

# Star BUSINESS



## Inflation in Bangladesh better than neighbours' Says Kamal

**STAR BUSINESS REPORT**

Inflation in Bangladesh is at a better level than that in nearby countries like India, Pakistan and Sri Lanka alongside Southeast Asian countries, said Finance Minister AHM Mustafa Kamal yesterday.

"You can compare with nearby countries, as well as more Southeast Asian countries, and see what our inflation is and what theirs is," he told a press briefing following a meeting of the cabinet committee on government purchase.

His comment comes against the backdrop of a recent observation of the Centre for Policy Dialogue (CPD) about price hikes of commodities in Bangladesh being



substantially higher than that in other countries.

"We do not have any problem in our monitoring system (to control the market). Problems are in the CPD's system. We do not have any problems here," said the minister.

Since its inception the CPD has been opposing government policies, he said.

"When our inflation rate was around 5 per cent or below 6 per cent, they told us to devalue our currencies. I had been in alterations with them for a long time. I did not make a mistake," he said.

"Today you can ask them, if we had devalued the currency what would have happened and where would you (people) have been now? We didn't do it," said Kamal.

Only the CPD understands all economics and no one else does — these types of concepts are incorrect, he said.

"The CPD does understand and they have numerous contributions to the economy of this

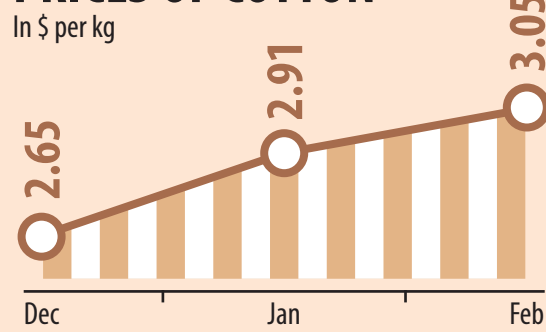
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### KEY POINTS

SOURCE: WOLRD BANK COMMODITIES PRICE DATA

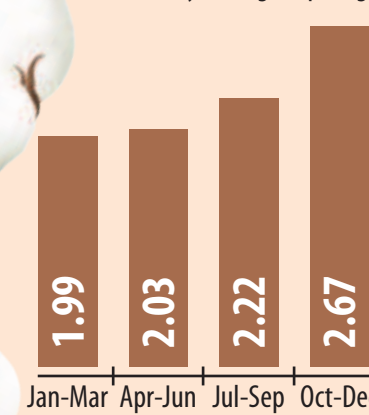
- Cotton price rose **9.09pc** to reach **\$1.32** per pound in one month
- Russia-Ukraine war affected price level
- Bangladesh imports **9m** bales of cotton a year
- Bangladesh spends **\$3b** on cotton import
- Cotton price rose **51pc** in local market in the last one year
- Yarn price soared **60pc** in local market over the last one year

### MONTHLY AVERAGE PRICES OF COTTON



### TREND OF COTTON PRICES

Quarterly average \$/per kg



## Surge in cotton price to weigh on RMG exports

REFAYET ULLAH MIRDHHA

Cotton prices surged to more than a decade high in global market in the wake of the Russia-Ukraine war, abnormal hike in freight charge and drought in the US, which will drive up the production cost for readymade garment (RMG) makers in Bangladesh, thus affecting their profitability.

The price of the plant fibre reached \$1.3171 per pound (about 453 grammes) on the key US futures contract on Monday, the highest since July 2011, according to a report of the AFP news agency.

Even before the Russian-Ukraine war, the price of the key textile raw material had surged in the international market for pent-up demand following the reopening of economies after the pandemic-led lockdowns.

Because of the drought in some cotton-growing regions in the US, petroleum price hikes in the global markets, and the high volume of cotton purchase by China pushed up the price of the white fibre by 9.09 per cent in the past month.

As a result, the cost of production for garment

manufacturers and exporters will go up further since Bangladesh is fully dependent on imported cotton to feed its main export earning sector.

Local growers can supply less than 2 per cent of 9 million bales of cotton consumed annually in the country, forcing the country to spend nearly \$3 billion to import the raw material for the growing

while the cost of production may go up quickly whereas they might not get higher prices from their international buyers since the process involves intense negotiation.

A Matin Chowdhury, managing director of Malek Spinning Mills Ltd, a major cotton importer and user, says the cost of yarn production will go up locally since cotton is the

Association, says the country's garment exporters would face difficulties in the shipment of goods because of the cotton price hike as the country does not produce the raw material.

He has been complaining about the price hike of yarn in the local markets over the last one year as the thread's price has rocketed by nearly 60 per cent in keeping with the rise in demand for garment items in the western world following the improvement in the Covid-19 situation.

According to Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, if the buying price is \$1.32 per pound, another 20 US cents will have to be added to the total price because of the freight charge and other variable costs before they enter the mills.

"The prolonged war may hit the cotton and yarn markets further, which may also affect the garment export from Bangladesh."

Following the cotton price spike globally, the prices of yarn may go up in the local markets logically, he added.

Mohammad Hatem, executive president of

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apparel industry. Some 480 pounds, or 218 kilogrammes, make a bale.

Importers and millers say if the war prolongs, the price of cotton would jump further. This will ultimately increase the price of yarn in the local markets, which will raise the cost of production for garment manufacturing.

This will put the exporters in a difficult situation because

main raw material for the item.

Apart from the war, the abnormal hike in shipping cost, Chinese voluminous cotton purchase from the international markets, drought in the US and speculation are also responsible for the cotton price hike, he said.

Shahadat Hossain Sohel, chairman of Bangladesh Terry Towel and Linen Manufacturers and Exporters

## Rod prices cross Tk 90,000 per tonne

JAGARAN CHAKMA

The price of steel in Bangladesh has jumped 3.34 per cent within a span of just one week, with manufacturers citing it as a ripple effect of rising global demand for scrap and a recent hike of local fuel prices.

According to data of the state-run Trading Corporation of Bangladesh (TCB), each tonne of MS rod was selling for Tk 91,500 yesterday. But in actuality, the prevailing rate was Tk 92,000, according to Mir Nasir Hossain, managing director of Mir Akhter Hossain Ltd.

It was Tk 88,500 one week ago, said the TCB. "The construction companies are about to go bankrupt due to the price hike of raw materials, particularly steel, which is one major raw material for the construction sector," he said.

According to him, some construction companies had already halted their ongoing works foreseeing loss of commercial viability and they are about to turn into loan defaulters.

Against this backdrop, the government should immediately take the initiative to adjust prices listed in ongoing projects, otherwise all development works will get stuck, he said.

He also said the implementation of projects under the government's Annual Development Programme would lose pace.

Shahriar Jahan Rahat, deputy managing director of Kabir Steel Re-Rolling Mills (KSRM), said the price of scrap steel, the sector's raw materials, reached to \$730 to \$750 per tonne.

It was selling for \$300 to \$350 in October last year before starting to rise as economies reopened and fuelled demand, prompting several countries, including India, to cut tariffs on its import.

Trade sanctions on Russia and its invasion of Ukraine exacerbated the problem as these two cater to around 50 per cent of the world's demand for pig iron, the crude form of the metal.

With the constraint of the supply of the crude form, focus shifted to scrap, propelling demand alongside prices, he said.

So Bangladesh's steel manufacturers are dealing with only the US to import scrap steel which resulted in the high prices within the country, Rahat said.

Bangladesh also sources scrap steel from Japan, Dubai and South Korea.

According to him, the present price of rod is beyond the capacity of consumers and sales have

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STOCKS	
DSEX ▼	CSCX ▼
0.31%	0.05%
6,750.40	11,880.11

COMMODITIES	
Gold ▲	Oil ▲
\$1,930.57	\$113.92
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.53%	▲ 3.00%	▲ 0.42%	▲ 0.34%
57,684.82	28,040.16	3,364.26	3,271.03

## Engineering posts highest turnover

AHSAN HABIB

Turnover of the engineering sector in Bangladesh grew at the fastest pace from 2015 to 2020 among all the sectors, reflecting the largely agrarian economy's transformation towards manufacturing.

The engineering sector of the Dhaka Stock Exchange (DSE) represents steelmakers, home appliance producers, automobile companies, and other manufacturing companies, and their sales climbed at the sharpest pace during the period among the 22 sectors used to divide the listed companies into groups.

The turnover of the engineering sector rose at 14.1 per cent on average in the five-year period. The food and allied sector saw a growth of 13.35 per cent, the second-highest, according to the data compiled by UCB Asset Management.

On average, the profit growth in the engineering sector was 3.28 per cent.

The most sales growth among the engineering companies came from steel and home appliance manufacturers.

"As per capita income of people rose, they now demand more home appliances. So, the sales growth is higher in the sector," said SM Ashraf Alam, a director of Walton Hi-tech Industries, the largest home appliance manufacturer in Bangladesh.

Companies like Walton are making products locally that are allowing Bangladesh to cut its long reliance on imports for home appliances, such as air conditioners,

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### ENGINEERING: MAIN DRIVERS OF SALES

- Govt's mega projects
- Infrastructural development in rural areas
- Rise in demand for home appliances
- Boom in transport sector

### MAJOR INVESTMENTS

- GPH Ispat set up a new plant worth Tk 2,390cr
- BSRM Steel invested over Tk 2,200cr in three factories
- Runner spending Tk 450cr on a commercial vehicle plant
- Walton to invest Tk 5,500cr for making electrical, electronic goods

### SALES GROWTH OF MAJOR SECTORS

In %; Period: 2015-20

Bank	6.48
Textile	6.5
Fuel	6.57
Cement	7.25
Pharma	12.61
Food	13.35
Engineering	14.13

SOURCE: UCB ASSET MANAGEMENT

## Telcos confirm spectrum auction participation

STAR BUSINESS REPORT

The country's four mobile operators, including state-owned Teletalk, are participating in a spectrum auction scheduled to be held on March 31, having already submitted earnest money with Bangladesh Telecommunication Regulatory Commission (BTRC).

The participation of all the operators has ended speculations that one or two might not participate in the auction, said industry people.

However, it is still uncertain whether the companies will avail spectrum and by how much.

The regulator will award 60 MHz spectrum in six blocks from 2.3 GHz (2300-2400 MHz) bands and 120 MHz spectrum in 12 blocks from 2.6 GHz (2500-2690 MHz) bands through the open auction.

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## Smart Tech launches Sony-Smart showroom in Taltola

STAR BUSINESS DESK

Smart Technologies (BD) Ltd launched a Sony-Smart showroom at Jahir Smart Tower on Begum Rokeya Sharani at Taltola, Agargaon in Dhaka.

Nurul Majid Mahmud Humayun, minister for industries, recently inaugurated the showroom, where the electronics products and related services of Japanese Sony Corporation started selling, a press release said.

"Smart Technologies could market the products within this very short time amid the pandemic. For this I appreciate all the officials of the Smart Technologies," the minister said.

"I hope Smart Technologies will market genuine Sony products across the country," he said, adding that he asked them to set up a plant to produce Sony products in Bangladesh.

Atsushi Endo, president of Sony South-East Asia at Sony Corporation, virtually joined the programme.

"Sony feels proud and lucky to be a part of this 20-year business reputation. From now on, Smart Technologies will lead Sony's consumer electronics business in Bangladesh. I am sure that the new showroom at Jahir Smart tower will lead the consumer electronics market to a bright future," Endo said.

In addition, Smart Technology (BD) recently signed a partnership agreement with the Japanese conglomerate in order to market electronics products and related services in the Bangladesh market.

Mohammad Zahirul Islam, managing director of Smart Technology (BD) Ltd, presided over the programme, where SM Mohibul Hasan, deputy managing director of Smart Technologies, was present.



Cucumbers are warm season plants typically starting off as seeds. The time from planting to harvest can be relatively quick in as few as 36-40 days depending on variety and weather conditions, according to the United States Food and Drug Administration. Frequent harvests, or one to three times per week depending on weather and stage of growth, are necessary because fruits mature quickly. One kilogramme of these Kirby cucumbers can fetch Tk 25 in local markets. The photo was taken at Kalyankathi village in Jhalakathi recently.

PHOTO: TITU DAS

## Can firms leaving Russia recoup losses through insurance?

REUTERS

Hundreds of companies have said they are withdrawing or suspending operations in Russia after its invasion of Ukraine, from energy producer Shell Plc to carmaker Hyundai Motor Co to PwC, a global professional services firm.

The following is a look at how insurance and international arbitration might soften the blow to those companies, which stand to lose billions of dollars:

No, but companies can purchase political risk as an add-on to trade credit, property and aviation insurance. It covers government seizures of property and forced abandonment, cancellations of government licenses for operations such as mines and the inability to convert foreign currency.

The insurance typically covers long-term energy or infrastructure projects, but can be purchased by other types of businesses. Policies are confidential, insurance experts said, and disputes are resolved in private arbitration.

Berne Union, a trade association representing political risk insurers, estimated that \$1 billion in new political risk insurance was written in Russia in 2020, its most recent data.

Much of the insurance is written by non-commercial agencies such as the Overseas Private Investment Corp of the United States and the Multilateral Investment Guarantee Agency, part of the World Bank.

Companies that leave and abandon their business without any action taken by the Russia government to seize control of their assets will have a tough time collecting insurance, according to legal experts.

"You see companies saying 'we're leaving because we support Ukraine.' The question is then whether the policy covers a voluntary departure," said Micah Skidmore of the law firm Haynes and Boone.

Insurers are most likely to pay claims for revenues earned in Russian roubles that are no longer convertible to foreign currency, said legal experts.

Russia could take actions that would support claims that assets are being seized. Last week, Russia's President Vladimir Putin signed into law a measure that allows the country to place planes leased from foreign companies on Russia's aircraft register.

Air Lease Corp said earlier this month the Russian law demonstrates Moscow's intent to confiscate planes and the company expected the move to help the company collect on its insurance.

Sanctions give the aircraft leasing industry until March 28 to sever ties with Russian airlines. If more than 400 jets in Russia are not repossessed, the industry stands to lose almost \$10 billion.

Russia's ruling United Russia party said in early March it is considering a proposal to nationalize foreign-owned firms that leave the country. If enacted, this measure could also support claims for insurance.

A company can look to trade agreements signed by Russia which provide for arbitration when government actions damage foreign investment.

## Brac Bank-DBS deal helps migrants send remittance from Singapore

STAR BUSINESS DESK

Brac Bank recently signed a partnership agreement with Singapore-based multinational bank DBS such that Bangladeshi migrants in Singapore could easily transfer their hard-earned income to their families with minimal expenses.

For remittances to Bangladesh, DBS Remit provides guaranteed exchange rates, has no service fee charges and ensures real-time automated deposits to Brac Bank accounts, as well as any other bank account in Bangladesh, said a press release.

Brac Bank's extensive network of 187 branches and more than 700 agent banking outlets also allows recipients in Bangladesh to easily collect the transfer in cash if they prefer.

The bank's customers can use Mobile App Astha to pay utilities, insurance and loan installations, credit card and phone bills as well as transfer funds to any bank account or mobile wallet in Bangladesh for remittances deposited to a Brac Bank account.

"We joined hands with DBS Bank, the leading digital bank in the world because they, like us, offer their customers the best service experience, backed by the most advanced technologies. We look forward to expanding our partnership scope with DBS in future," said Selim RF Hussain, managing director of Brac Bank.

"We look forward to enabling remittances to bKash wallet by the end of this year so customers can remit to even more touch points across Bangladesh," said Rhidoi Krishnakumar, regional head of DBS Remit.

## US, UK to end steel, aluminum tariffs

AFP, Washington

The United States on Tuesday announced an agreement with Britain to end tariffs on steel and aluminum imports imposed by former president Donald Trump in 2018 on national security grounds.

"By allowing for a flow of duty-free steel and aluminum from the UK, we further ease the gap between supply and demand for these products in the United States," Commerce Secretary Gina Raimondo said in a statement. "And by removing the UK's retaliatory tariffs, we reopen the British market to beloved American products."

The deal was the latest in a series of efforts by President Joe Biden to settle trade spats with US allies, some of which were long-running and others started under the Trump administration.

Washington and London in January announced the start of negotiations to end the dispute, which began when Trump imposed levies of 25 per cent on steel and 10 per cent on aluminum imports from Britain, and other nations to protect US industry.

Under the deal announced Tuesday, Britain will lift retaliatory tariffs it imposed on \$500 million in American imports, including alcohol and consumer goods, the statement said.



Mohammed Monirul Moula, managing director of Islami Bank Bangladesh Ltd, and Kamal Quadir, chief executive officer of bKash, exchange signed documents of a partnership agreement on Instant Add Money at a city hotel recently. PHOTO: BKASH

## Instant Add Money service from Islami Bank to bKash launched

STAR BUSINESS DESK

Islami Bangladesh Bank Ltd (IBBL) and mobile financial service provider bKash signed a partnership agreement to jointly inaugurate the Instant Add Money (IAM) service for customers.

Mohammed Monirul Moula, managing director of IBBL, and Kamal Quadir, chief executive officer of bKash, signed the agreement at a city hotel recently, a press release said.

Using the transfer money of the IBBL's 'CellFin' app, customers can do almost all day-to-day financial transactions from sending money, cashing out, utility bill payment, merchant payment and mobile recharge through bKash wallet without any charge.

"Collaboration with bKash will benefit the customers of both organizations and increase the dynamism in the country's financial sector. In future, we will be

continuing to expand our services to more new technologies and platforms," Moula said.

"This joint service of bKash and Islami Bank will further accelerate financial inclusion, and make transactions easier, time and cost saving for all. It will also enable customers to enjoy almost all day-to-day financial transactions," Quadir said.

Customers need to register on the Islami Bank's mobile app 'CellFin' in order to transfer funds. For this they have to log in to the CellFin app and need to click the 'Transfer Fund' option.

In the next step, customers have to select 'bKash' and enter account number, source account and amount. In the last step, users need to enter the CellFin app PIN number and tap the 'Confirm' button to complete the transaction.

They will get a SMS notification upon successful transaction.

## Banglalink plans to get listed

FROM PAGE B4 Terzioğlu said \$4 billion had been invested in Banglalink in the last 17 years.

"We will continue our investment every single year of \$200 million to \$300 million for the next three years. That is why we visited the BSEC yesterday to see how we can achieve that," he added.

He said it was not something that would occur overnight, rather it would come about when the right time comes because becoming a publicly listed company was a big responsibility.

"We have met the chairman of the BSEC and found the meeting to be very useful. We were informed about all the details," said Terzioğlu.

Asked what percentage

of Banglalink will be floated in the stock market, he said it was really too early to say anything. "We will consider the right amount for that," he added.

Amsterdam-listed VEON holds 100 per cent stake in Banglalink.

Among the other two private operators, Robi Axiata, the second largest mobile operator, raised Tk 523.7 crore in funds last year offloading 52.37 crore shares at Tk 10 each.

The second biggest IPO was that of its competitor, Grameenphone, amounting to Tk 486.1 crore.

The revenue of Banglalink, which has about 3.74 crore subscribers, rose 5.1 per cent year-on-year to Tk 4,794 crore in 2021.

## GP looks to max out 4G

FROM PAGE B4 "Profitability in Grameenphone is okay thanks to the good work we have done over many years. However, the one place

where it is on the top is taxes and fees," Rostrup said, referring to the company's continuing position as the top taxpayer in Bangladesh for many years.

He also touched upon regulations.

"We have respect for the challenges. On the other hand, it is also important that we are not regulated so much."

"We are trying to find solutions. My general comment would be that in these colossal disruptions that we are seeing, we just need to be adaptive."

About the future, he says Telenor will continue its strong presence in Bangladesh as long as it feels welcomed as an investor.

"We are in it for the long haul and we hope that we, together with other stakeholders and the government, can really help implement the digital vision of the country."



Allen Forelemu, regional industry director of Financial Institutions Group, hands over the IFC's 'Best Issuing Bank in South Asia' award to Aziz Al Kaiser, chairman of City Bank, at the bank's head office in Gulshan, Dhaka recently. PHOTO: CITY BANK

## City Bank wins IFC award

STAR BUSINESS DESK

City Bank has won a "Best Issuing Bank in South Asia" award from International Finance Corporation (IFC), a member of World Bank Group.

Aziz Al Kaiser, chairman of City Bank, received the award from Allen Forelemu, regional industry director of Financial Institutions Group, at the bank's head office in Dhaka recently, said a press release.

The award recognises City Bank as

the IFC's most successful partner bank in South Asia for the utilisation of its Global Trade Finance Program (GTFP) fund. A total of 46 banks won the award in 48 categories from a network of over 500 partner banks of the IFC.

Martin Holtmann, country manager for Bangladesh, Bhutan and Nepal at the IFC, Farooq Sobhan, independent director of City Bank, Mashrur Arefin, managing director, and Sheikh Mohammad Maroof, assistant managing director, were present.



Nur Mohammed, chairman of Jamuna Bank Foundation, inaugurated Jamuna Bank's Sundarganj sub-branch in Gaibandha recently. Md Sirajul Islam Vorosha and Kanutosh Majumder, directors of the bank, and Mirza Elias Uddin Ahmed, managing director, were present. PHOTO: JAMUNA BANK





A view of the Dhaka metro rail project in Dhaka's Farmgate. Foreign aid for the country has grown by an astonishing 58 per cent in the last eight months of the ongoing fiscal year as development activities such as this are now in full swing thanks to the easing of coronavirus restrictions.

PHOTO: STAR

## War aggravates global food price situation

### Says US embassy official

#### STAR BUSINESS REPORT

Russia's unprovoked invasion of Ukraine has aggravated the high food price situation across the globe, according to Megan M Francis, the agricultural attaché of the US embassy in Dhaka.

While briefing reporters at the American Center in Dhaka yesterday, Francis said the Foreign Agricultural Service (FAS) of the United States Department of Agriculture (USDA) stands ready to help Bangladesh in every way possible, including developing its farm sector, increasing agricultural productivity and climate-smart farming.

She shared the concern that like many other places in today's world, Bangladesh is also experiencing high commodity prices and emphasised on US-Bangladesh cooperation in developing the country's agriculture sector.

The USDA is currently implementing \$50 million worth of capacity development programmes in Bangladesh, Francis said, adding that the US is always interested in investing in climate-smart agriculture, research and innovation.

FAS has a global network of 100 offices, including one in Dhaka, covering more than 170 countries. These offices are staffed by agricultural attachés and locally hired agricultural experts who help facilitate farm sector cooperation and promote trade between the US and the host country.

#### The Foreign Agricultural Service of the United States Department of Agriculture stands ready to help Bangladesh in every way possible, including developing its farm sector

Recalling the high food price incidences during the global economic meltdown in 2008, Francis said there were incidents where food prices were artificially jacked up.

With this backdrop, she emphasised on keeping a constant tab on the market situation, commodity trade, and global market analysis so that no one could take advantage of any crisis situation.

Referring to last month's meeting between Bangladesh's Agriculture Minister Muhammad Abdur Razzaque and the US Secretary of Agriculture Tom Vilsack in Dubai, the agricultural attaché said the two leaders attached utmost importance on developing climate-smart agriculture.

Francis gave a brief review of US assistance for Bangladesh's farm sector and its contribution to the school feeding programme.

She also appreciated Bangladesh's pursuit of agricultural biotechnology, saying that the FAS stands ready to provide policy support so that biotech regulators in Bangladesh can better appreciate the importance of farm products derived from such applications.

Karla R Thomas, information officer of the US embassy, and other officials and agricultural experts of the FAS Dhaka office were present at the press briefing.

# Foreign loan disbursement shoots up 58pc

#### STAR BUSINESS REPORT

Foreign assistance disbursement jumped 58 per cent in the July-February period of the current fiscal year thanks to fast implementation of mega projects and increased flow of funds from international financial agencies to help Bangladesh tackle the pandemic.

This was the highest growth in foreign aid received by Bangladesh since fiscal 2017-18, when it ballooned 74 per cent year-on-year to hit \$6.1 billion, according to data compiled by Bangladesh Bank.

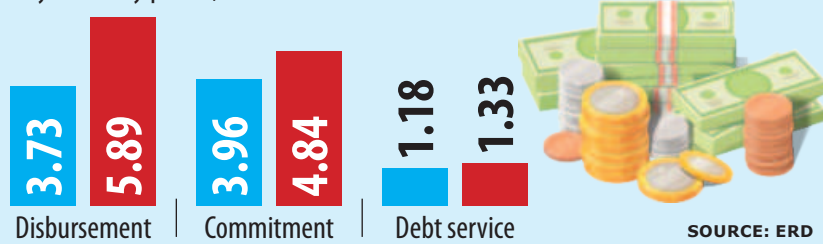
During this July-February period, Bangladesh's development partners disbursed nearly \$6 billion for the country, up from \$3.7 billion in the previous fiscal year, according to data of the Economic Relations Division (ERD) released yesterday.

ERD officials say a number of mega projects funded by Japan, including the Dhaka Metro Rail project, are being implemented in full swing following the easing of coronavirus restrictions.

A good amount of funds was also disbursed by the World Bank to support

### FOREIGN AID COMMITMENT AND DISBURSEMENT

July-February period, in billion US\$



SOURCE: ERD

efforts aimed at tackling the pandemic along with regular loans.

Bangladesh has set an ambitious target to receive \$12.98 billion in foreign assistance from its development partners in the current fiscal year.

The country spent around \$3 billion to \$3.5 billion from foreign loans and grants annually from 2013-14 to 2016-17. The spending of foreign funds crossed \$7 billion per year since fiscal 2018-19.

Bangladesh made debt repayments

amounting to about \$1,335 million in the past eight months while it was \$1,187 million during the corresponding period in the previous fiscal year.

During the July-February period of fiscal 2020-21, Bangladesh received 6 per cent more foreign loans and aid with \$6.9 billion compared to the same period a year ago.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said it appears that aid

utilisation has improved during this year's July-February period.

"Perhaps the government is focusing more on foreign finance utilisation and disbursement to manage fiscal pressure," he said.

This indicates that the country's development partners have confidence in Bangladesh given its better financial position compared to some other South Asian countries, such as Sri Lanka and Pakistan, which have been struggling to get foreign loans, Moazzem added.

The commitment of development partners also increased 22 per cent year-on-year to \$4.8 billion in the past eight months. When a loan agreement is signed with a development partner, it is considered a commitment, meaning the fund is ready for utilisation.

The government has set a target to realise commitments of \$6 billion in foreign aid this fiscal year.

An ERD official said they have some agreements in the pipeline which would be signed within June 2022.

Once inked, the commitment of foreign aid is expected to cross the targeted figure.

## Engineering posts highest

FROM PAGE B1  
dishwashers, clothes dryers, freezers, refrigerators, stoves, water heaters, washing machines, and microwave ovens.

"Many products in our sector were import-based in the past. Now, these products are manufactured in Bangladesh. This transformation has pushed up the sales growth and helped the country save foreign currencies," said Alam.

He said local manufacturers are churning out high-quality products that are available at the prices lower than the imported ones. As a result, even lower-income groups can afford them.

A steady flow of remittance from migrant workers have pulled their families out of poverty and improved their economic

conditions. Their living standard has improved, so they are using more home appliances.

"If you visit a remote area, you will find TV or refrigerator in many houses. This speaks volumes about the higher demand in the sector," Alam added.

The government is implementing many infrastructure projects, so the demand for construction-related products has surged in the last decade, said Kamrul Islam, executive director for finance and business development at GPH Ispat, a steel manufacturer.

The mega and infrastructure projects have increased money flow to the rural areas. So, the demand has gone up at the individual level as well.

Rising purchasing capacity and the steady

flow of remittance have encouraged people to build a good house, driving up the demand for steel products.

Islam expects the demand growth of steel products to continue to rise in the coming years as many mega projects are in pipeline while the implementation of a number of large infrastructure projects are still underway.

The pharmaceutical sector clocked an annual turnover growth of 12.6 per cent from 2015 to 2020 while it rose 7.25 per cent in the cement sector. The sales of the fuel and textile sectors rose 6.57 and 6.5 per cent, respectively, UCB data showed.

Riding on the higher sales growth, entrepreneurs are increasingly going for new investments.

GPH Ispat set up a new plant by investing Tk 2,390 crore during the period, according to DSE data.

BSRM Steel, the largest steel manufacturers in Bangladesh, invested more than Tk 2,200 crore in its wire, melting, and low relaxation pre-stressed steel strand manufacturing factories.

Runner Automobiles announced to invest around Tk 450 crore in its commercial vehicle plant.

Walton Hi-Tech Industries Ltd is going to make a fresh investment of around Tk 5,500 crore as it looks to expand facilities to produce and increase export of electrical and electronic goods.

Aftab Automobiles and other engineering companies are also making investments to expand their footprint.

## Inflation in Bangladesh

FROM PAGE B1  
country. I acknowledge their contributions. I have a good relationship with them. I have no problem (personally)," he said.

"What I'm thinking isn't always correct, and what they're thinking isn't always correct. We must make trade-offs," he said.

However, the minister said the recent Russia-Ukraine war could end up affecting gas prices.

"What would you (journalists) have done if you were the finance minister? Did we know that the Russia-Ukraine war would happen?" he asked.

There are both uncertainties and certainties involving the economy, he said.

"When uncertainty arises, we call it 'challenge areas'. When it comes, we have to find the way out," he said.

Regarding the upcoming national budget, he said, "Nobody will be the loser...All will benefit, particularly businesses... We will make every effort to help them run their business smoothly."

"Prime Minister Sheikh Hasina also believes it and suggests we do so," he said.

"We will give assistance for all small, large businesses through macroeconomic, monetary and fiscal policies so that they can be empowered more," he said.

"We will give more benefits to all those businesses which will generate more employment. It will be a win-win situation," he added.

## Rod prices cross

FROM PAGE B1  
already declined by around 20 per cent over the last couple of weeks.

The price of steel here is still below that in countries like Japan and India, said Sengupta, deputy managing director of Bangladesh Steel Rolling Mills (BSRM), by volume the largest steelmaker in Bangladesh.

Sengupta, however, claimed that the retail price of steel was still below the production cost taking into consideration the present input costs. He apprehends that the price would increase further in the coming days.

According to him, the price of rod should be Tk 95,000 per tonne taking into account the present price of scrap steel in the global market.

However, he said the manufacturers were adjusting prices with not



only ongoing imports and would go up in the coming days due to an impending shortage of scrap steel globally due to the sanctions on Russia.

If the manufacturers increase the price in line with that of scrap steel, the implementation of development projects will get stuck, he said.

"We are trying to maintain the supply of rod to the development projects instead of making profit," he claimed.

He fears that the price

increase in fuel prices has affected the price of steel as transport costs have gone up, said Sengupta.

On November 4, the government raised the prices of diesel and kerosene by Tk 15, or 23 per cent, to Tk 80 per litre.

## Telcos confirm spectrum

FROM PAGE B1  
The base price per MHz is \$6 million for both bands. An operator has to pay Tk 10 crore as earnest money and Tk 15 lakh as application processing fees.

"Grameenphone welcomes spectrum auction and believes this is an important milestone for further enhancing 4G experience and 5G readiness," said its chief corporate affairs officer (acting), Hossain Sadat.

"We have deposited the earnest money, and we look forward to a

transparent auction with fair outcomes," he said.

Shahed Alam, chief corporate and regulatory officer of Robi Axiata, said they would participate in the auction and if the price was reasonable, they would purchase spectrum they required.

"But if it goes too high, we won't be able to buy the necessary spectrum," he said.

"We believe unsold spectrum has no value and the more spectrum we are able to take, the better the service will be ensured for customers. We are

requesting the regulator to consider these issues," he added.

Subrata Roy Maitra, vice chairman of the BTRC, said, "We have set a base price and as it was an open auction, we are bound to award the spectrum to the highest bidders."

"There are no issues of lowering or increasing the price," he added.

The BTRC said operators shall launch 5G services within six months from the date of the spectrum auction.

However, it will be technology neutral

spectrum, meaning that the operators will be able to use it for 2G, 3G, 4G and 5G.

The rollout of 5G has been a part of the current government's election manifesto in 2018. In December last year, it introduced the service through state-run Teletalk in six areas of the country.

The private operators said the participation of Teletalk, which has already got 60MHz from the 3.5GHz band, in the auction would increase the price, ultimately leaving them incapable of acquiring necessary spectrum.

## Surge in cotton price

FROM PAGE B1  
Bangladesh Knitwear Manufacturers and Exporters Association, said local spinners used to increase yarn prices by 30 US cents to 40 US cents on the sales of a kilogramme of the item in the local markets before August last year whenever their price went up globally.

Since August, spinners increased the price by 70 US cents to 80 US cents because of the surge in the cotton price internationally, Hatem

said. "Sometimes, the spinners increased the price by \$1 per kg in recent months."

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, says the higher cost of cotton will hurt the profitability of garment exporters.

In the volume driven garment business, international retailers and brands are not absorbing the additional cost of production. It is the local

exporters who are bearing the burden, he said.

Cotton price rose 51 per cent year-on-year in February.

The price of the white fibre has increased further and this means a further squeeze on the profitability for garment exporters, Rahman said.

The fresh hike of cotton price is expected to affect the export of garment items from Bangladesh at a time when the industry is recovering from the severe fallout of Covid-19.



## Banglalink plans to get listed in 3 years

STAR BUSINESS REPORT

Banglalink, the country's third largest mobile operator, is aiming to enter the stock market in three years, according to its parent company's top officials who met the chief of the Bangladesh Securities and Exchange Commission (BSEC) on Monday.

"I think three years is the right time frame to consider...we will be preparing ourselves," said Kaan Terzioğlu, group chief executive officer (CEO) of VEON. "We have an aspiration...it's really important that when we become really profitable, hope that will happen very soon, we will be able to do it soon," he added.

Terzioğlu shared the plans while being interviewed by journalists at Bangladesh Telecommunication Regulatory Commission in Dhaka.

He is the member of a delegation which arrived in Dhaka on March 20 on a four-day visit and met BSEC Chairman Professor Shibli Rubayat-Ul-Islam at the latter's office in Dhaka on Monday.

Banglalink officials have come to the office and expressed their intention to get listed in the stock market, BSEC Executive Director and Spokesperson Rezaul Karim said in a media briefing.

READ MORE ON B2

## UK inflation hits 30-year high

REUTERS, London

British inflation shot up faster than expected last month to hit a new 30-year high, worsening a historic squeeze on household finances that finance minister Rishi Sunak is under pressure to ease in a budget update later on Wednesday.

The Office for National Statistics said consumer prices rose by 6.2 per cent year-on-year in February after a 5.5 per cent rise in January, its highest rate since March 1992.

Britain now has the second-highest annual inflation rate among Group of Seven countries, behind only the United States as global commodity and energy prices soar, exacerbated by Russia's invasion of Ukraine.

The median forecast in a Reuters poll of economists had pointed to a reading of 5.9 per cent and only three of the 39 respondents had expected such a strong reading.

The ONS highlighted household energy bills - up almost 25 per cent on a year ago - and petrol as the biggest drivers of February's price jump.

In a blow to poorer households, the ONS said food prices were rising across the board, unlike in normal times when some prices typically go up and others fall.

Sunak will aim to show at 1230 GMT that he is helping Britons through the worst cost-of-living squeeze in decades.

Options include a fuel duty cut, pushing up the threshold at which people start to pay into the social security system and ensuring welfare payments keep up with inflation.

## Russia default would have 'limited' global impact: IMF

AFP, Washington

The consequences for the global financial system if Russia cannot pay its foreign debts are likely to be "limited," a senior official at the International Monetary Fund said Tuesday.

The United States and its allies have imposed tough financial sanctions on Russia in retaliation for its invasion of Ukraine, but Moscow so far has made debt payments.

Still, concerns remain about its ability to continue to service its loans - especially after the May 25 expiration of a US exemption that allows the transactions.

"If there were a default, I think the direct effect on the rest of the world would be quite limited, because the numbers that we're looking at are relatively small from a global perspective," said Gita Gopinath, the number-two official at the Washington-based crisis lender.

"It is not a systemic risk to the global economy," although some banks have "greater exposure," she said in a discussion with Foreign Policy magazine.

The sanctions effectively have severed Russia's ties to the global financial system, prohibiting most transactions except for debt payments and oil purchases. The measures also froze the government's stockpile of \$300 billion in foreign currency reserves held abroad.

Moscow last week avoided default after it made a \$117 million interest payment on two dollar-denominated bonds, sending funds through JPMorgan and Citigroup, which confirmed with the US Treasury Department that the transactions were allowed.

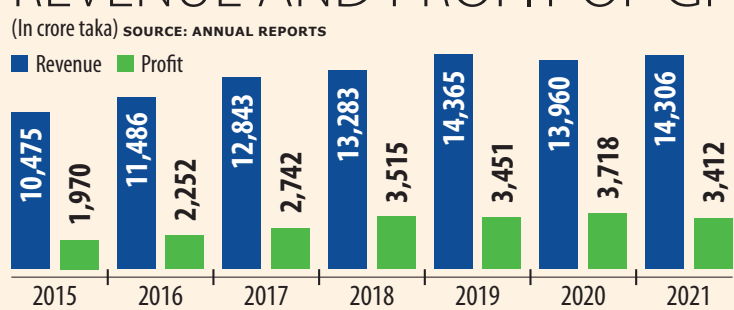
The government had initially indicated it would make the payments in rubles, which debt ratings agencies said would be considered a default.

# GP looks to max out 4G potential

GP AT A GLANCE

Started journey in March 1997  
Stock market debut in 2009  
Launched 4G in February 2018  
Number of customers: **83.03m**

REVENUE AND PROFIT OF GP



SHAREHOLDERS

Telenor **55.8%**  
Grameen Telecom **34.2%**  
General and institutional investors **10%**

MAHMUDUL HASAN

Grameenphone aims to realise the full potential of the fourth-generation (4G) technology as the super-fast mobile telephony can support customers in their digitalisation journey, said Jorgen C Arentz Rostrup, chairman of the largest mobile phone operator in Bangladesh.

Bangladesh entered 4G era in 2018 and has already brought about 95 per cent of the population under its coverage.

Yet, only a third of the population have 4G connections, owing to lower affordability of devices and levels of knowledge and digital skills.

"We are going to max out on 4G, which is extremely important and has vast potential. Hence, we are going to do the most of that and eventually move on to bring in new technologies and things within this," Rostrup told The Daily Star in an interview in Dhaka recently.

His thoughts came at a time when GP is celebrating its silver jubilee.

The operator, which started in a small one-floor office in Dhaka's Mohakhali to support women and connect them in the remote areas in 1997, has become the country's most dominant player in the telecommunication sector in the last quarter-century, serving more than 8 crore customers presently.

As it ascended to the top, GP has invested Tk 41,000 crore to build a network infrastructure that covers more than 95 per cent of the population.

However, the majority of mobile subscribers in Bangladesh still use feature phones and only around 53 per cent of GP's customers use internet.

Rostrup, also the head of Asia at Telenor, the parent company of GP, says Telenor is focused on developing 4G, including in Bangladesh, where GP is technologically and digitally advanced.

His visit came at a time when the telecom regulator of Bangladesh is set to hold the spectrum auction for 5G on March 31. The operator has already submitted an application expressing its intention to take part in the bidding.

"From a Telenor perspective, we are working on 4G and 5G globally. We work thoroughly on 4G and are very concentrated in the Nordic region and Asia."

"We have been working on 5G for a few years. We have been running

pilots and trials so that we understand more of it, including its potential, the business models, value proposition, and technical setup."

According to Rostrup, 5G is still at a nascent stage in Asia. Telenor and Grameenphone will embrace it when the time is right.

Without pointing to any specific direction, one should not embark too much in one direction before things are mature and ready, he added.

"There are business cases, economic models, technology, demands, customer expectations, and customer's willingness to participate in the development of it."

Rostrup, who served Telenor



Group as the chief financial officer and currently also holds the position of executive vice president, personally asked his bosses to appoint him as the chairman of GP because of the importance of the market.

"Bangladesh and Grameenphone are special and that is why I was delighted to be named the chairman of the board."

GP was the first investment of Telenor outside the Nordic region. And the investment has been so impactful for the Norwegian company that it now calls it a Nordic Asian company.

Despite having a strong footprint in Bangladesh, Rostrup describes the telecom market as very competitive with three strong operators.

He doesn't think that telecom companies, globally as well as in Bangladesh, were caught off guard by the coronavirus pandemic although they are still struggling to ensure proper internet speed.

"On the contrary, telecommunication has been a very successful sector that has adapted quickly and kept things going."

He blamed the change in patterns

linked to customers, demand and capacity brought on by the pandemic for the poor user experience.

Speaking in the same interview, Yasir Azman, chief executive officer of GP, says during the pandemic, the company participated in two auctions, acquired maximum spectrum, almost doubled network investment and set up new sites.

"I'm sure you are experiencing a much better network now," he said.

Despite remarkable advancement, GP has cut jobs in large numbers in recent years bringing down the workforce to below 1,500.

Rostrup says the company is constantly developing the skills of its employees and it is top on the list of

**From a Telenor perspective, we are working on 4G and 5G globally. We work thoroughly on 4G and are very concentrated in the Nordic region and Asia.**

Jorgen C Arentz Rostrup  
chairman of Grameenphone

how much time colleagues spend on training and learning.

Many competencies of employees have become less relevant today than they were 10 years ago. And the only solution to that is to either successfully upskill them or to come to an agreement so that they can put their talents to good use somewhere else, he said.

"But we have to do it with respect and fairness and we have to compensate them."

Asked if Telenor has any plans to merge GP with Robi, the second-largest operator in Bangladesh, like Telenor Group and Axiata Group did it by bringing Malaysian operators Digi and Celcom under one entity, Rostrup says he does not usually make comments on the issues that are not final.

"We have concluded the merger in Malaysia. We have decided to do the same in Thailand."

Dtac, Telenor's telecom brand in the Southeast Asian country, and True Corp, part of CP Group, have signed an agreement to create a new telecom-tech company.

GP is one of the most profitable ventures of Telenor.

READ MORE ON B2

## STABILISATION FUND Listed firms asked again to deposit undistributed dividends

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has ordered all listed companies to submit any undistributed dividends to the Capital Market Stabilisation Fund by March 31.

Undistributed dividends are a company's profits that have not been disbursed among its shareholders.

The BSEC passed a rule in June last year to form the fund using undistributed and unclaimed dividends of listed companies. The aim is to use the funds to safeguard the interests of the stock market and general investors.

The BSEC had sent several letters asking listed companies to submit their undistributed dividends. However, many issuers are yet to follow the order.

With this backdrop, the stock market regulator has sent another letter, saying companies that fail to submit the money within the stipulated time will be punished.

In previous letters, the BSEC had directed listed companies to transfer the cash and stock dividend or any fund or shares that remain undistributed, unsettled, unclaimed or non-refunded public subscription money to the Capital Market Stabilization Fund's bank account and beneficiary owners account.

However, it appears that some issuers are yet to complete the transfer of cash and shares in line with the provision of the commission's directive within the stipulated deadline.

So, the companies have been instructed to take necessary action to transfer the fund by March 31, failing which the commission will initiate appropriate measures for non-compliance of securities laws in this regard, including financial penalty, the letter said.

Prof Shibli Rubayat-Ul-Islam said in a programme held last week that some listed companies are repeatedly seeking more time to submit their accounts on the undistributed dividends.

The BSEC chairman went on to say that the amount of undistributed profits accumulated by firms since their trading debut, and whether it is being used illegally needs to be sought out.

"We will appoint top class auditors if necessary to find out the real situation," he said.

"No one has the right to establish their own building with the money," Islam added.

## Russian gas flows to Europe dip slightly

REUTERS, London

Russian gas deliveries to Europe through the Nord Stream 1 pipeline across the Baltic Sea dipped slightly on Wednesday, while gas continued to flow eastwards from Germany into Poland along the Yamal-Europe pipeline.

Flows to Germany through Nord Stream 1 stood at 65,361,776 kilowatt hours per hour (kWh/h) by 0728 GMT, slightly down from 67,955,181 kWh/h at midnight, the Nord Stream website showed.

Eastbound flows into Poland from Germany along the Yamal-Europe pipeline were at 1,717,560 kWh/h at the Malinow border point, down from 2,362,830 kWh/h at midnight, data from operator Gascade showed.

The usually westbound pipeline reversed on March 15 as nominations to ship gas into Germany fell to zero, while Polish customers bought gas from Germany.

## Oil rises in volatile trade

REUTERS, New Delhi

Oil prices rose on Wednesday amid volatile trading on increasing concerns of global supply tightness from sanctions imposed on Russia, the world's second-largest oil exporter, and on signs that exports from Kazakhstan may be disrupted.

Brent crude futures were up 95 cents, or 0.82 per cent, to \$116.43 a barrel at 0816 GMT. Prices earlier rose to as high as \$117.70 and at one point fell to a low of \$114.45. The contract fell 14 cents in the previous session.

US West Texas Intermediate (WTI) crude futures rose 73 cents, or 0.67 per cent, to \$110 a barrel. The contract surged to a high of \$111.35 and slipped to a low of \$108.38. Prices fell 36 cents on Tuesday.

The market remains on edge over the prospect of further sanctions on Russia, the world's second-largest crude exporter, after its invasion of Ukraine, actions that Moscow calls a "special operation".



The Emir Sheikh Nawaf al-Ahmad al-Jaber al-Sabah (C) inaugurates the Kuwait National Petroleum Company's full operation of the environmental fuel project, flanked by Crown Prince Sheikh Meshal al-Ahmad al-Sabah, Prime Minister Sheikh Sabah al-Khaled al-Sabah and Kuwaiti Oil Minister Mohammad al-Fares during a ceremony at the Mina Abdullah refinery south of Kuwait City on March 22.

PHOTO: AFP