

Star BUSINESS



Mustard flower fields in full bloom in Gobindapur village under Bogura's Shajahanpur upazila. The Department of Agricultural Extension says the government is encouraging farmers to grow oilseed so that local production can meet 80 per cent of the national demand and cut the imports of edible oil within several years. The photo was taken on Monday.

PHOTO: MOSTAFA SHABU

BB injects another Tk 1,250cr into two Islamic banks

STAR BUSINESS REPORT

Two shariah-based banks yesterday borrowed Tk 1,250 crore more under a Bangladesh Bank's arrangement named "Islamic Bank Liquidity Facility" (IBLF).

Md Mezbaut Haque, spokesperson of Bangladesh Bank, confirmed the information.

The two banks are Islami Bank Bangladesh and Global Islami Bank.

The central bank on Tuesday injected Tk 4,000 crore into five banks after the introduction of the cash-strapped shariah-based banks.

The two banks also took funds from the central bank on Tuesday. Along with the two, three other shariah-based banks – Social Islami Bank, First Security Islami Bank and Union Bank – managed BB funds on the same day.

The boards of the five shariah-based banks are controlled by S Alam

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Govt to revise GDP growth, inflation targets

REJAUL KARIM BYRON and MAHBUBUR RAHMAN KHAN

The government may revise its economic growth and inflation targets set for the ongoing fiscal year to reflect the impacts of the energy shortage, the war in Ukraine and the hike in energy prices.

The finance ministry will hold a meeting of the Fiscal Coordination Committee towards the end of December where the draft proposals will be presented.

The economic growth target for the fiscal year, which began on July 1, has been set at 7.5 per cent despite the dragging coronavirus pandemic and the Russia-Ukraine war. Many economists described the goals as ambitious when they were unveiled in June.

In October, the International Monetary Fund (IMF) cut Bangladesh's growth forecast to 6 per cent for 2022-2023, down from 6.7 per cent forecast in April.

The World Bank revised GDP growth forecast of 6.1 per cent from 6.7 per cent and the Asian Development Bank cut its projection to 6.6 per cent from 7.1 per cent.

Now, the finance division is going to revise downwards the

GDP growth in consultation with the Bangladesh Bank and it may be set at 6.5 per cent, said a number of finance ministry officials.

The average inflation target may be set at 8 per cent from the budgetary goal of 5.6 per cent.

In November, the average

would cool down anytime soon since the war is still raging and the global energy crisis is persisting.

Even, the government is mulling increasing energy prices, including electricity, further in order to adjust the mounting pressure on state coffers.

of the government's effort to borrow \$4.5 billion from it.

Rather, the finance ministry gives conditions to ministries and divisions to adjust the price as the government will not give more subsidy, he said.

The government has already amended the Bangladesh Energy Regulatory Commission Act 2003 by including a provision that would allow it to adjust the prices of gas, electricity and fuel under special circumstances.

The government will exercise the power to increase the electricity tariff, according to officials of the power and energy ministry.

The government is also considering increasing gas prices. Under the circumstances, the ministry is going to revise both GDP growth and inflation targets, said a number of officials.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said: "Here, the number is not a factor. It does not matter whether the inflation or GDP rate is revised or not."

"It is important to see what you are doing. What is your policy action?"

According to the economist, stability in external balance and controlling inflation are the priorities, not GDP growth.

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inflation rate reached 7.48 per cent whereas the IMF's projection says it would rise to 8.5 per cent.

Owing to the severe impacts of the Ukraine war, the price of food and other commodities has spiked, the taka has lost its value by about 25 per cent against the US dollar, and the government was compelled to raise energy prices. All of these sent inflation to almost a double-digit level.

In November, the inflation rate reached 8.85 per cent on a point-to-point basis. And there are no signs that the price situation

Around Tk 82,000 crore has been set aside for subsidies in FY23. And ministries and divisions are demanding more subsidies.

According to an estimate by the finance ministry, the subsidy demand would go up to Tk 105,105 crore if the energy price is not adjusted.

The IMF has also suggested reducing subsidies gradually.

A senior official of the ministry said the multilateral lender has not attached any condition on increasing energy prices as part

Summit: a major player in ICT infrastructure

MAHMUDUL HASAN

When one talks about Summit Group, it should come as no surprise that the conglomerate has solidified its position in Bangladesh's power industry while its chairman, Muhammed Aziz Khan, has been listed by Forbes as one of the richest men in Singapore.

But interestingly in the last 13 years, step by step, the Summit has become a major player in the country's telecommunication and internet service industry.

Now, Summit Communications, which was founded by Khan, is the leading internet transmission service provider laying the largest fibre optic cable network, a feat it accomplished through a Nationwide Telecommunication Transmission Network (NTTN) licence.

It is also the leading international internet gateway (IIG) operator and international terrestrial cable (ITC) operator offering a bandwidth of about 1,400 Gbps, which is over 30 per cent of the country's total demand.

Its clientele are all the telecom operators, top internet service providers, cable TV operators and the government. All heavily rely on the primary infrastructure of the Summit.

It also availed a number of licences from Bangladesh Telecommunication Regulatory Commission (BTRC).

One is an interconnection exchange (ICX)

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RICE IMPORT Govt extends tariff benefit by 3 months

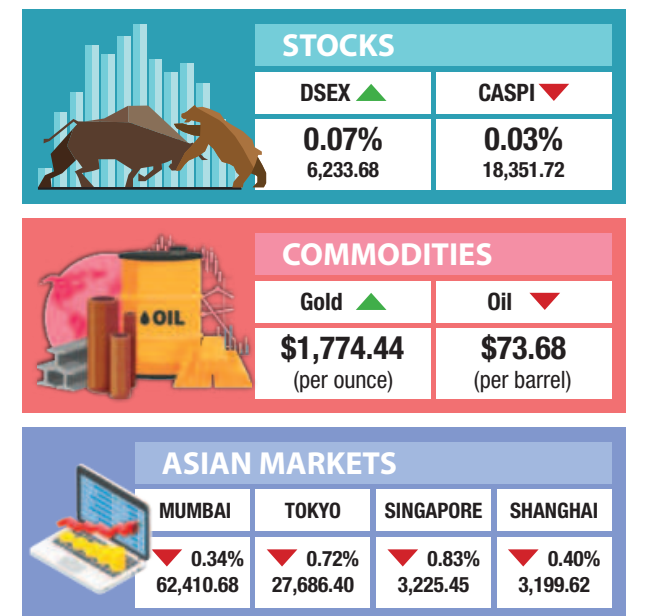
STAR BUSINESS REPORT

The National Board of Revenue (NBR) yesterday extended the scope for traders to import rice at reduced tariff by three months to March 31 next year to facilitate increased supply of the staple food and contain its prices in the local market.

The NBR made the announcement through a notification as the scope for importing rice at 15 per cent plus tariff was scheduled to expire on December 31 this year.

On August 28 this year, the NBR slashed import duty by 10 percentage points to over 15 per cent to encourage private businesses to go for grain import and curb price hike.

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REFINANCE SCHEME BB rolls out Tk 5,000cr for capital machinery purchase

STAR BUSINESS REPORT

Bangladesh Bank yesterday rolled out a Tk 5,000 crore refinance scheme to help borrowers procure environment-friendly capital machinery.

The scheme named "Green transformation fund" will help borrowers to replace their existing capital machinery, which are harmful for environment.

Businesses will be allowed to get fund to replace their capital machinery in nine categories.

The nine fields include water use efficiency in wet processing, water conservation and management, resource efficiency and recycling.

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An employee briefs customers about a piece of machinery used in the footwear industry on the opening day of the three-day International Technology Tradeshow at the International Convention City Bashundhara in Dhaka yesterday. Nearly 200 exhibitors from 10 countries, including India, China and Pakistan, are participating in the event. Story on B2

PHOTO: PALASH KHAN

NPL much higher than reported Economist Mansur says at book launch

STAR BUSINESS REPORT

The amount of non-performing loans (NPLs) is likely to be much higher than that reported as the process does not fully take into account effects of scams and losses incurred by merchant banks due to the bursting of the stock price bubble, said a top economist at the unveiling of a book yesterday.

Other factors understating the true portfolio quality and problems in public and private banks are a lack of stringent regulatory standards, he said.

Indeed, even accounting standards are not always up to the mark, said Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh, in an article "Bangladesh's financial sector: The last 50 years" in the book "An economy on the move Bangladesh at fifty" published by Nympha Publications.

Public Diplomacy Wing of the foreign affairs ministry is the co-publisher of the book unveiled at InterContinental Dhaka yesterday. Foreign Affairs Minister AK Abdul Momen launched the publication.

Mansur said, "Although the banking sector has had its share of success, there are several serious concerns that remain and are likely to intensify if they are unattended." He said there were sharp differences in the performances of banks, especially between private and public banks, and increasingly also among private ones.

For example, he writes, as of September 2019, the gross NPL of private banks was 7.43 per cent but 31.5 per cent

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