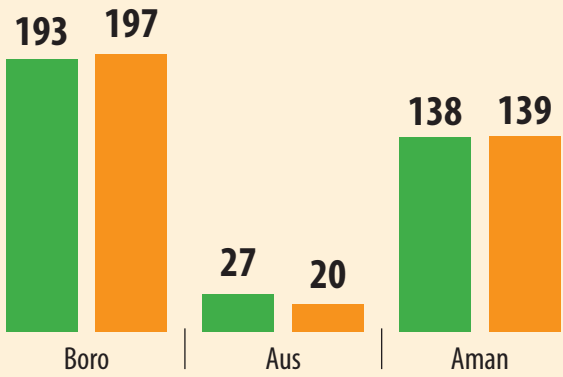


## RICE PRODUCTION FORECAST

In lakh tonnes; SOURCE: USDA; MY=MARKETING YEAR



## US, UAE announce clean energy partnership

AFP, United States

The United States announced a clean energy partnership on Tuesday with the United Arab Emirates worth \$100 billion, the White House said.

The Partnership for Accelerating Clean Energy (PACE) will aim to develop low-emission energy sources to distribute 100 gigawatts of clean energy worldwide by 2035, White House spokeswoman Karine Jean-Pierre said in a statement.

The two countries will also invest in managing harmful emissions such as carbon and methane, as well as in developing nuclear technology and decarbonising industrial and transportation sectors.

Funds will also go toward supporting "emerging economies whose clean development is both underfunded and essential to the global climate effort," the statement said.

# Rice production to decline marginally

US agency says about Bangladesh

SOHEL PARVEZ

Bangladesh's rice production may decline in marketing year (MY) 2022-23, which began in May, as severe floods damaged pre-monsoon crop Aus in the north and northeastern regions during planting, said a USDA report released on Monday.

Around 3.56 crore tonnes of rice are expected to be produced in MY23, down one per cent from that in the previous period, said US Department of Agriculture (USDA) in its "Bangladesh: Grain and Feed Update".

The Bangladesh Bureau of Statistics (BBS) has not published its production estimate for the dry season crop, Boro, and Aus, harvested in the April-May and July-August periods of this year respectively.

But the Department of Agricultural Extension (DAE) estimates production of Boro and Aus to be higher than the USDA's estimate.

The US agency's estimate of rice output for the MY22 was five per cent lower than the BBS's estimate of 3.77 crore tonnes.

Despite the fall, overall consumption and stocks left afterwards is forecasted to increase

one per cent year-on-year to 3.65 crore tonnes in the MY23.

The forecast comes at a time when prices of the staple grain has remained high as supplies remain tight in the market amidst a dip in imports.

Wheat imports declined too in the three months to the end of September from that a year ago.

Price of wheat flour touched Tk 54.65 per kilogramme in October, the highest on record, showed the Food and Agriculture Organization (FAO) data.

Average prices of coarse rice were Tk 47.47 per kilogramme in October in Dhaka, which was 9 per cent higher from that a year ago, according to the FAO.

The USDA said high cost of milling and transportation, appreciation of the US dollar, and high inflation has caused the prices of rice to rise.

It said in the current year, both area and production of Aus rice crop declined owing to the inundation of water during the cultivation season.

Acreage during Aus season declined 20 per cent to 9 lakh hectares of land during the

MY23, leading to a 24 per cent downturn in production to 20.5 lakh tonnes, said the US agency. The DAE puts the Aus production figure at 30 lakh tonnes.

Production of rice during the largest crop season of Boro, however, grew as planting expanded.

Farmers bagged 1.97 crore tonnes of rice during the season, up two per cent from that the previous year, according to the USDA report.

The DAE said Boro output was nearly 2.10 crore tonnes in the current year.

Growers are likely to produce 1.39 crore tonnes of rice during the Aman season.

The US agency said the monsoon crop, heavily reliant on rains, has been planted on 58 lakh hectares of land this season. The estimate of Aman acreage is lower than the DAE's estimate.

The USDA kept its forecasts unchanged regarding Bangladesh's rice import for the MY23.

It said the cereal import might drop 42 per cent year-on-year to 7.5 lakh tonnes.

It also cut wheat import forecasts for Bangladesh for current MY23 ending in April.

## BSEC gives in to use of cheques in stocks trade

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission yesterday revoked for a second time an order which had stipulated that investors could buy shares only against funds already present in beneficiary owners' accounts.

The decision was taken against demands from stakeholders for keeping valid the use of cheques.

In 2010, the BSEC ordered all brokers and merchant banks to buy shares on behalf of investors only when the latter's cheques were honoured and the fund available in the respective beneficiary owners' accounts.

However, the order was revoked just two days after it was issued.

In recent months several investors, including some who had no funds available, were found to have bought and sold shares in quick successions with cheques that were later dishonoured.

This prompted the BSEC to pass an order in September stipulating that shares could be bought only when funds were available in accounts.

But the too was revoked yesterday.

The stock market regulator said stock brokers and merchant bankers were allowed to transact securities against account payee cheques, payment orders, demand drafts or any other mode of banking channel or system allowed by the central bank.

However, the BSEC in the new order said merchant bankers and stock brokers would have to deposit cheques either on the day investors provide it or on the following working day.

If the cheques are later dishonoured, brokers will have to transfer the fund from their respective bank accounts, it said. Failure to fulfil both conditions would make merchant bankers and stock brokers ineligible for quota benefits in initial public offerings (IPOs), it said.

Meanwhile investors whose cheques are dishonoured will be banned from conducting trade using cheques for one year, it added.

## ECB must keep raising rates

Lagarde says

REUTERS, Frankfurt

The European Central Bank must keep raising interest rates to fight off inflation, even if the probability of a euro zone recession has increased, ECB President Christine Lagarde said in an interview published on Tuesday.

"Our mandate is price stability, and we have to deliver on that using all the tools we have available," Lagarde told Latvian news outlet Delfi, largely repeating last week's policy message. "We are determined to do what is necessary to bring inflation back to our 2 per cent target."

The ECB has raised interest rates by a combined 200 basis points over the past three meetings, and markets are pricing in a string of further moves that would take the 1.5 per cent deposit rate close to 3 per cent in 2023.

## Reduce fund wastage

FROM PAGE B1

a tough period following several hikes in energy prices.

So, the government could negotiate a plan to phase out the subsidy without putting these people in peril, he added.

Murshid went on to say the government should work on implementing the suggested reforms, especially in regard to fixing fuel prices.

"In the energy sector, the government is giving subsidy for lobbying from influential people, which is creating a total mess," he said.

Subsidies should not be based on lobbying or an ad-hock basis and instead, it should be for the betterment of people and in a transparent way, Murshid added.

"The government gazetted a market-based fuel pricing formula in 2005 or 2006 that was neither implemented or voided," said Zahid Hussain, former lead economist of the World Bank's Dhaka office.

"So why should we wait a year to generate a formula when one already exists? Even restructuring the current model can be done with a single stroke of a pen," he added.

Hussain then said there is no logic behind subsidising diesel, kerosene or any fossil fuel in the era of climate change. Besides, the government

should impose tax and introduce environment friendly technology to reduce the use of fossil fuels.

If the government provides subsidies based on equity, the question remains whether rural and urban poor are using less fossil fuel than rich people.

So, rich people are technically getting more benefits from the subsidy.

Instead of giving subsidy through prices, the government could extend the subsidy through social safety net programmes for the poor.

"Then, the poor will get the real benefits of the subsidy as it would be more equitable," he added.

Although both the IMF and World Bank called for reducing subsidies in the energy sector, neither are taking about solving the reasons why subsidies are given in the first place, said Professor Anu Muhammad, former chairman of the economics department at Jahangirnagar University.

"The government is bearing subsidies to give huge benefits to power generation companies in the name of capacity charge. So, they should work reducing fund wastage in the name of subsidy," he added.

The Bangladesh Power Development Board (BPDDB), the country's sole electricity buyer, paid

16,785 crore in capacity charges to power plants in the first nine months of the last fiscal year for 22,118MW daily power generation capacity.

Previously, it paid Tk 18,977 crore to 101 power plants in 2020-21 and Tk 18,123 crore to 102 plants in 2019-20, BPDB data shows.

"The irony is that if the subsidy is cut following the IMF's prescription, the mass people will suffer as they are already in a crisis following a drop in their real income," Muhammad said.

Anwar-ul Alam Chowdhury, president of the Bangladesh Chamber of Industries, said the government should grant subsidies considering its own capacity as the country is not in a position to lose jobs or allow higher inflation.

Germany launched an energy subsidy worth 200 billion pounds to safeguard its people and private sector amid the current economic uncertainty.

"So, there is no problem in giving subsidy to give benefits to its people and keep the business competitive," he said.

As the domestic market is not in good shape due to the peoples' lower purchasing power, the subsidy should continue, added Chowdhury, who is also former president of Bangladesh Garment Manufacturers and Exporters Association.

## Industries buckle under diesel bills

FROM PAGE B1

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, says his factory used to consume diesel worth Tk 4 lakh a month.

The monthly fuel expenditure has surged to Tk 30 lakh.

"But at the same time, the cost of electricity has not dropped. So, we have to spend more to buy diesel and pay electricity bills."

A factory owner says he used to consume diesel worth Tk 70,000 a month before the energy crisis hit the

world and Bangladesh. The fuel now costs him Tk 70,000 per day.

The frequent load-shedding is weighing on the quality of products since workers can't continue seamless production.

Another garment exporter says diesel consumption has been costing him Tk 5 crore per month for the last two months.

"I have forgotten to make a profit as I am struggling to keep my factories up and running," said the exporter, asking not to be named. The factory is sitting on a lot of work orders.

The power supply situation has

improved a bit over the last four days as the frequency of load-shedding has declined, according to another major exporter.

This is largely because temperatures are falling all across the country as winter is arriving, driving down the demand for electricity.

One of his factories is using diesel worth Tk 2 crore every month, way higher than Tk 20 lakh he used to spend on diesel bills before the load-shedding kicked in.

"The profit margin has narrowed because of higher diesel consumption," he said.

## Dollar drops as optimism spreads before Fed decisions

REUTERS, London/Tokyo

The US dollar sank from a one-week high against a basket of major peers on Tuesday as the mood in financial markets brightened ahead of Federal Reserve and Bank of England (BoE) meetings this week.

Both the Fed and the BoE are expected to hike interest rates by 75 basis points (bps) in meetings on Wednesday and Thursday respectively.

Traders then expect the BoE to slow down and raise rates by 50 bps in December, and hopes have risen that the Fed could do the same at its meeting that month.

The US dollar index - which measures the greenback against six rivals, including the euro, sterling and yen - sagged 0.57 per cent to 110.9 on Tuesday, eating away some of the 0.79 per cent gains it made on Monday.

"The feeling is maybe the Fed will tone down the magnitude of hikes, but certainly the message will be the job is not yet done, inflation remains well entrenched," said Rodrigo Catril, a currency strategist at National Australia Bank.

"Our general sense is that the dollar probably has peaked, but that doesn't necessarily mean it's coming down." Sterling rose 0.74 per cent to \$1.1551 after dropping more than 1

per cent on Monday. The euro rallied 0.54 per cent to \$0.9934.

The dollar index has surged more than 15 per cent this year as the Fed has hiked rates hard, crushing other currencies and heaping pressure on the global economy.

Investors have therefore taken cheer from speeches and interviews by some Fed officials that have suggested the central bank is considering slowing down in December.

However, markets were reminded that global inflation remains stubbornly high on Monday when data showed euro zone prices surged by the most on record in the year through October.

## Remittance keeps falling

FROM PAGE B1

He suggested the government reduce the exchange rate gap between the formal and informal channels.

According to the former economist of the International Monetary Fund, if the government can secure credit support from the multilateral lenders, the local currency's fall against the US dollar may come to a stop.

"Otherwise, the taka will keep falling against the American greenback," Mansur said.

The exchange rate of the taka stood at Tk 104.34 against the dollar on October 31, down 22 per cent from

a year earlier.

Mustafizur Rahman, a distinguished fellow at the CPD, urged the government to take initiatives to stop capital flight as it plays a key role in slowing down the flow of remittances.

As per the Bangladesh Financial Intelligence Unit, many businesses have avoided import duty through under-invoicing, which takes place when the price of a good on an invoice is less than the price paid.

"The vested quarter usually pays the cost of imported goods to foreign exporters with the help of the hundi

cartel," Rahman said, urging the authorities to take strict measures against money launderers.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says banks are under pressure to some extent to clear import bills due to the downward trend of remittances.

He, however, hopes that the pressure may ease after three to four months as the opening of letters of credit (LCs) declined in the first quarter of the current fiscal year.

LC opening stood at \$18.58 billion between July and September, down 8.6 per cent year-on-year.

## NBR launches tax service

FROM PAGE B1

service month" for the first time in 2020.

If complex matters like collection of income tax can be simplified and incorporated into everyday life, taxpayers will be encouraged to pay income tax, chairman said.

He thinks that through this

event, awareness alongside revenue collection would significantly increase.

Bangladesh has roughly 80 lakh registered taxpayers that account for 5 per cent of the country's total population of 16.5 crore.

In case of the submission of tax returns, the ratio is around 2 per

cent. Tax officials believe the number of people with the capacity to pay tax is higher.

In his budget speech for the current fiscal year, Finance Minister AHM Mustafa Kamal said the middle-income and above population was about 4 crore but most were not paying income tax.