

Politics: BNP's Prog Only For Khaleda's Release Raises Questions

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China vs. India On Teesta Project

Can Bangladesh have its cake?



NLP: Still A Long Way To Go

**PADMA BRIDGE
RAIL LINK
PROJECT**

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BSRM STEEL: 90%



**BANGABANDHU
TUNNEL**

Steel Standard:
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Grade 60 &
HRB 400E

BSRM STEEL: 72%



**DHAKA ELEVATED
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Business Outlook

From the Editor

Proceed With Teesta Project Cautiously

Prime Minister Sheikh Hasina is scheduled to visit China on July 8-11. According to reports, various areas of economic cooperation will be up for discussion during the forthcoming visit. Against the backdrop of contemporary circumstances, geopolitics is likely to feature in the talks between the two leaders. Diplomatic sources said a significant aspect of this visit will be a Chinese loan of US\$7 billion (\$700 crore), equal to around 50.40 billion yuan (5,040 crore yuan). Of this, China will provide \$5 billion under trade assistance and \$2 billion under budget assistance in local currency as credit to Bangladesh. Also, just as decision has been taken for transactions in taka and rupees with India, a similar decision may also be taken for transactions in taka and yuan with China. An MoU to this end is being prepared. But a major focus may be laid on the implementation of the Teesta Project for which China has already completed a comprehensive feasibility study and offered Bangladesh to finance it with necessary technical support. A similar offer came from India before prime minister's visit to the neighbouring country. Many analyst believe the river project in Bangladesh has put Beijing and New Delhi in a tug-of-war. India's purpose behind the move seems to counter China on its strategically important location. Delhi will be worried to see the presence of China at the border point from which the sensitive Chicken's Neck is just a few miles away. The site of the proposed Teesta project in Bangladesh will also allow Chinese personnel to establish a presence near the Siliguri Corridor or so-called 'Chicken's Neck', the narrow strip of land that links the rest of India with the strategic northeastern region. India also has concerns about the possibility of water flow data and other crucial information being scooped up by the Chinese side, according to a report by the Hindustan Times.

The Teesta issue has been a very crucial one for Bangladesh. It's related with the lives and livelihoods of the people of this country. The Teesta becomes almost dry in the lean season due to the unilateral withdrawal of water upstream in India, while in monsoon, the same river overflows, causing frequent floods in Bangladesh as Indian authorities often open floodgates at barrages to offload water pressure. Biodiversity and agriculture in Bangladesh's northern districts have been seriously affected in the absence of any water-sharing treaty between Bangladesh and India. The project aimed at upgrading the socio-economic condition of the Rangpur division by establishing new economic growth points along both banks of the river, preventing floods and removing silts from the river bed. So, we have to deal with the issue with highest caution so that geopolitics cannot be a bottleneck in the implementation of the Teesta project. ■



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Foreigners In Bangladesh Remitted \$130.6m In First 10 Months Of FY24

Foreigners living in Bangladesh remitted a total of \$130.58 million to their respective countries in the first ten months of the 2023-24 financial, Finance Minister Abul Hassan Mahmood Ali told parliament on June 24. Among them, Indian citizens living in Bangladesh remitted \$50.60 million to their country, he said in reply to a query of Independent MP AK Azad from Faridpur-3. The question-answer session was tabled with Speaker Shirin Sharmin Chaudhury in the chair. In a scripted answer, the finance minister said that the annual income information of foreign nationals living in Bangladesh is not stored in Bangladesh Bank. "From July to April of the current financial year (2023-24), foreign nationals living in Bangladesh have remitted \$130.58 million from their income to their countries," he said. The minister said, Indians remitted \$50.60 million, Chinese \$14.56



million, Sri Lankans \$12.71 million, Japanese \$6.89 million, Koreans \$6.21 million, Thai \$5.30 million, UK nationals \$3.59 million, Pakistanis \$3.24 million, US citizens \$3.17 million, Malaysians \$2.40 million, and citizens of other countries sent home \$21.92 dollars to their respective countries. ■

Postal Officials Embezzled Tk 55 crore

Postal officials have misappropriated Tk 55 crore from both people and departmental resources, said Zunaid Ahmed Palak, state minister for Posts, Telecommunications, and Information Technology on June 26. "We have found out that Tk 55 crore was misappropriated by postal officials nationwide, and I have already written to the ACC chairman, urging him to action," he said. A majority of these fraudulent activities involve postal officials embezzling people's deposits without issuing official documentation for the purchase of government savings certificates. The state minister made these remarks while speaking to reporters following a workshop jointly organised by the a2i (Aspire to Innovate) Information and Communication Technology Division, and the International Telecommunication Union at the Amari Dhaka hotel. The minister said they recently became aware of the financial irregularities at post offices when Parul Begum, a resident of Tanore in Rajshahi, attempted suicide after failing to recover Tk 2 lakh from the local postmaster. ■



RMG Export To EU Rises By 2%



Garment export to the European Union (EU) rose by 2 percent year-on-year to \$21.64 billion in the July-May period of the current fiscal year. Shipments to Spain, France, Netherlands, Poland and Denmark grew by 6.23 percent, 1.02 percent, 16.27 percent, 17.28 percent and 26.96 percent respectively. On the other hand, garment export to Germany, the largest EU market for Bangladesh, declined by 10.12 percent year-on-year, according to data from the Export Promotion Bureau compiled by Bangladesh Garment Manufacturers and Exporters Association today. Apparel export to Italy also declined by 6.1 percent in the 11 months to May this year. Meanwhile, apparel export to the USA hit \$7.46 billion in the period, posting a 3.43 percent fall. At the same time, exports to the UK grew by 12.34 percent year-on-year to \$5.15 billion and to Canada it declined by 0.31 percent to \$1.3 billion. However, garment export to non-traditional markets grew by 6.47 percent year-on-year to \$8.18 billion. ■

Time-Bound Action Plans Being Formulated For Leather Industry Dev

Senior secretary of the industries ministry Zakia Sultana on June 22 informed that time-bound action plans were being formulated for the development of the leather industry. 'In addition to the renovation and development of the existing Common Effluent Treatment Plant in Savar Leather Industrial City, initiatives have been taken to construct three more environmentally friendly CETPs,' she said. Zakia Sultana said this while presiding over a workshop on 'Smart Bangladesh, Smart Industry: The Role of Stakeholders in the Development of Leather and Leather Products' at the industries ministry in the city, said a press release. As per plan, Zakia Sultana said, if everything is implemented, it is expected that Leather Working Group certification of tanneries will be increased and the export of leather and leather products in the international market will also be increased. At the workshop, former industries secretary and former commissioner of the Bangladesh Securities and Exchange Commission Md Abdul Halim delivered the keynote speech. ■



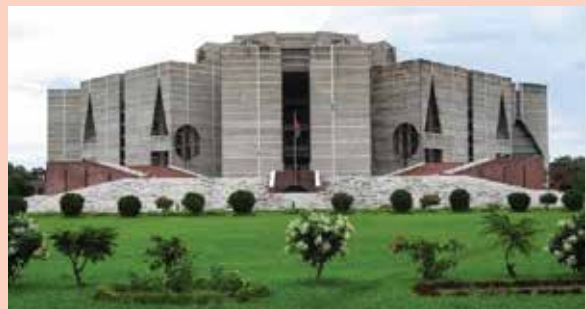
Bangladesh Gets \$100 Million In Budget Support From Korea



The government is going to get \$100 million in budget support from Korea to fund "Second Strengthening Social Resilience Program, Subprogram-1". The annual interest rate for the loan will be 1 percent and it will have a maturity period of 25 years and there will be seven years of grace period, according to a statement of the Economic Relations Division (ERD). Mirana Mahrukh, wing chief and additional secretary of the ERD, signed a deal in this regard with Hwang Kiyeon, executive director of Korea Eximbank, at a programme, the statement read. The deal aims at bolstering social resilience and improving the inclusiveness and responsiveness of social protection systems in the country, the ERD said. The policy reform programme crafted by the Finance Division in collaboration with other relevant ministries outlines measures to enhance social resilience. The loan agreement underscores the ongoing partnership between Bangladesh and Korea. Korea Eximbank extended soft loans to various key development projects in Bangladesh since 1993. ■

Govt Organisations Owe Over Tk 50,000cr To Different Banks

A total of 56 government organisations are owed Tk 51,391 crore to different public and private banks as of 31 March 31, this year. Finance Minister Abul Hassan Mahmood Ali said this in the parliament on June 24 replying to a query of ruling Awami League lawmaker elected from Noakhali-2. Morshed Alam. Of the total 56 government organisations, Bangladesh Agricultural Development Corporation (BADC) owed the highest amount of Tk 15,550 crore to banks, according to statistics placed by the finance minister before the parliament. Dhaka University of Engineering & Technology owed the lowest amount of Tk 78 lakh to different banks. The other major government organisations are: Sugar Mills (Tk 7813 crore), Fertilizer, Chemical & Pharmaceutical Industries (Tk 7250.71 crore), other non-financial corporations-public (Tk 6060.37 crore), Trading Corporation of Bangladesh (Tk 5018.06 crore), Bangladesh Biman Corporation (Tk 4441.38 crore), Food



Ministry (Tk 644.80 crore), Bangladesh Jute Mills and Related Enterprises (Tk 603.41 crore), Bangladesh Machine Tools Factory Limited (Tk 587.03 crore), Bangladesh Services Ltd (Tk 580.10 crore), Dhaka Electric Supply Company (Tk 277.60 crore), Equity Entrepreneurship Fund (Tk 265.95 crore), Other Financial Intermediaries-Public (Tk 165 crore) and Jahangirnagar University (Tk 144.78 crore). ■



The main opposition Bangladesh Nationalist Party organises a rally demanding the release of party chairperson Khaleda Zia in front of its central office at Naya Paltan in Dhaka

BNP's Prog Only For Khaleda's Release Raises Questions

SMS Hasan

Almost all of a sudden, the opposition Bangladesh Nationalist Party (BNP) threw an action programme demanding the immediate release of its imprisoned chairperson Khaleda Zia who has now been residing in her rented house in Gulshan in a confined condition after the government had suspended her sentence in a controversial corruption case. Already it has organised a big rally in the capital city to show the public support for its demand. But interestingly, the programme was exclusively meant for the release of Khaleda Zia. No other demand like the cancellation of the general election 2024 or the resignation of the Awami League government was focused on while announcing the programme. Khaleda Zia recently underwent a critical heart operation. That might be a reason for focusing on the issue. But shifting the focus from the

oust-government movement might give a new impression. Many may believe that the BNP has already accepted the Awami League government for the next 5 years of which six months have already elapsed. Recently, two matters have grabbed the focus in politics—one Prime Minister Sheikh Hasina's recent India visit where an agreement was signed for providing rail transit facilities for allowing Indian trains to use Bangladesh as a corridor for going to the Indian western part from the eastern part, mainly Seven Sisters states. Without getting any major breakthrough about Teesta and other rivers' water-sharing issue, the government agreed to provide transit facilities to the Indian Railway, which has fuelled a new debate across the country. Actually, in the last 17 years, Bangladesh has been providing almost all the facilities which India demanded or requested from Bangladesh. But

Bangladesh was getting nothing in exchange which created huge frustration among the masses. Interestingly opposition BNP also miserably failed to pick up the issue although it has huge merits in politics. In every case, the BNP failed to play its due role as a responsible opposition. BNP could not determine on which issue it should focus in politics. However, the BNP was created as a political party based on the protest against the Indian expansionism policy. Many political analysts believe that shifting BNP's focus from its founding cause has been a major debacle in politics for which it has been paying for the last 17 years. Rather, BNP has been trying to make a balance on this issue. Many say the global and regional situation has changed a lot and the shift of BNP's focus is justified. However, a large group believe that though BNP has changed its foreign policy, India has

not changed its policy to only take Awami League as its only ally in Bangladesh. As a result, BNP's rationality has failed to yield any result. In the last three general elections, India's open and clear

government officials is still in focus as more names are coming in the anti-corruption commission (ACC) drive. But finally, how far such a move will succeed, the people have to wait to see the result. Many



Mirza Fakhru speaks at a rally in the capital's Naya Paltan area on 29 June, 2024

stance in supporting the Awami League has exposed the matter.

The opposition BNP's other failure is to create a big gap with its original and trusted friend China. Allowing Taiwan to open its commercial consulate office in Bangladesh by the then BNP government was a blatant blunder in its long-standing policy regarding the "One China" stance. Since then, China lost its confidence in the BNP leadership. Appointing BNP leader Amir Khasru Mahmud Chowdhury, who led BNP to the blunder, has now been leading its international foreign policy committee. As a result, the BNP is not getting any support either from Chinese policymakers or any other international forces. Recently it reshuffled some of its committees including the international one, but Amir Khasru Mahmud still is leading that committee. So, it's almost certain that the BNP will not get any benefit from the reshuffle in party rank and file.

The corruption of some former

people believe those are a kind of show-up by the government to shift people's focus from politics.

BNP Demands Unconditional Release Of Khaleda, Warns Of Consequences

BNP Secretary General Mirza Fakhru Islam Alamgir has urged the government to immediately free the party's ailing chairperson and former prime minister Khaleda Zia, without any conditions. Otherwise, he warned of dire consequences. "We would like to clearly say, free our leader immediately (without any conditions). Otherwise, you have to get ready for any consequence," he told a mammoth rally in the capital, the BNP's largest public show of strength this year, which started with the party boycotting the 7 January election. The BNP leader also said the country's people will no longer let Khaleda stay in jail. Stating that the country is not safe in the hands of the current 'looter regime', he called upon the country's people to take to the streets to remove Awami League from power.

He also said their party will intensify the movement to protect the country from Awami League's misrule and restore people's lost rights. Fakhru said the government has jailed Khaleda and many BNP leaders with an intention to obliterate democracy. Recalling the BNP chief's role in different democratic movements, Fakhru said there is no scope to separate Khaleda and the country's democracy.

BNP arranged the rally in front of its Nayapaltan central office, demanding the unconditional release of Khaleda Zia on June 29. It was in fact the first major rally arranged by BNP in eight months since the pivotal events of October 28 last year, following almost the entire leadership of the party active in Bangladesh was jailed.

BNP standing committee member Mirza Abbas, one of the first to be picked up in the ensuing crackdown alongside Mirza Fakhru, presided over the rally. He said the country is now filled with thieves and plunderers in the absence of democracy and the rule of law.

In such a situation, he called upon the BNP leaders and workers to take to the streets with a strong resolve to have Khaleda Zia freed from jail without any conditions and to restore democracy in the country. "We would like to say our leader Khaleda Zia must be freed. When thieves and criminals are being freed, what is the problem in freeing her?" the BNP leader said.

He said they will not stop their movement without the unconditional release of Khaleda Zia, as they believe democracy will not be restored without her.

BNP standing committee members Gayeshwar Chandra Roy, Nazrul Islam Khan, Amir Khosru Mahmud Chowdhury, and Begum Selima Rahman, among others, addressed the rally.

Goods, Passengers Allowed Under

Bangladesh-India Railway Deal

Neighbouring India can use Bangladesh rail lines to carry goods and passengers across its territory, and Bangladesh can carry goods and passengers to Nepal, Bhutan and India using Indian rail lines, according to the newly announced railway connectivity Memorandum of Understanding (MoU) signed by Bangladesh and Indian Railway during Prime Minister Sheikh Hasina's recent India visit. In Bangladesh, there is speculation that the Indian government can carry military weapons or ammunition through Bangladeshi rail lines from one state to another, particularly from Delhi or Kolkata to its seven sisters.

However, the rail ministry officials, who are familiar with this agreement, rejected these speculations and stated that Bangladesh Railway meticulously drafted the contract, prohibiting the transportation of any destructive goods or products inside Indian rail wagons through Bangladeshi territory. Rumours are also rife in Bangladesh, suggesting that Indian soldiers might be permitted to guard their rail wagons once the rail route becomes operational. However, the Bangladeshi railway authorities have refuted these rumours, asserting that the domestic law and enforcement agencies in Bangladesh will maintain the security of the Indian rail wagons, just as they do for the Bangladeshi rail wagons, and will not permit outsiders entry into the picture.

According to the new agreement, India can use Bangladesh's existing rail lines to carry goods and passengers within the country from one state to another, and Bangladesh can use Indian rail lines to transport goods and passengers to other neighbouring countries like Nepal, Bhutan and India.

Currently, five operational interchange points connect Bangladesh

Railways to the Indian Railway network: Benapole in Bangladesh-Petrapole in India, Darshana in Bangladesh-Gede in India, Rohanpur in Bangladesh-Singhabad in India, Birol in Bangladesh-Radhikapur in India, and Chilahati in Bangladesh-Haldibari in India.

Additionally, trial runs have been conducted between Akhaura (Bangladesh) and Agartala (India), with commercial services expected to commence soon. At present, two more rail connectivity projects between India and Bangladesh are in the survey stage: Belonia (India) to Feni (Bangladesh) and Mahيسان

Nepal and Bhutan in 1976 and 1984, in that order. However, those transit agreements proved to be ineffective. With the recent agreement on rail connectivity with India, though, the transit agreements with Nepal and Bhutan are expected to gain momentum, according to railway sources.

According to sources in the railway ministry, this agreement has been reached with India to facilitate easy access for Bangladesh to Nepal and Bhutan. In the near future, Nepal and Bhutan can also utilise Bangladesh's existing ports to enhance trade and commerce. According to



Participants from Dhaka metropolis and surrounding districts arrived at the rally venue in processions, chanting slogans for Khaleda Zia's release

(India) to Shahbazpur (Bangladesh). According to the new rail connectivity agreement between Bangladesh and India, India can operate trains on these routes using Bangladesh's rail track, and Bangladesh will receive a charge from the Indian railway.

According to railway data, in the 2022-23 fiscal year, 982 Indian trains transported goods inside Bangladesh, and Bangladesh Railway earned Tk117 crore from wagon charges only. Bangladesh Railway expects that when India operates more trains, Bangladesh will be able to earn more. In addition, Bangladesh had a transit agreement with

the new agreement, Bangladeshi trains will enter Nepal through two routes: one is 529 kilometres of rail track from Rohanpur-Singhabad-Roksol-Birganj, and the other is 220 kilometres of rail track from Birol-Radhikapur-Jogobani-Bhiratnagar.

Bangladesh will be connected with Bhutan with 231 kilometres of rail track from the Chilahati-New Jalpaiguri-Hasimara route. There is no rail line in Bhutan, but Bangladesh and India can reach their borders via the Hasimara rail station, which is nearly 20 kilometres from Bhutan's border city. Furthermore, Bangladesh was granted permission

to use Assam's Kokrajhar and Bhutan's Gelephu rail track when it became operational between India and Bhutan, according to the recent rail connectivity agreement between Bangladesh and India.

Proposed India-Bangladesh Rail Link Sparks Mix Of Optimism And Backlash

One of the significant agreements inked during Bangladeshi Prime Minister Sheikh Hasina's recent visit to India was about a first-of-its-kind railway link between the South Asian neighbours. According to Turkish news agency Anadolu, both governments hailed the landmark

for its products to reach Nepal and Bhutan through the network, which would also have a goods train service. Discussions about the railway link have been happening for quite some time. Right before Hasina's late-June visit to New Delhi, Indian Railways revealed to local news outlet The Telegraph its plans for a new 1,275-kilometer (792-mile) rail track – 861 kilometres (535 miles) across Bangladesh, Nepal (202 kilometres or 125 miles), and northeast India (212 kilometres or 131 miles). Indian officials confirmed that the operational network will cover these distances, allowing India to trans-

secretary general of the main opposition Bangladesh Nationalist Party (BNP), claimed the railway would “weaken the country's security and intelligence system.” “It's their train and their goods. They will obviously deploy their own security to protect those,” said Rizvi. “That basically means you are allowing Indian security personnel to enter Bangladesh on a regular basis.” Mirza Fakhrul said at a press conference on June 26 that the railway deal is not only “bad” but also “dangerous” for Bangladesh. “What does Bangladesh gain by allowing a corridor through its territory, instead of India utilizing the Chicken's Neck?” he said. “The entire benefit seems to be India's.”

Located in a strategic nook in north-eastern India, the Chicken's Neck is the narrowest point of the subcontinent, nestled between Nepal to the north and Bangladesh to the south, and just about 170 kilometres (105 miles) from the border with China. This link through Bangladesh will help India avoid hundreds of kilometres of extra distance to connect with its seven northeastern states through the Chicken's Neck, said Alamgir. “What will Bangladesh get in return? Transit and transshipment fees? How much are those? The government never clarifies those,” he added. The proposed railway deal comes in the backdrop of an “anti-India” campaign ongoing in Bangladesh since its general elections in January.

The campaign was fueled by claims that Hasina's victory was made possible by Indian Prime Minister Narendra Modi's support, with New Delhi helping ease considerable pressure from the West, particularly the US, for Dhaka to hold free, fair and inclusive elections.

What Has The Government Said?

Hasina has asserted that her government would never do anything that harms the country's interests. Asked about the potential security threat at



India, Bangladesh agree on mega project to conserve and manage Teesta river water

project, which will connect India's northeastern parts to Bangladesh, as a major step in enhancing regional connectivity. However, the plan has kicked off a firestorm of criticism in Bangladesh, with opposition parties going as far as labelling it “anti-state.” Hasina's government has dismissed the claims, asserting that the rail link will boost economic development. For India, the link through Bangladesh offers an alternative route to the Siliguri Corridor – a narrow passage also known as Chicken's Neck, which the two sides utilize as part of a 1980 trade agreement. Bangladesh, in turn, would gain facilitated access

port goods and passengers to its northeastern states while enabling Bangladesh to transport goods and passengers to Nepal via Indian territory.

Why The Uproar?

Concerns raised by opposition parties in Bangladesh centre on allowing Indian Railways to operate within the country, which they contend could compromise national security. They also criticise the current arrangement for lacking adequate transit and transshipment fees, arguing that India is the primary beneficiary. Speaking to Anadolu, Ruhul Kabir Rizvi, senior joint

a press conference after her return from New Delhi, she said: "Should Bangladesh keep its doors closed? Look at Europe, where there are no borders." Hasina said Bangladesh is an independent and sovereign nation, adding that she has "opened all communication channels, and the people will reap the benefits from it." Aaqib Md. Shatil, a Cambridge-based sustainable development expert, believes that "Bangladesh has a lot to gain" from the railway deal. India has committed to extend transit facilities for Bangladeshi goods to Nepal and Bhutan, countries where Bangladesh exported goods worth more than \$50 million from July 2023 to April 2024, he explained.

"Bangladesh has a market to capture in both countries. If we cooperate with each other, this connectivity will help Bangladeshi businesses export more goods in the coming years," he told Anadolu. "Moreover, the most significant part, in my view, is the Indian commitment to Bangladesh regarding energy connectivity with Nepal and Bhutan," said Shatil. Nepal alone has a hydroelectric potential of 72,000 megawatts, while the highest amount of electricity Bangladesh has ever generated is 16,477 megawatts, he said.

"Bangladesh's reliance on imported fossil fuels is growing. If Bangladesh can leverage this energy connectivity, there is huge potential for Bangladesh to import cheaper hydroelectricity from Nepal and curb its dependence on fossil fuel imports," said Shatil.

For Mustafizur Rahman, an economist at the Bangladeshi think tank Center for Policy Dialogue, there is no doubt that India stands to gain considerably more from the rail deal. India will be able to significantly cut transport costs to its northeastern states, he said.

To alleviate concerns and balance things out, Rahman suggested the

two sides should discuss a "benefit-sharing arrangement" and find ways to ensure that Dhaka gets as much out of the agreement as New Delhi.

India And Bangladesh Agree On The Project To Conserve And Manage The Teesta River Water

Sending a technical team by India to Bangladesh soon for a mega project to conserve and manage the Teesta River, moving ahead to start negotiations on a comprehensive trade pact and boosting defence ties were among major outcomes of talks between Prime Minister Narendra Modi and his Bangladeshi counterpart Sheikh Hasina on Saturday.

The two sides signed 10 agreements providing for bolstering ties in a range of critical areas such as the digital domain, maritime sphere, blue economy, railways, space, green technology, health and medicine.

Both sides also firmed up a "futuristic vision" for bringing transforma-

as both sides resolved to work towards peaceful management of borders between the two countries. In his remarks to the media, Modi, describing people-to-people contacts as the foundation of ties between the two nations, said India will launch an e-medical visa facility for people from Bangladesh coming to India for medical treatment.

India has also decided to open a new assistant high commission in Rangpur. In the talks, Modi and Hasina also resolved to strengthen bilateral defence cooperation including in areas of defence production and modernisation of Bangladeshi armed forces and agreed to enhance engagement on countering terrorism and radicalisation.

The issue of Rohingya refugees as well as the situation in Myanmar and boosting regional cooperation under the framework of BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) grouping also figured in the talks. "We have



tive cooperation between the two "trusted" neighbours in a raft of new areas. A major focus of the talks between the two prime ministers was to explore ways to shore up India-Bangladesh cooperation in digital and energy connectivity even

decided to start negotiations at the technical level for the renewal of the 1996 Ganga Water Treaty," Prime Minister Modi said. "On the conservation and management of the Teesta river in Bangladesh, a technical team will soon visit Bangladesh

for talks," he said in his media statement, The mega project assumed significance as China too apparently showed interest in it. The project is envisaged to build large reservoirs and related infrastructure to manage and conserve Teesta River water.

The move on the project comes amid a long-pending proposal to have a pact on the sharing of Teesta water between the two countries.

The deal was set to be signed during then Prime Minister Manmohan Singh's visit to Bangladesh in September 2011, but it was postponed at the last minute due to

India has been cooperating with the countries of the Indian Ocean region under the broader policy framework of SAGAR or Security and Growth for all in the Region.

"We have kept our focus on connectivity, commerce and collaboration. In the last 10 years, we have restored the connectivity that existed before 1965," Modi said. "Now we will emphasise more on digital and energy connectivity. This will give impetus to the economies of both countries," he said.

"To take our economic relations to new heights, both sides have agreed to start negotiations on CEPA

Indo-Pacific Oceans Initiative," he said. In her remarks, Hasina described India as Bangladesh's major neighbour and a trusted friend.

"India is our major neighbour, trusted friend, and regional partner. Bangladesh greatly values our relations with India, which were born out of the War of Liberation in 1971," she said.

"I recall with gratitude the contribution of the government and the people of India to Bangladesh's independence," she said.

Hasina also paid homage to the "brave fallen heroes of India" who sacrificed their lives in the 1971 war.

"Today, we had very productive meetings where we discussed cooperation in areas of security, trade, connectivity, sharing of water from common rivers, power and energy, and regional and multilateral cooperation," she said. The Bangladesh prime minister began her two-day visit to India on June 21.

It is the first incoming bilateral state visit by a foreign leader after the formation of the new government in India following the Lok Sabha elections.

In the morning, Hasina visited Rajghat and paid rich tributes to Mahatma Gandhi.

Ahead of the talks, the visiting leader was accorded a ceremonial welcome at the forecourt of the Rashtrapati Bhavan.

Officials said the focus of the Modi-Hasina talks would be to impart a new momentum to the bilateral ties including in areas of trade, connectivity and energy.

Hasina was among seven top leaders from India's neighbourhood and the Indian Ocean region who attended the swearing-in ceremony of Prime Minister Narendra Modi and the Union Council of Ministers on June 9. ■



South Asian neighbors signed an agreement for a first-of-its-kind railway link during Prime Minister Hasina's visit to New Delhi in late June

objections by West Bengal Chief Minister Mamata Banerjee. At a media briefing, Foreign Secretary Vinay Kwatra said India plans to undertake conservation and management of the Teesta River inside Bangladesh with suitable Indian assistance.

In his remarks, Modi said Bangladesh is India's largest development partner and New Delhi attaches highest priority to its relations with that country.

"Bangladesh is situated at the confluence of our Neighbourhood First policy, Act East policy, Vision SAGAR and Indo-Pacific vision.

(Comprehensive Economic Partnership Agreement)," he said. The prime minister said both sides decided to expand defence cooperation as well.

"We had extensive discussions on further strengthening defence cooperation, from defence production to modernisation of armed forces," he said.

"We have decided to strengthen our engagement on counter-terrorism, de-radicalisation and peaceful management of borders." "We share a common vision for the Indian Ocean region. We welcome Bangladesh's decision to join the



Who Profits From The Soaring Price Of Cocoa?

Business Outlook Report

Though cocoa prices on the financial markets have soared, the rise is benefiting cocoa growers, bean processors, speculators and chocolatiers in unequal measure.

In March, prices rocketed to more than \$10,000 a tonne in New York after a poor harvest in West Africa due to a combination of bad weather conditions and disease devastating ageing plantations, reports AFP. They have since fallen back from the peak, yet are still three times higher than last year. In Ivory Coast and Ghana, the world's

largest cocoa producers, prices are set by the authorities in October on the basis of the previous months. But by that point the harvests "have already been largely pre-sold", said Tancrede Voituriez of the French agricultural research and cooperation organisation CIRAD.

This reduces the impact of cocoa price fluctuations -- whether upwards and downwards. As a result, small-scale producers, who generally earn barely enough to live on, did not immediately benefit from the surge. That said, the authorities raised the price of the intermediate crop in April by 50 percent to

between \$2,300 and \$2,500 per tonne -- a modest rise compared to what the farmers could charge on the international exchanges. In countries with less regulated systems, such as Cameroon, Nigeria, Ecuador and Brazil, growers managed to pocket more from the trend. There, farmers have been allowed to sell their beans to buyers willing to approach the prices paid on the financial markets.

But that deregulated approach comes with risks of its own. "Soaring prices have made production more attractive," David Gonzales, coordinator of

the Peruvian Chamber of Coffee and Cocoa, told AFP. The fear is that there will be an excess of cocoa in three to five years' time -- the time needed for farmers hoping to cash in to grow new trees -- causing prices to tumble back to earth.

The major processors who grind the beans into butter, liquor or powder -- notably Switzerland's Barry Callebaut, America's Cargill, Singapore's Olam -- generally negotiate a large part of their supplies in advance. But some contracts have not been honoured, forcing them to scour for urgently needed cocoa at high cost

and in some cases to slow down production. Barry Callebaut reported in early April that it had drawn more than usual from its cash reserves to finance bean purchases,

Leone. Cocoa prices have risen because supply has fallen short of demand for the third year running, according to the International Cocoa Organization. Investment funds

special markets, in this case on falling prices. After the markets proved right and prices soared, several had to bank more funds to cover their potential losses. Others short on

Ulf Schneider confirmed in April. But as time goes on, rising raw cocoa prices will eventually hit their bottom line. To avoid passing on the cost to consumers already hit



but had enough cocoa on hand to meet demand. Other smaller intermediaries may find it difficult to advance the funds needed to adapt to the higher prices.

Yet there is one group of middlemen who would have been delighted at the price rises. "The smugglers would have done very nicely there," Steve Wateridge of commodity firm Tropical Research Services told AFP.

He said black marketeers could have taken advantage of the system in Ivory Coast and Ghana by buying cocoa at slightly above the fixed prices and selling the beans on the open market in Togo, Guinea, Liberia or Sierra

Leone. That sensed the changing wind bet on higher prices, pocketing a profit in the process.

But from January onwards, prices became very erratic, even beyond the liking of funds with a taste for speculation. Many investors withdrew from the market altogether: the number of traded contracts fell from 334,000 in mid-January to 146,000 in April, according to Saxo Bank's Ole Hansen. "You can't blame the speculators for artificially inflating the prices," Wateridge added.

On the other hand, trading houses and chocolate makers tend to guard against price reversals by betting against the finan-

cial markets, in this case on falling prices. After the markets proved right and prices soared, several had to bank more funds to cover their potential losses. Others short on

cash have had to abandon their bets, which technically obliges them to buy back contracts on the market.

Chocolatiers Adapt

This, in turn, automatically pushes up the price of cocoa even further. Given the time lag between the cocoa harvest and the production of a finished bar, the cost of chocolate on the supermarket shelves should not in theory have soared for industry giants Mars, Mondelez, Nestle, Hershey's and Ferrero.

"We are largely covered as part of our forward contracting for the remainder of the year," Nestle's chief executive

by soaring inflation, manufacturers could alter their recipes -- increasing the proportion of hazelnuts in Nutella, for example -- or reduce portion size.

Even for artisan chocolate makers, the cost of the raw cocoa represents only a small part of the finished product. "There's a big margin" on chocolate bars, Sebastien Langlois, the co-founder of French Cocoa Company, told AFP, dampening the impact of soaring bean costs.

His company, which sells organic and fair-trade products, has not yet raised its prices, he added. ■



Red Sea Gives Shipping An Uber-Style Price Surge

Business Outlook Report

Anyone who has tried to secure an Uber at a busy time of day will have experienced the ride-hailing app's least appealing feature: surge pricing. Too many punters and too few available cars mean the cost of getting from A to B spikes. Something similar is currently afflicting the global shipping sector.

In the wake of Iran-aligned Houthi militants launching missiles at ships heading for the Suez Canal, freight rates more than doubled from around \$1,200 per trip in 2023 to a January peak of \$3,400. That's according to an index compiled by shipping platform Freightos, which tracks spot prices for 40-foot

containers in 12 major trade lanes. Prices fell back in March and April, but since May they've rebounded to hit \$4,500 – over triple their pre-crisis level.

On the face of it, the recent shipping cost spike is odd. The traditional peak season for exporters filling Christmas orders is some way off. And unlike the aftermath of the pandemic in 2021, when rates ballooned to nearly \$12,000, there should be enough ships – in fact, the industry has struggled to absorb a record number of new vessels ordered in response to the Covid-era disruptions. In 2023, new deliveries of container ships added record capacity of 2 million 20-foot equivalent containers (TEU), according to

AXSMarine analyst Jan Tiedemann. Another 3 million will be added this year and a further 2 million TEU in 2025.

Yet a host of countervailing forces are inflating rates. One is the cyclical rebound of the world economy. Global manufacturing output accelerated, its fastest year-on-year pace in 22 months in May, according to a Purchasing Managers' Index produced by S&P Global. Combine that with major port strikes that have hit Germany, and France, and could also affect the United States on the East Coast and Gulf of Mexico, and rates would have upward pressure even if two other unusual factors weren't at play. French business leaders don't seem too worried

about the economic platform of far-right leader Marine Le Pen. One of these unconventional drivers may be that exporters have been trying to speed up cargo deliveries to avoid what they fear is increasingly protectionist trade policy. In May US President Joe Biden announced sharply raising tariffs on \$18 billion of Chinese goods including electric vehicles, batteries, semiconductors, steel, solar cells and medical products.

With some of these expected to take effect as soon as August, this threat has triggered a race to front-load Chinese exports and stockpiling for

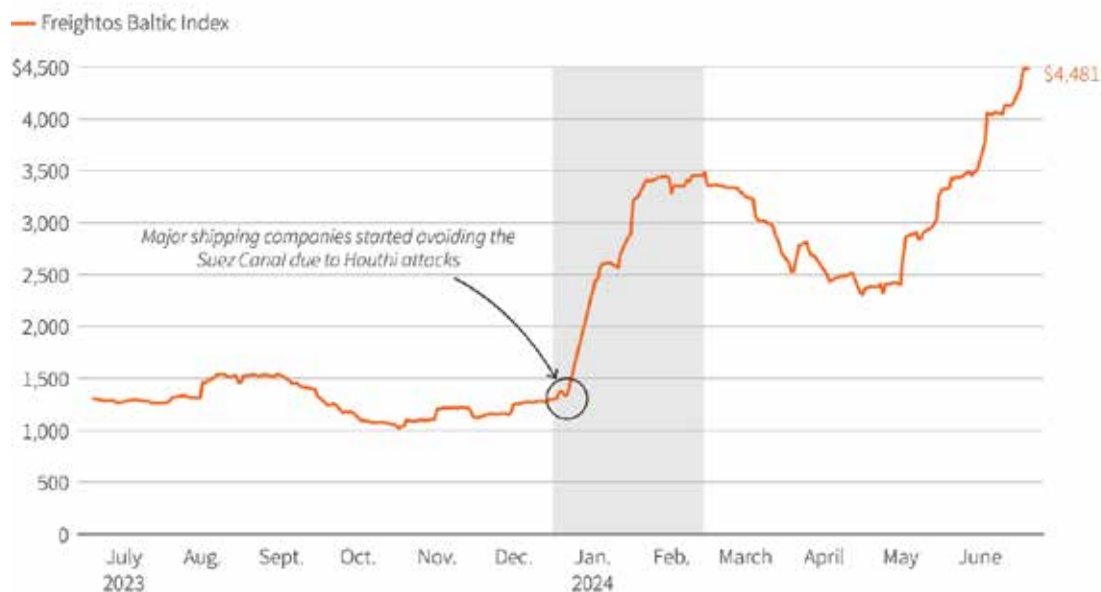
scope of their own tariffs on Chinese electric vehicles. If Donald Trump gets re-elected in November as the new US president, he may be inclined to do more. After all, he slapped tariffs on \$300 billion of Chinese goods during his last term.

The final piece of the puzzle is the Red Sea closure itself. Sailing around Africa via the Cape of Good Hope adds two weeks of travel in the case of Asian cargo destined for the Mediterranean and Europe, which means more ships are needed to maintain trade levels. With 1 million TEU of new ships already hitting the waters this year, the percentage

which was among the first to divert from the Red Sea and which has about 65 percent of its contracts signed on spot rates, have risen over 170 percent since mid-December. Denmark's Maersk only gained 15 percent, as its spot contract exposure is typically only about 35 percent. But given fixed contracts typically get renegotiated twice a year, and shippers frequently impose ad hoc surcharges, it's unlikely to entirely miss out on the windfall.

It's possible that the current demand-inflating noise surrounding tariffs, economic recoveries and port strikes fizzles out later this year. But

Ocean freight congestion worse than start of Red Sea crisis



Note: The Freightos Baltic Index (FBX) measures the daily price movements of 40-foot containers in 12 major maritime lanes. It is expressed as an average price per 40-foot container

Data to June 20, 2024

Source: Freightos, LSEG | Y. Chen | Breakingviews | June 21, 2024

importers, according to analysts at China Industrial Bank-affiliated CIB Research. The United States contributed the biggest growth among developed markets in China's exports of goods in May, official data showed.

The trouble for exporters and importers is that geopolitical tensions may get worse. US allies such as the European Union are already under pressure to expand the

of idle fleets still fell to 0.6 percent, per AXSMarine. That's the lowest since around February 2022, and way below a normal healthy level of around 3 percent.

For shipping companies whose bottom line is closely correlated with the freight rates, this is all very handy. The higher their exposure to spot prices, the better. Shares of \$2 billion Israeli shipping company Zim Integrated Shipping Services ,

more than six months after the Houthi attacks hit, shipping companies like Hapag-Lloyd show no sign of wanting to return to the Suez. Freight rates for certain routes could rise to up to \$9,000 in the next few months, according to Freightos estimates. When it comes to adhering to the balance of supply and demand, Ubers and ocean-going tankers are more similar than they might appear. ■



Oil Prices Edge Down

Business Outlook Report

Trent crude fell on June 25 while investors awaited US inflation data later this week, but prices held above the \$85 level after the previous session's gains on escalating geopolitical tensions and hopes of improved demand this summer.

Brent futures for August settlement were down 43 cents at \$85.58 a barrel by 1100 GMT. US crude futures also dipped by 43 cents to \$81.20. Both benchmarks gained about 3 percent last week, marking two straight weeks of gains. Front-month Brent prices could push into the upper \$80s in the short term, driven by the

confluence of increasing geopolitical risk and bullish fundamentals, steepening the market's backwardation," said Rystad Energy analyst Claudio Galimberti.

Backwardation is when front-month prices are higher than the second month, making oil likelier to be used now rather than be left in storage for the future. Oil and fuel stockpiles have declined and gasoline demand is rising as the United States, the world's biggest oil consumer, enters its peak summer consumption period. US crude oil stockpiles are expected to have fallen by 3 million barrels in the week to June 21, a preliminary Reuters

poll showed on Monday. Gasoline stocks were also expected to have declined while distillate inventories are likely to have risen.

"The surge in oil prices was triggered by an optimistic demand outlook and reduced US inventories. With the Northern Hemisphere entering a hot summer and the upcoming hurricane season, demand is expected to continue increasing in the coming months," said independent market analyst Tina Teng. Also on the radar is Friday's release of the personal consumption expenditures index, the US Federal Reserve's preferred inflation measure, which will give

investors a steer on how long the central bank might wait before reducing interest rates. Fed Governor Michelle Bowman reiterated that holding the policy rate steady "for some time" is likely to be enough to bring inflation under control. Delays to a US rate cut could hold back the economy and limit growth in fuel consumption.

Oil was also supported by continued Ukrainian attacks on Russian oil infrastructure. On June 21, Ukrainian drones hit four refineries, including the Ilsky refinery, one of the main fuel producers in southern Russia. ■

UAE Emerges As Top Remittance Source For Bangladesh



Business Outlook Report

Bangladesh received the highest remittance from the United Arab Emirates in the first 10 months of the outgoing fiscal year, well ahead of traditional powerhouses such as Saudi Arabia and the United States, central bank figures showed. The second-highest volume came from the United Kingdom, with the US at third and Saudi Arabia at fourth.

The second-highest volume came from the United Kingdom, with the US at third and Saudi Arabia at fourth. The spike in the funds remitted from the UAE has been good news for Bangladesh since it gave a much-needed fillip to an economy reeling under the foreign currency

reserves crisis for the past two years. Experts, however, have raised questions about whether the smuggled money is returning in the form of remittance to enjoy incentives and legalise it. UAE-based remitters sent \$3.65 billion in July–April of 2023–24, which was 52 percent higher than the receipts of \$2.41 billion in the same period of the previous fiscal year. It was third-placed in July–April of 2022–23.

The flow from the UAE constituted 19 percent of the \$19.11 billion migrant workers transferred during the period, according to Bangladesh Bank data. It comes as the Gulf nation has become a major hub for investments for Bangladeshis

although how the financing to set up the ventures was mobilised could not be known immediately since only a handful of companies have received permission from the BB to invest abroad. Many Bangladeshis have allegedly laundered money to the UAE illegally and invested there, according to media reports.

Dubai, the most populous city in the UAE, and the capital of the Emirate of Dubai, is currently one of the favourite destinations among the wealthy population in the world to siphon money, according to experts. The fact that the UAE is not the largest destination for Bangladeshi expatriates has also deepened the suspicion. Bureau of Manpower, Employment and Training (BMET)

data showed 21.58 lakh people have gone to the country in search of jobs since 2004, which is 44.5 percent lower than the 38.85 lakh people who departed for Saudi Arabia,

Dialogue, said there is no major differences between the workers who went to the UAE and those who went to Saudi Arabia in terms of skills and salaries. "So, it is neces-

the beginning of FY24. In order to attract remittances, the government introduced a 2 percent incentive in 2019, and it was later raised to 2.5 percent. Rahman called for a thorough investigation to find out whether the money that was smuggled out of the country is being brought back to secure the incentives and legalise them. He termed it as the "round trip" of the money.

"Although remittances are good for the foreign exchange reserves and the balance of payments, it is needed to probe whether there is any other purpose behind it." Mohammed Nurul Amin, a former managing director of Meghna Bank and NCC Bank, said many rich people have settled in Dubai as it has now become a lucrative destination.

Now, the expatriates are getting incentives if they send funds to their beneficiaries back home through formal channels. This might be a reason behind the higher remittance flow from the UAE, he said. Expats sent \$2.35 billion from the UK in



home to the largest number of migrant workers from the South Asian nation. However, remittance receipts from the UAE were 40.8 percent higher than that of Saudi Arabia in the first 10 months of

sary to see who are sending the money from the UAE and why is this sudden spike?" Rahman asked. Historically, Saudi Arabia had been the top remittance sender for Bangladesh. In the second half of



FY24. In July-April, \$2.16 billion came from Saudi Arabia, down from \$3.04 billion a year ago. Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy

2022, it lost the spot to the US for a brief period, which came as a surprise. Still, Saudi Arabia retained the top spot at the end of FY23. The UAE has been the top remitter since

July-April, data from the BB showed. Remittances from the US dropped 25.33 percent to \$2.28 billion during the period. ■



National Logistics Policy

NLP: Still A Long Way To Go

Apu Ahmed

On April 28, 2024, the government published a gazette notification on the National Logistics Policy, the first of its kind in the country's history, aimed at improving the country's competitiveness in international trade.

Mismatch

The policy came against the backdrop of a demand by local and foreign investors to improve the logistic services facilitated by the government as part of its responsibilities to foster investment by private groups. The higher private investment means the expansion of economic activities and the generation of higher incomes by the government tax collectors. However, there has already been a contradiction that the revenue has not increased with the growth of the country's gross domestic product.

The mismatch has led to widespread suspicions of tax dodging. There has also been an apprehension that the revenue officials force businesses to underhand dealings for services linked to the availability of logistics facilities in documentation, essential before using physical infrastructures, causing revenue losses by at least one-third of the overall annual tax.

Less Efficient Port

But most of the businesses in the country wanted to do business ethically for sustainable and fair competition, a vital aspect of the business from time immemorial. Amid such a scenario, support programmes for the long-standing demands for addressing problems relating to logistic shortcomings by arranging seminars, symposiums and opinions in the media are not surprising. Their demands such as removing entry barriers for foreign

logistics operators, reducing long container dwell times at Chattogram Port, addressing complex governance systems for the port, policies leading to less efficient port operation and limited participation of the private sector in port operation are also linked to the ease of doing business. However, demands have long remained unmet when there is no alternative to an integrated logistics management system to guarantee competitiveness in international commerce.

GLPI

The Global Logistics Performance Index 2023 ranked the country at 88th out of 139 countries, from 100th in 2018. The country was 87th among 160 economies in 2016 and 108th in 2014. With a score of 2.6 on a 5-point scale, Bangladesh ranked third among the five South Asian economies assessed in the

2023 index prepared by the World Bank, behind India (38th) and Sri Lanka (73rd). The WB has been preparing the index based on the combination of the weighted average of the country scores on six key dimensions: customs performance, infrastructure quality, ease of arranging shipments, logistics services quality, consignments tracking and tracing and timeliness of shipments as well as practical data measuring logistics efficiency. This measure indicates the relative ease and efficiency with which products can be moved into and inside a

with problems of infrastructural shortfalls, the dearth of educated and skilled workers, and high tax rates. They also highlighted barriers to competitive business, including corruption and a limited scope of financing. The WB has, however, discontinued the index in 2021. However, the last index and the country's ranking are widely used to describe the overall business atmosphere here in Bangladesh.

Businesses Hail Logistics Policy

Businesses have welcomed the National Logistics Policy since it

business community for ease of doing business. Having a National Logistics Policy is essential for shaping the logistics industry of a nation. This could be a game-changer for Bangladesh's organisations, said MCCI.

Cost Cutting Matters

Businesses have also identified that Bangladeshi industries have to hold large inventories of raw materials and finished goods because of less efficient logistics services. Inventory carrying costs account for about 17-56 per cent of logistics costs,



country. One of the six indicators—infrastructure quality (1=low to 5=high) in Bangladesh was reported at 2.3 in 2022. The highest score in the particular indicator recorded by the WB in 2020 was 2.49 points and the lowest 2.1 points in 2016.

Ease of Doing Business Index

Apart from the Global Logistics Performance Index, the WB had another index known as the Doing Business Index. In its latest index, Bangladesh ranked 168th out of 190 countries in 2020. Neighbouring India tops the list in South Asia as 63rd as of 2020. Among South Asian countries, Bangladesh is ahead of only Afghanistan. According to businesspeople, the main goal of business in Bangladesh is to reduce costs and increase productivity. However, businesses have to deal

aims to build multidimensional logistic hubs, economic zones, international economic corridors, airports, river ports, seaports and land ports. The policy also includes introduction of the environment-friendly transport, the development of technology-based logistic systems and the facilitating of modern cargo services at all domestic and international airports. A study conducted by the WB said the reduction of 26 per cent logistics costs could potentially result in a 19 per cent increase in Bangladesh's exports, amounting to \$55.55 billion. Metropolitan Chamber and Commerce Industry, the country's oldest chamber body in its publication 'Chamber News' in May lauded the policy formulation by the government against the backdrop of the long-standing demand from the

with a majority of industries surpassing the 30 per cent mark. Implementing the National Logistics Policy 2024 can bring down such high inventory carrying costs by providing an improved logistics infrastructure and ecosystem. Following the graduation from the least developed country status, Bangladeshi goods will face increased tariffs in the export markets. By improving the trade and investment climate, particularly in logistics, Bangladesh can effectively reduce the impact of these elevated tariffs. Through the improvement of connectivity and the reduction of bottlenecks, the policy can establish a means for facilitating seamless transportation and trade. Its implementation is expected to optimise operations and ease congestion in logistics, thus promoting trade and

commerce.

RMG Facing Eroding Competitiveness

Ready-made garments are Bangladesh's main export item. However, among the major textile-exporting countries of China, Bangladesh, India, Turkey and Vietnam, Bangladesh has the highest cost of logistics, reaching \$1,833.2 per 100 kg. On the other hand, India, Turkey, China and Vietnam have logistics costs amounting to \$1,080, \$792, \$980 and \$717 per 100 kg, respectively. Such costs are eroding the competitiveness of Bangladesh's primary export industry. While acknowledging hurdles, the businesses said successful implementation of the National Logistics Policy 2024 could lead to Bangladesh's economic and overall development. On June 25, the Foreign Investors' Chamber of Commerce and Industry arranged a seminar in the capital urging the necessity of speedy implementation of the policy. Former MCCI President Nihad Kabir called the policy a catalyst for private investment in

vital areas like ports and railways while presenting the keynote. The former MCCI president, however, called on the government agencies to start implementation of the policy by identifying the priority areas.

Logistics Ministry

It also mentioned a lack of corporate ethics in government institutions, illegal transfer of government funds and inefficiency of judicial systems in resolving business disputes. FICCI President Zaved Akhtar expressed gratitude to the government for originating the National Logistics Policy but stressed the need for the establishment of a dedicated ministry for logistics. But things are not as rosy as demanded by the businesses because of the fact revealed by Shahida Sultana, member secretary of the National Logistics Development and Coordination Committee. The member secretary told the seminar that the policy identified 64 reforms. Other participants of the seminar, especially principal secretary of the Prime Minister's Office Mohammad Tofazzel Hossain Miah and Chatto-

gram Port Authority chairman Rear Admiral Mohammad Sohail from the government side and Policy Exchange Bangladesh Chairman Masroor Reaz, Country Manager of Expeditors (Bangladesh) Ltd and President of AmCham Syed Ershad Ahmed, former President of DCCI Abul Kasem Khan, Maersk Bangladesh Managing Director Nikhil D'Lima from the private group side, must have understood the message that time and efforts are required for more than five dozen reforms while the government has been trying to make the One Stop Service fully functional since 2020.

OSS Yet To Be Implemented

While speaking at the opening of the One Stop Service implementation progress review meeting on May 27, Prime Minister's Private Industry and Investment Adviser Salman F Rahman said if BIDA's OSS can be implemented, it will support the increase of domestic and foreign investment, according to a report run by state-run news agency BSS. ■

Global Jewellery Machinery Expo In Dhaka From Jul 4



A three-day international exhibition of jewellery machinery will begin in Dhaka on July 4. Bangladesh Jeweller's Association (Bajus) will organise the International Jewellery Machinery Exhibition Bangladesh 2024 in the capital's International Convention City Bashundhara. The first of such event themed at "Technological touch in jewellery" will be joined by over

30 companies from 10 countries, including India, Italy, Turkey, UAE, Germany, China and Thailand, according to the organiser. The central leaders of Bajus and foreign partners of the exhibition shared the information at a press conference held at Bashundhara City shopping complex in Dhaka on June 24. The exhibition aims at enriching the domestic industry and utilise

export potential of Bangladeshi ornaments, they said. Bajus hopes the exhibition through projecting modern machinery from different countries will encourage entrepreneurs to set up new jewellery factories in the country. Six companies from India are participating in the exhibition and there will be three companies from Italy along with three from Turkey. One each from Germany and China will also showcase their machinery and five Bangladeshi organisations will also attend the show. The gates of the expo will remain open for all from 11am to 7pm every day. Bajus General Secretary Badal Chandra Roy, former president Dilip Kumar Roy, Vice President Samit Ghosh Apu, Adviser Ruhul Amin Rasel and KNC Services Founder and CEO Kranti Nagvekar were also present in today's briefing. ■



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China vs. India On Teesta Project

Can Bangladesh have its cake?

Apu Ahmed

On June 24, Foreign Minister Hasan Mahmud announced that Prime Minister Sheikh Hasina is likely to pay a visit to China on July 8-11, her second visit there in almost a decade. The visit is expected to help bag trade assistance and budget support worth around \$7 billion from Beijing at a time when Dhaka has been facing a protracted economic downturn amid the shortage of dollars.

India's Delayed Interest

However, the keen interest shown by China in the proposed Teesta River management project over the years may become the main attraction of the upcoming visit, at least behind the scenes, as India has

shown delayed interest in the river management project despite failing to settle the water-sharing issue of the same transboundary river with Bangladesh for decades. Anyway, the prime minister's upcoming visit will be taking place in less than a month after she paid a visit to India on June 21-22 to have bilateral talks with her Indian counterpart Narendra Modi. The highlight of the talks is that New Delhi will send a team of technical experts to Dhaka to study the proposed Teesta River Comprehensive Management and Restoration Plan.

China Offers \$1 Billion

Before the PM's visit to Delhi, India expressed its willingness to

support the implementation of the proposed project in Bangladesh's north, a strategically important location for India. The development happened when a survey on the proposed project was done and Beijing has shown interest in lending an estimated \$1 billion for implementation of the much-vaunted plan. In May, Indian Foreign Secretary Vinay Mohan Kwatra conveyed his country's interest during a courtesy call on Foreign Minister Hasan Mahmud in Dhaka. Delhi's new interest came against the backdrop that it has kept pending the signing of the Teesta water-sharing treaty with Dhaka for a long time, adversely affecting the lives

and livelihoods of the people in the Rangpur region.

Water-Sharing Deal Stalled

After the finalisation of the draft of the Teesta deal by the two sides, India backtracked on signing the treaty just hours before the arrival of then Indian Prime Minister Manmohan Singh in Dhaka on September 6, 2011 on the plea that

the move seemed to counter China on its strategically important location. Delhi will be worried to see the presence of China at the border point from which the sensitive Chicken's Neck is just a few miles away. The site of the proposed Teesta project in Bangladesh will also allow Chinese personnel to establish a presence near the Siliguri Corridor or so-called

Kurigram, before merging with the Jamuna River at Fulchhari. The Teesta becomes almost dry in the lean season due to the unilateral withdrawal of water upstream in India, while in monsoon, the same river overflows, causing frequent floods in Bangladesh as Indian authorities often open floodgates at barrages to offload water pressure. Biodiversity and agriculture in



An aerial view of the Teesta River in Bangladesh

West Bengal Chief Minister Mamata Banerjee objected to the agreement. Modi, like his predecessor, continued to promise to conclude the interim agreements on sharing the waters of seven trans-boundary rivers, the Teesta in particular, amid repeated requests from Dhaka in the past.

Tug-Of-War

Besides the loan issue, the upcoming visit by the Bangladesh PM to China will be interesting from the point of the river project view. The river project in Bangladesh has put Beijing and New Delhi in a tug-of-war. India's purpose behind

'Chicken's Neck', the narrow strip of land that links the rest of India with the strategic northeastern region. India also has concerns about the possibility of water flow data and other crucial information being scooped up by the Chinese side, according to a report by the *Hindustan Times*.

Story Of Teesta

Originating in Sikkim in India and entering Bangladesh through Lalmonirhat, the 315-kilometre-long Teesta travels more than 150 kilometres through half a dozen other districts, including Rangpur, Gaibandha, Nilphamari and

Bangladesh's northern districts have been seriously affected in the absence of any water-sharing treaty between Bangladesh and India. The project aimed at upgrading the socio-economic condition of the Rangpur division by establishing new economic growth points along both banks of the river, preventing floods and removing silts from the river bed.

Teesta Barrage

The implementation of the proposed river management plan is imperative for Bangladesh as the country has benefitted from the Teesta Barrage project completed in the 1990s.

Located at Hatibandha upazila in Lalmonirhat district, the 615m long barrage is capable of diverting 280 cusecs of water for irrigation through a canal taking off on the right bank. The construction of the barrage started in 1979 and that of the irrigation canals in 1984, and was completed in 1997-98. The idea of irrigation from the Teesta was conceived sometime in 1935, according to Wikimapia, a geographic online encyclopedia project created in Russia by Alexandre Koriakine and Evgeniy Saveliev in May 2006. However, the construction of the barrage commenced in 1979. In the meantime, India constructed a barrage across the Teesta at Gajoldoba which is about 100 km upstream of the proposed barrage site in Bangladesh. The gross benefited area of the Teesta barrage project is 750,000 hectares, of which 540,000 hectares is irrigable. It is the largest irrigation

project in Bangladesh, four times the size of the Ganges-Kobadak irrigation project, 12 times that of the Chandpur Project and 40 times that of the Meghna-Dhonagoda Project.

The Delicate Balance

PM Sheikh Hasina has already earned a reputation for keeping a delicate balance between China and India over the past one and a half decades. During the past visit to Beijing, the PM withheld awarding a deep sea port in Sonadia in Cox's Bazar to China because of the last-minute intervention by India which is worried about the Chinese presence in the Bay. The deep sea deal is eventually won by Japan, a close friend of India. It has been speculated that the loss of the deep-sea project in Sonadia forced China to rush to Myanmar for the construction of a deep-sea port there. Myanmar's westernmost state of Rakhine, the small fishing village

of Kyaukphyu has become the focus of a \$7.3 billion deep-water port development by Chinese state-owned entities with an accompanying US\$2.7 billion special economic zone. Beijing's push to begin construction on the Kyaukphyu Port makes sense, considering it offers a land route for trade that avoids pirates and chokepoints along the Strait of Malacca and safeguards \$1.5 billion in oil and gas pipelines running from Kyaukphyu to Yunn.

Is Sonadia Deep Sea Linked To Rohingya Displacement?

Many link the displacement of 7 lakh Rohingyas from Rakhine state by the Myanmar military junta to the development of projects by China in Rakhine state since 2015. The displaced Rohingyas have taken shelter in Bangladesh, which has been looking for scopes to send them back to their homeland but without any success. ■

Chinese Firm To Invest \$109m In Bepza EZ



Alpen Banyan Garments BD Company, a Chinese company, will invest \$108.99 million to set up a woven and knit garment factory inside Bepza Economic Zone in Mirsharai of Chattogram. This is the biggest investment proposal that the 1,138.55-acre zone received from a single company for establishing a factory, Bangladesh Export Processing Zones Authority (Bepza) said in a statement. The factory will be established on 90,000 square metres of land and it targets to annually

produce 43 million pieces of woven and knit garments. The company will create employment opportunities for 11,995 Bangladeshi nationals, said Bepza. Md Ashrafur Kabir, member for investment promotion at Bepza, and Li Tianning, director of Alpen Banyan Garments BD Company, signed an agreement in this regard at Bepza Complex in Dhaka yesterday. Maj Gen Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bepza, thanked Alpen Banyan for

choosing Bepza Economic Zone as its investment destination. Rahman welcomed investments for Bepza Economic Zone from readymade garments and textile sector and encouraged businesses to invest more in diversified sectors like automobile, electronics and electrical and information technology products. Investors from home and abroad shared positive responses over Bepza Economic Zone, the largest venture of Bepza, he said. So far, some 29 companies have signed agreements to invest \$688 million in Bepza Economic Zone. In addition to readymade garments and textiles, these companies are scheduled to produce diversified products such as footwear and footwear accessories, tents and camping equipment, hair care products and accessories, lubricating oil and disposable cutlery. Three companies have already started running commercial production inside Bepza Economic Zone while three more are expected to make their first export by this year. ■

Bangladesh Sees Highest LC Openings In Almost 2 Years In May: Here's why



Business Outlook Report

Bangladesh witnessed its highest Letter of Credit (LC) openings in 23 months, amounting to US \$6.83 billion in May 2024, amid an ongoing foreign exchange crisis, according to Bangladesh Bank.

Previously, the highest LC opening was recorded in June 2022, reaching \$7.02 billion. Since then, fluctuating dollar exchange rates and the domestic currency, the taka, have generally led to a decreasing trend in LC openings.

In April 2024, LCs worth \$5.68 billion were opened. The figures for May show a significant increase of more than 20 percent compared to April. Compared to the same period in 2023, LC openings in May rose

by 19.5 percent. Economists and market analysts attribute this trend to several factors, including tax benefits at the end of FY 2023-24 and the anticipation of the withdrawal of tax exemptions on various products in the FY 2024-25 budget.

Dr. Ahsan H Mansur, Executive Director of the Policy Research Institute (PRI), explained to UNB that the increase in LC openings in May was influenced by a more lenient import policy on some items towards the fiscal year's end.

Additionally, traders rushed to open LCs fearing further increases in dollar exchange rates after the central bank raised the rate by Tk 7 in a single move on May 8, 2024, he

added. Trade analyst Dr. M. Mashrur Reaz noted that the increase in LC openings after a long period was also due to an improved dollar supply, thanks to remittances and foreign loan disbursements.

Despite ongoing macroeconomic instability in Bangladesh, trade volume and business transactions have increased in recent months. Government policy support on capital imports also impacted LC openings, Dr. Reaz observed.

Furthermore, the announcement of new taxes on capital machinery imports in the FY 2024-25 contributed to the spike in LC openings. Capital machinery imports were tax-free until now, Dr. Reaz pointed out. ■



IFIC Bank held its 47th Annual General Meeting (AGM) on Thursday. The AGM took place in hybrid mode. The in-person meeting took place at the Officer's Club Dhaka. Presided over by the Chairman of the board of directors Salman F Rahman, MP. ■



Midland Bank, a 4th generation private commercial bank in the country, completed 11th year of its commercial operation on June 20, 2024. On this occasion, Md. Ahsan-uz Zaman, managing director & CEO, along with senior management members and divisional heads of the bank offered "Munajat" in the board room of the bank at Gulshan-2, Dhaka. ■



Dhaka Bank has teamed up with SME Foundation for providing loans to cottage, micro, small and medium enterprises (CMSMEs) under their revolving loan facility amounting to Tk 450 crore. The fund was generated from the government's stimulus package and the foundation's own source to help navigate the challenges of the pandemic. Loans will be disbursed from the fund to entrepreneurs at a subsidized rate of 6 per cent. ■



A workshop on Smallholder Agricultural Competitiveness Project (SACP) and Partner Project was held at the Bangladesh Agricultural Development Corporation (BADC) auditorium at Sech Bhaban in Dhaka. Abdullah Sazzad, Chairman (Grade-1) of BADC, was present as the chief guest. Component Director Engineer Md. Rezaur Rahman (Apu) and Partner Project Agency Program Director Agriculturist Dr. A K M Mizanur Rahman presented the keynote paper. ■



Islami Bank Training and Research Academy (IBTRA) organised a daylong orientation programme for newly-recruited probationary officers on Sunday at Islami Bank Tower. Mohammed Monirul Moula, Managing Director of the bank, inaugurated the programme as the chief guest. ■



The 29th Annual General Meeting of Social Islami Bank was held on a virtual platform on Wednesday. The meeting approved 10 per cent dividend (5% cash & 5% stock) for the year 2023. Md. Kamal Uddin, Vice Chairman of the Board of Directors of the bank, presided over the meeting. ■



Prime Bank partnered with B-Trac Solutions to ensure safe transport for working women. Recently a signing ceremony was held between the organisations in the bank's Gulshan corporate office. Shams Abdullah Muhaimin, deputy managing director of Prime Bank and M Tanvir Siddique, chief executive officer of B-Trac Solutions Ltd. signed the agreement. ■



Mutual Trust Bank proudly announces the launch of its bancassurance services, marking a significant milestone in the banking and insurance sector in Bangladesh. Syed Mahbubur Rahman, managing director & CEO, Chowdhury Akhtar Asif, additional managing director, and Md. Khalid Mahmood Khan, additional managing director, of MTB, alongside the bank's senior management team, inaugurated the services at a ceremony held at its corporate head office recently. ■



Sonali Bank PLC was awarded for securing the top position among all the government commercial banks in implementing the Annual Performance Agreement in 2022-23. Sonali Bank scored 98.45 out of 100 in the best category, and ranked No. 1 among the state-run banks. Md Abdur Rahman Khan, Secretary of Financial Institutions Division, handed over a crest to Md Afzal Karim, Chief Executive Officer of Sonali Bank PLC, at a function in the city. ■



Karmasangsthan Bank awarded the first prize for implementation of Annual Performance Agreement (APA) in the 2022-23 Fiscal Year. Secretary of the Financial Institutions Department Abdur Rahman Khan handed over the award to Arun Kumar Chowdhury, Managing Director of Karmasangsthan Bank, in the city. ■



ICC Bangladesh President Mahbubur Rahman (center) presided over ICCB Annual Council (AGM) 2023 held in Dhaka on June 29. ■



Md Abdur Rahman Khan, Secretary of Financial Institutions Division (FID), handed over an appreciation certificate to Md Abul Hossain, Managing Director of Investment Corporation of Bangladesh (ICB), for securing the 3rd position in evaluation of Annual Performance Agreement (APA) among the Non-Bank Financial Institutions for FY 2022-2023 at the conference room of FID. ■



What's Missing For Young People In The Budget?

Business Outlook Report

Bangladesh's high youth unemployment rate necessitates specific remedial steps, including ways for employment generation and adoption of prerequisite education and training, which the proposed national budget for fiscal year 2024-25 did not include, according to analysts.

Moreover, it does not delineate a definite plan addressing the needs of youth who are not in education, employment or training (NEET), they said. The budget provided little hope to young people, talking about initiatives the state has already taken

towards the creation of vocational training facilities. This contradicts the priority paced by the incumbent government, which has come to power for a fourth consecutive term in January this year, on employment generation in tune with the nation's 8th Five-Year Plan.

According to Labour Force Survey 2022 of the Bangladesh Bureau of Statistics (BBS), there were 7.30 crore people in the labour force. Of them, 2.68 crore were youths, meaning those between the ages of 15 to 29 years. Around 21.48 lakh of these youths were unemployed. This is 83 percent of the total unem-

ployed people in Bangladesh. Of the unemployed youths, 28 percent have passed the tertiary level of education or graduates. A study by the Bangladesh Institute of Development Research recently revealed that as many as 28 percent of students remain unemployed even three years after graduating from the colleges under National University.

Besides, there are 96.49 lakh youths under the NEET category. Of them, 63 lakh are females. "The youth and the job seeking population as a whole have been left to fend for themselves. There is no good news for them," said Rizwanul Islam, a

former special employment adviser of International Labour Organization. There has been a lot of talk on issues like youth unemployment in recent times and not over NEET. "And yet, the budgetary exercise has not shown any sensitivity to the situation," he said.

Islam added that employment was not an issue to be dealt with just by one budget or any other instrument through a one-off intervention. "It requires a multi-pronged approach with an integrated application of

brated to seek more jobs from a given amount of output growth. "No thinking along such lines is seen," he said. Economist Hossain Zillur Rahman said: "In this proposed budget, the youth is a kind of ignored or overlooked subject. Adequate understanding of the issues of young people is missing."

The existing budget for fiscal year 2023-24, which ends this month, contains a Tk 100 crore special allocation for the youth and women to facilitate professional skills devel-

demographic dividend and for this, issues involving young people are vital, added Rahman, also chairman of BRAC, the world's largest NGO. Towfiqul Islam Khan, a senior research fellow at the Centre for Policy Dialogue, said employment creation has been featured as a priority in the election manifesto of the incumbent government.

"Regrettably, the budget did not mention any target for the upcoming fiscal year," he said. Vocational training programmes gained impor-



monetary, fiscal, industrial, trade and other policies. There has never been such an approach in Bangladesh," he said.

"Even if one talks about limited fiscal intervention, this year's budget is an example of broken promises and dashed expectations in that there were some mentions of it in the ruling party's election manifesto and in the pre-budget statements," he said. Islam added that when an economy goes through a growth recession, the strategy could be recalibrated,

he said. But there has been no such announcement for the next fiscal year and no follow-up on the existing allocation, he said. "What has happened to the fund?" questioned Rahman, also executive chairman of the Power and Participation Research Centre.

"It seems that they take sudden one-off decisions without following a systematic way," he said. Bangladesh is passing through a critical time when it is crucial to reap the

tance in this budget in tune with that over the last couple of years, he said. In his budget speech, Finance Minister Abul Hassan Mahmood Ali, who placed his maiden budget, said there was an ongoing programme to establish 100 technical schools and colleges in each of the 100 upazilas.

Of them, 91 newly-constructed technical colleges have started educational programmes. He also mentioned that the establishment of four women's polytechnic institutes in Sylhet, Barishal, Rangpur, and

Mymensingh divisions was underway. The government is also setting up four engineering colleges in Chattogram, Rajshahi, Khulna and

from the private sector would ensure job creation," said Khan. Private investment is a major factor for job creation and it must be increased, he



Rangpur. It is acquiring land to establish technical schools and colleges in 329 upazilas. "While skilled people are important to ensuring quality supply in the labour market, an incremental demand

said. In the post-Covid era, the BBS statistics indicate that new jobs were largely created in the agriculture sector, which accounts for 45 percent of the labour force, he said. Indeed, the services sector should

now get focus from an employment perspective, he added. Sayema Haque Bidisha, a professor of economics at the University of Dhaka, said the government usually sets lofty goals for job creation in its budget. But it rarely is achieved through actual expenditure, she said. In his budget speech, Finance Minister Ali said 37.46 lakh young people have been provided with skills development training from FY09 until February of FY24.

In the same period, it gave Tk 1,437 crore in loans to the youth, he said. Thanks to this initiative, skilled youth became self-reliant through self-employment, he said. However, the finance minister did not specify the number of people who got jobs.

Haque suggested that the government adopt separate programmes for rural and urban areas targeting young people who fall under the NEET category. "And yet, one finds precious little in the actual budget." ■

Remittance Crosses \$2b In First 23 Days Of June



In 2023, Bangladesh received \$21.92 billion in remittances, marking an increase of 2.88% from 2022

Bangladesh received US\$2 billion in remittances in the first 23 days of June, as expatriates sent more money to their relatives on the occasion of Eid-ul-Azha.

This brings the country's remittances above the \$2 billion mark for three consecutive months, according to Bangladesh Bank data. In

May and April, Bangladesh received \$2.25 billion and \$2.04 billion remittances, respectively.

In the first six months of FY24, expatriates sent home \$1.97 billion in July, \$1.59 billion in August, \$1.33 billion in September, \$1.98 billion in October, \$1.93 billion in November, and \$1.99 in December.

In January, February, and March, the banks channelled \$2.11 billion, \$2.16 billion, and \$1.99 billion, respectively. Due to the drop in remittances at the beginning of the current fiscal year, the health of the country's foreign exchange reserves remains weak, according to the analysts.

But they attributed the increase in remittance inflow through formal channels to the government's various initiatives, including a rise in incentives for remitters to stabilise the country's foreign exchange market.

In 2023, Bangladesh received \$21.92 billion in remittances, marking an increase of 2.88% from 2022. At the end of 2022, the expatriate Bangladeshis sent home \$21.29 billion, the data showed. ■



Women Entrepreneurs Want Single-Digit Lending Rates

Business Outlook Report

The Women Entrepreneurs Association of Bangladesh (WEAB) on June 23 urged the government to set single-digit lending rates for women entrepreneurs and lower VAT rates on different items before the approval for the next budget.

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The women entrepreneurs suggested that the government should provide a well-outlined implementation strategy on how the allocated fund

for gender budget would be spent. They were speaking at a post-budget press conference held in its office in the capital. WEAB President Nasreen Fatema Awal, First Vice-President Tazima Mojumder, Executive Member Anjuman-ul-Ferdousee and other members, among others, were present on the occasion.

Addressing the press conference, Awal said that the issue of women and children has been overlooked in the proposed budget.

"We are not brave enough to say that the proposed budget has been a pro-people one." The government's plan to borrow around

Tk150,000 crore from banks is an ominous sign for the economy, she said without elaborating further.

Highlighting women entrepreneurship in the country, she said that due to absence of a government strategy, plans and instruction, many women entrepreneurs fail to obtain large-scale loans. Many women cannot access large loans since they do not have equal rights to patrimony to be used as collateral.

The WEAB president also said increased rates on value added tax (VAT) in the proposed budget might push small entrepreneurs, especially women, out since it would increase the cost of

procuring raw materials used by many small entrepreneurs. The WEAB recommended providing budgetary allocation with specific proposals to promote micro, cottage and women entrepreneurship under the government management.

The entrepreneurs who usually become the worst victims of any natural catastrophe should get a special stimulus package from the government, for which there should also be budgetary allocation.

The women entrepreneurs also asked for opportunities to present their arguments at the pre-budget meeting with the government authorities concerned. ■



Health Slowest In Sluggish ADP Implementation

Business Outlook Report

Health-service improvement is seen imperative to lessen costly foreign treatments by many but the sector again stands lowest in development performance with only 43.06 per cent of its ADP allocation spent in last 11 months.

For over a decade now, the Health Services Division (HSD) remained all the same in laggard performance in development-budget implementation since entire Bangladesh got in health-service emergency during and post-pandemic period, officials said. It is one 14 larger development budget-recipient ministries and divisions which spent 62.06 per cent, on average, of their respective allocations, an FE analysis has found at a time when the fiscal year is

about to pass by. A new budget takes effect in four days now with the outgoing one's development programme largely left unfinished as of the last month of the fiscal year following sluggish performance in 11 months. Officials said Wednesday the government agencies were left with 43 per cent of their development works to be done in one month, June.

Even after downward revision of the Annual Development Programme (ADP) in March, the project-execution rate during July 2023-May 2024 period was lowest in four years, they added. Government ministries and agencies executed only 57.54 per cent of the Tk 2.54-trillion revised ADP in July-May period the fiscal year (FY) 2023-24, Implemen-

tation Monitoring and Evaluation Division (IMED) data showed. The implementation rate this year was nearly 5.0-percentage-point lower than that in the same period last FY2023, as per official count. During the same period last year, 61.73 per cent of the ADP was executed.

Officials at the IMED say a massive drawback in project execution by shipping and health ministries dragged down government's development-work performance as both ministries' laggard going was far below the average rate. During the past July-May time, the ADP implementation in terms of the money spent was worth Tk 1.46 trillion that accounts for 57.54 per cent of the Tk 2.54-trillion RADP outlay, the

IMED data showed. In the last two fiscal years, the ADP performance had been much better but lost gear in the current fiscal, says a senior IMED official. According to the monitoring department, the public agencies had implemented 61.73 per cent in 11 months of the last FY and 64.84 per cent in the previous FY2022.

Even during the all-shattering Covid-19 period in FY2021, the performance in development works was better as the ministries and agencies executed 58.36 per cent of

share of the funds, spent only 43.06 per cent of its Tk 93.61-billion allocation. The Bridges Division has spent 49.42 per cent of its Tk 76.70 billion, the PMO 52.87 per cent of its Tk 38.82 billion and the housing and public works ministry spent 54.07 per cent of its Tk 60.82-billion outlay in the current RADP.

Health-expert Dr Rashid-e-Mahbub says it is unfortunate that the government never has found out the reasons behind the lower expenditure capacity of the Health Ministry as well as "did not punish the

Works ministry have been failing to execute their projects against the annual target that results in lower ADP implementation over the years.

Planning Commission and IMED officials are unhappy with the ministries and agencies' "failing in improving their capacity over the months, even after repeated warning by the PM and the Executive Committee of the National Economic Council (ECNEC)". "The public ministries and agencies have been failing to improve their capacity over the years even after repeated



the development budget in the first 11 months. An analysis has found some big ministries and agencies, including the shipping ministry, health division, bridges division, and Housing and Public Works ministry, having done worst in RADP execution during this past July-May period.

Among the big budget-holders, the shipping ministry, the 10th-largest, executed only 42.43 per cent of its Tk 68.37-billion outlay in the current RADP and the Health Services Division, the 7th-largest

culprits". "I think there is a lack of expertise in project management among the Project Directors of the Health Ministry, which is one of the reasons for the failure in development-budget expenditure," he said.

"Besides, red-tapism in the administration is another reason behind the poor performance of the project-implementing authorities under the ministry," Dr Rashid said. A senior IMED official also deplores that some big ministries and agencies like the health, shipping, bridges division, PMO, Housing and Public

reminders to them for expediting the development works. It is unfortunate," says the official. Following slow execution progress, the PC in March revised the current FY2024 ADP down to Tk 2.54 trillion from the original Tk 2.74 trillion meant for implementing 1,400 development project fresh and carried over from past years.

The new budget for FY2024-25 takes effect on July 1st after passage by parliament, and much of the remaining finance and projects will be carried over. ■

BSTI Moves To Regulate Electrolyte Drinks



Business Outlook Report

Doctors recommend consuming electrolyte drinks to replenish the body's deficit of minerals like sodium, potassium, magnesium, and calcium. These drinks are available under various brands in many countries including the USA, Europe, and India. They are particularly advised to restore energy lost during excessive heat. Known as sports drinks, they hold special importance for athletes.

The absence of BSTI standards for electrolyte drinks in Bangladesh has led to a lack of approval mechanisms. This has caused difficulties for local manufacturers of electrolyte drinks and increased

dependency on imports in this sector. This dependency posed health risks and adversely affected the country's economy due to foreign currency expenditure on imports. Recently, Bangladesh Standards and Testing Institution (BSTI) is moving towards resolving this issue.

BSTI has quickly taken the initiative to set standards and approve according to those standards. BSTI's Deputy Director (CM) Mohammad Arafat Hossain stated: "We hope the standard will be ready within the next week. Following that, any manufacturer can obtain a license from BSTI for electrolyte drinks from the next

working day." Sodium, calcium, potassium, chloride, phosphate, and magnesium are all electrolytes. They help maintain the balance of water in the body. Sudden issues like vomiting, diarrhea, and dehydration can occur. To avoid dehydration, doctors recommend drinking electrolyte beverages.

Regarding this, Dr. Monzur Hossain Chowdhury, the sports physician of the Bangladesh Cricket Board, mentioned: "However, if you are an exerciser or an athlete, your body loses electrolytes through sweat. To keep the body fresh and active, a specific level of electrolytes is necessary. If you drink enough water

and your urine color is normal, regular intake of electrolyte drinks is not required. But if you lose more fluids than you intake and become dehydrated, you will lose electrolytes. Signs of dehydration include dark yellow urine, extreme thirst, fatigue, dizziness, and confusion. At these times, you can drink electrolyte drinks, but in moderation and as per the rules."

Industry insiders believe that BSTI's new standards for electrolyte drinks will control the quality of products prepared by local companies. This will add a new revenue stream for the country and also reduce dependency on imports. ■



Heat-Tolerant Rice Varieties Developed To Curb Yield Losses From Rising

Business Outlook Report

Scientists have developed heat-tolerant rice varieties to address the severe impact of rising temperatures on rice production in Bangladesh, a development that may reduce an annual production loss of 12 lakh tonnes of paddy in the country. "This innovation directly addresses the issue of high night temperatures, which disrupt the grain-filling process and reduce yields," said the International Rice Research Institute (IRRI) in a press release on June 26.

The Philippines-based organisation said researchers identified the rice varieties under a project funded by the Federal Ministry for Economic Cooperation and Development (BMZ), Germany, which aimed to mitigate the adverse effects of climate change and thereby enhance

food security and improve the livelihoods of small farmers. Led by IRRI, researchers at Bangladesh Rice Research Institute (BRRI) worked as a key partner of the initiative. IRRI said climate change, characterised by rising temperatures and increased frequency of extreme weather events, significantly impacts rice production and yields.

"High night temperatures disrupt the grain-filling process in rice plants, leading to reduced yields and lower grain quality. "In Bangladesh, this results in substantial annual losses in rice production, threatening food security and farmer livelihoods. As temperatures continue to rise, the need for heat-tolerant rice varieties becomes increasingly critical to sustain rice production and mitigate the adverse effects of climate change." Researchers at IRRI

have identified genes responsible for improving rice yield in higher night and day temperatures and developed rice varieties that thrive in both high day and night temperatures. Under the project, the evaluation of 16 heat-tolerant rice lines was conducted in various regions of Bangladesh, including Lalpur, Gazipur, Dinajpur, Rajshahi, and Kushtia.

"The trials involved rigorous assessments of traits such as plant height, days to flowering, tiller numbers, fertility percentage, and yield under varying temperature conditions," said IRRI, adding that local stakeholders participated in the varietal selection trials. The study showed that these rice lines were able to adapt to varying day and night temperatures, which ranged from 28°C to 43°C during the late Boro season trial in 2023, and 22°C to

32°C in the late Aus season of 2023, said the statement. This breakthrough not only demonstrated the resilience of specific high-temperature tolerant genotypes to high temperatures but also emphasised the adaptability of selected genotypes for stable performance and improved rice production in heat-tolerant regions, it added.

"The trials have shown that the new rice lines can yield 1.5 to 2 tonnes more per hectare compared to

traditional varieties, even under high night temperature conditions," said Nese Sreenivasulu, research unit leader-consumer-driven grain quality and nutrition, and BMZ heat project lead from IRRI.

"These results were consistent over three years of testing, indicating the robustness of the heat-tolerant genes identified," he said at event in Dhaka on June 25 organised to mark the closure of the project. BRRI Director General Md Shahjahan Kabir

said Bangladesh ranks 7th among the countries most affected by climate change.

"The impact is already significant and is expected to worsen over time, particularly affecting our agricultural output. Despite experiencing exceedingly high temperatures this year, we remain hopeful that with technological advancements and increased research, we can better prepare ourselves for these challenges." ■

Bangladesh Jute Products Exhibition Centre Inaugurated In Bhutan



Business Outlook Report

Environment, Forest and Climate Change Minister Saber Hossain Chowdhury has said under the leadership of Prime Minister Sheikh Hasina, the incumbent government has taken various initiatives to fulfil Bangladesh's commitment to protecting the world's environment by disseminating Bangladeshi eco-friendly and biodegradable jute products all over the world, including Bhutan.

He made the remarks while speaking at the inaugural session of the

Bangladesh Jute Products Exhibition Centre in Thimphu, Bhutan, on June 24 evening. Bhutanese Prime Minister Dasho Tshering Tobgay inaugurated the exhibition, organised by the Bangladesh Embassy in Thimphu, according to a message received here today.

Saber Chowdhury said Bhutan-Bangladesh friendship will be stronger by setting up an exhibition centre for jute products of Bangladesh for the first time abroad. It will not only protect the environment but also play a positive role in bilateral trade.

Bhutan's Foreign Minister, Minister of Industry, Commerce and Employment, Minister of Health, Minister of Power and Natural Resources, Foreign Secretary, Secretary of Natural Resources and other senior officials of the Government of Bhutan were present on the occasion. Among others, Bangladesh Ambassador to Bhutan Shivnath Roy and Embassy Counselor Sujana Debnath spoke on the occasion. Besides, the leaders of Bhutan Chamber of Commerce, a large number of Bhutanese businessmen, importers and handicraft traders were present. After the inauguration, Bhutanese leaders and businessmen visited the exhibition centre and Bangladeshi jute products. They were impressed by the versatile goods produced from Bangladesh jute like jute bags, shoes, carpets, tissue boxes, kitchen items, clothing, office files, conference files, pen holders and home furnishings.

They hoped that a permanent market for Bangladeshi jute products would soon develop in Bhutan. According to embassy sources, the quantity and number of jute products will increase in the near future. As a result, the market for Bangladeshi jute products will develop in different cities of Bhutan. ■



Industrial Credit Disbursement Surges Over Dollar Price Hike

Business Outlook Report

Industrial loan releases slightly increased by 10% in the first half of FY24 compared against those in the same period of FY23, driven mainly by high dollar rates.

Banks and non-bank financial institutions together disbursed industrial loans of Tk309,503 crore in July-December 2023, up from Tk280,934 crore in the same period of FY23, according to the Bangladesh Economic Review.

Within the reporting period, industrial term loans amounted to Tk59,957 crore and working capital loans totalled Tk249,546 crore, up from Tk48,136 crore and Tk232,798 crore respectively in the same period of FY23. Bankers

attributed the growth in industrial loans to the sharp rise in the dollar rate, which increased by 11.11% to Tk110 in December 2023 from Tk99 in December 2022.

The higher dollar rate has made imported goods and raw materials more expensive when priced in local currency, prompting industries that rely heavily on imports to seek additional financing to cover the high expenses.

Additionally, companies with existing dollar-denominated loans face higher repayment costs due to the depreciation of the local currency. To manage this exchange rate risk, many businesses have refinanced their loans in local currency, leading to an increase in local currency loan disburse-

ments. Despite the Bangladesh Bank lifting 9% lending rate cap on July 1, 2023 and introducing the Six-Month Moving Average Rate of Treasury Bill, also called Smart, interest rate determination system, the weighted average lending rate was 9.36% in December 2023.

The relatively low cost of borrowing made local currency loans attractive to businesses. Industrial loan disbursements advanced to Tk562,344 crore in FY23 from Tk481,517 crore in FY22.

However, overall loan disbursement growth was constrained by severe liquidity crises in banks, high non-performing loans, dollar shortages, high inflation and other economic challenges.

Consequently, the 10% growth in industrial loans in the first half of FY24 was significantly lower than the 21% and 18.46% growth rates observed in the same periods of FY22 and FY21, respectively.

Additionally, the opening and settlement of letters of credit for importing capital machinery and industrial raw materials dropped in the first half of FY24 compared to the same period of FY23. LC openings for industrial raw materials fell by 10%, while settlements declined by 31%.

Moreover, total recovery of industrial loans decreased by 9.3% to Tk234,765 crore in the July-December period of FY24, from Tk258,811 crore in the same period of FY23. ■

WEEKLY SELECTED ECONOMIC INDICATORS

Chief Economist's Unit
(Policy Support Wing)
27 June 2024

	26 June 2023	30 June 2023	30 May 2024 ^R	26 June 2024	27 June 2024
1. Foreign Exchange Reserve (in million US\$)	31145.88	31203.00	24161.40	24626.08	19473.14 (BPM16)
2. Interbank Taka-US\$ Exchange Rate (average)	108.3576	108.3576	117.9105		118.0000
Overnight Call Money Rate	26 June 2023	26 June 2023	30 May 2024	26 June 2024	26 June 2024
Weighted Average Rate (in Percent)	6.18	6.18	9.12		8.75
Broad/Overall Share Price Index					
	26 June 2023	26 June 2023	26 June 2024	26 Jun 24 over Jun 23	Jun 23 over Jun 22
a) Dhaka Stock Exchange (DSE) [®]	6344.09	6344.09	5302.72	-16.41	-0.52
b) Chittagong Stock Exchange (CSE)	18702.20	18702.20	14924.93	-20.20	-0.14
5. a) Wage Earners' Remittances (in million US\$)	May, 2023	July-May, FY23	May, 2024 ^P	July-May, FY24 ^P	FY23
b) Annual Percentage Change	1691.66	19411.65	2253.88	21372.57	21610.73
	-10.27	1.13	33.23	10.10	2.75
	March, 2023	July-Mar., FY23	March, 2024 ^P	July-Mar., FY24 ^P	FY23
a) Import (c&f) (in million US\$)	6085.00	58275.00	5109.00	49217.00	75061.60
b) Annual Percentage Change	-21.23	-12.37	-16.04	-15.54	-15.81
6. a) Import (f.o.b) (in million US\$)	5630.00	53939.00	4731.00	45620.00	69495.00
b) Annual Percentage Change	-21.23	-12.33	-15.97	-15.42	-15.76
7. a) Export (EPB) (in million US\$)*	4849.62	50527.24	4070.93	51542.70	55558.77
b) Annual Percentage Change	26.61	7.11	-16.06	2.01	6.67
8. Current Account Balance (in million US\$)	July-March, FY23	July-March, FY23	July-March, FY24 ^P	FY23	
	-3298.0	-3298.0	5799.0	-2665.0	
	April, 2023	July-Apr, FY23	April, 2024 ^P	July-Apr, FY24 ^P	FY23
a) Tax Revenue (NBR) (Tk. in crore)	24781.55	250294.64	29396.72	289377.22	331454.89
b) Annual Percentage Change	-2.29	7.15	18.62	15.61	9.89
Investment in National Savings Certificates (Tk. in crore)	April, 2023	July-Apr, FY23	April, 2024 ^P	July-Apr, FY24 ^P	FY23
a) Net sale	581.79	-3579.78	-2103.20	-14648.24	-3295.94
b) Total Outstanding	360430.35	360430.35	352745.19	352745.19	360714.19
	April, 2023	June, 2023 ^R	April, 2024 ^P	April, 2024 ^P	
11. a) Reserve Money (RM) (Tk. in crore)	357612.30	383585.20	356710.20	-0.25	10.49
b) Broad Money (M2) (Tk. in crore)	1812191.10	1887167.90	1946832.10	7.43	10.48
				Percentage change	
				Apr'24 over Apr'23	Apr'23 over Jun'22
				-7.01	3.01
				3.16	6.09

	Percentage change											
	July-March, FY23				July-March, FY24 ^P				July-March, FY24			
	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement
Total Domestic Credit (Tk. in crore)	1856828.60	1926770.70	2064636.70	11.12	7.16	11.07	15.25					
a) Net Credit to the Govt. Sector	355157.70	387349.80	415153.20	16.89	7.18	25.36	36.72					
b) Credit to the Other Public Sector	44271.40	45164.70	47842.30	8.07	5.93	19.01	21.41					
c) Credit to the Private Sector	1457399.50	1494256.20	1601641.20	9.90	7.19	7.86	10.58					
L/C Opening and Settlement (in million US\$)												
a) Consumer Goods	6148.45	6032.24	4821.84	-14.65	-20.07	-11.37	-11.37					
b) Capital Machinery	2389.18	2822.99	2126.28	-18.84	-24.68	-36.65	-36.65					
c) Intermediate Goods	4112.94	4112.18	3694.03	-16.67	-10.17	-23.67	-23.67					
d) Petroleum	7270.13	7447.24	6847.22	-3.53	-8.06	15.93	15.93					
e) Industrial Raw Materials	17913.85	20827.14	16271.29	-1.41	-21.87	-13.94	-13.94					
f) Others	14519.52	15206.28	15580.20	10.79	2.46	-4.96	-4.96					
Total	52354.07	56448.07	49340.86	-1.87	-12.59	-12.38	-12.38					
Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)	June, 2022	December, 2022	December, 2023 [#]	January, 2024 [#]	February, 2024 [#]	March, 2024 [#]	April, 2024 [#]	May, 2024 [#]				
a) Twelve Month Average Basis	6.15	7.70	9.02	9.59	9.66	9.69	9.73	9.73				
b) Point to Point Basis	7.56	8.71	9.74	9.86	9.67	9.81	9.74	9.89				
Corresponding Period	June, 2021	December, 2021	June, 2022	January, 2023	February, 2023	March, 2023	April, 2023	May, 2023				
a) Twelve Month Average Basis	5.56	5.55	6.15	7.92	8.14	8.39	8.64	8.84				
b) Point to Point Basis	5.64	6.05	7.56	8.57	8.78	9.33	9.24	9.94				
Classified Loan	June, 2021	December, 2021	June, 2022	March, 2023	June, 2023	September, 2023	December, 2023	March, 2024				
a) % of Classified Loan on Total Outstanding	8.18	7.93	8.96	8.80	10.11	9.93	9.00	11.11				
b) % of Net Classified Loan on Net Outstanding	-0.47	-0.43	0.49	0.30	1.58	1.22	0.59	2.44				
Agricultural and Non-farm Rural Credit (Tk. in crore)	April, 23	May, 23	July-May, FY23	May, 24 ^P	July-May, FY24 ^P	FY23	FY22	FY21				
a) Disbursement**	2807.06	2368.21	29297.80	3191.92	33296.09	32829.89	28834.21	25511.35				
b) Recovery	2668.16	3212.52	30100.73	3426.43	32375.61	33010.09	27463.41	27123.90				
c) Outstanding	51659.19	51063.85	51063.85	56331.17	56331.17	52704.45	49802.28	45939.80				
SME Loan (Tk. in crore)	Apr-Jun, FY22	Jul-Sept, FY23	Oct-Dec, FY23	Apr-Jun, FY23 ^P	Jul-Sept, FY24 ^P	Oct-Dec, FY24 ^P	FY23	FY22				
a) Disbursement	56484.26	51676.81	60611.61	62747.05	52654.90	64841.99	224103.87	207395.04				
b) Outstanding	271448.58	273906.60	282896.54	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	Oct-Dec, FY23	Jan-Mar, FY23 ^P	Apr-Jun, FY23 ^P	FY23	FY22				
a) Disbursement	18772.59	17340.49	21413.63	29574.55	20907.66	26127.36	95172.03	72360.96				
b) Recovery	18477.42	16572.97	16832.73	50593.69	17899.35	17290.02	106393.23	64862.58				
c) Outstanding	308918.45	310572.40	320410.22	360051.14	383075.76	395317.82	395317.82	320410.22				
GDP Growth Rate (in percent, Base: 2015-16)	FY16	FY17	FY18	FY20	FY21	FY22	FY23 ^R	FY24 ^P				
	7.27	6.59	7.32	3.45	6.94	7.10	5.78	5.82				

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

In million US \$(Provisional)

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

Data downloaded: on 31.08.22

Frantic Cash Withdrawals By Bangladeshis From Swiss Banks



Business Outlook Report

Money withdrawal from Swiss banks by Bangladeshis witnessed an unprecedented pace, according to a latest Swiss National Bank (SNB) report amid tales of fund flights.

The SNB annual report, published June 20, said that the amount of deposits by Bangladeshis with Swiss banks decreased from 55 million Swiss francs to 18 million francs last year (2023) in an around 67% drop in the money kept in the Swiss banks.

Such fast withdrawals of

money from Swiss banks by Bangladeshis have been on the rise for the past few years, too. Earlier in 2021, the amount of deposits of Bangladeshis in Swiss banks was 872 million Swiss francs.

But the following year, in 2022, it plummeted to 55 million francs. Assuming Tk131 per franc, the amount stands at around Tk238 crore. According to Swiss central bank statistics, the total deposits of Bangladeshis in Swiss banks include all types of funds, including personal, bank and other enterprise deposits.

Many people from different parts of the world keep

money, accrued either legally or illegally, in Swiss banks. Due to its strict secretive banking policy, people from all over the world deposit money there.

Swiss law strongly protects consumer privacy. As a result of this cover of law, the country's banks are not obliged to disclose customer information to anyone under any circumstances. The Swiss banks do not give any information of who, why or how of the money deposited with the banks.

But many people are shifting from Swiss banks to other countries around the world due to privacy

questions and criticisms about the siphoning of money. Back home, there seems to be a crackdown on huge unaccounted-for wealth accumulation alongside a simultaneous budgetary fiscal amnesty on black money for mainstreaming those in the economy in a financial crunch.

In the meantime, Indian individuals and firms too saw a significant drop in the money they kept in Swiss banks last year.

According to Switzerland's central bank, these funds fell by 70% in 2023 to 1.04 billion Swiss Francs. ■

What Is Causing The Liquidity Crisis In Banks?



Business Outlook Report

Right before Eid-ul-Azha many people reported not being able to withdraw cash from ATMs and banks. Banks said they faced high demand and a severe liquidity crisis, which was exacerbated before Eid. This liquidity crisis however has been brewing for the past two years.

Most banks in Bangladesh are increasingly reliant on the call money market and central bank borrowing due to a growing liquidity crisis. This liquidity crisis has been going on for the past two years, with some Islamic banks being particularly affected for over a year.

The situation escalated with panic withdrawals following the Bangladesh Bank's forced merger announcement. Additionally, the

high value of the dollar has further strained banks' finances. Before Eid-ul-Azha, the crisis reached its peak, driving up demand for cash. As a result, the call money market saw a sharp increase in borrowing costs, with the overnight call money rate hitting 10% and an average interest rate of 9.39%. The short notice or 14-day interest rate rose to 12.55% in interbank transactions.

Banks were forced to borrow large amounts from the Bangladesh Bank, as they could not secure sufficient funds through the interbank money market, even at these high rates. In the last five days before Eid banks borrowed Tk82,661 crore from Bangladesh Bank.

Central bank data shows, on June 9, several banks borrowed Tk13,413 crore, on June 10, Tk15,376 crore, on June 11, Tk13,484 crore, on June

12, Tk18,022 crore and on June 13, the last working day before Eid, Tk22,406 crore from central banks under Bangladesh Bank repo, assured liquidity support facility (ALSF) and Islamic banks liquidity facility (IBLF). However, Bangladesh Bank offers loans in terms of 1, 7, 14 and 28 days. The interest rate on this loan goes up to 8.75%.

Because of the ongoing liquidity crisis, Bangladesh Bank stated that one commercial bank cannot borrow from the central bank to lead to another commercial bank. This was done to prevent banks from profiting unethically.

According to Bangladesh Bank's recent report, on average banks are borrowing Tk20,000–25,000 crore daily. Md Mezbaul Haque, executive director of Bangladesh Bank, said: "Bangladesh Bank has implemented

a contractionary monetary policy to control inflation, which has increased all interest rates. Additionally, Bangladesh Bank is using various tools to decrease the amount of money in circulation.” “We are decreasing money supply as part of inflation control measures, leading to some liquidity crisis in banks.”

“However, to prevent the crisis from becoming severe, we are providing assistance through Bangladesh Bank repo, assured liquidity support facility, standing lending facility (SLF) and special liquidity support (SLS)

ineffective,” he added. Central bank data shows that, despite efforts to reduce the money supply, there have been instances where the money flow has increased. In October 2023, money supply dropped to Tk273,037 crore but in November 2023, it increased by Tk1,474 crore to Tk274,511 crore. In March 2024, it was Tk291,189 crore.

This indicates that between November and March, Bangladesh Bank injected Tk18,152 crore into the market. Regarding this crisis, Bankers said during Eid, the demand for

Managing Director & CEO of Mutual Trust Bank PLC said: “Some banks are in a liquidity crunch. Again, due to Eid, cash withdrawals increased a lot. Especially before Eid-ul-Azha, mobile financial service (MFS) agents withdraw a lot of money from banks. On the other hand, debt collection has also become very slow. This is why this problem happened.” “But I think now it has passed,” he added.

Economists believe that the economic impact of Eid-ul-Azha in Bangladesh has surpassed Tk100,000



for Shariah-based banks. Once inflation is under control and we exit the contractionary policy, the liquidity crisis in banks will subside.”

Dr Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh said: “On one hand, there is talk of a contractionary monetary policy, yet on the other hand, banks are being given repo facilities. Lending under a contractionary monetary policy is completely contradictory. Which was why inflation control was

cash usually increases. It intensified more during Eid-ul-Azha. Because almost all the buying of sacrificial animals is done with cash. Employees will generally withdraw their salary and bonus to buy animals. Businesses and other customers also withdraw cash. The remittance receiver also withdraws their money to buy animals.

As a result, the demand to withdraw money was much higher this time. Because of this, the liquidity crisis happened. Syed Mahbubur Rahman,

crore. Earlier AHM Shafiquzzaman, director general of the Directorate of National Consumer Rights Protection, said: “Considering various factors, the Eid-ul-Azha economy has now exceeded Tk100,000 crore. The Tk75,000 crore estimate is based on old data from Bangladesh Bank.

“Factors like buying livestock, the spice market, butchers and animal feed are also part of that economy. People also buy new clothes, albeit less frequently.” ■



Internet Banking Transactions Double In One Year

Business Outlook Report

The amount of internet banking transactions in Bangladesh has doubled over the past year, reflecting an increase in adoption of digital financial technologies. According to Bangladesh Bank's data, internet banking transactions surged to Tk 97,117 crore in April, compared with those of Tk 44,638 crore in the same month of 2023 and Tk 81,640 crore in December 2023. The number of transactions also rose significantly, reaching 1,18,88,272 in April, up from 76,95,750 in April 2023.

Bankers attribute this growth to a rising number of tech-savvy individuals, particularly among the younger generation, who prefer the convenience of digital platforms for their banking needs. Standard Chartered introduced internet banking in Bangladesh two decades ago and, since then, the service has rapidly expanded, providing significant ease in personal and business transac-

tions. The widespread availability of smartphones and the expanding internet user base have further facilitated the adoption of internet banking across the country. Internet banking, also known as online banking or e-banking, allows customers to conduct various financial transactions over the internet through a bank's website or mobile application. These transactions include checking account balances, transferring funds, paying bills and accessing account statements.

One of the key benefits of internet banking is its convenience and flexibility, allowing customers to perform banking activities from anywhere with internet access, at any time, without needing to visit a bank branch. This convenience saves time for customers and streamlines banking operations by reducing the need for manual paperwork and in-person transactions, appealing to those who value efficient and hassle-free services. The number of

internet banking customers in Bangladesh reached 85,24,325 in April, up from 69,30,832 in April 2023. In March 2020, amid the global pandemic, the country had 26.49 lakh internet banking customers, a number that grew by over 221 percent by April 2023. The central bank's real-time gross settlement system recorded transactions worth Tk 4.09 lakh crore in April.

Introduced in 2015 to facilitate the real-time settlement of high-value, time-critical payments, the RTGS system has been widely adopted by banks, corporate houses and individual customers for instant payment settlements. For individual customers, the maximum value per transaction through internet banking is Tk 3 lakh, with a maximum frequency of 10 times a day and a daily limit of Tk 10 lakh. For corporate customers, the transaction limit is Tk 5 lakh per transaction, with a maximum frequency of 20 times a day and a daily limit of Tk 25 lakh. ■

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

