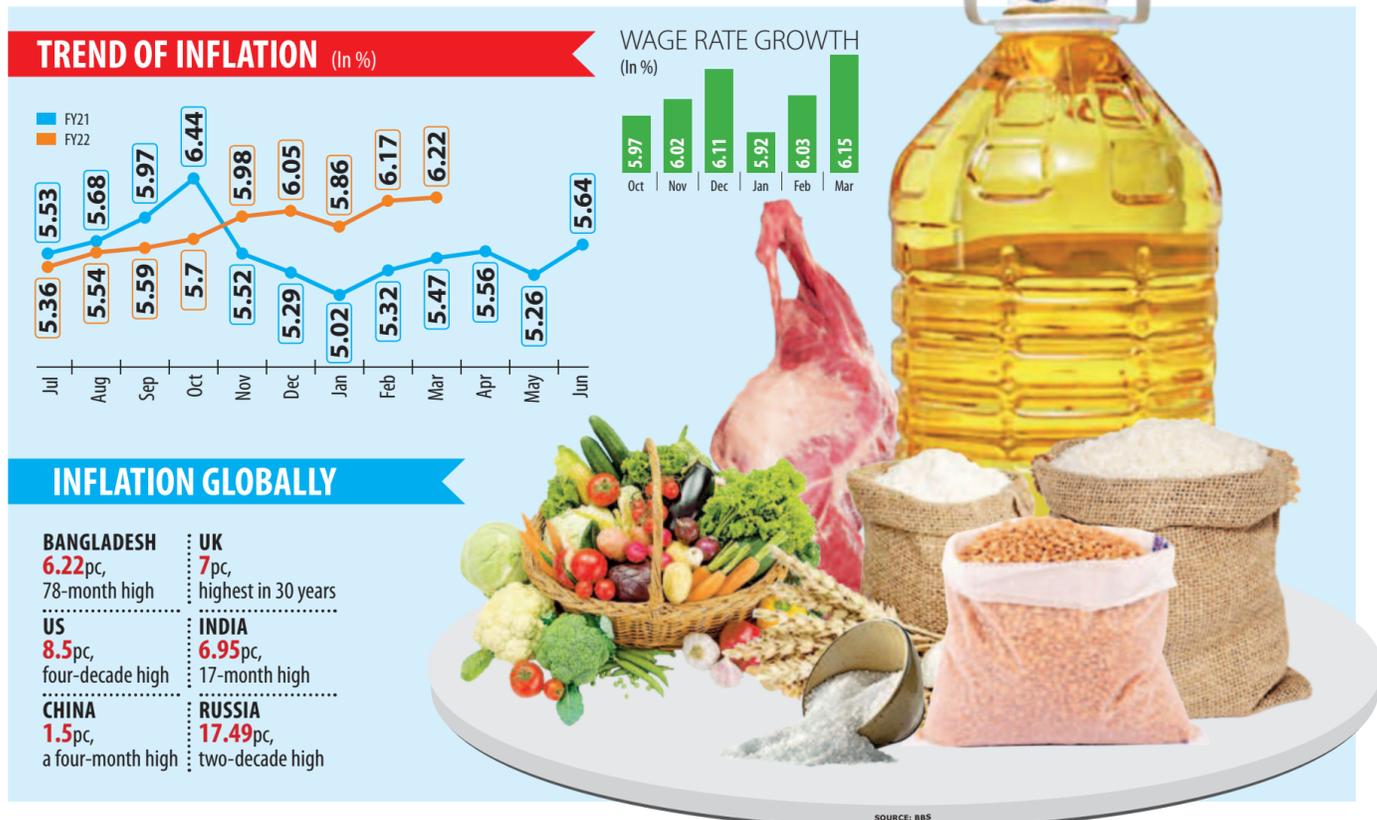


Star BUSINESS



Banking with a Difference Prime Bank



Inflation sprints to 78-month high

The rate in March hits 6.22pc

REJAU KARIM BYRON, SOHEL PARVEZ and MD FAZLUR RAHMAN

Inflation in Bangladesh rocketed to a 78-month high in March driven by higher food costs as global uncertainties stemming from the Russia-Ukraine war and supply chain disruptions show no sign of abating, official figures showed yesterday.

The Consumer Price Index came in at 6.22 per cent last month, up from 6.17 per cent a month ago, according to the Bangladesh Bureau of Statistics (BBS). This is the highest since September 2015.

Food inflation rose 12 basis points to 6.34 per cent, amplifying suffering for the poor and the lower-income groups since food accounts for about half of their consumption basket.

What is even more depressing is that wages have failed to keep pace with the rising cost of living.

In March, wages rose by 6.15

per cent against 6.03 per cent in February.

"The increase in food inflation was expected and is likely to increase further in the near term given the elevated commodity prices in international markets and the pressure on the exchange rate," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

Non-food inflation fell slightly to 6.04 per cent. It was 6.10 per cent in February.

Inflation in rural areas was up three basis points at 6.52 per cent last month. Food inflation rose nine basis points but non-food inflation declined 10 basis points.

Urban inflation went up by 10 basis points to 5.69 per cent, led by a 19-basis point rise in food inflation, which stood at 5.49 per cent.

Higher inflation is not just a Bangladeshi phenomenon. Inflation is hitting new peaks in most countries because of skyrocketing energy and food costs, supply constraints and

strong consumer demand.

For example, inflation in the UK stood at 7 per cent in March, the highest in 30 years.

US inflation surged to a new four-decade high of 8.5 per cent and the eurozone inflation

poverty and inequality."

The question is what to do about it.

The automatic correction mechanism that works through the rise in nominal interest rates is inoperative because

the deposit and lending rates for banks in April 2020. It put a similar ceiling on the interest rates for non-bank financial institutions on Monday - at a time when countries around the world are raising key rates to contain runaway inflation.

"Exchange rate adjustments have become unavoidable not only to maintain reserve adequacy but also to stem the erosion of the economy's competitiveness, given that currencies of many competitor countries have depreciated even more. But this risks further increase in inflation," said Hussain.

Fiscal policy can provide some respite through increased subsidisation of essential commodities and cash transfers to the poor and the vulnerable, he noted.

"Better targeting will be critical in this sphere to keep the total subsidies and transfers within manageable limits," Sayema Haque Bidisha,

READ MORE ON B3



Don't charge over 1pc for export dev fund loans

BB asks banks

STAR BUSINESS REPORT

Banks have been asked not to impose over 1 per cent interest on the exporters after disbursing fund from their own pocket and before being reimbursed from Bangladesh Bank's export development fund (EDF).

The banking regulator issued a notice in this regard as many banks have allegedly charged a 7 per cent interest rate on lenders illogically during the time, a central bank official said.

Banks initially disburse the funds to borrowers from their own sources and they get reimbursement from the EDF.

The banks informed the central bank that they had imposed a high interest rate to address their cost of funds before getting the reimbursement, the BB official said.

READ MORE ON B3



Garments account for about 85 per cent of Bangladesh's total exports. The Bangladesh Bank said the ongoing export trend created huge demand for input procurement, leading to pressure on loans from the export development fund.

PHOTO: STAR

Businesses bashed by New Market brawl

SUKANTA HALDER and MAHMUDUL HASAN

Businesses based in Dhaka's New Market area had to close down for most of yesterday due to a clash between students and traders, leaving them to face huge losses just one-and-a-half weeks ahead of Eid-ul-Fitr, the biggest sales season in Bangladesh.

Traders say that the skirmish has already cost them more than Tk 50 crore in sales loss and it may have further implications as potential buyers may avoid the commercial shopping hub in fear of another clash.

The area is home to over a dozen sprawling shopping malls that house thousands of shops, making it the top shopping destination for most people in the capital.

Md Asaduzzaman Sumon, proprietor of Akhi Fashion Garden, said in the last few days, he could sell products worth Tk 100,000 to Tk 150,000 each day centring on Eid.

"But the shop was closed all day today (Tuesday) so the sooner the situation gets under control, the better for me," he said.

This situation is particularly unwelcome among traders right now considering that there was no business during the last two Eid seasons due to the coronavirus pandemic.

"Now, not having the shop open for a single day means a big loss for us," Sumon added.

Md Jobayer Hossain, managing director of cosmetics shop Lakme, alleged that law enforcement agencies could have solved the problem in a short time if they wanted.

"During this season, we count every day as it is very important for us. I have sold over Tk 50,000 worth of products daily since the beginning of Ramadan," he said.

"It is a huge loss for us even if the situation gets normal now as a lot of damage has already been done," Hossain added.

Fazle Rabbi, a resident of Mirpur, said he

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Sign FTA with Korea that benefits both nations

Experts urge govt

STAR BUSINESS REPORT

Bangladesh needs to sign a free trade agreement (FTA) with South Korea that enables a win for both as the East Asian country previously attained huge success engaging in such bilateral agreements, experts said yesterday.

Such agreements will counter the loss of different preferential treatments related to trade once Bangladesh makes the United Nations status graduation from a least developed country (LDC) to a developing one, they said.

They were addressing a virtual dialogue styled "Bangladesh-South Korea Trade and Investment Cooperation: In the context of LDC graduation" organised by the Dhaka Chamber of Commerce and Industry (DCCI).

The government will give special focus on revisiting decades-old bilateral agreements, exploring the possibility of signing FTAs, regular exchange of trade missions and direct connectivity between Dhaka and Seoul, said Masud Bin Momen, senior secretary to the foreign ministry.

He said after Bangladesh's status graduation, South Korea may continue to provide preferential treatment for Bangladeshi export items.

About 150 South Korean companies are now in operation in Bangladesh, according to him.

Momen also underscored the importance of creating skilled human resource to face the upcoming challenges pertaining to enhancing productivity.

DCCI President Rizwan Rahman said South Korea can invest in joint ventures in Bangladesh's promising industrial sectors like agro and food processing, plastic manufacturing, jute and jute goods, light engineering and automobiles, hi-tech parks, fourth industrial revolution technologies and structured economic zones.

READ MORE ON B3

STOCKS	
DSEX ▲	CASPI ▲
0.73%	0.53%
6,530.06	19,231.89

COMMODITIES	
Gold ▼	Oil ▼
\$1,964.83	\$104.10
(per ounce)	(per barrel)

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 1.23%	▲ 0.69%	▲ 0.12%	▼ 0.04%	
56,463.15	26,985.09	3,307.13	3,194.03	



Md Shaheen Howlader

New DMD for NRB Bank

STAR BUSINESS DESK

NRB Bank has recently appointed Md Shaheen Howlader as deputy managing director (DMD). The appointee, Howlader, was previously working for Modhumoti Bank as senior executive vice-president, said a press release.

He started off his 26 year career as a probationary officer in National Bank and later served in Prime Bank and Modhumoti Bank.

Howlader obtained a bachelor's degree in economics, a master's in demography and an MBA degree in banking and insurance from the University of Dhaka.



A roadside vendor organises a vast range of essential cooking ingredients, mostly spices such as cardamom, cumin, cinnamon, cloves and black pepper, in Farmgate of Dhaka. Every year demand surges ahead of Eid-ul-Fitr, one of the biggest religious festivals in the country, when these elements are used to give every dish its unique aroma and flavour. The photo was taken recently. PHOTO: PRABIR DAS

Denmark unveils energy plan to be 'free from Putin'

AFP, Copenhagen

Denmark presented on Tuesday a roadmap to end its dependence on Russian gas through a mix that includes renewable energy and biogas to become "free" from President Vladimir Putin.

While the European Union has refused to ban Russian oil and gas over the Ukraine war so far, the 27-nation bloc aims to cut its gas imports from the country by the end of the year. Individual member countries have also unveiled plans to cut their use of Russian fossil fuels.

The plan presented by the Danish government includes moving half of the 400,000 households that are heated with gas to district heating networks or electric heat pumps by 2028.

Soaring battery costs fail to cool electric vehicle sales

REUTERS

Buyers around the world are lining up to purchase electric vehicles this year even with sticker prices surging, flipping the script on a decade and a half of conventional auto industry wisdom that EV sales would break out only after battery costs dropped below a threshold that was always just over the horizon.

This year, EV demand has stayed strong even as the average cost of lithium-ion battery cells soared to an estimated \$160 per kilowatt-hour in the first quarter from \$105 last year. Costs rose due to supply chain disruptions, sanctions on Russian metals and investor speculation.

For a smaller vehicle like the Hongguang Mini, the best-selling EV in China, the higher battery costs added almost \$1,500, equal to 30 per cent of the sticker price.

But gasoline and diesel fuel costs for internal combustion vehicles have also skyrocketed since Russia invaded Ukraine, and experts noted that environmental concerns also are pushing more buyers to choose EVs despite the volatile economics.

Manufacturers from Tesla to SAIC GM-Wuling, which makes the Hongguang Mini, have passed higher costs on to consumers with double-digit price increases for EVs.

More may be coming. Andy Palmer, chairman of Slovak EV battery maker InoBat, says margins in the battery industry are already wafer thin, so "rising costs will have to be passed onto carmakers."

Vehicle manufacturers like Mercedes-Benz will likely shift increases to customers if their raw material prices keep rising. "We need to keep margins," Chief Technology Officer Markus Schaefer told Reuters.

But EV shoppers have so far not been deterred. Global EV sales in the first quarter jumped nearly 120 per cent, according to estimates by EV-volumes.com. China's Nio, Xpeng and Li Auto delivered record EV sales in March. Tesla delivered a record 310,000 EVs in the first quarter.

"There is a different kind of tipping point that we seem to have hit — an emotional or psychological tipping

point among consumers," said Venkat Srinivasan, director of the Center for Collaborative Energy Storage Science at the US government's Argonne National Laboratory in Chicago. He said "more and more people" would buy EVs "notwithstanding the cost of the battery and the vehicle."

This spike in battery costs could be a blip in the long-term trend in which technology improvements and growing production pushed costs down for three straight decades. Industry data showed that the \$105 per kilowatt-hour average cost in 2021 was down nearly 99 per cent from over \$7,500 in 1991.

Experts say battery costs could stay elevated for the next year or so, but then another big drop is probably in store as big-ticket investments by automakers and suppliers in mining, refining and battery cell production, and a move to diversify raw material sources, tip the balance from shortage to surplus.

"It's like a bubble — and for that bubble to settle down, it's going to be at least the end of 2023," said consultant Prabhakar Patil, a former LG Chem executive.

Is data localisation an economically viable

FROM PAGE B4

the country's data protection and privacy and incorporate the rights of users.

It includes data localisation provisions that require data controllers to store sensitive, classified and user-generated data within Bangladesh. Such restrictions may negatively affect trade and productivity. It is imperative to assess the potential and issues posed by CBDF regulations.

Concerns about the localisation efforts increasing the hazards of cyber-attacks, privacy violations, and data breaches, and reducing the breadth of services provided and swelling the operating expenses of enterprises are also there. On the other hand, localisation is perceived to enhance data privacy and security, which is vital. However, such perceptions are contestable.

Any lop-sided regulatory position with CBDF could be damaging to Bangladesh's ICT sector as the present infrastructure and human capital are not aligned with the requirements of data localisation.

A recent study, undertaken by the Research and Policy Integration for Development, has evaluated the impact of CBDF restrictions on Bangladesh's digital services exports and the

economy. Primarily, two scenarios were considered: Bangladesh adopting more restrictive CBDF policies akin to those of India and adopting substantially restrictive CBDF policies comparable to those of Vietnam. The two countries were selected because they are in the Asian region, and their data localisation and data protection policies are regularly discussed in the policy and public sphere. The objective of this analysis is to provide a directional view, therefore, assessing all policy alternatives against the likely outcomes.

The study used a gravity modelling framework to estimate the impact of the given scenarios. According to the analyses, CBDF restrictions are likely to have a negative impact on digital service exports. Estimates show that Bangladesh's digital services exports could fall by 29 per cent and 38 per cent if it imposes limitations like India and Vietnam, respectively.

Similarly, to understand the effects of the impact of CBDF restrictions on the economy, another exercise was undertaken. It shows the existence of a positive relation between digital services exports and the GDP, meaning that digital services exports make a significant contribution to the economy.

It is found that Bangladesh's GDP could decline by 0.58 per cent as a result of CBDF restrictions, akin to those in India, on digital services exports. A more restrictive policy similar to that of Vietnam could cause the GDP to fall by 0.76 per cent. Similar retaliatory actions by trading partners may cause the GDP to fall further.

The reduction in GDP could adversely impact employment, investment and innovation growth in Bangladesh. Although the econometric model provides evidence of the significant adverse impact of data restriction on digital exports and the economy, some possess the view that such restriction on data could improve productivity and exports in the long run.

Therefore, it is imperative for Bangladesh to judiciously navigate the digital fields, carefully assessing the local and global impacts of potential rules and regulations related to data flows and streamlining such laws to the country's current scenario so that socioeconomic development is not hindered.

The authors are, respectively, executive director and associate director of the Research and Policy Integration for Development

Sugarcane shortage

FROM PAGE B4

"Work is underway to implement some new plans to cover the losses of different units," he said, adding that even if there is no profit next season, steps are being taken to ensure that losses are not counted.

Abdul Hannan, president of the Carew Sugar Mill Sugarcane Farmers' Welfare Association, said the price of sugarcane is currently Tk 140 per maund (37 kilogrammes) when sold at the mill gate while it is Tk 138 per maund at the procurement centre.

"However, sugarcane cultivation is not possible

if the price of sugarcane is not Tk 300 per ounce," he added.

Gias Uddin, general manager (agriculture) of the mill, claimed that there is no problem in the management of their operations. Instead, the closure of state-owned sugar mills has left sugarcane farmers in a dilemma.

This time though, the corporation has taken initiative to provide the required facilities, such as fertilisers, pesticides and training, for farmers.

"So I hope the farmers will soon return to sugarcane cultivation," Uddin said.

High debt could slow countries'

FROM PAGE B4

could hold growth back in developed countries by 0.9 per cent and in emerging markets by 1.3 per cent over the next three years.

Financially constrained households and vulnerable firms, which have grown in number and proportion during the Covid-19 pandemic, are expected to cut spending by more, especially in countries where the insolvency framework is inefficient and fiscal space limited," the lender said.

To avoid exacerbating problems, government should "calibrate the pace" of phasing out aid and

spending programs. "Where the recovery is well underway and balance sheets are in good shape, fiscal support can be reduced faster, facilitating the work of central banks," the IMF said.

For struggling sectors, governments could offer aid to prevent bankruptcies, or provide incentives for restructuring, rather than liquidation.

"To lessen the burden on public finances, temporary higher taxes on excess profits could be envisaged. This would help claw back some of the transfers to firms that did not need them," the lender said.

Asia markets cautious over China growth news

AFP, Hong Kong

Asian stocks were digesting growth concerns in China and rising interest rates in the United States on Tuesday with Hong Kong dropping sharply while Japan edged higher on the back of a plummeting yen.

Chinese growth numbers for the first quarter of 2022 exceeded expectations on Monday but came with a government warning of "significant challenges" ahead, with key economic hubs in the throes of Covid-19 lockdowns.

Millions of residents are still cloistered in their homes in financial capital Shanghai with restrictions — which have also hit tech hub Shenzhen and the northeastern grain basket of Jilin — shutting supply lines.

Investors were left weighing whether attempts to lift the economy by Chinese policymakers — who have held off

cutting interest rates — would offset Beijing's zero-Covid policies.

"The focus in Asia is on mainland policy easing to cushion the impact of lockdowns," Stephen Innes at SPI Asset Management said, adding that while first-quarter growth was marginally better than predicted, "there was no positive follow-through in China-sensitive assets".

"Reopening cities is the only fix to drive credit growth, which could translate into a sustainable economic rebound that supports equity markets and a load of other China proxy assets," he said.

Japan's Nikkei 225 made gains, and led most Asian markets slightly upward with South Korea, Taiwan, India, and Australia all rising.

But Hong Kong plummeted by its largest margin in three weeks after a four-day holiday hiatus over concerns around Beijing's tough tech-sector regulations and overall growth in China.

Yellen to call for increased economic pressure on Russia

AFP, Washington

US Treasury Secretary Janet Yellen this week will call on her counterparts to ramp up the economic pain on Moscow over its invasion of Ukraine, a senior Treasury official said Monday.

Yellen will participate in the spring meetings of the IMF and World Bank, as well as gatherings of finance officials from the G7 and G20 nations, where the fallout from the war will be a key topic of discussion.

"The secretary believes the Russian invasion of Ukraine has demonstrated the need for the world's largest economies to stand together to defend international order and protect peace and prosperity," the official told

reporters. "She will use this week's meetings to work with allies to continue our united efforts to increase economic pressure on Russia while mitigating spillover effects."

The IMF and World Bank have warned of the devastating costs the war is imposing on the global economy, especially through rising prices for energy and food at a time of high inflation. Western sanctions on Moscow have contributed to inflation pressures, hitting the poorest countries the hardest.

While Yellen is "deeply concerned" about the impacts, "We are firm in our resolve to hold Russia and its leadership accountable, and have imposed crippling sanctions," the official said.

Explain aggressive sale order

BSEC asks 15 stockbrokers

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) yesterday served show cause notices to 15 stockbrokers for placing aggressive orders for selling shares.

The stockbrokers placed share sell orders during the 15-minute window before the start of today's trading at ceiling prices, which is 2 per cent lower than the previous day's closing price.

"This sort of activity may be treated as unlawful and with mal-intent," the show cause notice read. The stockbrokers are ordered to place share selling order at prices higher than the ceiling rate.

The prices can be set at the ceiling rates later if they do not find buyers, said Mohammad Rezaul Karim, spokesperson and executive director of the BSEC. The BSEC has instructed the stockbrokers to explain their position within 48 hours from the issuance of the letter.

The stockbrokers are: Shahed Securities, Bank Asia Securities, Sheltech Brokerage, IDLC Securities, S&H Equities, LankaBangla Securities, BD Finance Securities, MTB Securities, Mercantile Bank Securities, UCB Stock Brokerage, Globe Securities, Shanta Securities, Island Securities, Quayum Securities and Midway Securities.

Anti-money laundering assoc gets new leaders



Ziaul Hasan Molla

Chowdhury Moinul

STAR BUSINESS DESK

Mohammad Ziaul Hasan Molla, deputy managing director of Bank Asia, and Chowdhury Moinul Islam, deputy managing director of Brac Bank, have been elected chairman and general secretary of the Association of Banks in Bangladesh for 2022-23.

The election was held in Cox's Bazar recently to form a 15-member executive committee, said a press release.

Other elected office bearers are Additional Managing Director Md Mustafa Khair of First Security Islami Bank (vice chairman-1), Additional Managing Director Syed Faridul Islam of United Commercial Bank (vice chairman-2), Deputy Managing Director Maksud Khanam of EXIM Bank Bangladesh (treasurer), Additional Managing Director Mohammad Ali of Pubali Bank (joint secretary-1), and Chief Compliance Officer Sharon Dsouza of HSBC (joint secretary-2).

Eight executive committee members were elected chief anti-money laundering compliance officers of Rupali Bank, National Bank, Shimanto Bank, Jamuna Bank, City Bank, Agrani Bank, Al-Arafah Islami Bank and Habib Bank.

Farmers get loan rescheduling facility

STAR BUSINESS REPORT

The Bangladesh Bank yesterday relaxed the rescheduling policy for short-term farm loans to support farmers in the wake of rising prices of agricultural items in the global market.

As per the new policy, farmers will be able to have their default loans rescheduled without any down payment.

They will also enjoy a six-month grace period and the repayment tenure of the loans will be three years, said the BB in a notice.

Farmers usually have to repay their short-term loans by 12 months and are given a maximum 18 months in repayment tenure when the loans turn sour.

After the rescheduling of the loans, banks will now be able to extend fresh loans without taking any deposits from farmers.

The farmers who are facing certificate cases will also qualify for the relaxed facility. In such a situation, banks will have to have the procedure of cases suspended or settle them based on the agreement with borrowers.

The move comes at a time when the onrush of water inundated standing Boro paddy fields in the haor areas, dashing hopes for food security and income of hundreds of farmers in the northeast region.

The haor areas, comprising the Sylhet division and a part of the Mymensingh division, make up 16 per cent of the total annual Boro rice production in the country.

The price of agriculture items has increased in the global market owing to the Russia-Ukraine war, supply disruptions and demand recovery, making imports expensive.

Atiur Rahman, a former governor of the central bank, welcomed the move, saying the decision would provide respite to farmers to continue farm activities.

"The farm sector helped keep the wheels of the economy running during the height of the pandemic."



Paddy undergoes threshing for the edible part of the grain to be loosened from the straw. Farmers have planted paddy on increased areas of land during the current Boro cultivation season after being encouraged by higher prices for the staple grain in the domestic market for the last one year. The photo was taken near Ashulia of Savar recently.

PHOTO: ANISUR RAHMAN

DSE turnover up 53pc on BSEC move

STAR BUSINESS REPORT

Stocks in the Dhaka bourse returned to the black yesterday on falling by a massive extent for the past two days while turnover rose 53 per cent.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), rose 47 points, or 0.73 per cent, to reach 6,530 at the end of the day.

Both the DS30, the blue-chip index, and DSES, the Shariah-based index, went up by 26 points and 14 points respectively.

Turnover of the DSE also increased 53 per cent to Tk 599 crore from that the previous day.

Market analysts say the market and turnover soared as some of the institutional investors responded to a Bangladesh Securities and Exchange Commission (BSEC) letter to stockbrokers last Monday urging them to increase their participation in the market.

The main bourse of the country bounced back after a two-day slump as the bargain hunters exhibited an interest in making sector-wise purchases, said International Leasing Securities in its daily

market review.

The investors got back their confidence for the BSEC proposal for brokers, dealers, merchant bankers and asset management companies to take initiatives to make fresh investments through their own portfolios, it said.

Meanwhile, the turnover also increased significantly due to the active participation of the optimistic investors.

With the recent fall of the index, many stocks had been downed to their lowest in a year which lured some investors into participating in trade, said a stockbroker.

On the other hand, several listed companies disclosed some good news which attracted investors and these stocks rose. As the companies are based on big capital, it positively impacted the index, he added.

Bangladesh Submarine Cable Company announced on Monday that it would increase its planned investment to connect to a third submarine cable by 25 per cent to avail double the bandwidth.

With Tk 870 crore, the company will now get 13,200 Gbps from the South East Asia-Middle East-Western Europe 6 (SEA-ME-WE 6) consortium.

Yesterday, stocks of the company rose 6 per cent to Tk 220 at the DSE.

Stocks of Doreen Power Generations and Systems soared 7.60 per cent to Tk 78 on news going public that its profits had jumped 54 per cent in the first nine months of financial year 2021-22.

The power producer logged consolidated profits of Tk 134 crore between July 2021 and March 2022 while it was Tk 87 crore during the same period in the previous financial year.

Among the sectors, fuel and power rose 1.8 per cent and ceramic 1.6 per cent. According to the turnover, investors' attention was mainly concentrated on miscellaneous (15.6 per cent), pharmaceuticals & chemicals (10.8 per cent) and bank (8.8 per cent).

At the DSE, 195 stocks advanced, 132 declined and 51 remained the same.

JMI Hospital Requisite Manufacturing topped the gainers' list with a rise of about 10 per cent. The Doreen Power Generations and Systems, Janata Insurance Company, IBN SINA Pharmaceutical Industry and Bangladesh Submarine Cable Company also saw major gains.

ADP spending gains pace

STAR BUSINESS REPORT

Public expenditure for development programmes gained pace in March this fiscal year, taking the overall implementation rate to a three-year high of 45.5 per cent, according to official data.

In March, government agencies increased their spending by 10.53 per cent year-on-year to Tk 22,867 crore for various projects under the Annual Development Programme (ADP).

Overall implementation of the ADP in terms of expenditure rose to Tk 98,934 crore in the July-March period of fiscal year 2021-22 from Tk 87,735 a year ago, according to data from the Implementation Monitoring and Evaluation Division (IMED) under the planning ministry.

"Development related activities have increased. We have also seen that foreign tours for education purposes which were stalled for pandemic-induced travel restrictions have increased," said a senior official of the IMED.

Besides, historically, the pace of implementation of the ADP increases from March every fiscal year.

"That trend is on this year too. Usually, the implementation rate remains in the take off stage in the first quarter and then gradually gains momentum," the official said.

The government initially allocated Tk 225,324 crore for the ADP for fiscal year 2021-22, which was 14 per cent higher than the revised allocation for the previous fiscal year.

In March, the government revised down the ADP allocation by nearly 4 per cent to Tk 217,175 crore for the ongoing fiscal, ending in June. This means that public agencies will be required to spend Tk 118,241 crore in the last quarter, which given the previous years' trend of implementation is unlikely.

Oil price dips on demand concerns

REUTERS, London

Oil prices fell in volatile trading on Tuesday on demand concerns after the International Monetary Fund (IMF) reduced its economic growth forecasts and warned of higher inflation.

Brent crude was down \$3.94, or 3.4 per cent, to \$109.22 a barrel at 1338 GMT, having risen more than \$1 to \$114.21 earlier in the session.

US West Texas Intermediate crude fell \$3.80, or 3.5 per cent, to \$104.41 after touching \$108.92.

The IMF on Tuesday cut its forecast for global economic growth by nearly a full percentage point, citing Russia's invasion of Ukraine, and warned that inflation is now a "clear and present danger" for many countries.

The bearish outlook added to price pressure from the dollar trading at a two-year high. A firmer greenback makes commodities priced in dollars more expensive for holders of other currencies, which can dampen demand.

Concerns over demand growth were already in focus after a preliminary Reuters poll on Monday showed US crude oil inventories are likely to have risen last week.

Sign FTA with Korea that benefits both

FROM PAGE B1

In 2021, bilateral trade stood at around \$1.525 billion with a negative balance of \$727 million for Bangladesh, he said.

He said currently, around 95 per cent of Bangladeshi items exported to South Korea receive a duty-free quota-free facility under a preferential scheme for the LDCs.

Kihak Sung, chairman and CEO of Youngone Corporation, said the investment of Youngone Corporation in Bangladesh was about \$600 million.

In the next five years,

readymade garment export to South Korea will cross \$1 billion, he hoped.

As South Korean investments are coming in to Bangladesh's high-tech industries, stable and high quality energy supply is very important, he opined.

He urged for smoother customs and port facilities, an easy tax regime, smooth inland transportation system and product diversification.

He also stressed the importance of enhancing labour productivity and efficiency for better production.

Youngone Corporation has already developed a high-tech park together with the Bangladesh government and is going to invest a minimum of \$200 million in the next couple of years, said Sung.

M Delwar Hossain, Bangladesh ambassador to South Korea, said South Korea was the fifth largest foreign investor in Bangladesh.

South Korean investors are now showing interest to invest in electronics, home appliances, automobile and high-tech industries, he said.

Inflation sprints

FROM PAGE B1

research director of the South Asian Network on Economic Modeling, called for identifying labourers and fixing a minimum wage for them.

Then the government can move for putting in place a system to adjust wages in line with inflation, she said.

She says the government should also introduce identification cards so that it can extend some form of

prices, said the World Bank in its latest report.

In a write-up yesterday, Pierre-Olivier Gourinchas, economic counsellor and director of the research department of the International Monetary Fund, said inflation has become a clear and present danger for many countries.

Even prior to the war, it surged on the back of soaring commodity prices and supply-demand imbalances.



social safety net assistance to them when they need it most.

"Our ultimate target would be introducing an unemployment insurance scheme," said Bidisha, also a professor of economics at the University of Dhaka.

Countries could expect a higher inflation rate for the rest of 2022 and beyond.

For Bangladesh, the inflation outlook has worsened due to the war in Ukraine and associated sanctions that resulted in higher global commodity

"We now project inflation will remain elevated for much longer," he said.

Gourinchas urged central banks to adjust their policies decisively to ensure that medium- and long-term inflation expectations remain anchored.

"Several economies will need to consolidate their fiscal balances. This should not impede governments from providing well-targeted support for vulnerable populations, especially in light of high energy and food prices."

IMF cuts global growth forecast

REUTERS, Washington

The International Monetary Fund on Tuesday slashed its forecast for global economic growth by nearly a full percentage point, citing Russia's war in Ukraine, and warning that inflation was now a "clear and present danger" for many countries.

The war is expected to slow growth and further increase inflation, the IMF said in its latest World Economic Outlook, while warning that its forecast was marked by "unusually high uncertainty."

Further sanctions on Russian energy and a widening of the war, a sharper-than-forecast deceleration in China and a renewed flare-up of the pandemic could further slow growth and boost inflation, while rising prices could trigger social unrest.

The global lender, which downgraded its forecasts for the second time this year, said it now

projects global growth of 3.6 per cent in 2022 and 2023, a drop of 0.8 and 0.2 percentage point from its January forecast, given the war's direct impacts on Russia and Ukraine and global spillovers.

Medium-term global growth is expected to decline to about 3.3 per cent over the medium-term, compared to an average of 4.1 per cent in the period from 2004 to 2013, and growth of 6.1 per cent in 2021.

"Global economic prospects have been severely set back, largely because of Russia's invasion of Ukraine," IMF chief economist Pierre-Olivier Gourinchas wrote in a blog released Tuesday with the revamped outlook.

The war has exacerbated inflation that already had been rising in many countries due to imbalances in supply and demand linked to the pandemic, with the latest lockdowns in China likely to cause new bottlenecks in global supply chains.

Businesses bashed by New Market

FROM PAGE B1

planned to visit New Market on Tuesday for shopping but ultimately returned to home after seeing the shops were closed.

"I just bought some clothes, shoes and perfumes from different malls in Mirpur," he added.

Helal Uddin, president of the Bangladesh Dokan Malik Samiti, said it is

unfortunate that the clash occurred during this peak sales season.

"The New Market area houses around 15-16 big malls where 150,000 businessmen are involved. The total sales loss would be over Tk 70 crore," Uddin added.

He went on to say that law enforcement agencies had assured that they would

be able to open the market from yesterday evening as the clash would have been dealt with by then.

According to Dewan Aminul Islam Shahin, president of the Dhaka New Market Business Association, there are over 10,000 shops in the area.

He urged everyone to behave rationally as such clashes benefit no one.

Don't charge over 1pc for export

FROM PAGE B1

As per the central bank policy, the exporters in the manufacturing sector are allowed to get the fund at 2 per cent interest, of which lenders can enjoy 1 per cent interest.

The BB in its notice said that the ongoing export trend created a

huge demand for input procurement, leading to pressure on EDF loans, the volume of which now stands at \$7 billion.

Imposing the ceiling will help exporters run their industries in a smooth manner, the official said.

Export receipts hit \$4.76 billion in March, the

highest ever on record in a single month, posting 55 per cent growth year-on-year.

In March, the total earnings from shipping goods abroad rose 33.4 per cent year-on-year to \$38.6 billion in nine months since July of 2021-22 fiscal year.

China likely to lower benchmark lending rates

REUTERS, Shanghai

Benchmark lending rates for China's commercial banks are likely to be lowered at a monthly fixing on Wednesday, a Reuters survey showed, as Beijing cautiously eases monetary conditions to aid an economy hit by coronavirus lockdowns in several cities.

The loan prime rate (LPR), which banks normally charges their best clients, is set on the 20th of each month, when 18 designated commercial banks submit their proposed rates to the People's Bank of China.

A vast majority of the 28 traders and analysts surveyed in a snap Reuters poll on Tuesday expect a reduction this month.

Among them, 11, or 39 per cent of all respondents, predicted a marginal cut of 5 basis points (bps) to both the one-year loan prime rate (LPR) and the five-year rate on Wednesday.

Expectations for imminent monetary easing were heightened last week when the central bank cut the amount of cash banks must hold in reserves

Another six participants also expect a reduction to either rates within a range of 5 to 10 bps. The remaining 11 respondents expected both rates to remain unchanged this month.

Most new and outstanding loans in China are based on the one-year LPR, which currently stands at 3.7 per cent. The five-year rate, which influences the pricing of home mortgages, is 4.6 per cent.

China last lowered the LPR in January, and has held the rates steady in the following two months.

Expectations for imminent monetary easing were heightened last week when the People's Bank of China (PBOC) cut the amount of cash banks must hold in reserves.

"The easing cycle is still underway, but is not in the traditional format," said Ken Cheung, chief Asian FX strategist at Mizuho Bank, who expected a 10 bps cut in the LPR on Wednesday.

The PBOC has eased policy cautiously, lowering the RRR by a smaller-than-expected margin to provide a relatively modest cash injection.



A view of the Carew & Co (Bangladesh) complex in Chuadanga. Record low sugarcane threshing could cost the company dearly this season as most of its products require alcohol made with sugar.

PHOTO: AMANUR AMAN

Sugarcane shortage a concern for Carew

State-owned distillery records lowest threshing in its 84-year history

AMANUR AMAN, Kushtia

Carew & Co (Bangladesh) Ltd, the country's sole state-owned distillery, could face a shortage of sugar as sugarcane threshing at its mill in Chuadanga hit an all-time low this season.

This is the first time in Carew's 84-year history that it may have to make do with an inadequate supply of sugar, which is a key ingredient for preparing alcohol.

Company sources say they cultivated sugarcane on just 4,627 acres of land in the district this season, down by about 46 per cent compared to 8,532 acres during the same period in financial year 2020-21.

Of the total acreage, Carew grew the crop on 989 acres of land across 10 agricultural and experimental farms while people in the mill zone planted the rest.

The sugar mill incurred losses of Tk 69.5 during the FY2020-21 threshing season but now, company officials fear this year's losses may even exceed Tk 72 crore.

The primary cause for such a disruption to the supply chain has been identified as a lack of fertilisers while many farmers are also to blame for supplying an older variety of the crop instead of the new, higher-yielding one.



And since the stalk takes about one-and-a-half years to grow, farmers are switching to more lucrative crops, such as paddy, jute and corn.

Sugarcane farmers in the mill's zone said no loans were given to pay for fertilisers, pesticides and irrigation, which require 11 per cent interest to be paid when collecting them.

In addition, the mill hands out permits for the purchase of sugarcane from local farmers, but in many cases the farmers do not get a permit before their crops rot in the field.

Carew officials claim that the recent closure of six sugar mills created a negative perception among farmers about planting sugarcane.

Besides, farmers claim that they are losing interest in sugarcane cultivation due to the mismanagement of sugar mills.

Carew's large industrial

factory was first established in 1938 with a combination of a sugar industry, distillery and commercial farms in Chuadanga.

The institution was nationalised post-independence in 1973 and since then, it has been operating as Carew & Co under the Bangladesh Sugar and Food Industries Corporation. A total of 1,200 people are directly involved with the business while about 15,000 others are indirectly employed.

At the same time, various organisations have been established in the area centring this agro-based sugar industry. There are 3,335.56 acres of land in the mill's farming zone, of which commercial farming is conducted on 3,055.84 acres.

Each season, the sugar mill authorities plant sugarcane on an average of about 1,500 acres of land.

According to Carew sources, it was possible to keep the mill running for only 51 days in the current season, which ended on February 13, to produce 3,023 tonnes of sugar. The average rate of sugar extraction was 5.62 per cent.

However, the mill authorities have yet to reveal how much money has been lost this season due to the supply disruption.

The mill produced 5,883 tonnes of sugar in 2020-21 with an average extraction rate of 5.25 per cent but still counted losses of about Tk 69.51 crore that season.

In the 2019-20 season, the mill produced 5,142 tonnes of sugar and incurred losses of around Tk 70.77 crore. Abdul Bari, general secretary of the Sugarcane Welfare Association, said the mill is yet to be modernised as it still relies on manual labour to collect and thresh sugarcane.

"This ancient method takes more time and manpower while production is low," he said.

"As a result, the production cost of sugar is constantly increasing every year," Bari added.

On the other hand, Mosharraf Hossain, managing director of Carew, said modernisation of the mill has begun.

READ MORE ON B2

Is data localisation an economically viable option?



ABU EUSUF and JILLUR RAHMAN

Bangladesh's Information and Communication Technology (ICT) sector has shown phenomenal annual growth after the launch of the Digital Bangladesh initiative in 2010.

The ICT, marked as a thrust sector, with high growth opportunities, job creation, and positive spill-over effects on other sectors, has become instrumental in continuing robust economic growth. Therefore, the Digital Bangladesh initiative has now been extended further under Vision 2041, with the enhancement of the ICT sector and the use of effective technology for socioeconomic development being at its core.

In the era of the Fourth Industrial Revolution, digital trade has taken a central role around the world, facilitated by the free flow of cross-border data and digitalisation. With six out of 10 people worldwide utilising the internet, the world today is more connected than ever, resulting in enormous data flows. This link is expected to expand further.

Increased internet penetration and the emergence of IT-enabled services (IT-es) are dramatically changing how people live, work, trade, communicate, and practically do everything else, eventually boosting cross-border data flows (CBDF).

It is imperative for Bangladesh to judiciously navigate the digital fields, carefully assessing the local and global impacts of potential rules and regulations related to data flows and streamlining such laws

Such flows generate the potential for capturing new markets without the need to physically enter them, enabling small companies to reach out to potential clients all around the world by using internet platforms such as eBay or Alibaba.

According to industry experts, Bangladesh is projected to see a rise in CBDF because of the growing use of IT-enabled services and the expansion of electronic commerce (e-commerce) in the country. This signifies that the influence of policies facilitating CBDF is not limited to the technology sector but also impacts traditional industries.

As a result of digital transformation facilitating simpler global trade, new business models have emerged that increasingly rely on data. This has resulted in the creation of new risks related to data misuse.

Several governments, including in Bangladesh, are considering data protection and restriction policies. Such rules govern the usage of data, including data privacy and security. Measures under consideration include data localisation, restricting data transfers outside the country and conditional flow regime and imposing constraints on data flow, storage, and processing.

The Bangladesh government is gradually adopting data governance through laws such as the Digital Security Act of 2018 and the Information and Communication Technology Act of 2018.

The Data Protection Act is currently being prepared. The Act aims to protect personal data in terms of life, property, the freedom of opinion, speech, and conscience, as well as the right to privacy, secrecy, and personal identification. While this law will serve as a formal basis for

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WB plans \$170b crisis fund for poor nations

AFP, Washington

The World Bank is seeking to create a \$170 billion emergency fund to help the poorest nations being buffeted by multiple crises, the bank's President David Malpass said Monday.

The "crisis response envelope" will continue the work begun during the Covid-19 pandemic, and help countries deal with surging inflation, which was made worse by the Russian invasion of Ukraine as well as the "severe financial stress" caused by high debt levels, he said.

"This is a continued massive crisis response," Malpass told reporters. High debt and inflation "are two big problems facing global growth," he said.

"I'm deeply concerned about developing countries. They're facing sudden price increases for energy, fertilizer and food." The Washington-based development lender last week downgraded its forecast for global growth this year, and the IMF is expected to do the same when it releases its updated forecasts on Tuesday.

Speaking ahead of this week's spring meetings of the IMF and World Bank, Malpass said the 15-month aid fund would run through June 2023 and build on the \$157 billion Covid-response fund, which expired in June 2021.

"We expect to commit around \$50 billion of this amount in the next three months," he said, adding that he plans to discuss the fund with the bank board in coming weeks. Malpass repeated his concern for poor countries facing high debt levels, noting that 60 per cent of low-income countries already face debt distress or are at high risk.



Sri Lankan people stand in a long queue to buy kerosene oil for cookers amid a shortage of domestic gas due to the country's economic crisis, at a fuel station in Colombo on March 21.

PHOTO: REUTERS/FILE

High debt could slow countries' recoveries

IMF says

AFP, New York

Debt accumulated by businesses and individuals worldwide could slow economic recoveries from the pandemic crisis, the IMF warned Monday.

Governments took exceptional measures to support their economies as Covid-19 spread two years ago, including rolling out debt repayment suspensions or offering large-scale loans.

But these programs resulted in higher debt levels for some sectors, including those most disrupted by the virus, like tourism and restaurants, as well as low income households, the Washington-based crisis lender said.

In a chapter of its World Economic Outlook, the IMF said the debt burden

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