

## Invest more in Bangladesh DCCI urges Hong Kong businesses

STAR BUSINESS REPORT

Hong Kong has become one of the top 10 foreign investors in Bangladesh, pouring \$1.8 billion till date mainly in the textile and energy sectors, said Rizwan Rahman, president of the Dhaka Chamber of Commerce & Industry (DCCI), yesterday.

Bilateral trade has already reached over \$1 billion, he told a seminar on "Exploring business and investment opportunities for Bangladesh via Hong Kong" jointly organised by the DCCI and Hong Kong Trade Development Council (HKTDC) at Lakeshore Hotel.

Taking inspiration from the investment successes and ties, others can explore potentials, he said.

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**Hong Kong is an important centre for international finance and trade for the Asia-Pacific region, enabling businesses to tap massive opportunities, says DCCI chief**

said, urging entrepreneurs in Hong Kong to invest more in Bangladesh.

Bangladesh's upcoming United Nations status graduation from least developed to developing country will subsequently necessitate foreign investment, especially in infrastructure, financial, service and manufacturing sectors, said Commerce Minister Tipu Munshi.

Bangladesh has a good demographic dividend, skilled workforce and congenial investment environment. "Try Bangladesh for investment," he added.

Hong Kong is a trusted partner for Bangladesh, he said, hoping for more companies from this special administrative region of China to come to Bangladesh.

If more companies from Hong Kong come to Bangladesh, including under public-private partnership models, it will enable technology transfers, said Sharifa Khan, secretary to Economic Relations Division, pointing out Bangladesh's efforts at developing ports and logistics.



The fact that the season for Ashwina mangoes has begun is good news for mango enthusiasts all over the country but this was not always the case. Just six years ago, this variety of mango was only used to make pickles and other processed food items but ever since the fruit-bagging method of cultivation was introduced in 2016, its demand and value have seen significant advances.

PHOTO: ANWAR ALI

# Ashwina mangoes now winning hearts

Farmers, traders getting better prices

ANWAR ALI, from Rajshahi

Ashwina mangoes were seldom seen on dining tables in the past as the fruit bore a sour taste coupled with an unappetising dark exterior that limited their use to the production of processed food items.

Surprisingly though, these large mangoes eventually found their way into peoples' hearts and bellies after fruit-bagging, a method of cultivation that protects against pests and other natural elements, was introduced in 2016.

Since then, both the colour and taste of this variety of mango have improved, captivating consumers across the country.

As a result of the increased demand, the price of Ashwina mangoes has reached as much as Tk 16,000 per maund (40/45 kilogrammes).

"Fruit bagging changed the fate of this mango and also that of its growers," said Dr Sorof Uddin, a renowned mango researcher of the Bangladesh Agricultural Research Institute.

Ashwina mangoes now account for some 15 per cent of the country's total mango production, which stands at around 12 lakh tonnes, according to the Department of Agricultural Extension (DAE).

Of the total annual production



of Ashwina mangoes, 40 per cent comes from Chapainawabganj while Rajshahi, Naogaon, Natore and other districts contribute the rest.

Just six years ago, Ashwina mangoes were mostly used for producing pickles and many were wasted without being used at the time, when they were never sold for more than Tk 2,400 per maund.

Uddin explained that the fruit's poor taste was because they were collected well before their proper harvesting season in the Bengali month of Ashwin.

Ashwin begins in the middle of September but the harvesting season for most popular mango varieties, such as Gopalbhog, Khirsapat and Himsagar, end by

mid-August. "And as no one could stop themselves from eating the fruit in this one-month gap, farmers had to pick their Ashwina mangoes early and that resulted in their sour taste," he said.

In addition, even those who waited for the right season often found insects in their fruit, reducing its value, Uddin added.

He went on to say that Ashwina mangoes could not show their attractive colours in Rajshahi and Chapainawabganj as these districts usually witness the maximum of their annual rainfall in late August and early September.

"Excessive rain turns the colour of Ashwina mangoes black," Uddin said.

But when the fruit-bagging method was applied to these mangoes in 2016, two major changes occurred.

The first was a change in taste as the mangoes were no longer harvested before their time, ensuring sweetness. The second was a change in colour as the protective fruit bags prevented rain from seeping in while also keeping pests at bay.

Moreover, Ashwina mangoes sell at high prices as it is the only variety that remains in the market in late September.

Omar Faruk Tipu, general secretary of the Kansat Mango Traders Association, said fruit-bagging has turned this mango into a precious one.

"Everyone values it now as it provides money to both the growers and traders," he added.

Tipu informed that the use of fruit-bagging spread fast after some growers first used the method in 2016 with the assistance of government officials.

"We have never taken care of Ashwina mangoes like we do now," said Anwarul Haque, a farmer.

Haque, who has been growing mangoes for the last 15 years, then said that farmers no longer harvest this variety before the month of Ashwin as they can get

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## Identifying economy-friendly policy next challenge

MD SAIFUL ISLAM

Recent global shocks, Covid-19 and the Russia-Ukraine war have created an economic crisis not only in Bangladesh but also in other countries.

The impact of the shocks is already visible to us through inflationary pressure, fall in GDP, unemployment, and the reserve crisis. Under the circumstances, all of the countries are taking different macroeconomic policies to reduce the impact. Addressing the visible effects, the policies should be economic growth-friendly, least costly compared to other policies, and poor-friendly.

Nearly one in five individuals in Bangladesh was considered living below the poverty line, according to the Household Income and Expenditure Survey of 2016, and the coronavirus outbreak added to the woes as many people were added to the existing poor population. The inability to maintain a sufficient standard of living and high inflation will push some people into poverty. Here I am just evaluating and focusing on the recent fuel price increase by the government.

As far as economic theories offer, it is generally accepted by all of us that the increase in fuel price will be reflected in the prices of goods and services. It was realised immediately when the rise in fuel price pushed the price level up the next day.

Even the price of non-fuel-based commodities has also gone high. In layman's terms, it was an illegal act by the sellers. However, as an economist, we are trained to see what others can't.

In this case, sellers always think about the relative prices of the goods they are selling as well as buying. That means a profit markup on the prices of goods is always maintained by a seller.

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The recent phenomenon of inflation indicates that the inflationary pressure will deepen in the upcoming days. The expectation regarding inflation is very crucial because once the high expectation of inflation is generated, it will be high inflation in reality.

Not surprisingly, our future journey will be more challenging than ever before. The recent fuel price hike will create cost-push inflation, which, in turn, creates a lot of hurdles for policymakers to find out the actual path of recovery because the trade-off between inflation and unemployment will no longer work. Hence, GDP growth will be hampered and the economy will not be able to generate enough jobs.

The energy ministry said that Bangladesh Petroleum Corporation had lost Tk 8,000 crore over the last six months, and the government is no longer able to provide subsidies in the sector.

The government should try to understand why the academicians are strongly criticising the recent macroeconomic policies. The government has just considered the subsidy on fuel as money, nothing else. But they need to have a very strong focus on the aggregate macroeconomic variables related to fuel prices.

If the removal of subsidy is in any way related to the condition imposed by the International Monetary Fund, they have to realise that we are not in the normal economic situation now to withdraw the subsidy suddenly.

Comparing the net benefit of the fuel subsidy with other development projects, the government can postpone some projects for a year or more. It may also seek policies to reduce cost-push inflation. But the journey will be costlier and more difficult than imagined!

The author is a lecturer in the economics department at the University of Dhaka

## India may hike rates by 50 bps as inflation soars

REUTERS, Mumbai

The Reserve Bank of India may raise interest rates by another 50 basis points this month after data showed inflation rose further above the central bank's tolerance limit in August, analysts said.

India's retail inflation rate rose to 7.0 per cent in August from 6.71 per cent in the previous month, data released on Monday showed. The August reading was a tad above the 6.9 per cent expected by economists polled by Reuters. Higher food inflation contributed to the increase in headline rate.

"From a policy perspective, another month of above-target inflation clears the path for further monetary tightening at the next MPC (Monetary Policy Committee) meeting on 30 September," said Rahul Bajoria, chief India economist at Barclays Bank.

The relatively resilient growth outlook, coupled with robust credit growth and sticky core inflation, will keep the RBI's focus firmly on managing inflation, Bajoria said in a note.

Core CPI rose 6.17 per cent in August, per Barclays' calculations.

"It's clear that inflation remains uncomfortably high and (the August) data will do little to ease the concerns of several MPC members, who continue to strike a relatively hawkish tone," Shilan Shah, senior India economist at Capital Economics, said in a note.

Shah expects RBI to switch to 25 basis points hikes in

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A lorry driver passes a sign on the side of his vehicle advertising for jobs as he makes a delivery in London.

PHOTO: REUTERS/FILE

## UK jobless rate hits lowest since 1974

REUTERS, London

Britain's jobless rate hit its lowest since 1974 but the drop was due mostly to a fall in the size of the workforce and there were other signs that the country's jobs boom is petering out, adding to the Bank of England's inflation headache.

The unemployment rate sank to 3.6 per cent in the three months to July, the Office for National Statistics said. Economists polled by Reuters had expected it to hold at 3.8 per cent.

However, the fall was not a sign of health in Britain's economy which is at risk of a recession.

The number of people in employment grew by 40,000, less than a third of the increase forecast in the Reuters poll.

"We're now starting to see signs of a labour market losing its momentum," Jack Kennedy, UK economist at

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