



Carpets put up for sale at the ongoing monthlong Dhaka International Trade Fair-2023 in Bangabandhu Bangladesh-China Friendship Exhibition Centre at Purbachal in Dhaka. Persian carpets and rugs from Iran are still highly sought after for interior decoration. Their timeless appeal lies in the craftsmanship of the weavers knotting them by hand in intricate designs and vivid colours using natural dyes and sheep's wool. The photo was taken recently.

PHOTO: PALASH KHAN

Govt to build hydraulic dam in Ctg for irrigation, eco-tourism

STAR BUSINESS REPORT

The government yesterday gave the go-ahead to a Tk 133 crore scheme to build a multipurpose hydraulic elevator dam to create the scope for irrigation on more than 1,100 hectares of land during the dry season and facilitate eco-tourism.

The dam will be built on Srimai canal under Patiya upazila of Chattogram, the southeast district, according to a decision of the Executive Committee of National Economic Council (ECNEC) yesterday.

The Bangladesh Water Development Board (BWDB) will establish the hydraulic dam between November 2022 and June 2025. The government will bear the whole cost of the project.

Under the scheme, the BWDB will also have to conduct river conservation work, excavate the canal, and construct a link road, a rest house or guard room.

Once the project is done, farmers in the area will be able to get water to irrigate their croplands during the dry season through the rainwater conserved during monsoons.

The dam will also be instrumental to control floods, develop fisheries and biodiversity and increase the water level in the aquifer, according to a brief of the project placed at the ECNEC.

The planning ministry said the project in line with Bangladesh Delta Plan and government's 8th five-year plan aims to expand surface water irrigation during dry seasons, protect riverbanks from erosion and increase water retention of canals and rivers by re-excavation in order to reduce risks and improve living standards.

Including the project, which was listed as unapproved and without allocation in the Annual Development Programme of

2022-23, the ECNEC cleared 11 projects of Tk 10,640 crore with nearly four-fifths to be financed from the public coffers.

Of the projects, the government approved a Tk 5,651 crore project for the 15.31-kilometre elevated road in the haor region of Kishoreganj even though experts have been urging the authorities not to take up such a big project at this moment.

The elevated road will be built from Mithamoin upazila headquarters to Karimganj upazila under Kishoreganj to establish the district's direct road links with Dhaka, Sylhet and other districts for ensuring smooth and uninterrupted all-weather road communication.

Besides, four schemes including the construction of a road linking the Matarbari coal-based power plant in Maheshkhali upazila to Cox's Bazar town saw revisions in cost and time overrun.

The construction cost of the 43.66-kilometre road will increase by more 70 per cent to Tk 1,025 crore from the initial estimate of Tk 602 crore owing to poor feasibility studies, as per the estimate.

The deadline for completion of the road, which was set in June 2020, has been extended to June 2022.

Another revised project is the construction of the Bangabandhu Sheikh Mujibur Rahman Tunnel under the Karnaphuli river in Chattogram.

The initial estimate for the cost of project was Tk 8,446 crore and its was scheduled to be complete in June 2020. However, the project turned costlier to Tk 10,690 crore, 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.

Nigeria keen to increase trade with Bangladesh

STAR BUSINESS REPORT

Nigeria is interested in increasing trade and investment relations with Bangladesh, said a visiting delegation of the African country.

The Nigerian team led by Nigeria-Bangladesh Trade and Technology Forum (NBTF) President Roberts Moses Achanya was holding a meeting with Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), at the latter's office in Dhaka yesterday.

Achanya said the trade potential of the two countries is very high in the textile and ceramic sector. "We are looking for joint ventures to expand these sectors. Nigeria has gas, oil, gold, steel and other mineral resources. So, there are a lot of opportunities."

In the meeting, Jashim Uddin urged the Nigerian delegation to visit the ongoing Dhaka International Trade Fair (DITF) in Purbachal to get better knowledge about Bangladeshi products.

Besides, liquefied natural gas can also be imported from Nigeria, he added.

In FY2021-22, Bangladesh exported goods worth \$14.64 million to Nigeria whereas imported goods worth \$476.64 million.

Mentioning the statistics, the FBCCI president said the trade potential in African countries, including Nigeria is huge. The government and the private sector should focus more on the Nigerian market, he added.

China warns of 'spillover' from Western rate hikes

AFP, Davos

China's vice premier warned Tuesday about the impact of "spillover effects" of Western interest rate hikes on emerging economies.

"We call for more attention to the spillover effects of major countries' rate hikes on emerging market and developing countries so as not to add to more debt or financial risks," Liu He told the World Economic Forum in Davos, Switzerland.

The US Federal Reserve has hiked its benchmark lending rate at a pace unheard of since the 1980s over the last year to tame soaring inflation, while the European Central Bank has also raised borrowing costs.

Singapore expects full tourism recovery by 2024

REUTERS, Singapore

Singapore's international arrivals beat forecasts in 2022, paving the way for its tourism sector to recover to pre-pandemic levels by 2024, its tourism authority said on Tuesday.

The city-state saw 6.3 million visitors last year, exceeding the Singapore Tourism Board's (STB) forecast of between 4 to 6 million, while revenue from their spending was estimated to reach \$S13.8 billion to \$S14.3 billion (\$10.45-10.82 billion).

STB's Director of Communications Terence Voon said these numbers were achieved even though Singapore had quarantine measures in the first quarter of 2022, reflecting that there is "strong pent-up demand" to visit Singapore.

But factors such as flight capacity and any renewed border restrictions could moderate tourism recovery, said STB's Chief Executive, Keith Tan.

Tourism contributes about 4 per cent to Singapore's annual gross domestic product, according to the STB. In 2019, the regional travel hub saw a record 19.1 million visitors and \$S27.7 billion in revenue.

Following the announcement of reopening of Chinese borders, the Southeast Asian country is expecting 12 to 14 million arrivals and up to \$S21 billion in revenue in 2023.

There were 3.6 million visitors from China in 2019, making it the largest contributor to Singapore's tourism before the pandemic. But while it had strict travel restrictions in place, China was overtaken by Indonesia, India, Malaysia, Australia and the Philippines.

As of January this year, there are 38 flights from Singapore to China weekly, which is about 10% of the pre-pandemic capacity. The Singapore transport minister said in parliament last week that airlines have applied to operate more flights between the two countries, and the authorities will evaluate and approve them progressively.

"If Singapore were to receive more visitors in 2023 than it did in 2022, we could expect a decent boost from the resurgent services sector to act as a counterweight to softer domestic demand and slowing global trade," ING said in an analysts' report last week.

UK pay growth speeds up again

REUTERS, London

Pay growth in Britain - which is being closely watched by the Bank of England as it gauges how much higher to raise interest rates - picked up more pace in the three months to November, official data showed on Tuesday.

Pay excluding bonuses rose by an annual 6.4 per cent in the September-to-November period, the biggest increase since records began in 2001, not counting jumps in the Covid-19 period which were distorted by lockdowns and government support measures.

Pay including bonuses also rose by 6.4 per cent, the Office for National Statistics said.

Economists polled by Reuters had expected total pay and the ex-bonuses measure to rise by 6.2 per cent and 6.3 per cent respectively.

The ONS said Britain's jobless rate held at 3.7 per cent, in line with the poll, close to its lowest in almost 50 years. Employment rose by a faster-than-expected 27,000.

BoE Governor Andrew Bailey said on Monday that a shortage of workers in the labour market posed a major risk to forecasts that inflation will fall from its current levels above 10 per cent.

The BoE looks set to raise borrowing costs for a 10 time in a row next month, and the main question for investors is the scale of the increase as it weighs up the risk of a recession.

Financial markets were mostly pricing in a half per centage-point hike in Bank Rate to 4.0 per cent on Feb. 2 and pointed to only a one-in-four chance of a smaller 25 basis-point increase after Tuesday's data.

Sterling rose and was up by 0.1 per cent on the day against the US dollar and the euro.

"The latest labour market data maintain the pressure on the by the Monetary Policy Committee to raise interest rates by another 50 basis points next month, rather than slow down," Samuel Tombs, an economist with Pantheon Macroeconomics, said.

More budget

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He requested the AIIB to review its loan terms considering an abnormal increase in the Secured Overnight Financing Rate, which is a benchmark interest rate for dollar-denominated derivatives and loans that is replacing the London Interbank Offered Rate (LIBOR).

The minister also urged the multilateral development bank for introducing an interest rate cap, redefining spreads, extending maturity periods and waiving commitment fees like the World Bank.

The AIIB can focus on green climate finance and sustainable development goal-linked bonds, he said.

The World Bank has launched the first SDG-linked bond that could be followed by the AIIB, Kamal said.

Village digital

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banks, credit card, debit card, QR code reading machines in the booth and the customers of the banks will be able to conduct transactions on a limited basis," said Ali.

The entrepreneurs will be able to provide e-commerce services, small-scale remittance services and insurance services, he said.

"Through this digital booth, all banking services can be availed, but on a limited scale. There will be a limit to transactions," he said.

Ali, who pioneered and popularised agent banking services in Bangladesh while he was the managing director of Bank Asia, hoped for the service to gain popularity.

"All banks connected with the a2i's EkPay can provide services to customers. General people will not have to leave their village to avail banking services," he added.

He said no one entity can be profitable setting up multiple agents in a village. "Such a system is available in many country...where an agent can provide the service of different banks," said Ali.

"The agent will be able to run a shop or any other type of business in addition to providing the financial services. This is how he can become an entrepreneur and sustain his business," he said.

A pilot project will be taken up later this month in 50 villages of Munshiganj this year. The booths will be set up in every district by March on a limited scale.

"Since there are about 90,000 villages in Bangladesh, it will take some time for a complete rollout," said Ali.

"Union digital centres will work as the back office of the booths. An entrepreneur has to invest a maximum Tk 20,000 for devices to complete the transactions," he said.

Economy improving

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Those were the length and intensity of the Russia-Ukraine war, interest rate hike spree by the Federal Reserve and the re-emergence of Covid-19 in China, it said.

The war created instability in the world market, which accelerated global inflation as well as that in Bangladesh, among other things, said Mannan.

He went on to say that inflation being on a downward trend for four consecutive months since August last year was particularly noticeable.

A bumper yield of the current Aman season paddy and the abundance of winter vegetables in the market have played a major role in controlling inflation, according to Mannan.

"We hope that the level of inflation will come down further in the near future," said the minister.

In a briefing after the meeting,

journalists asked how the minister was finding the state of the economy, amidst the price hikes of utilities and depletion of foreign currency reserves, to be "rosy".

Maybe it is not appropriate to use "rosy" but nothing the minister stated was exaggerated, responded State Minister for Planning Shamsul Alam.

The condition of the economy should not be judged based on solely the foreign exchange reserve. Imports, exports, remittances and government loans also need to be taken into account, he said.

"We are not making up anything without any proper information. We do state what the facts really are and what the data says," he said.

"Everything is open and the data is publicly available. Our foreign direct investment has increased. Remittance and export have also increased. Why do we say that

our economy is not in a good condition?" he asked.

"I did not say anything to be hopeless about or be disappointed," added Alam.

About the price hikes of utilities, he said it was a global problem and the hike has been made locally at a tolerable level and was not by the extent taking place globally.

"The government was providing around 6 per cent of the gross domestic product (GDP) as subsidies," he said, adding that no agricultural subsidy has been decreased.

The country's economic scenario will turn for the better gradually once the global scenario changes, he said.

In the first six month of this fiscal year, Bangladesh availed around \$1.36 billion in loans, said Satyajit Karmaker, secretary to the planning commission.

"We definitely can use the foreign money in the next 3-4 years," he said.

Panel to revise quota

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After receiving the report, the commerce ministry will revise the quota for the three essentials and send it to India so that New Delhi can assure a guaranteed supply of the items amid the supply crunch caused by the severe fallout of the Russia-Ukraine war.

The committee comes after Commerce Minister Tipu Munshi sought a secure import of seven essentials under a quota system during his visit to India last month.

The seven items are wheat, rice, sugar, onion, garlic, ginger and lentil.

Bangladesh had sought a secured supply of 45 lakh tonnes of wheat, 7 lakh tonnes of onion, 30,000 tonnes of lentil, 20 lakh tonnes of rice, 15 lakh tonnes of sugar, 10,000 tonnes of garlic, and 1.25 lakh tonnes of ginger each year.

India considers the quantity being sought as too high compared to the current export level from the country,

so it suggested that Bangladesh review the proposed quota on the seven food items.

For example, Bangladesh has called for a guaranteed supply of up to 45 lakh tonnes of wheat each year from New Delhi.

India sees the volume as too high since its exports of the grain to Bangladesh averaged about 7 lakh tonnes annually in recent years, according to Tipu Munshi.

Bangladesh's annual imports of wheat stand at 65 lakh tonnes and the cereal grain used to be sourced from the countries such as Russia and Ukraine before the war erupted in a bid to meet the local demand amid inadequate domestic production.

Following Russia's invasion of Ukraine, the price of wheat has shot up worldwide and the availability of the grain has become uncertain due to ensuing volatility in the global

supply chain.

Of the items, the current import trend of onion, garlic and ginger is at a satisfactory level.

"So, we are mainly working on wheat, rice and sugar so that India can provide a guaranteed supply," Ghosh said.

Bangladesh also wanted to include lentils in the list of the guaranteed supply of items but India declined to accommodate it since the country itself is one of the major consumers of the key kitchen item.

Ghosh also said the formal negotiation for signing the mega trade deal with India - Comprehensive Economic Partnership Agreement (CEPA) - may kick off through a commerce secretary-level meeting in Dhaka in March.

The two sides had agreed to start the process by the end of 2022, but it was delayed after India sought two more months to look into the joint study report on the planned trade pact.

Digital payments set to accelerate

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boost to Bangla QR in rural areas.

In Bangladesh, point of sales (PoS) terminals are now available at a large number of shops in urban areas, allowing clients to purchase goods and services using credit or debit cards. But the growing popularity of QR codes would gradually phase out the PoS devices.

Bank Asia has opened 56,000

micro merchant accounts that will be integrated with the Bangla QR code.

"We have a plan to increase the number of such accounts to 1 lakh by this year," said Ziaul Hasan, deputy managing director of Bank Asia.

Syed Mohammad Kamal, country manager of Mastercard Bangladesh, says that the government has already made significant progress towards a

less-cash society.

"The Cashless Bangladesh programme is yet another milestone in that line, through which we commit to achieving this vision and fostering inclusive growth."

"We believe we can only achieve the objective of becoming a cashless Bangladesh by providing micro-merchants with safe, simple and streamlined payment options."