

Star BUSINESS



PHOTO: AMRAN HOSSAIN

A visitor takes a closer look at products put on display at the 12th Bangladesh Denim Expo organised at International Convention City Bashundhara in Dhaka yesterday.

Bangladesh to remain RMG hotspot in future

Buyers say as denim expo kicks off in Dhaka

REFAYET ULLAH MIRDHA

Bangladesh will remain as the preferred sourcing destination for readymade garment (RMG) items well into the future as the country has substantially improved production facilities and on compliance with regulations over the last few years, said international clothing retailers and brands yesterday.

Since the Rana Plaza building collapse in April 2013, Bangladesh's workplace safety and compliance with regulations improved a lot, said the foreign buyers.

As a result, retailers and brands are coming over with an increased volume of work orders, especially with improvements in the Covid-19 situation, as the local apparel sector has also proved its strength.

"Bangladesh is the most important sourcing destination for our company," said Ziaur Rahman, Swedish retail giant H&M's regional head for Bangladesh, Pakistan and Ethiopia, on the sidelines of the 12th Bangladesh Denim Expo in Dhaka.

"Bangladesh is a very important market for us. We will stay here," he said, adding that currently his company was sourcing apparel items from 300 garment factories.

"Bangladesh is in the right direction in terms of workplace safety, compliance and product diversification. It is possible to export \$100 billion garment items in the next 10 years," said Rahman.

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BB toughens stance against luxury imports

Banks asked to take up to 75pc of LC payments in advance amid falling forex reserves

AKM ZAMIR UDDIN

In the face of falling foreign exchange reserves, Bangladesh Bank yesterday instructed banks to take up to 75 per cent of import payments in advance from businesses to open letters of credit (LCs) for luxury and non-essential goods.

The central bank took the decision in preparation of upcoming import payment adjustments to the Asian Clearing Union (ACU) which are estimated to eat away \$2.24 billion of the country's foreign exchange reserves, said a BB official.

The reserves, which stood at \$44 billion on April 30, may decline to less than \$42 billion today once the BB adjusts the import payments, which have already been paid to the ACU last week.

The ACU is an arrangement through which participating countries settle import payments for intra-regional

transactions.

Bangladesh, Bhutan, India, Iran, the Maldives, Myanmar, Nepal, Pakistan and Sri Lanka are members of the Tehran-headquartered ACU, which was established in 1974.

On April 11, banks were instructed to impose a margin of at least 25 per cent on the opening of LCs for non-essential consumer goods. However, this has failed to contain a rise in import payments.

The central bank in its previous circular did not delineate the items that faced the margin. But this time it mentioned several luxury and non-essential items which would face the high margin.

As per the latest BB notice, banks will have to impose a margin of at least 75 per cent on the opening of LCs for electronic goods such as air conditioners, refrigerators and washing machines.

The same margin has to be

maintained for opening LCs for sedans and SUVs.

Importers have to keep a margin of 50 per cent on the opening of LCs for non-essential items like clothes and other goods.

customers.

The country's foreign exchange market has remained volatile due to an incessant rise in import payments and declining inward remittances in recent months.

between July and March.

The BB has also depreciated the taka against US dollar four times this year to contain imports, but the expected results are yet to materialise.

The latest devaluation came on May 9 when the BB depreciated the inter-bank exchange rate by Tk 0.25 to Tk 86.70 per USD. The inter-bank exchange rate stood at Tk 84.80 on May 9 last year.

Because of a shortage of the foreign currency in the banking sector, importers now have to buy the American greenback at a rate as high as Tk 95 to settle import bills.

The central bank is also injecting greenbacks into the market in large volumes to support banks such that they can settle import payments smoothly. It has so far sold around \$5 billion this fiscal year.

The central bank bought a record amount of \$7.93 billion

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The central bank, however, did not impose any margin on essential commodities such as baby food, fuel oil, lifesaving drugs, and the products for the farm, export and local industrial sectors. For these items, banks can maintain margins based on their relationship with the

The country's import payments increased 44 per cent year-on-year to \$61.5 billion in the first nine months of the current fiscal year. Exports grew 33 per cent to \$36.6 billion during the period.

Against this backdrop, the trade deficit rocketed to an all-time high of \$24.90 billion

Inequality contradicts 'high' per capita income

AHSAN HABIB

"Per capita income is the income that is not seen by mass people but built on a few people."

A satirical outburst of anguish rather than a terminology, this comment was left by a reader in the Daily Star's Facebook page yesterday on a news post which stated that provisional per capita income of Bangladesh had gone up 9 per cent to \$2,824 in 2021-22.

Soon after the news was published, most readers started to repeatedly point out in the social media platform that this per capita income was in no way a reflection of their earnings.

Planning Minister MA Mannan said people were making purchases on a large scale in rural areas, which means that incomes had gone up for all.

It may be by a low percentage or high, but their income rose surely, he said while addressing a press briefing after a meeting of the Executive Committee of the National Economic Council.

Shamsul

Alam, state minister for planning, echoed him, saying long queues were commonplace at supermarket checkouts nowadays.

The village markets are no exception. Moreover, inflation is higher in rural areas because demand and buying power are high in those areas.

Wages also rose in the villages and even workers are scarcely available, he added.

While the government is resting on its laurels, people are seeing it as a mockery of their woes.

So, the question that naturally comes into mind is: why does such discrepancy prevail?

According to economists, the figure of the per capita income does not depict the real scenario afflicting the masses, with society plagued with high disparity and high prices.

As per the latest Household Income and Expenditure Survey (HIES) of the

Bangladesh Bureau of Statistics (BBS), the country's Gini coefficient, which is the economic measure of equality, stood at 0.482 in 2016, up from 0.458 in 2010.

The Gini coefficient is measured on a scale of 0 to 1; the closer it is to 1, the higher the inequality in society.

Now, the Gini coefficient of Bangladesh is at an all-time high, which means that inequality in society is also at an all-time high.

Debapriya Bhattacharya, distinguished fellow of the Centre for

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SINGLE POINT MOORING

Project cost goes up for 3rd time

STAR BUSINESS REPORT

The government yesterday revised the budget for the Installation of Single Point Mooring (SPM) with the Double Line Project for the third time, increasing it by more than 8.5 per cent.

The cost of the project increased by 44 per cent from the original budget due to delays in securing loans, additional work for shifting the already installed underwater pipeline to a deeper position than what it was in the original design, increase of foreign currency rate, and other reasons.

The original cost of the project was Tk 4,935.97 crore while in the first revision, it was raised to Tk 5,426.27 crore. In the second revision, the cost increased to Tk 6,568.27 crore.

The third revision yesterday took the cost to Tk 7,124.62 crore.

The original cost of the project was Tk 4,935.97 crore, but the third revision yesterday took the cost to Tk 7,124.62 crore

The third revision of the project was approved at a meeting of the Ecneec yesterday. Prime Minister Sheikh Hasina chaired the meeting through video conferencing from Gono Bhaban.

The new deadline is now set at June 30, 2023, which was earlier set at June 30, 2022 after the second revision of the tenure.

The SPM will be able to unload 120,000 tonnes of crude oil from tankers in 48 hours and 70,000 tonnes of diesel in 28 hours.

The project aims to ensure the unloading of imported crude oil and finished products with ease, safety, at a low cost and within a short time, reducing system losses and cost experienced in the existing lighterage operation of the imported crude oil and finished products, according to project documents.

Under the project, three oil depots for crude oil and three storage tank farms for diesel will be set up at Moheshkhali to ensure energy security of the country by enhancing its capacity to stock and store petroleum oil.

The project will establish a SPM and Pipeline End Manifold, set up a total of 220 kilometres of offshore and onshore pipelines, tanks and farms at Moheshkhali as well as carry out land acquisition and offer compensation.

The project was originally undertaken in 2012

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STOCKS	
DSEX ▼	CASPI ▼
0.48%	0.54%
6,665.61	19,531.90

COMMODITIES	
Gold ▲	Oil ▲
\$1,858.25	\$102.76
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.19%	▼ 0.58%	▼ 1.25%	▲ 1.06%
54,364.85	26,167.10	3,234.19	3,035.84



Reza Ahmad

IDLC Finance gets new chief investment officer

STAR BUSINESS DESK

A new chief investment officer has been appointed at IDLC Finance who will also serve as the lead director of IDLC Investments.

The appointee, Reza Ahmad, previously served as adviser of finance, treasury management and investment and trade at Ananta Group and financial adviser at Energypac Engineering, said a press release.

He also worked in Hongkong and Shanghai Banking Corporation (HSBC), Citi NA, Standard Chartered Bank and Eastern Bank in Bangladesh.

Ahmad obtained a master's degree in accounting from the University of Dhaka.

Malaysia may cut palm oil export tax

REUTERS, Kuala Lumpur

Malaysia's commodities ministry has proposed cutting export tax on palm oil by as much as half to help fill a global edible oil shortage and grow the market share of the world's second-largest palm oil producer.

Plantation Industries Minister Zuraida Kamaruddin said on Tuesday her ministry has proposed the cut to the finance ministry. Malaysia could reduce the tax, likely a temporary measure, to 4 per cent from 6 per cent from the current 8 per cent, Zuraida said. A decision could be made as early as June.



The all too familiar clamour of buyers and sellers is yet to be revived at Karwan Bazar, one of the biggest commodity marketplaces in the capital, following the Eid-ul-Fitr holidays. On top of this, a few customers who did arrive were forced to make a hasty retreat for sudden showers yesterday afternoon.

PHOTO: PALASH KHAN

Russia's sanctioned oligarchs lose luxuries

AFP, London

From superyachts and mansions to private jets and works of art, mega-rich Russians are being deprived of their expensive playthings, under swingeing sanctions that implicate them in Vladimir Putin's war in Ukraine.

The seizing and freezing of assets is proving the toughest trial yet for the Kremlin-favoured "oligarchs", many of whom got rich on the back of the collapse of the Soviet Union.

In Britain, more than 100 oligarchs and their families have been slapped with restrictions. The United States has sanctioned 140 and the European Union more than 30.

UK Transport Secretary Grant Shapps has said the move was designed to hit them where it hurts - denying them "access to their luxury toys".

The British capital has for years been dubbed "Londongrad" after becoming a haven for Russians to keep their money, educate their children and pursue litigation.

"The welcome mat is now being

taken away from Russian oligarchs," The Economist wrote.

Even the high-profile Roman Abramovich has been targeted, forcing him to put Chelsea Football Club, which he bought in 2003, up for sale.

But acting against so many in a highly globalised major economy is "totally uncharted territory", said researcher Alex Nice, from the Institute for Government think-tank.

Whenever the war ends, a deep rift between the West and Russia will remain, even if the assets are just frozen, rather than expropriated, he added.

"There doesn't seem to be any prospect that these sanctions will be lifted any time soon," said Nice.

In Moscow, the independent Russian political analyst Konstantin Kalachev said Putin's "special operation" in Ukraine could last "for years" -- and even be widened to fulfil his dream of recreating the Russian empire. If the decision is down to Ukraine, "they will never lift them (sanctions)", he told AFP.

There's no question that the sanctions

have hit home.

Forbes magazine last month removed 34 Russians from its annual billionaire list citing the "avalanche of sanctions".

"The war is an absolute disaster for them," said Elisabeth Schimpföessl, a lecturer in sociology at Aston University in Birmingham, central England, and author of a book called "Rich Russians".

Petr Aven, known for his extensive collection of Russian art, told The Financial Times newspaper he was unsure if he was "allowed to have a cleaner or a driver" and faced expulsion from the UK.

His long-term business partner, Mikhail Fridman, told Bloomberg news agency he was "in shock" and also struggling to pay a cleaner. Many oligarchs have multiple citizenships and are not rushing back to Russia.

The West has been a "base that they can go to at any moment when they fear prosecution in Russia", said Schimpföessl.

"Oligarchs never bothered developing Russia's rule of law."

The scale of assets targeted is staggering.

Mohd Safwan Choudhury re-elected Bank Asia vice-chairman

STAR BUSINESS DESK

Mohd Safwan Choudhury has been re-elected vice-chairman of Bank Asia at the 473rd meeting of the board of directors of the bank recently.

Choudhury is an eminent industrialist of the country.

He is the managing director of M. Ahmed Tea & Lands Company, Phulbari Tea Estates, M. Ahmed Cold Storage, Premier Dyeing & Calendaring and M. Ahmed Food & Spices, says a press release.

He is also a former president of the Sylhet Chamber of Commerce & Industry and served as the chairman of Bangladesh Tea

Association. Choudhury is the president of the Friends In Village Development Bangladesh (FIVDB), a non-government organisation (NGO) providing primary education to underprivileged children.



Stocks break gaining streak

STAR BUSINESS REPORT

The stocks in Bangladesh dropped yesterday after increasing in the last couple of days.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), slid 32 points, or 0.48 per cent, to 6,665 at the end of the day.

However, the turnover of the premier bourse rose to Tk 1,258 crore while it was Tk 1,208 crore a day back.

At the DSE, 130 stocks advanced, 205 declined and 45 others remained unchanged.

ACI Formulations rose the most with a 10 per cent growth. Bangas, National Feed Mills, Dacca Dyeing, and Envoy Textile were also among the gainers' list.

Imam Button shed the most, dropping 5 per cent followed by Savar Refractories, JMI Hospital, Bangladesh Monospool Paper, and The Peninsula Chittagong.

Beximco Ltd became the most traded stock with shares worth Tk 36 crore changing hands followed by JMI Hospital, Shinepukur Ceramic, Eastern Housing, and Unique Hotel.

The Chittagong Stock Exchange (CSE) also dropped yesterday. The CASPI, main index of the port city bourse, fell 65 points, or 0.55 per cent, to 11,718.

Among 309 stocks, 124 advanced, 155 fell and 30 remained unchanged.

Keep in mind Ukraine war

FROM PAGE B4

The war and the dragging pandemic have sent the prices of commodities and everyday items to a new high as the global supply chain has received a renewed blow. As a result, inflation is rising to record levels in many countries.

"Inflation has had an impact in many countries. It is bound to have an impact on Bangladesh," said Sen.

Inflation in Bangladesh rocketed to a 17-month high in March driven by higher food costs.

The economist thinks that the war can create a crisis related to the prices of oil, gas, metals, fertilizer, wheat and other foodgrains.

"So, there have to be some block allocations by taking this situation into account. There has to

be additional allocation to tackle the fallout stemming from the war and any new wave of coronavirus. We have to put in place institutional preparedness to meet up those contingencies."

Sen was also asked about the country's perennial failure of implementing budgets in their entirety.

One way to encourage public spending, he advises, would be to decentralise public spending by increasing block allocations for the lower-tier governments such as union councils and municipalities.

"The upcoming budget should focus on raising the spending capacity of the local government to reduce the pressure on the central government. We will have to rely more on the local governments."

To start with, 10 per cent of the budget should go to the local governments. "We have to create scopes for them to spend. This will help them use funds when they are needed. Otherwise, if we continue relying on ministries, the allocation will not be utilised."

He called for increasing the spending capacity of the implementing agencies.

According to Sen, expenditure may shoot up to meet the contingency needs amid higher oil prices. And the budget deficit will widen too as revenue generation may face shortfall and export earnings may not be at the expected level.

"However, there is no need to panic since Bangladesh's budget deficit has not gone out of control."

As the possibility of

another coronavirus wave can't be ruled out, Sen suggests Bangladesh focus on the health sector particularly.

"We need to analyse the drawbacks in order to find out why we are not being able to use the allocation for the sector properly and where reforms are needed."

Sen urged the government to pay special heed to bring in institutional reforms in some key areas such as health and social protection, instead of just raising allocations.

He warns that the number of people queuing for support from social safety net schemes such as the operation run by the Trading Corporation of Bangladesh, which sells some essential goods at subsidised rates, may go up.

"Some funds have to be allocated for these people. But what is even more important is to reform the social safety net sector so that the people who need the support get it."

Teesta shoal

FROM PAGE B4

said Shamim Ashraf, deputy director of the DAE in Lalmonirhat.

A good number of families of the farmers in the char areas depend on the crops grown on the river bed during the dry period, he said.

DAE officials have prepared a report and sent it to the agriculture ministry.

Although the river bed is not recorded as arable land, the crops produced on the river bed support the country's food security, the official said.



Mohammed Monirul Moula, managing director of Islami Bank Bangladesh, virtually inaugurates a month-long "Entrepreneurship Development Programme" at the bank's regional centre in Chattogram yesterday. SM Rabiul Hassan, principal of the Islami Bank Training and Research Academy, presided over the event, which was attended by Arif Hossain Khan, head of Bangladesh Bank's Chattogram Office (current charge), Meah Md Barkat Ullah, head of Chattogram South Zone, and Mohammad Nurul Hossain, head of Chattogram North Zone.

PHOTO: ISLAMI BANK BANGLADESH



Mohammed Yunus, chairman of Shahjalal Islami Bank, attended the celebration of the bank's 21st founding anniversary at the lender's head office in Dhaka yesterday. Md Sanaulah Shahid, Md Towhidur Rahman and Khandaker Sakib Ahmed, directors, Ekramul Haque, KAM Majedur Rahman and Nasir Uddin Ahmed, independent directors, Abdul Aziz, managing director (current charge), SM Mainuddin Chowdhury and Mian Qamrul Hasan Chowdhury, additional managing directors, and Md Shahjahan Shiraj, M Akhter Hossain and Md Nazimuddoula, deputy managing directors, were present.

PHOTO: SHAHJALAL ISLAMI BANK

Germany readies crisis

FROM PAGE B4

companies, such as refineries, under its wing, the three officials said.

Asked for comment on the measures, Germany's economy ministry pointed to statements by its head, Vice-Chancellor Robert Habeck, that the country had made "intense efforts" in recent weeks to reduce its use of Russian energy.

Last month, Berlin approved a legal change to allow it take control of energy companies as a last resort.

It is now discussing how it could use the measure in practice, such as by taking control of the PCK refinery

operated by Russia's Rosneft in Schwedt near Poland, two of the people said. It accounts for most of Germany's remaining Russian oil imports and could be hit by a European Union oil embargo.

Rosneft declined to comment on any possible German action.

One of the people said the nationalisation of energy companies was an option being considered but it would have to be weighed carefully and justified on the grounds of securing energy supplies rather than to punish Russia.

Germany could also take stakes in other companies,

said two people familiar with the matter. In 2018, it made a similar move when state development bank KfW bought 20 per cent of energy network operator 50Hertz to fend off an offer from China's State Grid.

The final government emergency package has not yet been finalised. One of the people cautioned that taking minority stakes in companies and intervention at the Schwedt refinery remained under discussion but had not been decided.

Officials are also examining how KfW can alleviate pressure on critical companies by supporting

them with further loans, or emergency credit lines they could use if energy prices soar and trigger costly margin calls on their market positions.

Earlier this year, KfW helped German energy firm Uniper, EnBW's gas division VNG and coal-fired power plant operator Leag cope with volatility in energy markets.

KfW declined to comment on which companies it had helped.

Germany is also examining how it would ration gas in an emergency. Its regulator is considering whether to give industry priority over households,

US retail gasoline prices soar

REUTERS

Retail gasoline prices in the United States rose on Tuesday and hit another all-time record, surpassing one set in March, as global refineries grappled with a bottleneck that has sent prices soaring ahead of driving season.

The average cost of a retail gallon of gasoline hit \$4.374 early Tuesday, according to the American Automobile Association, surpassing the former record of \$4.331.

Since March 30, Brent crude futures have lost 7 per cent, but gasoline futures are up 9.4 per cent, and hit a record on Friday of \$3.7590 per gallon before selling off on Monday.

Refinery closures due to both scheduled maintenance and unplanned upsets have boosted fuel prices even as the United States and other nations have taken steps to boost worldwide crude supply.

Global fuel stockpiles are dwindling as demand has rebounded to pre-pandemic levels. Supplies tightened further following the invasion of Ukraine and subsequent sanctions on Russia from the United States and allies.

The world has lost 1 million barrels of refining capacity and 1.5 million barrels of oil supply since the pandemic, estimated Mike Jennings, chief executive officer at HF Sinclair Corp in an earnings call on Monday. "That's 2.5 per cent of world consumption... it's a big number," said Jennings.

In the spring, refiners prioritize gasoline output ahead of warmer weather when driving picks up. But in recent weeks, they have increased distillate output to meet jet fuel and diesel demand in Europe, Latin America and the United States, as Western sanctions on Moscow curtailed Russia's exports.



Salt production hits 61-year high

SUKANTA HALDAR and MD ASADUZ ZAMAN

Salt production reached a 61-year high this fiscal year thanks to the conducive environment, allowing farmers to eye more profit amid good market prices.

Although the salt harvesting season has not ended yet, crude salt production reached 18.30 lakh tonnes this year, according to the Bangladesh Small and Cottage Industries Corporation (BSCIC).

The commercial production of salt in Cox's Bazar began in 1960. In the last one decade, the record amount of salt production was 18.24 lakh tonnes in fiscal 2018-19.

BSCIC chairman Md Mahbubul Rahman told The Daily Star that the annual demand for salt in the country is now 23.35 lakh tonnes.

"There will be no need to import salt in the next fiscal year as we have reached a record amount of salt cultivation," he said.

"We are pleased with the record production. We will try to be more responsible to take this industry forward. Since we have reached record production, we must work better," Rahman added.

Compared to previous fiscal years, total salt cultivation has increased by 8,637 acres in the current year while the number of salt

farmers has reached 37,231 increased by 9,534, according to BSCIC field survey data.

Salt cultivation in the current season is not yet over. Salt is now being produced in Maheshkhali, Kutubdia, Teknaf, Pekua, and Chakaria upazilas along with Cox's Bazar.

And this time salt cultivation has increased with polythene technology, according to the BSCIC.

BSCIC sources said, Zakia Sultana, industries ministry secretary, visited different places in Cox's Bazar in early February this year to see the real situation, when the BSCIC chairman also went there.

They then formed two committees for regularly monitoring salt production.

However, marginal salt farmers are coming back to the salt lands and expressed pleasures due to the good price. In the current financial year, salt is being sold at Tk 280 to Tk 300 per maund. In the last fiscal year, it was Tk 200-220 per maund.

Shahjahan Munir, a salt farmer from Chowfaldandi union in Cox's Bazar sadar upazila, said he cultivated salt on four acres of land this year.

"I am pleased with the current year's price, which is approximately Tk 80-100 higher per maund than the previous year," he said.

The amount of salt produced so far this

year shows that the country does not need to import the product anymore.

"Even so, if imported, the demand for our salt production will fall, we will be hampered," he added.

Echoing the same, Aurangzeb Matbar, a salt farmer from Kaiyabil union in Kutubdia upazila of Cox's Bazar, said: "We feel pleased even though our life was disrupted in the scorching heat as we can sell salt at a higher price than before."

"I have cultivated salt on 6 acres of land. I've got one and a half times more salt compared to last year using the same amount of land," he added.

However, Matbar echoed Munir's thoughts about imports.

"If the government does import salt this year, we will have to face losses commercially," said Matbar.

HM Shahid Ullah, president of the Bangladesh Salt Farmers Association, said they are not getting enough prices compared to the increase in the cost of living.

"Now we are selling salt at Tk 300 per maund. It was Tk 200 last year," he said.

"However, due to the non-import of salt from abroad as declared, we [farmers] are getting a place to sell the salt so far. This is a good thing for our farmers," Ullah said.

26 firms to get productivity, quality excellence awards

STAR BUSINESS REPORT

Twenty-six firms are going to receive the National Productivity and Quality Excellence Award 2020 as a recognition for their continuous improvement in productivity and quality.

The industries ministry, which is conferring the awards, published a gazette notification with the names of the winners on Sunday.

Besides, a trade body has also been selected for the Institutional Appreciation Award 2020 as a recognition of their contribution to the industrial sector and encouraging creativity.

The National Productivity and Quality Excellence Award has been given under five categories.

Under the Large Industry category, 15 organisations including International Beverages Private Ltd, Fair Electronics Ltd, Runner Automobiles Ltd, Envoy Textiles, MM Ispahani Ltd, Premier Cement, and Square Toiletries have won the award.

Six organisations, including Sylvan Technologies Ltd, Mascotex Ltd, Millennium Information Solution Ltd and BRB Polymer Ltd, have got the award under the Medium Industry category.

In addition, three farms, including Ahmed Food Products (Pvt) Ltd, have won the award under the Small Industry category while Super Star Electronics Ltd has claimed the award under the Micro Industry category and Eastern Tubes Ltd has won the award under State-owned Industry category.

Apart from that, the Dhaka Women Chamber of Commerce and Industry (DWCCI) has been awarded the Institutional Appreciation Award 2020.

Japan's spending dips amid worries over surging prices

AFP, Tokyo

Japan's household spending dipped 2.3 per cent in March from a year earlier as the cost of fuel and other items surge, though the fall was smaller than expected.

The decline was the first since December and due in part to the comparison with a sharp rise in spending a year earlier.

The decline was smaller than the market consensus of a 3.2 per cent drop and comes after a 1.1 per cent rise in February and a 6.9 per cent surge in January.

Analysts have warned that the pace of nominal wage increases in Japan is unlikely to track rising prices, dampening spending appetites.

In March, core consumer prices rose 0.8 per cent – the fastest increase in more than two years – as oil prices soared.

Excluding energy, however, prices were down 0.7 per cent. Some manufacturers and stores in Japan who rely on imported resources have begun to raise prices.

Bangladesh to remain RMG

FROM PAGE B1

Even five years ago, Bangladesh was in a quite different situation. But now the country has improved a lot, he said, adding that he would increase the volume of items sourced from here by 11 per cent in the next five years.

Bangladesh has the flexibility, is more mature and innovative, has more green garment factories and there are products available, he added.

Similarly, Shafiqur Rahman, regional operations manager of Dutch designer clothing company G-Star, said his company sources garment items worth \$70 million per year from Bangladesh and of it, 75 per cent was knitwear items.

But recently his company diversified into sourcing non-knitwear items like denim products, he said.

His company would increase the amount of items sourced from here, taking the value to \$90 million, in the next three years, registering a 30 per cent growth.

"We cannot even think of sourcing apparel items without Bangladesh," he said.

Alice Tonello, owner of Italian garment machinery manufacturer and supplier Tonello, said her company has been supplying machinery in Bangladesh over the last 28 years.

So far, her company supplied 1,500 textile and garment production and washing machineries to Bangladesh garment factories.

"Bangladesh is the most important market for us. The demand for our

machinery in Bangladesh has been growing a lot every year. Absolutely, the garment sector will continue to grow in the future as well," said Tonello, representing the second generation of the family business.

Yilmaz Demir, regional sales manager for Asia of Turkish company Bossa, said his company sells about one million yards of denim fabrics worth €5 million in Bangladesh a year.

"I have been supplying denim fabrics over the last 16 years. I am looking after business in Bangladesh for many years. Bangladesh is doing good as the factories improved production facilities," he said.

"But the prices of raw materials have increased a lot after the Covid pandemic. Bangladesh is the best," he said.

But changes in the Generalised System of Preferences for Bangladesh may be an issue for the country in the future, he added.

Rashid Iqbal, executive director of Pakistan-based denim fabrics manufacturer Naveena Export, said his company has a lot of confidence in Bangladesh because of the country's improvements in compliance with regulations.

His company ships 5 lakh metres of denim fabrics worth \$1.7 million to Bangladesh in a month. He has an office in Dhaka and has been supplying denim fabrics to Bangladeshi partners over the last 15 years.

"Bangladesh is a very strong market for us," said Rashid.

Dolly Thay, managing director of buying house

Cloths "R" Us, said work orders were shifting from China, Vietnam, Sri Lanka, Myanmar and Sri Lanka as Bangladesh has grown a lot with respect to its capacity over the last few decades.

However, the profit margin from the export of garment items is still very low, she said.

"Bangladesh should be proud of what has been achieved. Bangladesh has made huge strides towards a more sustainable garment sector," said Anne Van Leeuwen, ambassador of the Netherlands to Bangladesh.

"Often challenge people to give me another example of a sector that has turned around the image and its degree of compliance in such a short amount of time. I never get a serious reply," he said.

"But let's also not be complacent. Challenges remain. Garment workers in Bangladesh today are affected by the way sourcing takes place in Bangladesh," said Leeuwen.

"And given the scale of the industry in Bangladesh, there is plenty of work to be done in decreasing the sector's environmental impact," he added.

Mostafiz Uddin, founder of Bangladesh Denim Expo, said some 85 companies came to showcase their products, of which 30 were local and the rest foreign ones from 39 countries.

"The response from the participants is beyond my imagination," he said, adding that after a gap of two years for the Covid-19 pandemic, it was the most successful denim expo yet in the country.

The event will come to an end today, he said.

Project cost goes up for 3rd

FROM PAGE B1

while the original deadline was December 2018. But so far, only 57.99 per cent of the estimated budget has been spent till October last year.

Eastern Refinery Ltd (ERL) is the implementing agency of the project on behalf of Bangladesh Petroleum Corporation (BPC) with financing from Exim Bank of China.

In a press briefing after the meeting, Planning Commission Member AKM Fazlul Hoque said although the project started in 2015, it got delayed initially as it took 18 months to get the loan agreement signed.

Explaining about the cost enhancement, Hoque said at the first pipelines were laid at 1.5 metre depth under the water level.

Later, on request from the Bangladesh Navy and Coal Power Generation Bangladesh Limited, which is constructing a coal-run power plant at the area, the pipelines were shifted and laid 6 to 8 metre deeper positions under the sea.

However, Hoque went on to say the BPC would bear the additional cost and it is not related with

BB toughens stance

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reserves, which stood at more than \$48 billion in August last year.

But the higher-than-expected import payments are now squeezing the reserves.

the Chinese loan.

The Ecneec meeting also okayed the third revision of the project of establishing 100 technical schools and colleges at 100 upazilas, raising its cost to Tk 2,520.40 crore from the original budget of Tk 924 crore.

The project that started in January 2014 was originally planned to be complete by June 2016 while the new deadline is December 2024.

A total of 11 projects were approved yesterday involving a total of Tk 5,825.74 crore.

Briefing reporters after the meeting, Planning Minister MA Mannan said the prime minister in the meeting gave direction not to go for constructing new roads, rather she emphasised on taking maintenance projects of the existing roads.

"In the meeting, she (the prime minister) said that a lot of roads have been built and our target now should be maintaining these roads. She asked to protect, repair, strengthen, upgrade and widen these roads. That was her main message," he added.

Inequality contradicts 'high'

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Policy Dialogue, identified some flaws in the estimation of per capita income and GDP growth rate.

"First, there is an estimation problem. High estimates of GDP growth rate and per capita income are not supported by the real figures on the correlates and proxy indicators," said Bhattacharya.

Such correlates include poor implementation of annual development programme, weak off-take of private sector credit, sluggish import of capital goods and raw materials, tepid growth of energy use and so on, he said.

"Moreover, the data set usually used for deriving the GDP growth estimate relates to at best the first six months of the fiscal year. Whereas we know that since February 2021 Bangladesh economy has been facing a number of challenges which may affect the GDP growth rate."

Second, there is a distributional flaw, said Bhattacharya. There are reasons to believe that asset and income inequality has further exacerbated in Bangladesh during the pandemic period. In that case, a huge section of the society will not be able to identify themselves with the estimated per capita income figure for 2021-22.

"Indeed, the estimated GDP figure for Bangladesh is now more than twice the LDC graduation threshold. As we campaign for continued access to LDC related preference and

privileges, the international development partners point out that we should not be needing these in post-graduation phase with such high per capita income."

This implies that high per capita income estimates may penalise Bangladesh. It will be particularly sad if these figures are not robust, he added.

The per capita income is found based on the average income of all people of Bangladesh, said Prof Anu Muhammad, former chairman of the economics department at Jahangirnagar University.

It does not reflect the real scenario of the masses, especially due to the fact that there prevails huge disparity among them, he said.

The per capita income of a country or income per person is calculated by adding the income from all domestic sectors – including agriculture, manufacturing and services – and remittance sent by Bangladeshi expatriates and then dividing that total by the population.

As the Bangladesh economy suffers from a huge income inequality, the per capita income is rising in spite of the erosion of mass people's real income for higher prices.

When people struggling to cope with rising market prices see higher income disclosures by the government in newspapers, they take it to be a "brutish

joke". The total income in the country is rising due to the accumulation of assets within a small fraction of the people, he added.

Rise of per capita income does not mean rise of income of all people at the same ratio and "this is why we don't see the per capita income as the lone indicator of development", said Sadiq Ahmed, vice chairman of Policy Research Institute (PRI).

"As income inequality rises and inflation levels go higher, many people fail to find a match between themselves and the higher per capita income," he said.

Higher inflation adversely affects peoples' real income, he said. The Consumer Price Index stood at 6.22 per cent in March, up from 6.17 per cent a month ago, according to the Bangladesh Bureau of Statistics (BBS). This is the highest since October 2020.

Food inflation rose 12 basis points to 6.34 per cent, the BBS data shows.

Actually, benefits of the GDP growth underwent an unequal distribution due to the pandemic, he said.

Much of incomes of many people had been lost while that of some grew and it is not occurring only in Bangladesh but also in the global arena too, Ahmed added.

So, the government should focus on better income distribution and social safety net expenditure, he recommended.

Bitcoin drops below \$30,000, lowest since July 2021

AFP, Tokyo

Bitcoin slumped below \$30,000 for the first time since July 2021 on Tuesday as cryptocurrencies track sinking markets with investors spooked by aggressive US monetary tightening and surging inflation.

The world's largest cryptocurrency by market value fell as low as \$29,764 in Tuesday trade, before recovering above \$30,000, extending a recent collapse in price as investors desert assets viewed as risky.

Bitcoin's value has more than halved since a November surge that saw the token hit a record of nearly \$69,000.

While crypto enthusiasts view bitcoin as a hedge against inflation, an influx of more traditional investors tend to view it as a riskier asset.

Crypto enthusiasts view bitcoin as a hedge against inflation, but traditional investors tend to view it as a riskier asset

They have been offloading bitcoin and other digital tokens along with other volatile assets like tech stocks as the US Federal Reserve moves to hike interest rates to tackle decades-high inflation.

"Bitcoin is breaking below some key technical levels as the never-ending selloff on Wall Street continues," said Edward Moya, senior market analyst for the Americas at Oanda.

"The institutional investor is paying close attention to bitcoin as many who got in last year are now losing money on their investment," he added.

While the token's "long-term fundamentals have not changed in months", concerns about growth and a possible recession are creating "a very difficult environment for cryptos", Moya said.

"No one is looking to buy the crypto dip just yet and that leaves bitcoin vulnerable here." The slump in crypto follows dives on US equities and other markets, with the tech-rich Nasdaq closing down 4.3 per cent on Monday, the S&P 500 declining 3.2 per cent and the Dow ending off 2.0 per cent.



Unseasonal floods owing to the swelling of the water level in the Teesta river mean many farmers who cultivated boro paddy on its shoals in the dry season were able to collect a small portion of the crop as waters submerged their land, dealing a blow to their livelihood. These two char farmers in Char Rajour of Lalmonirhat sadar upazila harvested damaged paddy in order to use them as fodder for their cattle. The photo was taken recently.

PHOTO: S DILIP ROY

Teesta shoal farmers fall on hard times for crop damages

Demand interest-free loan facility from govt

S DILIP ROY

Dhiren Chandra Barman, a 60-year-old farmer in Char Rajour in Lalmonirhat sadar upazila, nowadays passes sleepless nights after his paddy crop, on which he relies to feed his six-member family, was completely damaged because of an unseasonal flood.

"How will I repay loans? I see no other alternative other than death to move out of this crisis," he said recently, with teary eyes.

Barman had cultivated boro paddy on six bighas of land on the bed of the river Teesta with a loan of Tk 50,000 from a non-governmental organisation (NGO) and local moneylenders.

Due to untimely floods, caused by the higher flow of waters to the river from the upstream and incessant rains, the entire paddy field went underwater, damaging the crops.

He managed to receive only 30 kilogrammes of paddy against 97 maunds he harvested from the same field last year.

"Boro paddy grown on the bed of the Teesta is the main source of our livelihood throughout the year," he said.

He usually sells the produce to repay loans and meet family expenses. But this year's ill-timed floods have shattered all his hopes.

"I will not be able to repay the loan this year. I will not be able to run the family. I have become helpless," he told

The Daily Star.

The sexagenarian is not alone.

Mokhles Mia, another farmer in the same locality, had grown boro paddy on seven bighas of land after borrowing Tk 60,000 from NGOs and local lenders.

He also had thought that he would pay back the loans after harvesting the paddy but the crop too had got damaged. In 2021, he received 115 maunds of paddy from the land whereas it was only 25 kgs this time.

"My eight-member family depends on the boro paddy all year round. Only the Almighty knows how the family will survive this year," said the 62-year-old.

He is under pressure to repay the loans but he is hopeless. "Maybe, we should run away from home to get rid of the loan burden," Mokhles said.

During a visit to the area, Sekandar Ali, a 67-year-old farmer in the Char Bogurapara area under the Rajarhat upazila in Kurigram, was found weeping.

He had cultivated paddy on 10 bighas and he too had lost the crop to the floods. He had got 156 maunds of paddy from the land last year.

He had borrowed Tk 1 lakh from NGOs and local moneylenders in the hope that he would repay the loans by selling the produce but his hopes have been dashed.

"We have never seen floods in the month of Chaitra. This year's unseasonal floods

have ruined our livelihood."

Fifty-eight-old farmer Javed Ali, hailing from the same char area, also went through the same predicament.

"We have lost our crops due to the floods. If we don't get assistance from the government, we will face difficult days."

Ali has sought interest-free loans from the government so that they can move out of the current situation and survive. He says most farmers in the char areas grow crops by borrowing either from NGOs or individual lenders. They make the repayment after harvesting the crops.

Meser Ali, a farmer from Char Gorbordhan in Lalmonirhat's Aditmari upazila, echoed Javed Ali.

"If we don't get government assistance or interest-free loan facility, we would not be able to survive," said the 70-year-old.

There are 95 chars on the Teesta river bed in Lalmonirhat and Kurigram districts. Char farmers make a living by producing various crops, including paddy in the river bed during the dry season. Growing paddy is their main source of income. But the floods have hit their livelihood hard.

According to sources at the Department of Agricultural Extension (DAE), during the dry season, more than 50,000 char farmers cultivate various crops, including maize, paddy, wheat, and spices on 75,000-80,000 hectares of land along the 115-kilometre-long Teesta river bed, spread over 12 upazilas in five districts: Lalmonirhat, Kurigram, Rangpur, Nilphamari, and Gaibandha.

Boro paddy and different vegetables have been damaged due to the untimely floods,

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BUDGET FORMULATION Keep in mind Ukraine war, new Covid wave BIDS Director General Binayak Sen suggests

MD ASADUZ ZAMAN and SOHEL PARVEZ

The government should make budgetary allocation for the fiscal year of 2022-23 to deal with the impacts of the ongoing Russian-Ukraine crisis and the possibility of the emergence of another wave of coronavirus, said a noted economist.

The suggestions came from Binayak Sen, director-general of the Bangladesh Institute of Development Studies (BIDS), as China is fighting its worst Covid-19, while the Russia-Ukraine conflict shows no signs of abating. China, known as the world's factory, is the largest trading partner of Bangladesh. The latest wave of coronavirus cases in Shanghai has already hurt the weak recovery of the global supply chain from the pandemic-induced

disruptions. And the conflict has added fuel to inflation in many countries, including Bangladesh.

"We are facing double jeopardy: from the Ukraine crisis and the new wave of coronavirus," Sen told The Daily Star in a phone interview recently.

"So, the government should allocate an additional 10 per cent of the budget to combat the coronavirus pandemic and the impacts of the Russia-Ukraine crisis so that we can deal with challenges, if any."

The coronavirus situation has seen significant improvement in Bangladesh in recent months, helped by the successful mass rollout of coronavirus jabs and the sharp fall in coronavirus caseloads.

But Sen says Bangladesh has to remain alert about any new wave of Covid-19 since the virus has not disappeared from the world.

"So, the fear of a new wave is still there."

He called for a separate fund to tackle any difficult situation. "If we face any new threat, then we would be able to use the fund."

Sen, who joined the BIDS in 1986, is an expert on poverty, income inequality, human development, labour market, social security, good governance, and political economy.

The former senior economist of the World Bank thinks Bangladesh's economic growth may come under strain because of the international crisis.

"We had thought that the Ukraine war would be over within one or two months. But the crisis has defied all predictions and it may continue for some time. The war may linger. The policymakers should take this into their consideration."

The fallout of the war, coupled with the impacts of the pandemic, may create a major threat for Bangladesh and a threat for budget management, he says. The impacts might come in the form of revenue shortfall or a drop in export earnings and might hand a blow to the balance of payments.

"Even, economic growth may falter to some extent because of the crisis in the international markets. It will have an impact on employment and social protection."

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END TO RUSSIAN GAS Germany readies crisis plan

REUTERS, Berlin

German officials are quietly preparing for any sudden halt in Russian gas supplies with an emergency package that could include taking control of critical firms, three people familiar with the matter told Reuters.

The preparations being led by the Ministry for Economic Affairs show the heightened state of alert about supplies of the gas that powers Europe's biggest economy and is critical for the production of steel, plastics and cars.

Russian gas accounted for 55 per cent of Germany's imports last year and Berlin has come under pressure to unwind a business relationship that critics says is helping to fund Russia's war in Ukraine.

Germany has said it wants to wean itself off Russian supplies but expects to be largely reliant on Moscow for gas until the middle of 2024.

It remains unclear whether an abrupt halt would happen and the officials said Germany wanted to avert an escalation, such as by backing a European gas embargo, having already supported sanctions against Moscow on coal and oil.

But they now fear Russia could cut off gas flows unilaterally and want to be able to cope if it does.

While a broad framework is in place and the government is determined to help, the details of how it will put the plan into action are now being thrashed out, the officials said.

The government would back granting further loans and guarantees to prop up energy firms, helping them cope with soaring prices, and could take critical

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An aerial view of a pier for a planned floating liquefied natural gas (LNG) terminal in the harbour in Wilhelmshaven, Germany on May 4.

PHOTO: AFP/FILE

Dollar hits 20-year high

REUTERS, New York

The US dollar reached a new 20-year high on Monday as risk-off sentiment stemming in part from concerns over the Federal Reserve's ability to combat high inflation boosted the greenback's safe-haven appeal.

The dollar has risen for five straight weeks as US Treasury yields have climbed on expectations the Fed will be aggressive in attempting to tamp down inflation.

On Monday, Minneapolis Fed President Neel Kashkari said the US central bank may not get as much aid from easing supply chains as it is hoping for in helping to cool inflation. Atlanta Fed President Raphael Bostic said he already sees signs of peaking supply pressures and that should give the Fed room to hike at half-percentage-point interest rate increments for the next two to three policy meetings, but nothing bigger.