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Offer prompt services to investors of savings tools

BB asks banks

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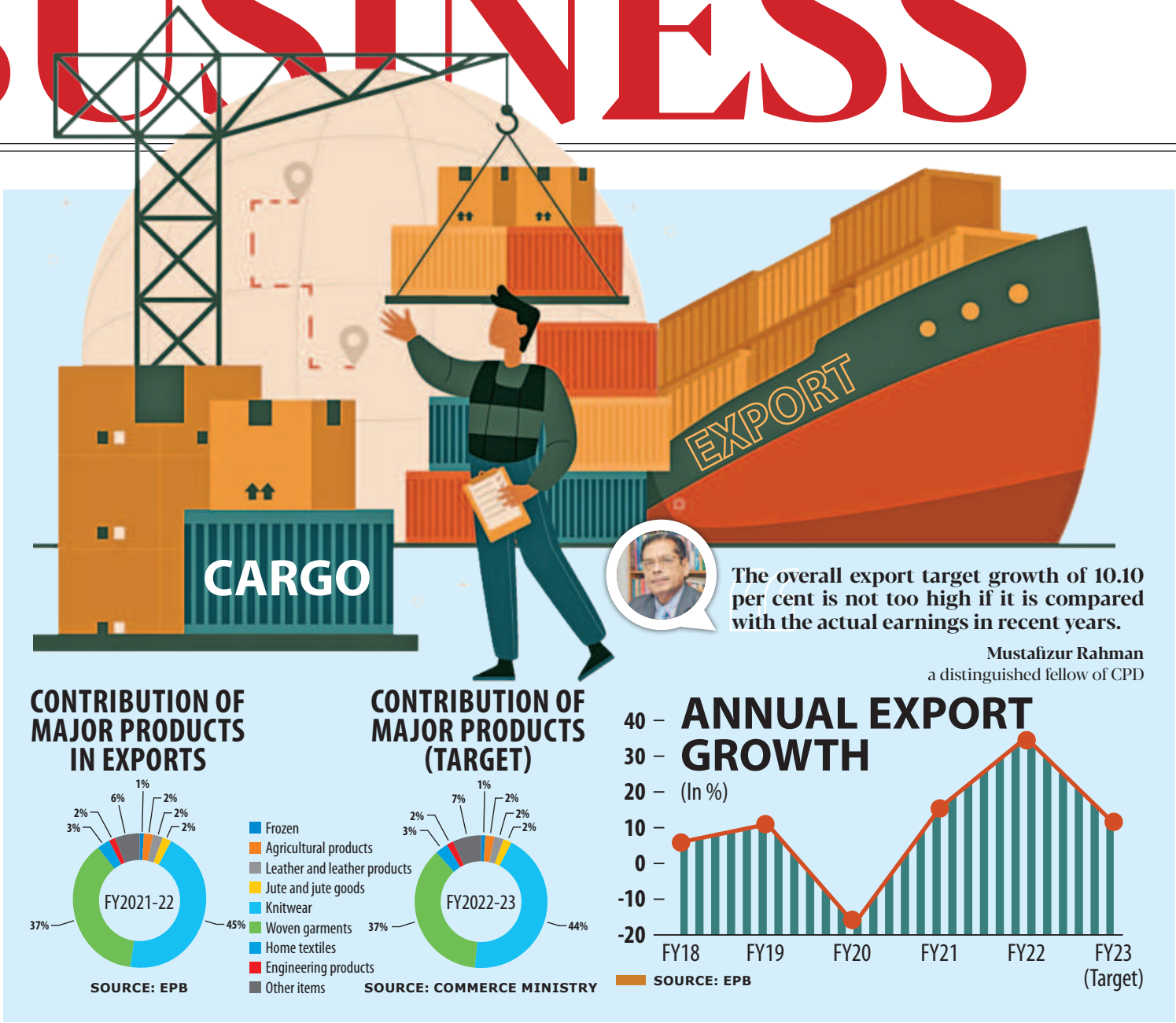
Bangladesh Bank yesterday asked banks to provide the financial services required for clients to invest in savings bonds and instruments.

Allegations have come up that many clients face harassment from banks as they do not provide services on time, according to a BB notice.

As per the central bank instruction, lenders have to submit funds deposited by clients to the central bank's clearing houses within a day, after which they have to issue the savings bonds or certificates to savers.

Lenders have to fulfil the requirements of clients, such as change of nominees, account numbers and mobile phone numbers, or problems

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Govt targets lower export growth for global turmoil

To rely on traditional items to fetch \$58b in FY23

REFAYET ULLAH MIRDHA

Bangladesh is targeting a lower export growth in 2022-23 despite raking in a record \$52.08 billion in the last fiscal year largely because of insignificant strides in products and markets diversification and ongoing global turmoil.

The goal is up only 11.36 per cent from the actual receipts in 2021-22, when overseas sales surged 34.38 per cent, one of the sharpest paces of growth in recent years.

Like in previous years, the government will bank on traditional items such as knitwear and woven garments, which account for more than 80 per cent of national exports, to steer the growth since diversification of products did not take place as expected.

Apart from the two, only five items were able to fetch more than \$1 billion in earnings in the last fiscal year.

The export target from the services sector has been fixed at \$9 billion for 2022-23, an increase of 12.5 per cent from the actual earnings a year earlier.

Together, merchandise and service exports are expected to bring in \$67 billion, which is 10.10 per cent higher than the total receipts in FY22.

Commerce Minister Tipu Munshi announced the new export targets at a press conference at his secretariat office in Dhaka yesterday.

"The targets are attainable," he said.

Economists and business leaders also say the targets are achievable although there are some challenges.

In the last fiscal year that ended on June 30, Bangladesh's merchandise shipment was 19.73 per cent higher than the target of \$43.5 billion. Another \$8 billion came from services exports, which surpassed the \$7.5-billion target by 6.67 per cent.

The knitwear export target has been fixed at \$25.6 billion from last fiscal year's \$20.98 billion, while the country would depend on woven items to net \$21.4 billion, which was \$17.53 billion in FY22.

"The overall export target growth of 10.10 per cent is not too high if it is compared with

the actual earnings in recent years," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

There are some disquieting factors both in domestic and international markets.

For instance, the issuance of utilisation declaration

Bangladesh's higher export earnings in FY22 were driven by higher prices for garment items paid by international retailers and brands owing to the sharp increases in commodity prices and freight costs. The weakening of the local currency against the US dollar amid abnormally high

Mohammad Hatem, executive president of the BKMEA, thinks a higher export target from the garment sector is possible although an 8 per cent growth has been fixed.

In FY22, Bangladesh exported garment items worth \$42 billion and the new target for the sector is \$46 billion.

"It is possible to achieve the target despite the Russia-Ukraine war because we are strong in basic garment items. The demand for basic items is always there whereas the consumption of high-end items falls during uncertainty and higher inflation," Hatem said.

The energy crisis, global economic slowdown and high inflationary pressures will pose as major threats to Bangladesh in pulling off the export target.

The recovery from the pandemic, the global supply chain crisis, the Ukraine war, the recent trends in Bangladesh's overall economic and export growth, and the government's fiscal and non-fiscal incentives have been considered in setting the export targets, Munshi said.

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certificates from the Bangladesh Garment Manufacturers and Exporters Association and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) is declining.

The demand for deferral payments from buyers and higher inflation are among the major challenges facing the export sector, Rahman said.

imports also pushed up export earnings.

So, Rahman called for diversifying products and markets to retain the strong export momentum.

"Bangladesh should go for non-cotton garment items as the demand and prices of such items is higher in the international markets than the cotton-made garment items."

Had no certificate to handle risky chemicals

CPD says about BM Container Depot

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Privately-owned BM Container Depot had been running without proper authorisation and certification required for storing and handling hazardous chemicals, found a study of the Centre for Policy Dialogue (CPD).

Meanwhile its firefighting system was incapable of tackling chemical fires.

The depot authority obtained an "orange category" licence to store and handle containers and export-oriented goods like readymade garments and food items.

But it did not obtain a "red-category" licence from the Department of Environment or the Bangladesh Fire Service and Civil Defence, a prerequisite for storing chemicals.

The study was conducted on the deadly fire and blast at the inland container depot (ICD) at Sitakunda.

The CPD found alarming weaknesses in industrial safety but it was not limited to this particular ICD.

There were institutional and operational weaknesses across the value chain of dangerous chemicals from production to transportation, storage and shipment.

It did not obtain a "red-category" licence from the Department of Environment or the Bangladesh Fire Service and Civil Defence, a prerequisite for storing chemicals

It found unclear or non-specified laws and regulations in dealing with such chemicals at different stages of the value chain and also institutional weaknesses in implementing these rules.

The CPD stressed on the need for establishing a comprehensive industrial framework for dangerous chemicals encompassing the whole value chain.

It also recommended adopting necessary amendments to rules related to handling of these chemicals concerning all stages of the value chain.

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| STOCKS | | | |
|--------|----------|-----------|--|
| | DSEX ▼ | CSCX ▼ | |
| | 0.23% | 0.20% | |
| | 6,138.78 | 18,030.41 | |

| COMMODITIES | | | |
|-------------|-------------|--------------|--|
| | Gold ▼ | Oil ▼ | |
| | \$1,708.5 | \$99.36 | |
| | (per ounce) | (per barrel) | |

| ASIAN MARKETS | | | | |
|---------------|-----------|-----------|-----------|----------|
| | MUMBAI | TOKYO | SINGAPORE | SHANGHAI |
| | ▲ 1.15% | ▲ 2.67% | ▲ 1.68% | ▲ 0.77% |
| | 55,397.53 | 27,680.26 | 3,170.29 | 3,304.72 |

BB takes more steps to ease forex pressure

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Bangladesh Bank yesterday took more initiatives, including raising the interest rate on its Export Development Fund (EDF), to ease the ongoing pressure in the country's foreign exchange market.

The central bank has hiked the interest rate on EDF loans to 1.50 per cent per annum, up 50 per cent from 1 per cent previously, in order to make the borrowing costlier.

As such, banks will now charge manufacturer-exporters 3 per cent interest instead of the previous 2 per cent for availing the fund, according to a central bank notice.

The volume of the EDF now stands at \$7 billion.

In another move, the central bank extended the usage period for the imports of industrial raw materials, agricultural machinery and chemical fertilizers under supplier's or buyer's credit.

A usage, or a deferred letter of credit (LC), means that even after buyers have received goods or services, they get a grace period to make the payment to banks or other lenders.

In January, the central bank pushed back the usage period to 270 days from 180 days.

Now though, it has been decided that the usage period will be extended to 360 days, the notice said.

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Wholesale price of pointed gourd has dropped to Tk 300 per maund (around 37 kilogrammes) from Tk 1,600 in one and a half months for farmers at Gobindaganj upazila of Gaibandha, apparently for an increase in supply. However, retailers at the same place are charging Tk 30 per kilogramme, which means roughly Tk 1,100 per maund. The photo was taken a few days ago.

PHOTO: MOSTAFA SHABUJ

Idcol to get \$256.5m global climate loan

STAR BUSINESS REPORT

Infrastructure Development Company Limited (Idcol) yesterday signed an agreement to receive \$256.5 million from the Green Climate Fund (GCF) to promote private sector investment through large-scale adoption of energy-efficient technologies in the textile and garment sectors.

The GCF is the world's largest climate fund, mandated to support developing countries raise and realise their nationally determined contributions and ambitions towards low-emissions and climate-resilient pathways.

The GCF's governing instrument was approved by the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC).

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