

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