

Star BUSINESS



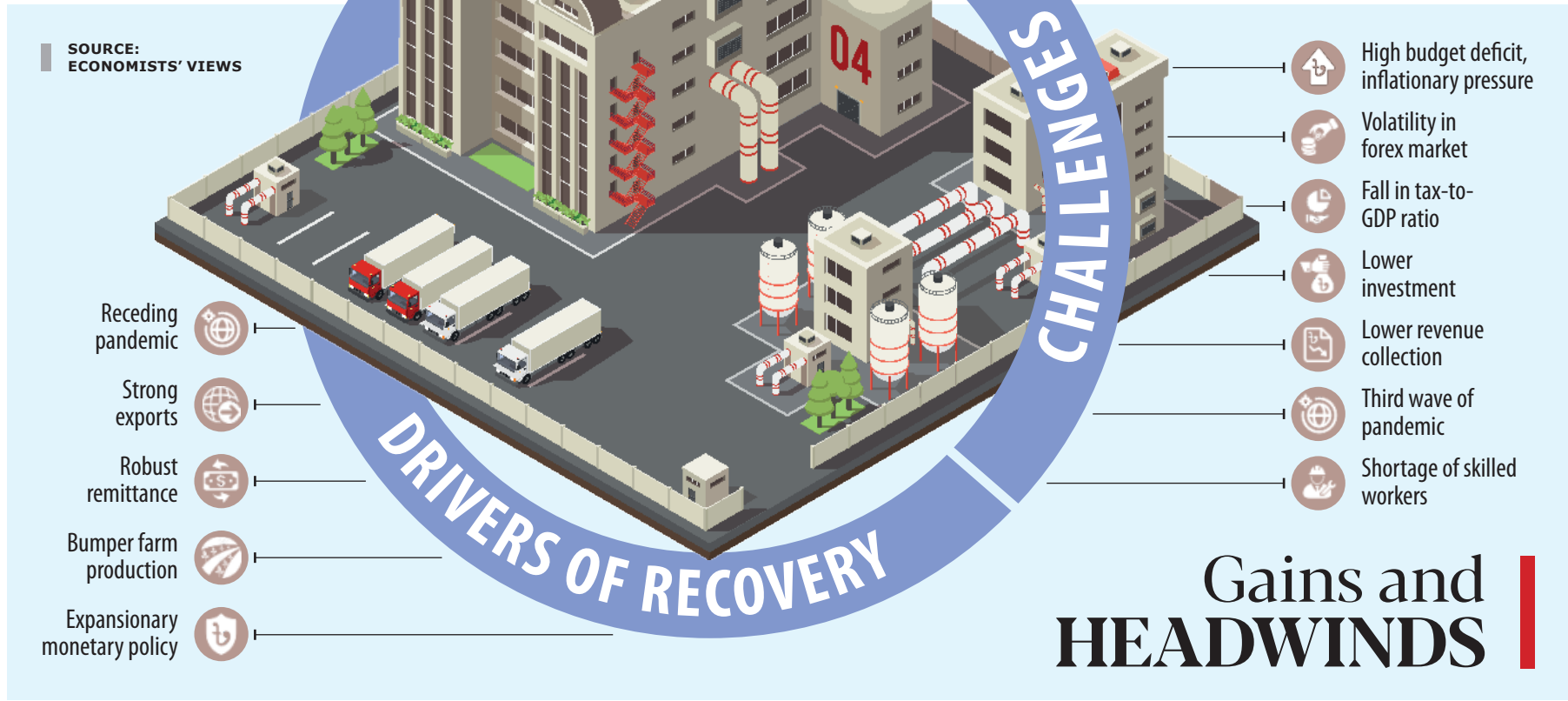
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DSE key index crosses 7,000 points again

Investors seem unabated by Omicron

STAR BUSINESS REPORT

The main index of the Dhaka Stock Exchange (DSE) touched 7,000 points after a month thanks to higher investor participation though the Omicron variant of Covid-19 slowly spreads across the country.

The DSEX, the benchmark index of the Dhaka bourse, climbed 54 points, or 0.78 per cent, to hit 7,049. This is the highest point the index has reached since November 21, when it stood at 7,085.

"Investors hope that Omicron will not have a devastating impact on economic activities and so, they are buying well-performing stocks," a stock broker said.

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STOCKS	
DSEX ▲	CSCX ▲
0.78% 7,049.15	0.95% 12,417.49

COMMODITIES	
Gold ▲	Oil ▲
\$1,807.86 (per ounce)	\$79.44 (per barrel)

CURRENCIES		STANDARD CHARTERED BANK			
	\$ USD	€ EUR	£ GBP	¥ CNY	
BUY TK	85.05	95.40	114.74	13.10	
SELL TK	86.05	99.20	118.54	13.78	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.37% 60,616.89	▼ 0.90% 28,222.48	▲ 0.6% 3,246.37	▼ 0.73% 3,567.44	

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Recovery strong, but macro-economy under strain: analysts

STAR BUSINESS REPORT

Bangladesh is staging a strong economic recovery from the coronavirus pandemic but the government should be cautious about tackling the pressures building up in some macro-economic indicators, said economists yesterday.

The government needs to be careful about the indicators such as the balance of payments, budget financing, and inflation, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh (PRI).

"Otherwise, things can go out of control."

His comments came at a webinar styled "After the Pandemic Onslaught - Economy on Strong Recovery Path" organised by the PRI.

There is an emerging pressure involving the balance of payments as import growth has exceeded export growth amid slowdown in remittance inflows.

The current account balance is already in deficit by around \$6 billion, so if the trend continues, it would be much higher, he said.



"How will it be funded?" asked Mansur.

Pressures are growing in the foreign exchange market. The unofficial kerb market is also up. But the Bangladesh Bank

is responding slowly when it comes to devaluing the taka.

"The central bank needs to act faster to make the adjustment," said Mansur. He also pointed to the

tax-to-GDP ratio, which fell to a historic low of 7.7 per cent last year. "But lower revenue collection will not help since demand for education, health, and infrastructure has grown tremendously."

On the expenditure side, subsidy bills have surged. As a result, an additional Tk 70,000 crore will be needed beyond the budgetary plan.

Another challenge for the country is the entire annual development programme is being funded by borrowing, either through domestic loans or external loans.

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Different varieties of rice cultivated by farmers in surrounding villages being sold for Tk 1,400 to Tk 2,000 per maund (around 37 kilograms) at a centuries-old floating market sitting every Saturday and Tuesday on the Sandha river in Barishal's Banaripara upazila. The photo was taken yesterday.

PHOTO: TITU DAS

Rice price high despite new crop, ample imports

AKANDA MUHAMMAD JAHIID

Rice prices have remained high in Bangladesh despite ample supply of the grain as farmers harvest the second biggest Aman crop, giving low-income groups a hard time amid persisting economic uncertainty.

Over the last one month, retail prices of rice edged up as much as 6 per cent in the markets in the capital.

Prices of medium-quality grain registered the highest increase followed by finer and coarse rice, putting a strain on the purchasing capacity of the low-income people, who are already counting extra for increased transport cost and soaring prices of various essentials, including edible oil.

Yesterday, retail prices of medium grain were Tk 52-58 per kilogramme, up from Tk 48-Tk 56 a month ago, data from state-run Trading Corporation of Bangladesh showed.

The finer variety was selling at 3 per cent higher at Tk 60-Tk 70 yesterday from a month ago. Coarse grain prices rose 3 per cent to Tk 45-50 over the last one month.

Prices of medium-quality grain registered the highest increase followed by finer and coarse rice, putting a strain on the purchasing capacity of low-income people

Millers and traders say purchases by rice millers, including large industrial houses such as ACI Ltd, City Group, Pran, and Akij Resources, which have entered the rice market in recent years, to build stocks to market the staple during lean season is one of the drivers for the higher prices of paddy.

Higher transport cost, fueled by the diesel price hike by the

government in November, contributed to the higher price of the grain, which also faces a 62.5 per cent customs duty and taxes when imported.

Data from the Department of Agricultural Marketing (DAM) showed that the prices of coarse and medium grains of paddy, which are less expensive than the finer ones, rose in the past month.

For instance, the prices of coarse Aman, the second-biggest paddy making up 38 per cent of the annual rice production, rose to Tk 913-Tk 972 per maund on January 3 from Tk 919-Tk 950 a month ago. Such a spike during the harvesting season raised questions.

In Bangladesh, imports were up riding on the reduced import tariffs from December 2020 to October 2021.

Of the total imports of 13.59 lakh tonnes in the fiscal year of 2020-21 that ended in June, private importers brought in 7.86 lakh tonnes.

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D-8 summit on food security starts today

STAR BUSINESS REPORT

The seventh D-8 ministerial meeting on agriculture and food security is all set to begin today. The two-day event will be held virtually considering the coronavirus situation.

Bangladesh will host the meeting as incumbent president of the D-8 Organization for Economic Cooperation, also known as the Developing 8 or D-8.

The organisation aims to facilitate development cooperation among member countries, namely Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Turkey.

Turkish President Recep Tayyip Erdogan handed over chairmanship of the D-8 to Bangladesh Prime Minister Sheikh Hasina for a two-year period in April, 2021.

The main topic of discussion at this year's meeting will be agriculture and food security

"The main topic of discussion at this year's meeting will be Agriculture and Food Security: Development of Climate Smart Agriculture," Agriculture Minister Muhammad Abdur Razzaque said yesterday.

Besides, cooperation on various issues, including agricultural production and increasing productivity, joint agricultural research, mechanisation, agro-processing, blue economy, fertiliser production, seeds, animal feed, value chain development, training and capacity building will be discussed.

The high-level meeting will be attended by agriculture and food ministers, secretaries and other senior officials from D-8 member states.



Women harvest grass pea (locally known as kalai shak), a member of the pulse family Leguminosae. Grown in cold weather, it is very hardy and can germinate and grow on a wide range of soil conditions. The vegetable sells for Tk 50 to Tk 70 per kilogramme. More than 2.5 lakh acres of land was cultivated in 2018-19, generating 1.17 lakh tonnes of the pulse, according to the Bangladesh Bureau of Statistics. The photo was taken at Chadpasha village in Barishal's Babuganj upazila on Monday.

PHOTO: TITU DAS

Asian-owned shipbuilders in Germany file for bankruptcy

AFP, Frankfurt

Asian tourism and casinos giant Genting's shipbuilding subsidiaries in Germany filed for bankruptcy Monday, which one union leader described as a "dark day" for the country's dockyards.

With travel still severely restricted during the coronavirus pandemic, particularly in Asia, the company has seen demand for huge cruise ships or luxury mega-yachts dwindle.

MV Werften on the Baltic Sea coast and Lloyd Werft in Bremerhaven on the North Sea coast declared themselves insolvent, local courts told AFP.

The larger subsidiary MV Werften took the step after failing to secure funding for the completion of the "Global One" mega-liner, already 80 percent of the way through construction, according to the company.

Designed to carry close to 10,000 passengers, the huge ship had been due to leave the shipyard in 2021 – but the pandemic has knocked the company's timetable off course and crimped its budget.

Around 600 million euros (\$680 million) is necessary to finance the completion of the vessel, for which the shipbuilder has been seeking support from the government.

The decision to declare bankruptcy came after lengthy discussions with officials in which the two sides "clearly have not found common ground", a spokesman for MV Werften said shortly before the filing was made.

The state asked MV Werften's owners Genting to put forward 10 per cent of the capital, government coordinator for the maritime economy Claudia Mueller said in a press conference.

"On this issue there was no agreement between Genting and the federal government," Mueller said.

The "Global One" sits in Wismar, one of MV Werften's three shipyards along the Baltic coast of former eastern state Mecklenburg-Western Pomerania, where it employs around 2,000 people.

The collapse of one of the biggest employers in the region poses an early challenge for Chancellor Olaf Scholz's newly formed government. "It is very important

to us to keep the know-how where it is," Mueller said, adding that the government saw "big potential" for the development of offshore energy.

In June, the state agreed to take a stake worth 60 million euros in the business and extended a loan worth 47 million euros to the company.

In all, the government had offered financial support of around 300 million euros to MV Werften since the beginning of the pandemic, before negotiations over a new deal began.

The decision by the shipyards to file for bankruptcy was a "dark day for shipbuilding in Germany", local IG Metall union leader Daniel Friedrich said.

The completion of the "Global One" and the delayed payment of wages for December were priorities for the union, which criticised the "exhaustion of trust" between negotiators.

The cruise ship industry has been shaken by a spate of recent coronavirus outbreaks on liners despite increased health measures, giving new headaches to the pandemic-hit sector.

Gloomy outlook for global recovery: WEF

REUTERS, London

Only one in 10 World Economic Forum members surveyed expects the global recovery to accelerate over the next three years, a poll of nearly 1,000 business, government and academic leaders found, with only one in six optimistic about the world outlook.

Climate change was seen as the number one danger by respondents in the WEF's annual risks report on Tuesday, while erosion of social cohesion, livelihood crises and mental health deterioration were identified as risks which had increased the most since the start of the Covid-19 pandemic.

"Global leaders must come together and adopt a coordinated multi-stakeholder approach to tackle unrelenting global challenges and build resilience ahead of the next crisis," Saadia Zahidi, WEF managing director, said.

Extreme weather was considered the world's biggest risk in the short term and a failure of climate action in the medium and long term – two to 10 years, the survey showed.

Agreement at the UN COP26 climate conference in November last year was widely applauded for keeping alive prospects of capping global warming at 1.5 degrees Celsius, but many of the nearly 200 nations had wanted to leave the conference in Glasgow with more.

Climate change is already seen contributing to more extreme weather patterns.

"Failure to act on climate change could shrink global GDP by one-sixth and the commitments taken at COP26 are still not enough to achieve the 1.5 (degrees Celsius) goal," Peter Giger, group chief risk officer at Zurich Insurance, which helped to compile the report, said.

The WEF's report also highlights four areas of emerging risk – cybersecurity, a disorderly climate transition, migration pressures and competition in space.

Britain eyes shake-up in financial data market

REUTERS, London

Britain signalled a shake-up in the availability and price of financial market data on Tuesday due to concerns over "limited competition" for benchmarks, indices and credit ratings.

It is the latest move by Britain to ensure the City of London remains globally competitive after being largely cut off from the European Union since the Brexit transition period ended a year ago. The Financial Conduct Authority said a first study, which will start this summer, will look into concerns that complex contracts for benchmarks and indices prevent switching to cheaper, better quality and more innovative alternative providers.

Benchmarks like the FTSE 100 blue chip index are widely used by asset managers and banks to track and compare valuations of assets like shares and bonds.

"By the end of the year, the FCA will launch a second market study to assess whether high charges for access to credit ratings data is adding costs to investors and limiting new market entrants," the FCA said.

The sector is dominated by Moody's, Fitch and S&P, whose ratings are used by investors to assess the riskiness of a company they are thinking of investing in.

Bangladesh: your next

FROM PAGE B4

If Bangladesh can supply one fifth of the total requirements through ICT outsourcing model, it will be a game-changer for the economy of Bangladesh.

The BASIS, the apex trade body for the ICT sector, has established the Japan Desk to promote ICT services in the Japanese market. Within one and a half years of the launch of the desk, it has already received good response from the Japanese counterpart.

After the success story of the Japan Desk, the BASIS is now planning to establish four more desks in four continents. One will be in the US, one in Europe (either the UK or the Netherlands), one in the United Arab Emirates, and one in Africa. The introduction of the desks will certainly lift Bangladesh to the next level.

But in order to achieve the \$5-billion export target by 2025, setting up ICT desks will not be enough. The government and the ICT industry should take a

holistic approach to achieve the target.

Country branding is still a crucial factor and the government must focus on it. Bangladesh needs to arrange regular seminars, fairs and roadshows to promote the ICT industry and its capability.

Apart from offline media, it's high time to use online and social media as well. We need to make promotional videos and video clips highlighting the success stories of our ICT companies.

Another key brand promoter of our industry might be our non-resident Bangladeshi community. It's a very proud matter for Bangladesh that many of Bangladeshis are now working in many top companies in the US and Europe. Our ICT industry can utilise them to penetrate the market.

The example of India can be cited here. Many Indians are working in C-level positions in global companies, and whenever there is any requirement for software, they are straightway giving this

opportunity to Indian IT companies. Bangladeshi NRB community can also follow the strategy of India and can help the country.

Another key market that Bangladesh should target is Africa and the countries that have just started their digitalisation mission like Bhutan, the Maldives, Uzbekistan, and Fiji.

It's a great advantage for Bangladesh that it has started the journey of implementing the e-governance service in 2009. Right now, there are 100 plus companies specialised in offering e-governance services.

Countries like Nigeria, Cameroon, Ghana, Rwanda and Kenya have begun their digitalisation process. If Bangladesh can take a government-to-government approach and promote the solutions that are already running in various ministries and departments in Bangladesh, there is a very good chance that Bangladesh can grab the market of the countries.

Another important step

that the ICT industry should not forget is to prepare for the 4IR. It's true that the outsourcing projects that we are getting are still related to conventional technologies. But in the near future, there will be a time when we will get most of the projects in the areas of artificial intelligence, blockchain, IOT, or Big Data. If we can't make our companies competent for those technologies or can't develop skilled human resources, we may lose the market.

The recent efforts of the government and the industry have already made Bangladesh an attractive ICT outsourcing destination. We have already walked a long path. Still, there is a long way to go. If the government and the industry work closely together and take the right step in the right time, our dream will no longer be a dream; rather it will become a reality.

The author is a director of the BASIS and the managing director of Dream71 Bangladesh Ltd.

Fed's Powell to highlight inflation fight at hearing

AFP, Washington

Federal Reserve Chair Jerome Powell will highlight the central bank's efforts to fight inflation and stabilize the US economy at his confirmation hearing, according to testimony released Monday.

However, the Republican will likely also face questions about his ethics from a Democratic senator, after a media report raised further questions over whether a Fed official had traded securities to benefit from the upheaval caused by the Covid-19 pandemic in 2020.

Powell's testimony Tuesday before the Senate Banking Committee comes after President Joe Biden nominated him for a second term leading the central bank as the US economy deals with a wave of record-high inflation that's prompted critics to accuse the Fed of complacency.

"We know that high inflation exacts a toll, particularly for those less able to meet the higher costs of essentials like food, housing, and transportation," Powell will tell senators, according to the testimony.

"We are strongly committed to achieving our statutory goals of maximum employment and price stability.



M Reazul Karim, managing director of Premier Bank Ltd, receives a crest from Md Tazul Islam, minister for local government, rural development and cooperatives, for collecting the second-highest amount of bills in favour of Dhaka Wasa in the financial year 2020-21 at the Pan Pacific Sonargaon Dhaka recently. Muhammad Ibrahim, additional secretary of the local government division, and Taqsem A Khan, managing director of Dhaka Wasa, were present.

PHOTO: PREMIER BANK



PHOTO: PUBALI BANK

Safiul Alam Khan Chowdhury, managing director of Pubali Bank Ltd, hands over the key of a microbus to Prof Sabbir Ahmed Khan, principal of Uttara Adhunik Medical College, recently as part of the bank's corporate social responsibility. Mohammad Ali, additional managing director of the bank, Zahid Ahsan, deputy managing director, and AS Sirajul Haque Chowdhury, general manager, were present.



Syed Habib Hasnat, managing director of Global Islami Bank Ltd, inaugurates the bank's three-day Virtual Managers Conference-2022 at the lender's head office in Dhaka on Monday. Md Golam Sarwar and Kazi Mashhur Rahman Jayhad, additional managing directors, and Ataus Samad and Sami Karim, deputy managing directors, also attended the conference.

PHOTO: GLOBAL ISLAMI BANK

Foreign aid use target

FROM PAGE B4

However, according to an ERD official, the utilisation is rising gradually.

Bangladesh spent around \$3 billion to \$3.5 billion from FY2013-14 to FY2016-17. In the last two fiscal years, foreign fund

spending crossed \$7 billion per year.

Two issues are very critical when it comes to foreign aid, said Khan.

"One is utilisation. We should reap the benefit of using foreign aid to help the country achieve its

development aspiration as well," he said.

The other thing was that the amount of foreign aid, which was concessional and comes from traditional sources, would shrink in the future once the country becomes

more developed.

"So, we need to find diversified sources, and utilisation should go ahead in consideration with the debt situation, conditions of loans and the quality of aid," he added.



Medicinal plants being grown on the edge of a paddy field. A large area in Nasirabad, Paikan, Jahangirabad and Pachgachhi has been transformed into gardens for medicinal plants as farmers find it a safe bet.

PHOTO: COLLECTED

Rangpur farmers find better returns from medicinal plants

There are about 20 types of medicinal plants that can be grown in Bangladesh, including Tulsi Basak, and Ashwagandha. Ayurvedic farms and herbal product manufacturers are the only buyers of such medicinal plants

KONGKON KARMAKER

The amount of land used to grow medicinal plants in Panchgachhi union of Rangpur's Pirganj upazila has expanded significantly as farmers now find such crops more profitable considering that demand increased manifold over the past decade.

According to various locals, Mehdul Islam, who hails from Jahangirabad village in the union, was the regional pioneer in medicinal plant farming.

Mehdul started growing medicinal plants on a small piece of his land back in 2014 after receiving on-hand training from the local Department of Agricultural Extension (DAE) office.

After considering all the risks, Mehdul toiled relentlessly to grow medicinal plants in his

garden for the next two years.

There are about 20 types of medicinal plants that can be grown in Bangladesh, including Tulsi Basak, and Ashwagandha.

"I also produce regular crops," he told The Daily Star.

Eventually, Mehdul's garden started providing yields worth selling but his crops often remained unused due to a lack of buyers. Ayurvedic farms and herbal product manufacturers are the only buyers of such medicinal plants in Bangladesh.

"So I had the passion, but nowhere to put it," he said.

However, Mehdul's dreams began to materialise when he first got buyers in 2016.

"That was my starting point but now, I am overwhelmed by orders from some of the biggest Ayurvedic product makers in the country," the farmer added.

Mehdul recently even signed

a contract with renowned pharmaceutical company Acme.

He went on to say that he has so far received orders to supply 15 tonnes of Tulsi, eight tonnes of Basak, and two tonnes of Ashwagandha leaves this year.

Seeing his success, many farmers in the area are following in Mehdul's footsteps.

As such, more than 50 farmers in the upazila are now engaged in medicinal plant cultivation, according to DAE officials in Pirganj.

Golam Kibriya, a farmer of Ponea village in Panchgachhi union, said he has been getting fair profits from selling medicinal plants.

"I started gardening the crops after being inspired by Mehdul," he said, adding that Mehdul's efforts brought a revolution in medicinal plant gardening in the union.

Even now many farmers

collect seedlings of medicinal plants from Mehdul, according to Kibriya.

During a recent visit to different villages in the upazila, including Nasirabad, Paikan, Jahangirabad, and Pachgachhi, the correspondent found that a large area had been transformed into gardens for medicinal plants as farmers find it a safe bet.

Banks are now even interested in giving loans to farmers to promote medicinal plant cultivation.

Sadequzzaman Sarker, the Pirganj DAE agricultural officer, said farmers of the union are diligent and interested in medicinal plant farming, which is profitable too.

"So, local DAE officials are giving them all kinds of support to ensure better prices by expanding gardening in the area," he added.

Bangladesh to make own brand of cars

Says industries minister

STAR BUSINESS REPORT

Bangladesh will manufacture its own brand of cars through state-run Pragoti Industries which currently assembles vehicles of Japanese brand Mitsubishi, said Industries Minister Nurul Majid Mahmud Humayun yesterday.

"Not just car assembly, we will manufacture cars in Bangladesh. A memorandum of understanding has already been signed with Mitsubishi Motors Corporation to set up a factory in Bangladesh," he said.

He hoped that ministries, including that of the expatriates' welfare and overseas employment, would help the Pragoti, set up under the industries ministry by Bangabandhu Sheikh Mujibur Rahman, by purchasing cars from it.

Humayun was speaking as chief guest at a programme organised by the industries ministry at a city hotel for handing over 73 double cabin pickups for the expatriates' ministry's "Driving training project for employment at home and abroad".

On November 30, the expatriates' ministry issued a work order for purchasing the pickups for Tk 31.75 crore, meaning each unit was costing Tk 43.50 lakh.

Teaching driving is a good way to create skilled manpower, said Expatriates' Minister Imran Ahmed.

Onion production up 27pc: minister

STAR BUSINESS REPORT

Onion production has increased by about 27 per cent or 7 lakh tonnes year-on-year in fiscal year 2020-21, said Agriculture Minister Muhammad Abdur Razzaque yesterday.

Addressing the media on preparations for today's D-8 ministerial meeting on agriculture and food security, he said the agriculture ministry, upon the prime minister's directives, was able to increase the production to achieve self-sufficiency.

"This year 33 lakh tonnes of onion have been produced. Bangladesh is now ranked 3rd in the world leaving behind the United States," he said.

Besides, as per the estimation of the Department of Agricultural Extension, 33.62 lakh tonnes of onion was produced in fiscal year 2020-21. However, according to data presented at a commerce ministry workshop last October, the country's yearly demand was about 25 lakh tonnes.

Moreover, about 29.55 lakh tonnes was produced locally while another six to seven lakh tonnes imported.

Since onion is perishable, some 25 per cent of the production gets damaged, it said.

Razzaque said Bangladesh has achieved unimaginable success in agriculture and food security.

He said overcoming all apprehensions, even amidst the pandemic's extreme adversity, Bangladesh maintained its food production trend. As per agriculture ministry estimates, 2.8 crore tonnes of Boro paddy was produced in fiscal year 2020-21, a record high for the country, he said.

DSE key index crosses

FROM PAGE B1

Besides, these stocks are in an especially lucrative position at the moment due to the recent fall of the index but as the key market indicator is rising again, investor confidence has grown.

"So, they are pouring in the funds now," he added.

Turnover, another important indicator of the stock market, soared to Tk 1,976 crore yesterday, up 32 per cent from Tk 1,487 crore

the previous day.

"All the large-cap sectors posted positive performances," said BRAC EPL Stock Brokerage Ltd in its daily market update.

The fuel and power sector booked the highest gains while the non-bank financial institution, pharmaceutical, engineering, bank, telecommunication, and food and allied followed suit in that order, it added.

Power Grid topped the turnover

list with trade worth Tk 133 crore followed by Beximco Ltd, Titas Gas Transmission, Fareast Islami Life Insurance, and Bangladesh Submarine Cable Company.

At the DSE, 189 stocks advanced, 146 fell and 43 remained the same.

Titas Gas Transmission and Distribution topped the gainers' list, rising 9.97 per cent, followed by Eastern Cables, National Tubes, Bangladesh Shipping Corporation, and RAK Ceramics.

Khulna Power shed the most, falling 6.89 per cent, followed by Rupali Life Insurance, Khan Brothers PP Woven Bag, Emerald Oil, and Reliance One Mutual Fund.

The Chittagong Stock Exchange (CSE) was also in a rising trend as the CASPI, the main index of the port city bourse, ballooned 189 points, or 0.92 per cent, to 20,667.

Among 310 traded stocks, 165 rose, 114 fell and 31 remained unchanged.



PHOTO: NRBC BANK

Golam Awlia, managing director of NRBC Bank, and Md Azharul Islam Khan, director general of Department of Youth Development, exchanged signed documents of a memorandum of understanding at a city hotel yesterday. Zahid Ahsan Russel, state minister for youth, and SM Parvez Tamal, chairman of the bank, were present.

Recovery strong, but macro-economy

FROM PAGE B1

"You can borrow 50 to 60 per cent but not more than that," said Mansur.

Rising inflation is another headache.

General inflation rose to a 14-month high of 6.05 per cent in December last year, with non-food inflation reaching 7 per cent, a six-year high, and food-inflation to 5.46 per cent, the highest in six months.

"It is a difficult to curb inflation in an economic reality when global inflation is also going up," said the former official of the International Monetary Fund.

"Inflation may go up during economic recovery but we have to be cautious so that it doesn't spiral beyond the tolerable level," said Monzur Hossain, research director of the Bangladesh Institute of Development Studies.

He said investment had not reached the pre-pandemic level, but the positive thing was both export and import were rising.

"If investors' confidence

receives a boost, the recovery will continue. However, as the third wave is knocking on the door, the government needs to be cautious."

He called for overcoming the shortage in revenue collection. Otherwise, budget implementation would be hurt.

Zaidi Sattar, chairman of the PRL, said post-pandemic recovery was strong and Bangladesh was poised to return to its pre-pandemic growth trajectory.

"But we have to go a long way. The journey has just begun."

Sayema Haque Bidisha, research director of the South Asian Network on Economic Modelling, credited the agricultural sector and people's tendency to make a comeback on their own for the economy's revival.

However, not all sectors have turned around at the same pace, so the sectors that have been recovering slowly should be prioritised, she said, citing the examples of

transportation, tourism and construction sectors.

During the pandemic, human capital development process has also been hit hard. So, the government should think about how the loss can be reversed, said Prof Bidisha.

Mansur added: "Omicron has already arrived and it is going to spread. But we should not panic. Rather, we need to strengthen our social safety net and health care systems."

"We don't want any lockdown or severe measures. As we don't want to hurt the economy any longer, we have to be cautiously optimistic as pressures are building up."

Due to lower revenue collection, financing government expenditure would be challenging as it went up multiple times during the pandemic, according to Rizwan Rahman, president of the Dhaka Chamber of Commerce & Industry.

He said cottage, micro, small and medium enterprises (CMSMEs)

needed collateral-free loans to revive.

Some Tk 40,000 crore was allocated for CMSMEs but only Tk 15,000 crore has been distributed so far.

Rahman said the Bangladesh Bank's expansionary monetary policy helped the private sector rebound.

"But, there should be continuous monitoring in the areas of the foreign exchange rate, the inflation rate, and foreign direct investment flow. Economic diplomacy needs to be strengthened. Accountability is necessary."

Improvement in the coronavirus situation in the western world, which is Bangladesh's export market, was one of the factors that helped the country make a quick recovery, said Md Fazlul Hoque, a former president of the Bangladesh Knitwear Manufacturers & Exporters Association.

He said orders flocked to Bangladesh because of the US-China trade war and lengthy coronavirus

lockdown in Vietnam.

"Most importantly, Bangladesh has been able to prove its mettle during the peak of the pandemic. It has given extra confidence to buyers. So, our factories are flooded with orders, but it will not continue forever."

Hoque cited the shortage of skilled workers and the higher production costs as the challenges facing the apparel industry.

"There is 20 to 30 per cent workers shortage, so policy support is needed to train people."

Production cost has risen by around 30 per cent whereas only 20 per cent can be offset by the higher price of products, he added.

Naser Ezaz Bijoy, president of the Foreign Investors' Chamber Of Commerce & Industry, said footwear, light engineering, health care, and agriculture sectors have the leeway to grow further.

There are challenges in the horizon as the third wave is coming, he said.

"Tax collection needs

to be focused. In order to ensure inclusive growth, we need to focus on the SME sector because it is still struggling."

"We also need to focus on business climate, diversification, digitalisation, productivity, and technology."

Speaking as the chief guest, Planning Minister MA Mannan, slammed the terms "paradox" or "magic" that are used to describe the country's stellar economic development.

"When we use these words to measure our economic success, we insult our hardworking people. People have put in a lot of efforts for our country. We used our agricultural sector successfully during the pandemic," he said.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, Muhammad Abdul Mazid, a former chairman of the National Board of Revenue, and Waseqa Ayesha Khan, planning affairs secretary of the Bangladesh Awami League, also spoke.

Rice price high despite

FROM PAGE B1

They procured 2.82 lakh tonnes from the international market so far in the current fiscal year, and the imported rice is already available in Dhaka's wholesale markets.

"There may be a rationale behind price increase during lean season. But any price spike is illogical during peak seasons," said Al Amin, a private job holder who lives in Dhaka's Uttara.

Nirod Boron Saha, a rice and paddy wholesaler in Naogaon, one of the main wholesale hubs for rice, said prices of rice remained strong even during the harvesting season because of the purchases made by the millers.

Officials of three rice mills agreed with Saha, adding millers and large wholesalers are busy procuring paddy to stockpile as they look to sell rice during lean season before the arrival of the next crop by the end of April.

Besides, some farmers are stocking paddy in the

hopes of selling them at higher prices later, creating some crises in the market, market insiders say.

The Department of Agricultural Extension (DAE) estimates transplantation of Aman crop on 56.2 lakh hectares of land during the current fiscal year, up 4.3 per cent from the previous year.

"We expect a good crop this year," said an official of the DAE.

Abdur Rashid, president of the Bangladesh Auto Major and Husking Mill Owners Association, said increased income tax, production and transportation costs had affected millers and pushed up the production cost.

In the wake of rising rice prices, Food Minister Sadhan Chandra Majumder, at a meeting with millers and warehouse keepers on December 27, asked them to help keep the market stable.

He also alleged that mill owners and warehouse keepers were manipulating the prices of rice.



The government's foreign aid spending target is \$12.86 billion for the next fiscal year, according to the finance ministry's initial plan. Of the sum, Tk 96,000 crore, or \$11.16 billion, will come from project aid.

PHOTO: STAR/FILE

PLAN FOR FY23

Foreign aid use target to remain unchanged

REJAUL KARIM BYRON and MAHMUDUL HASAN

The government plans to keep its foreign aid use target unchanged in the next fiscal year compared to the current fiscal year owing to lower utilisation of development allocations and projected reduced spending related to the pandemic, especially for vaccination.

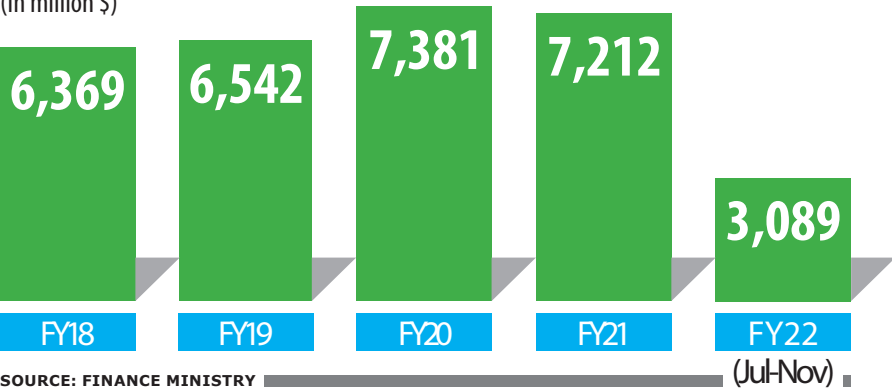
According to the finance ministry's initial plan, foreign aid spending target is \$12.86 billion. Of the sum, Tk 96,000 crore, or \$11.16 billion, will come from project aid and the rest from budget support.

The borrowing plans of the Economic Relations Division (ERD) for the current fiscal is \$12.89 billion. Of the amount,

Foreign funding in the pipeline stood at around \$50 billion as of November. In the last few years, Bangladesh was able to spend 12 per cent to 14 per cent of the total foreign fund in the pipeline, much less than the standard utilisation rate of 20 per cent

FOREIGN AID DISBURSEMENT

(In million \$)



SOURCE: FINANCE MINISTRY

\$10.38 billion is project aid.

In the current fiscal year of 2021-22, the government initially hoped to use a record amount of foreign funds to help Bangladesh weather the pandemic.

A finance ministry official said one of the biggest chunks of budget support was for vaccination plans. The Asian Development Bank alone provided almost \$1 billion for vaccine purchase.

But the chances of receiving robust budget support from development partners are very slim in the next fiscal year, since there has already been much progress regarding vaccine procurement.

However, the International Monetary Fund pledged \$3 billion in the next

three fiscal years as budget support. Bangladesh could receive \$1 billion in FY23, according to the official.

In FY22, the government's target was to increase foreign aid use in development spending by 25 per cent compared to that in the previous fiscal year.

The target for foreign aid utilisation is only up by 9 per cent in FY23 compared to the current fiscal year.

"The target of foreign aid use in the next fiscal year is not great," Towfiqul Islam Khan, a senior research fellow of the Centre for Policy Dialogue, told The Daily Star.

"And much will depend on how much

support we are getting to recover from the pandemic."

The project aid use under the Annual Development Programme (ADP) is low this fiscal year in spite of a bigger allocation.

According to the Implementation Monitoring and Evaluation Division, foreign aid spending amounted to only 16.23 per cent of the allocation in the first five months of FY22, which was 16.57 per cent during the same period last fiscal year.

For example, the health service division used 4.47 per cent of the foreign aid allocated between July and November.

The utilisation rate is also low for many other ministries and is similar to the level of the health service division.

According to the ERD's latest report, the government was able to disburse only \$3.08 billion in foreign assistance during the five-month period, less than a fourth of the target set for the entire fiscal year.

This prompted the government to cut the foreign aid portion in the ADP by Tk 10,000 crore in the revised budget.

Foreign funding in the pipeline stood at around \$50 billion as of November.

In the last few years, Bangladesh was able to spend 12 per cent to 14 per cent of the total foreign fund in the pipeline, much less than the standard utilisation rate of 20 per cent.

READ MORE ON B2

Bangladesh: your next outsourcing destination

RASHAD KABIR

When Prime Minister Sheikh Hasina declared the vision of Digital Bangladesh on December 12, 2008, the ICT industry experienced its rebirth. Later, the government declared December 12 as Digital Bangladesh Day.

The industry has seen an exponential growth in the last decade, especially in the last four to five years.

While the export revenue from this sector was only \$26 million back in 2008, it crossed \$1.4 billion in 2021. Only 300 software companies and 50,000 people worked in this industry in 2008. Now, one million people are working.

Under the umbrella of the Bangladesh Association of Software and Information Services (BASIS), there are 1,700 plus companies and the number has been almost doubled in the last five years.

Besides, there are so many startups, call centre companies, e-commerce platforms, and emerging digital device manufacturing and assembling companies. All these are making Bangladesh a proper hub for ICT ecosystem.

The government has also ensured numerous support for the sector. It has declared 100 per cent tax exemption for the IT and IT-enabled service (ITES) companies until 2024. A proposal has already been given by the BASIS to extend it up to 2030.

The government has also kept the provision of 100 per cent profit repatriation and on top of that, the companies are enjoying a 10 per cent cash incentive for IT/ITES export.

Besides, we have seen an introduction of a lot of training programmes countrywide by the government to develop beginner, mid-level and high skilled IT professionals. Every year, 20,000 computer science and engineering graduates are produced from the public and private universities.

For the first time, we have also seen a bold step in order to develop resources as part of preparation for the Fourth Industrial Revolution (4IR). The government has planned to launch Sheikh Hasina Institute of Frontier Technology to develop resources in the field of artificial intelligence, blockchain, internet of things (IIOT), cybersecurity and other 4IR technologies.

Development of market ecosystem, policy support and the capability of the ICT companies have made Bangladesh an attractive destination for ICT outsourcing. Now the question is: how much of the attractive market can Bangladesh grab?

The global ICT market was valued approximately at \$556 billion in 2020 and is expected to reach \$937 billion by 2027. Still, the software development, web development, application support and management, mobile application development, technical support, help desk, graphics design, and image processing are the dominant areas for ICT outsourcing.

The ICT industry is taking steps to grab this attractive market. One of the potential markets is Japan.

According to the Japan International Cooperation Agency, there will be a shortage of 500,000 qualified engineers in Japan by 2025.

READ MORE ON B2

Indonesia eases coal export ban

AFP, Jakarta

Indonesia, the world's top exporter of thermal coal, on Monday said it would ease a ban on exports of the fuel that it imposed to head off looming blackouts.

Fourteen ships loaded with coal and destined for overseas markets would be allowed to leave Indonesia, Coordinating Minister Luhut said in a statement.

But all other barges with coal for export must divert their cargo to power stations in need of supply, the statement said, adding that the government will re-evaluate exports on Wednesday.

The January 1 ban on shipments of coal used in power generation threw the market into disarray.

Prices of the fuel lurched higher as ships laden with hundreds of thousands of tonnes of the mineral destined for major markets in Japan, China and India sat in ports and all new production was diverted to domestic power stations.

The Philippines has urged Indonesia to lift its ban, with Manila warning on Monday the policy would have a "detrimental" impact on the coal-reliant country.

Japan issued a similar appeal last week.

Indonesia's export ban was imposed after coal miners failed to meet their obligation to set aside 25 per cent of output for the domestic market.

Analysts and coal producers blamed mismanagement at Perusahaan Listrik Negara (PLN), the country's state-owned utility, which allowed reserves to fall to as low as three days' supply at some power plants.

Of the 5.1 million tonnes called for by the government this month, only 35,000 – or less than 1 per cent – had been supplied, the ministry said on January 1.

Even if current acute shortages are eased, analysts have said Indonesia faces long-term structural supply constraints because exporters have little financial incentive to supply the domestic market.

They are forced to sell to the state at a price far below current market rates, analysts said. "Coal producers do not consistently play by the rules, while at the same time the government does not have a mechanism to control whether the need for coal at PLN has been fulfilled," said Marwan Batubara, director of the Indonesian Resources Studies think tank.

"There is no supervision. There is no mechanism to ensure that each power plant has enough supplies," Batubara said.

To remedy this, Luhut said coal supply contracts would now include freight and delivery. "Logistics and delivery arrangements become the responsibility of the coal suppliers and PLN can focus on its core business to provide reliable electricity," the statement said.



Coal is being unloaded from a barge at the Suralaya coal power plant in Cilegon of Indonesia.

PHOTO: AFP