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## Maersk building 2.1 lakh sqft warehouse in Ctg

STAR BUSINESS REPORT

Danish logistics giant Maersk is building a 210,000 square feet warehouse in Chattogram to expand its capacity.

The warehouse has been tailor-made to suit the needs of exporters of retail and lifestyle commodities and should be available by April 2024, the company said in a press release issued yesterday.

In recent times, Bangladesh has seen a slight slowdown in exports owing to the ongoing geopolitical situation that has led to reduced demand for retail and lifestyle goods in the Western markets, said Maersk.

However, the trend is expected to turn around as inventory restocking begins, giving a boost to

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exports out of the country, it said.

With the demand picking up again and limited warehousing capacity in the market, Maersk aims to close the gap between higher demand and shortage of supply through this facility in Chattogram, the shipping company said.

Vikash Agarwal, managing director of the Maersk South Asia, said: "We continue to invest and strengthen our commitment to Bangladesh with the expansion of our footprint in the country."

"We strongly believe in the potential of this country and its exporters, and we are fully committed to participating and playing a role in their respective growth stories," he said.

Maersk and Ispahani Summit Alliance Terminal Limited (ISATL) had first collaborated and entered into an agreement towards

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Drying fish in the sun has resumed in Cox's Bazar after Cyclone Mocha passed without inflicting any major damage on the trade. Workers involved in the profession in Nazirartek village, one of the biggest hubs for drying fish in the district, were forced to move both fish and dried fish to safe areas before the cyclone hit the coastal region. Since the storm is now over, the workers have returned to their work yesterday morning. Around 7,000 people are involved in drying fish in the village alone.

PHOTO: MOKAMMEL SHUVU

## Can falling imports alone ease stress in the economy?

AKM ZAMIR UDDIN

Bangladesh's trade gap and current account deficit have narrowed significantly in recent months but the positive developments might not prove enough to bring back stability to the economy.

The government and the central bank earlier took a set of initiatives to reduce import payments in order to decrease both the trade gap and the shortfall in the current account. The initiatives have not paid off since the erosion of the foreign exchange reserves could not be stopped.

The large shortfall in the financial account, which had historically enjoyed a surplus, is now responsible for the drastic fall in the reserves.

Bangladesh's international currency reserves stood at \$30.34 billion last week in contrast to \$42.20 billion in May last year, a decrease of 28 per cent year-on-year.

"The entire economy has been hit hard because of the continued fall in the reserves," said Ahsan H Mansur, the executive director of the Policy Research Institute of Bangladesh.

"If we can't restore the discipline in the foreign exchange

market, attaining the economic growth target will be difficult in the days ahead and inflation may go up further."

The gross domestic product (GDP) growth has already slowed owing to the persisting severe fallout of the Russia-Ukraine war.

GDP grew 6.08 per cent in

official of the International Monetary Fund (IMF), thinks there is no scope to rein in import payments further.

"If imports decrease further, industrial production will shrink," he said.

In the first nine months of 2022-23, import bills dropped

at \$20.64 billion in July-April, down 6.68 per cent from a year earlier.

Mansur says if the central bank tries to tackle the ongoing stress in the foreign exchange market by reducing the deficit in the current account, it will be a "draconian adjustment".

The deficit in the current account, which records a nation's transactions with the rest of the world, was \$4.64 billion between July and March, a decrease of 75 per cent from a year ago.

The economist argued many businesses are facing a dollar shortage to import raw materials to run their factories, leading to a shortage of essential goods in the market and fueling inflation.

Inflation fell slightly to 9.24 per cent in April after the Consumer Price Index jumped to a seven-month high of 9.33 per cent in March.

And if the exchange rate of the taka against the dollar declines, it will compound further pressure on the poor and limited-income households, which are already struggling to make ends meet amid the cost of living crisis.

The dollar traded at Tk 108 on May 14, down 25 per cent year-on-year.

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the current fiscal year, ending in June, provisional data from the Bangladesh Bureau of Statistics showed. The economy expanded by 7.1 per cent in 2021-22.

The government has set a GDP growth target of 7.5 per cent for the next fiscal year, which begins in July.

And the factors behind the drastic fall in the reserves such as higher import bills, runaway inflation and escalated commodity prices are still there.

And Mansur, also a former

Imports of raw materials stood 12.33 per cent year-on-year to \$53.93 billion. As a result, the trade deficit, which occurs when a country's imports exceed its exports, declined 41.6 per cent year-on-year to \$14.61 billion in July-March.

"Imports of industrial raw materials and capital machinery have already decreased significantly, so a further reduction in imports should be stopped in the interest of the economy," Mansur said.

Imports of raw materials stood

## Strong, sustained economic growth not guaranteed

Says Hans Timmer, WB chief economist for South Asia

STAR BUSINESS REPORT

Bangladesh has been spectacularly successful during its first 50 years of its independence.

But economic problems are emerging and strong, sustained future economic growth is not guaranteed for the country, said Hans Timmer, the World Bank's chief economist for South Asia.

Lack of inclusion in the productive economy is a key structural impediment that makes current problems difficult to solve and makes future growth through diversification uncertain, he said.

Timmer made the comments at a seminar on "Bangladesh development story: Role of service and manufacturing sectors in driving diversification and inclusive growth", organised by the Bangladesh Institute of Development Studies (BIDS) at its conference room in Dhaka's Agargaon yesterday.

However, he added that crises create opportunities as they trigger the development of new technologies, allow creative destruction, and lead to new divisions of labour and economic paradigms.

In short, crises can break through economic structures that

are no longer evolving. Timmer then stressed the need for bold action in new directions to unlock underutilised potential.

He went on to say that persistent informality is a major development issue in Bangladesh as it can lead to several economic and social

**Lack of inclusion in the productive economy is a key structural impediment that makes current problems difficult to solve and makes future growth through diversification uncertain**

challenges. For example, one of the most significant challenges of persistent informality is the lack of government revenue.

When workers operate in the informal sector, they are not subject to income tax or other forms of revenue collection, meaning that the government misses out on

potential revenue streams.

Timmer further said there is still a gender gap, preferential treatment of privileged groups and inequality of opportunity in the economic activities of Bangladesh. However, he said these problems also prevail in the entire South Asia region.

Professor MA Sattar Mandal, former member of the Planning Commission, said the agriculture sector is still informal even though it plays a huge role in the country's economic growth.

Around 7.5 million houses are directly involved with agriculture, which makes a significant contribution to the rural economy.

Mandal then said women in Bangladesh are engaged in various sectors other than domestic work, including agriculture, garments, healthcare and education.

Women make up a significant portion of the workforce in the agricultural sector, he added.

BIDS Director General Binayak Sen, who chaired the event, stressed the need for quality education, particularly at the tertiary level as it plays a crucial role in ensuring self-sufficiency and overall development of the economy. SM Zulfiqar Ali, senior research fellow of BIDS, also

## Disability allowance may go up

Says planning minister

STAR BUSINESS REPORT

The allowance for people with physical impairments may be increased through the next budget for fiscal year 2023-24, Planning Minister MA Mannan said yesterday.

No other allowance will be increased, he quoted Prime Minister Sheikh Hasina as saying.

Addressing an event organised by the Citizen's Platform for SDGs, Bangladesh at Bangabandhu International Conference Centre in Dhaka, Mannan said, "It is just a support for them, not payment. It would be a tool to change their situation."

The announcement will come from the finance minister and now the change is being drafted, he said.

Currently, every beneficiary gets a monthly allowance of Tk 850, he added.

## No gratuity, provident fund for contractual bankers

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked banks in the country not to create any provident funds for employees appointed on a contractual basis.

The employees will not be allowed to enjoy any gratuity as well, according to a central bank notice.

In its notice, Bangladesh Bank says that some banks are giving these facilities to employees appointed on a contractual basis, breaching the norms of the human resource policy of the banking sector.

As per the policy, employees in the banking sector are permitted to do their job until the age of 59, after which they have to retire. However, banks are allowed to appoint their retired employees to do contractual jobs until 65.

The central bank has found allegations that some banks are now providing the two facilities -- provident funds and gratuity -- to retired employees working on a contractual basis. As such, the central bank asked lenders to only provide gratuity and provident funds to regularised employees that leave their post or retire at 59.

## National BUDGET FY2023-24

### Surcharge-free limit of wealth likely to rise

SOHEL PARVEZ

The government may increase the threshold of surcharge-free net wealth from the coming fiscal year 2023-24 beginning from July – a plan that is likely to reduce the pressure of tax on the upper middle-income people.

At present, an individual does not have to pay any surcharge on net wealth of up to Tk 3 crore.

The ceiling may rise to Tk 4 crore, said a senior finance ministry official.

The National Board of Revenue (NBR) had increased the ceiling to Tk 3 crore from Tk 2.5 crore three years ago.

**The ceiling may rise to Tk 4 crore from the upcoming fiscal year of 2023-24, said a senior finance ministry official**

The disclosure regarding the hike is expected to come in the upcoming national budget which will be announced by the finance minister on June 1.

The tax administration introduced the surcharge in 2011-12 as an alternative to property taxes which is yet to be introduced in Bangladesh.

The aim was to collect more taxes from the affluent section of society, ensure a more equitable distribution of wealth and reduce economic disparity which has been widening over the years.

Subsequently, it revised the surcharge rate and surcharge-free limit with the collection of the tax rising gradually.

In the first year of its introduction, the NBR got Tk 65 crore from wealthy people, according to the NBR data.

The latest data is not available.

The tax administration got Tk 600 crore in fiscal year 2020-21, slightly higher from the Tk 592 crore collected a year ago.

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