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BUSINESS

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RISKS

Disruption in supply chain

Supply shortfall and increased prices



“We have been facing the problem regarding LC opening for the last two months. It is breaking our supply chain and disrupting production for domestic and export-oriented markets.”

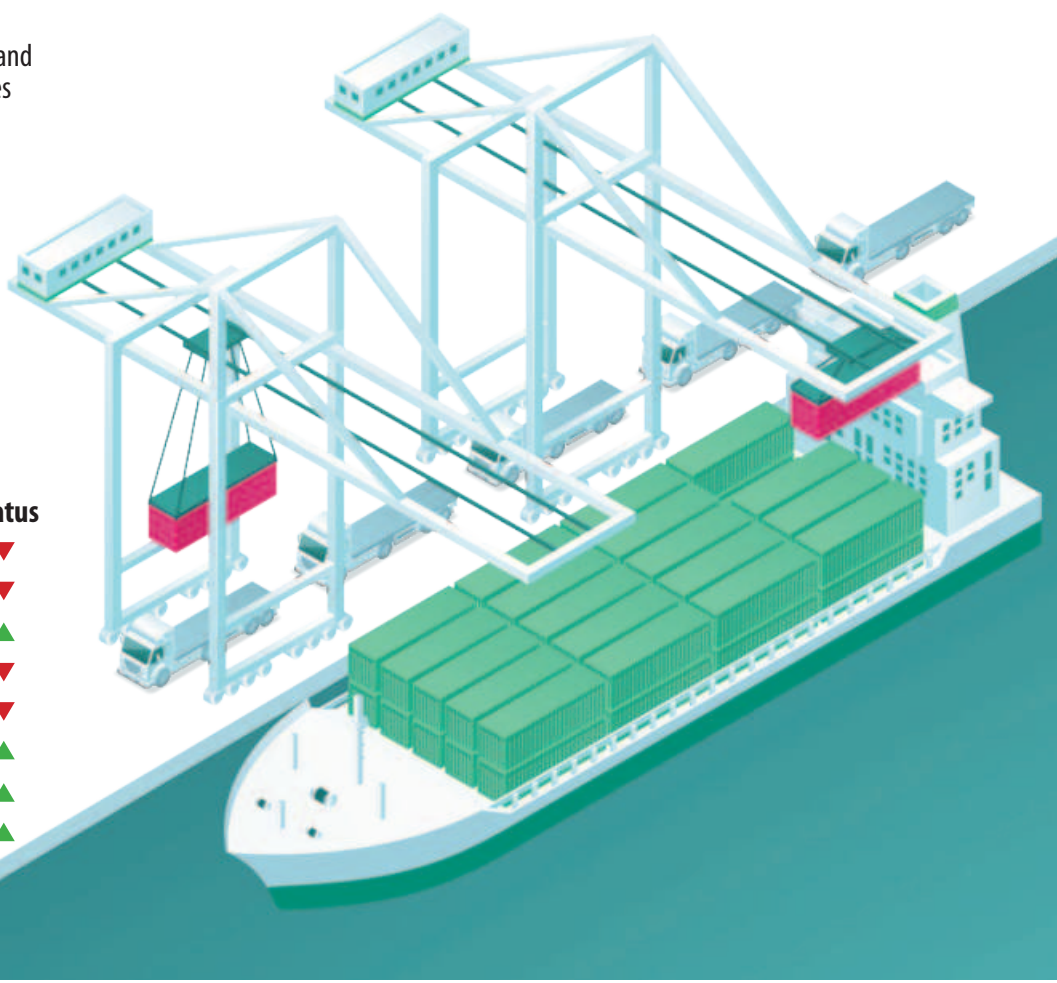
ELEASH MRIDHA
Managing director of Pran Group

LC OPENING AND SETTLEMENT

2023 VS 2022 (Jul-Dec) SOURCE: BB

	LC opening	Status	LC settlement	Status
Consumer goods	14.4%	▼	9.27%	▼
Intermediate goods	33.18%	▼	17.02%	▼
Intermediate raw materials	27.27%	▼	12.58%	▲
Capital machinery	65.32%	▼	7.13%	▼
Machinery for misc. industries	41.59%	▼	21.58%	▼
Petroleum & petro products	35.72%	▲	46.09%	▲
Others*	15.11%	▼	13.65%	▲
Total	22.51%	▼	7.71%	▲

*Commercial and industrial import



Gas, power prices to be revised again
Munshi says

STAR BUSINESS REPORT

Commerce Minister Tipu Munshi yesterday said that discussions are once again underway to readjust the gas and electricity prices.

“Efforts are on to ensure fair gas and electricity prices for the people of the country,” he added.

Munshi made this comment while inaugurating the monthlong Rangpur Industrial and Trade Fair-2023, organised by the Rangpur Chamber of Commerce and Industry at Rangpur Cricket Garden.

The commerce minister then said the prices of electricity and gas have been increased in coordination with the higher cost of production.

As such, it is normal that this will have some impact on the price of products that require gas and electricity to produce, he added.

In an attempt to reduce its unsustainable subsidy burden amid a narrow fiscal space, the government on January 18 raised the retail price of gas by 14.5 per cent to 178.9 per

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After energy, LC opening crisis now cripples businesses

SOHEL PARVEZ

At the beginning of 2022, businesses were upbeat and many of them thought that the worst stemming from the losses induced by the coronavirus pandemic was finally over. That was short-lived.

The assumption changed as another crisis began to unfold following Russia’s invasion of Ukraine in February 2022. And Bangladesh, a net importing country, soon found itself on the receiving end.

Its deficit in transactions with the rest of the world widen in the face of skyrocketing import payments for higher energy and commodity prices amid the conflict.

The trouble did not end there. In the middle of 2022 came power and gas crisis, forcing the countrymen to suffer power cuts and factories to run below capacity.

Amid the worsening energy and power crisis, the winter emerges as a saviour as electricity demand fell. Still, load-shedding remains while factories are yet to receive an adequate supply of gas amid insufficient local production and the pause in buying liquefied natural gas from international spot markets.

Faced with an increased

cost of production after the government hiked petroleum, gas and electricity prices and higher import costs, businesses were forced to increase their prices of goods and services.

A US dollar shortage added fuel to the fire.

Now, businesses in Bangladesh are finding it difficult to open letters of credit (LCs) owing to

key ingredient for the cement industry, dipped 33 per cent to \$2.58 billion during the period, data from the Bangladesh Bank showed.

The settlement of LCs for intermediate goods imports declined too. In the case of industrial raw materials, the situation is the same: LC opening for raw materials for industries

Group, the largest agro-processor and exporter in Bangladesh.

He said banks were entertaining LCs for small-value imports. “But if the import does not improve, the situation will be tougher in the coming months,” he said.

In Bangladesh, overall consumption has declined as disposable income dropped for the higher inflation and also for the winter, leading to a slowdown in the sales of consumer goods.

A top official at Shah Cement Industries Ltd said the market did not witness the shortage of the key building material although LC opening for intermediate goods fell.

“This is because demand has declined.”

Capital machinery imports are on the downturn as well.

LC opening for capital machinery, which shows entrepreneurs’ expansion or new ventures, nosedived 65 per cent to \$1.27 billion in the six months to December.

The import of machinery for miscellaneous industries dropped substantially too, according to central bank data.

“Industrialists are going slow when it comes to taking new projects as they are worried about the cost of dollars. Fresh

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RMG export to Russia drops sharply

REFAYET ULLAH MRDHA

Even a year ago before the start of the Russia-Ukraine war, Rajiv Chowdhury, managing director of Young4ever Textiles, used to ship T-shirts and polo shirts worth \$1 million to Russia as the market was opening up for local exporters.

Now, Chowdhury is not sending garment items to Russia, even when alternative routes become available.

He fears that he will not be paid as one of his Russian buyers had delayed making payments for two and a half months as the war broke out in February 24 last year.

The young man has lost interest for the uncertainties over receiving payments and sending goods through alternative routes as the traditional ones have turned dysfunctional for the war.

“I cannot afford the high risk of sending goods to Russia in this time of war although there is a demand and good prices from my buyers,” Chowdhury told The Daily Star over the phone.

Before the war, his Russian buyers used to place work orders in big volumes and he had shipped goods to Russia over two consecutive seasons. His

“I cannot afford the high risk of sending goods to Russia in this time of war although there is a demand and I get good prices from my buyers,” says an exporter

supplies used to reach almost all Western retailers and brands having stores in Russian markets.

“The Russian market was a growing one for me,” he said. Currently, the local garment exporters are facing double-trouble in the shipment of garment to Russian markets, he said.

Primarily, almost all major retailers and brands have left the Russian markets and the Western countries have put a ban on the use of SWIFT (Society for Worldwide Interbank Financial Telecommunication) by Russian banks, he said.

This has made engaging in transactions with Russia very much troublesome, said Chowdhury.

Like him, Shahidul Islam, managing director of Rupa Group, also stopped sending sweaters to Russia as he also faced uncertainties in receiving payments and in shipping goods over alternative routes.

Before the beginning of the war, Islam used to send garment items, mainly sweaters, worth half a million US dollars per month. Now he is not thinking about the Russian markets anymore.

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STOCKS

DSEX ▼	CASPI ▼
0.15%	0.11%
6,255.93	18,454.26

COMMODITIES

AS OF FRIDAY

Gold ▼	Oil ▲
\$1,926.08 (per ounce)	\$81.69 (per barrel)

ASIAN MARKETS

FRIDAY CLOSINGS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.39% 60,621.77	▲ 0.56% 26,553.53	▲ 0.54% 3,293.71	▲ 0.76% 3,264.81



The internet subscriber base in Bangladesh has been on a downward curve for four months till November last year due to a sharp drop in the number of mobile internet users, according to data from the telecom regulator.

PHOTO: RAJIB RAIHAN

Banglalink providing fastest internet

Teletalk still the worst data service provider, shows global speed test

MAHMUDUL HASAN

Banglalink, the third largest mobile network operator in Bangladesh, now provides the fastest internet connection speed while state-run Teletalk continues to be the worst data service provider in the country, according to a global speed test report.

As per Ookla’s Speedtest Intelligence report, Banglalink delivered the fastest average download speed among the top local mobile network operators with 19 Mbps in the fourth quarter of 2022.

With a median download speed of 5.29 Mbps, Teletalk was the lowest performer during that period.

Ookla, the global leader in internet testing and analysis, gives a comprehensive view of worldwide network performance, quality and accessibility based on millions of results obtained through the Ookla Speedtest app each day.

For example, if anyone in Bangladesh tests the internet speed of their mobile network through the Ookla app, it will be counted on Ookla’s global test results.

Meanwhile, the Bangladesh Telecommunication

Commission (BTRC) has not published any drive test results for 2022.

Banglalink, which has 3.94 crore subscribers, had won Ookla’s recognition as the fastest mobile internet service provider in Bangladesh for the fourth time consecutively in February last year.

It also fared comparatively better than other operators in the test conducted by regulators in 2021 to gauge internet services in the country.

Banglalink’s strong performance was backed by its efforts to improve internet services as the company has been investing heavily in procuring spectrum.

In 2021, the network operator had procured spectrum in 1,800 MHz band and in 2022, it procured another chunk of spectrum in 2,300 MHz band, according to Taimur Rahman, chief corporate and regulatory affairs officer of Banglalink.

Also, Banglalink deployed nearly 4,000 base transceiver stations, which increased coverage by up to 40 per cent, last year.

With this enhanced coverage, capacity and spectrum availability, Banglalink has been able to consistently be the fastest

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