

Star BUSINESS



Edible oil prices cool off

SUKANTA HALDER

Domestic edible oil prices have declined as refiners reduced their rates after the government drastically cut the value added tax (VAT) on the key cooking ingredient in a bid to ease the pressure on consumers who are being battered by rising food inflation.

The price of loose palm oil, the most widely used type of edible oil, has fallen by as much as 12 per cent to Tk 131-136 per litre in Dhaka city, where the same amount would cost Tk 150-155 a week ago, according to data on market prices compiled by the Trading Corporation of Bangladesh (TCB).

Similarly, soybean oil – both loose and bottled – also became cheaper over the last one week.

Md Masud Mia, owner of the Bhai Bhai General Store in Karwan Bazar, was found asking for Tk 760 for a five-litre container of soybean oil, the price of which crossed Tk 800 earlier this month amid slow release, stock piling and panic buying in the wake of rising global prices due to Russia's invasion of Ukraine.

The price hike and scarcity of cooking oil prompted the National Board of Revenue (NBR) to slash VAT on such products in two phases since March 14.

The NBR initially removed the 15 per cent VAT, a kind of consumption

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WHAT ECONOMISTS SAY...

- BB should depreciate taka by at least Tk 3 per USD immediately
- Inflation will rise in the aftermath of depreciation
- Govt should take fiscal measures to tackle inflation
- Macro-economic instability likely if higher imports can't be checked



FOREX RESERVES

\$44.29b on March 23 this year
\$46.39b on June 30 last year

BB STANCE

- BB has adopted a gradual depreciation of taka
- It will depreciate local currency quickly to some degree
- Yet to decide on how much depreciation to be allowed

MAJOR NUMBERS

(Jul-Jan this fiscal year)

Imports stood at \$46.67b, up 46pc year-on-year
Exports \$27.97b, up 29pc
Remittances \$16.68b, down 19.4pc

TAKA VS DOLLAR

Tk 86.20 on March 24 this year
Tk 84.80 on March 24 last year

Forex crisis now threatens macroeconomic stability

AKM ZAMIR UDDIN

Like all countries in the world, Bangladesh too is facing volatility in the foreign exchange market. This was initially caused by the demand recovery and supply chain disruption as battered economies began recovering from the coronavirus pandemic.

The volatility has exacerbated in the last one month because of Russia's invasion of Ukraine and this is not only threatening to derail the rebound from the health crisis but also bringing about a bigger macroeconomic challenge for Bangladesh.

Maintaining a stable exchange rate of the taka against the US dollar is a populist idea that prevailed in the mindset of both the government and commoners. The same thinking might still be dominating although

the country seems to be facing a far bigger crisis than the pandemic.

But Bangladesh Bank seems to be indecisive whether it would go for gradual depreciation of the local currency or execute a quick devaluation. The situation has been created by the dwindling flow of foreign exchange.

Bangladesh Bank injected a record \$3.78 billion between July 1 and March 23 this

fiscal year to stop the freefall of the taka, but the initiative has hardly resolved the crisis faced by the dollar-strapped banks.

Although export earnings are on the rise, this has not been enough to offset the instability in the foreign exchange market led by a steep increase in import payments and a sharp decline in remittance.

Between July and January, imports stood at \$46.67 billion, up 46 per cent year-on-year, while exports increased 29 per cent to \$27.97 billion, central bank data showed. Remittance declined 19.4 per cent to \$16.68 billion at the same time.

The imbalance between the inflow and outflow of US dollars has compelled many banks to purchase the greenback from Bangladesh Bank to settle letters of credit for imports.

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Textile millers want more US cotton

Seek direct shipping

STAR BUSINESS REPORT

Bangladesh is now seeking more cotton from the US to diversify the destinations from where the country sources the natural fibre in this current world of intense competition.

For the procurement of more American cotton, leaders of the Bangladesh Textile Mills Association (BTMA) want to introduce direct shipping between ports in the US and Bangladesh.

Bangladesh imports nearly \$1 billion worth of cotton from the US in a year. Cotton is also sourced mainly from India, Australia and countries in the continent of Africa.

America has been slowly turning into a good source of cotton for the local millers. Not only that, America is the single largest export destination for the country.

Bangladesh has already exported more than

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STOCKS		WEEK-ON-WEEK
DSEX	▼	0.19%
CSCX	▲	0.02%
		6,752.87
		11,893.67

COMMODITIES		AS OF FRIDAY
Gold	▼	\$1,958.38
Oil	▲	\$112.56
		(per ounce)
		(per barrel)

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.41%	▲ 0.14%	▲ 0.41%	▼ 1.17%	
57,362.20	28,149.84	3,413.69	3,212.24	



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2nd HSBC Business Excellence Awards

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HSBC is thrilled to announce the winners of the 2nd HSBC Business Excellence Awards.

The Awards recognise and celebrate the excellence and resilience of the most remarkable businesses and leaders of the nation for their incredible achievements throughout the pandemic.

To know more about the winners' journey of resilience, visit: www.business.hsbc.com.bd/bea



The Winners are:

Bi-BEAT Ltd.: Best in Innovation and Technology

City Group: Special Achievement Award

Envoy Textiles Ltd.: Export Excellence - Supply Chain & Backward Linkage

Hatil Complex Ltd.: Best in Import Substitution

Malek Spinning Group: Excellence in Sustainability

Pacific Jeans Group: Export Excellence - Ready Made Garments

PRAN - RFL Group: Export Excellence - Non-traditional and Emerging Sectors

Summit Corporation Ltd.: Leader in Inbound Investment and Infrastructure

Surokha App: Special Jury Award

UK consumer confidence nosedives

AFP, London

UK consumer confidence "continues to nosedive" as surging inflation causes a cost-of-living crisis, a survey revealed Friday, as the government faces pressure to better ease the financial pain.

GfK's Consumer Confidence Index fell five points to minus 31 in March – a fourth monthly drop in a row, as separate official data showed a fall in UK retail sales. The last time consumer confidence was this low was in the final quarter of 2020 when Covid numbers were rising, the data analyst group added.

"A wall of worry is confronting consumers this month and there is an unmistakable sense of crisis in our numbers," said Client Strategy Director GfK, Joe Staton.

"Consumers across the UK are experiencing the impact of soaring

"The outlook for consumer confidence is not good; it's certain there's more bad news to come."

living costs with 30-year high levels of inflation... against a background of stagnant pay rises that cannot compensate for the financial duress."

Staton said that confidence in people's personal financial situation and in the wider economy were "severely depressed" also owing to the Ukraine war and rising Covid numbers across the UK.

"The outlook for consumer confidence is not good; it's certain there's more bad news to come," he predicted. The GfK survey, conducted on 2,000 people aged above 16, came as official data showed UK retail sales dropped in February as soaring inflation put the brakes on most purchases.

Bucking the trend, car fuel purchases were above pre-pandemic levels for the first time despite rocketing prices as the economy reopens from Covid lockdowns.



A sharpening stone, sometimes called a bench stone or whetstone, is the simplest, most traditional way to sharpen scissors. The stone has two sides -- one with a coarse surface and the other with a finer grit. Sharpening starts on the coarse side of the stone and at one point shifts to the other. The man in the photo, also known as a cutter, charges Tk 40 to sharpen a scissor, making up to Tk 1,000 to Tk 1,500 a day. This not only does away with spending money buying new tools but also gives a new lease of life to old tools. The photo was taken on Padmabati Road in Barishal city earlier this month.

PHOTO: TITU DAS

How European rulings imperil flagship Google product

AFP, Paris

Lax laws and sweetheart deals are becoming a thing of the past for big tech firms, particularly in Europe where a series of rulings is posing a major threat to one of Google's flagship products.

More than half of the world's websites use Google Analytics to help their owners understand the behaviour of users. The software, which deploys cookies to track user behaviour, costs nothing in cash terms – though the vast trove of data helps to fuel Google's massive profits.

However, in 2020 the framework overseeing how personal data is transferred from the EU to US was struck down by EU judges over concerns about snooping by US spy agencies.

Activists have since filed dozens of cases with regulators in Europe arguing that the tool breaches the fundamental rights of EU nationals.

Regulators in several countries have ruled in favour of the activists and declared Google Analytics incompatible

with European data privacy regulation (GDPR). The rulings leave many European firms in a bind.

They can ditch Google and move to a privacy-compliant option that costs money, or wait it out and hope for a solution from Google, the regulators or the politicians.

On Friday, the US and EU announced they had agreed in principle a new framework to allow data transfers, but did not provide further details.

Austrian lawyer Max Schrems, who spearheaded the campaign to invalidate the previous agreements, wrote on Twitter that it seemed like another "patchwork" approach with no substantial reform to US snooping rules.

"Let's wait for a text, but my first bet is it will fail again," he wrote.

Last week, Google said it would release a new version of its software that would not store IP addresses, the unique code that can identify individual computers. The US firm has also built data centres in Europe.

However, the impact of these potential

fixes is unclear. Regulators have not yet commented.

"Data protection authorities do not have the solution," says Florence Raynal of French regulator CNIL, which has ruled against Google.

"That solution must be provided by governments at a political level."

US companies are subject to a law known as the Cloud Act that allows US security agencies to access the data of foreign citizens regardless of where it is stored.

Although Google has argued that the risk posed by the Cloud Act is theoretical, it nevertheless makes it difficult for US firms to comply with the GDPR.

Marie-Laure Denis, head of CNIL, which is seen as a leader whose rulings are followed by other regulators, summed up the dilemma at a conference of the International Association of Privacy Professionals (IAPP) in Paris last week.

She said of American companies that "their business model should evolve, or the American legal framework should evolve".

BCS Taxation Association gets new exec council



Iqbal Hossain

Mahmuduzzaman

STAR BUSINESS DESK

Tax Commissioner Md Iqbal Hossain and Additional Tax Commissioner Mohammad Mahmuduzzaman have been elected president and secretary general respectively of BCS Taxation Association for a two-year term.

The executive council's election for 2022-23 was held at Bangabandhu International Conference Centre in Dhaka on Friday to elect a 49-member governing body, said a press release.

Tax commissioners MM Fazlul Haque and Mutasim Billah Faruqui and Additional Tax Commissioner Md Sirajul Karim were elected vice-presidents.

China's Sinopec pauses Russia projects

REUTERS

China's state-run Sinopec Group has suspended talks for a major petrochemical investment and a gas marketing venture in Russia, sources told Reuters, heeding a government call for caution as sanctions mount over the invasion of Ukraine.

The move by Asia's biggest oil refiner to hit the brakes on a potentially half-billion-dollar investment in a gas chemical plant and a venture to market Russian gas in China highlights the risks, even to Russia's most important diplomatic partner, of unexpectedly heavy Western-led sanctions.

Beijing has repeatedly voiced opposition to the sanctions, insisting it will maintain normal economic and trade exchanges with Russia, and has refused to condemn Moscow's actions in Ukraine or call them an invasion.

But behind the scenes, the government is wary of Chinese companies running afoul of sanctions – it is pressing companies to tread carefully with investments in Russia, its second-largest oil supplier and third-largest gas provider.

Since Russia invaded a month ago, China's three state energy giants – Sinopec, China National Petroleum Corp (CNPC) and China National Offshore Oil Corp (CNOOC) – have been assessing the impact of the sanctions on their multi-billion dollar investments in Russia, sources with direct knowledge of the matter said, read more

"Companies will rigidly follow Beijing's foreign policy in this crisis," said an executive at a state oil company. "There's no room whatsoever for companies to take any initiatives in terms of new investment."

Banglalink strives to be a digital

FROM PAGE B4

"We do have a strategic plan in terms of rolling out our networks and we do have a plan on how to deploy spectrum in this network," said the group CEO.

"We will continue on our strategic plan as we are committed to the market. We are also committed to continuing to be the fastest network in the country," he said.

Asked if Bangladesh is a friendly country for foreign investment, Terzioğlu said Bangladesh was taking solid steps in the right direction.

"I think we will see further liberalisation in the years to come," he said, adding that the government was considering all the options for making the country an attractive option for investors.

About the high tax in the telecom industry, he said the taxation burden on the telecom industry in Bangladesh was the biggest in the world.

"If Bangladesh can lower the tax burden in the industry, as it is yet to penetrate to everyone, it will help Bangladesh reach digital services to everyone," he said.

"It will only happen by the lowering of indirect taxation," he said.

Asked about optical fibre deployment practices in other markets, he said different regulators have different approaches.

"But we wish we had more flexibility in deploying fibre and sharing fibre in Bangladesh as an operator. Fibre investment requires quite a lot of capital expenditures and the more it is shared among the operators, the better it is for the industry," he said.

Asked about customers' dissatisfaction with the operators' service quality, he said speed and quality of the network would be improved by making spectrum more available for 4G sharing network among the four existing operators.

About containing monopoly in the market, he said any operator with more than 40 per cent market share needs to be regulated in a way that they respect fair competition, and the actions of one operator should not be at the expense of the consumers.

He said it has been two years since Covid-19 surfaced and Veon continued making investments in Bangladesh during this period and half of its 37 million customers now use 4G.

"We have decided to double down on our investment. We will become a national operator as there are parts of the country where we are not operating due to a lack of infrastructure," he said.

According to him, Banglalink has started work on deploying 7,000 network sites.

"You will see we will increase our network coverage. We will continue to be a high-quality

4G service provider the covers all geographies in Bangladesh," he said.

"For us, bringing 4G to all, not 5G for a few, is number one priority," he added.

Terzioğlu said he was not a big fan of the vanity of 5G. "It sounds good but the reality is that still less than 50 per cent of people have a smartphone and less than 50 per cent enjoy 4G. That means for the next 2-3 years we have to continue on our mission to bring 4G to everyone," he said.

Terzioğlu went on to say that they would invest in 5G when it was necessary only for industrial purposes, not the consumers.

About the profitability, he said they were a long-term investor and invested about \$4 billion in the last 17 years of operations.

"We will continue investing every single year with about \$200 million to \$300 million in the next three years. We are patient, we haven't taken dividends out of Bangladesh yet.

Hope we will share our profit with local investors," he said.

Terzioğlu said Banglalink has aspirations to get listed in the stock market in three years.

Mentioning that Banglalink was the best in the assessment of an independent agency and the regulator, he said he was very proud of the work of the team who were deploying the networks and increasing customer satisfaction.

Branding Bangladesh as a beacon of stability in the region, he said he visited Bangladesh two years ago, just before Covid-19 emerged, and the pandemic had not been able to dampen the country's economic progress.

"The number of retail stores is getting higher and higher and quality has improved, high-end fashion stores almost doubled in two years, which was almost a sleeping period for many countries," he added.



Shaikh Md Salim, executive director of Bangladesh Bank's Bogura office, inaugurated South Bangla Agriculture and Commerce (SBAC) Bank's ATM booth on Rangpur Road at Borogola area in Bogura city on Monday. Gobinda Lal Gaine, general manager of Bangladesh Bank's Bogura office, Masudur Rahman, president of the Bogura Chamber of Commerce and Industry, M Shamsul Arefin, additional managing director of SBAC Bank, Mohammad Shafiqul Azam, vice-president, and Md Abdur Razzak, manager of its Bogura branch, were present.

PHOTO: SBAC BANK



International Chamber of Commerce (ICC) Bangladesh Secretary General Ataur Rahman led a 57-member delegation representing 15 banks and the Bangladesh Institute of Bank Management at a Global Trade Facilitation Summit 2022 organised jointly with ICC UAE at the Dubai Chamber of Commerce and Industry, Dubai on March 15-18.

PHOTO: ICC BANGLADESH

Gas bills in roubles are just

FROM PAGE B4

If Gazprom insisted on rouble payments and stopped deliveries if payments were not made in roubles, "then in my view this would be a violation of contract terms," he said.

Payments in roubles would shore up the Russian currency, which has plummeted since the invasion on February 24. Putin's speech lifted the rouble 9 per cent against the dollar on Wednesday.

Meanwhile Dutch gas

prices, the European benchmark, have spiked due to concerns over whether countries will be willing or even able to pay in roubles.

Putin's move, announced just as the European Union was debating additional sanctions on Russia, amounts to one of the sharpest turns in Russian gas politics since the Soviets built gas pipelines to Europe from Siberia in the early 1970s.

The man who has been Russia's paramount leader

since 1999 has long railed against the dominance of the US dollar, which he casts as an instrument of a US "empire of lies" aimed at destroying Russia.

Moscow was blindsided by the West's ability to freeze the \$300 billion of Russia's \$640 billion "rainy day" reserve that was parked abroad.

Russia says the West has defaulted on its obligations to Russia, and that Moscow's post-Soviet delusions about the West,

and the use of dollars and euros, are over.

The Kremlin has refused to discuss just how far Putin could go with his bid to conduct trade in roubles; Russia is one of the world's top exporters of oil, gas and metals – which are all largely priced and settled in US dollars.

The mechanism by which up to \$320 billion a year of gas exports will be paid for in roubles is still unclear. Euros account for 58 per cent of Gazprom

exports, US dollars 39 per cent and sterling around 3 per cent, according to the company. German Finance Minister Christian Lindner on Friday advised German energy providers not to pay for Russian gas in roubles, as demanded by Moscow.

Even the Communist Soviet Union accepted foreign currency for its energy exports, and it was not immediately clear if the change to rouble payments would amount to a breach of contract.



Sadid Jamil, managing director of Metal Pvt, cuts a ribbon to inaugurate a new showroom and regional office on Panchagar Road at Telipara in Thakurgaon recently. Tarekul Alam Khan, executive director, Md Zahurul Hoque, general manager, and Md Alamghir Hossain, head of sales, were present.

PHOTO: METAL



Crude salt bought from coastal producers in Cox's Bazar for Tk 8.66 per kilogramme being processed to be labelled as "iodised" for sale at Tk 14.8 per kilogramme. The photo was taken from Kathpatti Road in Jhalakathi yesterday.

PHOTO: TITU DAS

New salt policy aims to encourage eco-friendly production

MD ASADUZ ZAMAN and
SUKANTA HALDER

The government has framed a fresh policy to increase domestic salt production through the use of modern and environmentally friendly technologies and gradually end imports by 2026 when overall demand is projected to reach 25.30 lakh tonnes.

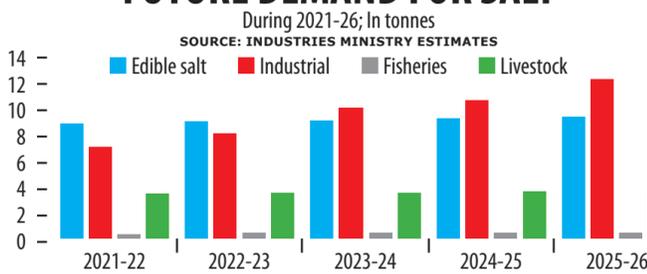
Including 8.76 lakh tonnes of the edible variety, the total demand for salt in fiscal year 2021-22 is estimated to have been 19.38 lakh tonnes, according to National Salt Policy 2022 issued by the industries ministry.

The policy intends to train salt producers and ensure easy loans to increase domestic production of the chemical sodium chloride, an important item for human and animal health.

The latest policy replaces a previous one framed in 2016, which also had a number of objectives.

But HM Shahid Ullah, president of Bangladesh Salt Farmers' Association, said the old policy has not been implemented fully. "...it was not effective," he said, adding that farmers would benefit a lot if

FUTURE DEMAND FOR SALT



the government helps them use modern technology to produce salt.

The new policy, as of the previous ones, also aims to ensure a minimum 100,000 tonnes of buffer stock of salt.

Shahid said the intent of building a buffer stock to tackle emergencies has been limited to paper only. It has not yet been implemented, he said.

The new policy contains previous plans for taking decisions for imports during special circumstances, allocating land, including new ones, for salt production

and ensuring supply of adequate salt to preserve hides during Eid-ul-Azha.

Hides from sacrificial animals during the Eid account for most of what the country generates annually.

According to the Bangladesh Small and Cottage Industries Corporation (BSCIC), if the new policy is implemented, the desired goal for salt production would be achieved. After that, there will be no shortage of salt, said Sorwar Hossain, deputy general manager of extension division of the BSCIC.

He said a number of issues had not been made clear in the previous policies.

In the new policy, all those issues such as ensuring easy loans for farmers and land lease have been specified. So this policy will help the farmers involved in this industry to move forward, he added.

He also said the new policy forecast sector-wise annual demand for salt until fiscal year 2025-26. He said proper estimation of the demand was important as it would be instrumental in ensuring domestic production.

Owing to population growth, demand for edible salt will increase to 9.24 lakh tonnes in fiscal year 2025-26 from 8.76 lakh tonnes in the current fiscal year, according to the policy.

Farmers produced 16.5 lakh tonnes of crude salt in fiscal year 2020-21. Till date in the ongoing fiscal year, crude salt production stands at 11 lakh tonnes, said the BSCIC official.

Producers mainly in the southeast coastal districts of Cox's Bazar and Chattogram produce crude salt which was refined in mills. About 500,000 people are directly and indirectly involved in the salt industry, according to the policy.

Bitcoin price boosted by possible Russia gas payment

AFP, London

Bitcoin on Friday rose above \$45,000, boosted by talk that the Kremlin could accept the world's biggest cryptocurrency in exchange for Russian gas.

It climbed above the key trading level for only the third time this year and remains far below record levels.

President Vladimir Putin on Wednesday said Russia would accept only rubles for gas deliveries to "unfriendly countries", which include all EU members, after Moscow was hit by unprecedented financial sanctions following its invasion of Ukraine. The following day, a member of the Russian parliament reportedly said that countries that hadn't imposed sanctions could use local currencies and even bitcoin in exchange for its gas.

"The news sent bitcoin's price (higher)... yet there are a couple of questions that hang in the air," said Swissquote analyst Ipek Ozkardeskaya.

"China hates bitcoin; will it change its mind to buy cheap Russian oil?" She questioned also whether the West would "tolerate Russia going around sanctions via bitcoin".

European Central Bank chief Christine Lagarde this week spoke of her concern that cryptocurrencies were already being used as a loophole to avoid sanctions against Russia.

Lagarde said she was "most concerned" about the high volume of rubles being converted into crypto assets. She and other central bankers around the world have long been critical of unregulated cryptocurrencies, that are highly volatile and could leave investors exposed to heavy losses as well as gains.

Ukraine war knocks German business confidence

AFP, Berlin

The business climate in Europe's top economy worsened in March, German survey data showed Friday, amid fears over soaring energy prices and deepening supply chain woes due to the Ukraine invasion.

"War in Ukraine sends Ifo business climate index crashing," said the Munich-based institute as its closely watched indicator plunged to 90.8 points from 98.5 in February.

"Companies in Germany are expecting hard times," Ifo president Clemens Fuest said, noting that the "historic" 13.3 point drop in the indicator surpassed even the 11.8 point fall at the start of the pandemic two years ago.

Fuest said in a statement that the business climate in the flagship manufacturing industries had never declined so sharply, with "optimism giving way to clear pessimism" in the business outlook as well. Bottlenecks in supply of raw materials and components were already weighing heavily on Europe's largest economy, which draws much of its strength from the export-strong sector.

Moscow's invasion of Ukraine has also sent prices for energy rising, with Germany in particular highly dependent on Russia for supplies of natural gas.

Textile millers want more

FROM PAGE B1

\$4 billion worth of garment items over the last six months of this fiscal year.

It is expected that the country will be able to export more than \$8 billion worth of garment items at the end of this fiscal year, said Mohammad Ali Khokon, president of the BTMA, at a discussion.

So direct shipping services between Bangladesh and the US will reduce the cost of doing business alongside the lead time in trade, he said.

Many shipping lines do not want to come to Chattogram port because of vessel and container congestions and the long time it takes to load and unload goods, he said.

As a result, some shipping lines have been leaving goods destined for Bangladesh at ports in China and Malaysia, he said.

A BTMA standing committee on shipping will meet the government to propose enabling direct shipping services between Bangladesh and the US, he told the discussion on the textile sector organised by the BTMA at a Dhaka hotel on Friday night.

However, a proposed gas price hike and inadequate supply of gas to the textile mills are posing a threat to the sector, Khokon also said.

The pressure of gas in the supply lines to some areas like Araihaazar, Gazipur, Tongi and Shafipur is very low. As a result, the

production in the textile mills in those areas is severely being affected, he said.

Many entrepreneurs want to shut down their business as they are having to do with lower production for the low gas pressure, said the BTMA president.

Khorsheed Alam, chairman of local spinner Little Group, said he was pondering whether to shut down his textile business as he was not getting adequate gas pressure to his mill for many years.

He said to have incurred a loss of Tk 145 crore for the loss of production from the inadequate supply of gas to the mill.

Alam said he sent 40 letters to state-owned gas distributor Titas Gas Transmission and Distribution Company over the past four years requesting that an adequate supply of gas be provided to his unit but the situation has not improved. Abdullah Al Mamun, vice president of the BTMA, said the country's textile sector has grown a lot over the last couple of decades thanks to the availability of cheap labour and energy.

But both energy and labour are no longer cheap now, he said.

As a result, many entrepreneurs are now feeling discouraged from continuing their business, he said, adding that the government should discard any plans it might have on increasing gas prices further.

Forex crisis now threatens

FROM PAGE B1

The central bank is providing dollars to the banks with utmost generosity as the taka would face a major fall if the support is not extended.

The exchange rate now stands at Tk 86.20 per US dollar compared to Tk 84.80 a year ago. This means the central bank has allowed the taka to depreciate in a certain range.

But Ahsan H Mansur, an economist who earlier worked at the International Monetary Fund, describes the central bank's move as insufficient to ensure macroeconomic stability from the current global turmoil.

"Bangladesh Bank will have to devalue the local currency by Tk 3 against the dollar immediately," he said.

Higher imports against moderate exports brought down Bangladesh's foreign exchange reserves to \$44.29 billion on March 23. This is way down from the \$48 billion recorded in August last year.

And economists think the worse is yet to come.

This is because the impact of the global supply chain disruption stemming from Russia's invasion of Ukraine has not fully hit Bangladesh yet.

Businesses usually open letters of credit two to three months before the arrival of imported products. So, the effect of the war will be visible a couple of months later.

"The crisis in the foreign exchange regime will

deepen if the increasing imports cannot be contained," Mansur said.

He suggested bringing down the country's import growth below 30 per cent from 46 per cent now or else the reserves will be hit hard by the ongoing instability.

The depreciation risks stoking inflationary pressure to some extent. The official figure of the Consumer Price Index surged to a 16-month high in Bangladesh in February driven by soaring costs of essential food ranging from staples such as rice,

foreign currencies. As a result, traders cannot finance imports.

On Tuesday, the country was forced to order troops to petrol stations as sporadic protests erupted among the thousands of motorists that queue up daily for scarce fuel.

"Any delays in taking initiatives to address the existing crisis will deal a fatal blow to the macroeconomic stability," said Mansur.

Remittance flow through the official channel may reduce further as the exchange rate in the kerb

requesting anonymity.

"If the kerb market continues to offer a higher rate, remitters will opt for the informal channel," Mansur said.

"This will bring the reserves to a critically low level. So, the central bank should narrow the gap as the subsidy of 2.5 per cent given by the government to beneficiaries of remittances is not adequate," he added.

Md Habibur Rahman, chief economist of Bangladesh Bank, says the central bank has decided to gradually depreciate the

to a certain degree since injecting dollars to keep the exchange rate stable is not an ideal stance for long," Rahman said yesterday.

However, he has not given any hint as to how much depreciation will be allowed.

Another central bank official said the government would try to keep inflation in check in order to protect people from higher prices since the next general election is not far away.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, says the reserves could cover import payments for more than nine months a few months ago, but now it can finance imports for about 5.5 months.

He calls the gradual depreciation of the taka a time-befitting move.

"The depreciation will bring imported inflation. The government can lessen the woes of the common people by giving fiscal supports such as waiving or reducing taxes and value-added taxes, and providing subsidies to expand open market sales," he said.

"But such fiscal measures will have an implication on drawing up the next budget," Rahman added.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says the imports of non-essential and luxury items have to be discouraged as some banks now face foreign currency shortages.

On the other hand, some traders such as Mohammad Rakib Hossain, a salesperson of Al Amin Traders in Karwan Bazar, were selling below the government fixed prices.

He was selling five-litre containers of soybean oil for as much as Tk 740 and one litre bottles at Tk 160.

Mawla said millers should keep the supply chain smooth. "The government should also monitor major points of the supply chain."

TCB data showed traders were selling five-litre containers of soybean oil for as much as Tk 790 while one litre bottles for Tk 165 on March 25.

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Sri Lanka fuel prices soar as economy reels

AFP, Colombo

One of Sri Lanka's biggest fuel suppliers hiked the price of gasoline by nearly 20 per cent on Saturday, the second increase in as many weeks, as the country struggles to import oil without dollars.

Lanka IOC, a fuel retailer which accounts for a third of the market, said it raised the petrol price to 303 rupees (just over \$1) a litre, up from 254 rupees. Two weeks ago, the company increased the price of gasoline by 25 per cent.

The company said the 30 per cent depreciation of the rupee against the US dollar and other major currencies this month fuelled the increase.

There was no immediate price revision from the state-owned Ceylon Petroleum Corporation but its representatives, who asked to remain anonymous, told AFP it was almost certain to follow Lanka IOC.

The 30 per cent depreciation of the rupee against the US dollar and other major currencies this month fuelled the increase in prices

Sri Lanka is in the grip of its worst economic crisis since independence from Britain in 1948.

The island's foreign reserves have hit rock bottom, with commercial banks unable to secure dollars to finance imports of food, fuel and medicines.

At least four people have died while waiting in long queues to buy fuel in the past week.

Sri Lanka was in a deep economic crisis when the Covid-19 pandemic hit, reducing foreign worker remittances and crippling the lucrative tourism sector – a key source of dollars for the economy.

The government imposed a broad import ban in March 2020 to save foreign currency.

The shortages pushed food prices up 25 per cent last month, with overall inflation at 17.5 per cent – the fifth consecutive monthly record high.

Sri Lanka is also facing five-hour rolling electricity blackouts as thermal generators have run out of oil.



Govt looks to open Ramgarh land port by next year

JAGARAN CHAKMA

The government is keen to open Ramgarh land port in Khagrachhari by 2023 in order to boost trade with north-eastern states of India, according to officials of the Bangladesh Land Port Authority (BLPA).

"Work orders for developing the necessary infrastructure have already been awarded to various contractors at an estimated cost of Tk 123 crore," said Mohammad Jahangeer Kobir, member (traffic) of the BLPA.

Besides, the BLPA aims to make at least immigration services available at the land port by the end of this year.

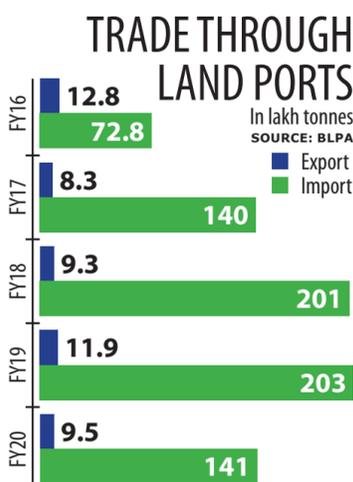
Kobir informed that Indian authorities had previously urged Bangladesh's government to begin immigration services even ahead of import-export activities at Ramgarh.

An inter-ministerial meeting was held to this end at the Ministry of Foreign Affairs, where an approval was sought from the Ministry of Home Affairs to begin immigration through the land port.

In addition, India has already started constructing integrated check-posts in Sabroom of Tripura in anticipation of the movement of goods and travellers once the port becomes operational, Kobir added.

The BLPA has acquired 10 acres of land in Ramgarh to establish the necessary port infrastructure, which is being developed with financial support from the World Bank under the regional connectivity project.

Kobir went on to say that even if construction is not complete within the stipulated time, temporary sheds would be set up to facilitate import-export activities as both governments are keen to begin



commercial operations as soon as possible.

In March 2021, Bangladesh's Prime Minister Sheikh Hasina and her Indian counterpart Narendra Modi jointly inaugurated the Bangladesh-India Friendship Bridge-1 over the Feni river in Ramgarh.

The two premiers had laid the foundation stone for the bridge, which connects Tripura of India with Ramgarh, via a video conference earlier on June 6, 2015.

Once the associated land port becomes operational, this bridge will facilitate the movement of goods to and from Bangladesh and the north-eastern states of India.

The BLPA hopes to export all kinds of products through Ramgarh but it has also identified that Bangladesh could import livestock, fruit, wood, seeds, wheat, stone, coal, fertiliser, and so on once the port officially opens.

On August 18, 2020, the Executive Committee of the National Economic Council approved a Tk 848.3 crore project to widen the road that connects the Dhaka-Chattogram highway with Ramgarh land port.

As such, widening of the 38-kilometre Barajerhat-Hiako-Ramgarh road to 7.3 metres from 5.5 metres is being performed by the Roads and Highways Department between January 2020 and June 2022.

India would provide Tk 581.2 crore for the project from the third Indian line of credit extended to Bangladesh, which will bear the rest of the cost.

The project would contribute to establishing a road network between Chattogram port and the Ramgarh land port, opening the door for two-way trade between Bangladesh and India through the Sabroom/Ramgarh land port, according to project documents.

The proposed road is 72 kilometres off from Chattogram port and 201 kilometres off from Dhaka.

The project, which was included in the list of newly approved projects in the annual development programme last fiscal year, is expected to widen the import and export activities between India and Bangladesh, and improve the socio-economic conditions of people in the area.

The project's implementation would also establish a safe, developed, time and cost efficient road transport network between the two countries, the project proposal says.

Banglalink strives to be a digital operator

Says Kaan Terzioğlu, group CEO of Banglalink's parent company Veon

MAHMUDUL HASAN

Banglalink will make significant investments to transform itself from a traditional telecom operator to a digital one as a part of its effort to adapt to the changing nature of the industry.

"There is a transition in the industry and the traditional telecom company will not be able to live long," said Kaan Terzioğlu, group chief executive officer (CEO) of Banglalink's parent company Veon, in an interview recently.

"...and that is why our strategy is – how do we become a digital operator, not a telecom operator," he said.



He said a traditional operator sells a number of minutes, data and SMS. On the other hand, digital operators' services are to support customers' lifestyle – TV service, music, news, cloud, financing, healthcare and many more.

"You will see us not focusing on traditional voice and data, we will not sell raw data in future, you will see us providing a bundle of digital applications, that's the area of our future investment," he said.

Banglalink has already launched digital entertainment platform Toffee, where customers can watch many television channels and entertainment content. Becoming available at end of 2019, the platform has already garnered 8 million customers.

During his recent visit to Bangladesh, Terzioğlu launched Health Hub, the country's first integrated digital health platform, partnering with healthcare providers Doktorbhai, DocTime and Pulse as a part of the company's vision to diversify its operation more into the digital space.

He said once Banglalink completes its investment in 4G, which remains its top priority for now, it would invest in digital services and applications ranging from entertainment to healthcare and education to financial services.

"Some of them we will do ourselves, some of them we will do on a partnership basis," he said.

The regulator has to understand that traditional telecom services will not survive very long and allow mobile operators to provide services to the customer based on what customers expect and demand, he said.

He said in many countries, mobile operators were leading mobile financial services from the front and something similar could be done in Bangladesh.

This device is the bank, Terzioğlu said while taking a cellphone in hand, adding that it needs to transform as a significant cost saver.

Asked about the upcoming spectrum auction which prioritised the launch of 5G, he said the upcoming auction was important and he was very glad that Bangladesh was finally making an abundant amount of spectrum available at reasonable prices.

READ MORE ON B2

Gas bills in roubles are just days away

Russia warns West

REUTERS, London

Russia warned the West on Friday that billing in roubles for billions of dollars of natural gas exports to Europe could be just days away, Moscow's toughest response yet to crippling sanctions imposed by the West for the invasion of Ukraine.

With the Russian economy facing its gravest crisis since the years that followed the break-up of the Soviet Union, President Vladimir Putin on Wednesday hit back at the West, ordering that Russian gas exports should be paid for in roubles.

Putin said the West had declared economic war by freezing Russian assets, and so Russia saw no point in receiving dollars or euros for Russian exports anymore.

The Kremlin on Friday said Putin had ordered Gazprom, the world's biggest natural gas company, which supplies 40 per cent of Europe's gas, to accept export payments in roubles, and that it had just four days left to work out how.

"There is an instruction to Gazprom from the president of the Russian Federation to accept payments in roubles," Kremlin spokesperson Dmitry Peskov told reporters. "This information will be brought to the purchasers of Gazprom products."

Gas buyers have been seeking guidance on how they could get the roubles to make any such payments, given the extent of the sanctions on Russia.

"Rouble payments are somewhere between very difficult and not possible for the majority of European buyers to organise, and certainly not at short notice," Jonathan Stern, Distinguished Research Fellow at the Oxford Institute for Energy Studies, told Reuters.

READ MORE ON B2



An aerial view of a compressor station for the German natural gas network at Open Grid Europe, one of Europe's largest gas transmission system operators, in Werne, western German on March 24.

PHOTO: AFP

US durable goods end streak of gains in Feb

AFP, Washington

Orders for big-ticket manufactured goods fell for the first time in five months in February amid a slump in business for civilian aircraft manufacturers, US government data said Thursday.

The Commerce Department said durable goods orders fell 2.2 per cent last month, more than expected and a sharp turnaround from the 1.6 per cent increase seen in January.

The decline was driven by a shortfall in transportation equipment, which dropped 5.6 per cent, and much of that was caused by a 30.4 per cent decline in nondefense aircraft and parts, such as Boeing's jets, the data said.

Orders for motor vehicles and parts, whose manufacturers have struggled to obtain scarce semiconductors, fell 0.5 per cent.