



Traders of the Bangabazar market in the capital have set up shops on an adjoining road to sell off whatever they were able to save from a fire that ripped through the market last Tuesday, completely burning down some 5,000 shops. The photo was taken yesterday.

PHOTO: AMRAN HOSSAIN

Floating interest rates a must for economic stability

Economists say at EDRO webinar

STAR BUSINESS REPORT

The government should get rid of its mentality of fixing rates for any sector, as the bank interest and forex exchange rates should be floating and there should not be any floor price in the stock market, economists said yesterday.

They spoke at a webinar on the "Reserve crisis and price hike of food: a way forward, Bangladesh perspective", hosted by the Economic Development Research Organisation (EDRO), an independent research organisation.

The interest rate should be floating and a realistic policy should be taken so that the country can easily handle the current macroeconomic challenges, said Ahsan H Mansur, executive director of the Policy Research Institute

of Bangladesh.

The supply chain has improved to some extent thanks to the price fall of some commodities, but the government is yet take any policy to utilise the benefit, the economist said at the webinar.

Bangladesh Bank had kept the interest rate fixed artificially for many years, creating an additional pressure on the country's foreign exchange reserve in the long run, Mansur said.

Everyone knows that it is a must now to raise the interest rate and tighten the monetary policies to tackle the ongoing rising inflation, he said.

But the Bangladesh Bank has kept the interest rate fixed at 9 per cent, which will not bring any good results, he added.

The government still thinks that it can achieve a 7.5 per cent growth in gross

domestic product, but it is not possible at a time when raw materials import has reduced by around 33 per cent amid spiralling inflation and falling savings and deposits, he said.

The country's production has also got disrupted, causing a fall in revenue collection growth also, he said.

If the government cannot take strong policies now, the inflation will continue to remain at the higher level, causing more sufferings for the low-income people, said Mansur.

Bangladesh had a comfortable foreign exchange reserve, he said.

Although the forex reserve is now on a declining trend, but the country still has enough to pay three months' import bills and it is still better than that of Pakistan's or Sri Lanka's, the economist said.

Hikes in prices of commodities, including oil and gas, are putting an extra pressure on the low- and middle-income consumers, said Suresh Babu, head of capacity strengthening and senior research fellow at the International Food Policy Research Institute.

He suggested taking adaptation and mitigation measures to tackle any further emergencies, build resilience and develop recovery plans to cope with shocks and to ensure macroeconomic stability and inflation management.

IKM Mokhtarul Wadud, assistant professor of the University of Sydney; Ahsan Habib, senior reporter at The Daily Star and Helal Ahmmed Jony, research associate of EDRO, also spoke at the event chaired by Md Tanjil Hossain, executive director of EDRO.

Emirates to offer daily flights to Toronto via Dubai

STAR BUSINESS DESK

Emirates is stepping up its frequency with two additional flights per week between Dubai and Toronto after an expanded air transport agreement between the United Arab Emirates (UAE) and Canada.

With the two additional flights per week, Emirates will offer close to 2,000 additional seats to serve the busy route, representing a 40 per cent increase in capacity between its hub city of Dubai and the Canadian point.

Daily flights will operate on the busy route to serve huge demand for passenger services from April 20, said a press release.

The Dubai-Toronto route is popular among customers from Bangladesh, India, the UAE, Iran, Pakistan, Saudi Arabia and Sri Lanka while the same countries represent the top destinations for travellers from Toronto.

Hailing the development as a crucial one for the airline, Adnan Kazim, chief commercial officer of Emirates, said they have been serving customers between Toronto and Dubai since 2007.

"Although the double-decker A380 aircraft has been operating the route since 2009, demand arising from leisure and corporate travellers, diaspora and students has consistently outstripped the allocated capacity," he added.

Emirates operates the flagship A380 aircraft on the Dubai-Toronto route, allowing 491 passengers across economy class, business class and first class on each flight.

Emirates currently operates 21 weekly flights between Dhaka and Dubai. Passengers via Dubai are offered convenient connections for travel to more than 140 destinations, including Toronto.

Airbus deliveries fell to 127 jets in Q1

REUTERS, Paris

Airbus deliveries fell by 11 per cent on an industrial basis to 127 jets in the first quarter, underscoring the pressure on global supply chains and paving the way for a 12-week sprint to steady the trajectory by mid-year, industry sources said.

Deliveries were down 11 per cent from 142 physical deliveries in the same period last year, or down 9 per cent compared with an adjusted year-ago total of 140. Airbus last year clawed back two deliveries to reflect Western sanctions on Russia.

Airbus delivered 11 wide-body jets including 5 A350s in the first quarter of 2023, 10 small A220 jets and 106 of its best-selling A320neo-family aircraft, the sources said.

Airbus declined comment ahead of a release due on April 11, when rival Boeing is also scheduled to report deliveries.

After starting the year with a one-third drop in deliveries in January, Airbus reduced the cumulative year-on-year deficit to 11 per cent in March from 16 per cent the month before.

But hopes of achieving deliveries in the high 130s in the first quarter were hit by continuing industrial and supply chain problems that have most recently spread to premium wide-body cabins, the sources said, speaking on condition of anonymity.

War hit private sector

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"But the government did not unveil supportive measures seen throughout the pandemic. Rather, it was focused on austerity measures. So, large companies were impacted this time," Moazzem said.

The central bank has continued re-financing support for the agriculture, cottage, micro, small and medium enterprises as well as import-substituting industries to the tune of at least Tk 50,000 crore.

The conflict brought to light some issues that were about to surface anytime in the absence of internal reforms, Moazzem said.

The taka depreciated by 23 per cent to Tk 105 in December compared to a year ago, Bangladesh Bank data showed. Likewise, the government hiked fuel prices by up to 50 per cent, the highest in the country's history, in August.

As a result, conglomerates from Walton to Grameenphone saw lower profits during the war-induced period.

In 2019-20, thirty

companies slipped into losses as sales plunged amid the country-wide lockdown. The number stood at 32 in the first half of FY23.

The number of loss-making companies was 62 in the first half of FY23, the highest at least in the last five years, financial statements showed.

"As the price level rose in recent times, people are buying consumer and luxury items cautiously, so the businesses in those segments have been hit hard," said Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry.

Inflation in Bangladesh has been at an elevated level since the middle of 2022. The Consumer Price Index 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.

Profits fell drastically for the listed companies owing to escalated raw material prices. For instance, Singer Bangladesh and Runner Automobiles fell into losses

in the first half of FY23. BSRM, Walton Hi-tech Industries, United Power Generation, Grameenphone and many other large companies witnessed lower profits as well.

Companies that sell construction materials and home appliances, textile and readymade garment factories and most of the insurance companies suffered.

On the other hand, companies that sell necessary items such as pharmaceuticals and firms belonging to the food and allied sectors were in good shape.

"This is good that people are spending money prudently," Sattar said. He says as there is a dollar shortage in the banking sector, all banks can't open LCs. "As a result, the firms that rely on the imported materials were severely impacted."

"Though the Bangladesh Bank has imposed no restrictions on the imports of raw materials, not all banks have enough foreign currencies to deal with LCs. They open LCs based

on their relationships with clients."

Ershad Hossain, managing director of City Bank Capital, said the business performance of the companies in the last six months is already showing that the impacts of the war are deeper than those seen during the pandemic.

"The situation may deepen if the war continues."

He said businesses suffered as the cost of businesses surged owing to higher utility prices, and manufacturers were facing problems importing raw materials.

Though data is not available, non-listed companies are also facing a similar challenge, he added.

Dowla, also the chairman of ACI Ltd, urged entrepreneurs to step up efforts to speed up the economic recovery.

"The war is more complex. Nobody exactly knows when it will end. But I am hopeful that entrepreneurs will make a turnaround since they had faced many adverse situations in the past and always come back strongly."

Bangabazar traders seek

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and some even sold their land or gold ornaments," Khan said.

Various traders had taken loans to run their business this Ramadan as it is the peak sales season in Bangladesh.

"But now, they are worried about repaying these loans," he added.

Khan went on to say that traders want to return to business before Eid however possible, which includes setting up shop under the open sky inside the burnt

shopping complex if need be.

"We have customers all over the country. Many of them are communicating with us. So, it won't take long to recover if we get a chance to do business," he said.

With efforts to clean up the area having started on Friday, traders were seen setting up temporary shops the very next day.

"What is destroyed is gone. Now we have to live anew. But to do so, we must quickly return to business. So, whatever needs to be

done must be done by the government," Khan added.

He then said they could regain some capital by doing business just two weeks ahead of Eid.

"With that capital, the traders would be able to turn the wheel of business in some way in the coming days," Khan added.

He also said the number of businesspeople involved with the market is very high.

So, while it is also not possible for the government to provide them all financial

assistance, it is important to create opportunities for doing business.

He went on to say they have a list of those who operate at the complex and so, there is no opportunity for businesspeople from any other area to benefit from what comes next.

"The government will build multi-storied buildings on the burnt area. There were 5,000 shops here. Accordingly, if each shop is 50 square feet, then seven floors will have to be given to us," Khan said.

North to see its largest private hospital

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"We are discussing with some European, Australian, American and Indian companies to build a big partnership to make the initiative successful," he added.

He said they wanted to open the hospital within two and a half years whereas the medical college upon availing necessary approvals from authorities concerned.

"This will be the biggest private sector investment in the healthcare sector," said Commerce Minister Tipu Munshi at its groundbreaking ceremony at Dariapara village in Panchagarh's sadar upazila yesterday.

Chinese Ambassador to Bangladesh Yao Wen and Panchagarh-1 constituency lawmaker Mazharul Haque Prodhan were present.

Munshi said he was personally involved in the establishment of Apollo Hospitals Bangladesh, which has now been renamed Evercare Hospital, where the total investment was around Tk 1,000 crore.

"When the hospital and medical college will run in full swing, they will contribute to the economy apart from providing better healthcare service to patients," he said.

UNION BANK LTD

SHARIAH BASED BANK

Bahela Tower, 72, Gulshan Avenue, Gulshan-1, Dhaka – 1212 www.unionbank.com.bd

Price Sensitive Information

This is for kind information of all concern that the Bangladesh Securities and Exchange has approved 5% stock dividend of Union Bank Limited for the year ended December 31, 2021 through the letter No. BSEC/CI/CPLC(Public)-1029/2022-1218, dated March 29, 2023 which has already been approved by shareholders in the 9th AGM held on July 04, 2022.

In light of above, the Board of Directors of the Union Bank Limited in its 99th Board Meeting held on April 08, 2023 at 4.30 pm took the following decision:

| Particulars | Decision |
|---|----------------|
| Record Date of 5% Stock Dividend for the year ended December 31, 2021 | April 12, 2023 |

The valued Shareholders whose names would appear in the Depository Register as members of the Company on the "Record Date", will be entitled for the said bonus share.

Dated: April 08, 2023

Dhaka

Ali Hossain Bhuiyan ACS

Company Secretary