

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▼ 1.16%	▼ 1.69%	\$1,568.10	\$68.23	▲ 0.47%	▲ 1.60%	▲ 0.90%	▲ 0.69%	BUY TK 83.95	93.16	109.98	0.76
4,281.43	7,881.22	(per ounce)	(per barrel)	40,869.47	23,575.72	3,247.86	3,104.80	SELL TK 84.95	96.96	113.78	0.79




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BUSINESS

DHAKA WEDNESDAY JANUARY 8, 2020, POUH 24, 1426 BS
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Living in Dhaka became 6.5pc dearer last year

2020 kicks off on ominous note, says CAB president

STAR BUSINESS REPORT

Living costs in Dhaka soared 6.5 percent in 2019 on the back of spiralling prices of essential commodities and services, said Consumers Association of Bangladesh (CAB) yesterday.

"There are some ominous signs from the beginning of this year," said CAB President Ghulam Rahman at a press conference, citing the hike in prices of liquefied petroleum gas cylinder just on the first day of the 2020 and beginning of the process of hike in electricity tariff.

The CAB organised the event at the National Press Club in Dhaka to share its findings on overall increase in living costs based on price data of basket of 114 food items, 22 essential items including clothes, cotton towels and soaps and 14 services such as electricity, gas and house rent in Dhaka city.

It did not factor in the cost of education, healthcare and actual transport in its estimate.

The voluntary and non-profit organisation unveiled the spiral in cost of living at a time when consumers are paying more to buy edible oil, onions, chicken, powder milk and sugar over the last couple of weeks.

"Soaring prices of commodities are badly affecting the lives of people," Rahman said.

The government's failure to contain the prices of the essential spices and onion gave courage to dishonest businesses in other trades.



Technical Porcelain Tiles

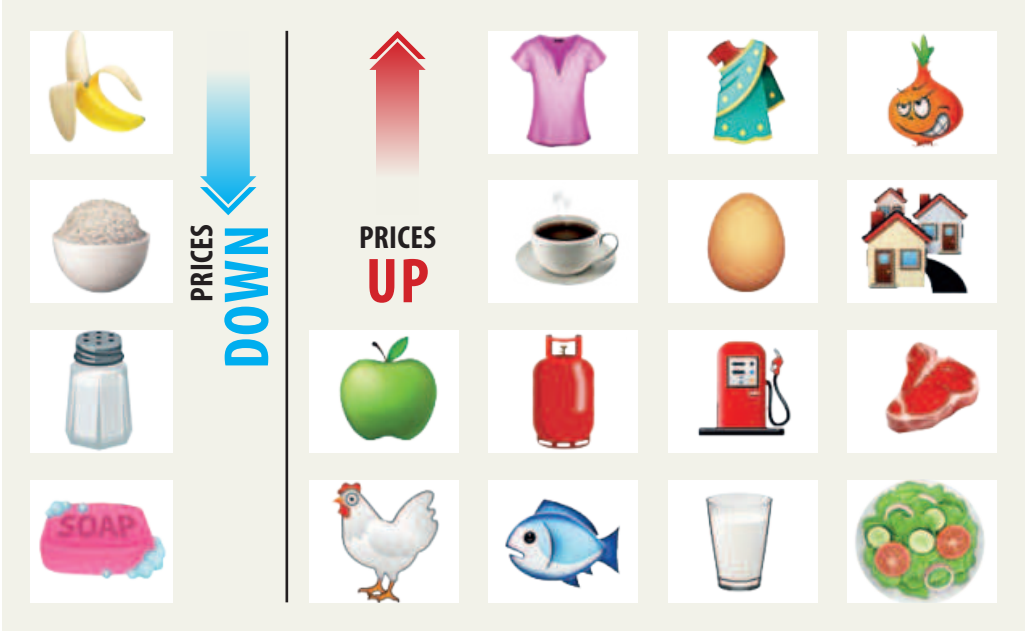
Sugar Effect Tiles

Nano Crystal Polish Tiles

Glazed Porcelain Tiles

Glazed Wall Tiles

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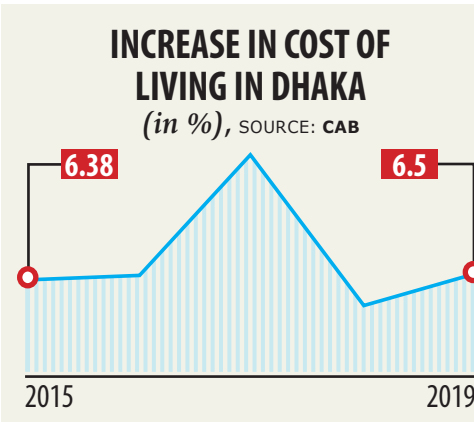


"That is why, we see a tendency to create instability in the prices of commodities. Businesses or others can do that."

He urged the government to pin down those who are trying to create volatility in the market by increasing the prices for no reason and bring those under the law to ensure visible punishment.

The cost of goods and services edged up one percentage point year-on-year to 6.08 percent last year from 2018, thanks to increasing prices of onions and other spices, vegetables, fish, meat, milk, tea, clothes, house rents and piped water.

READ MORE ON B3



Apparel exports finally get promised cash incentive

STAR BUSINESS REPORT

All garment exports from Bangladesh will receive 1 percent special incentive on their shipment to all markets after the government yesterday made effective the much-awaited cash support announced in the budget for fiscal 2019-20.

The incentive for the apparel and textile exporters will be effective retrospectively from July 1 last year, the central bank said in a notice.

Finance Minister AHM Mustafa Kamal in his maiden budget proposed the incentive to help exporters remain competitive in the global market. But the decision was put on hold because of some ambiguity in the previous notice.

The central bank yesterday also widened the coverage of the incentive by including terry towel and specialised textile.

The terry towel and specialised textiles were not eligible for the cash support in the past as the two items were not defined clearly, said a central bank official.

"The government brought in more sectors under the scheme as the garment and textile sectors have been going through a difficult time," he added.

But the central bank notice yesterday failed to bring a smile on garment exporters' faces.

By the time the incentive came, the sector has lost its competitiveness in the global

market as competitors such as Vietnam and India have already gained a lot of ground in the major markets, exporters say.

"It will help but it won't be sufficient," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association.

Had this been given in July the way it has been given now, the garment exporters could have averted hiccups.

"It won't have an immediate impact, unfortunately," she said, while calling for currency adjustment, which would give the garment exporters the ultimate leg up in the global market.

Garment export has been declining for the last five months because of the appreciation of the local currency, the rising cost of production, the declining trend of spending by consumers for garment items and the free trade agreement between Vietnam and the EU.

In the first half of the fiscal year, Bangladesh's apparel shipment, which rakes in more than 80 percent of the export earnings, fell 6.21 percent to \$16.02 billion, according to data from the Export Promotion Bureau showed.

Currently, Bangladeshi garment exporters receive 4 percent cash incentives for shipment to non-traditional markets. The country considers all the destinations as non-traditional markets except the EU, the US and Canada.

Trade deficit tapering off

Development a source of concern

AKM ZAMIR UDDIN

Trade deficit narrowed 79.51 percent in November to \$1.06 billion from the previous month on the back of sliding imports -- a worrying development as it suggests of sluggishness of the economy.

November's figures were down 19.70 percent from a year earlier, according to data from the Bangladesh Bank.

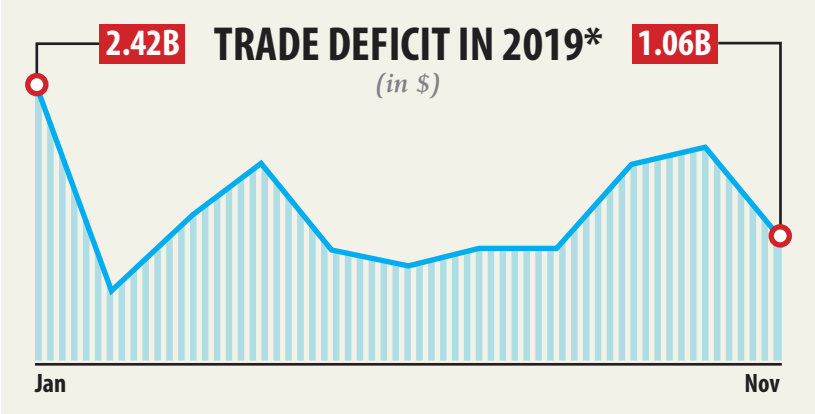
The decreasing trend of trade deficit is good for a strong economy but such a phenomenon is not a positive indicator at all for the growing economy like Bangladesh, experts said.

During the period, imports declined 17 percent from a month earlier to \$4.06 billion and exports nearly 1 percent to \$3 billion.

"Both falling exports and imports is a sign of an economic slowdown," said Fahmida Khatun, executive director of the Centre for Policy Dialogue, adding that businesses are facing a lack of confidence in activating their investment plans for want of a conducive climate.

Bangladesh's ranking in the World Bank's ease of doing business index is far from ideal and that has hit the confidence of businesses.

Inadequate infrastructure, corruption and bureaucratic complexities



discourage businesses from going for expansion by taking bank loans, Khatun said.

Besides, banks are also feeling discomfort in giving out loans to businesses due to high volume of default loans, which has squeezed their capacity for disbursement.

On top of that, the government has recently taken a decision to fix the interest rate for lending at 9 percent from April 1 -- a move not welcomed by banks.

"Banks think that loan disbursement at that rate will not be viable for them in many cases."

The import of both capital machinery and raw materials, the

two major ingredients for expansion of industries, have been nosediving in recent months, sounding an alarm on the manufacturing sector as whole.

"This had an adverse impact on exports as well," Khatun added.

The lower import growth has also brought a negative impact on private sector credit growth, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

In November last year, private sector credit growth dropped to 9.87 percent, which is the lowest since 2008 at least. Bangladesh Bank's data goes as far back as 2008.

READ MORE ON B3

Bullet train for only Dhaka-Ctg route: PM

STAR BUSINESS REPORT

Bangladesh will have only one route for bullet train and it will run between Dhaka and Chattogram, Prime Minister Sheikh Hasina said yesterday.

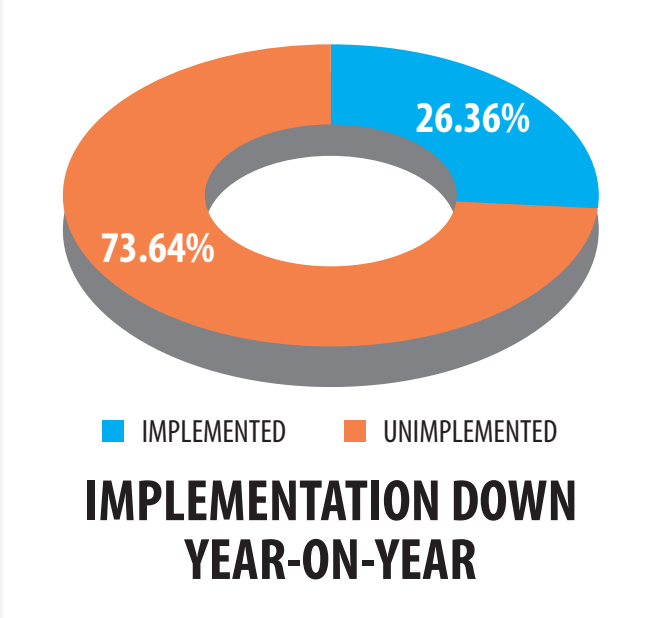
The premier shared the information during an unscheduled discussion at the meeting of the Executive Committee of the National Economic Council (Ecne), a senior official of the planning ministry, who was present in the meeting, told The Daily Star.

Many countries, including China, have shown interest to establish bullet train lines in Bangladesh, a secretary said at the meeting.

However, another secretary gave the example of Saudi Arabia, which despite being a high-income country with vast unused lands, has no such train at all and opined that Bangladesh should not have more than one high-speed train route.

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DEVELOPMENT SPENDING IN FIRST HALF OF FY2020



SPENDING OF 15 LARGE MINISTRIES & DIVISIONS

LGRD	33.75	▲
ENERGY	41.87	▼
ROAD TRANSPORT	28.71	▲
ICT	27.16	▼
RAILWAYS	11.47	▲
PRIMARY & MASS EDUCATION	26.79	▲
HEALTH	16.54	▼
SECONDARY AND HIGHER EDUCATION	35.15	▲
BRIDGES	29.12	▲
PUBLIC WORKS	22.95	▼
WATER RESOURCES	25.28	▲
INDUSTRIES	5.27	▼
SHIPPING	15.31	▼
CIVIL AVIATION AND TOURISM	4.06	▲
ENERGY AND MINERAL RESOURCES	25.83	▼

TOP FIVE PERFORMERS

(in %)	
Election Commission	98.59
Labour and Employment Ministry	53.87
Cabinet Division	47.52
Ministry of Religious Affairs	46.12
Power Division	41.87

WORST FIVE PERFORMERS

(in %)	
Internal Resources Division	1.29
Civil Aviation and Tourism	4.06
Industries Ministry	5.27
Planning Division	6.49
Public Administration Ministry	6.98

NEWSIN brief

Walton's IPO bidding approved

Bangladesh Securities and Exchange Commission approved bidding for discovering cut-off price of Walton Hi-Tech Industries.

When a company seeks a premium over its face value to go for initial public offering, institutional investors bid for discovering a price for them. General investors buy the shares at 10 percent lower than the price.

Walton wants to raise Tk 100 crore to expand business and repay bank loans.

Islamic Finance's Tk 300cr bond gets nod

The stock market regulator has approved a proposal of Islamic Finance and Investment Ltd to raise Tk 300 crore by issuing Mudaraba redeemable non-convertible subordinated bonds.

Banks, corporates, insurance companies, non-bank financial institutions and any eligible investors would be allowed to buy the bond through private placement.

The bond will have a tenure of seven years and the proceeds will be used for business expansion, loan repayment and other purposes. The offer price will be Tk 25 lakh per unit.