

# star BUSINESS

Inflation falls for 5th month in January

STAR BUSINESS REPORT

Inflation in Bangladesh declined for the fifth consecutive month in January driven by a fall in food prices, in line with global trends, official figures showed yesterday.

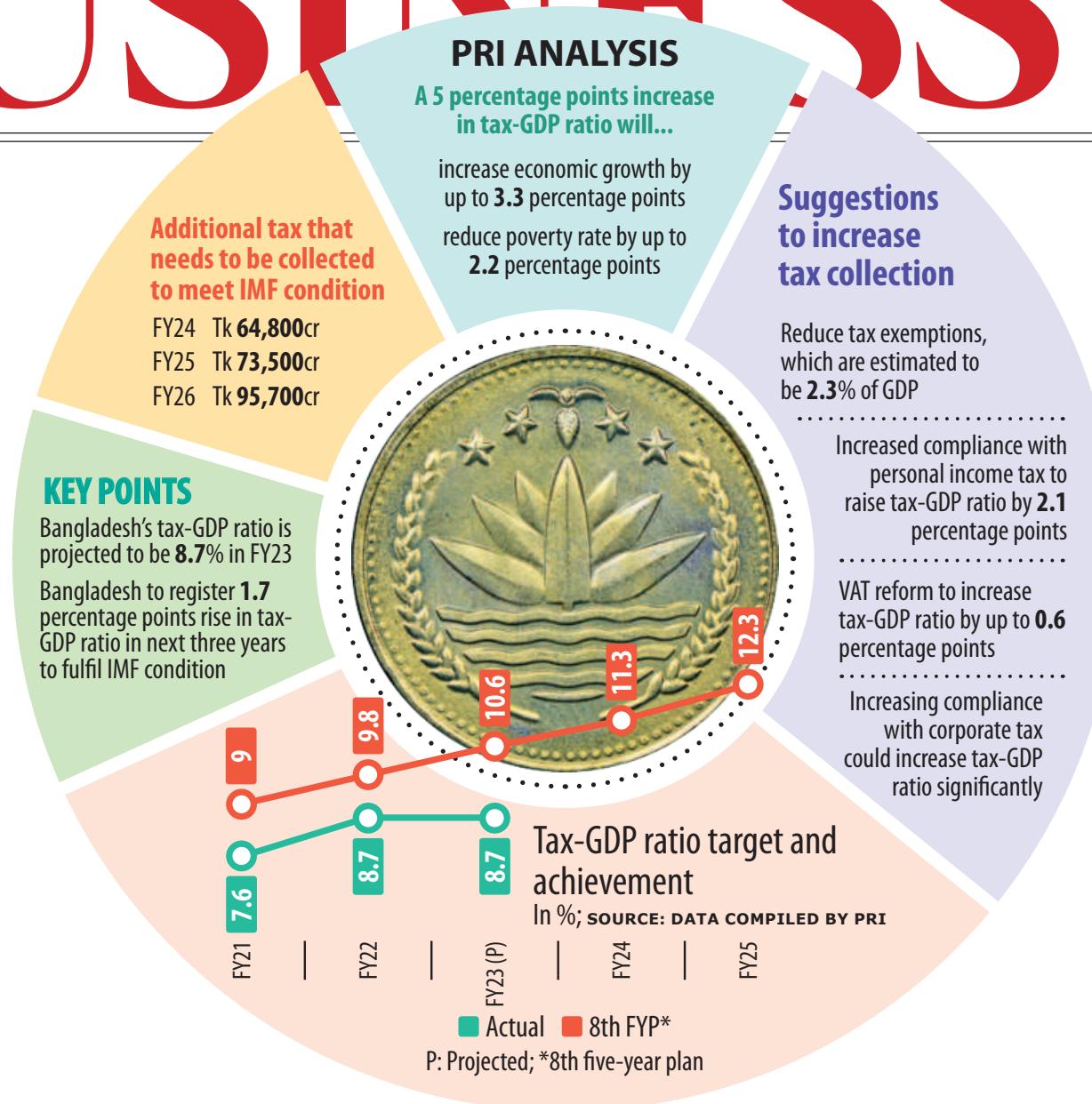
The Consumer Price Index (CPI) rose 8.57 per cent last month, a decrease of 14 basis points from 8.71 per cent in December, according to data from the Bangladesh Bureau of Statistics (BBS).

January's inflation figure was the lowest since August when consumer prices surged to a 10-year high of 9.52 per cent.

Prof Shamsul Alam, state minister for planning, credited the supply-side improvement for the drop in inflation.

"The supply of farm produce has gone up

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Separate tax policy making from collection Businesses say

STAR BUSINESS REPORT

Top business leaders yesterday urged the National Board of Revenue (NBR) to ensure a conducive business climate by bringing reforms to the revenue sector, including having separate administrations formulating tax policies and collecting revenue.

They also demanded that the authorities concerned ensure a "fear-free" tax office, expand the tax net and refrain from putting pressure on existing taxpayers.

The NBR should formulate a policy aiming to achieve the long-term targets foreseeing the economic situation, they said.

"When the NBR officials form a policy, initially they just focus on achieving immediate targets," said Nihad Kabir, chairperson of the trustee board of Business Initiative Leading Development.

They do not give thought on the targets of the next 15 years to 20 years considering the economic status, she said.

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## Huge tasks ahead for NBR to meet IMF conditions

STAR BUSINESS REPORT

Bangladesh will have to collect an additional Tk 234,000 crore in the three years from the current fiscal year in order to meet the International Monetary Fund's conditions tagged with its \$4.7 billion loan approved last month.

Attaining the target will be very challenging if the National Board of Revenue follows a "business as usual" approach, said the Policy Research Institute (PRI) of Bangladesh, a think-tank based in Dhaka, as it shared the figures yesterday.

The Washington-based multilateral lender attached conditions that Bangladesh will have to increase the tax-to-GDP ratio by 1.7 percentage points to 9.5 per cent at the end of the fiscal year of 2025-26, from 7.8 per cent currently.

The country will have to raise the tax-to-GDP ratio by 0.5 percentage points by FY24 with a subsequent hike of 0.5 percentage points in FY25 and 0.7 percentage points in FY26.

"The target will not be achieved overnight. The goal will remain unachieved with the business-as-usual approach. For this, massive action will be needed," said Ahsan H Mansur, executive director of the PRI, at a press briefing at the office of the think-tank.

They include establishing compliance risk management

director of the PRI Study Centre on Domestic Resource Mobilisation, echoed Mansur, saying: "Achieving the target will be extremely difficult."

The NBR on average registered around 12 per cent annual growth in tax collection from FY19 to FY23. In order to achieve the target set by the IMF, the tax revenue growth needs to be around 18 per cent in FY24, he said.

The IMF projects that the NBR would collect Tk 345,600 crore

units at the NBR customs and VAT wings by December 2023, and developing and adopting a tax compliance improvement plan by the middle of FY24.

The tax collector will also have to adopt a medium-term revenue strategy by the middle of the next fiscal year and implement the strategy between FY25 and FY26, said Razzaque.

Apart from that, the government plans to eliminate less effective tax exemptions and

the tax net," said Mansur.

With a view to increasing the collection of VAT from the retail sector, the revenue authorities plan to install another 300,000 electronic fiscal devices over the next five years.

As per the plan, the NBR also wants to move toward a modern IT-based administration of the VAT and income tax systems, greater source taxation and strengthened compliance risk management.

The PRI said the reduction of tax exemptions, which are estimated to be 2.3 per cent of GDP, could help boost revenue collection.

Similarly, increased compliance with personal income and corporate tax will enable the tax authorities to generate more revenue. Besides, reforms in the VAT system could increase the tax-to-GDP ratio by up to 0.6 percentage points, according to the PRI analysis.

Mansur said a sectoral analysis is necessary on tax exemptions.

"And during the placement of the budget, the NBR should give a statement of tax losses against exemptions. This will bring about transparency and accountability."

The former economist of the IMF, however, backed the continuation of duty benefits for export-oriented industries.

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**Bangladesh made over 10cr handsets so far**  
Milestone reflects capacity to meet all of local demand

MAHMUDUL HASAN

Bangladesh's mobile manufacturing industry hit a major milestone of having produced over 10 crore handsets till date, with the local plants gaining the capability of meeting almost all of the annual demand for devices in a span of just over 5 years.

In the latter half of 2017, when Bangladesh allowed local manufacturing by offering a huge amount of tax benefits, only 40,000 cell phones were produced by local firm Walton.

But things started to accelerate the following year as the local entities engaged in deals with top global brands, including Samsung, Tecno and Symphony, to set up manufacturing facilities in Bangladesh.

A total of 15 plants have so far been established in Bangladesh, producing 10.35 crore handsets as of 2022, according to Bangladesh Telecommunication Regulatory Commission (BTRC), which provides manufacturing permits.

In 2018, a total of 22 lakh phones were manufactured, but the number shot up by over sevenfold to 1.6 crore in 2019 with the local production of Oppo, Realme and Vivo-branded devices.

Another 2.40 crore were made in 2020 and despite

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### AT A GLANCE

**EMPLOYMENT**  
Total employment: **15,000**  
Over **98%** employees are local

### HANDSET MANUFACTURING IN BANGLADESH

In lakh units; SOURCE: BTRC



### TAX RATES

Imported: **58%**  
Locally made phones meet **99%** demand

Locally made: **15%**  
(VAT on sales stage will be added)



### CURRENT CHALLENGES

- Grey market expanded in recent months
- New VAT at sales stage raised the price
- Costly dollar also contributed to price hike
- LC opening becomes harder

**FBCCI forms election board for its polls**

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has formed a panel to oversee the election of its board of directors for the tenure of 2023-24.

The apex trade body appointed A Matin Chowdhury, managing director of Malek Spinning Mills Ltd, as the chairman of the election board.

Shamsul Alam, a former director of the FBCCI, and Monjurul Hoque, a businessman, have been picked as the members of the election board at a meeting of the board of directors of the federation in Dhaka on February 2.

The tenure of the current committee will come to an end on May 19 and the new committee will take responsibility from May 20, said Md Amin Helaly, vice-president of the FBCCI, over the phone yesterday.

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## Dual policy in a single stock market

Floor price for half of listed firms dents investor confidence

AHSAN HABIB

By removing the floor price for nearly half of the companies listed in the country in December while retaining the regulatory measure for the rest, the Bangladesh Securities and Exchange Commission (BSEC) has effectively moved to a dual system.

This is because the companies that have seen the floor price removal are allowed to drop slowly while the rest have been safeguarded from further erosion.

In order to prevent a freefall of stocks, the floor price, the lowest price at which a share can be traded, was brought back on July 29. The floor was the average of the closing prices on July 28 of 2022 and the preceding four days.

On December 21, the stock market regulator lifted the artificial support measure for 169 companies. It, however, set the circuit breaker in a way that would prevent stocks from declining more than 1 per cent on a given day.

### ANALYSIS

"This is an example of a dual policy system in a single market," said Al-Amin, an associate professor of the accounting & information systems department at the University of Dhaka.

On what basis the BSEC lifted the floor price for some companies but it has remained in place for others was not communicated to people, he said.

Many stocks have declined more than 20 per cent since the withdrawal of the floor price while others are stuck at the floor, Al-Amin said.

"Some people are being victimised by the withdrawal of the floor. But what was the fault of the investors of these stocks? Setting the floor price was a wrong decision, at least for the second time."

In March 2020, the stock market regulator introduced the floor price on all stocks to stop the index from sliding after the coronavirus pandemic struck the country.

"Now, the BSEC is repeating the mistake by lifting the floor price for some and retaining it for others," said Al-Amin.

The introduction of the floor price in 2020 was criticised by most analysts and foreign investors,

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A boy takes home his goats at Char Gobordhan in Lalmonirhat's Aditmari upazila. Requiring low initial investment and for its high fertility, early sexual maturity and easy marketing, goat rearing has distinct economic advantages over other livestock species. The animal can efficiently survive on shrubs and trees in unfavourable environments. It is also a source of supplementary income and an insurance against income shocks of crop failure. There were 267.74 lakh goats in Bangladesh in fiscal year 2021-22, according to the Bangladesh Bureau of Statistics. The photo was taken recently.

PHOTO: S DILIP ROY

## Oimex Electrode suffers losses in FY22

STAR BUSINESS REPORT

Oimex Electrode Limited incurred a loss of Tk 11.07 crore in the last financial year of 2021-22.

This is compared to the Tk 53.66 lakh the cable manufacturer made in the financial year of 2020-21.

Thus, it reported earnings per share of Tk 1.65 negative in FY22. It was Tk 0.08 positive in FY21.

The net asset value per share of Oimex Electrode fell to Tk 11.72 in the last financial year from Tk 13.38 in FY21.

The consolidated net operating cash flow per share was Tk 0.57 negative in FY22 compared to a positive Tk 0.88 in FY21.

Oimex Electrode declared a 1 per cent cash dividend for its general shareholders for FY22, according to a posting on the Dhaka Stock Exchange today.

According to the company, general shareholders currently hold 46,951,597 shares, or 69 per cent of the total, while the sponsors and directors own the rest.

Owing to the 1 per cent cash dividend, the general shareholders will get Tk 46.95 lakh.

Shares of Oimex were down 12.02 per cent to Tk 16.10 on the DSE yesterday.

## Stocks turnover plummets 22%

STAR BUSINESS REPORT

Bangladesh's stocks fell for a second consecutive day yesterday while turnover dropped by over 22 per cent.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), edged down 5 points, or 0.09 per cent, to close at 6,280.

The DS30, the blue-chip index, plummeted 0.11 per cent to 2,228 while the DSES, the Shariah-compliant index, dropped 0.05 per cent to 1,369.

However, turnover, a key indicator of the market, dropped about 22.8 per cent from that on the previous day to Tk 580 crore.

The Dhaka stocks remained in the red for a second consecutive session as apprehensive investors continued to go on a profit-booking selling binge, said International Leasing Securities in its daily market review.

Following the last session's fall, the market started off on a negative note which

continued till the closure as the investors liquidated their investments from stocks that achieved short-term gains.

The bargain hunters tried to reverse the downward trend during the first hour of the session but failed, it added.

Among the sectors, jute advanced 4.7 per cent, travel rose 1.6 per cent and ceramic went up 0.4 per cent whereas life insurance dropped 1.4 per cent, general insurance fell 1.3 per cent and cement declined 1.1 per cent.

Investors' activities were mainly focused on the IT sector, capturing 14.8 per cent of the day's total turnover, followed by the pharmaceutical (13.5 per cent) and miscellaneous (12.1 per cent) sectors.

Of the securities, 21 advanced, 152 declined and 165 did not show any price movement.

Sonali Aansh Industries topped the gainers' list with an increase of 6.8 per cent. The Sea Pearl Cox's Bazar Beach Resort & Spa and Orion Pharma also saw significant turnovers.

The Caspi, the all-share price index of Chittagong Stock Exchange, lost 52 points, or 0.28 per cent, to reach 18,534.

Of the issues, 21 rose, 64 retreated and 62 did not see any price swings in the Chattogram bourse.

Turnover of the port city bourse dropped 58.5 per cent to Tk 7.3 crore from that on the previous day.

Manufacturing Company, Shinepukur Ceramics and Renwick Jajneswar & Co (BD) were also in the list.

Oimex Electrode lost the most, shedding more than 12 per cent. Pragati Life Insurance, Reliance Insurance, Popular Life Insurance, and BD Thai Food & Beverage also suffered substantial losses as well.

Bangladesh Shipping Corporation was the most traded stock on the day with shares worth Tk 55 crore changing hands. Genex Infosys, Shinepukur Ceramics, the Sea Pearl Cox's Bazar Beach Resort & Spa and Orion Pharma also saw significant turnovers.

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## Midland Bank launches 'green PIN service'

STAR BUSINESS DESK

Midland Bank yesterday launched a "Green PIN Service" with the help of IT Consultants, enabling customers to set and reset the PIN numbers of their debit, credit and prepaid cards through the bank's website from now.

Md Ahsan uz Zaman, managing director, inaugurated the service at the bank's head office in Gulshan, said a press release.

Md Zahidul Islam, chief financial officer, Nazmul Huda Sarkar, chief technology officer, Md Abed-Ur-Rahman, head of cards, Osman Haidar, director of business, Muttahidur Rahman, chief technology officer, and Zubair Ahmed, chief strategy officer of IT Consultants, were present.

## CVC Finance gets new MD

STAR BUSINESS DESK



Non-banking financial institution CVC Finance has recently appointed a new managing director and chief executive officer.

The appointee, Md Mamunur Rashid Molla, was previously serving the South Bangla Agriculture & Commerce (SBAC) Bank as deputy managing director, said a press release.

He started his professional career at Prime Bank and also served Premier Bank, Mutual Trust Bank and National Bank.

Molla obtained a master's degree in international trade and business from the University of Dhaka and an MBA in finance and banking from the University of Information Technology and Sciences.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (FEB 6, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	1.5 ↑	2.27 ↑
Coarse rice (kg)	Tk 48-Tk 55	5.1 ↑	8.42 ↑
Loose flour (kg)	Tk 56-Tk 58	-3.39 ↓	62.86 ↑
Lentil (kg)	Tk 95-Tk 100	-4.88 ↓	0
Soybean (litre)	Tk 170-Tk 175	-0.58 ↓	16.95 ↑
Potato (kg)	Tk 22-Tk 28	11.11 ↑	66.67 ↑
Onion (kg)	Tk 30-Tk 40	-9.09 ↓	40 ↑
Egg (4 pcs)	Tk 45-Tk 47	26.03 ↑	26.03 ↑

SOURCE: TCB



Nuruddin Md Sadeque Hussain, managing director (current charge) of Southeast Bank, virtually inaugurated 10 agent banking outlets offering round the clock cash recycling ATMs in Faridpur, Cox's Bazar, Chittagong, Rajshahi, Feni, Rajbari, Narshingdi and Satkhira districts.

PHOTO: SOUTHEAST BANK



Sarifuddin Nawroz Ahmed, head of business, water and air wellness at Unilever Bangladesh, and Shadman Sadikin, marketing director of homecare, attended a Pureit Trade Meet 2023 to celebrate business success of the water purifier brand at Marriott Convention Centre in Dhaka recently. Over 200 retail partners from around Bangladesh joined the event where top performers were awarded.

PHOTO: UNILEVER BANGLADESH



ABM Mokammel Hoque Chowdhury, managing director of Union Bank, inaugurated an "Annual Risk Management Conference 2023" in Cox's Bazar recently. Md Nazrul Islam, deputy managing director, and Golam Mostafa, senior executive vice-president, were present.

## Dual policy

FROM PAGE B1

prompting the regulator to start moving away from it in phases from April 2021.

"Previously, the BSEC lifted floor price in phases so people knew what was going on. But now people don't know what is going on and when it would be lifted fully," said Al-Amin.

The BSEC imposed the floor price thinking that it would be better for the market. However, it tells a different story now, said Md Sayedur Rahman, president of the Bangladesh Merchant Bankers Association.

"The stock market regulator is trying to find a way out."

Most investors are feeling hesitation to invest as they have no clear idea about the floor price, said a top official of a brokerage firm, preferring anonymity.

"If the floor price is withdrawn, the market may plunge in the first few days, so, investors don't want to buy shares now."

He said the BSEC should have analysed why and when the floor price would be scrapped and the impact of the withdrawal.

"Then the BSEC should have informed investors so that investors come to know what is going on."

The official said the BSEC lifted the floor price in December suddenly as it was telling stakeholders it would not be removed.

"Such misinformation sends a negative message to the market."

Mohammad Rezaul Karim, a spokesperson of the BSEC, said the commission lifted the floor price for the companies that have a low contribution to the market capitalisation so that they could not affect the index to a large extent.

"Moreover, the BSEC also wanted to see if the removal of the floor price raises the turnover," he said, adding that stakeholders are struggling due to the lower turnover.

Turnover on the Dhaka Stock Exchange (DSE) dropped to a 29-month low of Tk 227 crore a day after the partial withdrawal of the floor price in December. It plunged further to Tk 146 crore on January 2 this year. Turnover stood at Tk 580 crore yesterday.

"Until the market situation improves, the commission will not withdraw the floor price completely," said Karim.

The DSEX, the benchmark index of the DSE, ranged between 6,000 and 7,000 points in the past one year, data from the premier bourse of Bangladesh showed.

## Adani sell-off losses

FROM PAGE B4

At Jantar Mantar some members burnt a suitcase with an SBI logo on it.

Both houses of India's parliament were adjourned on Monday, the third consecutive day, amid sloganning and demands to launch an inquiry.

In the brutal fallout of Hindenburg's report, Adani group flagship company Adani Enterprises Ltd was forced to abandon a \$2.5 billion share sale last week, and group chairman Gautam Adani lost his crown as Asia's richest person and slipped down the global rankings of the wealthy.

Gautam Adani and India's Prime Minister Narendra Modi are from the same state. Adani has denied allegations by Modi's opponents that he had benefited from their close ties, and Modi's government has denied allegations of favouring Adani.

The stock market rout triggered a series of credit ratings warnings on Friday with Moody's saying the group may struggle to raise capital, and S&P cutting its outlook on two group companies.

Even attempts by regulators and the government to calm spooked investors do not appear to be working.

The Reserve Bank of India said on Friday the country's banking system remains resilient and stable. India's market regulator said on Saturday the country's financial markets remain stable and continue to function in a transparent and efficient manner.

SBI said on Friday it was not concerned about the exposure to the Adani group, but further financing to its projects would be "evaluated on its own merit".

India's divestment secretary Tuhin Kanta Pandey told Reuters on Friday that LIC shareholders and customers should not be concerned about its exposure to the Adani group.

Shares of Adani Enterprises sank 9.6 per cent on Monday, taking its market capitalisation losses to nearly \$28 billion since the release of the short-seller's report.

Adani Transmission Ltd dropped 10 per cent, while Adani Green Energy Ltd, Adani Total Gas Ltd, Adani Power, and Adani Wilmar fell roughly 5 per cent.

Adani Ports and Special Economic Zone was the only stock to buck the trend, rising 1.2 per cent.

## Imports thru Ctg port fall

FROM PAGE B4

cent from 14.66 lakh tonnes worth Tk 1,518 crore in the first half of fiscal 2021-22.

However, import expenditure for the product has increased by 146 per cent year-on-year, or Tk 2,221 crore, during the same period.

Imports of stone increased by 21 per cent year-on-year in the July-December period, but the cost of import ballooned by about Tk 334 crore, or 59 percent, at the same time.

Around 39.08 lakh tonnes of stone worth Tk 905 crore was imported in the first half of fiscal 2022-23 while it was 32.07 lakh tonnes worth Tk 570 crore during the corresponding period the previous year.

## United Power

FROM PAGE B4 receiving dividends from subsidiaries," it said.

The profit declined by 16 per cent year-on-year to Tk 570.99 crore in the first half of 2022-23. It was Tk 686.36 crore in the July-December period of 2021-22.

United Power shares were unchanged at Tk 233.70 on the DSE yesterday.



The newly built Revenue Bhaban, which will be the headquarters of the National Board of Revenue, at Sher-e-Bangla Nagar in Dhaka's Agargaon. Prime Minister Sheikh Hasina inaugurated the 12-storey building on Sunday.

PHOTO: RASHED SUMON

## Remove barriers for ensuring stable spice market

Businesspeople urge govt

### STAR BUSINESS REPORT

Businesspeople involved with the spice market in Bangladesh have urged the government to reduce the import duty on spices in order to keep the market stable in the upcoming month of Ramadan.

They also asked for the removal of prevailing hassles to ensure that letters of credit (LCs) can be opened without any difficulty for importing the necessary spices.

These demands came during a meeting on "stabilising the price and supply of spices" at the Directorate of National Consumer Rights Protection (DNCRP) in Karwan Bazar, Dhaka yesterday.

Problems in opening LCs, the high US dollar price and increased international commodity prices are the main reasons for instability in the

domestic spice market, businesspeople said.

Ajmal Hossain Bablu, general secretary of the Moulvibazar Traders Association, said high import duty and rising US dollar prices have affected the country's spice market.

Most spices, including cumin, were previously imported from Afghanistan, Turkey and India. However, now only cumin is being imported from India, where the price of the product has recently increased.

Bablu then said that the price of cumin currently stands at \$4,200 per tonne in the neighbouring market while it was \$2,800 for the same amount just two months ago.

Lutfar Rahman, president of the Mohammadpur Townhall Dhaka North City Corporation Kitchen Market

Merchants Association, said there is not much time left before the month of Ramadan.

So, if proper steps are not taken to solve the problems now, there will be a kind of crisis in the market in the coming days, he added.

Due to volatility in the exchange rate of the US dollar, the cost of importing spices has increased by 25 to 35 per cent, and that is why prices in the local market are also high, businesspeople say.

The rise of urbanisation across the country is propelling demand for processed spices.

In the last one year, the price of onion has increased by 40 per cent, garlic 109 per cent, dried chili 150 per cent, ginger 123 per cent, cumin 94 per cent and clove 36 per cent, as per data from the Trading Corporation of Bangladesh.

Recently, the DNCRP found several anomalies in market surveillance of spices. For example, purchase cash memos are not maintained while import related papers are not available.

AHM Shafiquzzaman, director general of the DNCRP, said the issue regarding LC opening for importing spices would be discussed with those concerned in due time.

A report on the matter will be given to the commerce ministry so that work can be done to solve the problem quickly, he added.

Shafiquzzaman went on to say that discussions are ongoing with the National Board of Revenue regarding the duty structure for daily necessities ahead of Ramadan.

"So, the issue of spices will be considered as well," he said.

### Separate tax policy

### Bangladesh made over 10cr handsets

#### FROM PAGE B1

"But the separation is very important for a healthy business climate in the country," she said.

She was addressing a seminar on the role of income tax in a country's economy organised by the NBR as a part of its "Revenue Conference 2023" at Bangabandhu International Conference Center.

This will enrich the NBR's efficiency, echoed MA Momen, vice president of the Federation of Bangladesh Chambers of Commerce and Industry.

"If the tax policy and administration are separated, the policies will be business friendly," he said.

In terms of policy adoption for the upcoming budget, the NBR should play an important role considering the global economic situation to bring ease to the business climate, added Momen.

Due to tax exemption offered to green factories, the highest number of such factories now exist in the country, said Asif Ashraf, a director of the Bangladesh Garment Manufacturers and Exporters Association.

"We remain in fear all the time. Because, if we make a profit this year, we will have to pay the same amount of tax next year. But there is no guarantee of profit next year," he said.

However, at the event some taxpayers informed of incidents of sufferings they faced while paying tax.

They said they felt harassed by the NBR officials when they came to pay their income tax at the NBR office.

The policy should be formulated by persons who have adequate experience of working at the field level, said Md Tajul Islam, the local government, rural development and cooperatives minister.

There are a huge number of eligible taxpayers not only in urban areas but also in rural areas, he said.

As of January 2023, there are 84.49 lakh registered taxpayers but only 2.85 lakh submitted income tax returns as of December 2022, according to the NBR.

#### FROM PAGE B1

cent of the price is imposed on smartphone imports, whereas the tax on locally assembled and manufactured handsets is about 20 per cent to 25 per cent.

The 15 entities invested an estimated Tk 2,000 crore for setting up plants, creating jobs for around 15,000 to 18,000 people.

"We have progressed way more than expectations," said Rizwanul Haque, vice president of the Mobile Phone Industry Owners' Association of Bangladesh.

"Now annual turnover has reached about Tk 15,000 crore. Earlier, full finish products used to get imported. Now there is a value edition," he said.

According to industry people, value addition now stands at up to 20 per cent, with printed circuit boards being made and components being added to those locally.

"We are now ready as we have invested to increase our capacity in the last five years. Now we should grab the export market," said Haque.

"Now we need to get proper government support to expand the backward linkage industry to increase our value addition to 30 per cent producing battery, charger and box," he added.

Many youths in Bangladesh have gained employment in the plants as assembly line managers, unit managers, material management executives and quality control managers on attaining their diplomas in electronics from polytechnic institutes.

Some even got jobs after passing just their HSC exams.

The industry has been contributing to the country's economy creating employment and drawing investment, which is a big achievement, said Shyam Sunder Sikder, chairman of the BTRC.

If the NBR extends some opportunities, the local manufacturers will be able to export Bangladesh-made phones to the next two years.

global market, he said.

However, the industry has been hit hard by increasing inflation, an unprecedented dollar price hike and an increase in value added tax as their sales have plummeted amid belt-tightening by consumers.

This is compelling the manufacturers to cut production. The smartphone segment is particularly finding itself worse off in the current downturn.

A recent surge of the grey market in Bangladesh has now become a big headache for the local manufacturers.

"We have informed the authority concerned of the government to stop the inflow of phones that has been smuggled into the country. If this is not stopped immediately, the industry will face a severe backlash," added Telecom Minister Jabbar.

### FBCCI forms election board

#### FROM PAGE B1

the FBCCI, over the phone yesterday.

Usually, the election board is empowered to complete formalities within 105 days before the end of the tenure of a committee, Helaly said.

Chowdhury, however, said he did not receive any formal letter from the FBCCI to act as the chairman of the election board yet.

Helaly said the FBCCI would soon send letters to the chairman and the members of the election board.

The total number of posts of directors at the FBCCI is 80. Of them, 46 are elected, with 23 each coming from the chamber group and the association group.

Another 34 directors are nominated: 17 come from the chamber group and 17 from the association group.

The elected directors and nominated directors from trade bodies and chambers will elect the president and vice presidents for the next two years.

### Inflation falls

#### FROM PAGE B1

while the production in the manufacturing sector has improved. As a result, prices are falling," he told reporters at the planning ministry.

He, however, admitted that the latest hike in the price of gas and electricity might have an impact on inflation in the coming months.

The government increased the electricity price by 5 per cent at the retail level on January 31, the second hike in 19 days as it steadily retracts subsidies in the power sector.

On January 18, it raised the retail price of gas by 14.5 per cent to 178.9 per cent for industries, power plants and commercial establishments, which together account for 78 per cent of gas use. BBS data showed that inflation averaged 7.92 per cent in the February-January period.

The government has projected that inflation would stand at 7.5 per cent in the current fiscal year, which ends in June.

But the International Monetary Fund (IMF) has said the average headline inflation in FY23 is expected to increase to 8.9 per cent in Bangladesh, driven by rising domestic food and fuel prices and the pass through of large depreciation of the taka.

The local currency has lost its value by about 25 per cent against the US dollar in the past one year owing to the shortage of the US currency.

In January, food inflation declined to 7.76 per cent from 7.91 per cent in

the previous month.

In a writeup, Pierre Olivier Gourinchas, economic counsellor and the director of research of the IMF, said global financial conditions have improved as inflation pressures started to abate.

Global inflation is expected to decline this year but even by 2024, projected average annual headline and core inflation will still be above pre-pandemic levels in more than 80 per cent of countries.

Non-food inflation dropped 12 basis points to 9.84 per cent last month from 9.96 per cent in December, according to the BBS.

That inflation is on the decline is good news, but the market situation does not seem to be at a much comfortable condition, said Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem).

The prices of some products, including rice, are still high, he said.

"Lower-income and middle-income groups are still under pressure as we are seeing the long queue of the OMS (Open Market Sale of subsidised products) line for buying rice," he said.

The recent hike of energy prices may incite inflation in the coming months, he said.

As for protective measures, the government should continue running social safety net programmes and monitor the market supply chains, recommended Raihan.

### Huge tasks ahead

#### FROM PAGE B1

Razzaque said there is a gap in corporate tax collection as many registered companies don't comply with tax rules.

"Bangladesh will have to attain the target to finance its expenses for various purposes. Otherwise, the situation will worsen."

Even if the NBR achieves IMF's targets on revenue, the overall tax collection to GDP will still remain below the goal made as part of the 8th Five Year Plan, which runs from FY21 to FY25. The government aims to elevate the tax-to-GDP ratio to 12.3

per cent by 2024-25.

"So, there is no scope to be complacent," said Razzaque.

Bangladesh's tax-to-GDP ratio is one of the lowest in the world and the nation's spending for health and education is less than 1 per cent of GDP and close to 2 per cent of GDP, respectively.

"This is below the requirement," said the economist.

"Evidence from cross country analysis of 139 countries reveals that a country's tax-to-GDP ratio needs to be at least 15 per cent to accelerate growth and development significantly."

## ICCB workshop focuses on combating financial crimes

### STAR BUSINESS DESK

The International Chamber of Commerce (ICC) Bangladesh organised a daylong workshop on "Combating Financial Crimes: Means, Ways & Redress" at a local hotel in Dhaka recently.

AK Azad, vice president of the ICC Bangladesh, attended the closing session of the workshop and distributed certificates among the participants, said a press release.

A total of 92 officials from 27 banks participated in the workshop.

Ataur Rahman, secretary general of the ICC Bangladesh, Mohammad Rafiqul Islam, workshop resource person, Ajay B Saha, general manager, and Md Shakayet Hossain, manager, were present.

## China willing to restart trade dialogue with Australia

REUTERS, Beijing

China's commerce minister Wang Wentao said talks held on Monday with Australian counterpart Don Farrell were a key step toward bringing bilateral economic and trade ties back on track, with relations improving after being strained in recent years.

The virtual meeting "represents another important step in the stabilisation of Australia's relations with China," Farrell said after the first talks between the trade ministers of the two countries since 2019.

Last month, Chinese officials relaxed import bans on Australian coal as both countries work to improve diplomatic relations after more than two years of Chinese trade restrictions on a range of Australian exports including barley, lobster and wine.

Wang said China is willing to restart the mechanism facilitating dialogue with Australia on economic and trade issues and to expand cooperation in emerging areas including climate change and the new energy sectors.

"At present, the economic and trade relations between the two countries are facing an important window period... the meeting is a significant step to push China and Australia economic and trade relations back on track," Wang said in a statement released by his ministry following the talks with Farrell.

China's top economic planner in May 2021 suspended all activity under a China-Australia Strategic Economic Dialogue which was an important forum for Australia and China to work through issues relevant to bilateral economic partnership.

The Chinese statement said Australia was also willing to work with China to enhance mutual trust and resolve differences through candid dialogue.

## Malaysia confident of avoiding recession

ANN/ THE STAR

Malaysia is confident of achieving positive growth and avoid a recession this year despite having to navigate through global headwinds.

Even though the country's economic growth this year was projected to be moderate compared with 2022, International Trade and Industry Minister Tengku Datuk Seri Zafrul Abdul Aziz said he was optimistic that Malaysia would not face a recession.

"On the issue of recession, I am optimistic there will not be (one)...the definition of a recession is two successive quarters of negative GDP (gross domestic product) growth.

"Bank Negara Malaysia, the International Monetary Fund, and the World Bank have projected for Malaysia to continue achieving positive economic growth in the 3 per cent-5 per cent range.



"I do not think we are going to face a recession. However, compared with the growth we achieved in 2022, there will be some moderation."

"Therefore, we need to take this opportunity to ensure all of our engines of growth keep firing especially in terms of trade and investment," he told Bernama during his recent visit to Penang.

In 2022, Malaysia's total trade surpassed the RM2 trillion mark for the second consecutive year when it registered RM2.8 trillion, with exports reaching RM1.6 trillion, exceeding 12th Malaysia Plan projections, and imports reaching nearly RM1.3 trillion.

During his two-day (Feb 3-4) visit to Penang, Tengku Zafrul said he held meetings with top state officials and industry players to discuss efforts to strengthen the industrial ecosystem here as it is one of the leading investment destinations for the electrical and electronics (E&E) and medical technology sectors.

"We need to attract high quality investment that can provide jobs to our people and increase the national income. We also want this FDI (foreign direct investment) to be translated into DDI (domestic direct investment)."



Garment workers are eating meals at a green garment factory in Narayanganj. Being the global champion in LEED certified factories, Bangladesh has 63 platinum rated garment units while another 110 are gold rated, 10 are silver rated and four are just certified.

PHOTO: STAR/FILE

## Bangladesh now home to half of top green factories worldwide

STAR BUSINESS REPORT

Bangladesh became home to half of the top 100 green industrial units worldwide after KDS IDR Limited, a garment factory in Kalurghat, received platinum certification from the Leadership in Energy and Environmental Design (LEED) programme on February 1.

Platinum certification is the highest category in the ranking system while gold is the second highest and silver is the third. There is also a fourth category for industrial units that just meet the minimum requirements.

Being the global champion in LEED certified factories, Bangladesh has 63 platinum rated garment units while another 110 are gold rated, 10 are silver rated and four are just certified.

Besides, more than 500 other garment factories are awaiting LEED certification by the United States Green Building Council (USGBC) for their green initiatives, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

China has the second highest number of platinum rated factories with only 10 while Pakistan places third with nine.



Other global leaders in LEED certification include India and Sri Lanka with six each while Taiwan and Vietnam have four.

Meanwhile, Myanmar and the US each have two platinum rated factories while Ireland, Italy, Indonesia, Mexico, Poland, Paraguay, Romania, Turkey and the UAE have one apiece, according to data from the USGBC.

Local businesspeople started building LEED certified structures following two industrial disasters -- the fire at Tazreen Fashions in 2012 and collapse of Rana Plaza in 2013 -- in a bid to brighten

their image and thereby attract more international retailers and brands.

The LEED initiatives indicate that the domestic garment sector does business in line with global environmental and safety standards, said Mohiuddin Rubel, a director of the BGMEA.

It is not mandatory for international clothing retailers and brands to pay extra for goods sourced from LEED certified industries even though these manufacturers spend millions to make their factories green.

Still, buyers prefer to place work orders at green units as they

know the goods are produced in compliance with environmental and safety standards.

"So, even if buyers are not eager to pay additional prices in the short term, the suppliers are ultimately benefitted by doing business with global retailers and brands for an extended period," Rubel added.

Fazlee Shamim Ehsan, proprietor of Fatullah Apparels, the highest rated platinum certified knitwear factory in the world, said buyers may change their minds about paying additional prices for items sourced from green units in the future.

"We have invested money to make the factories green, not for only better prices, but to protect the environment while doing business," added Ehsan, who runs factory at Narayanganj.

Kutubuddin Ahmed, founder of the Envoy and Sheltex Groups, which has a platinum rated denim textile factory, said buyers do not pay additional prices for green initiatives as they have many suppliers.

"Buyers can get the same products at lower prices from uncertified suppliers and so, they do not care about green initiatives," he added.

## Adani sell-off losses top \$110b Crisis sparks protests and arrests in India

REUTERS, New Delhi

The crisis engulfing the Adani group intensified on Monday as dozens of members India's main opposition party were detained by police during protests, and parliament was suspended again due to disruptions over the saga.

Adani shares continued their freefall, with the conglomerate's cumulative market value loss topping \$10 billion.

The crisis was triggered by US-based short-seller Hindenburg Research's January 24 report that accused the Adani group of stock manipulation, unsustainable debt and use of tax havens.

The Adani group, one of India's top conglomerates, has rejected the criticism and denied wrongdoing in detailed rebuttals, but that has failed to arrest the unabated fall in its shares.

In New Delhi's Jantar Mantar, a Mughal-era observatory that doubles up as a protest site for all causes, protesters held up banners and shouted slogans against Adani group's billionaire founder Gautam Adani. Some broke through barricades, forcing the police to detain them.

Hundreds of members of the Congress party gathered to protest across the country, including outside several offices of state-owned insurer Life Insurance Corporation (LIC) and State Bank of India (SBI), both of which have exposure to Adani group companies.

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India's Congress party activists take part in a nationwide protest outside the Life Insurance Corporation office in Prayagraj yesterday, calling for an inquiry into allegations of major accounting fraud at Adani, the country's biggest conglomerate.

## Imports thru Ctg port fall as expenditures rise Traders blame higher US dollar price

MOHAMMAD SUMAN, *Chatogram*

Imports through Chattogram port fell 2.5 per cent year on year in the first six months of the current fiscal as rising US dollar prices pushed up the overall costs involved, according to traders.

Sources at Chattogram Customs House said about 43.87 million tonnes of goods were imported through the country's premier seaport during the July-December period of fiscal 2022-23 compared to 44.99 million tonnes the previous year.

Import expenditure stood at Tk 240,854 crore by the end of first six months, down by about 23 per cent from Tk 195,650 crore for the same period in fiscal 2021-22.

As a result, the import of 2,544 types of products has decreased while that of 2,410 others has increased, customs data shows.

Mahbubul Alam, president of the Chattogram Chamber of Commerce and Industry, said the increase in expenditure is mainly due to higher US dollar prices.

"The cost of several imported products has increased and so, expenditure went up even though imports declined," he added.

The types of goods that registered lower imports include scrap vessels, reconditioned vehicles of below 2,000cc, and certain raw materials such as steel, cement clinker, sodium sulphate and sodium carbonate.



Besides, shipments of goods such as soybean, apple and mustard seeds, unrefined sugar, petroleum oil, furnace oil, chickpeas, and urea fertiliser also fell.

As per customs data, raw material imports amounted to 30.89 lakh tonnes worth Tk 889 crore in the July-December period of the current fiscal compared to 42.6 lakh tonnes worth Tk 1,099 crore the year prior.

Scrap vessel imports amounted to 4 lakh tonnes worth Tk 2,174 crore at the same time, down from 12 lakh tonnes worth Tk 5,802 crore in the July-December period of fiscal 2021-22.

Similarly, raw sugar imports totalled 80,000 tonnes worth Tk 414 crore in the first half of the ongoing fiscal, down 68 per cent year-on-year from 2.5 lakh tonnes worth Tk 1,034 crore.

Meanwhile, Tk 114 crore was spent on importing reconditioned cars of between 1,000cc and 2,000cc while it was Tk 266 crore at the same time last year.

On the other hand, imports of goods such as diesel, coal, stone, granulated slag, palm oil, wheat, octane, crude oil, cotton, bitumen and iron tubes increased by an average of 37 per cent each.

Among the top 20 imported products that amounted to 20.86 million tonnes in the July-December period of fiscal 2022-23 compared to 15.15 million tonnes the year prior, diesel saw the highest shipments.

Some 25.31 lakh tonnes of the fuel worth Tk 11,742 crore was imported during the period, up by some 48 per cent year-on-year from 17.15 lakh tonnes worth Tk 7,146 crore.

However, the expenditure for importing diesel has increased by 65 per cent, or Tk 4,597 crore, at the same time.

Likewise, coal imports amounted to 22.36 lakh tonnes worth Tk 3,739 crore, up by about 52 per

## United Power registers earnings drop in Q2

STAR BUSINESS REPORT

United Power said its earnings fell 29 per cent year-on-year to Tk 280.57 crore in the October-December period of 2022-23 as it did not receive dividends from its subsidiaries.

The private power generation and distribution company logged Tk 397.09 crore profit in the identical quarter of the previous financial year.

Thus, it reported earnings per share of Tk 4.84 in the second quarter of the current financial year, down from Tk 6.85 in the same three-month period a year ago, according to a posting by United Power Generation & Distribution Company Ltd on the Dhaka Stock Exchange yesterday.

"The EPS was lower mainly for not

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