



Economy bleeds while reality only getting harsher for people

MD FAZLUR RAHMAN and AKM ZAMIR UDDIN

Russia's war in Ukraine might be taking place 5,800 kilometres away from Bangladesh and the country is not involved militarily in the dragging conflict in any way, but its economy and people have been paying heavy prices.

The war, which began on February 24 last year, has hit Bangladesh's robust economic recovery from the coronavirus pandemic. The economy grew at a slower-than-expected pace in the last fiscal year and the growth might decline further in the current financial year as well.

Inflation has stayed at an elevated level after surging to a multi-year high in August owing to global supply disruptions, up the cost of imports in a

higher import costs and a spike in fuel, gas and electricity Higher prices. consumer prices have hit hard the poor and the fixed-income groups disproportionately since their earnings did not rise in line with the expenses, forcing them to slash consumption, both food and non-food.

The war-induced higher global commodity prices and slowdown in external demand have led to a sharp widening of the current account deficit, depreciation of the taka and a decline in foreign exchange reserves.

The taka, which was under pressure even before the war began, lost its value by about 25 per cent against the US dollar since February last year, driving



affecting

introduce rolling blackouts

households

and

country that relies on external close diesel-fueled power plants, sources for 80 per cent of wheat, nearly 100 per cent of crude products, a majority of fertiliser, edible oil and sugar. The forex reserves were down

factories alike. by 28 per cent. The global energy crisis on state coffer, the prices of

prompted the government to fuel, fertiliser, gas and electricity

go away. Owing to higher global prices, importing the same volume of nine essential commodities

crude oil and refined oil, LNG, wheat, fertilizer, palm oil, coal, soybean oil, maize and rice - was expected to cost an additional \$8.2 billion in 2022 in comparison to 2021, according to the budget speech of the finance minister in June.

were raised in an unprecedented

manner. But the pressure did not

Exports shot up to a record and cancelled the purchase high in the last financial year, oil and processed petroleum of liquefied natural gas from which ended in June, riding international spot markets, on pent-up demand. But the shipment growth is expected to slow in line with falling demand In order to tame the pressure in Europe and the United States, which together account READ MORE ON B2

Consumers feel the heat of war everywhere

যে ভাষায় কথা বলে

হৃদয়ের আঙিনায়

সকলের বেড়ে ওঠা সেই প্রিয়

মায়ের ভাষা গেঁথে থাকুক

SOHEL PARVEZ and MD ASADUZ ZAMAN

Nearly a year ago when President Vladimir Putin launched a full-scale invasion of Ukraine, many had thought that the war would end soon.

It hasn't. The war has prolonged and it has left scars in Ukraine and affected the lives and livelihoods of people in almost every corner of the world.

The people of Bangladesh were not spared as well. Every family is feeling the pinch of the conflict, which is taking place thousands of miles away from the delta.

"The effect of the war is visible in every nook and cranny of the country," said Jalal Uddin Ahmed, a private sector employee.

When I commute in a bus and the ticket issuer asks for a higher fare than I used to pay earlier, I can feel the heat of the war on my wallet."

Ahmed is the breadwinner of a four-member family living in Dhaka for 34 years.

In the past one year since the war broke out, the 55-year man saw the overall cost of living of his family go up by more than 50 per cent.

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Fuel prices surged over the past year as the ongoing Russia-Ukraine war put pressure on global supply. As a result, diesel and other lubricants were hard to come by for most. Here, a gas station attendant is seen pumping diesel into a drum for use in a generator during power outages in the capital. PHOTO: STAR/FILE

SMEs to conglomerates -- none left unscathed

AHSAN HABIB

Businesses of almost all segments of the economy have been passing tough times since last July, when the Russia-Ukraine war started to have an impact in a multitude of ways.

enterprises (SMEs) to conglomerates, the conflict took a toll on all businesses this year, even ones which were left unscathed in the 2007-08 world financial crisis.

Sales and profits of manufacturers shrank alongside new investment in industries, hampering the creation of new jobs

Top officials of several non-listed acute," he added. conglomerates confirmed that their sales and profits were squeezed by around 12 per cent year-on-year in 2022 while over 70 per cent of listed companies showed lower profits during the July-December period.

Furthermore, around 19 per cent of listed companies were downed into losses in the six-month period



From small and medium whereas they had logged profits in the same period of the previous year.

The war disrupted global supply chains when the world economy was already weak for the pandemic, said Abdul Matlub Ahmad, former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

"So, the impact of the war seems

Europe was dependent on Russia to meet their demand for fuel, which was seriously impacted for the war. So, energy prices soared and it impacted businesses.

The price of every barrel of Brent crude oil crossed \$120 in June 2022. In August, the Bangladesh government raised the prices of

diesel and kerosene by 42.5 per cent. The price of petrol underwent a 51.16 per cent jump and octane became dearer by 51.68 per cent, driving up transportation costs.

The US economic policy was on recalling its dollars so a crisis of the currency was a reality and it also affected businesses as most manufacturers' raw materials need to be imported, Ahmad said.

The foreign exchange reserve of Bangladesh dropped 28 per cent to \$32.6 billion in the last one year, according to Bangladesh Bank data.

The taka lost its value by about 22.3 per cent in the last one year because of the US dollar shortages, making imports expensive, the data shows

On top of that, the recent earthquake in Turkey deepened the European problem. Already, hunger and poverty are rising worldwide, including Bangladesh, said Ahmed, also chairman of Nitol Nilov Group. READ MORE ON B3

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Increase industrial energy efficiency to cut costs **KfW Development Bank director says**

STAR BUSINESS DESK

industrial Increasing efficiency energy is an effective way for Bangladesh to achieve significant cost savings and long-term energy security, said Michael Sumser, director of KfW Development Bank, at an event.

He made the comment at a programme styled "New Financing Solutions for Energy Efficiency Interventions", orgainsed Infrastructure bv Development Company Ltd (Idcol) at InterContinental Dhaka on Sunday, said a press release.

Idcol has financed/ approved over **Tk 2,500 crore** in RMG, textile, cement, steel, and commercial/ industrial building sectors for energy efficient machinery

The event highlighted new financing solutions of Idcol.

In addition to longconcessional taka term loans, Idcol will be able to offer long-term fixed-rate Euro and USD loans in association with KfW and GCF.

"Idcol has already financed/approved more than Tk 2,500 crore in RMG, textile, cement, steel, and commercial/ industrial building for sectors energy efficient machinery and equipment," said Alamgir Morshed. executive director and CEO of Idcol. "Various initiatives undertaken have been by the government to promote energy efficiency and conservation across

different industries.' said Md Khurshid Alam,



A man shops imported perfumes in a shop in Peshawar, Pakistan on February 15. Parliament approved on Monday a supplementary finance bill that increases sales tax from 17 to 25 per cent on imports ranging from cars and household appliances to chocolates and cosmetics. PHOTO · PEUTEPS/ETLE

Pakistan hikes tax on luxury goods for IMF deal

AFP. Islamabad

Pakistan's parliament has given the go-ahead for the government to raise taxes on a raft of luxury imports and services in a bid to unlock the next tranche of an International Monetary Fund (IMF) loan.

Faced with critically low foreign exchange reserves, the government has already halted most imports -- apart from food and pharmaceuticals -- but hopes to boost revenue with the broad tax hike.

Years of financial mismanagement and political instability have pushed Pakistan's economy to the brink of collapse, exacerbated by a global energy crisis and devastating floods that submerged a third of the country in 2022.

However, with an election due by the end of the year, the government is reluctant to be too harsh in case it is punished at the polls.

supplementary finance bill that increases set by the global financier. sales tax from 17 to 25 per cent on imports

to chocolates and cosmetics.

People will also have to pay more for business-class air travel, wedding halls, mobile phones, and sunglasses.

per cent.

Faced with critically low foreign exchange reserves, the government has already halted most imports -- apart from food and pharmaceuticals

"The prime minister will also unveil (further) austerity measures in the next few days,' Finance Minister Ishaq Dar told the national assembly as the bill was passed, adding "we will have to take difficult decisions".

Pakistan is desperate to unlock the next tranche of a \$6.5 billion loan facility with the Parliament approved on Monday a IMF but struggling to meet tough conditions

the export sector, and raises artificially low energy prices that are meant to help poor families.

'Those who are making good money A general sales tax was raised from 17 to 18 in public or private sectors need to contribute to the economy," IMF Managing Director Kristalina Georgieva told German state broadcaster Deutsche Welle at the weekend.

"It shouldn't be that the wealthy benefit from subsidies. It should be the poor who benefit from them." Dar told parliament when tabling the bill this month that the luxury tax would generate an additional 170 billion rupees (\$650 million).

"These are the items which are widely used by the rich class," he said, adding it would "put minimum burden on the common man".

While an IMF cash injection will not be enough to rescue Pakistan on its own, it is necessary to boost confidence and open the doors for friendly nations such as Saudi

BUSINESS

UL Solutions, **BGMEA** for collaboration on RMG safety

STAR BUSINESS DESK

A delegation of UL Solutions, a global independent safety science company, met with Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), at BGMEA Complex in Uttara, Dhaka on Monday to discuss possible collaboration in providing safety solutions and services to garment factories in Bangladesh.

Charan Singh, senior director of regional operations of UL Solutions, led the delegation, said a press release.

> The discussion also focused on how UL Solutions could support the factories in maintaining compliance with regulations and standards and reducing environmental impacts

Golam Sarwar, country manager of UL Bangladesh, Sharif Mollah, business development manager of emerging markets, and Rashed Ahmed, head of business, were also in the delegation.

They discussed how UL Solutions could support Bangladeshi garment factories in remaining up to the mark in terms of industry safety requirements.

The discussion also focused on how UL Solutions could support the factories in maintaining compliance with regulations and standards and reducing environmental impacts of their operations, the press release also said.

UL Solutions delivers testing, inspection and certification services together with software products and advisory offerings that support customers' product innovation and business growth.

Neela Hosna Ara, director of the BGMEA, was present.

PRICES OF KEY ESSENTIALS N DHAKA CITY

	PRICE (FEB 21, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	1.5 🔶	5.47 🕇
Coarse rice (kg)	Tk 48-Tk 52	2.04 🕇	7.53 🕇
Loose flour (kg)	Tk 55-Tk 58	-4.24 🔶	61.43 🕇
Lentil (kg)	Tk 95-Tk 100	-4.88 🔶	0
Soybean (litre)	Tk 168-Tk 172	0.59 🕇	6.25 🕇
Potato (kg)	Tk 20-Tk 22	-6.67 🔶	20 🕇
Onion (kg)	Tk 30-Tk 35	-18.75 🔶	-31.58 🔶
Egg (4 pcs)	Tk 47-Tk 50	14.12 🕇	27.63 🕇

executive director Bangladesh Bank.

The IMF is demanding that Pakistan boosts Arabia, China and the United Arab Emirates ranging from cars and household appliances its pitifully low tax base, ends exemptions for to offer further loans.

FROM PAGE B1

abroad last year.

is facing a food crisis.

ago.

persists.

economy in July.

total external demand.

nearly 80 per cent of the country's

Remittances are not rising to the

Rising prices of fertiliser may

expected level although Bangladesh

sent a record number of workers

cause some farmers to reduce their

use of the input, leading to lower

agricultural production and higher

food prices at a time when the world

Market Information System, an inter-

agency platform based in Rome,

fertiliser prices have decreased 40

per cent since hitting record nominal

highs last spring. Still, prices remain nearly twice their level of two years

And Mokhlesar Rahman, a

farmer in Bogura, told The Daily Star

yesterday: "This was the first time

in many years, we have had to buy

The war has hurt the employment

sector since businesses have adopted

a wait-and-see approach when it

comes to investments as uncertainty

Falls in employment are larger than those in GDP at 1.6 per cent, said the

International Food Policy Research

Institute (IFPRI) in a paper on the

impacts of the war on Bangladesh's

"Overall, the combined effect of

the world price shocks is a decline

in consumption for all households,

with larger declines for households

toward the lower end of the income

distribution. The result of the global

crisis is, therefore, an increase in

leads to greater poverty, particularly

in rural areas. According to the

most recent household survey

in Bangladesh, 14 per cent of the

country's population has an adult

equivalent consumption level that

falls below the \$1.90 poverty line.

Falling household consumption

inequality within Bangladesh."

fertiliser by standing in line.'

According to the Agricultural



Hassan O Rashid, managing director of Prime Bank, and Nazeem Noordali, chief operating officer of International Islamic Trade Finance Corporation (ITFC), exchanged signed documents of a master murabaha agreement on trade facility at a hotel in Dhaka recently. Abdihamid Aweis Abu, general manager of trade finance of the ITFC, Faisal Rahman, additional managing director of the bank, and Shams A Muhaimin, deputy managing director, were present. PHOTO: PRIME BANK



Kazi Mahbubul Alam, district commissioner of Gopalganj, attended the disbursement of agricultural loans of AB Bank to 400 small and marginal farmers through smart cards at Sheikh Fazlul Haque Mani Stadium in Gopalgani yesterday. Mahabub Ali Khan, president of Gopalganj District Awami League, Abdul Kader Sarder, deputy director of the Department of Agricultural Extension in Gopalganj, Tarique Afzal, managing director of the bank, and other officials were present. PHOTO: AB BANK

Economy bleeds

poverty line, said the IFPRI.

The heightened uncertainty has forced Bangladesh to turn to the International Monetary Fund (IMF) for support with a view to tackling macroeconomic instability and protecting the vulnerable. The lender has approved a \$4.7 billion fund.

The war also showed how important it has been for Bangladesh to bring in structural reforms in some areas that have been neglected for vears.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, says that the global commodity market has almost absorbed the price shock emanating from the war-induced crisis. But Bangladesh has failed to contain the prices in the domestic market.

Although the price of fertiliser has decreased significantly in recent times, there is still uncertainty. Russia, Ukraine, and Belarus are the key producers of fertilisers globally.

The price of LNG has decreased to a tolerable level in the global market as well.

"Good things are happening in the global market. But they have not brought any major impact to our economy as we have not taken any time-befitting initiatives after the war," he said.

"We have failed to absorb the shock. And the common people are now suffering because of the wrong decisions taken by the policymakers." According to Mansur, uncertainty is deepening amid the dollar crisis.

"The central bank should have allowed the floating exchange rate and withdrawn the cap on the lending rate.

The former official of the IMF suggested taking measures to help the country ride out the crisis.

"If we don't take the issue with the utmost importance, the economy will fall into deep trouble in the days to come.

Mustafizur Rahman. distinguished fellow at the Centre for The increase in world prices raises the national poverty headcount rate Policy Dialogue, says that the country in Bangladesh by 3.3 percentage is facing imported inflationary points, equivalent to an additional pressure derived from the price hike 5 million people falling below the in the global commodity market.

"This has worsened the living standard of the people. And the global supply chain disruption has threatened the food and energy security of the country."

He said Bangladesh was now in a critical condition because of the ongoing geopolitical tension.

"It is difficult for us to side with any particular county. The tension has even brought a negative impact on the implementation of development projects.

Żahid Hussain, a former lead economist of the World Bank Bangladesh, said there was no alternative to increasing the supply of US dollars.

"Only administrative measures on import controls will not bring much oenefit.'

He said the exchange rate volatility has shown that attempts to manage it artificially might not work ultimately.

"In fact, since the dollar rate for remittances was left largely to the market, money sent home by our workers has started picking up.

The economist recommended examining how the country could cut tax exemptions.

Bangladesh would have to see how it could explore natural resources such as gas in order to cut the country's heavy reliance on imports, Hussain added.

Mustard farmers FROM PAGE B4

Latif Akanda, a director of the ORC. The agency provided seeds of the

Bari Mustard-14, Bari Mustard-17 and Bari Mustard-18 varieties, he added.

Similarly, the Bangladesh Agricultural Development (BADC) Corporation increased its distribution of mustard seeds to expand cultivation, said Md Mostafizur Rahman, member director for seed and horticulture at BADC.

BADC supplied 1,000 tonnes of mustard seeds in 2022 and aims to provide 2,200 tonnes this year in an effort to support the government's plan to increase domestic production of oilseeds and thereby reduce imports.

BUSINESS



Instead of spending on a machine and purchasing its fuel, farmers use their own brute strength to level a crop field. Preparing the land after a harvest or during fallow period involves plowing to overturn the soil, harrowing to break up the chunks of soil and incorporate plant residue and finally levelling. The photo was taken at Kalyankathi village in Jhalakathi over a week ago. PHOTO: TITU DAS

How US became top remittance source beating Saudi Arabia

SUKANTA HALDER

The USA has once again become Bangladesh's top source of remittance, surpassing Saudi Arabia even though the Middle Eastern nation has four times higher number of Bangladeshi workers than the North American country.

Some five lakh Bangladeshis live in the USA whereas the number is as high as 20 lakhs in case of the Kingdom of Saudi Arabia (KSA).

In the October-December period of 2022, remittance sent home by the Bangladeshis from the USA rose by 16 per cent year-on-year to \$966.89 million, according to Bangladesh Bank data.

But the money remitted by the migrants in Saudi Árabia declined by 19.5 per cent year-on-year to \$910 million in the same period.

The USA was also the top remittance sender for Bangladesh with \$999.76 million, posting a 16.5 per cent year-onyear rise in the July-September quarter of 2022. Saudi Arabia also stood second here.

But it is worth mentioning that the money remitted from the KSA decreased per cent year-on-year to \$999.01 to December 2022.

explanations when they were asked why the inward remittance to Bangladesh from the KSA is declining and how the

USA is consistently topping the list. A foreign ministry official said the income of Bangladeshis is much higher in the USA than that of a migrant in Saudi Arabia or other Middle Eastern or Southeast Asian countries.

"One day's income of a Bangladeshi in the USA could be even equal to one month's salary of a Bangladeshi in Saudi Arabia," the official said seeking anonymity for not having the permission to talk to the media.

Besides, a big chunk of the Bangladeshi Americans has family connections, who keep sending money to their relatives or making investments here in the south Asian country, the official said.

The remittance could have been even higher from the USA given that there were flexible regulations for investments," he added.

According to Bangladesh Bank data, remittances coming from the USA was 20.06 per cent of Bangladesh's total inflow of \$4.82 billion in the three months

Experts and economists gave different released the data in its quarterly report on remittance inflows.

However, the overall remittance inflow declined 0.22 per cent year-on-year to \$4.82 billion in the period mentioned in the report.

Inflow of remittance, one of the key pillars of Bangladesh's economy, fell 15 per cent on a quarter-to-quarter basis

In the central bank report, the United Arab Emirates (UAE) and United Kingdom came up as the third and fourth biggest sources of remittance for Bangladesh followed by Kuwait, Qatar, Malaysia and Oman.

In the last three months of last year, Saudi Arabia hired 98,765 Bangladeshi workers, the highest or 37.8 per cent of the 261,134 people who left the country for jobs.

Malaysia, Oman, the UAE and Singapore were the next top employers of Bangladeshi workers after the Saudi kingdom by hiring 17.13 per cent, 16.9 per cent, 6.93 per cent and 6.19 per cent of the total respectively.

However, Professor Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue, has a On February 18, Bangladesh Bank somewhat different explanation.

The use of hundi, an informal way of remitting money, in the Middle East has increased in recent times and it normally

spirals during election years, he said. "A strong syndicate of corrupt people, including loan defaulters and tax dodgers, are laundering money to these countries. This trend has increased in recent times." This is one of the factors why

remittance from these countries is lower, the economist said.

"About 14 lakh people went from Bangladesh to Saudi Arabia in the last two years. But there is no reflection of that in remittance. This means that the syndicate is now more powerful than ever."

There are many laws in Bangladesh to curb money laundering, but the admin should be stricter at the time of their application, Rahman said.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said there is no way of informal money transaction in the USA, but it is rampant in the Middle East.

That is the only reason why the remittance from the US is higher, he said.

On the other hand, hundi is widely used in Saudi Arabia, which is why the

Premier Bank gets two new AMDs



Md Shahid Hassan Mallik

Chowdhury

Shamsuddin

STAR BUSINESS DESK

Premier Bank has recently promoted two deputy managing directors to the post of additional managing directors.

One of the officials, Shamsuddin Chowdhury, was the manager of Motijheel Branch of the bank, said a press release.

Chowdhury joined Premier Bank in 2006.

He started his career at National Bank in 1985 and later worked for First Security Islami Bank.

The second promotee, Md Shahid Hassan Mallik, was the head of Narayanganj Branch and

Zonal Head of the bank. Mallik joined Premier Bank in 2002.

He started his banking career at Al Baraka Bank Bangladesh in 1990.

India's steel imports from Russia rise to eight-year high

REUTERS, New Delhi

India's imports of Russian steel rose to an eightyear high during the first 10 months of the financial year that began in April 2022, government data compiled by Reuters showed.

India, the world's second-largest crude steel producer, imported 281,000 tonnes of steel from Russia between April and January, nearly five times higher than the same period a year ago, the data showed.

The rising imports are the result of shift in Russian steel trade flows to Asia after Western sanctions were imposed on Russia after its invasion of Ukraine last year. The change is displacing some traditional suppliers and domestic steel producers are raising concerns about potentially losing market share to the lower priced imports.

Moscow was the fourth-biggest steel supplier to India during the April to January period, emerging as one of the top five steel exporters to the country for the first time since the 2016/17 fiscal year, the data showed.

Between April and January, about 72 per cent of Moscow's steel shipments to India constituted hot-rolled coil (HRC) and strips.

Russia displaced Japan as the second-biggest supplier of HRC to India for the first time in at least eight years, the data showed.

Russian suppliers sold some of their HRC to Indian buyers at around 46,000 Indian rupees (\$555.86) a tonne, at least 21 per cent cheaper than domestic prices, said a government official with direct knowledge of the matter.

Indian steel companies have expressed concerns over cheaper Russian steel imports.

million in the three months to September.

remittance inflow to Bangladesh through formal channels is low, he added.

SMEs to conglomerates

FROM PAGE B1

The job creation process has also been impacted seriously with the war as most of the businesses are simply trying to stay afloat.

In this situation, countries whose macroeconomic condition was already vulnerable fell into more problems, he added.

There is no statistics on job creation but industry insiders say most firms in Bangladesh are not recruiting new employees. Moreover, some cut jobs are taking place under austerity measures.

Job recruitment advertisements dropped by around 20 per cent, according to industry insiders of an online job seeking platform.

So, all the countries should work together to end the clash and revive the economy, Ahmad said.

Never did Bangladesh realise it will have to pay the price of a European war but every Bangladeshi is having to do so, said Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry (DCCI)

The situation affected forex hampering importreserves. oriented businesses. Besides, the sudden surge in demand for jet fuel to sponsor a war led to the global energy crisis.

"Finally, the global demand for the dollar led to the devaluation of the taka and the final nail in the coffin was inflation that has affected the entire population," he added.

In August, the Consumer Price Index skyrocketed to a 10-year high of 9.52 per cent, according to the Bangladesh Bureau of Statistics (BBS). It declined to 8.71 per cent in December, which was still higher compared to historical trends.

Therefore, businesses suffered for the rising costs of imports due to the dollar crisis and high utility costs due to energy crises. Demand for goods was also downed due to high inflation. So, this was a threedimensional attack on the private export earnings annually.

sector.

On impacts on investment, Rahman said: "A small factory setup that would cost me Tk 8.5 crore last year will now cost me over Tk 11 crore."

"On top of that, inflation has driven up other costs. So, who is going to invest extra 20 per cent in this inflated market?" he added.

Because of businesses being more watchful of the scenario, there is barely any new investment coming in. A recent BBS study showed a hike in unemployment due to a lack of job creation. Rather, people are cutting costs to survive.

"Bangladesh has been impacted to a less extent compared to the previous world economic turmoil as it was a US-led recession," said Rahman.

"But at the time, Bangladesh was a small fish in the ocean. Today, Bangladesh has turned into a shark and our macroeconomic indicators are clear proof of that," he added.

The DCCI chief went on to say that Bangladesh has grown exponentially and will continue to do so.

"We are a large contributor to global trade today. So, if the world market is down, we will automatically be affected," he said.

Apparel shipments to the European Union (EU) grew 41.76 per cent year-on-year to hit \$19.40 billion in the January-October period of 2022.

At present, Bangladesh is the second largest garment supplier to the EU after China, according to data from Eurostat, the statistics department of the EU.

"In order to save ourselves from the next turmoil, we need to diversify our exports and markets as well as our products. In any trade, putting all your eggs in one basket is never safe," Rahman added.

The garment sector accounts for 85 per cent of Bangladesh's total

Consumers feel the heat of war

FROM PAGE B1

"The prices of gas, power and fuel would have been stable had there been no war."

Ahmed's plight echoes the struggle confronting millions of his countrymen for the escalated cost of living as reflected by the sustained high inflation, which stood at 8.57 per cent in January.

From cooking gas, grains, edible oil, pulses, sugar, home and personal care products to electricity and papers, all registered an increase in prices over the past year.

And the Russia-Ukraine war is responsible for a large part of the spike, transmitting through higher import costs for petroleum, gas, commodities and many industrial raw materials.

Global food, fuel, and fertilise prices have risen rapidly in recen months, driven in large part by the fallout from the ongoing war in Ukraine and the sanctions impose on Russia. Other factors, such as export bans, have also contributed to rising prices, said the Internationa Food Policy Research Institute (IFPR) in a report in July.

Wheat, the second most consumed grain in Bangladesh afte rice, witnessed a record surge in prices. About 80 per cent of the grain supply comes from imports.

"Since the wheat grain supply is highly dependent on imports, we expect changes in world prices to have a relatively large effect on the domestic prices of wheat," said the report.

Its prediction was spot on.

In January this year, the prices of wheat flour surged to a record high of Tk 62.26 per kilogramme in Dhaka, up from Tk 34 a year ago, according to prices data compiled by the Food and Agriculture Organisation.

A 25 per cent depreciation of the taka against the US dollar and banks' lack of interest in opening letters of

credit to facilitate imports for the gas after European nations went to shortage of the American greenback the international market to buy fuel contributed to the fuelling of the amid the cut in supply by Russia wheat price.

"One year ago, I used to buy at least four kgs of flour in one go when one kg of flour cost Tk 30 to Tk 35. Now I dare not to buy a single kg of flour," said Mohammad Shahidul, a rickshaw-puller in the capital.

Due to the dearer rice, the 35-yearold used to purchase flour as a has pushed up the production cost

Composition of household consumption spending in 2019

SOURCE: AUTHORS' CALCULATIONS USING SOCIAL ACCOUNTING MATRIX (SAM) DATA FROM IFPRI'S BANGLADESH RIAPA MODEL.

al	Cereals & edible oils		Other foods	Non-food goods & services		,
er nt ne in ed as	42%	47%	54%	43%	51%	
to al RI) st- er	43%	52 %	46%	55%	49 %	(]] ;
in in	14%	19%	14%	23 %	16%	1
is	All households	Rural	Urban	Poor	Nonpoor	i

substitute.

"Now its price has gone out of my reach," he said.

Recently, Shahidul sent his fourmember family back to his village home in Naogaon, a northern district, as he failed to afford the cost in the city

Golam Moazzem, research director of the Centre for Policy Dialogue, says the war has affected developing economies through many channels.

The major impact came from the spike in the price of petroleum and

of factories. The producers have been forced to pass the added costs onto customers to keep their heads above water.

and the sanctions imposed by the

The government has raised the

prices of fuel, electricity, and gas to

reduce the pressure of subsidies on

the state exchequer, which, in turn,

European Union.

Bangladesh," he said.

The higher cost of the dollar is another major factor behind the increased price of imported items.

"As import cost rises, consumers have to pay more to get all sorts of items ranging from foods, medicines, soaps, cosmetics to papers," Moazzem said.

rice have been high owing to costlier for all of us."

wheat flour. "The consumption of rice has increased as many people have switched from wheat for the spike in prices.'

Shahidul said the price of soap has "This has directly impacted increased by Tk 15 to Tk 20 apiece. "To cook foods, we need edible oil, but its price is also very high," he said.

Bangladesh banks on external sources to meet the majority of its requirement for edible oils.

Cereals and edible oils make up 14 per cent of the total value of household consumption in Bangladesh, and about one-fourth of the total food expenditure, said the IFPRI report.

Consumption fell in both rural and urban households. National consumption spending, including the value of home consumption, declined by 4.7 per cent, according to the report.

"Rural households are hit twice, by rising prices and falling income, while the dominant effect for urban households is higher food and fuel prices."

Ghulam Rahman, president of the Consumers Association of Bangladesh, said consumers are feeling the pinch of the war for almost all products.

"The war has also become an excuse for greedy businessmen to make extra bucks. And consumers are suffering for that."

"Many families have had to reduce consumption and this has impacted nutrition," Moazzem said.

Ahmed says his income has increased over the last one year, but the hike is not enough to bear the additional expenses.

"It is a relief that my salary has gone up. However, I know a number of people whose income has not risen. Besides, many don't get salaries regularly. Their situation is worse than me."

"The war needs to come to an end The economist says the prices of immediately. If it ends, it will be good

BUSINESS



Workers at a farm in Bhadai village under Aditmari upazila of Lalmonirhat are seen collecting seeds from mustard plants for sale at local markets. Encouraged by good prices in the previous season, growers increased mustard cultivation in 2022 with each maund of the oilseed now selling for up to Tk 4,000. PHOTO: S DILIP ROY

Mustard farmers pleased with yields, prices

S DILIP ROY

Farmers in the greater Rangpur region are so far pleased with their mustard yields amid the ongoing harvesting period while prices for the major oilseed are higher compared to what they were last season.

According to growers in the region, they are getting up to six maunds of mustard from each bigha of land, which cost about Tk 6,000 to cultivate.

Each maund (roughly 37 kilogrammes) of the crop is now bringing them between Tk 3,600 to Tk 4,000 in local markets while the rate was Tk 3,000 to Indonesia. Tk 3,200 last season.

sowing mustard plants in mid-October of 2022. And following the current harvest, they will plant Boro paddy seedlings in the same field as mustard cultivation improves soil fertility. Sources at the local Department of Agricultural Extension (DAE) said 52,552 hectares of land across five districts in the region Lalmonirhat, Kurigram, Rangpur, Gaibandha and Nilphamari -- were used to grow mustard in 2022 while it was 39,290 hectares in 2021.

farmers to increase acreage of the crop.

Besides, the DAE provided incentives for farming mustard with a target to produce one lakh tonnes of the oilseed.

As a result, farmers sowed mustard on eight lakh hectares of land in the cultivating season, which was the highest in recent decades, showed data from the DAE

Bangladesh annually requires 20 lakh tonnes of edible oil, around 90 per cent of which is met through imported soybean seeds, crude soybean and palm oil from Argentina, Brazil and

The country spent Tk 35,730 After harvesting their Aman crore to import oilseeds and addy crops farmers started edible oil in fiscal 2021-22 which was four times the Tk 8,160 crore he is pleased with his bumper registered in 2009-10, as per Bangladesh Bank data. Abdul Malek, a farmer



hopes to expand cultivation even increasing acreage. further in the coming season.

armer of the same village said

this time," he said, adding that he made him more interested in In addition, Das enjoyed good

Mizanur Rahman, another yields of Boro paddy by planting deputy director of the DAE the crop in the same field after mustard cultivation. So, he were given seed and fertiliser hopes to do the same this year too.

Considering the promising results, he planted the crop on six bighas of land in October 2022.

"I got expected production this year and the price is also good," Barman said, adding that more farmers like him would engage in mustard cultivation if the current market price continues.

Alamgir Hossain, a mustard trader in Lalmonirhat town, said there is huge demand for mustard among the common people.

"We buy mustard from local farmers and sell it to wholesalers at different places," he added.

Biplab Kumar Mohanta, in Kurigram, said farmers

Road to Smart Bangladesh

RASHAD KABIR

When Prime Minister Sheikh Hasina declared the vision of "Digital Bangladesh", there were very few people who believed it would eventually come true. But after one decade, it is no longer a dream, it's now a reality.

Prime Minister Sheikh Hasina has announced another master plan on December 12, 2022 to take Bangladesh towards the next step, which is "Smart Bangladesh".

"Smart" refers to the use of advanced technologies, such as the internet of things, artificial intelligence, blockchain, big data, robotics, drone technology, 3D printing and other cutting-edge technologies to improve various aspects of society.

The "Smart Bangladesh" ecosystem will stand on four key pillars – "Smart Citizen", "Smart Government", "Smart Society" and "Smart Economy".

The "Smart Citizen" goal will be to empower citizens of Bangladesh with a "digital first" mindset driving campaigns and implementing widespread digital literacy programmes. These citizens will use digital technologies, such as mobile and internet, to access information.

The "Smart Government" should implement 100 per cent paperless offices and hyper personalised service platforms across priority areas like healthcare, education, agriculture, revenue management and public security. Although Bangladesh made a good start of digitalising government services by automating over 2,000 government service, a

serious jump is still needed in order to achieve the target of 2041.

"Smart Society" refers to a civilisation that uses technology and innovation to raise the standards of living for its people. Citizens will adopt digital tolerance, ethics and values. A cashless payment ecosystem, "Smart City" and "Smart Grid"

will be integral components.

"Smart Economy" is significant considering that Bangladesh plans to make ICT one of its revenue-generating pillars by 2041. It is estimated that by 2041, the overall ICT economy's will be of \$50 billion and at least 50 unicorn startups will be dominant in Bangladesh's market.

Although the government's goal of creating a "Smart Bangladesh" by 2041 is a bold decision, its implementation will be a major challenge. The government needs to prepare a concrete masterplan through extensive discussions with relevant stakeholders. It will be best if a taskforce can be established whose primary goal will be to coordinate with relevant stakeholders. To support emerging technology, regulatory frameworks must be promptly modified. There should be policies in place to support and protect technology IP valuation.

Last but not the least, utmost importance and care should be given on development of human resource. Till now, universities have not been able to embed emerging tech in their curriculum. There is still a huge gap between the academia and industry which should be minimised as soon as possible. In a nutshell it can be said the dream of Bangabandhu Sheikh Mujibur Rahman was to have a country free of poverty, characterised by social and economic fairness and by shared wealth. Continuing from Digital Bangladesh Vision 2021, the Bangladesh government has adopted Vision 2041 with the express goal of eradicating extreme poverty and achieving highincome country status by 2041. It's the action and work of today that will decide how soon we will be able to reach the goal. The government and private industry should work hand in hand to materialise the dream of "Smart Bangladesh".

Mustard cultivation expanded in the 2022 season as record prices for edible oil encouraged of Anantapur village under Phulbari upazila of Kurigram, said he got 40 maunds of mustard from seven bighas of land at a cost of Tk 43 thousand this season.

He already sold 20 maunds of the crop for Tk 3,700 per maund at a local market. Last year, he harvested a total of 17 maunds from three bighas of land and sold it for Tk 3,000 per maund.

"As I got the expected yields and prices for mustard last season, I increased the acreage the present market price has

production this season as he got 23 maunds of mustard from four

bighas of land. Rahman went on to say that more farmers would be enthusiastic about growing the crop if prices remain above Tk 3,000 per maund.

Naresh Chandra Das, a farmer of Thanahat village in Chilmari upazila of Kurigram, said he cultivated mustard on 10 bighas of land this season while it was four bighas in 2021.

Das, who has already sold 18 maunds of the oilseed for Tk 3,700 per maund, then said

"Mustard cultivation increases cultivation. soil fertility and preserves the balance of the environment," he added.

Manindra Nath Barman, a farmer of the Bhatibari area of Lalmonirhat sadar upazila, said he once gave up on mustard cultivation for not getting the expected prices.

After having grown the oilseed on up to 10 bighas of land about a decade ago, Barman again tried his hand at farming had doubled its seed distribution mustard on just one bigha in in 2022, according to Md Abdul 2021.

incentives for the current season to bring them back to mustard

"Farmers are being given all kinds of technical assistance," he added.

Shah Alam, additional director of the DAE in Rangpur, said that as mustard is a threemonth crop, farmers can grow it with less cost and effort.

In a bid to encourage farmers, the Oilseed Research Center (ORC) under the Bangladesh Agricultural Research Institute READ MORE ON B2

The author is the managing director of Dream71 Bangladesh and a director of the Bangladesh Association of Software and Information Services.

Eurozone recovery accelerates in Feb

AFP, Brussels

Economic growth in the eurozone accelerated in February and hit a nine-month high, according to the closely watched S&P PMI output index.

Data from the survey published on Tuesday showed the indicator at 52.3, up from 50.8 in January. A reading over 50 represents economic growth.

Output in the single currency bloc turned around in January after a slump tied to supply chain disruptions, the Covid pandemic and the war in Ukraine.

With inflation still high but falling and China reopening its economy after strict Covid lockdowns, European growth has returned, raising hopes the eurozone will escape falling into recession.

"Business activity across the eurozone grew much faster than expected in February," said Chris Williamson, chief business economist at S&P Global market Intelligence.

The higher figure for the purchasing managers' index (PMI) would be consistent with the eurozone economy growing at just under 0.3 percent in the first quarter of this year, he said. But the combination of faster growth and still high, though falling, inflation will encourage the European Central Bank to further raise interest rates, he warned.

The ECB has raised interest rates five times since July 2022 and has signalled that it plans to keep doing so in March and probably beyond.

On Friday, the governor of the French central bank, Francois Villeroy de Galhau, described the effort as "a long-distance race" to bring inflation down to the ECB's target of two percent. "Growth has been buoyed by rising confidence as recession fears fade and inflation shows signs of peaking, though manufacturing has also benefitted from a major improvement in supplier performance," Williamson said.



Technicians work on the assembly line of German carmaker Volkswagen's electric car in Dresden, Germany. Business activity across the eurozone grew much faster than expected in February, said Chris Williamson, chief business economist at S&P Global Market Intelligence. PHOTO: REUTERS/FILE

Russian economy contracts 2.1% in 2022

AFP, Moscow

The Russian economy contracted by 2.1 percent last year, the government's statistics agency Rosstat said Monday, absorbing Western sanctions over Moscow's military intervention in Ukraine better than expected.

The data was published on the eve of a keenly awaited speech to parliament by President Vladimir Putin, days before the first anniversary of the launch of Russia's offensive against Ukraine on February 24.

percent "The 2.1 contraction in Russian GDF in 2022 was smaller than expected and is consistent with an expansion in the fourth quarter, providing further evidence to suggest that the economy stabilised after the initial hit from sanctions in the second quarter," said Liam Peach at Capital Economics.