

Foreign aid sees higher utilisation

REJAUL KARIM BYRON and JAGARAN CHAKMA

The use of foreign aid for development projects in Bangladesh jumped 49 per cent year-on-year in July, providing some relief to the government amid the ongoing pressure on the country's foreign exchange reserves.

Bangladesh's development partners provided \$488 million in the first month of the current fiscal year, up from \$328.66 million during the same month a year ago, as per data from the Economic Relations Division (ERD).

The government repaid foreign debts amounting to \$179 million in the month, down 3.3 per cent year-on-year from \$185.11 million.

The country's foreign exchange reserves stood at \$39 billion on August 24, equivalent to 5.72 months of import payments, while it was \$48 billion on the same day last year, Bangladesh Bank data showed.

According to the International Monetary Fund and the World Bank, a forex reserves worth about three months of import payments are a comfortable position for Bangladesh during normal situations, but the equivalent of 10 months is required for emergency situations.

The government had to spend more local currencies on foreign debt repayments in 2021-22 due to the taka's devaluation against the US dollar. As such, the government had to pay Tk 1,680 crore against \$179 million in the current fiscal year, while it was Tk 1,570 crore against \$185 million in the last fiscal year.

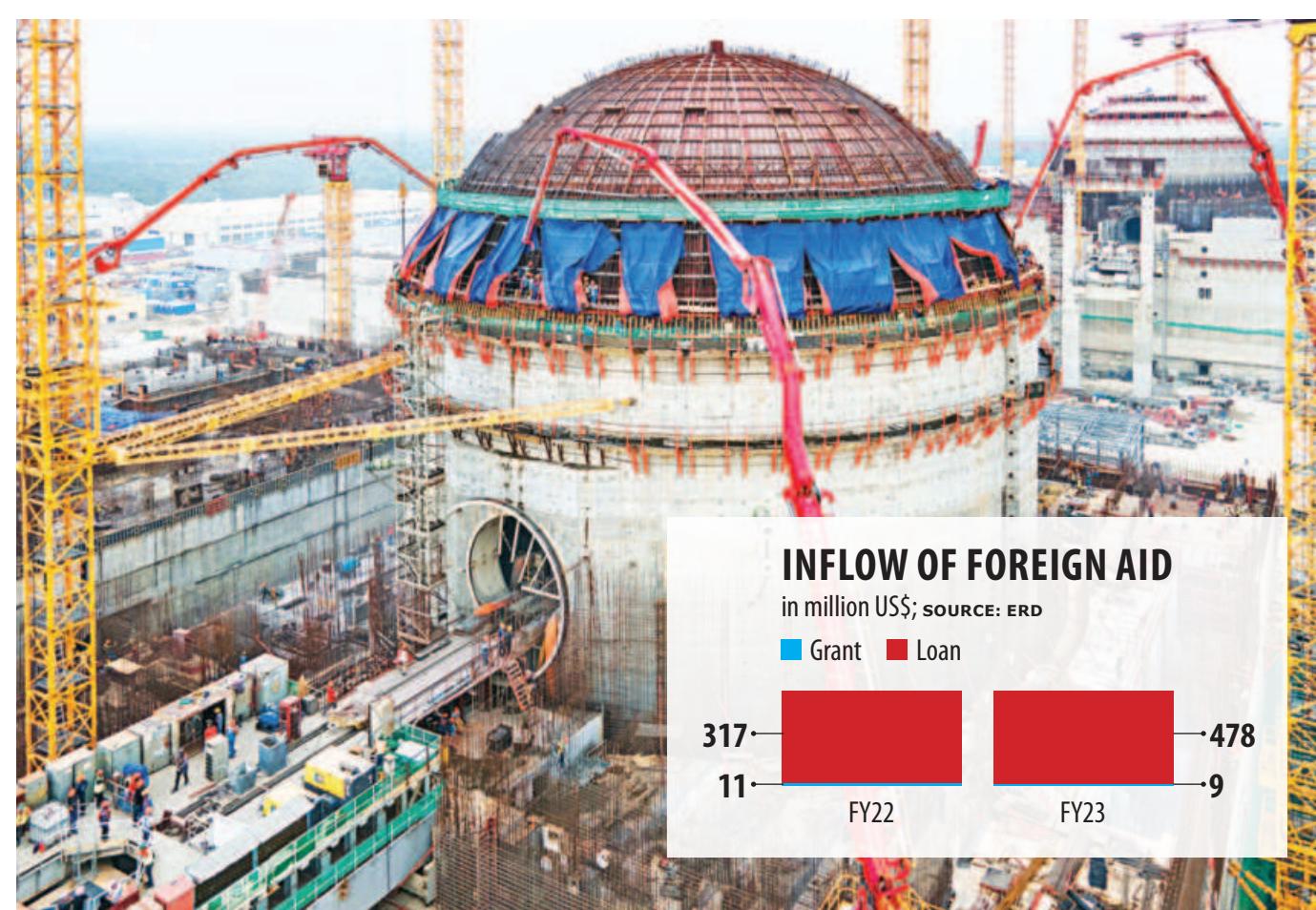
The government estimated the dollar exchange rate for repaying debts would be Tk 86 when preparing this year's national budget, but the official exchange rate has gone past Tk 95.

The taka has lost value against the American greenback at least by 13 per cent in August compared to a year ago on the interbank foreign exchange market, whereas importers have to count 25 per cent more to buy a dollar.

This is because abnormally high import bills, driven by escalated global commodity prices, have exceeded the combined receipts in the form of export earnings and remittance flow, creating a shortage of US dollars.

Among the country's development partners, Japan disbursed the highest amount of foreign aid with \$200.14 million for a number of mega projects, including the Matarbari coal-fired power plant, Bangabandhu Sheikh Mujib Railway Bridge, and third terminal at the Hazrat Shahjalal International Airport.

China disbursed the second highest with \$102 million, while the Asian Development Bank provided \$64 million, India \$58 million, the World Bank \$22 million, and Russia \$4 million.



The under-construction Rooppur Nuclear Power Plant in Pabna. The project is bankrolled mostly by Russia.

PHOTO: STAR/FILE

Inland container depots revise down charges

DWAIPAYAN BARUA, *Chittagong*

Owners of private inland container depots (ICDs) in Chittagong yesterday revised the charges for all five types of container handling services, a day after the latest government move to trim fuel prices.

Following a diesel price hike by 42.5 per cent on August 6, ICD owners gradually raised the import container handling charge by around 34 per cent, empty container handling charge by 24 per cent and export goods and container handling charges by 25 per cent over the past three weeks.

As the government on Monday announced a cut in diesel prices by Tk 5 per litre, members of the Bangladesh Inland Container Depots Association (Bicda) in a virtual meeting yesterday decreased their charges by 3.5 per cent to 5 per cent from the recently increased rates.

Bicda Secretary General Md Ruhul Amin Sikder said the charges for five diesel-run services were earlier hiked at different rates following the fuel price hike.

In yesterday's meeting, Bicda leaders decided to revise down those rates in proportion to the new price of diesel.

Bicda also issued a circular in this

regard yesterday afternoon.

According to the new decision, the charge for an import container handling package would now be increased by 30 per cent against the earlier decision of raising it by 35 per cent from what was effective before August 6.

According to the Bicda circular, the import container handling package for a 20-foot container which was earlier raised from Tk 9,754 to Tk 13,080 has now been fixed at Tk 12,605.

For a 40-foot container, the package charge was earlier raised to Tk 15,107 from a previous rate of Tk 11,255 and the new rate has now been fixed at Tk 14,557, the circular stated.

Charges for handling empty containers would be raised by 20.5 per cent against a previous hike of 24 per cent and charges for handling export-laden containers would now be raised by 21.5 per cent against a previous decision to raise it by 25 per cent.

For handling empty containers, the ICDs impose two types of charges on shipping agents, including a haulage charge for transporting empty containers between Chittagong port and the ICDs, and a charge on the use of forklifts at the ICDs.

For handling export-laden containers,

the ICDs impose two types of charges on freight forwarders, including an exports handling package charge and an export container verified gross mass (VGM) charge.

The revised rates would be applicable from today, said the Bicda official.

Contacted, Bicda President Nurul Qayum Khan told The Daily Star that through discussions with relevant authorities, such as shipping agents and freight forwarders, they had agreed to hike the charges ranging from 24 per cent to 34 per cent.

This was in consideration of the overall current economic situation, even though the diesel price was earlier hiked by 42.5 per cent, he said.

"But since we made a commitment to the users that any reduction in diesel price will also be re-adjusted accordingly, we sat today spontaneously and revised down the rates," Khan said.

Bangladesh Freight Forwarders Association Vice President Khairul Alam Shikan thanked the Bicda leaders for promptly revising down the charges as per decisions taken during their meeting.

Such a move is helpful for maintaining a congenial environment in the country's foreign trade, he opined.

Low performing stocks surge in bearish market

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"Now, there is no economic reason behind the rise of the stock price but manipulation. The regulator has enough scope to stop the manipulation at an early stage. However, it does not stop it."

Sonargaon Textiles, a B category company, soared 154 per cent to Tk 72 from Tk 28 in the last three months. As the company provided only a 3 per cent dividend in 2019, it was downgraded from the A category.

In the same period of time, a junk stock named Meghna Condensed Milk Industries, which failed to provide any dividend in the last two decades, surged 142 per cent to Tk 42.

"When stock prices of such companies start to rise abnormally, the BSEC should look into whether there is any manipulation," said Richard D' Rozario, president of the DSE Brokers Association of Bangladesh (DBA).

The monitoring and manipulation should stop at the initial stage so that general investors do not become victimised, he said, adding, "For these stocks to soar at such a pace is absolutely for manipulation."

About Sayeed's tendency to make such purchases, the DBA president said a huge number of general investors bear a "gambling" tendency in the stock market as their goal was to become rich overnight.

So, they rushed after manipulators and purchased stocks prone to gambling even at a high price whereas many stocks with good performance records remain at a low price, he said.

It is also true that stocks with good performance records are scarce in the stock market, for which their numbers should be raised, he added.

A top official of the BSEC, preferring not to be named, said the surveillance team of the regulator was keeping an eye on trading every day

Stocks of Intraco Refueling Stations rose 112 per cent to Tk 42 while another junk stock named Imam Button Industries climbed 106 per cent to Tk 126, DSE data showed.

The refuelling company also had not disclosed any good news in the last three months. Moreover, a sponsor director had sold around 43 lakh shares seeing such a high jump in prices.

Imam Button Industries failed to provide any dividend after 2010 but its stock price rocketed unusually. The company repeatedly announced that it has no undisclosed data.

A top official of the BSEC, preferring not to be named, said the surveillance team of the regulator was keeping an eye on trading every day.

"It is true that these stocks rose abnormally, so I will talk to the surveillance team. I hope the team is also concerned and if any wrongdoing took place, it will take steps," he said.

"But general investors need to be careful about their own investments because if they buy stocks based on rumours, none can stop them."

Of the 10 stocks that witnessed the highest increases, Union Capital soared 99 per cent, Metro Spinning surged 92 per cent, Meghna Pet Industries rocketed 79 per cent, HR Textile Mills climbed 78 per cent, and Prime Textile Spinning Mills jumped 67 per cent.

Among them, only one company provided a dividend of at least 10 per cent while three provided less than 5 per cent and one consistently failed to provide any.

The DSEX, the benchmark index of the DSE, rose 1 per cent, or 69 points, in the last three months.

Four fault lines in economy

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"This is a financial illusion," said Bhattacharya.

Amid lower revenue collection, the government depends on the banking sector to meet its expenses, creating liquidity crunch in the banking sector and crowding out the private sector.

According to Bhattacharya, the third fault line is lower spending on health and education.

"When a political deficit prevails, the government tries to build visible infrastructures to overcome it because the investment in health and education gives result in the long run."

"But, the effective use of physical infrastructure depends on the quality of education."

The fourth fault line is related to the access of the real poor to social safety net programmes.

The government has allocated Tk 113,576 crore to execute its various social safety net programmes for the current fiscal year, up from the last fiscal year's Tk 107,614 crore.

"Though the government's intention is good, real beneficiaries are not getting the benefits," said Bhattacharya.

The noted economist also spoke about the business environment in the country.

He said he had been saying since 2003 that competitive investment environment is not being offered.

"Some individuals or firms receive special care from the government. As a result, qualified and global entrepreneurs can't compete. It is clear in every sector."

"Due to this culture, the country is losing and people are losing."

For instance, Bhattacharya said, the power sector is enjoying indemnity and the plants are continuing although the country does not need them and can't afford them.

"The same is happening in the case of LNG, and all of them are powerful."

Bhattacharya disagreed with some policymakers' argument that the economic pressure will peter out within three months.

"This denial tendency is not a

good sign since it creates more distrust among people. Rather, the government should take transparent and effective steps."

He, however, admitted that Bangladesh is not witnessing any crisis. Rather, it is facing pressure.

"If proper steps are not taken, a structural problem will be created and a big problem will hit the country."

He does not see any chance for the country to get rid of the economic pressure by 2024.

He also pointed out that some clever people say that democracy is not necessary if development continues.

"But they forget that the prime minister signed the global agreement on Sustainable Development Goals where democracy and human rights are a major goal."

"When democracy is absent, some unnecessary projects take place."

Without naming, he said the government is implementing a project worth around \$12 billion. A similar project in India cost \$3 billion.

"Whether it is necessary, this is also a big question," he said. The project is Rooppur Nuclear Power Plant.

Answering a question, the economist said none opposed the Padma Bridge project, but the way it was financed was opposed.

The bridge was completed with domestic loans, which deprived the health and education sectors of investment, he said.

"Every cost has an opportunity cost. If the financing of the bridge could be managed using soft loans from development partners, the internal sectors would not have been impacted."

"We could buy a shirt and a pair of pants, but we opted to buy a shirt," he added.

In Bangladesh, the investment in the health and education sectors have almost remained stagnant in terms of GDP.

"So, its impact would be clear in the coming years," said Bhattacharya.

ERF President Sharmin Rinvi and Secretary SM Rashidul Islam were present during the dialogue.



Najith Meewaneage, chief executive officer of Commercial Bank of Ceylon PLC, and Md Jaker Hossain, director of the small and medium enterprises and special programmes department of the Bangladesh Bank (BB), exchanged signed documents of an agreement on term loans under a refinancing scheme for the cottage, micro, small and medium enterprises at the latter's head office in Motijheel, Dhaka recently. Abdur Rouf Talukder, governor of the BB, was present.



Md Jasim Uddin, chairman of the board of directors of Bengal Commercial Bank, presides over the bank's 2nd annual general meeting at Sheraton Dhaka in the capital city recently. Mahbubul Alam and Ghulam Mohammed Alomgir, vice-chairmen of the bank, and Tarik Morshed, managing director, were present.

and returned to work. But without any income, more than 150,000 workers and their families suffered heavily during the prolonged protest.

A leader of the protesters, preferring anonymity, said not only were they deprived of an income for 18 days, but they also could not avail many facilities provided by the tea estate authorities.

"We had to spend all our meagre savings to feed our families during the protest. So, if the authorities give us the 18 days' salary, it would save our lives," said the leader.

Sonali Paper's new product line goes into production

STAR BUSINESS REPORT

Sonali Paper & Board Mills Ltd has begun the commercial operation of a new product line to produce aluminium foil paper boxes.

In May last year, the company decided to add a new product line.

The commercial operation of the product line began on Monday, Sonali Paper said in a posting on the Dhaka Stock Exchange yesterday.

At its peak, the line will produce 2.80 crore pieces of boxes per year and may generate annual additional sales revenue of Tk 19.60 crore.

Set up in 1977, the company makes duplex paper boards and papers, among other products. Shares of Sonali Paper closed down 1.18 per cent at Tk 729.80 on the DSE yesterday.

India's Adani becomes world's third-richest person

AFP, Mumbai

Indian industrialist Gautam Adani became the world's third-richest person on the Bloomberg Billionaires Index on Tuesday, the first time an Asian has ranked in the top three.

The self-made billionaire has seen his net worth more than double to \$137.4 billion in the last year, rising 20 spots on the index to now rank just behind Elon Musk and Jeff Bezos, Bloomberg News reported.

Adani, 60, made his fortune in ports and commodities trading and now operates India's third-largest conglomerate with interests ranging from coal mining and edible oils to airports and news media.

His ballooning net worth reflects a stratospheric rise in the market capitalisation of his publicly listed companies, as investors back the Adani Group's aggressive expansion of old and new businesses.

Pakistan floods fuel 'back-breaking' food inflation

AFP, Pakistan

Catastrophic monsoon floods in Pakistan have sent food prices skyrocketing, putting many staples out of the reach of the poor as the cash-strapped nation battles shortages.

The floods have submerged a third of the country, killing more than 1,100 people and affecting over 33 million.

Recovery could cost more than \$10 billion, according to the planning minister.

The rains – which began in June, and whose unusual