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BUSINESS

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Bangladesh a ‘true global champion’ World Bank says



Abdoulaye Seck

New World Bank Country Director to Bangladesh and Bhutan Abdoulaye Seck yesterday lauded the economic development of Bangladesh over the years and termed the country as a ‘true global champion’ on various fronts such as GDP growth, poverty alleviation, and women empowerment. The newly appointed World Bank country director said this when he made a courtesy call on Finance Minister AHM Mustafa Kamal at his secretariat office yesterday,

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INTERBANK SHORT-TERM LENDING RATES, IN %

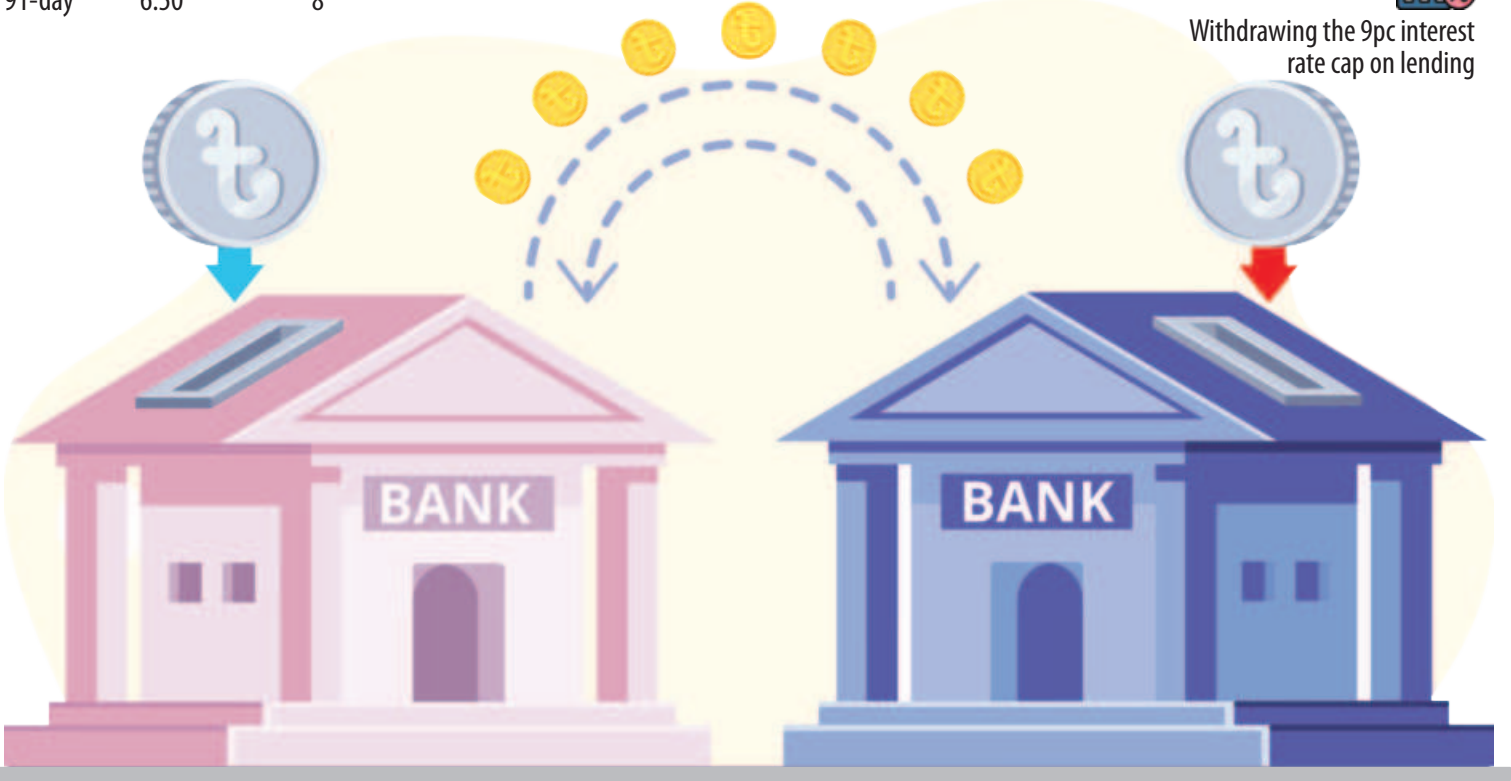
	Jan 10, 2022	Jan 10, 2023
1-day	2.2	6.8
7-day	2.87	7.80
14-day	4	10
91-day	6.50	8

WHY THE RATES ARE INCREASING

- Banks are in a liquidity crunch
- Some of the lenders facing a CRR shortage
- Confidence crisis in banks
- Dollar shortage

WHAT CAN BE DONE

- Strengthening corporate governance in banks
- Withdrawing the 9pc interest rate cap on lending



Tk 25 lakh fine imposed for stocks manipulation

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has fined one Md Louthful Goni Tito and his company Shatrong Agro Fisheries Tk 25 lakh for manipulating stock prices of Global Insurance through serial trading. Serial trading is buying and selling of shares among the same beneficiary accounts in order to impact the share price. Dhaka Stock Exchange ran an investigation between August 1 and August 21 in 2019. It found that of all the trade conducted of Global Insurance shares during the period, 54.39 per cent was by Tito, his spouse Shammi Neawaz and their company. They bought and sold among themselves to raise the stock price, which is a clear breach of securities rules, said the DSE. Tito and his associates gained around Tk 1.86 crore from the manipulation. Following the DSE’s findings, the BSEC took into account statements of the manipulators and then decided to impose the fine.

Interbank lending rate goes past 9% cap for liquidity crunch

AKM ZAMIR UDDIN

Cash-strapped banks are borrowing from cash-rich lenders paying more than 9 per cent in interest rate, which is above a cap set by the central bank, as an unprecedented liquidity crunch has hit the banking sector of Bangladesh. Some lenders have recently faced a cash reserve ratio (CRR) shortage, forcing them to secure funds at a higher interest rate from others. For example, a bank yesterday took a loan amounting to Tk 15 crore, the maturity of which is 14 days, at a 10 per cent interest rate. A similar loan would cost 4 per cent a year earlier. Another lender obtained a loan of Tk 120 crore at 9.25 per cent interest on Monday, with a repayment period of 90 days. The lending rate was 4.25 per cent the year before. Banks turn to the interbank money market for short-term funds in order to meet their day-to-day financial needs. “The existing liquidity

crunch in the banking sector is unprecedented,” said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh. The interest rate in the interbank money market in money market,” said Mansur, also a former economist of the International Monetary Fund. Some banks are now in trouble stemming from the liquidity shortage, creating a shortfall in their CRR, which is a portion of a cash-strapped banks, helping them maintain the CRR. In addition, the central bank has injected around \$7.50 billion into the banking sector to help banks clear import bills amid a shortage of dollars. Banks have bought the greenback in exchange for the taka which has dried up the liquidity base. The central bank has been offering deferral support for loan repayment since 2020, helping borrowers tackle the business slowdown emanating from the coronavirus pandemic. But banks have not got back their most funds from borrowers on time owing to the facility, which has contributed to deepening the liquidity crunch. “The higher interest rate in the interbank money market will erode the profit base of banks to a large extent,” said Mansur. In Bangladesh, banks are not allowed to charge more than 9 per cent in interest on loans except for credit cards, as the central bank has maintained the ceiling since April 2020.

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IMPORT OF ESSENTIALS Miga offers up to \$1b guarantee to Bangladesh


STAR BUSINESS REPORT

The commerce ministry is awaiting a decision from the central bank and the finance ministry on using \$500 million to \$1 billion of foreign loans to import essential commodities on the back of a guarantee from the Multilateral Investment Guarantee Agency (Miga). The Miga is a member of the World Bank Group and its mandate is to promote cross-border investment in developing countries by providing guarantees (political risk insurance and credit enhancement) to investors and lenders. In a letter to the BB and the finance ministry recently, the World Bank Group arm offered to become a guarantor for the import of essential commodities worth \$500 million to \$1 billion. “As far as I know, the Miga has sent a letter to the central bank and the finance ministry expressing its interest to be a guarantor to facilitate the import of essential goods,” Senior Commerce Secretary Tapan Kanti Ghosh told The Daily Star yesterday.


Multilateral Investment Guarantee Agency (Miga) is a member of the World Bank Group and its mandate is to promote cross-border investment in developing countries by providing guarantees

How the funds would be used and disbursed are yet to be decided. “The discussion is at a very primary level now,” Ghosh said. The issue is being discussed among the officials of the Miga, the BB and the finance ministry. “The final decision will come from the central bank and the finance ministry,” said the senior secretary. Once the decision is made, the commerce ministry will move for the imports of essential commodities using the guarantee. Md Mezbaul Haque, the spokesperson of the Bangladesh Bank, no decision had been taken about the issue yet. The development comes amid the falling foreign currency reserves of Bangladesh, which threatens to hurt the supply of essentials in the local market. The reserves have been declining steadily since the Russia-Ukraine war erupted as it has sent the prices of commodities higher. As a result, Bangladesh has to pay more to buy essentials from external sources but export earnings and remittance receipts have not gone up proportionately.


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STOCKS	
DSEX ▲	CASPI ▲
0.22% 6,205.27	0.25% 18,347.49



COMMODITIES	
Gold ▲	Oil ▲
\$1,875.92 (per ounce)	\$75.23 (per barrel)



ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.04% 60,115.48	▲ 0.78% 26,175.56	▼ 1.29% 3,262.91	▼ 0.21% 3,169.51



The tax burden will unfortunately create additional pressure on mobile telecom service providers and ultimately on consumers, said a senior official of a mobile operator. The photo was taken from Chattogram city recently.

PHOTO: RAJIB RAIHAN

VAT PAYMENT SC disposes of 13 appeals of telcos

STAR BUSINESS REPORT

The Appellate Division of the Supreme Court yesterday disposed of 13 appeals of mobile phone operators Grameenphone, Robi and Banglalink regarding some payments to Bangladesh Telecommunication Regulatory Commission (BTRC), including VAT on spectrum and licence fees. A five-member bench of the Appellate Division headed by Chief Justice Hasan Foez Siddique delivered the verdict after holding hearing on the appeals. The other judges are Justice Md Nuruzzaman, Justice Obaidul Hassan, Justice Borhanuddin and Justice M Enayetur Rahim. The mobile phone operators filed the writ petitions with the apex court about 10 years back. The full verdict has not been released yet. Attorney General AM Amin Uddin appeared for the state during the hearing. Khandakar Reza-E-Raquib, representing the BTRC, told The Daily Star that Grameenphone, Robi and Banglalink would have to pay around Tk 2,500 crore to the BTRC over licence renewal and spectrum assignment fees and revenue sharing following the SC verdict. Grameenphone will have to pay around

Tk 1,400 crore, Robi Tk 500 crore and Banglalink Tk 600 crore, he said. But Grameenphone’s lawyer, Mustafizur Rahman Khan, said it was not clear whether the mobile phone operators would have to pay any amount to the BTRC. However, some officials of the operators, wishing anonymity, said the amount would be much lower. “We need to keep in mind that a number of complex issues are involved in this case. It can only be explained once the full judgement is available,” said Shahed Alam, chief corporate and regulatory officer of Robi Axiata. “However, we will be subject to double taxation if we do not receive a rebate on the amount we pay as spectrum and licence fees. The collection of VAT on spectrum allocation would be decided based on the verdict of this appeal,” he said. According to Alam, Bangladesh will be the very first country in history to levy such tax on spectrum allocation if the judgement gets implemented. “The tax burden will unfortunately create additional pressure on mobile telecom service providers and ultimately on consumers,” he added.



A farmer sprays pesticides on a patch of land being used to cultivate maize in Char Guptamani by the Brahmaputra river in Gaibandha's Phulchari upazila. Farmers say the leaves are dying and turning black due to low temperatures accompanied by dense fog and wind. The crop is planted from mid-October to late December and harvests run from early April to the end of May. Some 4,116,438 tonnes were produced on 1,185,651 acres of land around the country in fiscal year 202-21, according to the Bangladesh Bureau of Statistics. The photo was taken recently.

PHOTO: MOSTAFA SHABUI

Stocks bounce back, turnover crosses Tk 400cr

STAR BUSINESS REPORT

Stocks in Bangladesh snapped a three-day losing streak yesterday while turnover of the Dhaka bourse exceeded Tk 400 crore after 14 trading sessions.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), rose 13 points, or 0.22 per cent, to 6,205.

The DS30, the blue-chip index, advanced 0.26 per cent to 2,197 while the DSES, the index that represents Shariah-based companies, increased 0.34 per cent to 1,357.

Turnover, an important indicator of the market, surged 34 per cent from that on the previous day to Tk 462 crore.

Bargain hunters showed interest at making purchases cautiously on sector-specific stocks at lucrative prices as the regulator has been continuously encouraging institutional investors to

increase flow of funds to the market, said International Leasing Securities.

The market started off on an upbeat note that prevailed till the end of the session, apart from some selling pressure midway through the day, said the brokerage firm in its daily market review.

The investors increased their participation in the major sectors such as pharmaceuticals, miscellaneous, paper and IT that helped to achieve the higher turnover, it added.

Among the sectors, miscellaneous rose 1.1 per cent, services 0.9 per cent and pharmaceuticals 0.4 per cent while general insurance underwent the highest correction, falling 0.3 per cent.

Investors' activities were mainly focused on the pharmaceuticals sector, which accounted for 18.1 per cent of the day's total turnover, followed by IT (16.5 per cent

and miscellaneous (12.6 per cent).

Among the companies to undergo trade, 66 advanced, 96 declined and 174 remained unchanged.

Bargain hunters showed interest at making purchases cautiously on sector-specific stocks at lucrative prices as the regulator has been continuously encouraging institutional investors to increase flow of funds

JMI Hospital Requisite Manufacturing posted the highest appreciation, rising 9.89 per cent, while Indo Bangla Pharmaceuticals surged 9.49 per cent.

SK Trims & Industries advanced 9.38 per cent and Navana CNG and Orion

Pharma gained more than 5 per cent each.

ADN Telecom suffered the biggest drop, 5.35 per cent, while the Sea Pearl Cox's Bazar Beach Resort & Spa shed 2.3 per cent.

Bangladesh Shipping Corporation was the most-traded stock on the day with shares worth Tk 31 crore changing hands. Orion Pharma, Bashundhara Paper Mills and Genex Infosys also saw significant transactions.

The Caspi, the all-share price index of Chittagong Stock Exchange, added 45 points, or 0.25 per cent, to end the day at 18,347.

Of the securities, 41 advanced, 38 declined, and 66 did not show any price movement.

Turnover climbed more than 70 per cent from that on the previous session to Tk 13.31 crore.

ICMAB gets new president

STAR BUSINESS DESK

Md Abdur Rahman Khan has been elected the president of the Institute of Cost and Management Accountants of Bangladesh (ICMAB) for a one-year term for 2023 in a council meeting yesterday.

Khan served the ICMAB council in different roles such as council member, treasurer and secretary during 2013 to 2022, said a press release.

Currently, he is serving as an additional secretary to the finance ministry.

He obtained honour's and master's degrees from the University of Chittagong and did an MA on government financial management from the University of Ulster in the UK.

The council also elected Md Salim Uddin and Mahtab Uddin Ahmed as vice-presidents, Md Kausar Alam as secretary and Md Akhtaruzzaman as treasurer of the institute.



UK curbs energy bill support for businesses

AFP, London

Britain on Monday scaled back its energy bill support for businesses after warning that the current aid level was unsustainable.

The government is currently subsidising energy costs to protect consumers and firms after the invasion of Ukraine by Russia, a key gas supplier, caused prices to soar.

Finance minister Jeremy Hunt announced Monday that the support for businesses, due to expire in late March, would be overhauled and extended by one year until March 2024.

The Energy Bill Relief Scheme offers help for businesses, the public sector and charity organisations. It will switch from a fixed price cap to a discount on bills, with energy intensive sectors such as ceramics, steel and glass benefiting from a larger reduction.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JAN 10, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 58-Tk 75	-2.92 ↓	2.31 ↑
Coarse rice (kg)	Tk 46-Tk 52	-3.92 ↓	3.16 ↑
Loose flour (kg)	Tk 58-Tk 62	-1.64 ↓	66.67 ↑
Lentil (kg)	Tk 95-Tk 105	-4.76 ↓	2.56 ↑
Soybean (litre)	Tk 170-Tk 180	-1.41 ↓	22.81 ↑
Potato (kg)	Tk 22-Tk 25	0	23.68 ↑
Onion (kg)	Tk 30-Tk 45	-16.67 ↓	-16.67 ↓
Egg (4 pcs)	Tk 40-Tk 43	9.21 ↓	15.28 ↑

SOURCE: TCB



Md Abdul Jabber, managing director of Bangladesh Krishi Bank, and Md Abul Kalam Azad, director of the agriculture credit department of Bangladesh Bank, exchanged signed documents of an agreement on disbursement of loans at 4 per cent interest under a refinancing scheme worth Tk 5,000 crore for food security of the country at the latter's headquarters in Dhaka recently. Abdur Rouf Talukder, governor of Bangladesh Bank, AKM Sajedur Rahman Khan, deputy governor, and Md Anwarul Islam, executive director, were present.

PHOTO: BANGLADESH KRISHI BANK



Hassan O Rashid, managing director of Prime Bank, and Md Abul Kalam Azad, director of the agricultural credit department of Bangladesh Bank, exchanged signed documents of an agreement on disbursement of loans under a refinancing scheme worth Tk 5,000 crore for food security of the country at the latter's headquarters in Dhaka recently. Abdur Rouf Talukder, governor of Bangladesh Bank, and AKM Sajedur Rahman Khan, deputy governor, were present.

PHOTO: PRIME BANK

40% German firms fear output decline

REUTERS, Berlin

Four out of ten German companies expect business to shrink in 2023, a survey by the German Economic Institute (IW) showed on Monday, blaming high energy costs, supply chain issues and the continuing war in Ukraine.

"The risk of a gas shortage in the 2022/23 winter season is no longer as present as it was in the summer of 2022, and energy prices have also retreated since then. However, they remain at a high level and production disruptions cannot be ruled out," the IW said in the survey seen by Reuters.

"Moreover, it will only become clear in the course of 2023 how extensive gas and energy supply

can be built up for the next winter and the extent of any possible disruptions that could occur in 2023." The survey of around 2,500 companies showed that around a third of companies expect output to stagnate and the remaining quarter predict business will grow.

Germany's economy, Europe's largest, is forecast to shrink by 0.3 per cent next year, the most among G7 nations, according to the International Monetary Fund, hit by a sudden halt of gas flows from Russia, its former main supplier.

The outlook is particularly bleak in the German construction sector, where more than half of companies surveyed by IW expect a decline in production and just 15 per cent anticipate more business.

UK becoming

FROM PAGE B4

Manufacturers in Britain have struggled of late, with closely watched S&P Global business surveys showing they suffered a more a severe downturn in December than other Group of Seven nation peers.

"The year ahead is going to be very challenging for manufacturers with a potent mix of factors testing their resolve," Stephen Phipson, chief executive of Make UK.

"Ongoing supply chain disruption, access to labour and high transport costs which show no sign of abating can be added to a growing sense of economic and political uncertainty in their main markets."

Phipson said there was a significant risk that British manufacturers will "fall through the cracks" if the government failed to match the generosity of energy

bill support programmes that Britain's competitors have in place.

The government plans to scale back energy subsidies for businesses will see the cost of support fall by 85 per cent during the next financial year, limiting the cost to 5 billion pounds (\$6 billion), the Daily Telegraph reported on Friday.

Fu-Wang Foods

FROM PAGE B4

Fu-Wang Foods started commercial operations in the country in 1997. It is into food processing and makes items such as cake, bread, biscuit, toast, snacks, instant noodles, chocolate products and wafer bar.

It also has beverage industry items such as drinking water and carbonated drinks.

The company's paid-up capital is Tk 110 crore.



Md Quamrul Islam Chowdhury, managing director of Mercantile Bank, and Md Abul Kalam Azad, director of the agricultural credit department of Bangladesh Bank, exchanged signed documents of a participatory agreement on disbursement of loans under a refinancing scheme worth Tk 5,000 crore for food security of the country at the latter's headquarters in Dhaka recently. Abdur Rouf Talukder, governor of Bangladesh bank, AKM Sajedur Rahman Khan, deputy governor, and Mohammad Shafruzzaman Khan, head of the agriculture credit division of Mercantile Bank, were present.

PHOTO: MERCANTILE BANK



Arif Quadri, managing director of United Commercial Bank (UCB), and Md Abul Kalam Azad, director of the agricultural credit department of Bangladesh Bank, exchanged signed documents of an agreement on disbursement of loans at an interest rate of 4 per cent under a refinancing scheme for food security of the country at the latter's headquarters in Dhaka recently. Abdur Rouf Talukder, governor of Bangladesh Bank, AKM Sajedur Rahman Khan, deputy governor, and Md Mohsinur Rahman, senior vice-president of the UCB, were present.

PHOTO: UNITED COMMERCIAL BANK



The government survey provides data on a quarterly basis on the overall scenario of the country's labour market, including employment and unemployment status of the population.

PHOTO: STAR/FILE

Govt confiscated funds of Regent Airways to realise dues

Kamal tells parliament

STAR BUSINESS REPORT

The government has confiscated funds in a bank account of Regent Airways to collect dues, Finance Minister AHM Mustafa Kamal told parliament yesterday.

In response to a question from Awami League MP Mohammad Habib Hasan, the minister said Regent Airways owes the government Tk 32.46 crore in travel taxes but Tk 1.37 crore has been recovered from the account.

Hasan wanted to know whether there were any unpaid dues of travel tax of any domestic airline. He also wanted to know what steps the government has taken to collect the dues.

Due to Regent Airways being shut down, the dues have remained unpaid, said the finance minister.

In the wake of the global spread of the novel coronavirus, Regent Airways postponed all its international and domestic flight operations in 2020.

Speaker Shirin Sharmin Chaudhury chaired yesterday's question-answer session in parliament.

Results of 2022's labour force survey expected in March

STAR BUSINESS REPORT

The Bangladesh Bureau of Statistics (BBS) is expected to release its Labour Force Survey (LFS) 2022 by the end of March this year, according to a top official of the planning ministry.

The government survey provides data on a quarterly basis on the overall scenario of the country's labour market, including employment and unemployment status of the population.

It also provides estimates of the structure of employment, time-related underemployment, non-economic activities, non-conventional forms of work, volunteer work and the key labour market indicators in Bangladesh, according to the BBS.

"We have conducted the LFS survey from January to December last year," said Shahnaz Arefin, secretary to the statistics and informatics division of the planning ministry recently.

"We hope we can deliver our survey's preliminary results by the end of March



this year," she said.

The BBS, the lone government agency for compiling data, conducted the survey on a sample of 30,816 households from 1,284 primary sample units across the country.

Contacted, Aziza Rahman, project director of the LFS 2022, said the questionnaires used in data collection and the concepts relevant to this survey

were of a global standard.

"A new and innovative disability module has been introduced in the 2021-22 LFS questionnaire to incorporate data in this area especially," she said.

In addition, the migration module has also been incorporated as per International Labour Organization (ILO) guidelines, she said.

Sustainable Development Goal (SDG) labour market indicators pertaining to goals 5 and 8 are incorporated in this survey through which it will be possible to provide data of nine SDG indicators from this survey, she added.

Moreover, from this survey, the recruitment costs and income of Bangladesh's migrant workers will also be generated through specified modules.

The target population of this survey was 15 years and older living in the sampled households in order to obtain estimates on many socio-demographic variables classified by sex, age, educational attainment, occupation and industry, according to the BBS.

Rid Dhaka of vehicles over 15 years old: Barvida

STAR BUSINESS REPORT

Old vehicle importers yesterday urged Bangladesh Road Transport Authority (BRTA) to gradually phase out from Dhaka vehicles which were over 15 years old for a healthier capital.

The Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida) also demanded a reduction in vehicle registration fee which was increased last week.

The Barvida also wanted the authority to cancel a "dual registration system", meant first for importers when the vehicles arrive and then for customers when the vehicles are sold.

The association placed the demands at a meeting with BRTA Chairman Nur Mohammad Mazumder at the BRTA headquarters.

Barvida President Md Habib Ullah Dawn led a delegation comprising its secretary general, Mohammed Shahidul Islam, and members of its executive committee.

Develop skills of farmers for more productivity

Speakers say; agri-mechanisation summit on January 27-29

STAR BUSINESS REPORT

Bangladesh should give priority on the efficient skills development of farmers to increase agricultural productivity and reduce the cost of cultivation, said MA Momen, vice-president of the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI).

Momen made the comment during a preparatory meeting at the FBCCI office yesterday about the upcoming "Indo-Bangladesh Agri Mechanisation Summit".

The FBCCI in cooperation with the Indian High Commission, Dhaka will organise the three-day summit which will kick off at the International Convention City Bashundhara in the capital on January 27-29.

"Bangladesh has a lot of potential in the agriculture sector. Now we have to move towards mechanisation of agricultural production, food processing, storage, and testing," he said.

Citing the name of India, who is one of the leading countries in the production of agri machinery, Momen said their skills and technology can contribute to the agricultural mechanisation of Bangladesh.

The summit will create an opportunity to develop cooperation between the stakeholders of both countries, he added.

Amin Helaly, another vice-president of the FBCCI, said agri-mechanisation is now a burning issue in Bangladesh.

"Mechanisation in the post-harvesting period is more essential here. Due to the labour crisis and poor processing capacity, a significant number of crops are damaged at the farm level," Helaly said.



Prime Minister Sheikh Hasina visited the stall of Brothers Furniture at the 27th Dhaka International Trade Fair in Purbachal on January 1 after inaugurating the fair. The furniture company is offering up to 15 per cent discount on all products till January 31. Tipu Munshi, minister for commerce, and Md Monirul Islam Bakshi, head of marketing and sales of Brothers Furniture, were present.

PHOTO: BROTHERS FURNITURE

US banks get ready for shrinking profits

REUTERS, New York

US banking giants are forecast to report lower fourth quarter profits this week as lenders stockpile rainy-day funds to prepare for an economic slowdown that is battering investment banking.

Four American banking giants – JPMorgan Chase & Co, Bank of America Corp, Citigroup Inc and Wells Fargo & Co – will report earnings on Friday.

Along with Morgan Stanley and Goldman Sachs, they are the six largest lenders expected to amass a combined \$5.7 billion in reserves to prepare for soured loans, according to average projections by Refinitiv. That is more than double the \$2.37 billion set aside a year earlier.

"With most US economists forecasting either a recession or significant slowdown this year, banks will likely incorporate a more severe economic outlook," said Morgan Stanley analysts led by Betsy Graseck in a note.

The Federal Reserve is raising interest rates aggressively in an effort to tame inflation near its highest in decades. Rising prices and higher borrowing costs have prompted consumers and businesses to curb their spending, and since banks serve as economic middlemen, their profits decline when activity slows.

The six banks are also expected to report an average 17 per cent drop in net profit in the fourth quarter from a year earlier, according to preliminary

analysts' estimates from Refinitiv.

Still, lenders stand to gain from rising rates that allow them to earn more from the interest they charge borrowers.

Investors and analysts will focus on bank bosses' commentary as an important gauge of the economic outlook.

A parade of executives has warned in recent weeks of the tougher business environment, which has prompted firms to slash compensation or eliminate jobs.

Goldman Sachs will start laying off thousands of employees from Wednesday, two sources familiar with the move said Sunday. Morgan Stanley and Citigroup, among others, have also cut jobs after a plunge in investment-banking activity.

Miga offers

FROM PAGE B1

Amid escalated imports, the reserves slipped below \$33 billion this week after the central bank cleared international import bills. It was \$44.95 billion in early January of 2021.

The government is trying to ensure a smooth supply of imported items such as rice, wheat, edible oil, sugar, lentil, onion, chickpeas and dates, amid a dollar shortage in the banking sector.

The import of edible oil, sugar, lentil, onion, chickpeas and dates dipped in July-November as traders face difficulties in opening letters of credit (LCs) amid the US dollar shortage. This led traders and importers to warn that there might be a shortage of the items during Ramadan when their demand usually surges.

Following requests from the business community, the commerce ministry has already suggested the central bank set aside US dollars to be used by private importers before the fasting month to purchase key essentials from the international markets.

Interbank lending rate goes past 9% cap

FROM PAGE B1

The BB has recently told banks verbally that they can set a maximum of 12 per cent interest on retail loans. But, the majority of them are yet to implement the instruction since the central bank has not issued any official order to this effect.

Mansur suggested the central bank withdraw the interest rate cap immediately as such a move will help banks raise the interest rates on loans and deposits.

Although some banks have imposed lending rates between 7 per cent and 7.5 per cent to mobilise deposits, the rates are not working largely as a section of depositors are not keen to park their funds with banks because of the recent spate of scams in the banking sector and the higher inflation rate.

Inflation surged to a 10-year high of 9.52 per cent in August before easing to 8.71 per cent in December,

which has rendered the deposit rate negative.

Sizable private sector credit off-take, falling deposit growth on the back of negative real interest rates on deposits and increased bank spending on the US dollar somewhat squeezed up the banking system liquidity, said the BB in a report recently.

If the interest rate cap is withdrawn, banks will be able to set higher interest rates on deposits, thus attracting funds. Similarly, the initiative will push up the interest rate on loans, which will ensure the profitability of banks.

"If the inflow of the US dollar increases, the ongoing liquidity shortage will ease," Mansur said.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says that the interest rates in the interbank money market are going up almost every day.

"This is not a normal phenomenon.

It is difficult for banks to make a profit due to the liquidity stress."

Rahman said the imposition of the 9-per cent interest rate cap has helped small borrowers receive loans smoothly. "Time has come to reconsider it given the ongoing situation."

A central bank official says that the central bank had earlier verbally instructed banks not to impose more than a 9 per cent interest rate in the interbank money market.

"But the situation is different now, so the central bank is not raising any objection to this end."

A managing director of a bank says that ensuring corporate governance in the banking sector is essential to restore the confidence of depositors.

"The central bank should take strict measures against delinquent borrowers to improve the financial health of banks."

Bangladesh a 'true global champion'

FROM PAGE B1

according to a finance ministry press release.

Seck opined that the economic capacity of Bangladesh is much better compared to other countries in Asia.

He also praised the various time-befitting steps of Prime Minister Sheikh Hasina in tackling the pandemic.

Terming the World Bank as one of the important development partners of Bangladesh, the finance minister said that there are many important sectors where the World Bank could work in Bangladesh such as the river-based economy.

Kamal said despite the hard challenges of the global economy, the size of the country's GDP has increased a lot while Canadian agency Visual Capitalist has placed Bangladesh as the 35th largest

economy of the world based on the data of the International Monetary Fund.

The finance minister mentioned that US President Joe Biden has also praised the economic growth of Bangladesh.

Seck opined that the economic capacity of Bangladesh is much better compared to other countries in Asia

Kamal requested the World Bank country director to take some iconic projects for Bangladesh.

Besides, they discussed the progress in probable funding for the "Beautification of Dhaka" project to ensure the navigability of rivers around the city and thus enhance the aesthetics of the capital.



An inside view of the Bangabandhu Sheikh Mujibur Rahman Tunnel under the Karnaphuli river in Chattogram. The photo was taken in November last year. PHOTO: STAR/FILE

Taiwanese firm invests \$17m in Bay Economic Zone

STAR BUSINESS REPORT

Makalot Industrial Co Ltd, a Taiwanese readymade garment manufacturer, is going to invest \$17 million to produce sports shoes and apparel items at the Bay Economic Zone.

The company has secured registration under the name of Makalot (BD) Ltd to invest in Bangladesh, according to a press release from the Bangladesh Economic Zones Authority (Beza).

Chou Hsin-Peng, chairman of Makalot (BD), and Ziaur Rahman, managing director of Bay Group Ltd, signed an agreement to this end at the office of the Beza in Dhaka yesterday.

Makalot (BD) has rented 10,000 square metres of space at the zone, a privately-owned industrial estate for leather and leather goods, at Kaliakair in Gazipur to set up the factory.

The company will manufacture monoclature active sportswear, ready-to-wear sleepwear, leisure wears and outdoor wear in the factory where at least 2,000 Bangladeshi nationals will get jobs directly.

After signing the deal, Chou Hsin-Peng said Bangladesh has a good investment environment and the company has the plan to raise investments in the future in various other sectors.

Ziaur Rahman said the new investor would start the process of setting up the factory quickly. The Bay Economic Zone will be known as a Taiwanese investment hub if Taiwanese investment continues to flow in, he said.

Sheikh Yusuf Haroon, executive chairman of the Beza, said the Beza has been able to create a healthy investment-friendly environment in Bangladesh.

The private economic zone is playing a supporting role to Beza's investment promotion.

As of December, the Bay Economic Zone has mobilised \$67.50 million in investments from local firms, who would create jobs for about 1,500 people collectively.

Karnaphuli tunnel may again incur time and cost overruns

MD ASADUZ ZAMAN

Constructing Bangabandhu Sheikh Mujibur Rahman Tunnel under the Karnaphuli river in Chattogram is set to turn costlier apparently for poor feasibility studies as the need for new components have arisen alongside adjustments to the rise in the price of the US dollar.

Though the tunnel was scheduled to be partially opened this month, Bridges Division is planning to seek a one-year extension for incorporating the additional components, according to the planning ministry's documents.

An additional Tk 315 crore will be sought, raising the overall cost to Tk 10,690 crore, while the tunnel project is expected to be complete by December 2023, read the documents.

This is the second time the project plan is being revised. It may be proposed at a meeting of the Executive Committee of the National Economic Council (Ecne) on January 17.

Of the additional cost, around Tk 25 crore will be required for new components of the toll plaza and Tk 109 crore for the service area.

A project evaluation committee of the planning ministry has asked the tunnel project officials to verify the financial analysis regarding the cost overrun, including whether it was as per rates provided by Public Works Department.

Security and traffic management had not been taken into account at the start of the project, Project Director Harun-

or-Rashid told The Daily Star yesterday.

"Now these issues have been incorporated and that's why the duration and cost of the project were revised," he said.

Payments for the project have become costlier due to the high price of the dollar, he added.

When the project was undertaken in 2015, each dollar was around Tk 85 but now it is Tk 106, he said.

"The roads are complete for vehicle movement. Now the most important part of the tunnel, electro-mechanical work, is going on. The overall progress of the construction now stands at 95 per cent," he claimed.

However, the planning ministry documents show that the project's physical progress is at around 87 per cent.

Whether big infrastructure projects are delivering proper economic and financial benefits have always been a major concern, said Towfiqul Islam Khan, senior research fellow at the Centre for Policy Dialogue.

The lack of a proper feasibility study is a major reason for such delays and cost overruns. It remains to be seen whether the studies take the economic and financial benefits into consideration, he said.

"For this reason, the country's economy, especially the private sector, would not get the proper benefits timely," he added.

The project was supposed to be completed two years ago, meaning the country has missed its economic and

financial returns, he said.

Like this, most major projects in the country are not completed on time, he said.

The Ecne approved the multi-lane road tunnel project in November 2015 at a cost of Tk 8,446.64 crore. The project was set to be complete by December 2021.

Afterwards the project was revised, with the cost increasing to Tk 10,374.42 crore and completion deadline extended to December 2022.

Earlier, in November in the last year, the prime minister's former Principal Secretary Ahmad Kaikaus visited the tunnel area and said it will be partially opened to traffic by the end of January 2023."

China Communication Construction Company deployed more than 800 workers to construct the tunnel, which connects the port city on the north end with Anwara upazila on the south.

At a depth of 18 to 31 metres under the Karnaphuli, the length of the main tunnel is 3.32km.

The length of each of its two tubes, having four lanes, is 2.45km. There will be a 5.35km connecting road at the western and eastern ends of the main tunnel and a 727m flyover at the Anwara end.

It will be used as an alternative route to Cox's Bazar, Teknaf and Matarbari and northern Chattogram, and play an important role in improving the Asian Highway Network, strengthening connectivity between Bangladesh and neighbouring countries.

Welcome to America in 2023

AL MAMOON

Tamed inflation, descending gas prices, more job openings coming to the market every month, and the US dollar's continued reign in the currency market all promise a prosperous 2023 for everyone in America - citizens, residents, students, or even visitors. If you are planning to come as a tourist, enrol here as a student or visit the US by any other means, try it now.

The best of times for students

2022 saw an avalanche of Bangladeshi students in America. There was a pent-up demand created during the pandemic and universities were hungry for foreign students.

On top of that, Community College Initiative (CCI) is drawing a number of undergraduate students in recent years.

Traditionally, community colleges could not bring foreign students on their own. But the state department has changed the rules of the game in their favour.

Selected community colleges are now opening their doors to the wider world and the expenses of foreign students are borne by the state department for a one-year academic programme.

Taming inflation

"Americans are finally beginning to feel relief after months of rapidly rising prices of basics such as a food, fuel, and rent. Overall inflation has fallen for five straight months and is expected to continue its descent in 2023."

This is how Abha Bhattarai summarised the US inflation scenario in the Washington Post on December 30.

Inflation is restrained more in non-food prices, with gasoline at the top. The average gas price that rose to \$5 a gallon nationally in June has now landed at \$3.5, quite close to the pre-pandemic rate. Food prices are also downward in the spiral.

All well that ends well

In recent months, the US workforce has felt a strain of retirement surge as the baby boomer generation, referred to as the population group born after World War II, is quitting.

Millions of Americans left or lost their jobs in March-April 2020 when businesses laid off employees and workers were forced to stay home. The demographically active population, people between 18 and 64, returned to the job market as businesses gradually reopened. But Covid-induced disability and other lingering effects led others to withdraw forever. A wave of boomers, 65 and older, are the major contributors in this cohort of an astounding 3.5 million workers.

What is there for us in this retirement surge? We have nothing to lose and everything to gain!

There are 1.7 job openings for every jobless person in America. Whether you are a student's spouse who can work legitimately, a Bangladeshi who has filed for immigration but is not legalised yet, or a Bangladesh-born naturalised American, it is good news for all of them.

To be or not to be

When it comes to remittance earnings, we seldom mention the money that comes in from the US. The myth is, all our foreign currency is coming from the Middle East, but the reality is a bit different.

Those who came here as asylees, diversity visa lottery winners, dependents, or students have paid back to their country. As of November of 2022, our US diaspora sent \$3.2 billion, second only to those living in Saudi Arabia who sent home \$3.7 billion.

We have ways to maximise it. We need to focus on the niche market. To be or not to be that is the question.

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UK becoming less attractive for investment

Manufacturers warn

REUTERS, London

Britain has become less competitive and less attractive to foreign investors as a result of soaring energy costs and recent political turmoil, manufacturers said in an industry survey released on Monday.

The proportion of manufacturers who think Britain is a competitive location halved to 31 per cent from 63 per cent a year ago, and 43 per cent said Britain had become less attractive to overseas investors, according to the survey by Make UK, the main trade body for British manufacturers, and accountants PwC.

The survey of 235 businesses took place from November 1 to November 22, when the turmoil of Liz Truss's short-lived government was fresh in people's minds, and 53 per cent of firms said ongoing political instability had damaged business confidence.

This week finance minister Jeremy Hunt is due to outline plans to sharply scale back energy subsidies for businesses.

Make UK said the plans are likely to lead to exacerbate cuts to jobs and production that were already in the pipeline.

When the survey took place in November, two thirds of manufacturers expected to reduce headcount or cut output because of high energy costs.

READ MORE ON B2



Workers are seen on the production line at Nissan's car plant in Sunderland, Britain. Manufacturers in the UK have struggled of late, with closely watched S&P Global business surveys showing they suffered a severe downturn in December than its peers. PHOTO: REUTERS/FILE

Fu-Wang Foods to produce puffed rice

STAR BUSINESS REPORT

Fu-Wang Foods, one of the leading listed confectionary makers, has announced that it would produce puffed rice, which is called muri in Bangla, and sell it under the name "Fuwang Muri".

In a disclosure on the Dhaka Stock Exchange (DSE) website yesterday, the company said its board of directors had decided to set up a production line to produce puffed rice/muri.

The product is expected to be available in markets at the end of February this year, said the company.

An estimated Tk 30 lakh will be invested in the project and daily production capacity will be 10 tonnes, it added.

The company's stock price remained the same at Tk 23.50 at the DSE yesterday. READ MORE ON B2