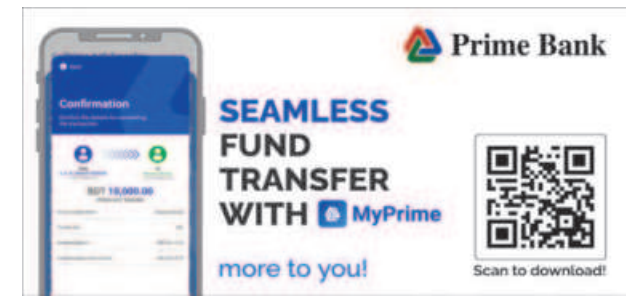


Star BUSINESS



Rice market totally deceitful

Alleges state minister for planning

STAR BUSINESS REPORT

Prof Shamsul Alam, state minister for planning, yesterday called the rice market of Bangladesh as completely deceitful as the staple is not sold under their real names.

For instance, a rice variety is sold as Pushpomoti by cutting and polishing the coarse variety named Shorna, he said.



Prof Shamsul Alam

"This is a deceitful way of selling rice, so it should be stopped. Here, the market reform is necessary."

Prof Alam made the comments while speaking to a group of reporters from the Development Journalist Forum of Bangladesh at the planning ministry.

"Because of the cutting and polishing, rice loses its nutritional value and it is being done by importing machines spending crores of taka. The government will take steps soon to stop it," said the state minister.

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Govt borrowing from BB by types of instrument

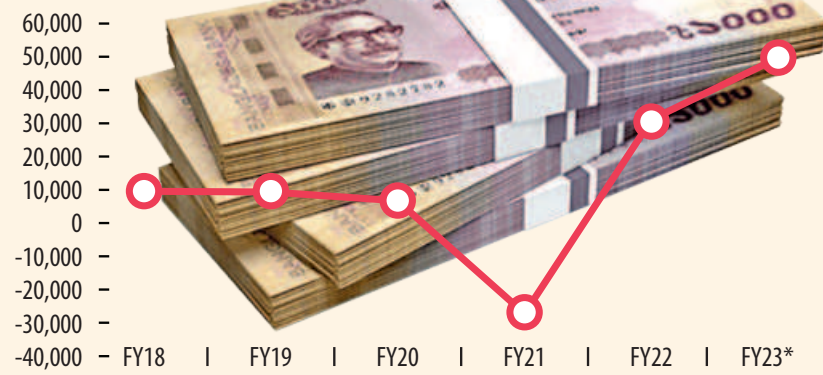
Jul 1-Feb 9, FY23

Treasury bills: Tk 22,683 cr	Treasury bonds: Tk 28,606 cr
Repayment by govt to commercial banks: Tk 11,910 cr	Net sales of savings certificate falls by Tk 3,107 cr

Govt Borrowing from Bangladesh Bank

in crore taka; As of Feb 9

SOURCE: BB



Govt's higher borrowing from BB stokes inflation risk

AKM ZAMIR UDDIN

The government has kept borrowing from the Bangladesh Bank as commercial banks can't come up with much-needed funds owing to the liquidity crunch.

But if the government consistently borrows from the central bank, it may fuel inflation, which has remained at an elevated level for the past one year.

Between July 1 and February 9 this fiscal year, the government borrowed Tk 52,129 crore from the central bank, according to BB data. It borrowed Tk 31,403 crore in the entire fiscal year of 2021-22.

"Borrowing from the central bank usually means an injection of new money into the market. This usually put an adverse impact on inflation," said Zahid Hussain, a former lead economist

of the World Bank's Dhaka office.

In other words, this means, the volume of notes and coins out in circulation is increasing. And such a form of money can multiply by as much as five times as only a fraction of deposits is backed by actual cash and is available for withdrawal.

So, the Tk 52,129 crore borrowed by the government may end up being Tk 260,645 crore eventually.

The extra money in the hands of people means it will create demand for goods, which may push up the price level.

According to data from the Bangladesh Bureau of Statistics, inflation stood at 8.57 per cent in January, down from 8.71 per cent in December.

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



In order to help banks open letters of credit (LCs), the central bank injected around \$9.50 billion into the economy between July 1 and February 9. A record \$7.62 billion was supplied during the entire financial year of 2021-22.

Commercial banks bought the dollars in exchange for the local currency, which has reduced the liquidity base in the banking system. If the government had borrowed money from commercial banks, the liquidity situation would have worsened further.

The government has set a bank borrowing target of Tk 106,334 crore for 2022-23.

Of the money that the government has taken from the BB in the last seven months, Tk 11,910 crore was used to repay commercial banks. So, the

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State-run oil companies see higher profits

AHSAN HABIB

While most listed companies struggled to raise profits in the first half of 2022-23 owing to higher petroleum prices, listed state-run oil companies in Bangladesh saw a staggering double-digit growth in earnings.

The higher profits came mainly from higher interest income from bank deposits and higher sales revenue as demand for fuel rose amidst power outages.

Jamuna Oil Company's profit grew by 81 per cent compared to the same period of the previous year while profits of Meghna Petroleum and Padma Oil Company rose 33.7 per cent and 38 per cent, respectively.

"The profits rose mainly due to higher sales and higher interest income," said Md Masudul Islam, company secretary of Jamuna Oil Company.

Jamuna Oil Company's profits surged to Tk 168 crore, according to the financial report of the company.

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STOCKS	
DSEX ▼	CASPI ▼
0.23%	0.19%
6,256.17	18,462.14

COMMODITIES	
Gold ▲	Oil ▼
\$1,858.73	\$79.09
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.99%	▲ 0.64%	▼ 0.2%	▲ 0.28%
61,032.26	27,602.77	3,318.20	3,293.28



Credit cards issuance grows at faster pace

STAR BUSINESS REPORT

Credit card issuance by banks grew at a faster pace in 2022 compared to the year prior as there is a growing interest among people to avail the benefits offered by plastic money, such as interest free loans for up to one-and-a-half months.

As such, credit card issuance reached a four-year high of 2.82 lakh last year, up 15 per cent from 1.93 lakh in 2021, according to data released by Bangladesh Bank earlier this week.

With this growth, the total number of credit cards issued in the country stood at 21.15 lakh as of December 2022. However, bankers and other players in the financial sector said credit card issuance would have grown much faster had the National Board of Revenue (NBR) not slapped a new rule requiring proof of income tax return for availing plastic money.

"It is a good sign that the total number of credit cards has increased, but the growth would have been accelerated if there was no requirement to submit proof of income tax return," said Md Mahiul Islam, head of retail banking at Brac Bank, a leading bank in

the credit card segment.

The NBR imposed the rule for the current fiscal year despite facing opposition.

As a result, the demand for loans through credit cards has slowed, as per Bangladesh Bank data.

At the end of December 2022, loans taken through credit cards grew 12 per cent year-on-year to Tk 2,498 crore from Tk 2,229 crore.

Credit card transactions grew 42 per cent in 2021 from the previous year, central bank data showed.

"Credit card has become a lifestyle product. Demand and use of credit cards are growing in line with the growth of consumerism," said Md Shafquat Hossain, head of retail banking at Mutual Trust Bank (MTB), which issued around 45,000 credit cards in 2022.

"We have seen the growth of restaurants as people are increasingly showing interest to dine out, and credit cards provide them the scope to pay later," Hossain said, adding that credit cards have become a necessity for making payments while travelling abroad.

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USTR alleges Bangladesh breached IPR rules

STAR BUSINESS REPORT

The United States Trade Representative (USTR), the American government's chief trade negotiating body, sent a letter to Bangladesh alleging that intellectual property rights (IPRs) rules on the export of garments, footwear and electronic goods to the American markets have been violated.

The commerce ministry also responded to the allegations of the USTR on Monday night, Hafizur Rahman, additional secretary to the commerce ministry, told The Daily Star over the phone.

Bangladesh, as a least-developed country (LDC), has been enjoying some benefits under the IPR rules of the World Trade Organisation (WTO), said the reply.

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