023-24. In MY2023-24, Bangla-

preferred Australia for rapeseed of lower price and better logistics. Bangladesh imported 200,000 tonnes of rapeseed from Australia, while Canada supplied 53,000 tonnes. In MY2022-23, Ukraine also shipped 20,000 tonnes of rapeseed. ■



How Freelancers Can Prepare For Changing Tax Requirements

Business Outlook Report

Workers across different industries are increasingly receiving some or all of their income via apps. They include tutors, graphic designers, hair stylists, and all kinds of independent and self-employed workers, along with merchants who sell products online through Etsy, eBay, Amazon and other sites. But tax law is still catching up when it comes to how best to report this income.

If you're a freelancer or gig worker who receives payments via apps like Venmo, Zelle, Cash App or PayPal, your tax reporting requirements will change for the 2024 tax year. The law will not affect the amount of taxes owed, but it will change how you report income with 1099-K forms. The changes were supposed to take effect for the 2023 tax year, but they have been delayed. The tax filing deadline is April 15. For the current tax year, freelancers and

small business owners still only need to use 1099-K forms to report third-party app payments totaling \$20,000, and any number of payments above 200. But beginning next year, that threshold will be just \$5,000, which will eventually be lowered to \$600. The changes were supposed to take effect for the 2023 tax year, but they have been delayed.

Some in the space say the new law will benefit both freelancers and the IRS by improving information gathering, especially for people who are self-employed and merchants who sell online. Freelancers, gig workers, and online sellers owe taxes on their income regardless of whether they meet the reporting threshold to use 1099-K forms, but it can be difficult to keep track of every payment, especially across sites and apps. This can lead to confusion and underpayment, experts say. The eventual change will affect platforms, businesses, and individu-

als, and it's good to begin preparing now. Here's what you need to know:

If you're already keeping accurate track of your income from freelancing as paid via Venmo, Zelle, Cash App, PayPal, and other sites, you're in good shape. The main difference will be that these platforms will issue you additional forms for every transaction. This should make correct reporting to the IRS even easier, though there will be more paperwork.

Currently, if someone paying a freelancer via Venmo, Zelle, or CashApp sends a form to the IRS reporting that pay, but the freelancer doesn't report the income with the same form, that creates a "matching error" for the agency. The change will ensure both that taxpayers receive proper refunds and that the IRS receives proper payment. ■

Govt To Simplify Tax System Through Tech And Policy Overhaul



Business Outlook Report

In a strategic push to revamp its tax policy and administration, the government has outlined plans for significant reforms aimed at making the system more effective and taxpayer-friendly in the medium term (2023-24 to 2025-26). According to the Medium-Term Macroeconomic Policy Statement (2023-24 to 2025-26) by the Finance Division of the Ministry of Finance, these changes are integral to achieving the nation's development objectives.

The government acknowledges the urgent need to generate ample revenue to support Bangladesh's development ambitions. "Several initiatives are underway to make tax administration taxpayer-friendly and transparent by expanding the scope of digitization and automation in tax registration, return submission, and tax payment," the policy statement highlighted. A critical area of focus is the scrutiny and rationalization of existing tax exemptions. The statement underscored the government's intention to align tax collection practices with the needs of

local industries and to ensure fiscal preparedness for unforeseen global challenges, drawing lessons from recent global events. Moreover, the pursuit of revenue growth extends beyond tax reforms to tapping into non-tax revenue (NTR) sources. The expansion of public services and the notable rise in household incomes over the past decade present new opportunities for revenue mobilization, the statement elaborates. Initiatives such as the introduction of a digital payment system aim to facilitate easier access to public services, thereby enhancing NTR collection.

Efforts to improve dividends and profits from state-owned enterprises through efficiency and profitability measures are also in motion. With an ambitious revenue target of Tk587,200 crore and Tk709,700 crore for the fiscal years 2024-25 and 2025-26 respectively, the government is keen on leveraging digital advancements to simplify tax payments. Despite Bangladesh's remarkable economic growth, the pace of revenue mobilization has not

matched, underscoring the need for a more robust revenue framework to support the country's long-term development goals. Bangladesh aspires to transition to a higher middle-income status by 2031 and achieve developed country status by 2041, with the "Perspective Plan of Bangladesh 2021-2041" targets to elevate the revenue-GDP ratio to 19.55% by 2031 and 24% by 2041.

The statement said that a large share of the revenue comes from the direct (income tax) and indirect taxes (VAT and customs) collected by the National Board of Revenue (NBR).

Non-NBR taxes and non-tax revenue (NTR) constitute smaller parts.

Although there has been some progress over the years to be less reliant on trade taxes and the share of direct taxes has increased to some extent, there is still ample room to improve.

Addressing the reasons behind low revenue collection, including economic informality, structural inefficiencies, and cultural attitudes towards taxation, is seen as vital.

The government, in collaboration with the private sector, is focused on simplifying tax compliance, increasing transparency through digitalization, and adopting progressive taxation principles.

Success in revenue collection will be strengthened by making the tax administration easy to approach, increasing digitalization to bring in transparency and predictability and bringing in progressive taxation where the affluent pay a higher part of the taxes, the Medium-Term Macroeconomic Policy Statement (2023-24 to 2025-26) of the Finance Division of the Finance Ministry said. ■

	Percentage change											
	July-February, FY23				July-February, FY24 ^P				July-February, FY24			
	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement
Total Domestic Credit (Tk. in crore)	1773179.30	1926770.70	1983428.30	11.86	2.94	6.07	15.25					
a) Net Credit to the Govt. Sector	303589.20	387349.80	367743.60	21.13	-5.06	7.16	36.72					
b) Credit to the Other Public Sector	43564.00	45164.70	47741.50	9.59	5.71	17.11	21.41					
c) Credit to the Private Sector	1426026.10	1494256.20	1567943.20	9.95	4.93	5.53	10.58					
L/C Opening and Settlement (in million US\$)												
a) Consumer Goods	5505.34	5312.33	4313.31	-17.98	-18.81	-11.37						
b) Capital Machinery	2185.94	2481.20	1851.85	-19.11	-25.36	-36.65						
c) Intermediate Goods	3601.71	3627.48	3307.57	-16.71	-8.82	-23.67						
d) Petroleum	6573.74	6613.48	6117.08	-9.93	-7.51	15.93						
e) Industrial Raw Materials	15857.85	19165.35	14362.54	-4.09	-25.06	-13.94						
f) Others	12714.52	14289.47	14366.03	10.61	0.54	-4.96						
Total	46439.10	51489.31	44476.12	4.23	-13.93	-12.38						
Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)	June, 2022	September, 2022	December, 2022	March, 2023	June, 2023 [#]	September, 2023 [#]	December, 2023 [#]	January, 2024 [#]	February, 2024 [#]			
a) Twelve Month Average Basis	6.15	6.96	7.70	8.39	9.02	9.29	9.48	9.59	9.66			
b) Point to Point Basis	7.56	9.10	8.71	9.33	9.74	9.63	9.41	9.86	9.67			
Corresponding Period	June, 2021	September, 2021	December, 2021	March, 2022	June, 2022	September, 2022	December, 2022	January, 2023	February, 2023			
a) Twelve Month Average Basis	5.56	5.50	5.55	5.75	6.15	6.96	7.70	7.92	8.14			
b) Point to Point Basis	5.64	5.59	6.05	6.22	7.56	9.10	8.71	8.57	8.78			
Classified Loan	June, 2021	December, 2021	June, 2022	September, 2022	December, 2022	March, 2023	June, 2023	September, 2023	December, 2023			
a) Percentage Share of Classified Loan to Total Outstanding	8.18	7.93	8.96	9.36	8.16	8.80	10.11	9.93	9.00			
b) Percentage Share of Net Classified Loan	-0.47	-0.43	0.49	0.90	-0.08	0.30	1.58	1.22	0.59			
Agricultural and Non-farm Rural Credit (Tk. in crore)	December, 22	January, 23	July- Jan, FY23	December, 23	January, 23 ^P	July- Jan, FY24 ^P	FY23	FY22	FY21			
a) Disbursement**	3892.42	2014.22	18684.32	3046.05	2827.68	21153.85	32829.89	28834.21	25511.35			
b) Recovery	3558.65	2016.74	18446.50	3361.09	2531.05	20310.59	33010.09	27463.41	27123.90			
c) Outstanding	50997.35	51225.71	51225.71	55395.32	55634.92	55634.92	52704.45	49802.28	45939.80			
SME Loan (Tk. in crore)	Oct-Dec, FY22	Jan-Mar, FY22	Apr-Jun, FY22	Jul-Sept, FY23	Oct-Dec, FY23	Jan-Mar, FY23	Apr-Jun, FY23 ^P	FY23	FY22			
a) Disbursement	57118.60	51716.69	56484.26	51676.81	60611.61	49068.40	62747.05	224103.87	207395.04			
b) Outstanding	252082.09	259704.21	271448.58	273906.60	282896.54	283236.32	295842.02	295842.02	271448.58			
Industrial Term Loan (Tk. in crore)	Oct-Dec, FY22	Jan-Mar, FY22	Apr-Jun, FY22	Jul-Sept, FY23	Oct-Dec, FY23	Jan-Mar, FY23 ^P	Apr-Jun, FY23 ^P	FY23	FY22			
a) Disbursement	18772.59	17340.49	21413.63	18562.45	29574.55	20907.66	26127.36	95172.03	72360.96			
b) Recovery	18477.42	16572.97	16832.73	20610.17	50593.69	17899.35	17290.02	106393.23	64862.58			
c) Outstanding	308918.45	310572.40	320410.22	328742.50	360051.14	383075.76	395317.82	395317.82	320410.22			
GDP Growth Rate (in percent, Base: 2005-06=100)	FY15	FY16	FY17 ^N	FY18 ^N	FY19 ^N	FY20 ^N	FY21 ^N	FY22 ^N	FY23 ^{NR}			
	6.55	7.11	6.59	7.32	7.88	3.45	6.94	7.10	5.78			

Weekly basis commodity Statement of LCs Opened and Settleed 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 L/Cs	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 Mize 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	
	Grand Total	1138.93	1096.19	951.28	1388.85	775.92	1076.34	944.39	1436.97	326.30	379.63	4136.82	5377.98	

Data downloaded: on 31.08.22

New Delhi Should Consider On-Arrival Visa To Bangladeshis



Jessia Islam and Imtiaz Ahmed

Lack of strong political commitment, security issues, poor vision and colonial mindset will stand in the way of introducing on-arrival visas between Bangladesh and India despite cordial, pleasant and harmonious relations between Dhaka and New Delhi over the last 15 years.

According to the 2024 Henley Passport Index, a Bangladeshi passport entitles visa-free travel to 42 destinations. The 2024 edition of Henley Passport Index -- the most widely-accepted rating of global travel documents -- placed the Bangladeshi passport at 97th

position. In South Asia, the Bangladeshi passport fared better compared to that of Nepal (98), Pakistan (101) and Afghanistan (104). The Henley Passport Index, the only one of its kind based on unique data from the International Air Transport Authority (IATA), has historical data going back 19 years. The database lists 227 travel destinations and 199 passports.

The Henley Passport Index is updated every quarter, and is regarded as the go-to resource for global citizens and sovereign states for determining where a passport ranks on the scale of global mobility. Shiblul Azam Koreshi, presi-

dent of the Tour Operators Association of Bangladesh (TOAB), while talking to this correspondent said that the organisation sent a proposal to Home Minister of Bangladesh Asaduzzaman Khan Kamal in 2022 to introduce the on-arrival visa to Indian tourists in a bid to increase in-bound tourists. According to statistics of Bangladesh Tourism Board (BTB), Indian tourists consist of over 70 per cent of total in-bound tourists in Bangladesh.

Meanwhile, India should consider issuing on-arrival visas to Bangladesh nationals taking into account the sustained economic growth of

Bangladesh, emergence of a rising upper middle class and middle class, especially sufferings of patients seeking treatment in the neighboring countries, according to politicians, diplomats, business leaders and policymakers.

Bangladeshi tourist arrivals in India in 2023 posted over 60 per cent growth compared with that of in 2022. The Data shows that some 20,56,880 Bangladeshi tourists visited the neighboring country in

December, 2023 were 92,36,108 as compared to 64,37,467 in January-December 2022 and 1,09,30,355 in January-December, 2019 registering a growth of 43.5% and -15.5% with respect to 2022 and 2019 respectively.

Besides tourists, several thousand Bangladeshi students are pursuing higher education, in elementary schools and several lakh to get better treatment in different parts of India. However, despite the

showing a decline of -8.61 per cent compared with 2019.

The percentage share of foreign tourist arrivals in India during January- December, 2022 among the top 15 source countries was the highest from USA (22.19%), followed by Bangladesh (20.29%), UK (9.98%), Australia (5.96%), Canada (4.48%), Sri Lanka (2.87%), Nepal (2.19%), Germany (2.01%), Singapore (1.89%), Malaysia (1.88%), France (1.79%),



2023 as while it was 12,55,960 in 2022. Bangladeshi tourists (22.27 per cent) also retained the top position in neighbouring India during the January-December period of 2023, followed by the United States (17.79 per cent), the UK (9.68 per cent), Canada (9.68 per cent) and Australia (4.05 per cent), according to the data of the Tourism Ministry of the government of India.

Foreign tourists arrivals (FTA) during the period of January-

impressive growth, the sector remains 15.5 per cent below pre-pandemic levels recorded in 2019, according to the India's Ministry of Tourism's data.

The Financial Earnings from Expenditure (FEEs) during January-December 2023 stood at 2,31,927 crore, reflecting a substantial 65.74 per cent growth from the previous year. In terms of US dollars, FEEs reached \$28.077 billion, demonstrating a robust 59.43 per cent growth, albeit

Russian Federation (1.54%), Maldives (1.14%), Portugal (1.10%), & Italy (0.97%).

As far as tourism is concerned, the year 2019 was a notable year for India as it witnessed more than 10.93 million tourist arrivals. India's rank in terms of FEE during the year 2019 was 12th in the world. Moreover, India stands at 6th position in tourism receipts within the Asia & Pacific region. Bangladesh retained the top position with 2.26 million

(21.37%), followed by United States 1.46 million (13.80 per cent), the United Kingdom 1.03 million (9.75 per cent), Sri Lanka 0.35 million (3.35 per cent), Canada 0.35 million (3.32 per cent), Australia 0.34 million (3.28%), Malaysia 0.32 million (3.02%), China 0.28 million (2.67%), Germany 0.27 million (2.60%), Russian Fed 0.26 million (2.48%), France 0.26 million (2.48%), Japan 0.24 million (2.24%), Singapore 0.18 million (1.74%), Nepal 0.17 million (1.65%), and Thailand 0.16 million (1.58%).

Experts predict continued growth in the inbound tourism sector, with Virendra Jain, co-founder and CEO of VIDECON Consultants, expressing optimism for 2024. Virendra Jain, co-founder and CEO of VIDECON Consultants said, "While outbound travel has almost restored to its pre-pandemic highs, inbound travel is expected to consolidate its recovery next year".

Conversely, medical tourism, which constituted a significant portion (45.73 per cent) of arrivals in December, saw a decrease in its share compared with the full year (26.52 per cent). Sources said campaigns in social media perhaps lead to drop in medical tourism in neighboring countries.

Meanwhile, India is considering issuing on-arrival visas for Bangladesh nationals, said Indian High Commissioner to Bangladesh Pranay Kumar Verma said in a meeting with Civil Aviation and Tourism Minister Faruque Khan at his office at the secretariat in Dhaka recently.

He said that the High Commission of India had issued some 16 lakh visas in favour of Bangladesh citizens last year. It is increasing day by day. "We have raised our capability to issue visas in favour of Bangladeshis in time. New Delhi is also considering issuing non-arrival visas to Bangladesh nationals in

future." The Indian high commissioner said several Indian entrepreneurs showed keen interest to invest in Bangladesh's tourism industry.

"Especially India is interested in establishing air connectivity among India's North-Eastern states and Bangladesh", said the high commissioner. Meanwhile, State Minister of Shipping Khalid Mahmud Chowdhury said that India should issue on-arrival visas to Bangladeshis, particularly to patients seeking treatment in the neighboring country.

He has expressed this view while speaking at a discussion meeting



marking the International Mother Language Day, organized by the Bangladesh High Commission in Kolkata.

A top leader of the Tour Operators Association of Bangladesh (TOAB) said that the High Commission of India should increase the manpower and ease sufferings of thousands of Bangladeshi visa seekers.

A Bangladeshi visa seeker has to stand in a long queue with the India Visa Application Centre at the Jamuna Future Park to deposit his or her visa application form. Rezaul Ekram, Bangladesh Chap-

ter President at South Asia Tourism Federation said that India should consider issuing on-arrival visas to Bangladeshis as the country has become an emerging economy in the region. He said that Bangladesh also witnessed a good economic growth in the last 50 years and will become an economic powerhouse in the coming days. He said that both Bangladesh and India should ease the visa process to speed the movement of the tourists. As the both countries are enjoying warm relations at the political level, time now on emphasizing the people-to-people relations. Rezaul Ekram, also proprietor and CEO at Entourage

BD, said tourism sectors of both countries will be benefited provided the on-arrival visa system is introduced.

Meanwhile, an Indian tourism official said, "Bangladesh and India share the fifth-longest land border in the world. This might also explain the high tourism sector that can be developed between Bangladesh and India.

Meanwhile, Bangladesh is set to propose substantial amendments to its travel agreement with India, focusing on enhanced convenience and flexibility for citizens traveling between the two countries.

The proposed changes include issuing visas that allow travel through any check-post and offering flexibility for long-term medical treatments.

The existing travel agreement, initiated on 1 September 1972, and last revised in January 2013, expired recently, prompting Bangladesh to present a comprehensive proposal for its renewal.

A senior official from the Ministry of Home Affairs anticipates the signing of the new travel agreement within the next month. To facilitate this process, Bangladesh's

Ministry of Foreign Affairs, initiating a mutual exchange of opinions before the agreement is renewed.

One of the significant proposals aims to replace the term "Designated check post" with "Through any check post" in visa documentation. This change aims to provide travellers with the flexibility to choose their entry and exit points, alleviating congestion at specific check posts and streamlining the travel process.

Similarly, the proposal includes provisions for multiple travels and the option to change hospitals

of river routes follows recent agreements between both countries to launch river cruises.

For stays exceeding six months, the current requirement for approval from the Foreigner Registration Office or Relevant Authorities may be replaced with online registration for a Residential Permit 14 days before arrival.

Notably, there will be no changes to long-term multiple entry visas and long-term employment visas.

Bangladesh issues various visas to India, including diplomatic and official visas, short-term double-entry visas, long-term multiple-entry tourist visas, medical visas, long-term employment visas, visas for investors or businessmen, visas for journalists, visas for research scholars or fellows working in educational or research institutions, visas for students, transit visas, and double entry visas.

Crucially, there is no visa fee for travel to Bangladesh and India. In emergencies, citizens can obtain instant visas in exchange for a service charge, though this provision is seldom utilised.

Bangladesh's proposed amendments seek to streamline and enhance the travel experience for citizens of both countries.

With a significant number of Bangladesh visitors to India each year for education, medical care, employment, business, and tourism, these changes are poised to foster a more seamless and convenient travel relationship.

According to data from the Bureau of Immigration of India, Bangladesh contributed substantially to India's tourism sector in 2022, with 20% of tourists originating from Bangladesh, making it the second-highest contributor after the United States. ■



Security Service Division has meticulously prepared a proposal.

An inter-ministerial meeting gathered opinions and recommendations from relevant stakeholders, including the Ministry of Foreign Affairs, Ministry of Commerce, Ministry of Health and Family Welfare, Bangladesh Investment Development Authority (BIDA), Ministry of Information and Broadcasting, Ministry of Secondary and Higher Education, and the Ministry of Shipping.

Following the meeting, the finalised proposal will be sent to the Indian side through the Minis-

try of Foreign Affairs, initiating a mutual exchange of opinions before the agreement is renewed.

Additionally, Bangladesh will propose increasing the visa-free stay period for diplomatic and official passports from 45 to 90 days. The Ministry of Foreign Affairs has already submitted this proposal to the Ministry of Home Affairs.

Other proposals include extending the validity of short-term double-entry visas from 3 to 6 months and recognizing river routes as a legitimate travel option.

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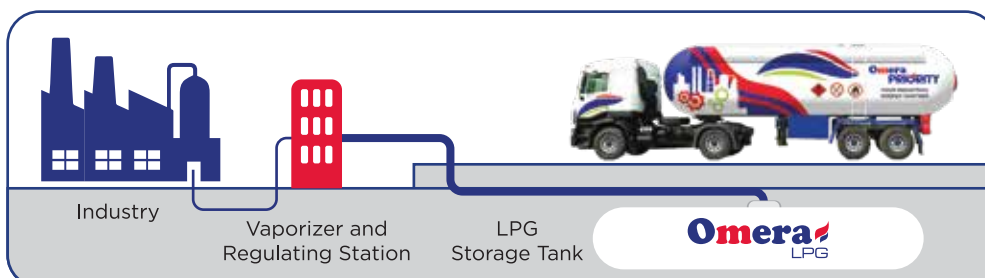


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