



Workers unloading raw materials used in manufacturing cement at the port city of Chattogram. The import of such materials has gradually been increasing, doubling in the past five years, to reach around 36.1 million tonnes last fiscal year. PHOTO: STAR/FILE

Import of cement raw materials rises

Price of 50-kg bags up by Tk 50 to Tk 70

MOHAMMAD SUMAN, Cig

Import of raw materials used in manufacturing cement has increased in recent months in spite of the items turning pricier.

In turn, manufacturers have raised the price per bag of the binder, reasoning it was for the hike in the exchange rate of the US dollar against the taka.

Some of 5.12 million tonnes of clinker, granulated slag, limestone, gypsum and fly ash were imported in July and August of the current fiscal year.

Worth Tk 2,303.84 crore, this is 34 per cent more than what was brought in the same period of the previous fiscal year.

Clinker, the main raw material, cost \$62.14 per tonne on an average in August. The price has effectively gone up 17.5 per cent year-on-year.

The price of 50-kilogramme bags of every brand has been raised by Tk 50 to Tk 70 in the span of a month to currently sell for Tk 470 to Tk 510.

The exchange rate hit Tk 95 per US dollar on the interbank platform in early August. Over the past one year, the currency of Bangladesh depreciation by 12.02 per cent.

"The whole world is going through instability after Covid-19. We are no exception...Our costs have gone up by 20 per cent to 22 per cent due to the rise in the dollar rate," Hakim Ali, director of Diamond Cement, told The Daily Star.

In addition, products purchased earlier are now requiring payments at the current US dollar rate. As a result, it will be difficult to overcome these losses and sustain production, he said.

"We have been forced to increase the

price of cement for the hike of the dollar price although the price of raw materials in international markets has been stable over the past month," said Golam Kibria, general manager of Premier Cement.

Some of 5.12 million tonnes of clinker, granulated slag, limestone, gypsum and fly ash were imported in July and August of the current fiscal year -- a 34 per cent rise year-on-year

He claimed that all the manufacturers were facing losses of huge amounts for this. "Earlier, we opened an LC (letter of credit) at a dollar rate of Tk 87 but recently paid Tk 112 per dollar and faced huge losses," he said.

According to Bangladesh Cement Manufacturers Association, there are 37 active cement factories in Bangladesh and more than Tk 30,000 crore has been invested in the industry.

Manufacturers have a combined annual production capacity of 58 million tonnes against a local demand of 33 million tonnes.

According to Chattogram customs, some 30 million tonnes to 35 million tonnes of raw materials are annually imported, mostly from Thailand, Vietnam and China, through the Chattogram and Mongla ports.

The import volume has gradually increased, doubling in the past five years.

Around 36.1 million tonnes of raw materials were imported last fiscal year.

In fiscal year 2017-18, it was about 16.8 million tonnes.

Toslim SMC's acting MD

STAR BUSINESS DESK

Social Marketing Company (SMC) has appointed Toslim Uddin Khan as its new acting managing director and chief executive officer.

The appointee, Khan was working as deputy managing director of the company, said a press release.

He joined SMC in August 2002 and worked in different capacities before being promoted to the post of acting managing director.

He completed his honours and master's degrees in social welfare from the University of Dhaka and did an MBA in marketing at the same university.

He obtained another master's degree in family planning programme management from the University of Exeter in the United Kingdom.



Indian rupee slips on dollar strength

REUTERS

The Indian rupee declined on Friday as the US dollar climbed after data showed the labour market remained strong in the United States, furthering the case for the Federal Reserve to keep tightening rates.

The partially convertible rupee ended at 79.7950, compared to the previous close of 79.5550. However, it closed up 0.1 per cent for the week, its first gain in three.

The dollar index, which measures the currency against six majors, leapt to a 20-year high overnight after data showed a drop in unemployment claim. Markets now await non-farm payrolls data to see how many jobs were added in August.

Locally, data showed India's preliminary trade deficit for last month came in at \$28.7 billion, a marginal pullback from the record \$30 billion figure in July.

"Trade deficit number will be a worry, but I don't think the rupee reaction is due to that. It has largely to do with the surging dollar," said Ritesh Agarwal, head of treasury at CTBC Bank.

The dollar's sustained strength will ensure the rupee breaches the 80 level, even though the Reserve Bank of India (RBI) has tried to protect it, he added, predicting that rupee could be at 80.5 by the end of September.

The local currency hit a record low of 80.12 earlier this week, which it has since recovered from with RBI's support.

The central bank on Friday reiterated that inflation had peaked and could come around 5 per cent in the June quarter. However, that failed to inject any optimism into the markets.

Fears of the Fed's move at the upcoming September meeting likely overshadowed it, Agarwal said.

India's inflation issues are driven by supply-side challenges that have yet to be resolved, he said, adding that China locking down its cities and the war in Ukraine will keep adding to those.

UK classifies \$1.3b of Covid 'bounce back' loans as suspected fraud

REUTERS, London

The British government is set to release data showing around 1.1 billion pounds of small business loans (\$1.27 billion) made under a Covid-19 emergency lending scheme has already been classified as suspected fraud, a source told Reuters.

The previously unpublished data from Britain's Department for Business, Energy and Industry (BEIS) gives the first firm indication of likely fraud levels in the scheme, which has faced scrutiny over the quality of checks on borrowers.

British banks handed out 47 billion pounds in total in government-guaranteed 'bounce back loans' from May 2020 to struggling small businesses hit by Covid-19 lockdowns.

A publication date for the latest report has not been fixed and the data are yet to be finalised, the source with direct knowledge of the data said.

The 1.1 billion pounds represents the current level of loans that have been flagged as suspect, and more could come to light.

"We're continuing to crack down on Covid support scheme fraud and will not tolerate those who seek to defraud consumers and taxpayers," a spokesperson for the government said.

The support schemes were implemented quickly to save jobs, the spokesperson said, adding that fraud estimates will vary from eventual losses, because some funds may be recovered or repaid.

The government's current central estimate for bounce back loans fraud is for a final total of 3.3 billion pounds, or 7.5 per cent of the total lent, the spokesperson said.

In addition to the suspected fraud, banks have claimed 2.6 billion pounds worth of government guarantees for loans that were in default, up from 1.6 billion pounds in March this year, according to the source.

Doel laptop fails

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Still, TSS's financial numbers have not improved.

It incurred a loss of Tk 1.33 crore in the fiscal year of 2019-20 and Tk 1.94 crore in 2020-21.

TSS LOOKS FOR A COMEBACK
TSS assembled a few models in 2019 and Tapader called them completely different from the previous one, saying they come with better quality and configuration.

He admits that there were some problems with the first batches of laptops. "Now there are some models of laptops available in the market that are perfect. There are no complaints about them," he said.

TSS is supplying the new models to government agencies, including the ICT Division.

In order to instil a new life into TSS, the government is considering declaring it as a hi-tech park to attract local and foreign investments.

Zunaid Ahmed Palak, state

minister for ICT, has already announced it would declare TSS as a hi-tech park, said Posts, Telecommunication and Information Communication Minister Mustafa Jabbar.

A hi-tech park status would give TSS various benefits, including tax breaks. TSS has already applied to the ICT ministry seeking the hi-tech park status.

Jabbar points to the insufficient marketing for the limited sales of Doel laptops.

"We are launching a proper marketing campaign. Within 2022, it will get better promotion," he said.

The company is now conducting a feasibility study to establish a motherboard manufacturing plant in Tongi.

"Our objective is to establish a plant with a full-fledged laptop, mobile phone and digital metre manufacturing facility," Tapader added.

Area under surface water

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complaints that shallow tube-well operators were not getting adequate water in certain areas owing to a fall in groundwater levels and arsenic contamination.

Mojid said groundwater covered 80 per cent of the total irrigated area during the period between 2005 and 2010.

Since then, it took several projects to utilise surface water sources to irrigate croplands and cut the dependence on groundwater.

Mohammad Zafar Ullah, chief engineer of minor irrigation at the BADC, said the state agency re-excavated canals and rivers as well as developed infrastructure to expand surface water-based irrigation.

The state agency, which provides irrigation support to farmers from groundwater and surface water sources through deep, shallow and low lift pumps, re-excavated 9,000 kilometres of canals.

Besides, the dredging of rivers and canals by the Bangladesh Water Development Board has increased their water storage capacities.

As a result, water remains available in these waterbodies during the dry season, particularly the February-March period.

He said government agencies, including BADC and the Barind Multipurpose Development Authority, are bringing an additional 25,000-26,000 hectares of land under surface water irrigation annually through various initiatives such as building rubber dams, re-excavation of dead canals and waterways.

"We are targeting surface water more for irrigation," he said, adding that the BADC aims to increase coverage of irrigation system to 30 per cent of the total irrigated area by 2040.

During the current Aman season, farmers were using surface water for supplementary irrigation, he added.

CSE in talks for smart warehousing

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preliminarily formed, all of which would be finalised through interactions following a visit by an MCX delegation.

A four-member MCX delegation is scheduled to come on a visit to meet most of the key stakeholders like the regulator, brokers and physical market participants.

This is very much essential for the regulation, contract specification and product and price advisory committee (PAC) formation parts, said the report.

Awareness and education programmes with physical market stakeholders, including associations concerned, have also been planned so that the MCX can avail relevant inputs from stakeholders during the interactions in order to finalise contract specifications.

A draft regulation will be submitted to the Bangladesh

Securities and Exchange Commission (BSEC) by October.

However, in-house clearing and settlement and tailored record management systems are yet to be developed due to operational delays of Central Counterparty Bangladesh, which needs massive resource mobilisation, said the report.

"Nevertheless, we are strictly following the timeline and we are in line with the planned deadline of the scope of works and optimistic about finishing the project within the expected timeframe," it said.

A Joint Steering Committee has held a few virtual sessions with core market intermediaries, like CSE Trading Right Entitlement Certificate (TREC) holders, including individual knowledge sharing sessions with each CSE department.

A commodities exchange is a legal entity that determines and enforces rules and procedures for

trading standardised commodity contracts and related investment products.

Traders rarely deliver any physical commodities through a commodities exchange.

Instead, they trade futures contracts, where the parties agree to buy or sell a specific amount of the commodity at an agreed-upon price, regardless of what it currently trades at in the market at predetermined expiration date.

According to experts, a commodity exchange allows farmers to lock in prices using forward contracting. This also reduces the risk of a drastic price drop.

An exchange helps increase the liquidity for farmers since it assists them to access funds without any interest. As a result, they do not need to borrow at higher interest rates from sources such as banks or usurers.

Explore alternatives

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exporters, said the subsidy study group.

The group carried out a comparative study of Bangladesh's export situation with a country that does not offer export subsidies.

"It found that if there is no cash subsidy on exports, the negative impact would be lower in the long-term. But since the export competitiveness may erode because of the withdrawal of the cash subsidy, the study group is analysing what alternative arrangements can be made," said the press release.

The group also suggested the government scrap the provision of the local value-addition on exportable goods.

It urged the government to sign free trade agreements and

preferential trade agreements with major trading partners to retain duty benefits in their markets. Because of the pacts, the country may run the risk of losing customs duties, it warned.

The study group on reforming tax-related laws and rules called for identifying sectors that should not be given tax-exemption and carrying out full automation and digitalisation of the tax administration.

It proposed aligning customs and income tax laws in line with international standards and modernising processes to fast-track unloading of goods, according to the press release.

The study group on tariff rationalisation asked the government to bring down the tariff rates of the products that have gone past the threshold set by

the WTO.

It called for phasing out the minimum import price gradually since it is not in line with the WTO Agreement on Customs Valuation, and reducing the para-tariffs and supplementary duties at the import stage gradually.

Abdur Rouf Talukder, governor of the Bangladesh Bank, Tapan Kanti Ghosh, senior commerce secretary, Binayak Sen, director general of the Bangladesh Institute of Development Studies, Zaidi Sattar, chairman of the Policy Research Institute, Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, and Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, also spoke at the event.