

Include women's unpaid work in GDP: PM

STAR BUSINESS REPORT

Prime Minister Sheikh Hasina yesterday asked the authorities concerned to incorporate women's unpaid household works into Bangladesh's gross domestic product (GDP).

Women do domestic chores all their life but their work has remained unreported for a long time, the premier said.

Talking to reporters at a press briefing at the planning ministry, Planning Minister MA Mannan said the premier made the comments while chairing a meeting of the Executive Committee of the National Economic Council in Dhaka.

Mannan also shared the results of the preliminary report of the latest Labour Force Survey 2022 in the meeting.

Many developed Nordic countries like Finland and Norway have already acknowledged women's domestic contribution, Hasina said.

Many developed Nordic countries like Finland and Norway have already acknowledged women's domestic contribution, the prime minister said

In response, the planning minister said he will assign the Bangladesh Institute of Development Studies to work on it.

If women's contribution is taken into consideration, Bangladesh's GDP would even be \$900 billion, Mannan said.

At the meeting, the premier also expressed her joy at the increasing participation of women in the labour force of Bangladesh.

Welcoming the move, Prof Sharmin Neelormi of Jahangirnagar University's economics department said this was a much-awaited issue for the country.

"But it should not be implemented hastily just before the country's upcoming national budget for 2023-24 fiscal year," she said.

Some developed nations have already undertaken the proper approach on including women's unpaid work in their national accounting system, she said.

Better not to rush on the matter, lest it leads to mistakes, she added.

At the meeting, the premier also welcomed the increasing participation of women in the labour market. Women account for some 42.85 per cent of the labour force at present whereas earlier it was 36 per cent.

In another note, the premier asked the authorities concerned to take necessary measures for realising tolls from the regional highways.

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AT A GLANCE

Food inflation rises 96 basis points to 9.09% in March

FY22 ended with average inflation of 6.15%

BB targets to keep inflation within 7.50% in FY23

Monetary policy needs to be fully dedicated to reining in inflation through the interest rate channels.

World Bank

Non-food inflation falls 10 basis points to 9.72%

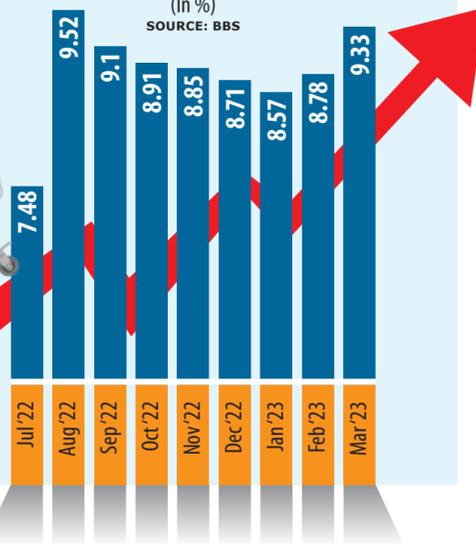
Inflation target for FY22 was 5.3%

GLOBAL INFLATION (In 2023)

- Inflation to be 4.4% in advanced economies
- Inflation to be 8.1% in emerging, developing economies

MONTHLY INFLATION RATE (In %)

SOURCE: BBS



Inflation jumps to 7-month high in March

MD ASADUZ ZAMAN, MAHMUDUL HASAN and MD FAZLUR RAHMAN

Inflation in Bangladesh jumped to a seven-month high of 9.33 per cent in March as food prices rose and the adjustment of oil, gas, and electricity prices took hold, highlighting the pains low-income households are going through.

The Consumer Price Index (CPI) rose 55 basis points from the 8.78 per cent reported in February.

This means the spike in the CPI was just behind the 10-year high of 9.52 per cent seen in August last year, led by higher commodity prices in the global markets and the resulting increase in the prices of petroleum, gas, and electricity at home.

Planning Minister MA Mannan shared the inflation figures yesterday after the meeting of the Executive Committee of the National Economic Council in the capital.

The government released the data on a day the World Bank and the Asian Development Bank also published their projection about consumer prices. According to the two multilateral lenders, the CPI would average 8.6 per cent and 8.7 per cent respectively at the end of the financial year ending in June.

Mannan said the inflation rate increased by 55 basis points and the wage rate has gone up by seven basis points.

"The rise in the wage rate might give some relief to the people."

Food inflation rose 96 basis points to

9.09 per cent in March as demand rose owing to Ramadan.

Non-food inflation, however, fell 10 basis points to 9.72 per cent, according to a document from the planning ministry.

In its Bangladesh Development Update released in Dhaka yesterday, the World Bank said pent-up demand increased aggregate demand, and a rise in the price of imported goods and subsequent energy and transport price increases



exacerbated the inflationary pressure on other items such as pharmaceuticals, clothing, furniture, and house rent.

A series of adjustments to retail electricity tariffs increased prices by 15.7 per cent from January to March. Similarly, the price of piped gas surged by 150 per cent for large industries, 154.7 per cent for medium industries and 178.3 per cent for small and cottage industries in February.

Higher inflation puts poverty gains at risk.

To assess the effect of inflation on the livelihoods of the poorer households in Bangladesh, the South Asian Network on Economic Modeling (Sanem), a private

research organisation, carried out a survey on 1,600 families in eight divisions from March 9 to 18.

It found out that the food habit of 90 per cent of the families has changed.

Some 73 per cent of the families had been concerned about not having enough food in their homes between September 2022 to February 2023. And the number of families who had no food at least for a day increased during the period, according to the survey.

Selim Raihan, executive director of the Sanem, said it was obvious that inflation would go up since the price of goods spiralled in February and March.

"In our survey, we found that the income of the households remained unchanged from September to February but the food expenditure increased drastically."

The economist warned that the higher inflation for such a lengthy period would push many into acute food insecurity.

Inflation in Bangladesh has been at an elevated level since July last year.

Prof Raihan pointed out flaws in market monitoring.

"Companies have increased the prices of oil, eggs, sugar, and rice disproportionately. But we haven't seen any effective measure when it comes to market monitoring."

On various occasions, many local economists have raised questions about the inflation numbers released by the

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Bangladesh yet to utilise Japan's China Plus One policy

JAGARAN CHAKMA and REFAJET ULLAH MIRDHA

In 2008, the Japanese government announced the "China Plus One" policy, focusing on relocating its sunset industries from China to other countries.

The aim was to mainly reduce the over-dependence on China as the cost of production has gone up significantly for a shortage of skilled workforce there. Moreover, Japan wanted to diversify from its single-sourcing destination apprehending disruptions.

The shift was necessary as 83 per cent of all Japanese foreign investments was centred on China, with most of it starting to be made since the early 1980s.

Aided by government incentives, 33,050 Japanese companies with more than \$57 billion in investments started relocating to different Asian countries and elsewhere, according to the Japan External Trade Organisation (Jetro), which works to promote mutual trade and investment between the country and the rest of the world.

Though investment of Japanese firms in Bangladesh now stands at \$380 million, it is 0.1 per cent of what they invested in Asia, according to Jetro

The recipient Asian countries were mainly Vietnam, Cambodia, Myanmar and Thailand. The draws were their development strategies around foreign direct investment and integration in global value chains alongside considerable strides in the area of inclusive and sustainable development.

Some 15 years on, Bangladesh is yet to take advantage of the Japanese policy.

"No Japanese company shifted manufacturing plants to Bangladesh from China under the China plus one strategy," said Yuji Ando, chief country representative of the Jetro.

However, Japanese companies have set up operations in Bangladesh on their own. Their numbers rose from 245 in 2015 to 338 at present.

Though their investment now stands at more than \$380 million, it is just 0.1 per cent of what Japanese companies have invested in Asia, according to the Jetro.

Hope lies in the fact that the government has established a dedicated Japanese Economic Zone at Araihasar in Narayanganj. The zone, owned jointly by the Bangladesh Economic Zones

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STOCKS	
DSEX ▼	CASPI ▼
0.06%	0.05%
6,209.68	18,305.94

COMMODITIES	
Gold ▼	Oil ▲
\$1,980.22	\$81.20
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.19%	▲ 0.35%	▲ 0.92%	▲ 0.49%
59,106.44	28,287.42	3,311.12	3,312.56

World Bank, ADB stress reforms for sustainable growth

STAR BUSINESS REPORT

The World Bank and the Asian Development Bank yesterday emphasised structural reforms of trade policies, public finance management, domestic resource mobilisation and the banking sector in Bangladesh in order to ensure sustainable growth in the upcoming years.

Abdoulaye Seck, country director of the WB for Bangladesh and Bhutan, called for removing the interest rate cap, launching a market-based exchange rate and regulatory reforms in the banking sector.

And Edimon Ginting, country director of the ADB, said: "The ongoing geopolitical crisis offered an opportunity to Bangladesh to increase economic resilience by carrying out key reforms."

Their comments came at separate events in Dhaka: the WB organised a programme to unveil "Bangladesh Development Update: Trade Reform: An Urgent Agenda", while the ADB held an event to publish the Asian Development Outlook April 2023.

In its report, the World Bank said trade has been a driving force behind Bangladesh's economic growth, job creation, and poverty reduction in recent decades. However, recent years have seen a decline in trade performance and an over-reliance on ready-made garment exports, raising concerns about the sustainability of the growth.

The erosion of competitiveness based on low wages and the impending loss of trade preferences due to the expected graduation from the grouping of the least-developed countries (LDC) are challenging the status quo.

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Maize farmers in Faridpur are busy drying the crop now that the harvesting period is over. However, yields are not all that good this year due to drought during the cultivating season. Each bigha is yielding about 45 maunds of maize, which is currently selling for up to Tk 1,300 per maund (roughly 37 kilogrammes). This picture was taken recently from the Harirampur area of Charbhadraran upazila in Faridpur.

PHOTO: SUZIT KUMAR DAS

Taka slips further as BB sells dollars

STAR BUSINESS REPORT

The taka has weakened further against the US dollar as the Bangladesh Bank has started selling the American greenback to banks at Tk 103.

The move is aimed at adjusting the exchange rates gradually in line with the market demand and supply.

The latest depreciation of the local currency comes a month after the central bank sold the greenback to banks at Tk 102 per USD.

The central bank is selling the dollars to banks to help them meet their foreign currency requirements, particularly for import payments, amid the foreign exchange crisis that has been lingering for a year.

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Household goods made out of bamboo are being sold at Mahilara Bazar in Barishal's Gournadi upazila every Saturday and Wednesday. Though the handicrafts require fine motor skills, they remain relatively cheap costing anywhere from Tk 50 to Tk 300. The photo was taken nearly two weeks ago.

PHOTO: TITU DAS

MD of Bengal Commercial Bank reappointed

STAR BUSINESS DESK



Bengal Commercial Bank has reappointed as its managing director and CEO.

The official, Tarik Morshed, came to office in April 2020. He was earlier serving the Bangladesh Finance and Investment Company Limited (BD Finance) in the same capacities.

He started his professional journey at Brac, said a press

release.

He previously worked in Social Islami Bank Limited (SIBL) where he supervised a project styled "Harkin" on eliminating child labour from the garment sector of Bangladesh jointly with International Labour Organization and United Nations Children's Fund (Unicef).

He was nominated director of the Board of Directors of SIBL Securities Ltd and a nominated director from the SIBL in the board of BELHASA ACCOM JV Ltd under which the Mayor Mohammad Hanif Flyover was constructed.

Morshed obtained his honour's and master's degrees in management from the University of Rajshahi.

Aman re-elected as NCCI president

STAR BUSINESS DESK

The Nordic Chamber of Commerce and Industry (NCCI) in Bangladesh has recently re-elected its president for a two-year term.

The official, Tahrin Aman, is the managing director of Aman Spinning Mills Ltd and Arena Securities Ltd and a director of Desh General Insurance Ltd, said a press release.

Jens Becker, chief financial officer of Grameenphone, Rabiul Alam, managing director of Sunshine Business Ltd, and Kazi Mohammad Hossain

Nipu, chief operating officer of Berger Becker Bangladesh Ltd, were elected vice-president, general secretary and treasurer respectively.

Laurent Ponty, managing director of Arla Foods Ltd, Ziaur Rahman, regional country manager of H&M, and Angshuman Mitra Mustafi, country manager of AP Moller - Maersk Group, were included in the newly elected executive committee.



Stocks stretch losing streak

Risk-averse investors opted for profits



Md Altaf Hossain

Altaf becomes AMD of Islami Bank

STAR BUSINESS DESK

Islami Bank Bangladesh has recently promoted an official to the post of additional managing director.

The promotee, Md Altaf Hossain, was earlier serving as a deputy managing director, said a press release.

He started his banking career at Islami Bank Bangladesh as vice-president in 2004 and worked in different capacities.

Before joining the bank, he worked in Brac, Micro Industries Development Assistance and Services (Midas), South Asia Enterprise Development Facility (Bangladesh) and Grameen Fund for 20 years.

STAR BUSINESS REPORT

Stocks in Bangladesh yesterday maintained their downward trend amid a volatile session, where risk-averse investors opted for profits on sector-specific issues that observed recent rallies, according to experts.

Following a similar performance the previous day, the market got off to a flying start but could not maintain buoyancy as investors gradually lost their buying interest after the first hour of trading.

As such, the market was unable to bounce back into green territory, International Leasing Securities said in its daily market review.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), shed 3.77 points, or 0.06 per cent, to reach 6,209 points by the end of the session.

Likewise, the DS30, which represents blue chip stocks, and DSES, an index

comprised of shariah-compliant companies, both edged down 0.2 per cent to 2,203 points and 1,346 points respectively.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), shed 3.77 points, or 0.06 per cent, to reach 6,209 points by the end of the session.

Turnover, a key indicator of trading activity in the market, increased 15 per cent to Tk 664 crore.

Of the securities traded, 58 advanced, 68 declined and 202 did not show any price movement.

Aziz Pipes topped the gainers' list with a 10 per cent bump while Northern Jute Manufacturing, Stylecraft Limited, Standard Ceramic Industries, and Apex

Foods also featured.

Unilever Consumer Care shed the most, eroding 37 per cent, while Bengal Windsor Thermoplastics, Intech Limited, Shyampur Sugar Mills, and Meghna Pet Industries registered significant losses as well.

Gemini Sea Food was the most traded stock with issues worth Tk 51 crore being transacting.

Aamra Networks, Eastern Housing, Al-Haj Textile Mills, and Genex Infosys also saw significant turnover.

The CASPI, the all share price index of the Chittagong Stock Exchange, dropped 10 points, or 0.05 per cent, to close the day at 18,305 points.

Of the issues traded, 28 rose, 46 retreated and 50 did not see any price swing.

Meanwhile, turnover of the port city bourse plummeted by more than 38 per cent to Tk 7.31 crore.



Mohammad Masoom, managing director of Citizens Bank, and Mohammad Ashiqur Rahman, director of the SME and special programmes department of Bangladesh Bank, exchanged signed documents of an agreement on term loans for cottage, micro, small and medium enterprises under a refinance scheme of the central bank at the BB headquarters in Dhaka on Monday.

PHOTO: CITIZENS BANK



Farzanah Chowdhury, managing director of Green Delta Insurance, and Neela Hosna Ara, chairperson of Crony Group, attended a memorandum of understanding held at the latter's office in Dhaka recently over Bibedita insurance coverage for its 6,000 female RMG workers. Md Moniruzzaman Khan, head of Digital Business of the insurer, Santanu Barua, group chief financial officer of Crony Group, and other concerned officials from both organisations were present.

PHOTO: GREEN DELTA INSURANCE



Anower Farazy Emon, chairman of Farazy Hospital, and Mian Quamrul Hasan Chowdhury, additional managing director of Shahjalal Islami Bank, exchanged signed documents of an agreement on medical services at the latter's corporate head office in Dhaka on Monday. Mosleh Uddin Ahmed, managing director of the bank, Abdul Aziz and SM Mainuddin Chowdhury, additional managing directors, AKM Hasan Rahim, senior vice-president, and Jahangir Farazy, director of the hospital, were present.

PHOTO: SHAHJALAL ISLAMI BANK

US shrugs off Saudi-led oil output cut

AFP, Washington

President Joe Biden on Monday shrugged off a sharp output cut by Saudi-led Opec+ oil producers, while the White House criticized the move but said it would be of limited impact on the US economy.

"It's not going to be as bad as you think," Biden told reporters while traveling in Minnesota to promote his economic record.

White House National Security Council spokesman John Kirby told reporters "we don't think that production cuts are advisable at this moment, given market uncertainty."

The United States "made that clear," he said, but added: "we're focused on moving ahead here."

A group of Opec+ countries, led by longtime close US ally Saudi Arabia, announced a surprise cut of one million barrels a day in a bid to

boost prices.

Russia, which is also part of Opec+, said it was extending a previously announced unilateral cut of 500,000 barrels a day.

Kirby said the situation had improved since production cuts a year ago that angered the Biden administration, which was struggling at the time to stem a politically sensitive surge in fuel prices across the United States.

"We're also just in a different place in the market than we were last year," he said, noting that crude prices are at around \$80 a barrel, compared to as much as \$120 one year ago.

"We're focused on prices," he said.

Asked about the troubled relationship with Saudi Arabia, Kirby said the country "is still a strategic partner" but "we don't always see eye to eye on everything."

'Couldn't save anything'

FROM PAGE B4

"The fire destroyed everything I earned throughout my life in one fell swoop," he said with a vacant look on his face.

Aside from investing his own savings, Sohag had taken loans of more than Tk 41 lakh from a bank and multipurpose cooperative to purchase clothing for this year's Eid market.

Making matters worse, none of his shops were insured.

"I only came to know about the fire at around 7:00am," added Sohag, who is the sole breadwinner of his family.

The fire, which broke out at around 6:00am, burned about Tk 1,000 crore worth of investment to ashes, said Md Helal Uddin, president of the Bangladesh Dokan Malik Society.

The massive fire at the iconic clothing market was finally brought under control some six hours later at 12:36pm.



Tanker trucks carrying liquefied natural gas (LNG) cross the Xihoumen bridge of Zhoushan, Zhejiang province, in China. The LNG prices in the global market were driven up by the Russia-Ukraine war last year and it reached a record of \$70 per MMBtu in August. The higher prices had forced Bangladesh to pause the purchase of LNG from the international spot market to save its foreign currency reserves.

PHOTO: REUTERS/FILE

Govt to make another LNG purchase from spot market

STAR BUSINESS REPORT

The government is going to buy another shipment of liquefied natural gas (LNG) from the international spot market, the sixth since February.

The cabinet committee on purchase in a meeting yesterday approved the procurement of 33.60 lakh MMBtu of LNG from TotalEnergies Gas and Power Limited of the Switzerland at Tk 624.40 crore.

This time the price of the super-chilled fuel was \$18.84 per MMBtu, which was \$13.69 per MMBtu for the last shipment purchased in March 23.

It was \$14.66 on March 10 when Bangladesh bought the same amount of fuel from the same company, TotalEnergies. In the first week of March the country bought the fuel from Singapore-based Vitol Asia at \$16.10.

The LNG prices in the global market were driven up by the Russia-Ukraine war last year and it reached at a record \$70 per MMBtu in August.

The higher prices forced Bangladesh to pause the purchase of LNG from the international spot market to save its foreign currency reserves.

Since the beginning of 2023, the LNG prices plunged by more than 70 per cent from August's record on slower demand and high inventory levels in Europe and North Asia.

During Ramadan, the government is working to supply around 2,900mmcfd (million cubic feet a day) of gas, where the LNG portion is around 25 per cent (around 750 mmcfd).

With the summer and irrigation season coming up, Bangladesh ramped up its participation in the international spot market for LNG, issuing tenders regularly from the first week of February after a seven-month pause.

Recently Petrobangla Chairman Zanendra Nath Sarker also hinted that they would increase purchase of the LNG.

When Bangladesh halted spot LNG purchases in June, it had paid \$24.25 per MMBtu.

If the price stays at less than \$20 per MMBtu, Bangladesh is likely to end up purchasing 10 to 12 shipments between February and June.

Meanwhile, the committee has also approved the import of di ammonium phosphate (DAP) fertiliser under a government-to-government agreement with Saudi Arabia's state-owned mining company MA'ADEN.

Bangladesh Agriculture Development Corporation will import 40,000 tonnes of the DAP fertiliser at a cost of Tk 257.94 crore.

Oil posts gains

REUTERS, Beijing

Oil prices rose on Tuesday after Opec+ plans to cut more production jolted markets the previous day, with investors' attention shifting to demand trends and the impact of higher prices on the global economy.

Brent crude futures were up 42 cents, or 0.5 per cent, to \$85.35 a barrel by 0632 GMT. US West Texas Intermediate (WTI) crude futures were trading at \$80.85 a barrel, up 43 cents, or 0.5 per cent.

Both benchmarks jumped more than 6 per cent on Monday after the Organization of the Petroleum Exporting Countries (Opec) and allies including Russia, collectively known as Opec+, rocked markets with Sunday's announcement of plans to lower output targets by a further 1.16 million barrels per day (bpd).

Deal signed on potato export to Russia

STAR BUSINESS REPORT

State-run Bangladesh Agricultural Development Corporation (BADC) yesterday signed a memorandum of understanding (MoU) with National Group, a private entity in Russia, for the export of potato to Russia, according to the agriculture ministry.

Under the deal, the BADC will supply potato grown by its contract growers to National Group for marketing in Russia, one of the biggest consumers of potato.

"The company has started process of buying potato from us," said BADC Member Director (Seed and Horticulture) Md Mostafizur Rahman after the MoU signing at InterContinental Dhaka.

BADC Chairman Abdullah Sazzad and National Group Chairman Abdus Sattar Mia signed the MoU, said a statement ministry.

Agriculture Minister Muhammad Abdur Razzaque and Agriculture Secretary Wahida Akter were present at the event among others.

Rahman said the BADC has grown potato in 30 zones, each comprised of 50 acres of land, through its contract growers.

And the BADC Alu-1 (Sunshine) and Diamant potato varieties are preferred by the Russian buyer, he said.

The development comes a year after Russia removed a ban on the tubers grown here in response to measures taken by the government to make potato free from harmful bacteria and safe for consumption.

Russia slapped the ban on Bangladesh's potato in 2014 detecting brown rot disease.

Rahman expected that a good amount of potato would be exported next year as the harvests were over now.

At the event, Agriculture Minister Razzaque hoped that nearly 150,000 to 200,000 tonnes of potato would be exported next year.

Cash recycling machines spreading across the country

STAR BUSINESS REPORT

Banks in Bangladesh are increasingly installing cash recycling machines (CRMs) throughout the country so that clients can withdraw or deposit their funds from the same spot.

CRMs increase the scope for conducting banking activities as cash deposit machines only facilitate deposits while automated teller machines are solely for withdrawals.

The number of CRMs in operation stood at 2,668 as of this January, up 111 per cent year-on-year, shows data from Bangladesh Bank.

Total transactions through CRMs grew 70 per cent year-on-year to Tk 6,380 crore at the same time.

Banks in Bangladesh started installing CRMs from 2017.

Since then, CRMs have been

installed at a faster pace as it offers a number of banking services, cutting customers' reliance on branches and giving them more freedom to carry out financial transactions whenever they want as the machines operate round the clock.

A CRM accepts cash, counts the notes, authenticates them, and credits the amount to accounts on a real-time basis, helping banks do away with the manual labour needed to provide the service.

The technology is also allowing users to deposit and transfer cash to other accounts.

Besides, CRMs help banks manage cash in an efficient manner as the notes deposited can be used for withdrawals by clients. As a result, banks do not need to frequently inject cash into CRMs.

In addition, the technology provides lenders with the scope to reduce costs by facilitating multiple

services to clients through a single platform.

The tool rapidly gained importance during the coronavirus pandemic as banks discouraged clients from engaging in physical visits to branch offices at the time.

The number of CRMs will increase manifold within the next couple of years as many banks have taken initiatives to set up the digital tool.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said each CRM performs almost like a bank as it provides different types of support to clients.

"Banks are now installing CRMs in areas where they have no branch," he added.

Rahman went on to say that setting up CRMs is helping banks reduce their cost of doing business significantly, which is why they will install more in the days ahead.

Bangladesh yet to utilise

FROM PAGE B1

Authority, the Japan International Cooperation Agency, and Sumitomo Corporation, opened last year.

According to businesses, officials and economists, the Japanese sunset industries are not relocating from China to Bangladesh mainly because of the investment climate not being up to the mark yet for poor reforms and the delays in business processes for red tape.

Ando said infrastructure, port facilities, logistic support and efficiency of service providers were not of the standard required by Japanese investors.

He hopes all bottlenecks standing in the way of attracting foreign investments will be removed within the next five to 10 years.

According to him, Japanese investors want to ensure quality investments, so they first and foremost take into consideration policies, incentives, investment environment and cooperation from service providers, all of which are important in running a business.

Lauding the government's initiatives, Ando said the time has come for Bangladesh to be serious in creating a welcoming atmosphere for FDI right from its main international airport.

On addressing red tape, the Jetro official said the government could think about ways to empower institutions to promote transparency and accountability in governance and business.

"No investor has relocated from China to Bangladesh since the outbreak of the coronavirus pandemic," confirmed Tareq Rafi Bhuiyan Jun, a former secretary general of the Japan-Bangladesh Chamber of Commerce and Industry.

"There are Japanese companies interested in investing in the infrastructure sector of Bangladesh and the government is taking very positive steps to attract foreign investment and improve necessary

infrastructure," he said.

"But it will take time to reach the standards of countries like Vietnam, Indonesia and Thailand."

Red-tape still prevails among various service providers which impedes efforts to attract FDI, said Kazi Aminul Islam, a former executive chairman of the Bangladesh Investment Development Authority (BIDA).

He identified skills gaps in all fields and weaknesses in the logistics sector for the lack of adequate interest in making investments in Bangladesh.

"These should be addressed and policies updated as per need to improve on the ease of doing business."

Abul Kasem Khan, a former chairperson of the Business Initiative Leading Development, a think-tank, suggested improving the ease of doing business continuously to reduce hassles and the cost of doing business to attract FDI.

Though Bangladesh has made improvements in the ease of doing business over the past decade, it is still lagging behind other countries which are improving continuously, he said.

Khan stressed the need for adopting effective strategies with timeframes to remove all hassles to fulfil the expectations over FDI.

"Now the macroeconomic situation is unstable, which investors take into consideration while making investments. Investors are following a wait-and-see strategy," said M Masrur Reaz, chairman of the Policy Exchange of Bangladesh.

"We are yet to reach a stage where infrastructure and necessary policy support resemble those of competing countries."

"We have just started to improve the business climate whereas competing countries had started off much earlier and have already prepared themselves as investment destinations."

Lokman Hossain Miah, executive

chairman of the BIDA, said they were working with different organisations to bring improvements alongside necessary reforms to attract FDI.

He acknowledged that state-run service entities need a lot of orientation on proper processes and should change as per the demand of investors in order to create a business friendly environment so that investors see Bangladesh as the top choice for investments.

However, investors always think of ways to protect their capital and for this reason, they are yet to flock to Bangladesh, he said.

"I think the situation will improve day by day and this will help attract FDI, not only from Japan but also from around the world."

Although no Japanese factory has yet shifted to Bangladesh from China under the policy, Miah believes investors would come once the global economic situation improves.

"For this reason, the investment environment should be improved further," he noted.

Taka slips further as BB sells dollars

FROM PAGE B1

The central bank sold \$70 million to banks at the new rate, said a senior BB official, seeking anonymity, yesterday.

"We are adjusting the exchange rate gradually."

In the interbank market, the greenback traded at up to Tk 107.40 on Monday in contrast to Tk 86 a year ago.

The local currency has been under pressure against the dollar for the last one year owing to higher import payments than overall receipts from export and remittance. As a result, the country's foreign exchange reserves have fallen.

The reserves stood at \$31.06 billion on March 30, down 30 per cent year-on-year.

Inflation jumps to 7-month high

FROM PAGE B1

economists have raised questions about the inflation numbers released by the Bangladesh Bureau of Statistics, saying the real rate would be much higher than the official figures.

When pointed to it, the planning minister said: "We reported an inflation figure that is higher than that of the ADB. Had we manipulated the data, we would not have reported higher figures."

"In fact, I said earlier that inflation would go up in March and it accelerated to 9.33 per cent. Fortunately, it did not touch 10 per cent."

The WB said enhancing monetary policy would enable inflation targeting and support financial stability in Bangladesh.

"Monetary policy needs to be fully dedicated to reining in inflation through the interest rate channels."

The BB has raised policy rates by multiple times in recent months to combat higher consumer prices. But the World Bank said the continued use of a lending interest rate cap introduced in April 2020 has impaired

the effectiveness of policy rates.

The WB thinks the introduction of a benchmark lending rate or reference rate for commercial banks could provide a transition path from rate caps toward market-determined rates.

"This policy could see a shift from reserve money-based monetary policy transmission towards a policy rate-based transmission mechanism. The reference rate could be anchored on the treasury rates of government securities or interbank rates."

The BB is working to put in place a benchmark lending rate but that is not expected to come into effect before July.

Prof Raihan said Bangladesh has failed to use the interest rate, a decisive tool to combat inflation.

The interest rates were increased in many countries as part of their efforts to tame inflation. But the Bangladesh Bank said a market-determined lending rate will be introduced in July.

"Then it will be a late response," he said.

Ghulam Rahman, president of the Consumer Association of Bangladesh, said essentials are costlier now than in

the past.

He said there are some global reasons for the price increase but there are local factors as well.

"Some illogical decisions and the reluctance to take actions are contributing to the rising inflation."

Prof Shamsul Alam, state minister for planning, feared that inflation might increase further due to the recent price hike of oil in the international market.

Prof Raihan said only 28 per cent of people benefit from the social protection programmes such as the sales of subsidised food items by the Trading Corporation of Bangladesh and the Open Market Sales operation of the food ministry.

"But the amount is very small. It is insufficient for poor people. So, ensuring food security should be the government's highest priority."

Average inflation stood at 6.15 per cent in the last financial year of 2021-22, well above the central bank's target of 5.30 per cent.

The BB has targeted to keep the average inflation within 7.50 per cent in FY23.

World Bank, ADB stress

FROM PAGE B1

Factors such as high import taxes and non-tariff barriers have protected domestic industries at the expense of emerging exports. Bangladesh's progress towards upper-middle-income may waver without diversifying exports by increasing trade competitiveness, the WB said.

According to the WB, trade reforms go beyond tariff modernisation and include comprehensive market liberalisation and regional integration, particularly with South Asia and Southeast Asia.

"This will require policy actions to remove non-tariff barriers, reduce trade costs and ease bottlenecks to trade in services."

The Covid-19 pandemic underscored the risk of over-reliance on a single sector, the ready-made garments sector, which accounts for about 83 per cent of Bangladesh's

exports, said Bernard Haven, a senior economist of the WB, and co-author of the report.

"Diversifying exports and improving competitiveness will help Bangladesh achieve the upper-middle income status by 2031. For this, it will be important to reduce both tariff and non-tariff barriers."

He said a comprehensive reform programme can strengthen regional integration, particularly with South Asia and Southeast Asia.

"South Asian countries can find a model to improve regional integration where tariffs should be adjusted in all countries," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

Along with the tariff barriers, non-tariff barriers like administrative lingering and illogical conditions on health and quality issues can be removed, he said.

Include

FROM PAGE B1

"The government is constructing infrastructures spending thousands of crores of taka. So, there is a need to make arrangements for realising tolls from the regional highways at least at a minimum rate," she said.

Through this, the culture of paying tolls will be developed among people, she added. The prime minister also directed the authorities to ensure the maintenance of the rural roads, said Mannan.

The planning minister said the day's Ecneq meeting approved a total of 11 projects involving an overall estimated cost of Tk 4,252.66 crore.

"Of the total project cost, Tk 3,645.21 crore will come from the government exchequer while the remaining Tk 607.45 crore as project assistance (foreign loans)," he added.

Of the approved 11 projects, six are new while five are revised projects.



Shop owners of nearby markets take away their products after a fire broke out in Bangabazar clothing market in Dhaka yesterday.

PHOTO: REUTERS

'Couldn't save anything'
Says apparel retailer of Bangabazar



SUKANTA HALDER

"I could not save a single product from any of my three stores as the fire gutted everything," said Mohammad Rafiqul Islam Sohag, who operated apparel outlets at the Banga Islamia Super Market in Dhaka's Gulistan area.

"Now, I don't know how I will survive," he added.

Sohag owned shops number 6, 15 and 58 on the ground floor of the market, which was severely damaged by a devastating fire that ripped through Bangabazar Complex yesterday morning.

The 27-year-old businessman was found standing in front his shops, where nothing remained of the Tk 1.5 crore worth of clothes he had hoped to sell for upcoming Eid-ul-Fitr celebrations.

READ MORE ON B2

Bangabazar blaze, a reminder for the need of insurance

SUKANTA HALDER

Hours after a devastating fire tore through Bangabazar Complex in Dhaka's Gulistan yesterday morning, Abdur Rahman, the owner of an apparel outlet in the area, was found lamenting his losses at the market intersection amid a frantic effort by firefighters to douse the blaze.

The 27-year-old had invested around Tk 15 lakh, of which Tk 8 lakh was borrowed, in hopes of doing good business ahead of the Eid-ul-Fitr celebrations later this month.

However, the fire which started at around 6:00am razed his store to the ground.

"I have lost everything. Both my parents are paralyzed and depend on my income," Rahman told The Daily Star, adding that he was never before in such financial danger.

Having started his business as a wholesaler of denim pants some three years ago, Rahman was only able to save about Tk 1.5 lakh worth of goods.

In response to a query, the businessman said he would not find himself in this present danger had he insured the shop.

"In fact, I didn't give insurance much thought before," he added.

However, Rahman is merely one of around 5,000 shop owners who sell various apparel items for both wholesale and retail buyers to have suffered losses due to the fire at Bangabazar, according to the Ministry of Disaster Management and Relief.

After speaking with 14 other shop owners in the area, it was found that none had any form of insurance even though insurers provide coverage for even the smallest outlet.

It was also found that one shop owner will likely get some form of compensation as he had taken bank loans to cover operating expenses. This is because banks include the provision for insuring loans when approving

disbursements.

Still, the interest among small and medium businesses to insure their property and thereby reduce the risk of losses from incidents such as fire is very low.

"We feel the importance of insurance only after a devastating incident," said Md Khaled Mamun, managing director of Reliance Insurance Ltd, a leading non-life insurance company in Bangladesh.

He then said that although banks attach the provision for insurance while lending, many small and medium businesses do not continue with the scheme after their loan tenure comes to an end.

Speaking with 15 shop owners in the area, it was found that none had any form of insurance even though insurers provide coverage for even the smallest outlets

Besides, the lack of awareness among general people regarding the risks of being uninsured is a major reason for the poor penetration of insurance schemes such as property insurance.

In addition, not all insurers show interest in providing coverage for small and medium businesses because of their poor risk management standard.

Shops are at high risk of disaster but risk management by market authorities is poor, Mamun said.

So, it appears that 98 per cent of shops in the country do not have any property insurance even though the amount of premium charged is meagre, he added.

And the store owned by Abdul Latif Biplob, another businessman at Bangabazar, is one

of them.

The shop owner could not recover a single string from three of his stores, where he had a total of around Tk 2 crore worth of clothes.

"Nothing is left now. All I had made in life has been burnt to ashes. I don't have anything else," said Biplob, who rushed to the spot from a hospital where he was admitted for four days due to illness.

"My shop was not insured. My parents and sisters depend on my income. What should I do now?" he asked helplessly.

Several insurers said insurance coverage had helped dozens of shop owners who suffered losses from a fire at a kitchen market of the Dhaka North City Corporation (DNCC) in Gulshan-1 on March 30, 2019.

They got compensation for insurance taken against their bank loans.

Tarik Ur Rahman, a consultant of the Green Delta Insurance Company Ltd, said he paid insurance benefits to 29 shop owners at the market following the fire, when he was at Pioneer Insurance.

Echoing Mamun of Reliance Insurance, Rahman said there a perception that insurance is a waste of money. As such, the demand for insurance products is low.

Rahman went on to say that they offer special rates for small stores that fall in the small and medium category.

"But shop owners are not interested," he added.

Sheikh Kabir Hossain, president of the Bangladesh Insurance Association, said affected shop owners will receive compensation if they had any form of coverage against their properties.

He then said insurance coverage is low in Bangladesh and it should increase.

"So, the government should issue a directive to bring everything under insurance," Hossain added.

Uttara Bank clocks Tk 270cr profit in 2022

STAR BUSINESS REPORT

Uttara Bank Limited clocked a Tk 270.37 crore profit in 2022, up 21.74 per cent from a year earlier.

The private commercial lender made a profit of Tk 222.09 crore in 2021.

Thus, the bank reported consolidated earnings per share of Tk 4.20 for the year that ended on December 31 against Tk 3.45 in 2021.

The consolidated net asset value per share rose to Tk 31.79 from Tk 28.80, while the consolidated net operating cash flow per share was a negative Tk 14.32 in 2022 compared to Tk 0.83 in negative in 2021.

The board of directors of Uttara Bank recommended a 14 per cent cash and 14 per cent stock dividend for the last financial year.

Shares of Uttara Bank closed 3.39 per cent higher at Tk 24.40 on the Dhaka Stock Exchange yesterday.

Paramount Insurance's profit falls 38% in 2022

STAR BUSINESS REPORT

Paramount Insurance Company Ltd posted a 38 per cent year-on-year decline in profit to Tk 7.60 crore in 2022.

The profit stood at Tk 12.32 crore in 2021.

The insurer thus reported earnings per share of Tk 1.87 for the year that ended on December 31 against Tk 3.03 in 2021.

The net asset value per share of Paramount Insurance stood at Tk 25.81 in 2022 compared to Tk 25.25 in 2021 while the net operating cash flow per share slipped to Tk 3.16 from Tk 4.20 during the same period.

The board of directors recommended a 10 per cent cash dividend for the last financial year.

Paramount Insurance shares closed unchanged at Tk 38.40 on the Dhaka Stock Exchange yesterday.

WB lowers India's current fiscal year growth forecast

REUTERS, New Delhi

The World Bank on Tuesday lowered its forecast for India's economic growth in the current fiscal year that started on April 1 to 6.3 per cent from 6.6 per cent as it expects higher borrowing costs to hurt consumption.

To tame inflation, India's central bank has raised interest rates by 250 basis points since May.

"Rising borrowing costs and slower income growth will weigh on private consumption growth," the World Bank said in a report.

"Government consumption is projected to grow at a slower pace due to the withdrawal of pandemic-related fiscal support measures."

The World Bank estimated last fiscal year's growth at 6.9 per cent.

It projected the current account deficit to narrow to 2.1 per cent of gross domestic product for the current fiscal year from an estimated 3 per cent in the previous year, on the back of robust service exports and a narrowing merchandise trade deficit.

Spillover from recent turmoil in financial markets in the United States and Europe pose a risk to short-term investment flows to emerging markets, including India, said World Bank economist Dhruv Sharma.

"But Indian banks remain well capitalised," Sharma said.

China reopening boosts growth outlook of developing Asia

ADB says in new report

REUTERS, Manila

Developing Asia will grow faster than previously thought this year, underpinned by a stronger-than-projected rebound in China, but risks from global banking turmoil could weigh on the outlook, the Asian Development Bank (ADB) said on Tuesday.

Developing Asia, which groups together 46 economies in the Asia Pacific, is forecast to grow 4.8 per cent in 2023, the ADB said in its Asian Development Outlook report, more than its previous estimate of 4.6 per cent in December, and following 4.2 per cent growth in 2022.

Driving the region's growth this year is China's recovery after it ended its zero-Covid policy in December, with the world's second-biggest economy seen expanding 5.0 per cent this year, the ADB said, above its earlier estimate of 4.3 per cent.

China's reopening "is really going to create the strongest kind of support for growth in the region this year," ADB Chief Economist Albert Park told Reuters.

And while China's embattled property sector "remains a point of concern", Park said the upside risks to China's growth outlook outweigh downside risks.

"If life really returns to normal quickly and confidence comes back, growth could even be higher than 5 per cent which would be obviously even better for the region," Park said.



People are seen at a flower market in Kunming in China's southwestern Yunnan province on April 2. China's reopening "is really going to create the strongest kind of support for growth in the region this year," said ADB Chief Economist Albert Park.

PHOTO: AFP

India cuts windfall tax on crude oil to zero

REUTERS, New Delhi

India cut its windfall tax on crude oil to zero from 3,500 rupees (\$42.56) a tonne and halved the tax on diesel to 0.5 rupee per litre, a government notification said on Tuesday.

India in July imposed a windfall tax on crude oil producers and on exports of gasoline, diesel and aviation fuel, to encourage private refiners to sell fuel products domestically instead of shipping them overseas to take advantage of robust refining margins in global markets.

The government adjusts the tax rates twice a month according to global crude oil price movements.

The windfall tax on exports of aviation turbine fuel (ATF) and petrol, which had previously been cut to zero, were left unchanged, the notification said.