

Islami Bank to issue Tk 800cr bonds

STAR BUSINESS REPORT

Islami Bank Bangladesh Ltd has received consent from the Bangladesh Securities and Exchange Commission (BSEC) to raise Tk 800 crore by issuing subordinated bonds.

In a filing on the Dhaka Stock Exchange today, the shariah-based lender said the BSEC has consented to the bond issuance.

The IBBL fourth mudaraba non-convertible unsecured floating rate fully-redemable subordinated bond, aimed at strengthening the Tier-2 capital base under Basel III, will have a tenure of seven years and be issued through private placement.

Standard Bank gets new vice-president



Kazi Khurram Ahmed

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Kazi Khurram Ahmed has been elected vice-chairman of Standard Bank at a meeting of the board of directors recently.

Ahmed has been a director since July 9, 2019 and a member of the audit committee and risk management committee, said a press release.

He is a director of Eastern Engineering Works, proprietor of the Ahmed & Sons, chairman and managing director of EMX, a fellow of National Defence College and honorary consul of the Republic of Gambia to Bangladesh.

He obtained a bachelor's degree in computer engineering and business management from Purdue University in the US.

India's jobless rate rises to 16-month high

REUTERS, New Delhi

India's unemployment rate rose to 8.30 per cent in December, the highest in 16 months, from 8.00 per cent in the previous month, data from the Centre for Monitoring Indian Economy (CMIE) showed on Sunday.

The urban unemployment rate rose to 10.09 per cent in December from 8.96 per cent in the previous month, while the rural unemployment rate slipped to 7.44 per cent from 7.55 per cent, the data showed.

Mahesh Vyas, managing director of the CMIE, said the rise in the unemployment rate was "not as bad as it may seem," as it came on top of a healthy increase in the labour participation rate, which shot up to 40.48 per cent in December, the highest in 12 months.

"Most importantly, the employment rate has increased in December to 37.1 per cent, which again is the highest since January 2022," he told Reuters.

Containing high inflation and creating jobs for millions of young people entering the job market remain the biggest challenge for Prime Minister Narendra Modi's administration ahead of national elections in 2024.

Reduced VAT

FROM PAGE B1
The NBR later extended the benefit until September 30 as prices of the key commodities remained high in the domestic market.

Yesterday in Dhaka, retail prices of loose soybean oil edged up 2.9 per cent to Tk 167 to Tk 180 per litre from Tk 167 to Tk 170 a week ago.

Prices of packaged soybean oil increased 3.2 per cent to Tk 187 to Tk 190 per litre yesterday from a week before, according to market prices data compiled by state-run Trading Corporation of Bangladesh.



Saiful Islam, an enumerator appointed by the BBS to conduct the HIES-2022 on homes in Daudpur union of Rupganj upazila in Narayanganj, is seen collecting data from locals. With the survey now complete, initial results will be available by the end of March this year. The picture was taken recently.

PHOTO: MD ASADUZ ZAMAN

HOUSEHOLD INCOME AND EXPENDITURE SURVEY

Initial results due in March

MD ASADUZ ZAMAN

Data on poverty levels in Bangladesh will be available by the end of March this year as the Bangladesh Bureau of Statistics (BBS) completed its Household Income and Expenditure Survey (HIES)-2022 last Friday.

The BBS, the lone government agency for compiling data, drastically reduced its household sample size to 14,400 for the latest survey, which comes a year late, compared to 46,080 previously.

The HIES is a core survey of the government, not only for its ability to measure poverty, but also for having a wide range of socioeconomic data crucial for policymaking and research.

It gives detailed statistics on household income, expenditure and consumption, standard of living, and nutritional status, among other things.

Field work for the HIES was completed between January and December.

"This year, we brought many changes and a strong monitoring system was put in place. The final report will be published in December 2023," said Mohiuddin Ahmed,

project director of the HIES 2020-21.

Meanwhile, the number of food items listed in the survey has increased from 149 to 265 while that of non-food products and services has gone from 216 to 441, he added.

Regarding the change in sample size, Hossain Zillur Rahman, executive chairman of the Power and Participation Research Centre, said the BBS usually uses between 10,000 and 15,000 households for the HIES.

"Only the last survey in 2016 saw a dramatic jump in analysis," he added.

The economist then slammed the delaying of BBS data, stating that the survey should be conducted with a three-year interval.

"Following the last survey in 2016, we may get the final output at the end of 2023, when it will be too late to get the real picture," he said.

The BBS generally releases the HIES every five years.

Prof Selim Raihan, executive director of the South Asian Network on Economic Modeling, said determining the right sample size is very crucial considering the

different aspects of population size and geographic locations.

The 2016 survey was planned to reflect the various aspects of the huge population. So, the question arises of whether the current sample size is a proper representation or not.

"If the sample size does not provide a proper representation, we would not say the outcome is accurate," he added.

HIES Project Director Ahmed then said the BBS has conducted 16 rounds of the survey till 2016. In each round, the sample size was intended for divisional-level estimates with HIES 2016 being the only exception.

"The sample size of 2016 was designed to provide district-level estimates. So, it showed a 'big jump' in the sample size," he said.

Poverty statistics and sampling experts suggested that handling such a large sample size in a round-the-year survey like HIES is challenging and results in a higher level of non-sampling error.

To avoid this, the BBS decided to conduct the HIES-2022 with 14,400 households, Ahmed added.

Stocks off to a bad start as turnover plunges

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Stock exchanges were off to a disappointing start in 2023 as the beginning of a new year failed to cheer investors worried about the persisting uncertainty at home and abroad.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), was down 11 points, or 0.18 per cent, to 6,195 yesterday.

The DS30, the blue chip index, fell 0.07 per cent to 2,193 while the DSES, the index that represents shariah-based firms, rose 0.23 per cent to 1,355.

Turnover, an important indicator of the market, plummeted 48.4 per cent to Tk 178 crore, the lowest in more than two and a half years. It was Tk 345 crore on the last day of 2022.

Among the traded companies, only 19 advanced, 149 declined and 162 did not see any change.

"Though the market started with an upbeat note, it reversed after a few minutes and witnessed selling pressure from the pessimistic investors amid a confidence crisis as the session progressed," said International Leasing Securities Ltd in its daily market review.

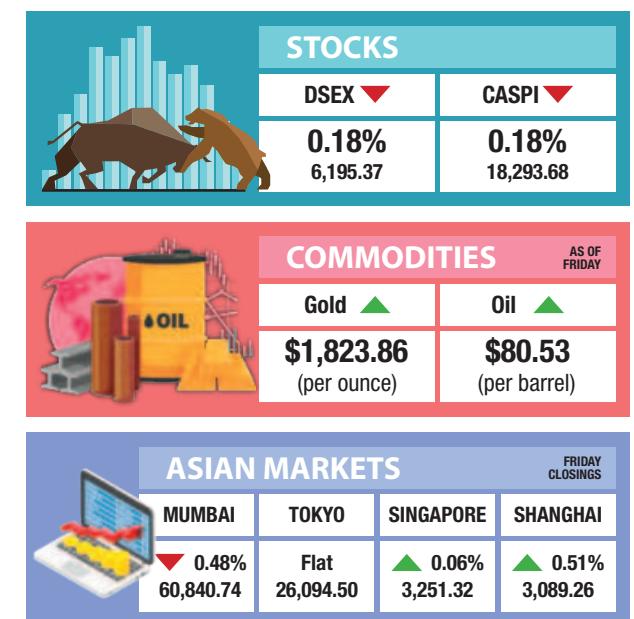
The investors are worried owing to the challenges facing the economy for the Russia-Ukraine war, the energy shortage, higher inflation, declining foreign currency reserves and the dollar shortage.

Moreover, the country also reported a new omicron sub-variant, hurting the already bruised confidence of investors.

All the sectors witnessed price correction except ceramic that rose 0.2 per cent. The IT sector fell 2.2 per cent, the service sector dropped 1.6 per cent and the travel sector was down 1.5 per cent.

Investors' activity was mostly centred on the pharmaceuticals sector, which made up 23.2 per cent of the turnover, the IT sector, accounting for 12.1 per cent, and the engineering sector, representing 12.1 per cent of the turnover.

After the Bangladesh Securities and Exchange Commission (BSEC) lifted the floor price for a number of companies, it was assumed that these stocks would fall for a few weeks since their prices were high artificially, said a top official of a stock brokerage firm.



Pvt sector foreign debt

FROM PAGE B1

lack of demand from the private sector to borrow from external sources for their disappointment with the exchange rate, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

He then said many borrowers suffered losses as they had to repay foreign loans by purchasing US dollar at higher prices than their estimates due to the depreciation of taka against the greenback.

Besides, the interest of foreign lenders to lend to Bangladesh's firms has declined as there is demand for funds elsewhere, namely the US.

Foreign loans availed by the private sector in Bangladesh had been swelling fast since 2020 and the upward trend continued until June 2022, creating a major headache for the country's economy at a time when its foreign exchange reserves

are plummeting.

Mansur, a former economist at the International Monetary Fund, said the pressure of repaying loans is going to be over fast despite the decline of debt position.

Apart from the fall in private sector debt, the government's debt declined too, leading to an overall fall

in Bangladesh's total external debt.

Bangladesh's gross external debt dropped 3 per cent to \$92.69 billion at the end of September 2022 from \$95.23 billion three months ago, as per Bangladesh Bank data.

Mansur said the fall in the flow of foreign loans for the public sector is not a good sign. Foreign loans are necessary for the government as budget support and to reduce pressure on the foreign exchange market.

"It has implications for the economy. The government is borrowing from the central bank, which could stoke inflation," he said. "It could become a destabilising factor for the economy."

Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue (CPD), said overall external debt position of the private sector did not change to a high extent.

"The pressure of repayment is not going to ease," he said, recommending keeping an eye on the impact of the repayment on the dollar market.

It is necessary to categorise the types of loans into loans that are foreign exchange generating and loans that would require payment by purchasing foreign currencies, he added.

He said at present every country was concerned about the global economic situation and Bangladesh was not an exception.

However, Bangladesh is still out of danger. Yet, the government took a conservative step while revising the GDP growth, he added.

The minister said inflation may increase to 8 per cent during the current fiscal year.

However, in the national budget

Pay at least production cost

FROM PAGE B1

technology to produce diversified items.

"It [jute] can be marketed across the globe as demand for environment friendly products is increasing day by day. You [entrepreneurs] have to take that opportunity," she added.

The prime minister went on to say that the government will introduce 5G for the 100 economic zones across the country.

"We have inducted 4G service and will surely introduce 5G, but this will be done for the 100 economic zones first as the service is not required for all areas," she said.

She also asked all concerned to put emphasis on IT and IT enabled services.

In addition, the prime minister once again put priority on finding new markets and products for diversifying the country's export basket.

"As our export items are limited, they have to be diversified. I am repeatedly saying that the more we will be able to diversify our products, the more we will find new markets and expand our businesses," she said.

Hasina put emphasis on establishing food processing industries to tap into the immense potential of these items around the world.

"The demand for food items will not shrink, it will always increase," she said.

Later, she visited various pavilions and stalls at the fair, where a documentary on the country's overall economic development was screened.

Commerce Minister Tipu Munshi, Textiles and Jute Minister Golam Dastagir Gazi, Commerce Secretary Tapan Kanti Ghosh, President of the Federation of Bangladesh Chambers of Commerce and Industry Md Jashim Uddin and EPB Vice Chairman AHM Ahsan also spoke at the programme.

Economy stable

FROM PAGE B1
On June 30 last year, the reserve was at \$41.82 billion.

The finance minister said they had earlier said that the country's economic situation would start to improve from January 2023. "The improvement is already visible," he said, adding that this trend would continue.

The minister, however, said Bangladesh was not relying on the IMF loan to bolster its foreign exchange reserve. Bangladesh regularly receives about \$1.5 billion to \$2 billion per month in the form of remittance sent by the expatriates, he said.

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Remittance inflow flat at \$22b

FROM PAGE B1

Prof Raihan also called for removing the multiple exchange rates and setting a uniform one in order to give a boost to the flow of remittance via official channels.

Remittances sent home by more than 1.2 crore Bangladeshis living abroad represent 4.6 per cent of the gross domestic product and are an important pillar of the economy.

As the remittance flow has been low in recent months, the international currency reserves have received a hit amid escalated imports and moderate exports.

Reserves fell to \$33.84 billion on December 28 last year from \$46.15 billion in the same month a year ago, BB data showed.

Bangladesh is the seventh-highest recipient of money transferred by migrant workers.