

# Star BUSINESS

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## TCB hikes prices of sugar, pulse

STAR BUSINESS REPORT

The Trading Corporation of Bangladesh (TCB) has hiked the price of daily essentials sold at subsidised rates by Tk 5 due to an increase in prices of the commodities, putting more pressure on the country's low-income groups.

As such, the price of sugar has gone up to Tk 60 per kilogramme (kg) while pulses will now cost Tk 70 per kg starting today, according to a press release from the TCB.

However, the price of edible oil has been kept unchanged at Tk 110 per litre.

The TCB sells these goods at subsidised rates to around 1 crore beneficiary cardholders in all metropolitan cities and other areas of the country in order to keep prices within the reach of low-income people.

The sales activities are conducted from designated shops and other establishments with

**Price of sugar has gone up to Tk 60 per kg while pulse will now cost Tk 70 per kg from today**

the overall cooperation of city corporations as well as district and upazila administrations on a scheduled routine.

Professor Selim Raihan, an economist and executive director of the South Asian Network on Economic Modeling, termed the price hike as an act of "inconstancy" considering the current situation.

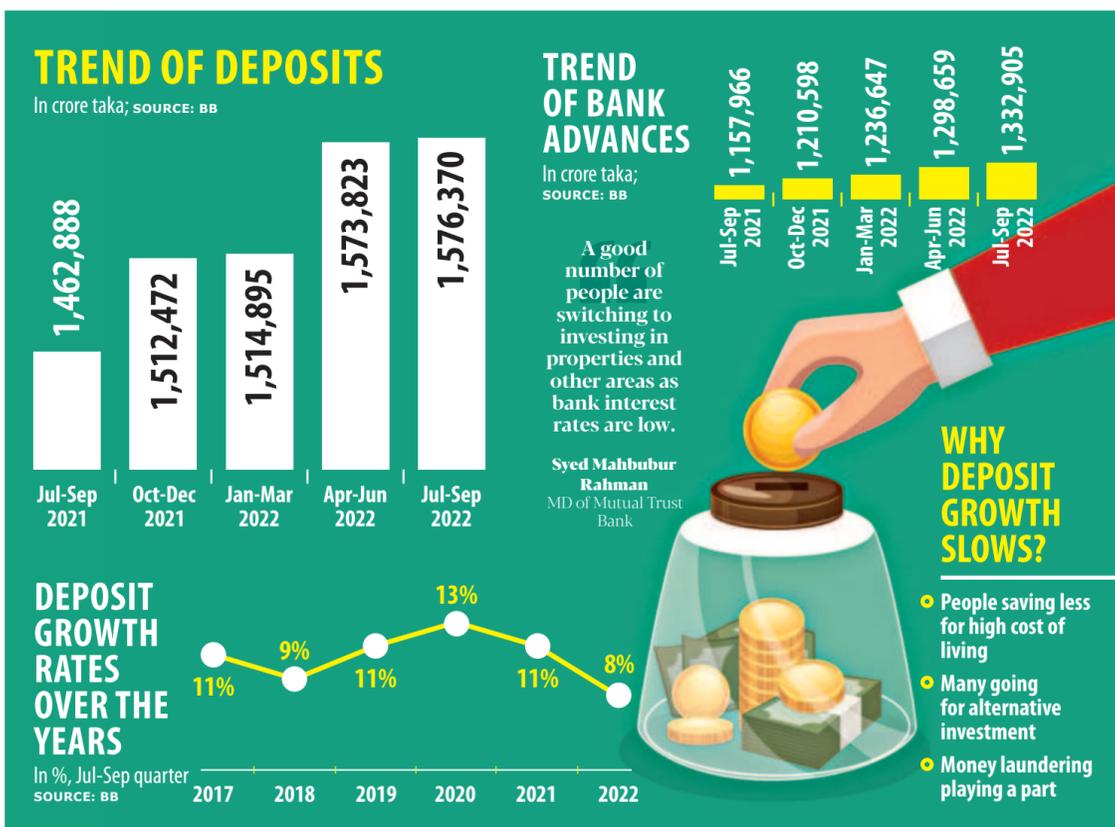
"The people who stand in line at TCB establishments are already under huge pressure. So, the government should not increase the prices at this moment," he said.

"It is incomprehensible to me how much the TCB will actually benefit by hiking the prices of sugar and pulses by Tk 5," he added.

The economist then underscored the need to increase allocations for expanding the coverage of this social safety net programme by raising the supply of such products.

However, TCB Chairman Ariful Hassan said they have merely adjusted the prices with the current market situation.

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# High cost of living takes a toll on bank deposits

SOHEL PARVEZ

The deposit growth in banks of Bangladesh has slowed as many people saw their capacity to save dwindle amid the higher cost of living.

The deposit situation has aggravated further as a section of savers preferred to invest in alternative areas, namely property after they became frustrated by a very low-interest rate offered by banks and the withdrawal of savings by a section of people to cope with elevated inflation.

The development is said to limit banks' capacity to lend and do business.

Data released by the Bangladesh Bank showed that total deposits of the scheduled banks increased 8 per cent year-on-year to Tk 157,63,70 crore during the July-September quarter of 2022, the lowest deposit growth in five years.

On a quarter-to-quarter basis, overall deposits ticked up only 0.16 per cent in the third quarter of 2022 from Tk 15,73,823 crore in April-June, according to the Quarterly Scheduled Bank Statistics released by the BB on Monday.

"The middle-income and fixed-income people are

struggling owing to the higher inflation. Many families have had to withdraw their savings to cope with the higher consumer prices. It is also seen in the trend of sales of savings certificates," said Fahmida Khatun, executive director of the Centre for Policy

showed. Md Mahiul Islam, head of retail banking at Brac Bank Ltd, said inflation has affected the savings of the middle class.

Apart from the inflation-induced impact, the overall economic activity has slowed,

of interest on deposits was 4.13 per cent in the July-September quarter, up slightly from 4.09 per cent in the same three-month period last year.

In April-June, the weighted average deposit rate was 3.98 per cent, much lower than the inflation rate.

Banks bought nearly \$6.5 billion from the central bank to settle import bills for clients, which has also affected the overall deposits. On the other hand, credit disbursement has increased, said MTB's Rahman.

"A liquidity crisis is going on as a large amount of liquidity has gone to the central bank's vault for the purchase of foreign currencies by banks," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

He also linked the slowdown in the deposit growth to money laundering and the illegal money transfer through hundi.

"People now have to keep more money in their pockets for the higher inflation to buy goods and services," he said.

"Many are withdrawing funds from banks because of the loss of confidence caused by loan irregularities in various banks."

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Dialogue (CPD), a think tank.

Inflation, a measure of change in the prices of a basket of goods and services consumed by a typical consumer, has remained at an elevated level for the last several months, due to a surge in prices of commodities in the global market and the fast depletion of the foreign currency reserves.

As a result, after touching a 10-year high at 9.52 per cent in August, it eased in the last three months. In November, inflation was 8.85 per cent, official data

affecting the income of many people, including small business owners, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank Ltd.

"Bank accounts with more than Tk 1 crore deposit have declined. A good number of people are also switching to investing in properties and other areas as the interest rates offered by banks are low," he said, citing the property price increase.

Central bank data showed that the weighted average rate

## Excess liquidity at Islamic banks halves

STAR BUSINESS REPORT

Excess liquidity at Islamic banks in Bangladesh fell nearly 50 per cent year-on-year to Tk 17,525 crore in July-September quarter this year as deposits growth slowed, central bank data showed.

In July-September, overall deposits in Islamic banks, including the conventional banks that have shariah-based windows and branches, grew 11.9 per cent year-on-year to Tk 42,13,75 crore, the lowest growth in three years.

The growth of deposits was only 2.1 per cent compared to the April-June quarter, according to the Bangladesh Bank's quarterly report, Developments of Islamic Banking System in Bangladesh, which was released on Monday.

"The liquidity decline is the result of a slowdown in the deposit growth," said Shah Md Ahsan Habib, a professor of the Bangladesh Institute of Bank Management.

Higher inflation and the lower interest rate on deposits are the prime reasons for the sluggish deposit growth.

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## 8 RAMADAN ESSENTIALS Short-term foreign loans allowed for import

STAR BUSINESS REPORT

Businesses will be able to import eight essential items centring upcoming Ramadan by taking short-term loans from foreign sources, said Bangladesh Bank yesterday.

This facility for edible oil, chickpea, pulse, pea, onion, spices, sugar and date will remain applicable till March 2023, according to a central bank notice.

Importers will have to settle the letters of credit (LCs) within 90 days under supplier's and buyer's credit.

Buyer's credit refers to finance for payment of imports arranged by the importer or buyer from a bank or financial institution outside of Bangladesh.

Supplier's credit refers to credit extended for imports directly by the overseas supplier instead of a bank or financial institution.

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STOCKS	
DSEX ▲	CASPI ▲
0.07%	0.04%
6,271.40	18,467.39

COMMODITIES	
Gold ▼	Oil ▲
\$1,795.01 (per ounce)	\$78.61 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.65%	▲ 0.40%	▲ 0.98%	▲ 0.09%
62,533.30	27,954.85	3,271.28	3,176.33



Workers are unloading raw materials of cement from a vessel in Chattogram. About 35 local and foreign companies are involved in cement production in the country having an annual capacity of about 79 million tonnes against a demand for about 39 million tonnes. PHOTO: STAR/FILE

## DOLLAR CRISIS

# Raw material import now troublesome

Cement makers say

STAR BUSINESS REPORT

The cement industry is facing trouble importing raw materials as the country's reserves of the US dollar was falling, according to Bangladesh Cement Manufacturers Association (BCMA).

"The cement manufacturers are currently facing great obstacles while opening new LCs (letters of credit)," Md Alamgir Kabir, president of the BCMA, told a press conference organised by the association at Amari Dhaka yesterday.

Two and a half decades ago almost the entire country's demand for cement was met through imports, he said.

Since then, the cement industry has thrived and become well organised due to bold steps taken by entrepreneurs and the government's policy support and now even exports cement, he said.

At present, about 35 local and foreign companies are involved in cement production in the country having an annual

capacity of about 79 million tonnes against a demand for about 39 million tonnes.

There is intense competition in the market as production capacity is almost twice as much as the demand and the companies are suffering financially for having to sell the products at a nominal price to survive, said Kabir.

The main raw materials — clinker, slag, limestone, fly ash and gypsum — have to be imported, he said.

Limestone can comprise a maximum of 35 per cent of the final product as per the Bangladesh Standards and Testing Institution and

European norms and its import price is the lowest, he added.

However, duty on it has been increased to 67 per cent of the import value from a previous 27 per cent and a 2 per cent advance income tax is levied at the sales stage as well, said Kabir.

He also alleged that the government was not paying attention to the issue and for this, the emerging industrial sector was suffering.

