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The rise in food prices has compelled many people to turn to the trucks of state-run Trading Corporation of Bangladesh to buy essential items at rates that are lower than the market prices. Food inflation facing the poor is more than twice the official figure, said a think-tank yesterday. The photo was taken from the capital's Mohammadpur area recently.

PHOTO: PRABIR DAS

## Suspend transactions with Russian banks

### SWIFT asks Bangladeshi lenders

AKM ZAMIR UDDIN

Global payments messaging network SWIFT has asked Bangladesh's banks to suspend transactions with seven Russian lenders since they are facing sanctions from the United States and the European Union over Moscow's invasion of Ukraine.

The Bangladesh Bank yesterday also asked banks to remain cautious in their dealing with their Russian counterparts to avoid punitive measures from the western nations and financial entities in case of violations of any global sanction.

Agrani Bank yesterday received an instruction from SWIFT to suspend all transactions, from March 12, with the seven Russian banks that are facing the sanction, said a top official of the state-run Bangladeshi lender.

The development came after the EU said it was excluding seven Russian banks from the SWIFT (Society for Worldwide Interbank Financial Telecommunication).

The banks are VTB, Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank and VEB.

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## Insurance sector rebounds strongly

SUKANTA HALDER

The insurance industry rebounded strongly in 2021 after getting hit by the coronavirus pandemic thanks to the contraction of excessive commission to agents and digitisation of services.

Total gross premium of life and non-life insurance grew 8.45 per cent year-on-year to Tk 14,392 crore in 2021, according to the Insurance Development and Regulatory Authority (IDRA).

However, premium fell 0.89 per cent to Tk 13,271 crore in 2020 due to pandemic. One company's data was excluded due to a lack of data and most of the data for the year 2021 was unaudited.

The unaudited data of 2021 may differ from the audited data and one insurer in 2021 (non-life) has been excluded as data is not available. For 2020, two insurance companies data are unaudited (life insurers), says the IDRA.

"Our regulatory authority IDRA has taken several steps to develop this sector. As before, there was a matter of commission. It was a matter of giving and taking. It is now totally under control," said Zharna Parul, company secretary of the Paramount Insurance Company Limited.

She said the IDRA has come down to the field strong enough to control the matter. The IDRA is also supervising and that's why the portfolio has grown.

In 2012, the IDRA issued a circular barring insurance companies from paying more than 15 per cent of the premium as commission to their agents.

However, most insurers disregarded the directive, prompting the regulator to issue a notice in late 2019, instructing them to comply for the sake of the sector's welfare.

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## Food inflation for poor twice the official data

Sanem says BBS figures don't reflect reality

STAR BUSINESS REPORT

Food inflation facing the poor and the marginalised in Bangladesh is more than twice the official figure since the national statistical agency relies on an old base year that does not reflect reality, said the South Asian Network on Economic Modeling (Sanem).

The official figures of inflation don't reflect the real scenario of the stress of the marginalised households in the wake of the price hikes, it said.

"Officially reported food inflation figures are grossly underestimating the actual food inflation faced by financially marginalised households in Bangladesh," said Selim Raihan, executive director of the think-tank.

He made the comments while virtually releasing a study report on "Do the official inflation figures in Bangladesh reflect the actual inflation faced by the marginalised households in Bangladesh?" yesterday.

In January, food inflation in the urban and rural areas was 4.85 per cent and 5.94 per cent, respectively, according to the

Bangladesh Bureau of Statistics (BBS).

However, Sanem's estimate suggests that the marginalised households are facing food inflation rates that are more than two times the officially reported food inflation rates.

The study used the detailed and disaggregated data of the nationwide survey of 10,500 households conducted by the Sanem and the General Economics Division of the Planning Commission in 2018.

The monthly point-to-point food price indices and food inflation rates were calculated based on the retail price data collected by the Department of Agricultural Marketing, the agriculture ministry, and the Trading Corporation of Bangladesh (TCB).

According to the Sanem study, in January, food inflation was 11.36 per cent in the urban areas and 11.21 per cent in the rural areas.

The study showed the average food consumption is 61.13 per cent of the total consumption expenditure of the urban marginalised household groups and 65.36 per cent of the total

consumption expenditure of the rural household groups under consideration.

These are much higher than the shares of the food expenditure used by the BBS in their Consumer Price Index (CPI) calculation, which is 45.17 per cent for the urban areas and 58.54 per cent for the rural areas.

"Inflation is the cruellest tax on the marginalised people," said the Sanem.

The poor can't cut down on necessities and are the hardest hit by the soaring prices of essentials as they rely on the necessary food items, according to the study.

"The policymakers need to address this concern with utmost priority," said Raihan, a professor of economics at the department of the University of Dhaka.

The Sanem said it was difficult to understand why the BBS is still using the 2005-06 Household Income and Expenditure Survey (HIES) data to derive the weights of the items in the consumption baskets whereas the latest HIES 2016 data has been available since 2017.

It is quite reasonable to argue

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## INDO-BANGLA SEC-LEVEL TALKS TODAY

## Govt to seek removal of anti-dumping duty on jute

REFAYET ULLAH MIRDHA

Bangladesh will again urge India to withdraw the anti-dumping duty (ADD) on locally produced jute and jute goods during a commerce secretary-level meeting between Dhaka and New Delhi today.

The export of jute and jute goods has been performing poorly over the past few years since the Indian government imposed the ADD ranging between \$19 and \$352 per tonne on Bangladesh's jute yarn, hessian and bags.

The ADD was implemented from January 2017 for five years.

Bangladesh's exports are faring well while the global supply chain continues to recover from the severe fallouts of Covid-19 but one of the most promising sectors, namely jute, is failing.

For instance, between July and February of the current fiscal year, the export of jute and jute goods fell by 7.34 per cent to \$799.42 million. India was a major export destination for Bangladeshi jute and jute goods before it imposed the ADD.

"Our main demand in the meeting is to remove the ADD from Bangladeshi jute and jute goods in Indian markets," said Tapan Kanti Ghosh, senior secretary to the commerce ministry of Bangladesh.

Ghosh is now in New Delhi to join his Indian counterpart, BVR Subrahmanyam, in the commerce secretary-level meeting.

The Comprehensive Economic Partnership Agreement (CEPA), which both sides want to sign, will not be high on the agenda.

This is because both Bangladesh and India have already discussed the CEPA issues at the study level last year, Ghosh added.

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STOCKS	
DSEX ▼	CSCX ▼
0.04%	0.14%
6,696.52	11,746.37

COMMODITIES	
Gold ▲	Oil ▲
\$1,936.85 (per ounce)	\$113.33 (per barrel)

CURRENCIES		STANDARD CHARTERED BANK			
	₹ USD	€ EUR	£ GBP	¥ CNY	
BUY TK	85.05	93.54	113.12	13.22	
SELL TK	86.05	97.34	116.92	13.90	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.66%	▲ 0.70%	▲ 0.29%	▼ 0.08%	
55,102.68	26,577.27	3,253.65	3,481.11	

## AT A GLANCE



Gross premium of life, non-life ins rose **8.45%** in last one year



It grew to Tk **14,392cr** in 2021 from Tk **13,271cr** a year ago



Insurance industry contributes only **0.4%** to GDP



In Bangladesh, there are 33 life insurance companies



**46** non-life ins companies active

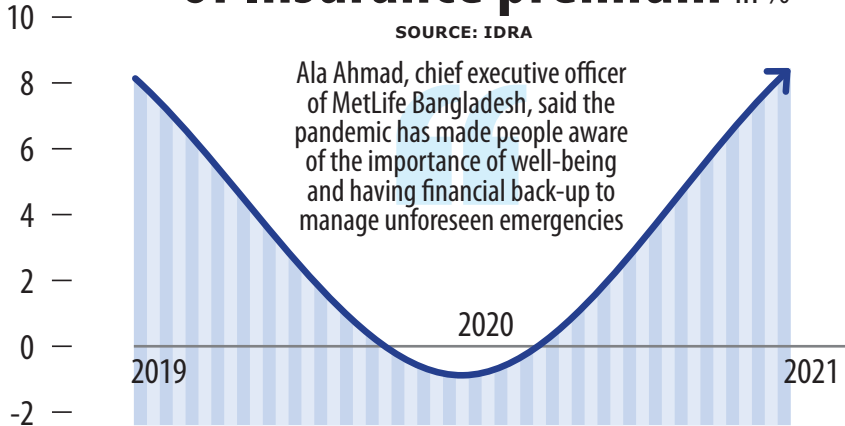


**49** are listed with stock market



## GROWTH RATE of Insurance premium In %

SOURCE: IDRA



## Govt to buy 30,000 tonnes of fertiliser from Russia

STAR BUSINESS REPORT

The government is going to purchase 30,000 tonnes of Muriate of Potash (MoP) fertiliser from Russia as the third lot of its contract to buy 2.70 lakh tonnes of the crop production input from the world's largest fertiliser exporter.

The Cabinet Committee on Government Purchase, chaired by Finance Minister AHM Mustafa Kamal, yesterday approved the proposal to purchase MoP at a cost Tk 150 crore from Russia's JSC Foreign Economic Corporation "Prodintorg".

The decision comes at a time when Moscow is facing economic sanctions by western countries after Russia's invasion of Ukraine.

"We have a good relationship with Russia.

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