

star BUSINESS



Berger to build Tk 480cr factory

STAR BUSINESS REPORT

Berger Paints Bangladesh has decided to invest Tk 480 crore to establish a factory in Bangabandhu Sheikh Mujib Shilpa Nagar.

The project is expected to be completed in April 2025, said the local subsidiary of an Indian multinational company in a statement published on the Dhaka Stock Exchange (DSE) website yesterday.

The company has decided to invest to meet a growing demand for paints in the country, Khandker Abu Jafar Sadique, company secretary, told The Daily Star.

The investment excludes the price of the land that has already been purchased and will come from the company's own sources and in the form of loans from banks, he said.

The company has decided to invest to meet a growing demand for paints in the country, says Khandker Abu Jafar Sadique, company secretary

The company has factories in Kalurghat Heavy Industrial Area of Chattogram and Savar of Dhaka. Its shares ended unchanged at Tk 1,711.60 on the DSE yesterday.

The erstwhile Jensen & Nicholson (J&N) set up its Chattogram factory in 1970. Duncan Macneil & Co and Dada Group were its shareholders.

Duncan Macneil sold its shares to the majority shareholder J&N. Dada Group's share was vested on the government after Bangladesh gained independence in 1971.

The name was changed from J&N (Bangladesh) to Berger Paints Bangladesh in 1980. In 2000, J&N Investments (Asia) purchased the part owned by the government.

The multinational paint maker's profits were battered by high price of raw materials and currency devaluation in the July-September period of 2022.

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BITS AND PIECES

- October earnings from garment shipment may fall 20pc
- This year's export target of \$46.8b from RMG may not be achieved
- Bangladesh exported garments worth \$42.61b last fiscal year
- November outlook is also not positive
- Weak taka slightly helped recover losses



EXPORTERS BLAME

- High inflation in Europe
- Ongoing energy crisis at home

BGMEA WANTS

- Improvement of energy situation
- Diversion of gas to garment units from fertiliser factories
- Reduction of source tax to 0.5pc from 1pc
- Full waiver of tax, VAT and AIT on LNG import

High current account deficit may lead to financial crisis

Warns Policy Research Institute

STAR BUSINESS REPORT

The economy might fall into a financial crisis and face a growth slowdown if the existing pace of higher current account deficit persists for three to five years, warned the Policy Research Institute of Bangladesh (PRI) yesterday.

The economic crisis triggered by the Russia-Ukraine war, supply chain disruption and soaring prices of commodities in the post-coronavirus period has already caused Bangladesh's foreign exchange reserves to fall, consumer prices rising and the current account deficit remaining very high.

The current account deficit, a situation where a country imports more goods and services than it exports, was 4 per cent of gross domestic product (GDP) in the fiscal year of 2021-22, overshooting the 3 per cent mark termed as the red line.

"And historical and cross-country analysis shows if the current account deficit runs over 3 per cent for three to five years, the economy will fall into

a financial crisis and inevitable growth slowdown," said PRI Chairman Zaidi Sattar at an event at the Sheraton Dhaka hotel. "We can't allow that to happen."

The think-tank organised the event to discuss issues related to

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"We can't allow that to happen."

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the realisation of Bangladesh's development aspirations with domestic resource mobilisation amidst macroeconomic challenges.

Recently, the International Monetary Fund said Bangladesh will continue to see a high deficit in its current account balance till 2027. The current account deficit will be 3.8 per cent of the GDP in the current fiscal year, compared

to 4.1 per cent in the last fiscal year, it said.

It came as import bills rocketed for higher commodity prices globally. On the contrary, exports have not gone up as expected.

"I don't think we can sustain a current account deficit of 3-4 per

items to reduce the inflation pain facing the people.

Inflation surged to a 10-year high of 9.52 per cent in August. It, however, fell to 9.10 per cent in September.

"The crisis that Bangladesh is facing originates from the external front. But we have to protect our economy," said PRI Executive Director Ahsan H Mansur.

The former economist of the IMF said the interest rate, which is used by central banks around the world to curb demand and contain inflation, has not been utilised to find a solution.

Stability in the exchange rate has not been achieved as no uniformity in rates has come about though the taka has lost significant value against the US dollar.

"Foreign exchange reserves are still falling," he said, suggesting the Bangladesh Bank adopt international best practices to define the reserves.

The IMF has long been suggesting the central bank exclude the dollar-denominated

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October's RMG export earnings may fall 20pc

Says BGMEA, blames inflation in Europe and energy crisis at home

STAR BUSINESS REPORT

Earnings from apparel shipments in October may dip 20 per cent year-on-year for high inflation in Europe due to the Russia-Ukraine war and a production shortfall for the ongoing energy crisis in factories, said the BGMEA chief yesterday.

At the end of the current fiscal year, Bangladesh may not achieve its apparel export target, apprehended Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), at a press conference.

This is due to the energy crisis, decline of work orders and high inflation in European countries, he said.

The outlook for November is also not good as international retailers and brands have been delaying issuing work orders for the coming seasons, Hassan said.

At the end of the current fiscal year, Bangladesh may not achieve its apparel export target, said Faruque Hassan, president of BGMEA

"All depends on the local situation and the Russia-Ukraine war. We do not know what will happen in the future," he said.

The ongoing crisis of electricity and gas in the industrial units augmented the falling trend of garment exports as factories and mills can not run at full capacity, Hassan said.

The devaluation of the taka helped recover a bit from the negative growth in export receipts from garment shipments but it will not help to overcome the crisis, he said.

Hassan suggested that the government diverting gas supplies from fertiliser factories to industrial units so that the latter can run smoothly. The government can import fertiliser to meet demand, he said.

The BGMEA chief also urged the government to waive all duties, including value added tax (VAT) and advanced income tax, on the import of liquified natural gas (LNG) from international spot markets.

This can help the government supply gas at adequate pressure to industrial units at an affordable price, he said.

He also said the government should reduce tax at source to 0.50 per cent from the existing 1 per cent so that exports grow and the government can earn money from export receipts.

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STOCKS			
	DSEX ▼	CASPI ▼	
	0.68%	0.46%	
	6,334.02	18,692.93	

COMMODITIES		AS OF FRIDAY
	Gold ▼	Oil ▼
	\$1,644.7	\$88.50
	(per ounce)	(per barrel)

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.34%	▼ 0.88%	▲ 1.46%	▼ 2.25%	
59,959.85	27,105.20	3,059.19	2,915.93	

Sugar mills' fallow lands to be used for cultivation

Agriculture Minister Razzaque says

STAR BUSINESS REPORT

The fallow lands of different government organisations, including sugar mills, will be brought under cultivation, Agriculture Minister Muhammad Abdur Razzaque said yesterday.

Steps will be taken to find out the unutilised lands of government organisations, he said.

The minister made the comments at the review meeting of the annual development programme (ADP) at the secretariat in Dhaka, the ministry said in a press release.

Food production in Bangladesh should be increased as the demand for food is rising in the country every year with the spiralling population, Razzaque said.

At the event, the minister also ordered

the officials concerned to contact the officials of public entities and sugar mills and take steps to materialise the plan.

All field level officials of the agriculture ministry should be more active to find out how to increase food production, he said.

In the ADP, the government set aside Tk 4,138 crore for 72 projects under the agriculture ministry for 2022-23 fiscal year, according to the statement.



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রংপুর শাখা
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