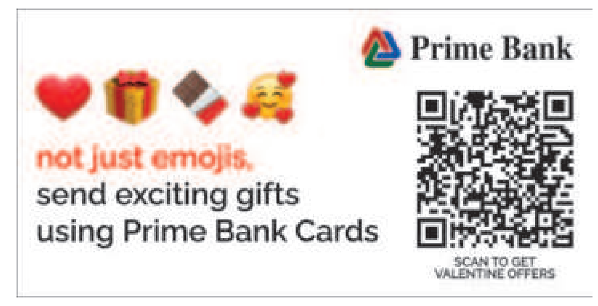
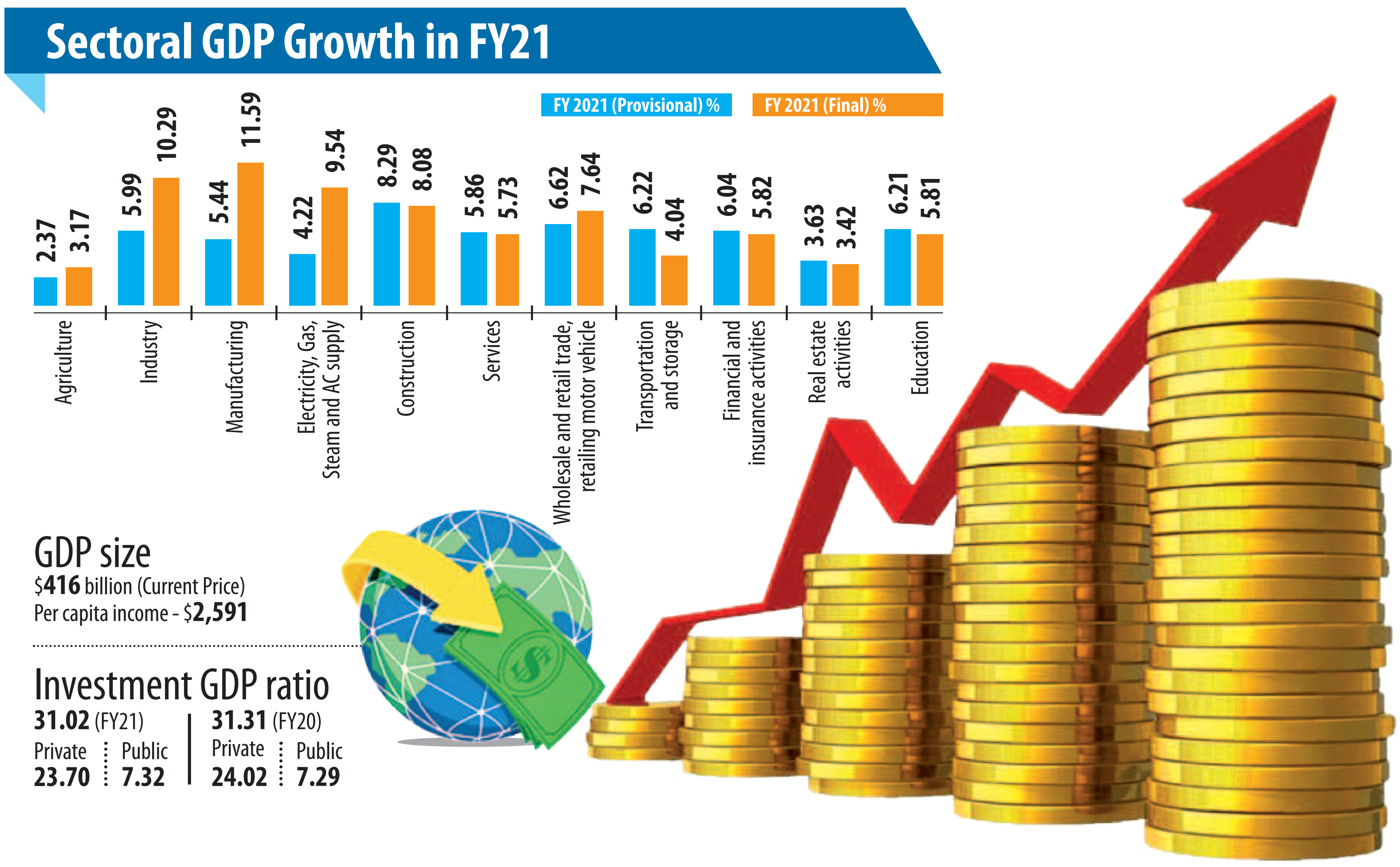
Star BUSINESS





Economy posts blistering growth in FY21

Govt reveals final figure of 6.94pc

STAR BUSINESS REPORT

Despite the second wave of the coronavirus pandemic, Bangladesh's economy pulled off a stunning 6.94 per cent growth in the last fiscal year, way higher than the initial estimate.

The final figure is up 1.51 percentage points compared to the provisional estimate, thanks to the rebound of the industrial sector, especially the cottage, small, medium and large industries, according to the Bangladesh Bureau of Statistics (BBS).

The provisional estimate was 5.43 per cent.

Planning Minister MA Mannan yesterday disclosed the final figures of the gross domestic product (GDP) after the meeting of the Executive Committee of the National Economic Council.

Calling the growth "a miracle" amid the pandemic, the minister said, "It's a miracle that our GDP growth surged to nearly 7 per cent while many other countries took a hit."

He said that the prime minister was very happy because of the achievement and she has dedicated this to the countrymen.

The economic growth figure is much higher than the projections made by the international organisations.

The World Bank (WB) had projected that Bangladesh would have a GDP growth of 5 per cent by the end of FY2021. The International Monetary Fund (IMF) said it would be 4.6 per cent and the Asian Development Bank (ADB) put the figure at 5.5 per cent.

Mannan said that the WB, the ADB and the IMF naturally do their projection. "But, this year, the World Bank has corrected its own projections. They have finally raised it. Our final growth is almost equal to the World Banks's projection."

"I repeatedly say: it is our product that has been achieved by our people. We have full confidence in it. It's open to analysis," he said.

State Minister for Planning Prof Shamsul Alam said, "We count this GDP system according to the United Nations' procedures and our national technical expert committee has overseen it."

"The IMF and the World Bank don't collect the data in the way we collect from the local level. They do it depending on some assumptions and international trade flows that are subjective. Lastly, they have used our data and updated them."

Prof Alam said the growth in national GDP was an indication that the economy had bolstered on the back of export and remittance.

"Additionally, revenue collection improved last fiscal year, indicating that businesses recovered, allowing them to pay more value-added tax and tax."

Contacted, Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said the economic growth has been better as Bangladesh has been able to take the opportunity amid the pandemic instead of going into lockdown.

"As a result, the economy was functional with the help of some stimulus packages. There was domestic demand and external factors were also in favour of Bangladesh."

According to the BBS, the industrial sectors boomed, the

READ MORE ON B3

Spike in GDP growth: hard to fathom

ZAHID HUSSAIN

There was no doubt that the growth in gross domestic product (GDP) in FY21 was better than the growth in FY20 even though the pandemic was present with all its ferocity in both years.

When the Bangladesh Bureau of Statistics (BBS) came up with its preliminary estimate of 5.4 per cent growth based on data for the first 6-7 months of FY21, this seemed quite reasonable.

But the second wave of Covid-19 struck Bangladesh in the second half of the year, forcing the government to impose a prolonged lockdown to contain the spread of the virus.

The lockdown disrupted the entire economy except the production for export as factories were allowed to stay open. We, therefore, saw an improvement in export growth in the second half of FY21.

Can this export turnaround explain the difference between the preliminary and final estimate of GDP growth?

The answer is a clear negative because what matters in the growth calculation is the balance of exports and imports described as "resource balance" in the BBS's GDP estimate from the expenditure side.

READ MORE ON B3

BPC counts Tk12cr loss daily for higher diesel price

MD NAZRUL ISLAM, *Ctg*

The government is counting a loss of Tk 12.40 crore per day in selling diesel to customers as the price of the most-consumed fuel in Bangladesh is on the rise in the global markets.

State-run Bangladesh Petroleum Corporation (BPC), the lone importer, processor and supplier, loses Tk 8.72 while selling each litre of diesel.

The price of diesel has been going up in the global market for about a month now.

Diesel was sold at $87.95 per barrel on freight on board basis on January 3 in the Arab Gulf market. It rose to $108.24 per barrel on February 7.

Not only diesel fuel, but the price of all other petroleum products is also showing an upward trend.

Many countries are stockpiling diesel because of the recovery in demand as the impacts of the coronavirus pandemic are fading away, as well as the Russia-Ukraine tension, said analysts.

READ MORE ON B3

Premier Cement to raise Tk 310.75cr

To issues preference shares

STAR BUSINESS REPORT

Premier Cement Mills yesterday received permission from the stock market regulator to raise Tk 310.75 crore by issuing preference shares.

The Bangladesh Securities and Exchange Commission (BSEC) gave the approval.

Preference shares provide dividends to shareholders before common stock dividends are issued. Most have a fixed dividend, while common stocks generally do not.

Holders of preference stocks also typically do not have any voting rights but common shareholders usually do.

The cement maker would raise the funds through issuing fully redeemable, non-convertible, non-participating and cumulative preference shares.

Of it, preference shares of around Tk 235.75 crore of tenures of five years will be issued to

READ MORE ON B3

STOCKS

DSEX ▲	CSCX ▲
0.29%	0.18%
7,072.78	12,444.34

COMMODITIES

Gold ▲	Oil ▼
$1,818.12 (per ounce)	$89.80 (per barrel)

CURRENCIES (STANDARD CHARTERED BANK)

	USD	EUR	GBP	CNY
BUY TK	85.05	96.56	114.26	13.14
SELL TK	86.05	100.36	118.06	13.81

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.33%	▲ 0.13%	▲ 1.05%	▲ 0.67%
57,808.58	27,284.52	3,401.74	3,452.63

BSEC orders selling Tamha Securities assets

Aims to refund investors whose funds were embezzled

AHSAN HABIB

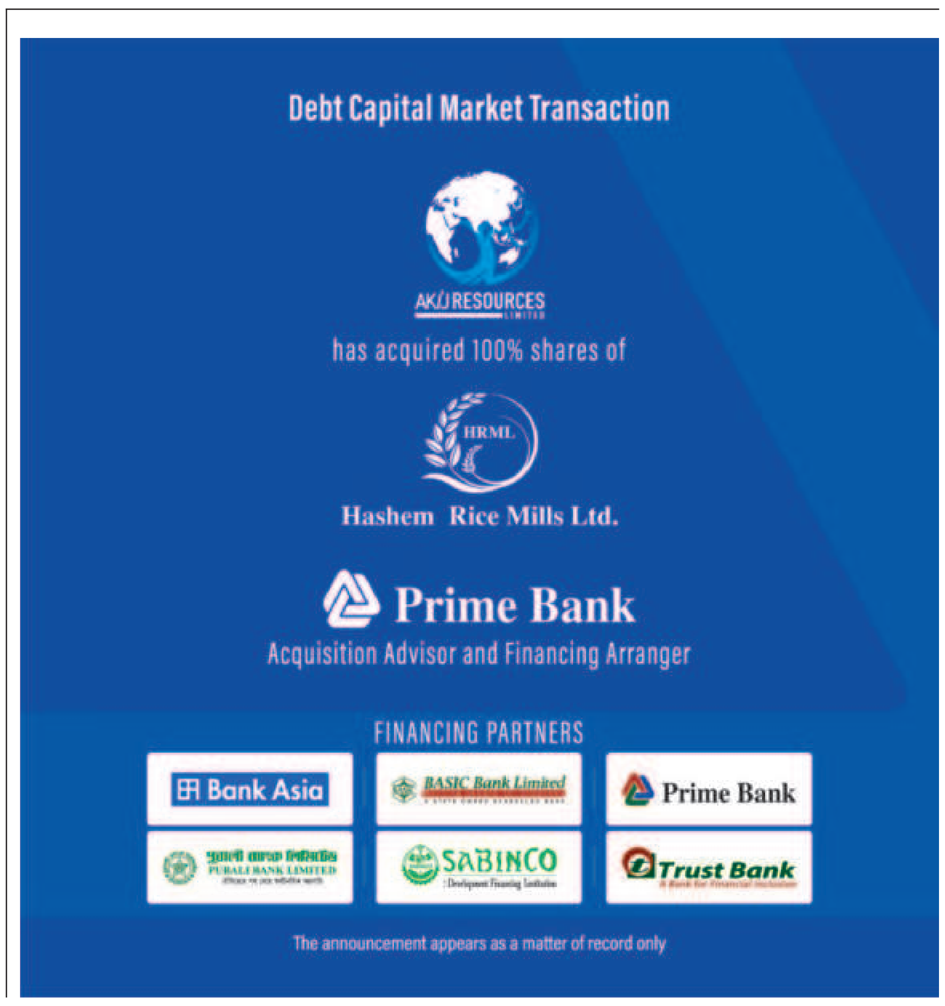
The Bangladesh Securities and Exchange Commission (BSEC) has ordered the managing director and directors of Tamha Securities to sell its assets and deposit the proceeds at Dhaka Stock Exchange (DSE) by May 31.

The BSEC passed the directive through a letter in a bid to ensure reimbursement of funds of general stock investors which were embezzled by the broker.

Recently, a group of investors who fell victim urged the BSEC to take action immediately, citing that they were passing days in peril losing their hard-

READ MORE ON B3

Pumpkins harvested fresh off the field and heading for the market. On the spot at Savar's Bhakurta union they sell for Tk 25 a piece whereas once they reach the capital just over 20 kilometres away, the price doubles. The photo was taken yesterday. PHOTO: RASHED SHUMON



Brac Bank, MBL Asset Management sign custodial service deal

STAR BUSINESS DESK

Brac Bank has signed a custodial service agreement with MBL Asset Management on Sunday to provide support for the operation of 'Mercantile Bank Unit Fund', a new open-ended mutual fund.

Tareq Refat Ullah Khan, deputy managing director of Brac Bank, and Mohammad Samir Uddin, chief executive officer of MBL Asset Management, signed the agreement at the former's head office in Dhaka.

Md Jabedul Alam, head of transaction banking at Brac Bank, Md Azmul Hasan Jahid, associate relationship manager of the transaction banking unit, and Masum Ahmed, compliance officer of MBL Asset Management, were present.

ACI Motors wins Foton award

STAR BUSINESS DESK

ACI Motors has received a couple of awards -- the Foton Global Excellent Brand Communication Award-2021 and Foton Global Service System Construction Merit Award-2021 -- from Foton Motor Group.

The company, a subsidiary of ACI Group and local distributor of Foton Motor Group, organised a programme at ACI Center in Dhaka's Tejgaon on Monday to celebrate the achievement, a press release said.

Subrata Ranjan Das, executive director of ACI Motors, inaugurated the event.

The company, which is well-known for their time bound services and country-wide service and spare parts network, deals with Yamaha Motorcycle, Power Generation and a full range of construction equipment machinery.

Paddy in the process of being soaked for four days before being dried in the sun, boiled and sent to rice mills. "Kutials", as they are known in Brahmankathi village in Banaripara upazila of Barishal, are persons engaged in the profession of collecting paddy from farmers and processing it into rice for sale to traders. Nowadays they purchase paddy at Tk 1,200 per maund (around 37 kilogrammes) and sell the rice at double that price. The photo was taken yesterday.

PHOTO: TITU DAS

NBR to complete bond automation by 2023

STAR BUSINESS REPORT

The government's bonded warehouse facility for businesses will be completely automated by 2023 so that no one can gain illegal benefit from the system, said Abu Hena Md Rahmatul Muneem, chairman of the National Board of Revenue (NBR), yesterday.

There is a tendency to abuse the facility although the NBR has been trying to check it for many years. "It is difficult to check the abuse as the number is too high," Muneem said.

"It is possible to eliminate the abuse if the facility is automated."

He made the comments while speaking at the pre-budget discussion with the members of the Economic

Abu Hena
Md Rahmatul Muneem

Reporters' Forum (ERF) at the NBR office in Dhaka.

Muneem said the abuse of the bonded warehouse facility not only affects the revenue generation but also severely affects the industries concerned, said the NBR chairman.

He suggested changing the culture of non-payment of tax as Bangladesh has one of the lowest tax to GDP ratios even in South Asia.

Even government organisations are not interested in paying taxes because of the absence of the tax payment culture in the country.

Previously, people had also the logic for not paying taxes as they used to question revenue officials what will happen if taxes are paid. "Now, the situation is different," said the NBR chief.

This is because the government is implementing a lot of mega projects like Padma Bridge, Karnaphuli Tunnel and metro rail. "These can be shown as examples when we ask people to pay taxes."

Muneem said the NBR was trying to expand the tax net to increase revenue generation.

The NBR will initiate a move to see whether households in Dhaka have tax identification numbers (TINs) in order to bring them under the tax net. The tax administration will also do so the same in the case of transport companies as soon as possible, he said.

He urged the concerned officials to be careful so that foreign nationals cannot join any jobs after arriving in Bangladesh on tourist visas.

Muneem also sought cooperation from other ministries and government agencies so that local employers feel discouraged in employing foreign nationals that come on tourist visas.

ERF President Sharmeen Rinvy and General Secretary SM Rashidul Islam submitted a set of recommendations on the next budget during the discussion.

Think Big Solutions to launch TREDX

First national digital platform for local receivable financing

STAR BUSINESS DESK

Think Big Solutions Ltd, a fintech company, will launch Bangladesh's first integrated digital invoice auction platform, TREDXonline, which will bring together financiers, corporates, and their suppliers onto a single platform to create a win-win-win value proposition.

TREDX will facilitate online, real-time transactions between suppliers with approved invoices and financial institutions keen on discounting these invoices and reducing cost across the entire ecosystem for all parties involved, according to a press release.

The introduction of TREDX will bring several benefits to the factoring market in Bangladesh.

Suppliers will get the best discount rates due to the participation of multiple financiers in the auction of the invoices, which will particularly benefit micro, small and medium enterprises.

Financiers will get access to a larger pool of approved and authenticated invoices at low operational costs, while corporates will lower their account payables costs owing to increased transparency and their ability to provide their suppliers with a lower costs of financing.

The founders of the fintech venture are Abul Kasem Khan, a noted entrepreneur, M Masrur Reaz, an economist, and Raja Debnath, a supply chain finance expert and fintech entrepreneur.

TREDX will initiate its commercial operations within the next four months. The company is partnering for technology with Veefin Solutions, a global leader in SCF technology, said the press release.

EU joins chips race with Asia

AFP, *Brussels*

The EU launches a plan Tuesday to raise tens of billions of euros to boost semiconductor production in Europe and end the bloc's digital dependence on Asia.

The production of semiconductors, also known as chips, has become a strategic priority in Europe as well as the United States, after the shock of the pandemic choked off supply, bringing factories to a standstill and emptying stores of products. The manufacturing of chips overwhelmingly takes place in Taiwan, China and South Korea and the European Union's 27 member states want factories and companies inside the bloc to take on a bigger role.

Thierry Breton, the EU's industry commissioner, on Tuesday will press Europeans to be as ambitious as possible and match similar plans in the United States, where the Biden administration is asking Congress to approve $52 billion.

Touring the IMEC chip research facility in Belgium on Monday, Breton boasted that the plan "will position Europe as an industry leader but also give us complete control of our semiconductor supply chains".

Bangladesh's economic transformation

FROM PAGE B4

The only component in which it was at par with the LDC average was natural capital.

Furthermore, the UNCTAD highlights four lingering sources of vulnerability which will continue to shape the trajectory of Bangladesh towards LDC graduation and beyond: (1) Heightened reliance on LDC-specific international support measures (most notably in terms of preferential market-access); (2) Lack of export diversification and over-reliance on low-technology textile and clothing products; (3) Dependence on external development finance, predominantly in the form of migrant remittances, to support capital accumulation; and (4) Exposure to the far-reaching effects of climate change.

Bangladesh plans a GDP growth of 7.2 per cent in 2022, which should come out at the high end of what other developing countries are projecting. As expected, developing countries will outpace the global average GDP growth rates, but inflation and exchange rate management challenges remain.

Compounded by rising commodity prices and ensuing inflation pressures, real income growth has been negative in much of the eurozone. According to UNCTAD's Global Investment Trend Monitor, global FDI rebounded strongly in 2021, but recovery was highly uneven across regions and sectors. Infrastructure finance increased due to stimulus and greenfield projects in industry were still weak.

According to the UNCTAD, FDI flows to developing economies increased by 30 per cent to nearly $870 billion, with a growth acceleration in East and South-East Asia (20 per cent), a recovery to near pre-pandemic levels in Latin America and the Caribbean, and an uptick in West Asia.

Net portfolio flows to developing countries are largely driven by non-resident investment in debt and equity. Of the total increase in global FDI flows in 2021 ($718 billion), more than $500 billion, or almost three quarters, was recorded in developed economies.

On the economic front, the dramatic collapse of output, as countries locked down to contain the spread of the virus, was so dramatic as to trigger unprecedented responses. Massive central bank action in rich countries stabilised financial markets and aggressive government spending cushioned firms and households against the worst of the downturn.

The liquidity risk associated with an expansionary fiscal policy is higher. For Bangladesh, progressive stages of economic development are associated with typical liquidity risk configurations. Non-investment grade countries such as Bangladesh have trouble accessing international credit markets, while exports and remittances are often the only sources of foreign currency.

With impending LDC graduation, Bangladesh can expect declines in international commitments related to official development assistance. The recent decision of the government of Bangladesh to utilise $313 million from its foreign currency reserves for the purpose of investing in capital projects is likely to emasculate the foreign investor community's confidence in its monetary policy discipline and might serve as a precursor to a sovereign rating downgrade.

The reality is that Bangladesh is highly dependent on global finance to support its balance of payments. The regime change in its interest rate environment resulting in a downward shift in its yield curve positioning is likely to further constrain both short and long-term debt inflows.

While speculative capital inflows can overwhelm the domestic financial and credit markets, sustained above-average risk-adjusted returns can ensure sustained portfolio flows into the capital markets. From this point of view, it is market discipline, or being exposed to liquidity risk, that will prevent the country's policy-makers from spending their way to a structurally supportable path of debt sustainability.

If mitigating liquidity risks is a national policy target, addressed, for example, by price and capital controls, it is mainly coordination between fiscal and monetary policies that will provide the needed policy space for the government of Bangladesh to ensure sustainable growth and development.

While the independence of Bangladesh Bank is clearly inhibited by the mere existence of the banking division within the finance ministry, achieving the required degrees of policy coordination around a pro-development revamp of the national financial architecture is not trivial.

The expansion of Bangladesh's external balance sheet can gain momentum with the participation of direct investors (i.e., FDI) and asset managers from advanced economies, in addition to targeting foreign currency-denominated corporate bond markets, increasing their participation in the country's domestic bond markets.

While government bonds dominate Bangladesh's fairly underdeveloped secondary bond market, greater reliance on domestic-currency denominated public debt mitigates the currency mismatch in its balance sheet and creates duration mismatches arising from the prohibitive costs of issuing long-term government securities and weak governance of asset-liability immunisation risk. With limited access to non-deliverable forwards or active swap markets, it also shifts the currency risk to prospective global lenders, thus heightening exposure to speculative, non-resident investor behaviour.

As a result of these vulnerabilities, strongly net negative, if fluctuating, portfolio flows to Bangladesh can translate into a vicious cycle of currency depreciation, weakening debt sustainability, and reduced fiscal spaces.

Long-term FDI is thus a lower risk approach in support of Bangladesh's structural transformation, triggering reductions in sovereign credit spreads and driving up the value of foreign currency-denominated debt, thus also affecting private borrowers' balance sheets and refinancing risks.

The author is a global managing director at DelMorgan & Co. Investment Bank, USA.

Four-day

FROM PAGE B4

Three designers from India, Japan and the Maldives will participate in this festival with their products, Mantasha added.

Visitors enjoy witnessing with their own eyes the weaving process of these products at the festival, said the organisers.

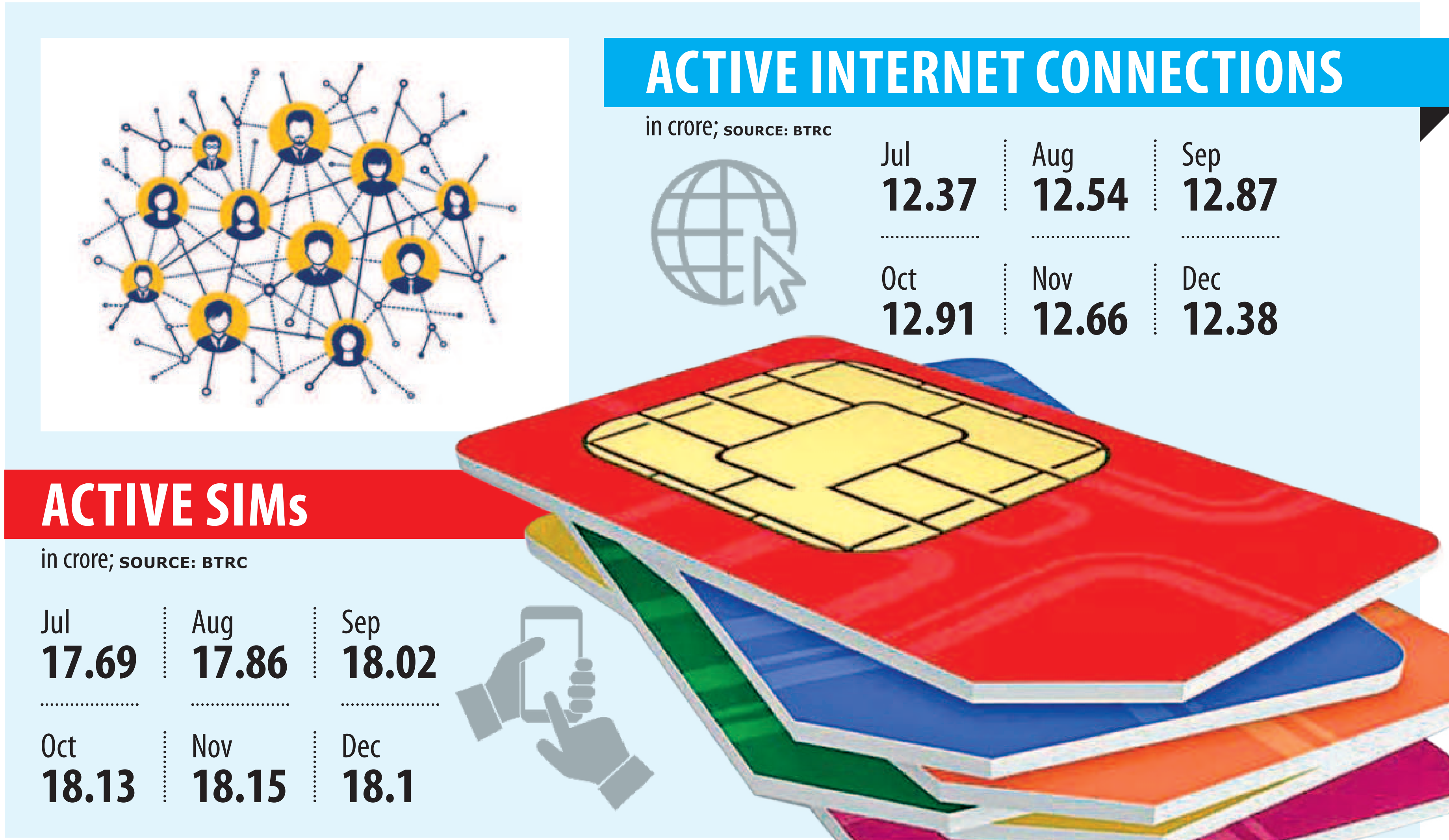
A number of seminars, fashion shows, folk dance and musical programmes along with business to business matchmaking programmes will be organised, they added.

Md Nazmul Hassan, chairman of Islami Bank Bangladesh Ltd, virtually presides over the bank's board of directors' meeting on Sunday. Yousif Abdullah Al-Rajhi and Md Shahabuddin, vice-chairmen, Areef Suleman, director of Islamic Development Bank, Mohammed Monirul Moula, managing director, and JQM Habibullah, deputy managing director, attended the meeting.

PHOTO: IBBL

Md Hedayetullah, director of Mutual Trust Bank, recently inaugurated the bank's foreign currency exchange booth at the International Departure Terminal-1 Concourse Hall of Hazrat Shahjalal International Airport (HSIA) in Dhaka. Group Captain AHM Touhid-ul Ahsan, executive director of HSIA, Wing Commander Syed Ali Azam, director (AVSEC) of the Civil Aviation Authority of Bangladesh, Syed Mahbubur Rahman, managing director of the bank, and Chowdhury Akhtar Asif, additional managing director, were present.

PHOTO: MTB



Mobile, internet users grow in 2021

MAHMUDUL HASAN

The number of mobile subscribers in December rose about 6 per cent year-on-year to 18.10 crore, data from Bangladesh Telecommunication Regulatory Commission showed yesterday.

This translates to customer acquisitions of telecom operators continuing to grow surpassing the country's population figure, or in other words, many are now using multiple SIMs.

The industry lost around 30 lakh customers during the March-June period in 2020 as the country went into a full lockdown to prevent the spread of Covid-19. Since then, the number of users has been growing almost every month.

Similarly, the number of internet users rose 10.73 per cent year-on-year to 12.38 crore in December. It was 11.18 crore in the same month in 2020.

Currently, 11.37 crore subscribers use internet through handheld devices while the rest rely on internet service providers and public switched telephone network operators.

However, the number of both mobile and internet subscribers dropped in December last year compared to that of a month earlier as the operators lost about 5 lakh mobile customers and internet users dropped by 28 lakh.

HOW WAS 2021 FOR OPERATORS

Robi Axiata, the second-largest operator, which crossed the 5-crore subscriber landmark in September 2020, grew by 5.30 per cent in December last year to reach 5.36 crore customers. During the same month in 2020, it was 5.09 crore.

The operator lost about 1 lakh customers in December last year compared to that a month earlier.

According to Shahed Alam, chief corporate and regulatory officer at Robi Axiata, customer figure fluctuations were a normal and regular phenomenon in the industry.

"However, the extent of churn and add back observed clearly indicates that we have a hyper-competitive market. Such a scenario only increases the overall cost of acquisition for smaller operators," he said.

Third-placed Banglalink grew 5.6 per cent year-on-year in December to take the number of customers to 3.72 crore.

It lost only about 20,000 customers in December compared to a month earlier.

"2021 was a year of significant growth for Banglalink despite several challenges. Our Ookla-certified fastest 4G network powered by new spectrum was the key to the expansion of our customer base," said Taimur Rahman, chief corporate and regulatory affairs officer of the operator.

Apart from this, he said its wide portfolio of digital services played a significant contribution. "It is encouraging to see our targeted investments yielding such good performances throughout the year," he said.

Market leader Grameenphone's total mobile phone customers jumped 5.56 per cent to 8.34 crore in December from 7.90 crore in December 2020.

However, the operator lost over 5 lakh customers in December compared to November. According to Md Hasan, head of external communications of Grameenphone, the operator converted all its towers into 4G in 2021 in order to ensure a better customer experience, resulting in continuous customer growth.

"In addition, the company is continuously investing in modernising its network through rolling out of new towers, deploying additional spectrum to 10,000 plus sites and improving its service quality significantly," he said.

For state-owned Teletalk, which lags behind all the private operators by a big margin, 2021 was a year to celebrate as it added about 17 lakh customers in the past 12 months.

It grew by 35 per cent to reach about 67 lakh customers year-on-year in December. While other private operators lost customers in December compared to November, Teletalk added over 1 lakh customers.

Telecommunications Minister Mustafa Jabbar attributed the growth to Teletalk's network expansion and infrastructural development.

"We have taken our network to many remote areas and invested heavily on infrastructure development, which paid off well," he said.

About the operator's weak market position compared to other private operators, he said Teletalk's investment was meagre compared to Grameenphone or Robi.

"So, now we want to invest more and take the service to remote areas where other operators do not provide services," he said.

Forget govt support

NBR urges industries; Barvida, BCMEA still place demands

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has suggested local entrepreneurs focus on capacity building to become more competitive rather than seeking government support over the coming years.

"Bangladesh is going to graduate from a least-developed country within the next four years and so, there will be no scope for the government to provide support to protect local industries," said NBR Chairman Abu Hena Md Rahmatul Muneem.

He was addressing a pre-budget discussion with the leaders of the Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida) and the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA) at the NBR conference room yesterday.

Muneem went on to say that Bangladesh will face numerous challenges in conducting trade and business after the country's graduation in 2026.

"For this reason, entrepreneurs will have to leave their support seeking mindset," he said.

However, the NBR chairman assured that the government would still consider any industry's demand for support based on the merit of proposals.

As such, the Barvida yesterday placed a demand before the NBR, asking for a new price depreciation scale for importing reconditioned cars as it would boost the market as well as government revenue.

The NBR provides 10 per cent depreciation facilities for a one-year-old reconditioned car, 20 per cent for two-year-old cars, 30 per cent for three-year-old cars, and 35 per cent for those aged four years and above.

The Barvida proposed to set the depreciation facility at 15 per cent for one-year-old cars, 25 per cent for two-year-old cars, 35 per cent for three-year-old cars, and 45 per cent for those aged four years and above.

The NBR considers the depreciation benefit as per the yellow book, or new price, of the car.

For example, the NBR currently slashes a vehicle's total price by 35 per cent if it underwent reconditioning four years before its import to Bangladesh.

"We also urge the NBR to further reduce the customs duty on microbuses which are considered as mass transport as it would reduce the movement of non-compliant vehicles and save human lives," said Abdul Haque, a former president of the Barvida.

Meanwhile, the BCMEA asked for the withdrawal of supplementary duties on tiles and sanitary ceramic products in order to protect the local industry.

Manufacturers currently pay 15 per cent supplementary duty on tiles and 10 per cent on sanitary items.

BCMEA President Md Shirajul Islam Mollah demanded the import duty imposed on China clay, the industry's main raw material, be reduced from the existing 30 per cent.

He further demanded the NBR impose an additional 10 to 12 per cent import duty on the import of finished ceramic products in order to protect the local industry and build its capacity.

Md Masud Sadiq, member (customs policy) of the NBR; Zakia Sultana, member (VAT policy); and Md Shamsuddin Ahmed, member (tax), also addressed the programme.

Spike in GDP growth

FROM PAGE B1

Import growth also increased significantly in the final estimate compared to the provisional. As a result, the excess of imports over exports is 56.3 per cent higher in the final estimate relative to the provisional.

This means, other things equal, the final estimate of GDP growth should have been lower because of the larger negative resource balance in the final estimate relative to the provisional estimate.

This leaves domestic demand as the other possible explanation. There are two components of domestic demand: consumption and investment. Household real consumption growth is 5 percentage points higher in the final estimate relative to the preliminary estimate.

What happened in the second half of FY21, notwithstanding the lockdown, to boost consumption expenditure so much?

Even official remittances, which boomed in FY21, cannot explain this because the total official remittances received in the second half was \$11.83 billion compared to \$12.94 billion in the first half.

This is hard to reconcile with the 2.7 per cent nominal growth, implying negative real growth, in the government's Annual Development Program expenditures and the 8.4 per cent nominal growth, implying only 2.8 per cent real growth, in credit to the private sector in FY21.

Note that the import of capital goods picked up significantly in nominal dollar terms in the second half of FY21, but this alone cannot account for the entire increase when juxtaposed with other related data.

Therefore, it is overall hard to fathom where such a significant increase in the final estimate of GDP growth relative to the provisional came from.

The author is an economist

Economy posts

FROM PAGE B1

service sector slightly declined while agriculture fared well.

In FY19-20, the industrial sector grew 3.61 per cent. It rose to 10.29 per cent in FY21.

Large industries surged 10.61 per cent from the provisional estimate of 6.40 per cent.

Micro, small and medium industries accelerated from 6.03 per cent to 13.89 per cent and the cottage industry expanded 10.27 from the provisional estimate of 1.6 per cent.

The agriculture sector grew 3.17 per cent, up from 2.37 per cent a year ago.

Under the transport sector, the growth of land and water segments declined in the final estimate. Air transport contracted 2 per cent as both domestic and international flights were suspended because of the pandemic-induced lockdowns.

Gross national income per capita rose to \$2,591 in FY21 from \$2,540 a year ago, showed BBS data.

The size of the GDP expanded to \$416 billion, compared to \$411 billion in the primary estimate.

BSEC orders selling Tamha

FROM PAGE B1

earned money.

The BSEC said the premier bourse would reimburse the victim investors from the sale proceeds and the brokerage would have to update the regulator on the return on a weekly basis.

Last December, the DSE suspended trading of the stock brokerage firm on receiving allegations of it embezzling investors' money. The BSEC has unearthed a deficit of Tk 87 crore in the consolidated customers' account.

"For the sake of general investors, Tamha Securities' trading, business operations and activities as a depository participant have been halted," said the premier bourse in a circular.

However, investors are allowed to transfer shares by opening a linked account with any other stock brokerage firm.

Mizanur Rahman, a stock investor, said it was a good step to hasten the reimbursement process.

Alongside, it should be handed down exemplary punishment, he said.

The stock investor urged the regulator to fast check other stock brokers' issues to see whether they had siphoned off peoples' funds.

Many investors lost money in the last 12 years from the closure of at least five brokerage houses, which sold off investors' shares and refrained from carrying out purchase orders even after accepting funds. Embezzlement of funds has intensified in recent years.

Three brokerage houses – Banco Securities, Crest Securities and Tamha Securities—were shut in the last two years for allegedly embezzling around Tk 200 crore of general investors.

In the middle of 2021, the trading activities of Banco Securities were suspended following an allegation of siphoning off Tk 66 crore.

The DSE suspended the trading of Crest Securities in 2020 for embezzling Tk 48 crore.

BPC counts Tk12cr loss

FROM PAGE B1

If the current upward trend of the diesel price goes on, it may go up to \$115 per barrel towards the end of February. This may widen losses for the BPC.

Speaking to The Daily Star, BPC Chairman ABM Azad said: "It is a matter of concern the way the oil price is going up in the international market. The BPC will be in trouble if the price goes up further."

In order to keep the supply smooth, the BPC is being compelled to import diesel at a higher price.

Bangladesh consumed about 63 lakh tonnes of fuel oil last fiscal year. It may go up to 67.50 lakh tonnes in the current fiscal year as the economy is making a turnaround from the coronavirus pandemic.

Of the fuel consumption, 46 lakh tonnes were diesel, 5.59 lakh tonnes furnace oil, 3.78 lakh tonnes petrol, 3 lakh tonnes octane, and 1 lakh tonnes kerosene, according to BPC officials.

On average, 15,000 tonnes of diesel is sold in Bangladesh every day, up from 14,900 tonnes in February last year. The BPC is facing a loss anew.

The government raised diesel price by Tk 15 per litre on November 4 when crude oil was selling at \$85 per barrel in the international market, sources at the energy ministry said.

The move was aimed at recovering the losses of the state-run agency from the surging global energy prices. Before the hike, the BPC was losing about Tk 20 crore per day.

BPC was at break-even on January 11 when diesel was selling at \$94 per barrel in the global market. It began incurring losses when the price shot up above \$95.57 per barrel the following day.

Globally, the oil price is rising due to strong demand, ongoing tensions in Eastern Europe and potential supply chain disruptions due to cold US weather conditions, said Reuters yesterday.

Brent crude hit a seven-year high of \$94 per barrel on Monday.

According to Platts Asia Pacific/Arab Gulf Marketscan, the price of octane went up to \$105.12 per barrel on February 7 from \$90.04 on January 3.

Jet fuel price shot up to \$104.16 per barrel from \$84.33 and furnace oil price rose to \$524.01 per tonne from \$445.62 during the period.

Kazi Mohammad Mozammel Hoque, director for finance of the BPC, says as diesel accounts for 73 per cent of the fuel oil used in Bangladesh, the loss is high because of higher consumption.

Aziz Al Kaiser, vice-chairman of Partex Star Group, recently inaugurated the Partex Star Award Night at a hotel in Dhaka. Star Particle Board Mills, a concern of Partex Star Group, awarded the company's highest target achieving dealers at the programme, where Sumon Shahed Patowary, chief operating officer for Business Cluster 1, and Mostafa Kamal Ahmed, chief financial officer, were present.
PHOTO: PARTEX STAR GROUP

Oil slips from seven-year high

REUTERS, *London*

Oil slipped to about \$91 a barrel on Tuesday before a resumption of indirect talks between the United States and Iran, which could revive an international nuclear agreement and allow more oil exports from the OPEC producer.

A deal could return more than 1 million barrels per day (bpd) of Iranian oil, equating to more than 1 per cent of global supply, to the market. The nuclear talks are due to resume in Vienna on Tuesday.

Brent crude was down \$1.45, or 1.6 per cent, at \$91.24 a barrel by 1430 GMT after hitting a seven-year high of \$94 on Monday. US West Texas Intermediate crude fell by \$1.09, or 1.2 per cent, to \$90.23.

"If sanctions against Iran are lifted, global crude oil supply may receive much-needed support," said Naeem Aslam, chief market analyst at Avatrade.

Eight rounds of indirect talks between Tehran and Washington since April have yet to result in an agreement on a resumption of the 2015 nuclear pact, with differences remaining over the speed and scope of the lifting of sanctions.

"Exports could resume swiftly if a nuclear deal is reached," said Tamas Varga of broker PVM. "But it is a big 'if'. The re-emergence of Iranian barrels is only a possibility at this stage."

Premier Cement to raise

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potential investors, the BSEC said in a press release.

The remaining preference share of around Tk 75 crore will have tenures of 12 years and issued to sponsors or directors.

The dividend rate of the preference shares that would be issued to investors through private placement ranges from 6.25 per cent to 7.75 per cent. And the dividend rate for the sponsors' funds is zero.

With the preference share proceeds, the cement company will rearrange its balance sheet, reduce expenditure, raise profits and improve its performance indicators.

Four-day handloom festival begins today

STAR BUSINESS REPORT

A four-day fair on handloom products titled "Heritage Handloom Festival 2022" kicks off today at the Gulshan shooting club in the capital, open for all from 10:00am to 8:00pm.

Aiming at promoting local handloom products, SME Foundation and the Association of Fashion Designers of Bangladesh with the support of the Ministry of Cultural Affairs are jointly organising the festival for the fourth time.

The announcement came at a press conference at Bangladesh Parjatan Corporation yesterday.

The festival will showcase different handloom products for local and foreign visitors along with items produced by the indigenous communities of Bangladesh.

About 60 entrepreneurs and designers will display traditional and heritage products at the festival, brought from different regions of the country.

Three designers from India, Japan and the Maldives will participate in this festival with their products

Speaker Shirin Sharmin Chaudhury is scheduled to inaugurate the festival as chief guest while Industries Minister Nurul Majid Mahmud Humayun and State Minister for Cultural Affairs KM Khalid will be present as special guest.

Md Mafizur Rahman, managing director of SME Foundation, said the festival would help entrepreneurs, especially those running small handloom businesses, flourish.

"We want to keep our culture and heritage alive by strengthening such entrepreneurs as they are continuing the business in order to retain their heritage," he said.

"We promote our traditional weavers and this festival will play an important role in the development of the weaving industry," said Mantasha Ahmed, president of the fashion designers' association.

She said by the use, promotion, expansion and marketing of weaving products, it would be possible to prevent traditional products from going extinct.

READ MORE ON B2

A row of pens are seen floating in Boral River in Pabna's Faridpur upazila, where a new form of aquaculture called cage fish farming is catching on quick among locals due to its high profitability. The photo was taken recently. PHOTO: AHMED HUMAYUN KABIR TOPU

Cage fish farming gaining popularity

Thanks to high returns amid low input costs, farmers and experts say

AHMED HUMAYUN KABIR TOPU, *Pabna*

Kabir Chowdhury, who hails from Dotto Pungoli village in Pabna's Faridpur upazila, became unemployed about 10 years ago after suffering huge losses in his cattle feed business.

However, he has since found a new lease on life through cage fish farming, which is a type of aquaculture where fish are grown in floating net pens made of wood, bamboo or metal in natural water bodies.

Chowdhury and his friend Md Abdur Razzak Nayan spent about Tk 20,000 to begin cage fish farming in the Boral river near their residence a few years ago. Now, the pair earn about Tk 8-9 lakh annually.

"I came to know about cage fish farming through the internet," he said.

Having piqued his interest, Chowdhury went to Chandpur to get more on-hand knowledge about this form of aquaculture.

He eventually began farming fish in the Boral river with 10 pens made of bamboo in 2013. That year, Chowdhury and Nayan sold fishes worth about Tk 35,000 to get a profit of Tk 15,000.

"This inspired us to forge ahead," he said.

They kept expanding cultivation each year and now, the pair have a total of 65 cages in the river.

"Last year, we sold fish worth Tk 80 lakh to earn Tk 8 lakh profit and this year, we expect to sell fish worth Tk 85 lakh to earn a profit of Tk 9-10 lakh," Chowdhury said, adding that his success encouraged many unemployed locals to start cage fish farming.

Nayan told The Daily Star it costs about Tk 10,000 to set up a pen measuring 20 feet long and 10 feet wide made of iron rods and traditional nets.

Each cage produces about 40 maunds (one maund equals about 37 kilogrammes) of fish thrice a year.

"We cultivate 900 to 1,000 fish fry in each pen to get yields of 12 to 14 maunds," Nayan said.

As the fish get proper nourishment in the flowing river, they grow rapidly and are comparatively tastier than their artificially grown counterparts, according to Robindranath Haldar, another cage fish farmer.

Haldar, who hails from a village in the Narayanpur area of Faridpur upazila, set up 30 cages in the Boral river this year and expects to make a profit of Tk 4-5 lakh.

Md Abul Kalam Azad, the district fishery officer, said cage fish farming has been gaining popularity over the past eight to 10 years thanks to its high returns.

As such, various fishermen in Pabna's Faridpur, Sujanagar and Ishwardi upazilas have set up cage fish farms along the Boral and Padma rivers.

There are now more than 500 cages in both rivers with a majority being in the Boral river. The farmers expect to collectively produce 200 tonnes of fish this season.

"Tilapia is the most highly cultivated breed of fish in the district but the Pabda and Tengra varieties are also being farmed in small cages in both rivers," Azad said, adding that the fisheries department has taken various measures to help these farmers increase production.

Bangladesh's economic transformation and FDI

SAMIR ASAF

Over the last two decades, Bangladesh has achieved significant economic progress, epitomised by the fact that the country's GDP, according to the World Bank, grew more than six-fold in real terms from $53.37 billion in 2000 to $324.24 billion in 2020.

This has been supported by a structural transformation in trade and financial markets, harnessing the combined effects of capital deepening and cross-sectoral labour reallocation.

From an economic perspective, Bangladesh's transformation thus far has been underpinned by two key elements: (1) trade concentration: the preponderance of textiles and clothing as a share of exports, and (2) persistent trade and current account deficits since 2016, supported by volatile remittances and unrequited transfers entailing offsetting capital account surpluses, foreign direct investment (FDI), foreign exchange reserves, and net external debt.

In the last few years, FDI inflow into Bangladesh has been modest. Net FDI inflow into the country during 2018-2020 was $8.91 billion. During this period, Pakistan recorded a net FDI inflow of $9.17 billion, and India $154.51 billion.

I believe that Bangladesh has the capacity to attract $25-30 billion in FDI annually with enhancements in its business climate indicators and continued reform in its regulatory environment. As such, DelMorgan plans to channel about $13 billion into key growth sectors in Bangladesh during 2022-23, including RMG, pharmaceuticals, financial services, infrastructure, real estate, and diversified manufacturing.

Long-term FDI is thus a lower risk approach in support of Bangladesh's structural transformation, triggering reductions in sovereign credit spreads and driving up the value of foreign currency-denominated debt

I was pleased to meet Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), as we discussed the growth potential of the country, going forward. According to BGMEA, Bangladesh has 3,500 active clothing factories, 827 textile mills, and 433 spinning mills. It has 40 out of the world's top 100 garments factories.

However, the challenges of the prevailing specialisation pattern are corroborated by the analysis of trade in value-added and related indicators of participation in global value chains.

According to a recent report by the UNCTAD, Bangladesh's vulnerability profile highlights that, although the country is approaching LDC graduation on the back of sustained progress and with strong political will, there is no time for complacency.

The UNCTAD Productive Capacities Index (PCI) shows that while Bangladesh has delivered steady improvements in the index during 2000-2018, it has consistently underperformed the LDC average productivity growth. In particular, out of the eight elements of the PCI, Bangladesh underperformed in seven components: ICT, transport, energy, institutions, private sector, structural change, and human capital.

READ MORE ON B2

US, Japan reach deal to cut tariffs on Japanese steel

REUTERS

The United States and Japan on Monday announced a deal to remove Trump-era tariffs from about 1.25 million metric tons of Japanese steel imports annually after Washington granted similar access for European Union steelmakers last year.

The new deal, which excludes aluminum, will take effect on April 1 and requires Japan to take "concrete steps" to fight global excess steel manufacturing capacity, largely centered in China, US officials said.

A joint US-Japan statement said Japan would start to implement within six months "appropriate domestic measures, such as antidumping, countervailing duty, and safeguard measures or other measures of at least equivalent effect," to establish more market-oriented conditions for steel.

The agreement, like the EU steel and aluminum deal reached in October, calls for steel imported from Japan to be completely produced in the country for duty-free access, a standard known as "melted and poured," to reduce the risk of Chinese steel skirting US tariffs.

"This is a step towards a solution... but we will continue to strongly urge the United States to fully eliminate the tariff in a manner consistent with WTO rules," Japanese industry minister, Koichi Hagiuda, said on Tuesday.

An official at the ministry said the exclusion of aluminum reflected the US position and was not a request by Japan.

Much of the Biden administration's trade efforts have centered around patching up strained relations with US allies that are market-driven democracies.

A worker stands near steel coils and steel rods at a steel collection facility in Tokyo. Japanese steelmakers are facing a supply glut, weak orders for drill pipe due to slumping oil prices, and softer-than-expected domestic demand, battering profits and output. PHOTO: REUTERS

US adds Chinese entities to red-flag export list

REUTERS, *Washington*

The US Commerce Department said on Monday it had added 33 Chinese entities to its so-called 'unverified list', which requires US exporters to go through more procedures before shipping goods to the entities.

The department said it was taking the step as it was unable to verify the legitimacy and reliability of those entities in relation to their use of US exports.

The entities included listed companies, universities as well as aerospace and electronics suppliers.

WuXi Biologics saw its stock plummet more than 25 per cent on Tuesday to wipe HK$77 billion ($9.9 billion) off its market value following the addition of its units in Wuxi and Shanghai to the list. Trade in its shares was later halted.