



The scorching heat could do little to dissuade these crowds of shoppers fervently intent on celebrating upcoming Eid-ul-Fitr with their loved ones by donning new clothes. Scenes such as this at Dak Bangla Post Office in Khulna city, whose shops are a big draw for residents of nearby districts and upazilas, are now pretty much commonplace in markets around the country. The photo was taken yesterday.

PHOTO: HABIBUR RAHMAN

Yellen says sanctions may risk hegemony of US dollar

AFP, Washington

Economic sanctions imposed on Russia and other countries by the United States put the dollar's dominance at risk as targeted nations seek out an alternative, Treasury Secretary Janet Yellen said Sunday.

"There is a risk when we use financial sanctions that are linked to the role of the dollar that over time it could undermine the hegemony of the dollar," Yellen said on CNN.

"Of course, it does create a desire on the part of China, of Russia, of Iran to find an alternative," she told the network's Fareed Zakaria in an interview. "But the dollar is used as a global currency for reasons that are not easy for other countries to find an alternative with the same properties."

# Stocks edge up while turnover falls

STAR BUSINESS REPORT

Stocks in Bangladesh yesterday edged up for the fourth session in a row ahead of the upcoming Eid-ul-Fitr holiday while turnover dropped below the Tk 450-crore mark.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose six points, or 0.10 per cent, to close the day at 6,223 points.

The DS30, which represents blue-chip stocks, increased 0.10 per cent to 2,202 points while the DSES, an index comprised of shariah-compliant companies, advanced 0.06 per cent to 1,348 points.

The indices rose as bargain hunters showed buying interest in sector-specific stocks that recently witnessed correction, International Leasing Securities said in its daily market review.

Buoyancy in the travel, IT, life insurance and food sectors helped the benchmark index stay in green territory. However, some investors reshuffled their portfolios in the jute, services, tannery and paper sectors.

Among the sectors, travel rose 3.3 per

cent, IT advanced 1.4 per cent and life insurance edged up 0.7 per cent while jute dropped 2 per cent and services fell 0.4 per cent.

Investors' attention was mostly centred on the IT (20.2 per cent), food (20.1 per cent) and travel (11.5 per cent) sectors.

**The indices rose as bargain hunters showed buying interest in sector-specific stocks that recently witnessed correction, International Leasing Securities said**

Of the traded securities, 48 advanced, 56 declined and 208 did not show any price movement. Turnover, an important indicator of the market's liquidity, fell 6 per cent to Tk 443 crore.

National Tea Company made the biggest gain with 7.48 per cent followed by City

General Insurance with 6 per cent, Rangpur Dairy and Food Products with 4.9 per cent and Emerald Oil with 4.8 per cent.

Midland Bank topped the list of losers by shedding more than 9.48 per cent. Meanwhile, Legacy Footwear, Samata Leather Complex, Bengal Windsor Thermoplastics and Apex Tannery suffered substantial losses as well.

Unique Hotel was the most traded stock with shares worth Tk 36 crore being transacted. Aamra Networks, Rangpur Dairy and Food Products, Gemini Sea Food, and Orion Infusion were also among the top traded stocks.

On the other hand, stocks listed with the Chittagong Stock Exchange (CSE) fell slightly.

The CASPI, the all-share price index of the port city bourse, edged down by 1 point to end the trading session at 18,340 points.

Of the issues traded, 28 rose, 31 retreated and 55 did not see any price movement.

Turnover of the CSE fell 61 per cent to Tk 4.64 crore.

## Bida, BUILD sign MoU on facilitating investment

STAR BUSINESS REPORT

The Bangladesh Investment Development Authority (Bida) and Business Initiative Leading Development (BUILD) have teamed up to facilitate investment by creating an enabling environment for attracting funds and sharing technical assistance.

Mohsina Yasmin, executive member of Bida, and Ferdous Ara Begum, chief executive officer of BUILD, yesterday signed a memorandum of understanding (MoU) to this end at the former's conference room in Dhaka's Agargaon.

After the signing, Lokman Hossain Miah, executive chairman of Bida, said Bangladesh has been moving forward under the leadership of Prime Minister Sheikh Hasina as the country's per capita income rose from \$750 in 2007 to \$2850 at present.

"Business investment is not the same as it was 20 years ago. It now requires the application of research and technology while potential investment sectors need to be determined as well," he added.

Hossain then said that from now on, BUILD will work as Bida's partner behind the scenes to attract both domestic and foreign investment.

"Bida and BUILD will work together to further improve the investment and business environment in Bangladesh, which will contribute to attracting investment, creating jobs and increasing economic growth in the country," he added.

Nihad Kabir, chairperson of BUILD, said Bangladesh has become a middle income country and considering the trend of global economic activities and rapidly changing technology, is time to work on the "Smart Bangladesh" vision.

"In terms of investment, Bangladesh's opportunities and sectors should be highlighted to foreigners to attract foreign investment," she added.

BUILD CEO Begum said that with the signing of the MoU, they will work with Bida to facilitate investment opportunities and business reforms in Bangladesh.

## India's wholesale inflation eases to 30-month low

REUTERS, New Delhi

India's annual wholesale price based inflation (WPI) eased to the lowest in nearly 30 months, as input prices continued to moderate, government data showed on Monday.

WPI in March was 1.34 per cent year-on-year, lower than 3.85 per cent in the previous month and a Reuters poll of 1.87 per cent.

In March, the food index rose 2.32 per cent year-on-year compared with 2.76 per cent in February, while fuel and power rose 8.96 per cent, slowing from the 14.82 per cent rate.

WPI on manufactured products fell 0.28 per cent, compared with a fall of 0.14 per cent in the previous month.

"Input costs have fallen across the world. High base effect is also showing its impact," said Emkay Global's economist Madhavi Arora.

## Lessons learned from disruptions

FROM PAGE B1

This forward agreement is carried out through an exchange-traded fund, a type of investment.

Since the Bangladesh Bank indirectly controls the exchange rate to ensure stability in the foreign exchange regime, companies did not feel the need to go for hedging. As a result, many companies have had to absorb a huge loss when the central bank suddenly allowed a sharp depreciation of the local currency against the greenback to protect the reserves last year.

The time has come to go for hedging in order to avoid volatility as the central bank is thinking of a market-based exchange rate in line with the conditions of the International Monetary Fund attached with its \$4.7 billion loan programme, according to Islam.

It is expected that the exchange rate will move toward a unified rate (within a 2 per cent variation) within this fiscal year and a flexible exchange rate system for all international transactions bringing stability to the BDT-USD exchange rate, said the central bank in January.

Generally, renowned companies do currency hedging globally to avoid currency risk. On the other hand, most companies in Bangladesh are reluctant to spend money for hedging as the central bank has ensured a stable forex market.

Now, many companies are already mulling for hedging but they would

only go for it once they receive a clear indication from the central bank about a floating exchange rate.

"So, the BB should give a clear idea about its strategy about the forex market," Islam said.

Humayun Rashid, an executive committee member of the Bangladesh Association of Publicly Listed Companies, says local companies had not seen such currency risk and shocks in the past. "So, we didn't think about it."

"We are not in a position to face any more currency-related shocks. So, entrepreneurs are already thinking about going for currency hedging in the case of long-term financing."

Currency hedging involves costs, but Mehdi Zaman, a deputy managing director and head of treasury at Eastern Bank, thinks entrepreneurs should still go for it as any sudden currency volatility may devastate their business.

The private sector does not embrace currency hedging since it would raise the cost of funds and thus the price of products compared to those firms who do not hedge, he explained.

"Here, a policy is necessary. If the central bank compels commodity importers to go for hedging gradually, then the cost would not be a big concern and importers will also be accustomed to it."

Zaman thinks that people should realise that the upcoming years would not be the same as in the past.

"Currency volatility can be a common phenomenon in the coming years globally amid higher interest rates and liquidity stress."

Along with commodity hedging, Zaman recommended hedging for interest rates as many businesses borrow from abroad and they absorb losses when rates go up.

Rashid, also the managing director of Energypac Power Generation, suggests banks offer the product as the currency rate would be unpredictable and market-based.

Syed Alamgir, CEO of Meghna Group of Industries, thinks the twin shocks have brought about important lessons for entrepreneurs.

"As the pandemic was unprecedented, it was tough to avoid its impacts. But we have seen that the companies that have essential commodities in their product mix faced comparatively less stress than those that don't sell basic items."

Companies with strong brand value and consumer base were also able to deal the crisis, he said.

"So, entrepreneurs should focus on creating a strong consumer base so that it can survive in any circumstances."

Another lesson for businesses, according to the marketing expert, is that companies should not aimed for making a profit in any peril.

"Rather, they should target how to stay afloat and support customers. If they can do it, it will give them a big mileage in retaining trust."



PHOTO: STAR/FILE

Data from the Bangladesh Bank showed that the opening of letters of credit to import capital machinery slumped nearly 56 per cent year-on-year to \$2.29 billion in the first three quarters of the ongoing financial year of 2022-23.

## ADP spending in July-March

FROM PAGE B1

Research Institute of Bangladesh, an independent think-tank, said the slow implementation was related to the government's financial issues.

Although nine months have already passed, the government can reach an average rate if adequate money can be disbursed, he added.

The government usually spends around 80 per cent of the total ADP budget and more than 90 per cent of the revised budget every year.

This year, taking the overall ADP implementation to 80 per cent will solely depend on the government's fund disbursement capacity.

"The remaining three months are very crucial for the government as the revenue collection won't increase by that much of an extent this year," Mansur said.

As a result, the government will either have to borrow or cut down overall costs.

"But there should have been more emphasis on accelerating the implementation of the projects backed by foreign aid," he added.

Spending from foreign loans has increased in the nine months following the Covid-19 period to reach around

52 per cent of that set aside. In fiscal year 2018-19, meaning prior to the emergence of the pandemic, it was 57 per cent.

Spending by state-owned enterprises came down to Tk 3,647 crore in the nine months to March against Tk 5,251 crore in FY22, the IMED data showed.

Though there has been no directive on restricting expenses in the health and education sectors, development expenditure in the segments has remained the lowest.

Among the fifteen highest recipients of ADP, the shipping ministry was the worst performing division in the July-March period. Its spending stood at Tk 1,265 crore, accounting for only 27.26 per cent of its total allocation.

Other low performers include the health services division, the Ministry of Water Resources, and the secondary and higher education division.

The bridges division was the top performer as it spent 63.46 per cent of the budget.

The energy and mineral resources division came second with its expenditure standing at 56.27 per cent followed by the power division (55.79 per cent).

## Capital machinery imports keep falling

FROM PAGE B1

The latest Labour Force Survey data produced by the Bangladesh Bureau of Statistics showed that the number of jobs in the industrial sector dropped nearly 3 per cent to 1.20 crore in 2022. It was 1.24 crore in 2016-17.

The share of industrial jobs in the overall employment slipped to 17.02 per cent last year from 20.4 per cent five years ago.

Mansur said the data shows that the economy is softening and the overall economic growth will slow down.

"The most of the effect is likely to be on the economy in the next fiscal year."

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said the dip in the import of capital machinery is the result of the conservative steps that the Bangladesh Bank has taken to protect the reserves from further declining.

"But it carries an economic cost and that is being evidenced from the data. This will put an adverse effect on employment, investment and economic growth. And we will have to accept this cost."

The forex reserves stood at \$31.17 billion on April 12, down nearly 30 per cent from \$44.27 billion on the same day last year, data from the BB showed.

Rahman suggested the government prioritise the implementation of the projects that will encourage private investments, take measures to reduce the cost of doing business and take fiscal measures in the coming financial year to stimulate exports and investments.

## ADB to give \$230m

FROM PAGE B1

and 11,900 tube wells and planting 100,000 trees, Ginting said.

In partnership with reputable national and international research institutes, the project will support climate smart agriculture technologies and livelihood support to the flood-affected people in the socioeconomically underdeveloped Haor region.

The improvement in agriculture value chains (crops and fisheries) will enhance food security, nutrition,

employment, poverty reduction and rural livelihoods.

The project will incorporate safety features in infrastructure designs, particularly for the elderly, women, children, and people with disability. In line with the build-better approach, the infrastructure design will consider historical and projected climate scenarios including maximum flood depth and velocity, and temperature and rainfall.

The project will also support water management through alternative

wetting and drying technology, direct seeded rice, and the use of solar irrigation for climate adaptation and mitigation.

An additional \$1 million technical assistance grant from ADB's Technical Assistance Special Fund will support implementing agencies in building their capacities in climate adaptation and disaster risk management, improving project implementation and monitoring, and strengthening flood risk management and early warning systems.