



A worker collects mustard oil trickling down a row of mechanised screw and hydraulic presses at an oil mill in Hatkhola area of Barishal city for sale at Tk 240 per litre. Around 3,96,594 tonnes of rapeseed and mustard seeds were produced around the country in fiscal year 2020-21, according to the Bangladesh Bureau of Statistics. The photo was taken on Sunday.

PHOTO: TITU DAS

China consumer inflation falls below 1% in March

AFP, Beijing

China's consumer price inflation fell below one percent in March, official figures showed Tuesday, a sign of weak demand as the world's second largest economy tries to recover from its pandemic-driven slump.

The March consumer price index (CPI) — the main gauge of inflation — came in at 0.7 per cent, down from the one percent seen a month earlier, according to the country's National Bureau of Statistics (NBS).

Beijing is targeting an average inflation rate of three per cent for 2023, which is still far below the current rates of many developed economies.

Analysts had expected a faster pace in March, with economic activity picking up again after the abandonment of zero-Covid restrictions at the end of 2022.

The producer price index (PPI), which measures the cost of goods leaving factories, shrank for the sixth consecutive month, with prices falling 2.5 per cent — indicating lower margins for businesses.

"Economic recovery is on track but not strong enough to push up prices," Zhiwei Zhang of Pinpoint Asset Management wrote in a note.

No alternative to central bank digital currency

Former BB governor says

STAR BUSINESS REPORT

There is no alternative to a central bank digital currency (CBDC) as it will be very prominent in the global financial system in the coming decades, said Atiur Rahman, former governor of Bangladesh Bank, yesterday.

"There will be further experimentation of the CBDC across the globe, which will establish it as an important solution to emerging needs and increasing digitalisation needs," he added.

"Central bank-backed digital currencies will offer the general public broad access to digital money that is free from credit risk and liquidity waste. It will also significantly increase cross border trade," he said.

"The right path for us is to follow the CBDC-related development around the globe and learn as much as possible. Especially, learning from the neighbour is important as they have the same ecologies," he added.

He was speaking at a seminar titled "Transforming the Paper Currency to Digital: Takings from and Makings of Central Bank Digital Currency" organised by the Scholars Bangladesh Society



and Emerging Credit Rating Ltd at Intercontinental Dhaka.

Bangladesh, as a rapidly digitalising country, having mobile financial service, agent banking and other fintech firms, should be also among the early starters of the CBDC, he added.

"No doubt there are many advantages of digital currency. Bangladesh will go ahead, will very slowly go on adopting the method of learning by doing," he said.

"I think the central bank, with their human resource and regulatory strength,

will lead the process," he added.

Jamaluddin Ahmed, chairman of Emerging Credit Rating Ltd, said the adoption of mobile financial services by central banks has revolutionised financial transactions in the country.

Now it's time to explore the CBDC, he added.

"Currently, 122 countries around the world are on the path to adopting digital currency policies," he added.

"Digital currency will save our money and transactions will be more efficient. A task force consisting of banking experts and technical experts should be formed to introduce digital currency in the country," he added. Kamal Quadir, founder and CEO of bKash, said trust was at the core of financial transactions.

"Just as it is written on paper money that 'must be obliged to pay the bearer on demand', similarly even if the transaction is done digitally, the customer's trust must be gained," he said.

He said bKash has earned that trust.

It is because every transaction bKash makes is under central bank monitoring. Customers should be ensured security of money in digital transactions, he added.

Deeper financial turmoil would slam global growth IMF warns

REUTERS, Washington

The International Monetary Fund on Tuesday trimmed its 2023 global growth outlook slightly as higher interest rates cool activity but warned that a severe flare-up of financial system turmoil could slash output to near recessionary levels.

The IMF said in its latest World Economic Outlook report that banking system contagion risks were contained by strong policy actions after the failures of two U.S. regional banks and the forced merger of Credit Suisse. But the turmoil added another layer of uncertainty on top of stubbornly high inflation and spillovers from Russia's war in Ukraine.

"With the recent increase in financial market volatility, the fog around the world economic outlook has thickened," the IMF said as it and the World Bank launch spring meetings this week in Washington.

"Uncertainty is high and the balance of risks has shifted firmly to the downside so long as the financial sector remains unsettled," the Fund added.

The IMF is now forecasting global real GDP growth at 2.8 per cent for 2023 and 3.0 per cent for 2024, marking a sharp slowdown from 3.4 per cent growth in 2022 due to tighter monetary policy.

Both the 2023 and 2024 forecasts were marked down by 0.1 percentage point from estimates issued in January, partly due to weaker performances in some larger economies as well as expectations of further monetary tightening to battle persistent inflation.

The IMF's US outlook improved slightly, with growth in 2023 forecast at 1.6 per cent versus 1.4 per cent forecast in January as labor markets remain strong. But the Fund cut forecasts for some major economies including Germany, now forecast to contract 0.1 per cent in 2023 and Japan, now forecast to grow 1.3 per cent this year instead of 1.8 per cent forecast in January.

PC shipments plunge globally

AFP, San Francisco

Shipments of Apple Macs plunged during the first quarter of this year as the global personal computer market suffered due to tough economic conditions, market research reports said on Monday.

Weak demand, excess inventory, and a worsening macroeconomic climate contributed to a "precipitous drop in shipments of traditional PCs" in the first three months of this year, according to the report from IDC.

PC shipments globally tallied 56.9 million, some 29 per cent less than the same period a year earlier, the research firm said.

Shipments of Apple Mac computers, which are in the premium segment of the market, shrank more than 40 per cent in the quarter, IDC and Canalsy, another research firm, reported.

"Consumers and businesses will remain cautious about outlays on new PCs in the short term," said Canalsy analyst Ishan Dutt.

Pahela Baishakh sales

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He said many buyers were pondering whether to buy a dress only for one day this Pahela Baishakh. At the end of April 13, it can be fully understood how the sales have been for Pahela Baishakh this year, he said.

As people will celebrate the Bangla New Year during the month of fasting, it is a bit difficult to cite the exact volume of Pahela Baishakh-centric sales from those linked to Eid-ul-Fitr.

Uzzal Das, owner of the Lanthon Fashion House at Aziz Super Market in Shahbagh, said demand from the masses who used to make purchases was now even less.

"In 2018 or 2019, I used to invest about Tk 10 lakh only on the sale of the seven days before Pahela Baishakh. This time I have invested about Tk 1.5 lakh," he said.

At one time, out of 270 showrooms in Aziz Super Market, about 200 showrooms used to stock up on products in their shops around Pahela Baishakh. "I didn't even see 20 showrooms do it this time," Das added.

According to a survey of Bangladesh Fashion Entrepreneurs Association, a platform of fashion organisations, conducted in 2012, fashion houses across the country make sales of around Tk 6,000 crore throughout the year.

More than 50 per cent of the sales come during Eid-ul-Fitr and at least another 25 per cent ahead of Pahela Baishakh, it found.

Pahela Baishakh has become one of the biggest occasions for sales of sweetmeat makers on the back of a rising trend among corporates to send gift hampers to their clients and vendors.

Mahbubur Rahman Bakul, country director of Premium Sweets, said, "If you compare this year with the sales or advance orders of Pahela Baishakh in the last 22 years to 23 years, the business situation is quite bad."

"This effect has been caused by Pahela Baishakh falling in the middle of Ramadan and a few days ahead of Eid-ul-Fitr. This is the first time I have seen such a bad situation in my business life

for so many years," he said.

Consuming hilsa, the national fish of Bangladesh, has become a trend in Pahela Baishakh celebrations.

Traders say the price of hilsa fish has increased due to a lack of supply in the market whereas demand was high.

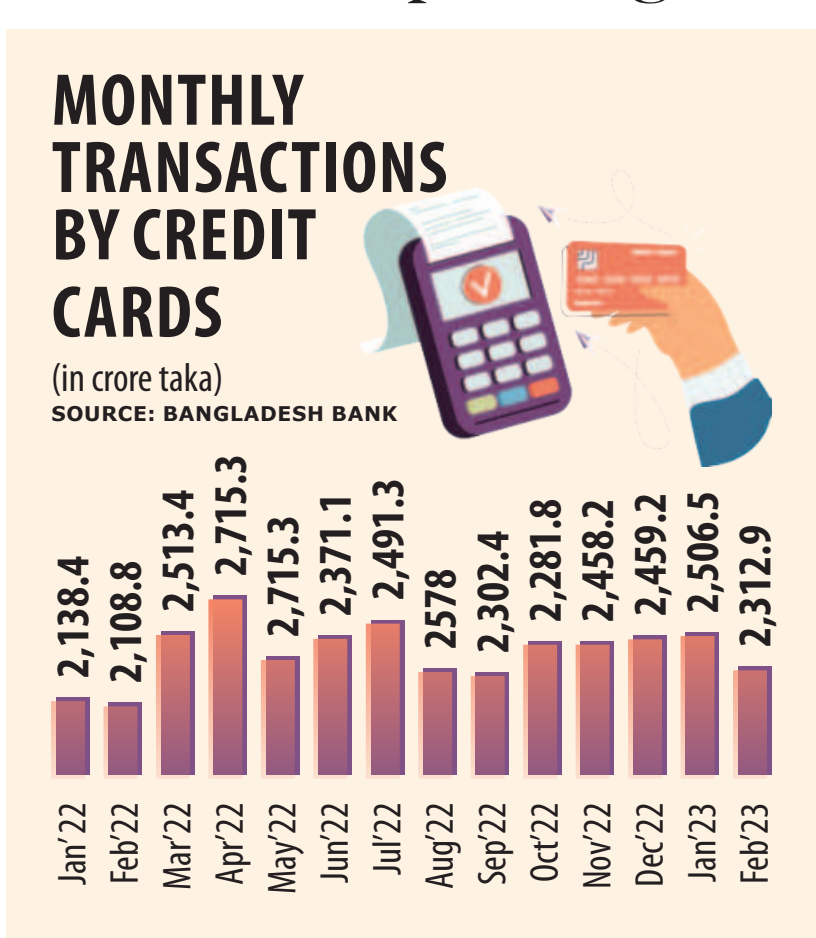
Khokon Chandra Samaddar, a wholesale fish trader at Jatrabari fish market in the capital, said the price of hilsa fish has increased by Tk 200 to Tk 300 per kilogramme from yesterday on the occasion of Pahela Baishakh.

He said yesterday a hilsa fish of Myanmar weighing 800 grammes was sold at Tk 1,200 and whereas one caught locally at Tk 1,400.

Samaddar said another reason behind the increase in prices was that fish was not available as per the demand. For this reason, there is a big impact on the price.

"There is a demand for 30 maunds (one maund equals around 37 kilogrammes) of fish in my shop every day but I am getting only 5 maunds," he added.

Credit card spending



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spending fell only 1.4 per cent in February last year compared to January 2022's Tk 2,138 crore.

The number of transactions by credit cards also declined on month to month basis in February this year, showed the central bank data.

Mohammad Razimul Haque Razim, head of cards of the City Bank Ltd, has blamed the fall in credit card spending on the reduced purchasing capacity of the people caused by ongoing high inflation.

Many cautiously cut their spending by credit card to reduce pressure on their wallets, he said.

Razim said credit card loan is a revolving credit, which has high interest. "But if a customer clears all dues on

time, there would be no interest as well."

As of February this year, banks issued 21.58 crore credit cards, which was higher from January and from the same month a year ago, data by the central bank showed.

Md Abu Bokar Siddik, head of cards of Mutual Trust Bank Ltd, said February has 28 days whereas January 31 days, which was the main reason of experiencing a fall in credit card use.

However, Md Abed ur Rahman, head of cards of Midland Bank, said a section of credit card users have already exhausted their credit limit.

Many have become cautious in spending because of the rising cost of living, he added.

Inflation in Bangladesh climbed

8.78 per cent year-on-year in February, snapping a declining trend of the previous five months.

In March, consumer prices jumped to a seven-month high of 9.33 per cent, according to Bangladesh Bureau of Statistics.

Syed Mohammad Kamal, country head for MasterCard in Bangladesh, said credit card transactions in March was good and April would be good also for Ramadan, which is an Eid shopping season.

The BB data showed that foreign currency transaction through credit card declined in February.

In February, this year, foreign currency transaction fell to a five-month low of Tk 557 crore, which is also lower by 10 per cent from the previous month's Tk 620 crore.

However, overall foreign currency transaction by cards more than doubled year-on-year from Tk 256 crore in February 2022.

Include

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fixed work hours, no rest, no leave, no salary and no pension," said Hasina while sharing her definition of women's unpaid work.

Mannan said they may not be able to evaluate the love and affection of the mother. But women's work like washing of clothes, cooking etc can be brought into the calculation, he said.

"We have already passed directives to the Bangladesh Institute of Development Studies (BIDS) to do some work on how this could be incorporated," said the minister.

However, shedding light on this issue, Shamsul Alam, state minister for planning, said the Bangladesh Bureau of Statistics estimates the GDP following a system of national accounts in light of the Statistical Commission of the United Nations.

Due to limitations in the international formula, he suggested forming a shadow satellite account and thus estimating the contributions of women pricing their labour in financial terms.

Now non-banks making foray

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share in terms of deposits and 29.20 per cent when it comes to investments, data from the Bangladesh Bank said.

It was 23.13 per cent and 23.81 per cent, respectively, in 2017.

At present, nine banks have full-fledged Shariah-based operations and eleven banks have opened Shariah-based branches. Besides, 14 conventional banks have Islamic banking windows, according to the central bank's latest quarterly report on Islamic banking.

In 2017, seven banks were full-fledged Islamic banks and nine banks had Shariah-based branches. Only eight banks had Islamic banking windows.

There are 35 NBFIs in the country. Of them, Islamic Finance and Investment, Hajj Finance and Aviva Finance have full-fledged Shariah-based operations.

"People have trust in IDLC Finance, but when we go to them, many don't want to keep deposits with us since we run operations under the traditional

system. Thanks to the new window, we will be able to cater to this group of customers," Majumder said.

Total deposits in the Islamic banking segment stood at Tk 409,949 crore in 2022, up more than 91 per cent from Tk 214,259 crore in 2017, central bank data showed.

Investments (loans and advances) totalled Tk 405,202 crore at the end of 2022, up from Tk 201,101 crore five years ago.

A mid-level official of the central bank said that banks and NBFIs are launching Islamic windows or branches or turning into full-fledged banks or non-banks as most of the people in the country are Muslim and many of them don't want to keep money with conventional banks.

"The Islamic financing system seems progressively attractive and profitable compared to conventional banks as the former gets the opportunity to maintain a lower statutory liquidity ratio (SLR)

and a higher investment-deposit ratio (IDR)."

Traditional banks have to maintain a 13 per cent SLR, which is defined as the ratio of a bank's liquid assets to a bank's net demand and time liabilities, whereas it is 5.5 per cent for Islamic banks.

Similarly, the loan-deposit ratio for conventional banks is 87 per cent whereas the IDR is 90 per cent for Islamic banks.

Majumder said it is true that running a Shariah-based window, alongside a conventional operation, is challenging since a separate advisory board would be needed, separate products would have to be introduced, and different books would have to be maintained for the former.

"But we are confident about doing well. The Islamic finance system has witnessed phenomenal growth in Bangladesh in recent years and the momentum is expected to continue in the coming decades as well."