

Heat Turning On Politics Again

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Steel Sector

Heading Towards A Complex Situation?

Will Crawling Peg Cure Currency Woes?



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Business Outlook

From the Editor

Take Steps To Rescue Steel Sector

It is almost recognised globally that the steel industry is one of the major indicators of the economic growth of a country. The equation is simple – if the steel industry grows, the country's economy advances. The infrastructure is very much aligned with the growth of the economy and the associated sectors also grow with its development. So, if the steel sector suffers, it means the other economic sectors are not in good health. The growth of all other sectors will decline. The current financial slowdown, caused by economic mismanagement, a dollar shortage and the local currency depreciation, is taking a toll on the country's industries. But none is feeling the pinch as acutely as the steel sector. The multiple challenges the steel sector is now grappling with may derail its growth trajectory. The steel sector, comprising large, small, medium and micro industries, and cottage industry, accounted for more than one-third or 37.65 per cent of the country's gross domestic product in FY23. The share of large industries, including steel mills, was 13.1 per cent. The production of steel remained steady at 5.5 million tonnes in both 2021 and 2020. However, the production experienced a significant decline going down to 5.2 million tonnes in 2022 due to COVID-19. In 2023, the production recovered to 5.5 million tonnes. However, the full-fledged recovery of the steel industry has been obstructed by the current economic downturn that has lingered since the beginning of FY23. That the economic gloom became downward can be understood with the release of the country's growth in GDP for the period of October-December or the second quarter of FY24. The growth has been recorded at 3.78 per cent by the Bangladesh Bureau of Statistics as part of its exercise to calculate the growth quarterly under the \$4.7 billion loan programme with the International Monetary Fund. The overall development regarding the country's steel sector and its associated data made it clear that the sector is heading towards a complex situation. The economic crisis caused by the dollar shortage has already threatened the sustained production record of primary construction materials. The Brussels-headquartered World Steel Association, an international trade body, calculated that the per capita steel consumption in Bangladesh dropped to approximately 43kg in 2022 from over 45kg in 2020 due to COVID-19. In 2023, the per capita consumption recovered to pre-pandemic level although the country lagged per capita consumption of India's 81kg and China's 645 kg.

We would request the government to look into the situation. If the steel sector suffers, its impact will be enormous and no other industrial sector will do better. So, immediate attention is required to address the issue in a bid to save the steel industry. ■



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302 Industries Will Make Investment

The Bangladesh Investment Development Authority (Bida) received a total of Tk 33,806.29 crore investment proposals from home and abroad in the January-March period of 2024. Some 302 industries have registered with Bida to make this investment, according to a statement of the investment promotion agency. Out of them, 270 industries are local, 18 industries are fully foreign-owned and 14 have joint ownerships. Of the total investment, Tk 17,636 crore will come from local investors and will create employment opportunities for 218,131 people. According to the proposals, Tk 4,027.4 crore will be invested in the agriculture industrial sector, Tk 3,765.33 crore in the garments industry, Tk 3,117.03 in chemical sector, Tk 2,342.90 crore for engineering sector and Tk 1,993.36 crore in printing and publishing industry. In the three months, foreigner will



invest Tk 16,169.37 crore, which will create jobs for 4,735 people. Of the foreign investments, Tk 13,620.74 crore will be invested in the engineering industrial sector, Tk 1,645.8 crore in the services industry, Tk 413.67 crore in chemical industry, Tk 395.25 crore in the garment industry and Tk 48.77 crore in tannery and leather industries. ■

IMF's Loan Conditions Undermine Public Interest

Speakers at a human chain on May 6 expressed concern at the stringent conditions imposed by the International Monetary Fund. The IMF's conditions, such as to cut back on government's subsidies, undermine the financial interests of ordinary people, they said, urging resistance to this end. Equity and Justice Working Group (EquityBD) organised the human chain in front of National Press Club in Dhaka. An IMF team is now in Bangladesh to negotiate the release of its third installment of loan to Bangladesh government. The government requested for a \$4.7 billion loan from the IMF last year after the reserves fell from \$41 billion in 2021 to \$19.5 billion in 2023. Highlighting the need to rationalise subsidies and crackdown on financial crimes rather than imposing punitive measures on the public, the speakers said the IMF mission is neither addressing critical issues like capital flight and money laundering, nor suggesting ways to increase tax revenue. ■



Italy To Host 58th ADB Annual Meeting Next Year



Italy will host the Asian Development Bank's (ADB) 58th Annual Meeting on May 4-7 next year. The meetings will be held in Milan, marking Italy's first time to host and the first ADB Annual Meeting in Europe in almost a decade. The annual meeting theme is "Sharing Experience, Building Tomorrow". The Annual Meeting is a key opportunity for Governors from ADB's 68 members to consider development issues and challenges facing Asia and the Pacific, said ADB on May 6. Several thousand participants, including finance ministers, central bank governors, senior government officials, members of the private sector, representatives of international organizations, civil society, and the media regularly join the meeting. "The challenges of climate and development are persistent and demand our continuing efforts. Milan, as an economic powerhouse at the forefront of innovation and industry, symbolizing the spirit of progress and collaboration, is an ideal location to exchange experiences and build a better tomorrow," said ADB President Masatsugu Asakawa. ■

FBCCI Seeks 2 EZs Dedicated To Fisheries For Export

Business leaders of the Federation of Bangladesh Chamber of Commerce and Industry has said that there was huge potential for foreign exchange earnings by exporting shrimp, crab, freshwater fish, marine fish and other fish. Bangladesh is still lagging far behind in this sector even though the neighbouring countries have utilized this opportunity, they said. ‘Fisheries sector traders seek policy support from the government including establishment of two separate economic zones for this sector to exploit the untapped opportunities of this potential sector and to increase production and supply of fish at local and international level,’ said the business leaders at the first meeting of the FBCCI Standing Committee on Fisheries Sector, held at Motijheel office on May 6. Meanwhile, traders said that there was an opportunity to earn huge foreign exchange by exporting shrimp, crab and other fish. ■



Shipping Corporation's Profit Down 27% In July-March



State-owned Bangladesh Shipping Corporation (BSC) has witnessed a year-on-year drop in both revenue, generated from renting out its seven vessels, and associated profit in the first nine months of this fiscal year of 2023-24. Officials attributed it to five of the seven vessels remaining out of operation for most of the period for routine maintenance and repairs. In the latest July-March period, the revenue amounted to Tk 346.49 crore, according to financial statements shared by the BSC officials with this newspaper recently. This was a 6.25 percent fall from the Tk 369.59 crore generated during the same period of the previous fiscal year of 2022-23. Subsequently, Tk 173.71 crore was generated as profit in the three quarters whereas it was Tk 236.90 crore in the same period of the preceding fiscal year, meaning a decrease of 26.67 percent. These caused earnings per share (EPS) to plunge around 12 percent, according to the BSC's disclosure on the Dhaka Stock Exchange (DSE) website. ■

Hilsa Production Tops 5.71 Lakh Tonnes In FY23

Fisheries and Livestock Minister Abdur Rahman on May 6 said the production of hilsa fishes has exceeded 5.71 lakh tonnes as per data for the fiscal year ending June 2023. “The hilsa production was 2.99 lakh tonnes in 2008-09 fiscal year, but reached 5.71 lakh metric tonnes in 2022-23 fiscal year due to the appropriate initiatives taken by the present government,” he said. The minister made the remarks while responding to a question raised by independent lawmaker Pankaj Nath during a question-answer session at the National Parliament in the capital. Parliament Speaker Dr Shirin Sharmin Chaudhury chaired the session. Abdur Rahman said that in the 2008-09 fiscal year, the country’s hilsa production was only 2.99 lakh metric tonnes but has grown exponentially by now. To raise the hilsa production, the minister said the government led by Prime Minister Sheikh Hasina has taken various steps including



increasing the quantity of rice for the fishermen under the Vulnerable Group Feeding (VGF) project. The monthly allocation of the VGF rice has been increased to 40 KGs from the earlier allocation of 10 KGs. So, the country’s hilsa output reached 5.71 lakh metric tonnes in the 2022-23 fiscal year, and has almost certainly grown significantly more since then. ■

Heat Turning On Politics Again



SMS Hasan

Politics is again getting hot this summer with both the opposition and ruling parties scaling up their activities after the 2024 general election, which was held on January 7. The government is holding upazila elections across the country. Opposition BNP is boycotting the polls in continuation of its decision not to join any election under the Awami League government. Ruling Awami League is participating in the polls. The people are refraining from going to the voting centres in the polls. After the first phase of the upazila elections, the chief election commissioner briefed the media on the voter turnout. About the low turnout, he said 30–40 percent of people cast their votes. He said due to rain and paddy harvesting, voters did not come to the polling centres expectedly. In such a situation, US Assistant

Secretary of State for South and Central Asian Affairs Donald Lu is visiting Bangladesh. He will meet both top government officials and civil society leaders. But his agenda does not include anything related to politics. The Indian foreign secretary already came to Dhaka to invite Prime Minister Sheikh Hasina to visit the neighbouring country. He expressed his country's desire to build the Teesta Barrage. Earlier, another big neighbour China offered Bangladesh to implement the project on its own finance. Though there are no major political activities in the country, a kind of unrest is prevailing in the politics. Both the opposition BNP and ruling Awami League are holding public gatherings to counter each other. The leaders of the two parties are making arrogant remarks against each other. Political analysts believe the BNP's

boycott and the low turnout in the elections created a kind of discomfort for the ruling Awami League. The non-compliance of the party directives by relatives of ministers and parliament members added to this discomfort. Some BNP leaders violated party directives and participated in the elections and finally got expelled from the party. Most of these leaders could not come out victorious in the elections. This will definitely boost the morale of BNP leaders and activists who boycotted the elections. But continuous boycott policy does not always give positive results. So, the BNP should change its boycott policy. Otherwise, it may boomerang. In the same way, the ruling Awami League should look into its policy to unilaterally hold elections without the participation of other political parties, especially the opposition parties. Otherwise, it

will also boomerang for the party. People will finally lose their confidence in the two parties.

CEC: 30-40% Voter Turnout In First Phase

Chief Election Commissioner (CEC) Kazi Habibul Awal said around 30-40% of votes might have been cast in the first phase of polling. He said this while briefing the journalists at the EC office after the voting ended at 4pm on May 8. The CEC added that voting in the first phase of the upazila elections was held peacefully. He said the voter turnout in the election may be between 30-40% due to morning rain

immediate action. Polling has been suspended in two centres." Kazi Habibul Awal said the administration and police were alert enough in fulfilling their duties. They performed their duties with professionalism. He said: "According to the information received from our control room, 34 incidents have taken place when 25 people were injured and 37 arrested. These incidents happened outside the polling stations." The voter turnout was low in the morning. However, it increased slightly as the afternoon progressed. In the first phase, with eight chairman posts, 10 vice-chairman posts and 10 women vice-chair-



BNP secretary general Mirza Fakhrul Islam Alamgir addressing a Jatiyatabadi Jubo Dal rally at Naya Paltan

and paddy harvesting season.

"I learned that the voters did not come to the polling station as they were harvesting paddy. In addition, there have been storms in some places. More voters would have been better. My issue is whether the voting took place, whether the voters were able to come, whether they could vote, or whether there was any irregularity anywhere. We have fulfilled our duty," he added.

The CEC said: "A total of 139 upazila went to polls today in the first phase. Based on the information we received from various sources, the elections were free, fair and peaceful. A few sporadic incidents occurred, resulting in some injuries. We have taken

person posts, 28 people won unopposed.

The local government election is being held in four phases. In the first phase, polling was conducted in 139 upazila parishads of Rajshahi, Rangpur, Khulna, Barisal, Faridpur, Dhaka, Mymensingh, Sylhet, Cumilla and Chattogram regions. Polling will be held in 160 upazilas in the second phase on May 21, in 110 upazilas in the third phase on May 29 and in more than 50 upazilas in the fourth phase on June 5. Prior to the start of the elections, the Election Commission had estimated more than 28 million voters across the 139 upazilas.

Donald Lu's Visit: Scope Likely To

Differ From Previous Engagements

Considering Bangladesh's overall stability and economic prosperity, big partners are showing greater interest in engaging with the stable new government, said Foreign Secretary Masud Bin Momen said ahead of US official Donald Lu's visit to Bangladesh.

He said they are (big countries) certainly comparing with each other. "I won't say it's a competition but I would say they all have much interest." US Assistant Secretary of State for South and Central Asian Affairs Donald Lu travelled to Bangladesh on May 14 as part of his tri-nation tour of the region. His trip is supposed to strengthen bilateral cooperation with each country and demonstrate US support for a free, open, and prosperous Indo-Pacific region, said the US Department of State.

Lu is scheduled to meet government officials, civil society leaders, and other Bangladeshis to discuss US-Bangladesh cooperation, including on addressing the climate crisis and deepening economic ties, said a spokesperson at the US Department of State. The scope and thrust of his visit are likely to differ greatly from previous ones - before the election in Bangladesh. "The pre-election scenario and the current scenario are totally different. A new government has been formed. A stable government is carrying forward its activities by engaging with various countries. All countries think of engaging with Bangladesh," Masud Momen said.

He said all elements of the mutual relations - political, economic and even security issues will be discussed. "We have many mechanisms, platforms and dialogues with them (US). It will be looking into how all these can be reactivated and what are the mechanisms we can take forward," said the foreign secretary. He said there is no reason to think that only the Rohingya issue will be discussed. Asked about the pre-election discomfort, the foreign secretary said Bangladesh did never feel discomfort. They might have felt that.

"From our side, there was no discomfort before the elections, and still we do not have any discomfort," he said. A diplomatic source last week indicated that Lu might be in Dhaka on May 14 on a two-day visit, which is seen as an opportunity to discuss ways for future cooperation. The US assistant secretary is likely to discuss bilateral issues with Momen apart from his courtesy meeting with Foreign Minister Hasan Mahmud and PM's adviser Salman F Rahman, the source told UNB. After the January 7 national election, the US in a statement on January 8 said: "Looking ahead, the United States remains committed to partnering with Bangladesh to advance our shared vision for a free and open Indo-Pacific, to supporting human rights and civil society in Bangladesh, and to deepening our people-to-people and economic ties."

In February this year, Eileen Laubacher, special assistant to the president and senior director for South Asia, US National Security Council (NSC); Michael Schiffer, Usaid assistant administrator, Bureau for Asia; and Afreen Akhter, US Department of State deputy assistant secretary for South and Central Asia, paid a three-day visit to Bangladesh. "There is willingness from both sides. Together, we want to create a new chapter in our relations," Foreign Minister Hasan Mahmud told reporters after his meeting with the US delegation at the Ministry of Foreign Affairs at that time.

"It's a pleasure for us to talk about our shared priorities and ways for us to cooperate together in the future," Eileen Laubacher told reporters in her very brief remarks. Earlier, Foreign Minister Hasan Mahmud said the relations with the US remain "excellent," and the two countries are working closely to further improve the ties. "In the future, we will continue to work closely, and the relations will be deepened," he added.

What Has Donald Lu Got For The BNP?

The BNP leaders see Lu's visit a little

differently. Some party leaders believe that Donald Lu will visit Dhaka to pressure the government for snap polls. Earlier, Lu came to Dhaka twice – in January and July last year. He also appeared on a local TV show in May last, where he spoke about the new US visa policy for Bangladesh. BNP leaders say some of Prime Minister Sheikh Hasina's statements have raised new questions recently. Until May 10 night, there was no information about any meeting of the BNP leaders with Donald Lu, according to several senior leaders.

"There has been no discussion in the party about Donald Lu's visit. But we

Bangladesh after the elections." He believes the government has suddenly become uneasy. Dr Asaduzzaman also referred to the recent visit of the UK Minister of State for India and the Pacific, Anne-Marie Trevelyan, and India's Foreign Secretary, Vinay Mohan Kwatra, to Dhaka. "The voter turnout in the upazila polls should have been 80% or 90% if the people were satisfied with Sheikh Hasina's work."

Meanwhile, another central leader of the BNP said the situation could be more unfavourable if there was not a meeting between the US official and the party. The visit of Donald Lu also included a crucial meeting with civil



Awami League general secretary Obaidul Quader speaking at a peace and development rally organised by Awami League Dhaka City North at Goznabi Road of Mohammadpur

have recently observed the speeches of Awami League President Sheikh Hasina, who said that she does not care about anyone and questioned who will be the next prime minister. We don't understand why she feels like this all of a sudden," said BNP Foreign Affairs Committee Member Dr Asaduzzaman Ripon. "Questions and doubts have arisen in people's minds about whether Sheikh Hasina will remain in power or not," he added.

After Sheikh Hasina came to power, her ministers said foreigners had congratulated the new government. "But now the prime minister is saying this probably due to the fact that many foreign representatives have visited

society representatives in Dhaka. An environmentalist who works on climate change has confirmed that he has received an invitation from the US Embassy in Dhaka to a meeting with Donald Lu. Shushashoner Jonno Nagorik Secretary Badiul Alam Majumder said he had not yet gotten an invitation.

India Interested In Financing Bangladesh's Teesta Project: FM

India has expressed interest in financing Bangladesh's Teesta project, Foreign Minister Hasan Mahmud said on May 9.

"You know, we have taken a big project on Teesta. India wants to

finance this project. It will have to be implemented in line with our needs. We want to see our needs fulfilled," Hasan told reporters after his meeting with Indian Foreign Secretary Vinay Mohan Kwatra at the Ministry of Foreign Affairs. He made the remarks when asked whether they discussed the



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

Teesta issue. "We have discussed the Teesta issue," the Foreign Minister said. During the meeting, both sides discussed the issues of mutual interests underscoring the shared commitment to deepening cooperation across various sectors.

Foreign Minister Hasan raised the water-sharing issue of the common rivers, including that of Teesta and the renewal of the Ganges water-sharing treaty. He also stressed economic cooperation for the betterment of the people of the two countries. He also stressed easing the visa issuance process for further strengthening the people-to-people contact. Regarding Prime Minister Sheikh Hasina's visit to New Delhi, Hasan said the PM will definitely visit India.

"Elections are underway in India. The new government will be formed after the election and then the date will be finalised for the visit," he said. Asked whether the PM will go to India or China first, the Foreign Minister smiled and said Delhi is close to

Bangladesh in terms of geographical distance. Diplomatic sources indicate that PM Hasina's visit to India is planned for early July if not possible at the end of June, after the conclusion of the neighbouring country's election. Pre-election surveys suggest a strong showing for the coalition led by Indian Prime Minister Narendra Modi, who is widely anticipated to secure re-election.

In January, Modi extended warm congratulations to PM Hasina on her electoral victory, expressing hopes for the continued strengthening of the historically close ties between India and Bangladesh. The last bilateral engagement between the two prime ministers occurred during the G-20 Leaders Summit in September 2023, where Bangladesh was a guest country. Modi is expected to extend invitations to South Asian and BIMSTEC country leaders for his swearing-in ceremony, fostering regional cooperation.

Regarding border killings, the Foreign Minister said there is no deficit of willingness at the government and political level to end border killings. "We have discussed the issue in detail. We have laid emphasis on the use of non-lethal weapons," Hasan said. He said border forces have been instructed and they are using non-lethal weapons following the instructions. However, the foreign minister said it turns into lethal weapons when used from close proximity.

"They have no lack of sincerity. We have to work more on this issue," he said. Hasan said they also discussed both physical and people-to-people connectivity. He said they have discussed cooperation from India to import hydropower from Nepal and Bhutan through India.

They also discussed ways to further ease the visa regime so that people can move freely and strengthen people-to-people relations. India has the highest visa issuing centre in Bangladesh and they are very sincere to ensure that people get visas quickly, Hasan said. He said Bangladesh-India

relations are multifaceted and the relations reached new heights under the leadership of Prime Minister Sheikh Hasina and her Indian counterpart Narendra Modi. "We have excellent relations with India." Earlier, the Indian Foreign Secretary had a meeting with Prime Minister Sheikh



Muhammad Hasan Mahmud
Minister of Foreign Affairs

Hasina at his office on Thursday morning.

Meeting With Bangladesh FS

The Indian foreign secretary also held a meeting with Foreign Secretary Masud Bin Momen and they had "constructive discussions."

The discussion focused on bilateral issues, regional cooperation, and avenues for future collaboration. They expressed optimism about the prospects for furthering bilateral cooperation to address shared challenges and capitalise on emerging opportunities, according to the Ministry of Foreign Affairs. They also discussed cooperation in the areas of green energy, digital economy, technology space etc.

Among other issues, Foreign Secretary Masud particularly emphasised power sector cooperation, connectivity, enhancing Bangladesh's export to India, cooperation in regional and international platforms and support for Rohingya repatriation. ■



IMF Lowers June Forex Reserve Target For Next Loan Tranche

Business Outlook Report

Bangladesh's net forex reserves target for June has been readjusted to around \$18 billion by an IMF loan-appraisal mission. Sources said the visiting International Monetary Fund (IMF) team agreed to lower the mark for next month from the previously set target of \$20.1 billion on request from the government.

Led by Chris Papageorgiou, chief of the IMF's development macroeconomics division, the delegation had meetings with finance officials on Monday, sharing the findings they had collated since late last month about the country's financial strengths and weaknesses. Officials said the fund appraisers would also have

consultations with the Finance Division and central bank's officials before finalizing the letter of intent and memorandum of understandings for the third tranche of the \$4.7 billion loan package attached with strings that involve painful reforms. They said the government "could convince the IMF delegation that necessary contractionary measures had been taken to lessen imports and save foreign currency but, despite many other cost-cutting measures, the reserves situation could not be improved as expected".

On enhancement of revenue collection, officials said, the government acknowledged that they would not be able to meet the June target of Tk394,000 crore. Howev-

er, National Board of Revenue (NBR) officials also pledged heightened efforts to get to the goal. Sources say the IMF is scheduled to release the third tranche of the loan later this month and finance officials are confident that the funds will be available in time. Officials said the IMF delegation had reviewed achievements of targets and reform conditions until December last for releasing the third tranche of the loan by the end of this month.

To get the fourth tranche of the loan, the government of Bangladesh will have to meet the targets set for June. Sources say except for the reserves, the government could meet the targets set for December last year. However, the

finance officials think that meeting all the targets for June, including forex reserves and revenue collection, is impossible. So, they sought mitigation in these cases. In the face of macroeconomic instability, Bangladesh in late 2022 approached the IMF for a loan program to replenish its forex reserves. The Washington-based financier in January last year approved a \$4.7 billion loan and at the same time put forward some reform measures to help bring financial stability.

The IMF-furnished to-do recipe includes cutbacks on state subsidies on various sectors, which economists and analysts say would lead to tariff rises. It also cajoles for market-based interest and exchange rates. ■



Economic Crisis May Deepen In 2026

Business Outlook Report

The economic crisis in Bangladesh may deepen in 2026 as the government will have to shell out large sums for foreign debt management and to repay loans borrowed from local banks, a noted economist said on May 6. Debapriya Bhattacharya, a distinguished fellow at the Centre for Policy Dialogue (CPD), earlier had predicted that the country would be in trouble in 2024 for an increase in loan repayments by the government.

And that has materialised as, in the July-March period of this fiscal year, Bangladesh's foreign debt servicing surged by 49 percent year-on-year, as per the Economic Relations Division. This was driven by spiralling interest payments, which crossed the \$1 billion mark for the first time. Similarly, the country will face a severe crisis in 2026 as the government has availed a significant amount of loans from foreign

lending agencies and local banks which it will have to repay, said Bhattacharya. As of December 2023, Bangladesh's external debt stood at \$79.6 billion. This figure was approximately 13.7 percent of the nation's gross domestic product of fiscal year 2022-23. Bhattacharya added that private sector loans from foreign sources would push up the total external debt even higher. Of the total borrowing, 20 percent is foreign debt, and more than twice that has been taken either from local banks or by printing money, he added.

He also reminded that such loans would need to be repaid in US dollars, which have been in short supply in Bangladesh in recent times. Bhattacharya was speaking at the first Moazzem Hossain commemorative lecture on "macro-economic challenges and way forward" organised by Economic Reporters' Forum (ERF) at its office

in Dhaka. Bangladesh used to boast about never having failed to repay loans in a timely manner, but that point of pride had been compromised when the country could not timely pay a \$5 billion import bill for petroleum, said Bhattacharya. Moreover, foreign investors cannot repatriate profits due to the shortage of US dollars in the banking system and many foreign airlines cannot take back their earnings from ticket sales due to the dollar crisis, he said.

He added that all such information used to come to the media from Bangladesh Bank, where journalists used to regularly go. This is why journalists were recently restricted from entering the central bank, he said. The central bank's restrictive measures have raised suspicions, said Bhattacharya, adding that the move was pre-emptive and in conflict with the government's vision for a "Smart Bangladesh". Commenting on economic growth, he said

although it has gradually started slowing down, the country's estimates do not match up with the major factors that should play a role. For instance, the current economic growth cannot be attributed to the inflow of investments and loans or import of capital goods. Yet, economic growth is taking place, he said. Moreover, it is not yielding any additional income tax, he said.

Bhattacharya explained that this economic growth could be fostered solely by state investment in lieu of little private investment, which he likened to a plane operating with just one functioning engine. He also pointed out that the economic growth has not improved the tax-GDP ratio and such growth would not lead to more money

being allocated to the education and health sectors. He also opined that overpriced mega projects would be a trap for Bangladesh. Bhattacharya suggested the government give more facilities to cottage, micro, small and medium enterprises, especially those in rural areas. He also suggested the continuation of subsidies to some extent, as well as improving food security by increasing the number of silos and increasing food stocks.

For greater transparency, he proposed making public the names of the three crore beneficiaries of the government's Open Market Sales (OMS) programme, through which some essential food commodities are sold at a subsidised rate. He also urged the government to expand the

coverage of the OMS programme up to the upazila level. This is because many lower middle-income people are now registering for the OMS programme and are standing in queues to buy low-cost food, Bhattacharya also said. He also suggested reducing the bank interest rate and emphasised keeping the policy and fiscal policies consistent. "Who will take responsibility for defaulted loans if banks are merged? Or will Bangladesh Bank waive the defaulted loans?" he asked.

Shamsul Huq Zahid, editor of the Financial Express, also spoke, commemorating Moazzem Hossain, the founding editor of the English daily and founding president of the ERF. ■

Forex Reserve Target For IMF Loans May Be Revised Down To \$18b

Business Outlook Report

Bangladesh has proposed that the International Monetary Fund (IMF) revise down the Net International Reserves (NIR) target for June to below \$18 billion since the existing target will be difficult to achieve due to the prevailing external sector situation.

At present, the NIR target set by the IMF for June stands at \$20.11 billion. Meeting the target is one of the conditions for Bangladesh to secure the fourth tranche of a loan under the global lender's \$4.7 billion loan programme.

The latest proposal was made to the IMF's visiting mission on May 5 during a joint meeting with officials of the finance division and central bank at the finance ministry in

Dhaka. The IMF mission is expected to hold its closing meeting with Bangladesh Bank Governor Abdur Rouf Talukder, where they will finalise the revised figure, a central bank official said.

Officials of the finance ministry and central bank will have a meeting with the IMF mission about the next course of action in the reform programme. An eight-member IMF mission, led by Chris Papageorgiou, has been in Dhaka since April 24 for the second review of the loan programme, after which the third tranche of the loan, worth \$681 million, will be released.

The third tranche is expected to be released in June. Bangladesh met all but one condition for the third tranche, related to NIR. The revised

NIR target was \$17.78 billion in December last year, but the country fell short by \$58 million. However, officials said they were hopeful of getting the third tranche on time despite falling slightly short of the target.

They added that the IMF may set new or revised targets for the fourth and fifth tranches. Since the launch of the IMF's loan programme, Bangladesh has been unable to meet the conditions set for net international reserves.

As Bangladesh could not meet the target set for June last year, the country had to get a waiver to secure the second tranche of the loan. Officials said it would be difficult to meet the NIR target set for June this year since the country's foreign

reserve situation has not improved since December last year. Bangladesh expected to get significant budget support from various development partners, but it is unlikely the country will get any support by June this year other than \$500 million from the World Bank.

Moreover, as global uncertainties persist, there is less possibility that interest rates in the international market will come down. As a result, Bangladesh's private sector

Also, there is no sign that the pressure on the financial account of the Balance of Payment (BoP) will ease.

According to central bank statistics, during the July–February period of the current fiscal year, the current account balance, a major component of the BoP, stood at a surplus of \$4.7 billion. In contrast, the financial account, another key part of the BoP that includes foreign direct investments and short, medium, and

external situation and agreed to revise down the NIR target. Meanwhile, although Bangladesh met the floor tax revenue collection target for the third tranche in December last year, it may fail to meet the target set for the fourth tranche of collecting Tk 394,530 crore by June.

To meet the June target, 20.39 percent growth in tax revenue collection is required. However, in the first seven months of the current fiscal year, tax revenue collection



short-term foreign borrowing has been declining gradually since mid-2022 and that trend may continue until December this year, according to the central bank's estimates.

That decline piled pressure on Bangladesh's forex reserves as the country's outstanding short-term foreign borrowing declined to \$11 billion in February this year from more than \$16 billion in mid-2022.

long-term loans, showed a \$8.3 billion deficit. This is nearly four times the deficit that the account was showing in the same period of the year prior.

On the other hand, the net trade credit deficit stood at \$10.75 billion in the same period compared to \$3.55 billion the year prior because export proceeds fell. A central bank official said the visiting IMF mission accepted the reality of Bangladesh's

growth was 12 percent. As per finance ministry estimates, a maximum of Tk 380,000 crore can be collected by the end of June.

A finance ministry official said they requested the IMF to slightly revise down the tax revenue target but it is unclear whether they will agree. ■

7 Reputed IOCs Purchase Bid Documents For Hydrocarbon Exploration



Business Outlook Report

State Minister for Power, Energy and Mineral Resources Nasrul Hamid said seven reputed international companies purchased bid documents to participate in the bidding round for offshore hydrocarbon exploration in Bangladesh.

He said this while talking to reporters on the sidelines of the promotional seminar on "Bangladesh Offshore Bidding Round 2024" at a city hotel on May 8. The state minister said the huge presence of international oil companies in the event proves

that they have full confidence in the Bangladesh government. Fifteen other international companies are participating in the seminar with their keen interest in investing in the offshore areas, said Nasrul.

Nasrul Hamid said Bangladesh is very confident about the success of the offshore bidding round as global oil majors are participating in it. He said that Bangladesh's energy market is a big one and it's growing fast. That's why the biggest companies are very encouraged to participate in the bidding round, he added. He said the PSC has been updated in a

modern way protecting both the interest of the country and the investors. Nasrul noted that the bidding round will be concluded by September and the government has a target to award contracts shortly so that the investors can start their job by next year.

He also said as per the plan, from exploration to production, the whole process will take 7-8 years to complete the job in the offshore areas. Nasrul Hamid said the government has also been updating the Model PSC for onshore areas. Prime Minister's Energy Advisor

Dr Tawfiq-e-Elahi Chowdhury urged international oil companies (IOCs) to invest in the country's offshore areas for hydrocarbon exploration terming the Bay of Bengal as the most peaceful area in the region.

"Though instability prevails at different places across the globe, South Asia, particularly the Bay of Bengal, remains the most peaceful area. There is no flash-point in this area. If investors think of a long-term investment, it will be less risky for them," he said. As there is a big market here, the investors will have no risk in their

business, he told reporters. He also turned down any possible impact of the Myanmar situation in this case regarding their investment. Petrobangla's general manager (exploration) Farhana Shaon presented at the Bangladesh Offshore Bidding Round 2024".

Tawfiq-e-Elahi Chowdhury said the model production sharing contract (PSC) was updated and redesigned with new features that will give more benefit and profit to the IOCs such as R-factor

through which both the government and the IOCs will be rationally sharing the profits. He noted that a multi-client survey was conducted in the offshore areas which will provide data to the investors about prospects and potentiality of the gas blocks.

"This basin is much richer compared with other ones in the world. Prime Minister Sheikh Hasina's leadership has created confidence for which we're hopeful that this bidding round will be successful...So far we received a huge

response," he said. "We have been pursuing a middle way in attracting the investment so that both the investors and the owners can have a win-win situation," he added.

Meanwhile, the Petrobangla officials said the companies which are participating in the bidding round and the seminar include Petronas, ExxonMobil, Chevron, Inpex Corporation, Jogmec of Japan, CNOOC, ENI Spa of Italy, Kris Energy, ONGC

and TGS and Schlumberger.

With Energy Secretary Md Nurul Alam in the chair, the event was also addressed by the Chairman of the Parliamentary Standing Committee on Ministry of Power, Energy and Mineral Resources Ziaur Rahman, Petrobangla Chairman Zanendra Nath Sarker, Chevron Bangladesh president Eric M Walker and UK-based energy company TGS's senior scientists Elizabeth Gilbard. ■

BIMSTEC Secretary General Participates In Jakarta Futures Forum



Secretary General of BIMSTEC Indra Mani Pandey participated at the "Jakarta Futures Forum: Blue Horizon, Green Growth" organised by the Observer Research Foundation and the Foreign Policy Community of Indonesia (FPCI), with the support of the Embassy of India, in Jakarta, Indonesia this week.

At the Forum, the Secretary General delivered a Keynote Address at Panel Discussion:

"International Cooperation for Facilitating A Just and Inclusive Energy Transition". He also delivered a keynote address, at the Working Lunch on "ASEAN-BIMSTEC Collaboration and Cross Learnings".

Besides, Secretary General met with the following dignitaries and discussed with them the possible future collaboration between the BIMSTEC and ASEAN. Ekkaphab Phanthavong, Deputy Secre-

tary-General of ASEAN for ASEAN Socio-Cultural Community; Satvinder Singh, Deputy Secretary-General of ASEAN for ASEAN Economic Community, Amb. Bovonethat DOUANGCHAK, Permanent Representative of the Lao PDR to ASEAN and the Chair of the Committee of Permanent Representatives to ASEAN (CPR) Amb. Aung Myo Myint, Permanent Representative of Myanmar to ASEAN, Amb. Phantipha Iamsudha Ekarohit, Permanent Representative of Thailand to ASEAN.

BIMSTEC comprises seven countries of the Bay of Bengal region: Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand. It pursues regional cooperation in the following seven sectors: Agriculture and Food Security; Connectivity; Environment and Climate Change; People to People Contact; Science, Technology and Innovation; Security; and Trade, Investment and Development. ■



Bangladesh's Young Workforce Declines In Q1'24

Business Outlook Report

Bangladesh's young labour force is shrinking, according to official data, as the total workforce has been estimated at 25.92 million in the first quarter of 2024. In the January to March period of the current calendar year, the young workforce aged between 15 and 29 fell by 1.46 million compared to the same period in 2023, according to the statistics bureau's Quarterly Labour Force Survey released on May 6.

According to the survey, the annual young workforce was at 26.82 million in 2022 and 26.74 million in 2023. The Bangladesh Bureau of Statistics (BBS) conducted the latest Quarterly Labour Force Survey based on a population of 172.94 million, with an estimated 73.75 million in the labour force. Of them, 71.16 million were employed in the first quarter this year, with the

remaining unemployed. The employed population comprises 48.45 million males and 25.30 million females. The unemployment rate has risen on a quarterly basis, from 2.35% in the fourth quarter of 2023 to an estimated 3.51% in the first quarter of 2024. The BBS survey shows 240,000 more people unemployed in the first quarter of 2024 compared to the fourth quarter of 2023. This translates to a current unemployment figure of 2.59 million, up from 2.35 million in the last quarter of 2023.

The BBS defines unemployment according to the International Labour Organization (ILO) criteria: those willing to work but not having worked for at least an hour in the past seven days and actively seeking paid work in the past 30 days are considered unemployed. The unemployment rate for both men and women in Bangladesh has

also risen in the first quarter of 2024 compared to the last quarter of 2023. The male unemployment rate rose to 3.59% in Q1 2024, up from 3.27% in Q4 2023. The BBS data shows a similar increase for females, with the unemployment rate reaching 3.36% in Q1 2024 compared to 3.06% in Q4 2023. The overall national unemployment rate in Q1 2024 was 3.51%, according to the latest labour survey. The survey data shows a rise in the number of unemployed men.

Year-on-year, the number of jobless men increased by 2% to 1.74 million in the January-March period of 2024, compared to 1.71 million a year earlier. However, the number of unemployed women has declined.

There was a 3% year-on-year decrease to 850,000 unemployed women at the end of March 2024, down from 880,000 in 2023. ■

AFC Capital Tiptoes Out Of Market Leaving Behind Bad IPOs



Business Outlook Report

Merchant bank AFC Capital has left the market silently, surrendering its licence, without facing any action against it for bringing controversial IPOs including Ring Shine Textiles, C & A Textiles, and Tung Hai Knitting & Dyeing.

Incorporated in 2010, it had been involved in 12 initial public offerings (IPOs), jointly with other merchant banks in most cases, between 2012 and 2022. The firm also delivered services as a facilitator in disbursing rights issues and underwriting capabilities and provided corpo-

rate advisory services to clients. AFC Capital suddenly showed up at the door of the securities regulator last year for permission to shutter its business operations. It said it was struggling to make profit.

Sources said that the Bangladesh Securities and Exchange Commission (BSEC) at first rejected the plea only to allow AFC Capital to close its business in December. Several players operating in the sector said investment banking is no longer a profitable business in the country because of the lingering challenges in the stock market. That,

however, is unlikely the case of AFC Capital that handled the highest number of public issues among merchant banks in the decade through 2022. About half of the IPOs showed a faltering business performance just one or two years after listing despite the fact that they had raised money to expand business and prop up earnings.

It is alleged that financial results of the companies had been falsified before the floating of the IPOs. The companies have shown uncanny resemblance in their pre- and post-IPO financial indicators. For example, textile

companies Tung Hai Knitting & Dyeing Limited and C & N Textiles demonstrated a growth in profit in the years before going public, but after listing it took only three years for them to run into losses.

AFC Capital worked with Imperial Capital to bring Tung Hai Knitting & Dyeing Limited to the market in 2014. The Tung Hai is not in operation now. In 2019, an inspection team from the Dhaka Stock Exchange (DSE) could not enter its factory premises for the gate at the entrance being locked. The same year, C & N Textiles, listed in

2015, was also found shut during a factory visit by the regulatory body. Meanwhile, investors, who expected good return from the stocks after flipping through IPO prospectus of the textile companies, are counting losses.

Tung Hai Knitting at present trades at Tk 3.90 per share on the DSE whereas its shares were floated at the face value of Tk 10. The current share price of C & N Textiles is Tk 7.30 each. Both the textile companies have not given a penny in dividends for years to shareholders. Mahbub H Mazumder, former managing director of AFC Capital, claims that the organisation had done everything in its power before preparing IPO prospectus in every case. "We don't prepare audit report, corporate governance certificate and other documents. Upon the submission of all documents, BSEC scrutinises those." Moreover, the Dhaka Stock Exchange and the Chittagong Stock Exchange check the documents, prospectus and then send their recommendations to the securities regulator. When satisfied, the BSEC provides consent for listing, Mr Mazumder added.

However, in a probe into Ring Shine Textiles, which has become a case study of financial crime in the country's capital market, the BSEC found that the issuer, the auditor and the issue manager had

worked together to launder money collected through the IPO. According to the investigation report, the issue managers -- AFC Capital and CAPM Advisory - were involved in the IPO manipulation process.

It said the issue managers were required to examine audited financial statements for five years (June 30, 2015 to June 30, 2019) and verify those against management accounts, books of

listing. "But the issue managers have provided the Due Diligences Certificate to the company," reads the probe report.

Before the licence surrender, AFC Capital underwent an ownership change and was changed into Leeds Capital Services Limited. Asked why the Lead Capital gave away its licence, Ahsanul Kabir, who was its managing director, said the business was not

Mohammad Rezaul Karim, spokesperson of the BSEC, said, "We had laws to punish issue managers. We did it several times and we will also do it in the future."

But AFC Capital was not punished for the failures identified in the investigation report. Now, it does not even exist. Md. Ashequr Rahman, managing director of Midway Securities, told The FE that the BSEC has more responsibilities than what



accounts, register of inventories, fixed assets, export documents, and bank statements but they "completely failed" to do so.

Referring to the management accounts of Ring Shine Textile, says the report, it appears that the net operating cash flow was Tk 27.19 million in the negative for the year ended in June 2018, which determines that the company was not in the position to apply for

profitable. "There was no major change in the ownership. There were 17 to 18 owners. They transferred shares among themselves and some of them resigned from the board."

The Lead Capital had only two functions -- one was issue management and the other underwriting. It did not manage portfolios. The limited scope of operations posed challenges for profit making, added Mr Kabir.

it can handle. Before the 2013 demutualisation, brokers had been involved in the IPO approval process. "IPO was the responsibility of brokers. I can bet there were fewer cases of bad IPOs back then than now."

After the demutualisation, the BSEC does not take recommendations from the DSE, said Mr Rahman. "I believe these problems can be solved by taking observations of the DSE seriously." ■



Will Crawling Peg Cure Currency Woes?

Apu Ahmed

Bangladesh Bank has unveiled a new system – crawling peg – in its efforts to tame the turbulent exchange rate and secure the vital IMF loans. It aims to make the exchange rate of the local currency taka against the US dollar, which has kept the overall economy under pressure over the past two years, more market-oriented. However, questions have already arisen about whether it will work because of many other problems that are hindering the market economy from functioning properly.

IMF Condition

The struggling central bank has introduced the new exchange rate as per its commitment to the International Monetary Fund under the current \$4.7 billion US dollar loan programme beginning in 2023 against the backdrop of the sharp economic downturn fuelled by the

steep decline in the forex reserve and the volatility in the exchange rate. The introduction has also been marked with the conclusion of the second review of the loan programme by the IMF mission in the capital. So, the introduction of the new exchange rate has drawn a lot of attention although it gives no guarantee to solve the exchange rate volatility. Failure in stabilising the exchange rate has already resulted in a steep fall in the value of the local currency and decade-high inflation putting many households to face economic vulnerability. This is in very stark contrast with statements by the policymakers of the ruling party that the country's economy is still much better than many other countries.

Depreciation Of Taka

Anyway, the devaluation of the local currency taka against the US dollar was calculated at 26.1 per cent in

FY23, the highest in 46 years. The previous highest devaluation of 71 per cent took place in the financial year 1974–75 when the price of a dollar went up to Tk 15.95 from Tk 8.8. With the introduction of the crawling peg, taka has depreciated by a whopping Tk 7 against the dollar in a single day while it lost an overall 8.3 per cent in the current FY24. Such a volatile exchange rate regime will not be welcomed by anyone since it adversely affects the consumers because of the price hikes of essentials and the businesses in an import-dependent country like ours.

Decade High Inflation

Over the past 21 months, the country has been experiencing more than 9 per cent inflation. However, the calculation made by the Bangladesh Bureau of Statistics has been doubted by many with the latest instance being the Bangladesh Institute of

Development Studies itself. BIDS Director General Binayak Sen recently said the food inflation in the country was 15 per cent in December 2023 referring to a survey by BIDS. The inflationary impact becomes terrible when the wage rate hike is much lower than the inflation. It also affected the overall growth. The country's growth in gross domestic product has faltered in the second quarter of FY24 to almost half in 12 months. Activities

market as an option to suppress the overvaluation of the local currency. But it goes against the spirit of the market economy as it creates distortions in the exchange rate with trading partners. Being the adviser of the market economy, the IMF has already released two tranches under the programme with Bangladesh—altogether \$1.1 billion in 2023—although the BB has failed to meet the forex reserve requirements. The Washington-based multilateral

introduction of the crawling peg that will offer a bit more flexibility to the stakeholders to maintain the exchange rate than the managed floating rate. It is, however, less flexible than the free-floating exchange rate. In Bangladesh, the free-floating exchange rate was introduced in 2003. But it was not made effective since the BB influenced the price in many ways, including buying excessive dollars from the market. It has been selling the greenback to commercial banks to keep the price of the local currency up artificially.



Multiple Rates

The BB sold \$13.5 billion in FY23 and \$7.62 billion in FY22 from its foreign exchange reserves. It also sold \$11.67 billion from its forex reserves to banks in less than 10 months of the current FY24. The crawling peg may not enable the BB to inject dollars into the market as scheduled banks will purchase and sell the greenback freely around the crawling peg mid-rate, which is now Tk 117, with their customers and in interbank deals. The crawling peg mid-rate will be set by the central bank when it is necessary. The crawling peg, according to many, works when problems like capital fights, inflow of remittance through hundi or unofficial channels and huge amounts of non-performing loans in the banking sector do not exist. Besides, the multiple exchange rates for export, import and remittance have been affecting the exchange rate adversely in the economy since FY20.

Hundi, Export Receipts

The multiple exchange rates have been identified as one of the major reasons for the falling forex reserves. Remittances sent by the expatriates have long been helping the BB to maintain the country's balance of payment. However, the remitters have been preferring hundi cartels to transfer money to their beneficiaries at home since informal platforms

in both service and industry sectors which are the main contributors to the country's GDP growth have slowed down considerably. BBS has recorded the industry sector growth at 3.24 per cent in the second quarter of FY24 compared to 10 per cent in the same period of FY23, while the service sector grew by 3.06 per cent against 6.62 per cent in the corresponding period of FY23.

BB's Failed Measures

Meanwhile, the BB has imposed restrictions on imports to save the country's forex reserves that fell alarmingly below \$20 billion from \$48 billion in August 2021. It also engaged bankers to fix the exchange rate in a desperate bid to stabilise the exchange rate. But nothing has been favouring the BB which has been forced to sell the greenback in the

lender has been pressing for a market-based exchange rate. Finally, the BB introduced the crawling peg apparently to ensure the third tranche which is likely to be disbursed late this month or early next month.

IMF Is Happy

Meanwhile, the IMF has announced that Bangladesh will qualify to receive \$1.15 billion instead of an earlier estimated \$690 million upon the board's approval as both sides at the staff level meeting agreed to continue the programme. It has been reported that the BB has negotiated with the recently concluded IMF mission in Dhaka to increase the loan amount with the upcoming tranche that indicated scarcity of the government for foreign currency to maintain the balance of payment. The IMF mission has lauded the

offer better rates than official platforms. In Bangladesh, a 1 per cent deviation between the formal and informal exchange rate shifts 3.6 per cent remittance from the formal to the informal financial sector, according to a disclosure made by the World Bank in 2023. Besides, the exporters feel tempted to defer the transfer of export proceeds since

the taka is said to be declining further. Unrealised export proceeds -- the difference between export shipments and realised export proceeds -- increased to \$9.6 billion, which amounted to 2.1 per cent of GDP in FY23, according to the IMF. The parallel exchange rates are also linked with higher inflation, low private sector investment as well

as foreign investment, and low growth.

Doubt Persists

So, doubts persist that the BB is unlikely to ease the macroeconomic stresses with the newly introduced exchange rate. The new rate may not work properly amid so many vices in the economy. ■

Bangladesh Has No Electricity Deficit



Business Outlook Report

State Minister for Power, Energy and Mineral Resources Nasrul Hamid on May 7 said the country has no deficit of electricity with its generation reaching a record 16,477 megawatts of power on April 30 this year.

“Now the country’s installed power generation capacity is more than the overall demand. But, the country could not fully utilise the generation

capacity due to the Ukraine–Russia war and global fuel crisis,” he said. The state minister made the disclosure while responding to a star-marked question raised by treasury bench lawmaker Abdullah Nahid Nigar of Gaibandha-1 during the question-answer session held at the Jatiya Sangsad in Dhaka.

Jatiya Sangsad Speaker Dr Shirin Sharmin Chaudhury chaired the session. After assuming power in

2009, the state minister said the government has taken immediate, short, medium and long term programme for developing the power sector through implementing intensive supervision.

As much as 26,240 megawatt electricity so far has been connected with the national grid since January 2009, he said, adding as a result, country’s electricity generation capacity has been increased to 30,277 megawatts. The state

minister, however, admitted that although the country has no deficit of power generation as per the demand, the country could not generate electricity with full strength due to Ukraine–Russia war and global energy crisis following the COVID-19 pandemic. As such, uninterrupted electricity supply temporarily becomes disrupted in certain places across the country.

The state minister, however, admitted that although the country has no deficit of power generation as per the demand, we could not generate electricity with full strength due to Ukraine–Russia war and global energy crisis caused by the COVID-19 pandemic. As such, uninterrupted electricity supply temporarily becomes disrupted in certain places across the country.

“We hope that uninterrupted and quality electricity supply would be possible soon for all”, Hamid told the parliament. ■



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Steel Sector Heading Towards A Complex Situation?

Apu Ahmed

The current financial slowdown, caused by economic mismanagement, a dollar shortage and the local currency depreciation, is taking a toll on the country's industries. But none is feeling the pinch as acutely as the steel sector. The multiple challenges the steel sector is now grappling with may derail its growth trajectory.

Steel Sector

The steel sector, comprising large, small, medium and micro industries, and cottage industry, accounted for more than one-third or 37.65 per cent of the country's gross domestic product in FY23. The share of large industries, including steel mills, was 13.1 per cent. Globally, steel production and consumption have been regarded as an important indicator for the economic progress of a country. The country's steel industry had been growing at a

good pace but the coronavirus pandemic slowed down the demand. Still amid the disruptions in economic activities stemming from the worst-ever pandemic in the past half century, a high demand helped the sector cross the \$6 billion landmark.

GDP Growth Falters

Available data showed that the production of steel remained steady at 5.5 million tonnes in both 2021 and 2020. However, the production experienced a significant decline going down to 5.2 million tonnes in 2022 due to COVID-19. In 2023, the production recovered to 5.5 million tonnes. However, the full-fledged recovery of the steel industry has been obstructed by the current economic downturn that has lingered since the beginning of FY23. That the economic gloom became downward can be understood with the release of the coun-

try's growth in GDP for the period of October-December or the second quarter of FY24. The growth has been recorded at 3.78 per cent by the Bangladesh Bureau of Statistics as part of its exercise to calculate the growth quarterly under the \$4.7 billion loan programme with the International Monetary Fund.

Manufacturing Growth Nosedives

The growth in the second quarter of FY24 dropped from 7.08 per cent in the same period of FY23. The industry sector growth has been recorded at 3.24 per cent in the second quarter of FY24 compared to 10 per cent in the corresponding period of FY23. The BBS did not give any details about any individual industry, but its calculation showed that the manufacturing sector's growth nosedived to -0.45 per cent in the second quarter of FY24 from 10 per cent in the same period of FY23. The overall development regarding the

country's steel sector and its associated data made it clear that the sector is heading towards a complex situation. The economic crisis caused by the dollar shortage has already threatened the sustained production record of primary construction materials. The Brussels-headquartered World Steel Association, an international trade body, calculated that the per capita steel consumption in Bangladesh dropped to approximately 43kg in 2022 from over 45kg in 2020 due to COVID-19. In 2023, the per capita consumption recovered to pre-pandemic level although the country lagged per capita consumption of India's 81kg and China's 645 kg.

Success Story

The success story of the steel sector began in the 1990s with the boom in the construction sector. The steel demand reached 1.6 million tonnes in 2010 and surpassed 7.0 million tonnes in 2020 amid the continued surge in demand. Many new entrepreneurs cashed in the surge in demand by establishing factories while the old ones expanded production with modern technologies. The establishment of Bangladesh Steel Re-Rolling Mills, widely known as BSRM, at Nasirabad in Chattogram in 1952 laid the platform of the sector. In 1984, Kabir Steel Re-Rolling Mills, a concern of Kabir Group of Industries, started their operations in an automated rolling mill. In 1993, Abul Khair Steel started its operations. Bangladesh Steel Mills Owners Association calculated that there were about 400 steel mills in the country, with a production capacity of about 9 million tonnes. However, the sector produced 5.5 million tonnes against the consumption of around 7 million tonnes. The gap of more than 1.5 million tonnes is met by imports. Before the current economic slowdown, there was a projection that the country's steel consumption is likely to reach the 100kg landmark in 2030. The

growing consumption trend also influenced the market analysts to make such a projection.

Demand Drops

However, the demand has dropped since the past year. BSRM reported that its sales dropped 41 per cent in the January-March quarter, compared to the same period of the past year. It also recorded a decline in its sales in the previous two quarters of FY24. If the consump-



tion pattern is considered, 60 per cent of steel is used by the public sector. About 25 per cent is used in households, and 15 per cent is used in commercial construction. The implementation of the annual development programme reached 42.30 per cent in the July-March period of FY24 after the execution rate in the July-February period was the lowest in 14 years. Commercial and household consumption has also reduced with skyrocketing prices. From the price of Tk 55,000 per tonne, consumers have to pay almost double the cost for the same amount of item, another major reason for the fall in demand.

Manufacturers Views

The manufacturers blamed the depreciation of local currency,

shortage of dollars, and soaring gas and electricity prices for the steep price hike of the main ingredient of the construction. They said the dollar surge hinders access to Letters of Credit (LC) for importing essential raw materials, creating a shortage and supply chain disruptions. They pointed out that increased costs for raw materials, chemicals, and components, 85 per cent of which are imported, also are to blame. Besides, the interest rates

hike and other charges have significantly raised the requirement of working capital. The entrepreneurs have already held press conferences to address the problems the sector is facing.

Flawed Policy

But even the entrepreneurs knew that it was very difficult to overcome the current economic downturn going from bad to worse due to flawed policies in the management of the forex reserves and exchange rate. Besides, investment in less economically viable projects has failed to ensure proper economic returns. The overall situation has become complicated and failed to support the growth. The flaws are taking a toll on the economy. ■

RMG Makers Speak Out Against NBR Harassment



Business Outlook Report

Entrepreneurs in Bangladesh's ready-made garment (RMG) industry are speaking out against the harassment they face from government agencies like the National Board of Revenue (NBR), customs, and ports.

Md Siddiqur Rahman, the former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), expressed their frustration, noting that these constant hurdles make it challenging for them to export and import smoothly. He made these remarks during the

closing session of the 16th edition of the Bangladesh Denim Expo in the capital on May 7. Siddiqur, who also serves as the Industry and Trade Affairs Secretary of the ruling Awami League's central committee, called on Textiles and Jute Minister Jahangir Kabir Nanak to address the issue in the upcoming cabinet meeting and find a resolution to the crisis.

"We're a big part of the country's economy, but right now, we're feeling helpless. Despite Prime Minister Sheikh Hasina's pro-business approach, we're facing unnecessary hurdles from the NBR and others. While she's doing

her best, there are some around her causing problems for us. We need relief from this," he explained. During the event, Jahangir Kabir Nanak, speaking as the chief guest, acknowledged the dedication of the readymade garment manufacturers, leaders, and workers, highlighting how the sector continues to progress despite challenges.

"As a secure and compliant sourcing destination, I urge buyers to choose Bangladesh and pay a fair price. With the influence of the RMG industry, I'm confident Bangladesh will soon make significant

strides towards becoming a developed nation."

Ambassador Irma van Dueren of the Kingdom of the Netherlands praised Bangladesh's economic and sustainable development efforts, particularly leading the way in Leed-certified green RMG factories.

"Bangladesh has made impressive progress in economic development indicators. The RMG sector has been crucial to this progress. In the coming years, our focus on the sector will be more and more on sustainability and circular practices everywhere. The Nether-

lands will continue its support for an inclusive labour law for the RMG workers. We look forward to continuing to work together with this country and contribute to the Journey of Bangladesh and also its graduation from the Least Developed Countries (LDC) group," he said.

In his speech, H&M Regional Country Manager Ziaur Rahman emphasized on the European Union (EU) due diligence law as this is a

key issue in exporting clothes to the region in the future. "I was a little bit surprised that very few people have been talking about this law in Bangladesh and many people do not even know that this law impacts the sourcing destination."

He added that transparency is also a key part, as the industry has roughly around four million workers and we believe all of the workers will be treated respectfully and will be able to enjoy a safe

and healthy workplace." He added: "Our ambition is to lead the change toward the circular fashion industry with net zero climate impact as a fair and equal company. Circularity is one of the areas that we really need to work on."

BGMEA President SM Mannan Kochi shared: "We're embracing automation to expand our global market presence. Our focus on business sustainability is unwavering, and we're confident

we can deliver even more value in the future. "This requires collective effort. Buyers trust Bangladesh because of our eco-friendly, compliant, and green factories. We're committed to enhancing compliance and sustainability standards. Let's strive to elevate denim to higher levels."

The programme was moderated by BGMEA Director Mohiuddin Rubel. ■

BGMEA Seeks BCCCI Cooperation To Narrow Trade Gap With China



President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) S. M. Mannan has underscored the importance of increased investment from China and bolstered exports to the Chinese market in narrowing the trade gap between the two countries.

Highlighting the vast trade potential between Bangladesh and China, he stressed the need for bilateral collaboration to realise these opportunities. He made the remarks during a meeting with a delegation from the Bangladesh China Chamber of Com-

merce & Industry (BCCCI) at the BGMEA Complex in Dhaka, BGMEA said on May 7. The BCCCI delegation included Advisor Md. Khorshed Alam, General Secretary Al Mamun Mridha, Vice President Md. Shahid Alam, and Directors Meherun Nessa Islam and Syed Aminul Kabir.

The meeting was also attended by BGMEA Senior Vice President Khondoker Rafiqul Islam, Vice President Abdullah Hil Rakib, Directors Md. Nurul Islam, Md Zakir Hossain and former Vice President of BGMEA Mohsin Uddin Ahmed Niru. Discus-

sions during the meeting centered on various issues of Bangladesh's ready-made garment industry, including its current status, global market trends, challenges, and potential avenues for growth and development. They also discussed ways of identifying and capitalizing on opportunities for enhanced bilateral trade and investment between Bangladesh and China.

The BGMEA leaders highlighted China's significance as a major exporter of man-made fibers, dyes, chemicals, textile machinery, and other raw materials, suggesting that Chinese investors could investment in Bangladesh's man-made textile sector to meet its growing demand. They expressed optimism that such collaboration would yield mutual benefits for both countries.

BGMEA President S. M. Mannan (Kochi) sought the cooperation of the BCCCI in narrowing the trade gap with China, underscoring the importance of collective efforts in achieving this goal. ■



Investment Corporation of Bangladesh (ICB) held a programme on "Innovation demonstration (showcasing) and selecting best innovative idea" with the participation of ICB and its three subsidiaries at its head office. ■



Eastern Bank (EBL) and Trinamul Nari Uddyakta Society will make joint efforts to organise trainings, events and exchange of information through their respective organisations for developing the capacity and skills of women entrepreneurs across the country. ■



Prime Bank, announced a strategic partnership with Hishabee, aimed at transforming retail banking. A Memorandum of Understanding (MoU) was signed, heralding a new era where Hishabee Dokan app users will access Prime Bank's banking services seamlessly. ■



Association of Bankers Bangladesh Limited (ABB) Chairman and BRAC Bank Managing Director & CEO Selim R. F. Hussain congratulated Professor Shibli Rubayat-Ul-Islam on his reappointment as the chairman of the Bangladesh Securities and Exchange Commission (BSEC). ■



IFIC Bank and the Bangladesh Diabetic Association have signed a memorandum of understanding (MoU) in the capital recently to tackle the challenges posed by diabetes in Bangladesh. Under the project titled 'Country changing diabetes and mobile diabetes care', the initiative aims to raise awareness and provide medical support to combat diabetes. IFIC Bank will finance the project, which includes mobile diabetes services, diabetic screening of 1.5 million patients, risk identification through a digital app, free health check-ups, creation of diabetes mapping throughout the country along with some other facilities. ■



A skill development training, organised by United Commercial Bank (UCB) under the agricultural support scheme titled 'Bhoroshar Notun Janala', was held at the RDF Auditorium in Barguna. ATM Tahmiduzzaman, additional managing director and company secretary, UCB, was present at the event as the chief guest with Rezaul Karim Siddique, presenter of BTV's agriculture-based show 'Mati O Manush' and an agricultural analyst, as the special guest. ■



Mutual Trust Bank (MTB) recently co-hosted an event on 'Fostering Climate Finance Partnership in Bangladesh' with the Global Climate Partnership Fund (GCPF) at a city hotel. The event featured a panel discussion titled 'Opportunities and Challenges in the Bangladesh Climate Finance Landscape', moderated by Sathish Dhanapal of Responsibility Investments AG. Mutual Trust Bank's CEO Syed Mahbubur Rahman was also present. ■



The 14th Annual General Meeting (AGM) of Sonali Investment Limited, a subsidiary of Sonali Bank PLC, was held at the bank's head office conference room on Wednesday. Sonali Bank Chief Executive Officer Md Afzal Karim presided over the meeting while Chairman of the Board of Directors of the bank Ziaul Hasan Siddiqui was present as a special guest. ■



Ambassador of Germany to Bangladesh Achim Troster (7th from the right) met with ICC Bangladesh President Mahbubur Rahman (5th from the left) and several members of the executive board at the ICCB Secretariat in Dhaka's Gulshan on Thursday. They discussed the promotion of bilateral trade and investment between the two countries. ■



A workshop on E-Governance and Innovation Action-Plan organised by Janata Bank PLC was held in the city's Purbachal area. Janata Bank Deputy Managing Director Md Golam Mortuza was present at the workshop as the special guest while Innovation Committee member secretary and Finance Ministry Financial Institutions Division deputy secretary Farida Yasmin was the guest of honour. ■



Bangladesh Krishi Bank (BKB) announced the approval of its Financial Statements for the fiscal year 2022-23 by the board of directors during the bank's 856th board meeting held on Wednesday. BKB chairman Md Nasiruzzaman, all directors Managing Director Md Shawkat Ali Khan and deputy managing directors attended the meeting. ■



Southeast Bank PLC distributed special CSR fund among farmers for cultivation and purchasing agricultural machinery. Nuruddin Md. Sadeque Hossain, Managing Director of Southeast Bank, handed over the financial assistance to grassroots farmers at the bank's head office. ■

Hike Tax On Cigarettes To Boost Revenue Collection



Business Outlook Report

The tax on cigarettes in Bangladesh should be raised in the national budget for fiscal 2024-25 to boost the country's revenue generation and minimise health risks, according to experts. The domestic tobacco industry, which constitutes about 13 percent of the annual government revenue, has one of the highest tax incidences in the world, eclipsing even the WHO recommended level.

"However, the prices of locally made cigarettes are among the lowest in the world," said M Masrur Reaz, chairman and chief executive officer of the Policy Exchange of Bangladesh, a private think-tank. "So, to deter smoking and ensure sustainable revenue growth, the price of cigarettes belonging to all segments must be increased," he added. He made these remarks at a roundtable on the "National Budget 2024-25: Priorities for High-potential Sectors," organised by the Policy Exchange of Bangladesh in Dhaka

on May 7. Abdul Mannan Patwary, a former member of the National Board of Revenue (NBR), said the government has policies aimed at reducing the risks for impoverished individuals. "But many low-income people smoke cheap cigarettes, which pose significant health risks. So, to discourage smoking among the poor, the price of low-tier cigarettes should be increased," he added.

At the event, FH Ansarey, managing director of ACI Agribusiness, urged the government to focus on three critical areas concerning the agricultural sector -- environment and climate change, food value chain, and technology. "There should be coordination between the government and private sector in addressing these issues," he said. "While the country produces enough, the problem lies with the supply chain. The budget must provide clear guidance on these matters," Ansarey added. Prof Lutful Hassan, former vice-chancellor of Bangladesh

Agricultural University, urged the government to ensure subsidies in the agricultural sector as much as possible. Wahidur Rahman Sharif, president of the Bangladesh Association of Contact Center and Outsourcing, called for the continuation of tax exemptions for the digital sector.

"Imposing taxes on the growing digital economy will limit the country's potential and it will subsequently fall behind neighbouring countries. If local companies are not given advantage, foreign companies will seize the opportunity and thereby hinder the development of local expertise," he said. Former Commerce Secretary Shubhashish Bose said the tax system needs to be digitalised as it would make everyone more inclined to pay taxes.

"Reducing reliance on indirect taxes as much as possible will be beneficial. A coordinated plan is necessary, with a strong emphasis on digital infrastructure," he added. ■

No Commission Or Service Fee For Claim Settlement

IDRA says in Insurance Claims Management Guideline 2024



Business Outlook Report

Inurance companies in Bangladesh will no longer be able to charge policyholders for commissions or service fees while settling claims, according to the "Insurance Claims Management Guideline 2024".

Insurers must ensure help desks and complaint boxes in their offices, form grievance redressal committees and strengthen internal audit activities, it said. They must also keep designated insurance claim management officials and introduce an online tracking system so

that policyholders can view the progress in the settlement process against their claims, it said. Insurers cannot ask for any document from policyholders other than those mentioned in the insurance contract and must become technologically adept and upload all their policies on the regulator's app, it added.

The Insurance Development and Regulatory Authority (IDRA) issued the guidelines on April 28 to protect the interests of policyholders and ensure transparency and accountability in insurers' activi-

ties. Around 65.19 percent of all claims were settled in 2023, according to the IDRA, which is a far cry from the global average of 97-98 percent, according to media reports. In Bangladesh, 72 percent of life insurance claims and 41 percent of non-life insurance claims were settled in 2023.

The insurance penetration rate, which is measured as a ratio of total premiums collected to a country's gross domestic product, in Bangladesh stands at 0.46 percent whereas it stands at 4.2 percent and 0.91 percent in neighbouring

India and Pakistan respectively. At present, there are 36 life insurance and 46 non-life insurance companies in Bangladesh, with around 17.11 million people currently under insurance coverage.

However, the guideline is vague in some aspects. For instance, it says that the board of directors must ensure the payment of insurance claims using "as few steps as possible". This guideline was formed to protect policyholders' interest, such as ensuring disbursement of claims as fast as possible and reducing paperwork and associ-

ated requirements for beneficiaries, Zahangir Alam, spokesperson of the IDRA, said.

AKM Monirul Hoque, vice-president of the Bangladesh Insurance Association, said the regulator held consultations with them before formulating the guidelines. However, it would have been better if this guideline had been formulated earlier, he said. To

specific. By doing so, both policyholders and insurers would have benefitted, he opined.

For example, the guideline states that claims should be settled "without delay" in cases where an investigation is not required. But it does not specify which cases do not need investigations nor any timeframe for "without delay", he said. Another clause states that insurers must main-

The CRR is the portion of customer deposits that commercial banks must keep as a reserve with the central bank to ensure that they do not run out of cash to meet the payment demands of their depositors.

The SLR is the almost same, differing only by the fact that the reserve can be kept in the form of cash, gold or other securities. "The claim settlement

policyholder protection guidelines, he said. A company's licence was suspended and two companies are under special audit. Some other companies have been fined a large amount. "All of this has been done so that all other companies speed up settlements," Bari said.

The IDRA has even instructed some companies to sell properties and settle claims, he said.



Tohidul Alam, a professor and chairman of the Department of Banking and Insurance of the Faculty of Business Studies at the University of Rajshahi, these guidelines are very timely.

Customers will find it easier for their claims to be settled, he said. However, there are some clauses in these guidelines which could have been more

tain "liquid assets" to timely settle claims but does not specify the amount or even a percentage relative to the total amount of assets, added Alam.

In the case of banks, Bangladesh Bank has specifically mentioned the cash reserve ratio (CRR) and statutory liquidity ratio (SLR) that lenders have to maintain, he said.

ratio is low in Bangladesh as some insurers don't clear a large part of the claims on time," said Mohammad Jainul Bari, chairman of the IDRA, recently.

"This is creating a bad image for the overall industry," he said. To improve the claim settlement rate, the IDRA initiated some regulatory reforms and rolled out corporate governance and

"However, the regulator alone can't do everything for the development of the sector. The companies must have the desire to improve the situation," he said.

He added that if the mindset to serve people and do business honestly did not exist, problems would remain in the sector no matter how many laws the regulator enacts. ■

BGMEA Calls For Policy Support To Maintain RMG Industry's Competitiveness



Business Outlook Report

A delegation from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) led by President S. M. Mannan (Kochi), met with State Minister for Commerce Ahsanul Islam Titu MP at the secretariat on May 7.

The delegation included BGMEA Senior Vice President Khandoker Rafiqul Islam, Vice President (Finance) Md. Nasir Uddin, Vice President Abdullah Hil Rakib, Directors Md. Imranur Rahman, Mohammad Sohel Sadat, Md. Ashikur Rahman (Tuhin), Shams Mahmud, Md. Nurul Islam, Saifuddin Siddiquie Sagar, and Md. Rezaul Alam (Miru). The delegation discussed pressing issues facing the readymade garment industry, said BGMEA on Wednesday. High-

lighting the adverse effects of ongoing geopolitical crises on global trade, BGMEA President S. M. Mannan (Kochi) said the garment industry is currently passing through a difficult time amidst a worldwide economic slowdown that has resulted in reduced consumer spending and decline in garment orders and exports. Rising production costs further exacerbate the challenges.

In light of these difficulties, he stressed the necessity of policy support to foster industry growth and sustainability. He underlined the importance of simplifying and expediting business procedures, particularly the faster unloading of imported machinery, equipment, and raw materials. He said the more favorable the business environment in the country, the greater success the export sector will achieve,

leading to overall economic benefits. The BGMEA President urged the government to ensure uninterrupted gas and electricity supply, along with favorable policies, to maintain the industry's competitiveness. After 2026, many of the trade facilities currently enjoyed by Bangladesh will no longer be available following its LDC graduation.

In this context, he emphasized the need for necessary policy support to attract increased investment in promising sectors, describing it as a timely strategy.

He also urged the initiation of food rationing for garment workers under the Ministry of Commerce's purview, emphasizing the importance of protecting the sector and boosting exports to secure overall economic growth. ■



Market-Driven Interest Rate Returns After Four Years

Business Outlook Report

After a gap of four years, the banking sector in Bangladesh has returned to a market-driven interest rate regime at the prescription of the International Monetary Fund (IMF), in order to step up its fight against elevated level of inflation.

The central bank also raised the policy rate by 50 basis points to 8.5 percent, aiming to make money costlier. The central bank took the decision as people have been struggling with the high level of prices for around two years. Analysts expect the interest rate in

the banking sector to rise in the upcoming days and inflationary pressures to ease. The move to a market-based lending rate was one of the conditions for the IMF's \$4.7 billion loan to Bangladesh, the third tranche of which is expected soon.

Bankers welcomed the decision, opining that the lending rate may rise initially and a market-based rate was necessary to reduce inflationary pressures and make the banking sector healthy. Selim RF Hussain, chairman of the Association of Bankers Bangladesh (ABB), told

The Daily Star that adopting a market-based interest rate was a bold step. Hussain, also the managing director of BRAC Bank, said when the government interferes in the economy, the market can become unstable.

The new decision will bring governance to the economy, he said. "The flexible interest rate and the exchange rate will also help reduce capital flight from Bangladesh. This is good news for the economy." Now, the interest rate will be fixed based on the bank-client relationships and the demand for

loans and the supply of loanable funds in the banking sector. "Inflation will also come down to the expected level due to the hike in the policy rate," Hussain added.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, welcomed the central bank's decision to scrap the rates based on the Six-months Moving Average Rate of Treasury bills, abbreviated as SMART, and opt for a market-based interest rate. In July last year, the central bank introduced the SMART rate, withdrawing the 9 percent

lending rate cap and 6 percent deposit rate cap which it had imposed in April 2020. Under the SMART formula, banks were not allowed to raise the interest rate after a certain point. Now, the banks can impose the interest rate considering their costs of fund. So, the interest rate will be market-driven. "Bankers always want the market to determine the interest rate," Rahman said.

He thinks the interest rate will not rise significantly after the withdrawal of the SMART rate. Moreover, as the central bank has hiked the policy rate, it will make money costlier. As both policy changes came simultaneously, the interest rate may rise for a few days but not to a major extent. Rahman, also a former chairman of the Association of Bankers' Bangladesh, said raising the policy rate was an expected move as the central bank announced a contractionary monetary policy last January to tame inflation. The policy rate, the rate at which the central bank lends to financial institutions, was the ninth straight spike since the tightening cycle began in May 2022, as inflation showed no signs of cooling.

Stock market analysts also welcomed BB's decisions. Shahidul Islam, chief executive officer of VIPB Asset Management Company, said macroeconomic stabilisation is a pre-condition for a good stock market. "The new decisions will be helpful

for macroeconomic stabilisation, so it will be helpful for the market in the long-run. The market-based interest rate will make loans available to those who need them."

Subir Kumar Ghose, chief executive officer of Partex Petro Ltd, said it was really tough to instantly predict the impact of the decision. However, he opined that interest rates would

peg exchange rate system, Ghose said it was a good solution to stabilise the exchange rate and appreciated that banks could no longer charge as per their wishes.

According to him, banks had charged higher rates for US dollars than the rate fixed by the government, causing importers to suffer when opening letters of credit. Humayun Rashid,

investing in new projects, which in turn will narrow employment opportunities." Rashid expressed concerns over the crawling peg, saying although the export sector would benefit, it would increase import costs.

Amirul Haque, managing director of Premier Cement Mill, said the central bank relinquished the control to private



increase initially, which would impact overall business negatively. Ghose also said it would depend on supply and demand of loans. He assumed the interest rate may grow to 18 to 20 percent and would be reflected by higher costs of production.

"But ultimately the burden will fall on the shoulders of the consumers as businesses will pass on the rise in costs to consumers." Regarding the crawling

managing director and CEO of Energypac Power Generation, thinks the interest rate would go up immediately because banks would look to increase the lending rate since they are paying higher interest for deposits.

"The market-based interest rate would definitely increase the cost of doing business. Against this backdrop, investment will slow as businessmen will be discouraged from

banks since the BB will no longer have any say about interest rates. This system can also lead to all kinds of investment getting stuck as investors who took the initiative to expand or adopt new plans will not implement them due to high interest rates, he added.

"As a result, money will flow to unproductive sectors and economic growth will be hampered greatly." ■

Global Car Giants Seek Tech Allies In China's Cutthroat EV Market



Business Outlook Report

Struggling foreign automakers in China are looking for help from local tech giants to try to stay competitive in the world's biggest electric car market, where shiny smart screens, assisted driving and sophisticated map technology are in high demand.

According to AFP, at the recent Beijing Auto Show, China's biggest car expo, a number of foreign firms announced tech partnerships -- from Nissan joining forces with Baidu to Toyota signing a cooperation agreement with Tencent. The two Japanese companies are among a number of traditional auto juggernauts, once dominant in China, that are now struggling to keep pace

with a new generation of local EV startups. "They are notoriously conservative companies and their competencies aren't technology," Tu Le, managing director of Sino Auto Insights, told AFP. "They've tried to invest in frontier technology for the automotive space but it doesn't come naturally," he said.

"But they are being forced to try to be more open-minded towards technology due to where the market is moving in China and the new entrants into the space -- companies like Xiaomi and Huawei with high tech consumer products backgrounds." Those firms are now in a brutal price war with more than 100 Chinese electric car brands, all fighting to offer the most attractive

prices and the most advanced tech to wealthier consumers. As a result, foreign firms have suffered, Gregor Sebastian, a senior analyst and EV industry expert with the Rhodium Group, an independent research firm, told AFP. "Foreign car makers in China in general, but particularly Japanese car makers, have really been... hammered in the last 12 to 18 months in the Chinese market," he said.

"They've lost market share rapidly... This is linked to intense Chinese competition from producers like BYD, but also the numerous EV startups." BYD, which has emerged in recent years as the country's undisputed champion of the sector, beat Tesla in the final quarter of

2023 in global EV sales.

Walled Garden

Foreign automakers are now compelled to find ways to boost their standing in a market increasingly dominated by a low-cost and high-tech vehicle lineup. Smart technology features are among the new set of requirements for obtaining a leading edge in China's EV race.

But as the US-China geopolitical competition has intensified in recent years, Beijing has tightened control

foreign players access the market," he said. "But they really don't want to give up on the security side of things." The solution is to work with a Chinese partner.

"If you want to offer highly advanced mapping solutions in China, you need to work with a local company and either licence their mapping data or enter into a joint venture," Sebastian told AFP.

Eye On The Future

Nissan has hailed its deal with Baidu as allowing it to bring "exciting

ty for Tencent and Baidu to make that pivot towards the mobility space." During a surprise visit to Beijing last week, Tesla boss Elon Musk met top Chinese officials and received a key security clearance for its locally produced EVs. The regulatory breakthrough coincided with reports that Tesla had entered into a deal with Chinese tech titan Baidu for maps and navigation.

Sebastian told AFP that tech partnerships are driven by a more long-term strategy aimed at staying ahead in the Chinese market. "This



over foreign firms' access to information it considers sensitive, such as advanced and the heaps of data produced by domestic cars. One major reason why foreign automakers are seeking partnerships with local tech firms is to benefit from their innovation, which Chinese automaking executives have attributed to the cutthroat competition in the industry. But another is access to data.

"There is a bit of a walled garden scenario going on here," Daniel Kollar, head of automotive and mobility at the consultancy Intralink, told AFP. "China wants to be seen as playing by the rules, letting

intelligence system(s) and AI-based services to customers in China and beyond". And Toyota said its deal with gaming giant Tencent on AI would help it capitalise on Chinese consumers' growing appetite for advanced smart features in the cars it sells in China. Baidu has also recently started collaborating with South Korean automotive giant Hyundai and its affiliate Kia.

These Chinese firms are the "experts" in precisely the space where foreign firms are falling behind, Sino Auto Insights' Tu Le said. "That combined with most automakers being especially weak in digital creates the perfect opportuni-

is more talking about the next five to 10 years rather than the next two to three years," he said. "If political relationships with China continue to be stable and not deteriorate further, maybe (foreign firms) can tap Baidu or Tencent for next-generation products in the 2030s." And Tu Le said the possibilities of AI in smart cars could be huge.

"Imagine the autonomous system in a vehicle has access to all your historical data along with your ride and drive data, buying habits and preferences," he said.

"It could create ways to try to monetize you every few minutes." ■

Four State Banks' Bad Loans Jump 27% As Delinquencies Rise



Business Outlook Report

Although four state-run commercial banks -- Sonali, Agrani, Rupali and Janata -- saw a mixed trend in profits in 2023, they were consistent in logging higher bad loans.

The combined bad loans of the banks surged 27 percent year-on-year to

Tk 62,913 crore at the end of last year. Two years prior, total bad loans of the four state banks stood at just over Tk 38,200 crore, according to financial statements.

The latest data showed that Janata Bank had the highest amount of bad loans at the end of last year due to alleged irregulari-

ties in lending, particularly to AnonTex and Crescent Group, which turned the loans into toxic assets. Janata's bad loans surged 53 percent year-on-year to Tk 23,211 crore in 2023.

Agrani Bank had the second-highest amount of bad loans at Tk 17,655 crore at the end of last

year. The state bank said soured loans rose 23 percent compared to a year prior.

Meanwhile, Sonali Bank, the largest bank in Bangladesh, registered 7.9 percent increase in loan defaults. At the end of 2023, Sonali Bank's bad loans swelled to roughly Tk 12,800 crore. Finally,

Rupali Bank showed a 14 percent increase in bad loans, which climbed to Tk 9,250 crore at the end of last year. Financial data published by the banks showed that they had to keep higher provisions due to the large amount of bad loans, which ultimately impacted their bottom line.

At the same time, growing income from interest and investment in treasury bonds contributed to their bottom line positively. As a result, Sonali Bank logged 83 percent higher profits in 2023, bringing in Tk 747 crore, while Rupali Bank's profits more than doubled to Tk 62 crore.

On the other hand, Agrani Bank's profits dropped 27 percent to Tk 103 crore and Janata's profits fell 50 percent to Tk 62 crore. Bad loans hit the profits of a bank directly as the lender needs to keep provision if its bad loans rise, said Mohammad Shams-ul Islam, former managing director and chief operating officer of Agrani Bank.

Consequently, the state-run banks' profits fell despite their operating profits rising. The banks have already realised that they need to reduce default loans to raise profits, he added.

"They also know how default loans can be reduced, so they are walking in the right direction with the help of Bangladesh Bank. So, hopefully, the bad loans will be lower in the upcoming years," he

said. Islam blamed the recent economic heat-up and business scenario in the country alongside the tougher international economic situation for the increase in bad loans.

Many export-oriented firms saw lower income while import-dependent companies struggled. So, their bottom line was hit, which ultimately impacted their ability to repay loans, he said. Classified loans -- which are loans that are in danger of default -- rose in Agrani and Janata Bank while falling at the other two. The rate of classified

central bank's ordered rate. However, other banks can do so.

So, state-run banks lag behind in bringing remittances as they are compliant. Here, the central bank needs to work so that all the banks follow the same rules, Islam said.

Agrani Bank has no big scams like other state-run banks so it can recover loans if it tries strongly, he added.

Islam recommended bringing more deposits, giving good loans, diving deep to recover loans, and

higher income for the banks. However, the state-run banks' investment in bills and bonds was comparatively lower compared to foreign and private banks.

Their combined net interest income more than doubled to TK 1,189 crore in 2023. At the same time, their net investment income rose 14 percent to Tk 9,567 crore. A mid-level official of a state-run bank, preferring anonymity, said the banks need government support to recover bad loans and get continuous repayment



loans to total loans was 13.23 percent in Sonali, 21.03 percent in Rupali, 28.37 percent in Agrani and 25.37 percent in Janata Bank at the end of 2023.

Once, Agrani Bank brought in the most remittance among all banks, but they are now lagging behind because state-run banks cannot offer rates higher than the

placing emphasis on non-interest income to make profits like other banks.

The four banks' net interest income rose in the last year as the central bank allowed higher interest rates to be imposed on lending whereas it used to be capped at 9 percent before. The higher yield of treasury bonds also led to

because many of the defaulted loans were taken by borrowers who are linked with politically influential people.

Without political will, state-run banks will be unable to get rid of bad loans, he said. If banks lend for political reasons, then bad loans will continue to rise in upcoming days, added the official. ■

WEEKLY SELECTED ECONOMIC INDICATORS

Chief Economist's Unit
(Policy Support Wing)
09 May 2024

	08 May 2023	30 June 2023	30 April 2024 ^R	08 May 2024
1. Foreign Exchange Reserve (in million US\$)	29830.30	31203.00	25365.20	25272.00
	08 May 2023	26 June 2023	30 April 2024	08 May 2024
2. Interbank Taka-US\$ Exchange Rate (average)	107.2076	108.3576	110.0000	110.0000
3. Call Money Rate	08 May 2023	26 June 2023	30 April 2024	08 May 2024
Weighted Average Rate (in Percent)	6.00	6.18	8.73	8.62
Broad/Overall Share Price Index	08 May 2023	26 June 2023	08 May 2024	08 May 2024
a) Dhaka Stock Exchange (DSE) [®]	6261.63	6344.09	5690.78	-10.30
b) Chittagong Stock Exchange (CSE)	18474.88	18702.20	16313.06	-12.77
	April, 2023	July-Apr., FY23	April, 2024 ^P	July-Apr., FY24 ^P
5. a) Wage Earners' Remittances (in million US\$)	1684.91	17719.99	2043.06	19117.52
b) Annual Percentage Change	-16.21	2.37	21.26	7.89
	February, 2023	July-Feb., FY23	February, 2024 ^P	July-Feb., FY24 ^P
6. a) Import (c&f) (in million US\$)	4624.00	52190.00	5247.00	44108.00
b) Annual Percentage Change	-44.46	-11.20	13.47	-15.49
	February, 2023	July-Feb., FY23	February, 2024 ^P	July-Feb., FY24 ^P
a) Import (f.o.b) (in million US\$)	4282.00	48309.00	4863.00	40889.00
b) Annual Percentage Change	-44.40	-11.16	13.57	-15.36
	April, 2023	July-Apr., FY23	April, 2024 ^P	July-Apr., FY24 ^P
7. a) Export (EPB) (in million US\$)*	3956.00	45677.62	3916.99	47471.77
b) Annual Percentage Change	-16.52	5.38	-0.99	3.93
	July-February, FY23	July-February, FY23	July-February, FY24 ^P	July-February, FY24 ^P
8. Current Account Balance (in million US\$)	-3455.0	4762.0	4762.0	-2665.0
	March, 2023	July-Mar, FY23	March, 2024 ^P	July-Mar, FY24 ^P
9. a) Tax Revenue (NBR) (Tk. in crore)	29473.24	225513.09	33371.44	25958.00
b) Annual Percentage Change	4.32	8.30	13.23	15.27
Investment in National Savings Certificates (Tk. in crore)	February, 2023	July-Feb, FY23	February, 2024 ^P	July-Feb, FY24 ^P
10. a) Net sale	-440.08	-3509.51	-1541.44	-8891.77
b) Total Outstanding	360500.62	360500.62	358501.66	358501.66
	March, 2023	June, 2023 ^R	March, 2024 ^P	Percentage change
	345601.80	383585.20	356789.20	Mar'24 over Mar'23
11. a) Reserve Money (RM) (Tk. in crore)	1778659.60	1887167.90	1937241.60	Mar'24 over Jun'22
b) Broad Money (M2) (Tk. in crore)				Mar'23 over Jun'22
				3.24
				-6.99
				2.65
				4.13
				10.48

12.	Total Domestic Credit (Tk. in crore)	1815957.10	1926770.70	2036448.90	12.14	5.69	8.63	15.25		
	a) Net Credit to the Govt. Sector	324561.70	387349.80	390401.40	20.29	0.79	14.56	36.72		
	b) Credit to the Other Public Sector	44587.10	45164.70	47517.70	6.57	5.21	19.86	21.41		
	c) Credit to the Private Sector	1446808.30	1494256.20	1598529.80	10.49	6.98	7.07	10.58		
		Percentage change								
		July-February, FY23 ^P			July-February, FY24					
		Opening	Settlement	Opening	Settlement	Opening	Settlement	Settlement		
13.	L/C Opening and Settlement (in million US\$)									
	a) Consumer Goods	5505.34	5312.33	4515.23	4313.31	-17.98	-18.81	-11.37		
	b) Capital Machinery	2185.94	2481.20	1768.10	1851.85	-19.11	-25.36	-36.65		
	c) Intermediate Goods	3601.71	3627.48	2999.98	3307.57	-16.71	-8.82	-23.67		
	d) Petroleum	6573.74	6613.48	5921.02	6117.08	-9.93	-7.51	15.93		
	e) Industrial Raw Materials	15857.85	19165.35	15208.78	14362.54	-4.09	-25.06	-13.94		
	f) Others	12714.52	14289.47	14063.01	14366.03	10.61	0.54	-4.96		
	Total	46439.10	51489.31	44476.12	44318.38	-4.23	-13.93	-12.38		
	Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)	June, 2022	December, 2022	March, 2023	June, 2023 [#]	September, 2023 [#]	December, 2023 [#]	January, 2024 [#]	February, 2024 [#]	March, 2024 [#]
14.	a) Twelve Month Average Basis	6.15	7.70	8.39	9.02	9.29	9.48	9.59	9.66	9.69
	b) Point to Point Basis	7.56	8.71	9.33	9.74	9.63	9.41	9.86	9.67	9.81
	Corresponding Period	June, 2021	December, 2021	March, 2022	June, 2022	September, 2022	December, 2022	January, 2023	February, 2023	March, 2023
	a) Twelve Month Average Basis	5.56	5.55	5.75	6.15	6.96	7.70	7.92	8.14	8.39
	b) Point to Point Basis	5.64	6.05	6.22	7.56	9.10	8.71	8.57	8.78	9.33
	Classified Loan	June, 2021	December, 2021	June, 2022	September, 2022	December, 2022	March, 2023	June, 2023	September, 2023	December, 2023
15.	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)	February, 23	March, 23	July-Mar., FY23	February, 24 ^P	March, 24 ^P	July-Mar., FY24 ^P	FY23	FY22	FY21
16.	a) Disbursement **	2382.19	3056.02	24122.53	2536.90	2976.88	26667.63	32829.89	28834.21	25511.35
	b) Recovery	2539.03	3234.52	24220.05	2351.12	2749.03	25410.74	33010.09	27463.41	27123.90
	c) Outstanding	51234.84	51277.37	51277.37	55860.89	56565.61	56565.61	52704.45	49802.28	45939.80
	SME Loan (Tk. in crore)	Apr-Jun, FY22	Jul-Sept, FY23	Oct-Dec, FY23	Jan-Mar, FY23	Apr-Jun, FY23 ^P	Jul-Sept, FY24 ^P	Oct-Dec, FY24 ^P	FY23	FY22
17.	a) Disbursement	56484.26	51676.81	60611.61	49068.40	62747.05	52654.90	64841.99	224103.87	207395.04
	b) Outstanding	271448.58	273906.60	282896.54	283236.32	295842.02	298339.27	304241.45	295842.02	282896.54
	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
18.	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
19.	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	65.57
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 Mice 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

Bangladesh Bank Policies Fail To Curb High Inflation



Business Outlook Report

The Bangladesh Bank has been struggling to control high inflationary pressure, primarily due to ineffective policies and failures in implementing monetary policy, economists said. They attribute the inability to control inflation to the central bank's delayed decisions on interest rates and the dollar rate, as well as its failure to address foreign reserve depletion, rising default loans, and capital flight.

According to Bangladesh Bank Order 1972, the first and foremost function of the central bank is to formulate and implement monetary policy to manage the money supply, dollar rate, and interest rates to influence the economy's overall level of spending and inflation. Despite initiating several measures to control inflation and stabilise the economy, the central bank has had to revise its strategies repeatedly as

they have proved ineffective. BB governor Abdur Rouf Talukder made promises to reduce inflation to 8 per cent in various meetings, but these targets were not achieved. The Bangladesh Bureau of Statistics recorded headline inflation of 9.81 per cent in March, up from 9.67 per cent in the previous month. Inflation has remained consistently high at over 9 per cent since March 2023.

Although the Bangladesh Bank used contractionary monetary policy to contain the money supply in the market, it was continuously printing money to finance the government, which eventually raised inflation. Due to the economic downturn, widespread inflation was observed not only in Bangladesh but also in other South Asian countries. However, while most countries have recovered from it, Bangladesh has failed to follow suit. Despite facing a debt crisis about two years ago, Sri Lanka managed to cut inflation to 5

per cent from 49 per cent in 2022. In addition to economic factors, economists attribute Bangladesh's high inflation to its failure to control money laundering and market syndicate activities. Zahid Hussain, a former lead economist of the World Bank's Dhaka office, criticised the central bank for its failure to control inflation.

He attributed it to delayed decision-making, noting that other countries facing similar inflationary pressures had promptly raised interest rates significantly as opposed to Bangladesh Bank's slow and modest response. Hussain also criticised the central bank's introduction of an artificially controlled dollar rate, which he deemed a failure as it did not effectively address the dollar crisis in the market. He highlighted that businesses were suffering from continuous import restrictions. ■

Activists raise concern over Golden Rice, BT Brinjal

Potential health and environmental risks



Business Outlook Report

Activists from several organizations have raised concerns about the genetically modified (GM) crops Golden Rice and Bt Brinjal, calling upon the government to refrain from allowing their cultivation due to potential health and environmental risks, as well as risks to farmers and consumers.

Non-government organization UBINIG, the Bangladesh Environmental Lawyers Association (BELA), Naya Krishi Andolon (New Agricultural Movement), and human rights and development organization

Nagorik Uddyog organized a press conference titled "GM crops Golden Rice and Bt Brinjal: Necessary Questions to Resolve in the Bangladesh Context" at the National Press Club in the capital on May 6. The activists have also demanded clear communication to the general public before cultivation and marketing, addressing essential questions regarding GM crops.

These questions include: the necessity behind the cultivation and marketing of Golden Rice and BT Brinjal; whether the Bangladesh Rice Research Institute (BRRI) and Bangladesh Agricultural

Research Institute (BARI) possess independent scientific research on the safety of these crops; why the government promotes the cultivation of Golden Rice instead of supporting the production of native vitamin 'A' based crops; why the government intends to transfer the patent of BRI-29 to multinational company Syngenta, violating farmers' rights; and why the government advocates for BT Brinjal cultivation under the pretext of reducing pesticides while extensively using pesticides and herbicides in all hybrid crops.

Reading from a prepared statement, UBINIG Exec-

utive Director Farida Akhter said: "India and the Philippines have enacted legislation to cease cultivation of 'Golden Rice' and 'BT Brinjal' to protect their farmers and citizens." On April 17, the Court of Appeals of the Philippines issued a directive specifically against the commercial cultivation of Golden Rice and Bt Brinjal due to the inability of GM crop proponents to provide scientific assurance.

Meanwhile, corporate entities like the Bill & Melinda Gates Foundation and Monsanto are clandestinely working at the field level with permission from the Bangladesh government to dominate the

গোল্ডেন রাইস এবং বিটি বেগুন: র ক্ষেত্রে প্রয়োজনীয় প্রশ্নের নিরসন জরুরী

৬ মে, ২০২৪; সকাল ১১:০০ টা

ডক্টর হোসেন মানিক মিয়া হল, জাতীয় প্রেসক্লাব, ঢাকা

জএমও বিরোধী মোর্চা, নয়াকৃষি আন্দোলন ও নাগরিক উ



global food chain without adequate scientific research findings, Farida Akhter said. "However, our independent scientists strongly oppose these crops, citing their harm to farmers and consumers," claimed the UBINIG Executive Director. She further mentioned that BRRI and IRRI officials recently met Agriculture Minister Abdus Shaheed seeking his cooperation in releasing the GMO Golden Rice variety, to which the Agriculture Minister assured special initiatives.

In her statement, she noted that Bt Brinjal research was conducted simultaneously in India

and the Philippines, but no approvals were granted in these countries. In 2010, India's environment ministry imposed a moratorium on concessions for Bt Brinjal developed by Mahico, a local subsidiary of multinational company Monsanto. Even a high-powered panel appointed by the Supreme Court of India recommended an indefinite ban on all field trials of GM crops.

In contrast, the Department of Environment and Natural Resources and related departments were ordered in 2013 to halt field research of Bt Brinjal following a writ application by Greenpeace

Southeast Asia in the Philippine Court. It is reported that after failing to obtain clearance in India, they first attempted in the Philippines before Bangladesh, without success.

Syeda Rizwana Hasan, chief executive of BELA, alleged that corporate science research findings are manipulated to serve their marketing goals. Thus, these corporate entities exploited the political unrest during election times to gain permission from the Bangladesh government to cultivate and distribute these crops among farmers. At the press briefing, the BELA chief

executive introduced scientist Dr MA Sobhan. Citing genetically modified soybean oil as an example, Dr MA Sobhan said that it is the main cause of the increasing trend of autism in Bangladesh. He added that the cultivation of Golden Rice and BT Brinjal is altering the natural environment and will have negative impacts on the environment, farmers, and consumers. Zakir Hossain, chief executive of Nagorik Uddyog, said: "We have raised awareness among the general public and farmers to mobilize a mass movement against GM crops."

Chairman of Nirapod Development Foundation Ibnul Sayed Rana highlighted the rising trend of Non-Communicable Diseases (NCDs), which account for 67% of all deaths, with cancer being a leading cause. He said that GMOs are introducing potential new health risks affecting both farmers and consumers. Badrul Alam, president of Bangladesh Farmers Federation, claimed that the Indian government compelled their farmers to cultivate another GMO crop, 'Bt-Cotton', by providing them with bank loans. Later, as the crops proved unproductive, farmers incurred debt and resorted to suicide.

He added: "Corporate companies have already begun cultivating genetically modified cotton in our country. The outcomes will not be favourable." ■

Pandemic's New Poor Unable To Recover



Their condition may worsen further for a lack of access to loans and safety net

Business Outlook Report

T people who fell into poverty due to the Covid-19 pandemic remain unable to recover to their previous economic status amid the financial crises induced by the Russia-Ukraine war and high inflation, according to a recent study. Besides, these "new poor" are vulnerable to further deterioration of their financial health as they lack strong networks with employers, access to loans and social safety net programmes.

These findings were revealed in a paper titled "Being New Poor in Bangladesh: Coping Strategies, Constraints, and Trajectories". The paper was presented during a session of the "First Development Studies International Conference-DSIC 2024", at the Pan Pacific Sonargaon Dhaka May 6. The study was conducted by a group of researchers

comprising officials of the Institute of Development Studies and the BRAC Institute of Governance and Development (BIGD). The study was carried out over 11 months on 39 "new poor" households in Khulna. "The new poor have been facing a variety of constraints covering asset depletion and debt traps, health-related adversities, and distrust in and low expectations from the state," said Jahid Nur, a BIGD research associate.

"We primarily employed financial, livelihood, cost reduction and social safety strategies and found that intermediaries were key to accessing social safety nets," he added while presenting the paper. Nur also said the paper describes and presents an analysis of the strategies used by respondents for coping with the pandemic-induced shocks, their attempts to come out of poverty and

associated constraints. According to the findings, the new poor could not recover in the aftermath of the pandemic and Russia-Ukraine war. The study also found that inflation has become a big burden on their recovery efforts. "But we haven't seen any systematic state support for them to recover from the financial difficulties," he added.

Another important finding was that political affiliations had helped several households secure the required documentation for social protection schemes, he said. "When they [the new poor] approached the state to get support, they were told they are not so poor," he said. "They were also told that there are many other people who are poorer than them (new poor) and so the state support is mostly for the ultra-poor," Nur added. ■

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