DHAKA WEDNESDAY MAY 31, 2023, JAISHTHA 17, 1430 BS ● starbusiness@thedailystar.net

Star BUSINESS

Envoy Textiles' AGM postponed

STAR BUSINESS REPORT

Export-oriented listed company Envoy Textiles Ltd has indefinitely postponed an annual general meeting scheduled to be held on June 26, when a dividend for shareholders was scheduled to be approved, till a case involving its directors was disposed of.

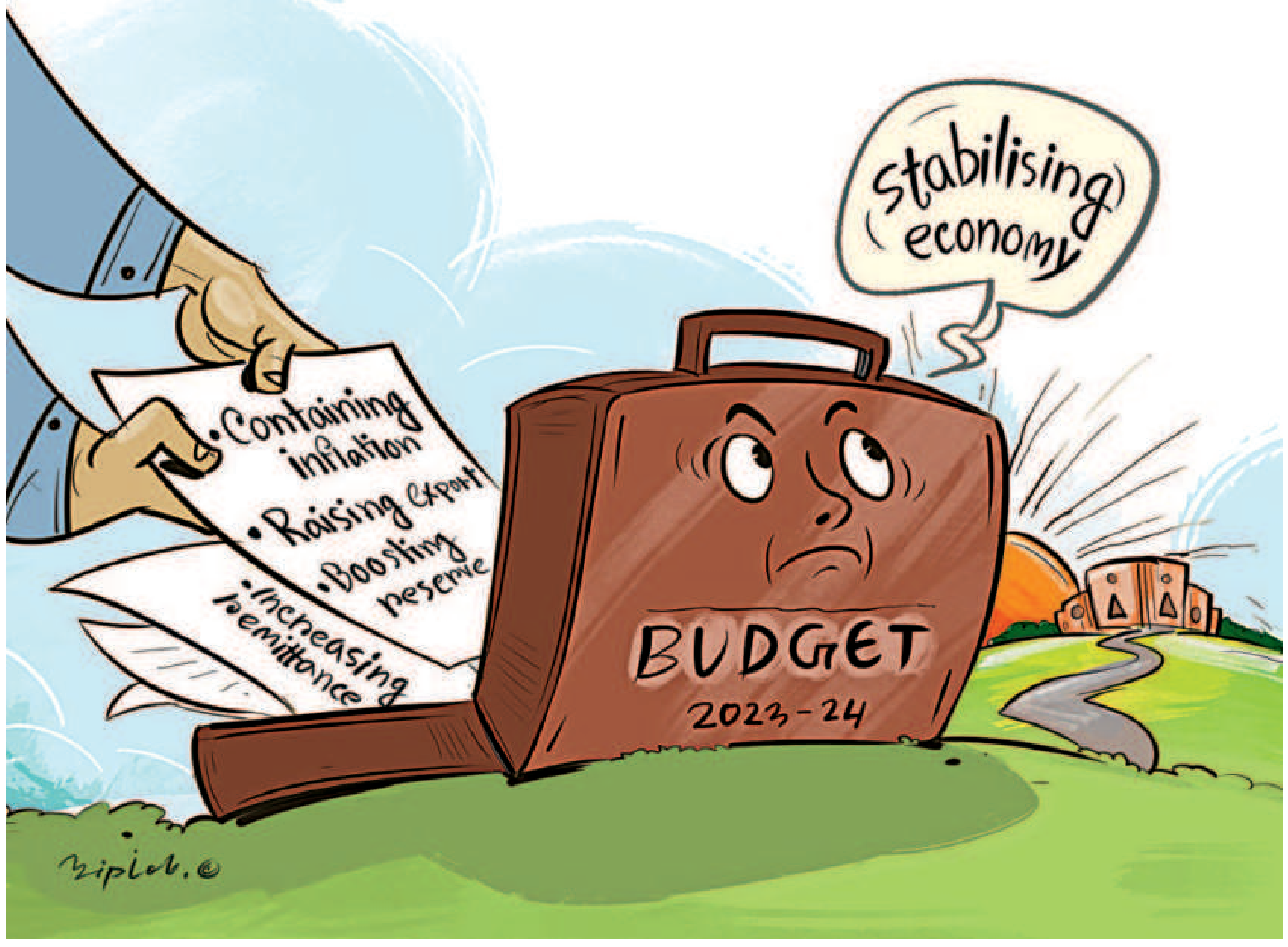
Abdus Salam Murshedy, former managing director and one of its founders, and some other directors filed the case under The Companies (Bangladesh) Act, 1994 against the company and other directors challenging some amendments to an "Article of Association" of the company.

In 1984, Murshedy, then a famous footballer of Mohammedan Sporting Club, started the garment business known as Envoy Group with Kutubuddin Ahmed, a leading busnessman.

Last September, the High Court reconstituted the board of directors of the textile company till disposal of the case.

Yesterday, the company informed through a post on the Dhaka Stock Exchange (DSE) website that the meeting was postponed due to a pending litigation before the Appellate Division of the Supreme Court.

READ MORE ON B3



Contain inflation, be business-friendly

Businessmen, economists urge govt ahead of new budget

National BUDGET FY2023-24

REFAYET ULLAH MIRDHA

The upcoming budget should target containing inflationary pressure to provide much-needed relief to consumers and be business friendly to help the business community overcome the crisis stemming from the Russia-Ukraine war, said a number of businessmen and economists yesterday.

"Primarily, curbing inflation and ensuring macroeconomic stability are being expected from the budget for the upcoming fiscal year," said Selim Raihan, executive director of the South Asian Network of Economic Modeling.

He called for effective action plans aimed at improving foreign currency reserves, generating more revenue, and reducing non-performing loans.

In Bangladesh, a higher inflationary pressure has persisted for a long time as the prices of commodities have increased abnormally in the domestic markets, driven by escalated costs in the global markets and imperfections in the local markets.

Owing to market imperfections, the prices of many essentials have not declined in line with their reduction in the international markets.

And Raihan said the market monitoring of the government has not been effectively executed, so the price fall of the essentials in the international markets is not reflected in the local markets.

He urged the government to take up some programmes for low-income groups, which have been hit hard by the cost-of-living crisis.

Overall inflation in Bangladesh fell slightly to 9.24 per cent in April, driven by a decline in food prices, although it still remains at an elevated level compared to historic trends. Before the war broke out, inflation averaged less than 6 per cent.

Sayema Haque Bidisha, a professor of the economics department at the University of Dhaka, says measures need to be taken to contain inflationary pressure.

She suggested more allocation for the poor under the social safety net programmes.

"Besides, the middle-income groups need to get a relief from higher tax burden and a major reform is also needed in the taxation system."

Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, said businesses are going through a bad patch for multiple factors.

In the past one year, businesses and industries in Bangladesh have been hit by the gas shortage and power outages as well as the difficulty in opening letters of credit (LCs) because of the US dollar crisis.

A fall in demand at home and abroad driven by the lingering cost-of-living crisis has also hurt their earnings.

Jashim suggested facilitating local industries so that they can produce more import-substitute goods and cut import dependence.

He said the government needs to withdraw the advanced income tax on the import of basic commodities and agricultural products to control inflation effectively.

Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry, requested the government not to increase any tax and VAT rates as businesses are passing a difficult time.

READ MORE ON B3

Ahsan Khan Chowdhury

'Agri output up for higher budget outlay'

STAR BUSINESS REPORT

Bangladesh is enjoying a big rise in overall agricultural production as it had increased public expenditure on the sector in the outgoing fiscal year of 2022-23, said Ahsan Khan Chowdhury, chairman and chief executive officer of Pran-RFL Group.

And such allocations should be continued for sustaining the progress, said the chief of the largest food processor and exporter and household product manufacturer in an interview with The Daily Star earlier this week.

"Agriculture should get priority in the upcoming budget and it is necessary to jumpstart the economy," he said.

In this regard, he cited that the government had hiked allocation for the farm sector to Tk 24,224 crore for the current fiscal year, which was 50 per cent higher year-on-year.

Chowdhury said also lauded a 2.5 percentage point cut in corporate tax provided by the tax authority for companies and added that further reductions would act as an incentive for investment.

READ MORE ON B2

National BUDGET FY2023-24

Policy coordination to yield better budgetary outcomes

Says economist Debapriya Bhattacharya

MD FAZLUR RAHMAN

Sharper, flexible and timely coordination among fiscal, monetary and trade policies of Bangladesh will yield improved stabilisation outcomes, said Debapriya Bhattacharya, a distinguished fellow of the Centre for Policy Dialogue.

With a view to tackling high inflation and stopping the fall of the foreign currency reserves, the country needs to get the numbers right first, he said, while speaking to The Daily Star in an interview.

"As we know, there is a difference between the forex reserve estimation methodology practised by the central bank and the International Monetary Fund. So, it will be definitely challenging to hold on to net $30 billion as per the IMF's method."

"This will be particularly so because of the dim short-term outlook for exports, the erratic flow of remittances, minuscule foreign direct investment and growing debt servicing liabilities."

Under the circumstances, aligning multiple exchange rates of the taka is a must to stabilise the foreign currency flow and provide practicality to the market, according to Bhattacharya.

"The foreign exchange rationing, which is currently being practised, has to be eased up to bolster investment and create employment. Quick disbursement of the contracted budget support and other forms of concessional finance from external sources may help significantly."

To a great extent, Bhattacharya said, the current inflationary trend is spurred by a cost-push brought about by rising commodity and service prices in the global market, falling value of the taka, import control of consumer goods and distortions in market management.

READ MORE ON B2

STOCKS

DSEX ▲	CASPI ▲
0.20%	0.21%
6,345.78	18,721.39

COMMODITIES

Gold ▲	Oil ▼
$1,959.84	$71.94
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.20%	▲ 0.30%	▼ 0.24%	▲ 0.08%
62,969.13	31,328.16	3,187.56	3,224.21

FY23: A year of price shocks

SUKANTA HALDER *and*
MD ABU TALHA SARKER

Just a year ago, Aminur Rahman, a private sector employee living in Dhaka, could buy a moderate amount of essential goods, including rice, soybean oil, onions, salt and eggs, at Tk 553 from stores in Dhaka city.

Yesterday, the breadwinner of a five-member family could get the same quantity of these items by paying Tk 643, up by some 16 per cent.

These are not the only items for which Rahman has to bear additional cost.

The middle-aged man, who lives in a two-room house with his family in Dhaka's Mirpur, saw his landlord hike the rent while at the same time, transportation has become costlier.

Rahman's says his overall monthly expenditure shot up by around Tk 6,500 in the last one year, which was more than double of the Tk 3,000 hike in his salary. To bear the increased expenses, his family has to cut non-essential purchases.

Rahman represents many fixed-income families in the country who are seeing their living standards erode in face of elevated prices for food and non-food items despite government efforts to control runaway inflation.

Inflation, a measure of the spike in prices of a basket of goods and services consumed by a typical consumer, fell slightly to 9.24 per cent in April driven by a decline in food prices.

However, it still remains at an elevated level compared to historic trends.

Consumer prices averaged at a 12-month high of 8.64 per cent in April, which was higher than the 5.6 per cent targeted by the government for fiscal year 2022-23.

The government revised upwards its target to 7 per cent later this fiscal but the current price levels are above that, deepening the sufferings of low, fixed and even middle-income families.

"My sons are now one and six years old. When my baby was only 10 months old, my wife was forced to start working in a private school as costs were going wild and my income was not enough to bear expenses," said Minhaj Uddin Jitu, the main earner for his five-member family, who live in the capital's Kalyanpur.

Like Rahman, Jitu has been forced to tighten his belt since his salary did not increase.

He has cut his budget for traveling and clothing to deal with high inflation.

READ MORE ON B3

The ongoing inflationary pressure in Bangladesh has pushed up the prices for essential commodities such as rice, sugar and edible oil, meaning that low, fixed and even middle-income households are having to curtail consumption.

PHOTO: STAR/ FILE

Rafiqul Islam, managing director of Shimanto Bank, handed over a donation cheque worth Tk 10.50 lakh to Smrity Karmaker, managing director (additional secretary) to the prime minister's education assistance trust, in Dhaka recently. Kazi Delwar Hossain, director (additional secretary) to the prime minister's education assistance trust, and senior officials from both of the organisations were present. PHOTO: SHIMANTO BANK

Md Rayhan, chief executive officer of Walton Plaza, Humayun Kabir, deputy managing director of Walton, and actor Amin Khan, senior executive director, handed over a key of a car to Raton Lal Bashfore, a winner of Digital Campaign Season-18, at a programme held at Walton Plaza in Dhaka on Monday. Among others, Wahiduzzaman Tanvir, deputy executive director of Walton, was present. PHOTO: WALTON GROUP

Abdul Aziz, additional managing director of First Security Islami Bank, inaugurated two agent banking outlets at Jirongacha Bazar, Kaliganj in Satkhira and Shahbazpur Bazar, Barlekha in Moulvibazar from the bank's head office in Dhaka yesterday. Among others, Md Zahurul Haque, deputy managing director, was present. PHOTO: FIRST SECURITY ISLAMI BANK

Md Enayet Ullah, director of Al-Arafah Islami Bank, cut a ribbon to inaugurate its 211th branch at Basabo, Dhaka yesterday. Abdul Malek Mollah, director of the bank, Farman R Chowdhury, managing director, Shabbir Ahmed, deputy managing director, Jalal Ahmed and Mohammad Habib Ullah, senior vice-presidents, Md Monir Ahmed, zonal head of Dhaka South, and Islamil Hossain, branch manager of Basabo, were present. PHOTO: AL-ARAFAH ISLAMI BANK

Saiful joins Shahjalal Islami Bank as DMD

STAR BUSINESS DESK

MM Saiful Islam has joined Shahjalal Islami Bank Limited (SJIBL) as a deputy managing director (DMD) on Monday.

Prior to joining Shahjalal Islami Bank, Islam was serving Al-Arafah Islami Bank Limited as a senior executive vice-president and head of corporate investment concurrently, said a press release.

He started his career with Islami Bank Bangladesh as a senior officer in 1998 and also served Bank Asia. Islam has over 25 years of experience in the industry.

He obtained an MBA degree from the Institute of Business Administration of the University of Dhaka and completed a post-graduation in Certified Financial Planning (CFP) with honours from the Centennial College, Toronto in Canada.

Sterling rises

REUTERS, *London*

Sterling rose against a weaker dollar on Tuesday, but stickier than expected British inflation remains in focus ahead of a quiet week for the country's data calendar.

Investors were largely focused on moves in the U.S. dollar as a deal to raise the U.S. debt ceiling faces its first test in Congress, and on the yen, which strengthened after an impromptu meeting of Japan's finance ministry and central bank.

"It's (sterling) caught in the crossfire of the moves in the dollar and the yen and generally it's quite weak this week" said Adam Cole, head of FX strategy at RBC Capital Markets.

At 1013 GMT, the pound was 0.5 per cent higher against the dollar at $1.2416, and 0.35 per cent up against the euro at 86.39 pence.

PRICES OF KEY ESSENTIALS IN DHAKA CITY

	PRICE (MAY 30, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	5.47 ↑
Coarse rice (kg)	Tk 48-Tk 50	2.08 ↑	0 ↑
Loose flour (kg)	Tk 55-Tk 58	0	21.51 ↑
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 175-Tk 185	5.88 ↑	-3.23 ↓
Potato (kg)	Tk 25-Tk 40	20 ↑	73.33 ↑
Onion (kg)	Tk 70-Tk 75	45 ↑	93.33 ↑
Egg (4 pcs)	Tk 47-Tk 50	10.23 ↑	18.29 ↑

SOURCE: TCB

Small investors souring on China's recovery

REUTERS, *Shanghai/Singapore*

The last great hope for China's faltering post-pandemic rally is fading as the nation's legion of small-time investors turns bearish on equities to double down instead on safer assets amid a stuttering economic recovery.

Brokers and money managers had expected billions of yuan in excess savings would find their way to the stockmarket this year as the economy gathered pace and enough uncertainty remained over real estate to leave equities the only game in town.

Yet just as foreign cash has failed to materialise in China's stockmarket, nervous households are also turning their backs to pile into bonds and deposits - leaving equity markets adrift.

After rallying 20 per cent from October to January, Chinese blue chips are handing back gains and are down 1 per cent year-to-date.

The Hang Seng is at 2023 lows, and sovereign bond yields are falling. The easiest trade of the year is fizzling, and the lost momentum is keeping investors' money out.

"I am quite disappointed," said Eric Yu, a programmer in his 30s in Shanghai who's been investing for around three years.

"I will not put any more money into stocks until all my losses are recovered," he said. Rather, spooked by the spectre of tech layoffs and youth unemployment, he has been putting some half of his monthly income into wealth and deposit products.

"Safety is more important at this time ... I don't want to lose my principal."

Interviews with a dozen smaller investors showed the sentiment to be reasonably widespread.

China's small investors are also such a large force - accounting for some 60 per cent of turnover, according to China Securities Regulatory Commission Chairman Yi Huiman, compared with a JPMorgan estimate of less than 25 per cent in the United States - that their lack of interest shows up in market data.

China's securities margin trading balance, a measure of risk appetite, is hovering around one-month lows. Turnover in the A-share market is at the lowest level since early March.

Brokerage account creation, while volatile, likewise dropped off in April after promising momentum in February and March, China Securities Depository and Clearing data showed. Mutual fund launches, a proxy for investor interest, also fell away.

The broad Shanghai Composite (.SSEC) trades where it did early in 2022.

India may cut solar panel import tax

REUTERS, *New Delhi*

India is considering cutting its import tax on solar panels by half and is seeking a rollback in goods and services taxes on the devices to make up a shortfall in local output amid rising demand for renewable energy, three government sources said.

India's renewable energy ministry has held talks with the finance ministry to approve its request to cut the import tax on solar panels from 40 per cent to 20 per cent, said the three sources, who declined to be identified as the decision has not yet been finalised.

Also, the two ministries may make a recommendation to India's Good and Services Tax Council to lower the goods and services tax (GST) on solar panels to 5 per cent, from the 12 per cent imposed in 2021, the sources said.

The change will come as a boost for Indian solar power giants such as Tata Power, Adani Green and Vikram Solar which won solar power supply contracts by quoting aggressive tariffs but face shortage of local equipment to complete the contracts.

India imposed the 40 per cent solar panel import tax in April 2022 and a 25 per cent tax on solar cells to discourage Chinese imports, in line with Prime Minister Narendra Modi's plan to become more self-reliant and cut emissions by scaling up renewable energy generation.

However, domestic capacity is falling short ... imports are required to fill in the gap," said one of the sources.

The proposal comes as Modi looks at achieving a target of 365 gigawatts (GW) of installed solar capacity by 2031-32, part of a green energy push that extends from promoting electric cars to sustainable aviation fuel.

India's finance ministry did not immediately respond to emails seeking comment. A spokesperson for the renewable energy ministry said a comment would be made as soon as possible.

India's current annual solar panel manufacturing capacity is 32 GW per annum but the requirement is of 52 GW as demand for green, cheaper energy is rising rapidly from corporate offices, industrial units and big factories.

Though solar currently makes up over half of India's renewable energy capacity, domestic component supplies have been slow to pick up, and the industry was also spooked by higher import taxes.

One of the government officials, who highlighted the necessity of changes in taxes, said India's reliance on solar panel imports in the next two years was "expected to be heavy at nearly 8-10 gigawatts per annum."

India imported $3 billion worth of solar panels in 2021-22, 92 per cent of which came from China, government data shows. The tax cuts could potentially lower the cost of imported panels by a fifth, bringing them closer to the prices of domestically made modules, the government sources said.

India's lack of jobs threatens

FROM PAGE B4

This was a modest 1.2 per cent higher than the October-December 2019 period, before the start of the pandemic.

But for the self-employed, incomes have fallen to 14,762 ($178.67) rupees in the April-June 2022 quarter, according to research by Ghosh and CP Chandrashekhar, both at the University of Massachusetts, Amherst. It was at 15,247 rupees in the October-December 2019 quarter.

"The big thing that has happened is the collapse of small businesses, which were the backbone of employment," said Ghosh.

Since the Indian government's decision to demonetise 86 per cent of the country's currency in circulation in 2016, there have seen continuous attacks on the viability of small business, with the pandemic being the latest, she said.

Over 10,000 micro, small and medium enterprises shut in 2022-23 (April-March) alone, the government said in parliament in February. In the previous year, over 6,000 such units had shut. But the government did not specify whether any new enterprises were set up in those periods.

Many families in Khan's neighbourhood, typical of the urban sprawl in the city of 21 million, have been hit by job losses and lower incomes in recent years. Young workers are particularly vulnerable.

Arshad Ali Ansari, a 22-year-old student, said he saw his brother and sister lose their jobs soon after the start of the pandemic.

Sitting in a single-room with a kitchen attached, where his family of eight lives, Ansari said they survive on his 60-year old father's earnings of about 20,000 rupees a month.

His brother, who was a graduate and had worked in a bank, lost his job during the pandemic and had to join their father in painting houses.

"My brother had education, he had experience," Ansari said.

His sister, once a social worker, also lost her job and has given up hope of finding one.

India will need to create 70 million new jobs over the next ten years, wrote Pranjul Bhandari, chief India economist at HSBC, in a note earlier this month. But only 24 million will likely be created, leaving behind "46 million missing jobs."

"From that lens, a growth rate of 6.5 per cent will solve a third of India's jobs problem," Bhandari wrote.

Policy coordination to yield

FROM PAGE B1

"Thus, without stabilisation of the external balances, it will be difficult to tame the price spiral."

However, a number of tariff rationalisation measures may alleviate the situation a bit.

For example, as the government tries to rationalise the subsidisation of energy prices, it may also reduce the taxes at source for liquid fuels. This may moderate the price pressure coming from the cost of energy inputs.

A former ambassador and permanent representative of Bangladesh to the World Trade Organisation and the United Nations, Bhattacharya said the revenue collection target for the elapsing fiscal year will be missed by a large margin.

About two-thirds of the collection by the National Board of Revenue (NBR) comes from indirect taxes, which took a hit due to control of public expenditure and imports. Further, collections from direct taxes were weaker than the indirect taxes uptake.

On the other hand, the implementation of the annual development programme witnessed the lowest delivery rate of the last 10 years in the July-March period of 2022-23, partly due to the imposition of expenditure restraint predicated by, among others, both local and foreign currency shortages.

Given the below-average revenue collection and public expenditure performance, the fiscal deficit is going to increase by about 1 per cent of the GDP in FY23.

"One may recall that the fiscal targets for FY23 had been less ambitious than those of the pre-Covid years. Yet these restrained fiscal targets would remain far from the designated finishing line. In fact, the revenue performance remains much lower than the potential for mobilisation as projected by the provisional GDP growth estimate," said Bhattacharya.

Nonetheless, he thinks, it must be recognised that the fiscal situation could have been worse if the expenditure and import controls were not introduced.

Arguably, this was driven by the serious deterioration of the balance of payments, current account and even the financial account. Otherwise, the fast-depleting foreign exchange reserve would have been in a worse situation.

He pointed out inadequate policies when it comes to addressing inequality and making economic development inclusive.

The latest Household Income and Expenditure Survey indicated that Bangladesh is increasingly becoming a deeply unequal society. This is true in terms of assets, income and consumption inequalities. Unfortunately, the fiscal policy played little role in preventing such a situation.

The tax-GDP ratio in Bangladesh remains one of the lowest in the world. The incremental revenue collection comes from indirect sources such as VAT, which is not mean-tested.

While the effort to broaden the tax net through improved income tax collections is in the right direction, such efforts essentially overlook taxing land and other assets, the economist said.

"Bangladesh needs to strengthen its collections from property taxes. It has to think of introducing a reasonable inheritance tax and rationalise gift tax."

However, increasing tax uptake can't be considered in isolation from improving the quality of government expenditures.

"To motivate taxpayers, we need to demonstrate that public services such as health, education, social welfare, and public safety are addressing the citizens' concerns. Making the tax system fair, just and transparent would also require radical reform of the tax administration."

Bhattacharya says he was not sure to what extent the upcoming budget can deal with the policy challenges, particularly in the wake of an electoral transition.

"Anyway, accumulated problems emanating from unattended reforms can be hardly addressed in a single annual budget framework."

Agri output up for higher budget

FROM PAGE B1

"A corporate tax cut could also be an incentive for export. This may encourage foreign investors to invest in Bangladesh," he said.

"Time has come to offer an investment-friendly budget to create jobs and reduce the ongoing economic downturns and encourage people to invest extensively," he said.

Reduction of source tax on supply of raw materials to four per cent from seven per cent in the previous year enabled companies to reduce costs. Otherwise, prices would have increased further, he added.

Imposition of a 20 per cent regulatory duty on imported fruits, biscuits and cosmetics has been beneficial for local industries too. "We have seen the result instantly. People are consuming more locally produced fruits and bakery products," he said.

However, there have been some negative effects of tax measures in the current fiscal year, he said.

Imposition of a 5 per cent value added tax (VAT) on locally made refrigerators was a disincentive for the domestic manufacturers. It is affecting the advancement of the sector, he said.

Looking forward, Chowdhury urged the tax authority to withdraw an existing 2 per cent tax deduction at source on supply of all crops. He also demanded slashing the same on supply of raw materials.

Pran said it has over 100,000 contract farmers across the country.

The group, which exported $532 million-worth foods and other items in fiscal year 2021-22, also had some suggestions for facilitating exports.

Chowdhury urged the National Board of Revenue (NBR) to provide bonded warehouse benefits, meaning the opportunity of duty-free import of raw materials to make export items, at any place in the country.

He also demanded easing rules regarding import of raw materials under the bonded warehouse privilege for exporters.

Bazlu Mollah and his wife Runu Begum spread out sesame plants to dry out in the sun before they are threshed to separate the seeds. There are two cultivation periods, with the first one starting with planting running from early February to mid-March and harvests from early May to mid-June. Some 32,434 tonnes of the seed were produced on 85,747 acres of land in the country, according to the Bangladesh Bureau of Statistics. The photo was taken at Shahebganj in Barishal's Bakerganj upazila recently. PHOTO: TITU DAS

Most mobile data users want fixed floor price, fewer packages

According to BTRC survey

STAR BUSINESS REPORT

Setting a fixed floor price for data, decreasing the number of packages and providing flexible plans that carry forward are priority demands of mobile internet users in Bangladesh, according to a survey.

The survey, conducted by the Bangladesh Telecommunication Regulatory Commission (BTRC), found that 54.9 per cent of participants want mobile operators to provide a maximum of 40 to 45 data plans, down from 95 packages at present.

The remaining 23.2 per cent and 14 per cent said the number of packages should be around 71 to 85 and 51 to 60 respectively.

Brigadier General Md Nasim Parvez, director general of the systems and services division of the BTRC, presented the results of the online survey at a view exchange meeting with mobile data customers at the BTRC office in Dhaka yesterday.

The BTRC hosted the meeting with mobile internet users to get their opinion about the BTRC's initiative of fixing logical prices for mobile internet as well as bringing down the number of packages.

Among the 549 participants, 49.5 per cent were students, 29.1 per cent were employees, 9.5 per cent were businessmen, and 6 per cent were from other professions.

About 87.8 per cent of respondents said that if they purchase any package within the validity period of another package, unused data should be added to the new plan.

Currently, data only gets carried forward if a customer purchases a similar data package before the initial one expires.

During the view exchange meeting, mobile internet users also urged for better quality services.

> **The unlimited data service does not actually protect the interests of the customer, rather quality telecommunication service needs to be ensured.**
>
> **Abu Saeed Khan**
> A senior policy fellow at LIRNEasia

Abu Saeed Khan, a senior policy fellow at LIRNEasia, said the unlimited data service does not actually protect the interests of the customer, rather quality telecommunication service needs to be ensured.

There is a need to move away from price fixing in the telecom sector and address inconsistencies in supply lines, he added.

He also said the number of packages should be decided by the operators themselves but as a regulator, the BTRC should aim to ensure that customers are not cheated in any way.

Shahed Alam, head of regulatory affairs at Robi Axiata, said mobile network operators design their packages as per the demand of customers and that is why it sometimes seems to be too much.

So, the number of packages is not important, rather ensuring more options for customers is important, he added.

Alam went on to say that if a customer buys a data package of Tk 100, out of which Tk 54 goes to the government coffer, Tk 22-28 has to be paid to various licensees related to the service and the remaining Tk 22 remains with the operator.

Md Mohiuddin Ahmed, vice chairman of the BTRC, said the commission would take a rational decision in this regard after thoroughly reviewing customers' opinions.

Meheriar M Hasan becomes Brac Bank chairman

STAR BUSINESS DESK

Meheriar M Hasan, a nominated director of the Brac Bank Board, has been elected as the chairman of Brac Bank Limited, effective from Tuesday.

Hasan succeeded economist Ahsan H Mansur, an independent director who retired from his roles as chairman and member of the bank's board of directors upon completion of a six-year term as independent director.

He joined the Brac Bank's board as a nominated director in November 2020, said a press release.

Hasan is the founder of Terafina Inc, a prominent provider of digital omnichannel sales solutions in the financial services industry.

He previously served Wells Fargo as the executive vice-president and as the head of direct to consumer, spearheading the bank's digital transformation journey and leading the design and implementation of digital sales and service channels.

He also designed, built and operated the digital banking business for the US bank.

In addition to his current position on the Brac Bank Board, he is also serving as a board member of bKash.

He provided his expertise as a senior adviser to McKinsey from 2012 to 2014 and taught at the University of Southern California, Marshall School of Business from 2006 to 2008.

Hasan holds a master of science in finance, a master of arts in economics and a bachelor of arts in economics with a minor in mathematics from the University of Arizona.

Grameen Uniqlo shuts down ahead of schedule

STAR BUSINESS REPORT

Clothing brand Grameen Uniqlo yesterday shut down all their 10 outlets in Bangladesh, including eight in Dhaka, ahead of their June 18 scheduled closure due to "stock unavailability".

"We regret to inform you that all our stores must close permanently on May 30 due to stock unavailability," said the website of the brand, a joint venture of Japanese multinational retail company Fast Retailing Company Ltd and Grameen Healthcare Trust.

"Though we previously announced stores would close on June 18, we experienced overwhelming support over our clearance sale campaign. All stock at all stores has now been sold out, ahead of our previously-announced date," it said.

The company opened in 2010 "with the aim of responding to social issues such as poverty, health and education in Bangladesh through a clothing business".

Lifting of mandatory fumigation of US cotton to boost trade

BGMEA president says

STAR BUSINESS REPORT

The lifting of the rule of mandatory fumigation of US cotton by Bangladesh has created a huge bilateral trade opportunity, said Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"Now the US cotton can be imported by Bangladeshi importers without fumigation. It will reduce time, hassle and cost of doing business of the importer in case of bringing in US cotton," Hassan said today.

The BGMEA president made the comments in a meeting with William R Bettendorf, director for supply chain marketing and South Asia of the Cotton USA, a body responsible for the development of the US cotton industry; Stephanie Thiers-Ratcliffe, director for European brands and retailers, and Ali Arsalan, Bangladesh consultant.

BGMEA Director Tanvir Ahmed was also present at the meeting held at BGMEA Complex in Dhaka, the garment makers' platform said in a statement.

The American importers would be able to purchase more clothing items from Bangladesh if the Biden administration allows duty-free access of garments made from cotton imported from the US, Hassan said.

He sought Cotton USA's cooperation in this matter and said the lifting of the mandatory fumigation would benefit both Bangladeshi garment exporters and US cotton growers and create a win-win situation.

He informed the Cotton USA's team about BGMEA's initiative to organise Bangladesh Apparel Summit in the USA in October 2023 and requested them to extend support to Bangladesh by inviting US cotton exporters and apparel buyers to the summit.

Bangladesh is the second largest cotton-importing country in the world as the nation's garment makers meet 98 per cent of their cotton demand through imports.

US consumer confidence slips on job concerns: survey

AFP, *Washington*

US consumer confidence slipped again in May, dragged down by a decline in how people perceive the job market, says a survey released Tuesday.

The slight fall in consumer confidence will provide the Federal Reserve with a useful data point on how consumers view the economy as it mulls raising interest rates again in order to control rising prices.

"Consumer confidence declined in May as consumers' view of current conditions became somewhat less upbeat while their expectations remained gloomy," the Conference Board's senior economics director Ataman Ozyildirim said in a statement.

The consumer confidence index fell in May to 102.3, down from a revised 103.7 in April, according to the Conference Board.

This was slightly above the median forecast in a MarketWatch survey of economists.

"Their assessment of current employment conditions saw the most significant deterioration," Ozyildirim said, adding that the proportion of consumers reporting jobs are "plentiful" fell sharply in May.

"Consumers also became more downbeat about future business conditions," he added.

The most notable decline in consumer confidence came from consumers over 55 years of age, according to the Conference Board.

Despite consumers' concerns about the health of the job market, the US economy added more than 250,000 jobs last month, and the unemployment rate fell to a low last seen in the 1960s.

Futures traders now assign a greater-than 60 per cent chance the US central bank will vote to do raise its benchmark lending rate by a quarter percentage point at its next meeting on June 13-14, according to data from CME Group.

The US Federal Reserve has been hiking interest rates aggressively since last year as it looks to suppress demand and bring inflation back down to its long-run target of two percent.

Contain inflation, be business

FROM PAGE B1

Islam suggested facilitating export-oriented sectors so that they can easily open LCs to import industrial raw materials.

The MCCI chief called for slashing the source tax to 0.50 per cent from 1 per cent now.

Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry, thinks the government should reduce corporate tax further and expand the tax net.

"A quota of US dollars needs to be set aside for the import of basic commodities."

The harassment businesses face at the hands of VAT officials needs to be eliminated, said Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association.

"The budget should be business-friendly and there should be policy support and incentives for the backward linkage industry in the textile sector."

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, also called for setting the source tax at 0.50 per cent for five years.

A 10 per cent incentive should be given on the shipment of garment items made from manmade fibres while all taxes and duties levied on the import of solar panels and on the use of recycled products should be withdrawn, he said.

"The government should take measures to help workers retain jobs."

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, demanded the withdrawal of the 10 per cent tax imposed on the incentives received against export receipts.

He suggested removing the 30 per cent taxes realised against the payments sub-contractors receive since most small factories are engaged in such work.

FY23: A year of price shocks

FROM PAGE B1

Price hikes have trumped their monthly salaries following the increase in fuel prices, pushing up commodity prices, transport cost, medical expenses, and education expenditures.

Over the past year, the prices of various import based essential commodities, such as edible oil, have declined but neither Jitu nor any other consumer in Bangladesh could see its impact in the local market.

This is because importers did not cut their prices on account of the higher import cost amid the US dollar shortage, and higher production costs for the hike in petroleum and gas prices by government agencies.

However, market stakeholders blamed anomalies in the supply chain.

In its latest analysis, the Centre for Policy Dialogue said high prices are not a fully external phenomenon.

The lack of a competitive environment, market syndication, absence of necessary monitoring and lax enforcement of existing laws by concerned institutions are key factors in this connection, it said.

Over the last year, the prices of several essential commodities have declined marginally but the list of items registering higher prices is longer.

Data from the Trading Corporation of Bangladesh show that the prices of only rice, edible oil and lentils dropped in the last one year while the prices of most other essentials, such as onions, potatoes and eggs, soared in Dhaka.

The prices of fish, meat and vegetables fluctuate in kitchen markets. However, the price of chicken has been high throughout fiscal 2022-2023.

Besides, soap, toothpaste, cosmetics, tissues and other essential products have become costlier.

Mostafa Kamal, who works at a private company and lives in the Diabari area of the capital, said he has to reduce consumption of all daily essentials by 30 per cent.

"I even stopped participating in various social events. So, there is dissatisfaction in the family," he said.

"I already let go of my children's tutors to decrease my burden," Kamal added.

Altaf Hossain, a private company employee who lives in Khilgaon, said the price situation gives him anxiety.

"How will I manage the monthly cost? This fear keeps me awake at night," he added.

Sohan Hossain, a resident of Erulia Union of Bogura Sadar Upazila and a salesperson at a mobile handset selling firm, said his mother has been suffering from osteoarthritis for more than four years.

"The concern of how to manage the cost of her treatment haunts me consistently. When I am struggling to buy daily necessities, how can I bear the medical cost?" he added.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said as a result of inflation, people have cut back on spending on education, medical care and entertainment.

"This will cause negative complications in their lives in the future," he added.

Raihan went on to say the rising cost of living has worsened the standard of living of people on fixed incomes.

"The middle-income and fixed-income people are struggling owing to higher inflation," he said.

Envoy Textiles' AGM

FROM PAGE B1

On May 10 the company had proposed a 15 per cent cash dividend for shareholders and this was scheduled to be approved at the June 26 meeting.

The company's shareholders will have to wait for the litigation process to be completed to get the dividend, said a top DSE official.

Becoming a public limited company in 2012 on starting commercial operations in 2008, the thread, fabric and garment maker has a paid-up capital of Tk 167 crore and a reserve of Tk 354 crore.

Its stock price remained the same at Tk 43.90 on the DSE yesterday.

Guidelines for NBFIs to step up fight against money laundering

STAR BUSINESS REPORT

The Bangladesh Financial Intelligence Unit (BFIU) yesterday issued guidelines for non-bank financial institutions (NBFIs) to tackle money laundering and terrorist financing and asked them to draw up separate regulations.

Each NBFI will have to set up a central compliance unit comprising top officials and appoint a chief anti-money laundering compliance officer, whose position will not be below three posts of the managing director.

Officials with at least seven years of experience of working either at an NBFI or a bank could be considered for the job.

Each branch of a non-bank will have to appoint a branch anti-money laundering compliance officer (BAMLCO), according to the guidelines of the BFIU, the national body dedicated to monitoring and tackling money laundering and terrorist financing in Bangladesh.

The BAMLCO will arrange a meeting with other officials of a branch every three months and monitor suspicious transactions. NBFIs will have to select clients with utmost caution.

No clients will be allowed to open accounts anonymously and NBFIs will have to collect detailed information about each customer. If a suspicious transaction is settled in any branch of an NBFI, the BAMLCO will have to inform the BFIU.

Currently, there are 35 NBFIs in Bangladesh. Of them, two are fully government-owned, one is the subsidiary of a state-run commercial bank, 19 were initiated by private domestic initiative, and 13 were initiated by joint venture initiative.

The value addition is 60 per cent when local yarn and fabrics are used while it is 30 per cent for imported textile, according to local millers.

PHOTO: STAR/FILE

Buy yarn, fabrics from local mills

BTMA urges garment exporters

STAR BUSINESS REPORT

Textile millers in Bangladesh yesterday urged woven and knitwear exporters to buy a portion of their required yarn and fabrics from local markets so that they can overcome the current crisis situation and help save the country's foreign reserve.

The value addition is 60 per cent when local yarn and fabrics are used while it is 30 per cent for imported textile, according to local millers.

And with work orders from international retailers and brands having fallen by nearly 30 per cent, garment makers and exporters are still mainly using imported yarn and fabric.

As a result, the stockpiling of unsold yarn and fabric at local mills has been growing rapidly, pushing the $23 billion primary textile sector under threat.

Most of the yarn and fabrics for export-oriented garment factories in the country come from India and Pakistan, said Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA).

He was speaking at a press conference arranged by the BTMA at its office in Dhaka yesterday.

The BTMA held the press conference to explain the current crisis situation of the textile sector stemming from the US dollar crisis, gas crisis and stockpiling of unsold yarn at the mills.

Local weavers and knitters imported 2.75 lakh tonnes of yarn worth Tk 10,616 crore in the January-April period of the current calendar year.

During the same period of 2022, they imported 4.60 tonnes of yarn worth Tk 17,436 crore, as per BTMA data.

Khorshed Alam, chairman of Little Group, said he already shut down one of his units as sales have dropped due to the availability of illegally imported yarn and garment items from India and Pakistan.

Meanwhile, he is running another unit at only 30 per cent capacity because of low gas pressure.

"The millers are not getting gas with adequate pressure even though the government doubled the gas price last year," he added.

BTMA President Khokon also demanded the government increase the limit of funds available from the Export Development Fund (EDF) for each borrower as many are struggling to maintain their business amid the US dollar shortage.

At present, each borrower can avail $20 million from the EDF while it was $30million during the Covid-19 pandemic.

Besides, the National Board of Revenue should keep conducting frequent drives in areas like Narayanganj, Araihazar, Rupganj, Madhabdi, Baburhaat, Narsingdi, Belkuchi and Sirajganj, where illegally imported yarn is sold at cheaper rates.

The cost of production at textile mills has increased by a maximum of Tk 40 per kilogramme of yarn due to the gas price hike and US dollar shortage.

At the same time, millers are having to operate at 40 to 50 per cent capacity due to low gas pressure.

Khokon went on to say that because of the flood of garment items from Pakistan, the country's $3 billion market for women's apparel is now in trouble.

Most Pakistani garment items are imported through online orders though social media platforms such as Facebook, he said.

This deprives the government of huge sums of revenue as a section of traders are importing Pakistani garment items without paying the customs duty while violating other rules, Khokon added.

Stocks return to black

Turnover, however, fell by 16%

STAR BUSINESS REPORT

Key indices with the Dhaka Stock Exchange (DSE) returned to the black yesterday just after falling for a single session the previous day.

The DSEX, the benchmark index of the DSE, rose 13 points, or 0.20 per cent, to 6,345.

The DS30, the blue-chip index, advanced 0.18 per cent to 2,202 and the DSES, the shariah-compliant index, up 0.43 per cent to 1,375. However, turnover, an important indicator of the market, declined 16 per cent from the previous day to hit Tk 976 crore.

Of the traded securities, 93 advanced, 86 declined and 195 did not show any price movement.

Alif Industries increased mostly by gaining 9.98 per cent followed by Meghna Pet Industries that rose 9.97 per cent, Legacy Footwear 9.95 per cent, Navana Pharmaceuticals 9.93 per cent and Imam Button 9.92 per cent.

Trust Bank topped the list of losers by shedding more than 9.16 per cent. Desh General Insurance, Agrani Insurance, Dhaka Insurance, and Continental Insurance suffered substantial losses as well.

Lafarge-Holcim Bangladesh was the most-traded stock on the day with its shares worth Tk 46 crore transacted. Stocks of Intraco Refueling Station, Navana Pharmaceuticals, Unique Hotel, and Rupali Life Insurance also traded significantly.

The stocks on the Chittagong Stock Exchange also rose yesterday. The Caspi, the all-share price index of the bourse in the port city, rose 39 points, or 0.21 per cent to close at 18,721.

Of the issues, 72 rose, 59 retreated and 108 did not see any price movement. The Chattogram bourse's turnover, however, edged up 14 per cent to Tk 16.16 crore from the previous day's Tk 14.15 crore.

UK shop price inflation strikes new record high

REUTERS, *London*

British shop price inflation picked up this month to reach its highest rate since industry records began in 2005, although growth in food prices cooled slightly, a survey showed on Tuesday.

The British Retail Consortium said prices in supermarkets and retail chains rose 9.0 per cent in the year to May, after an 8.8 per cent increase in April.

Food price inflation as measured by the BRC slowed, however, to 15.4 per cent from 15.7 per cent.

"While overall shop price inflation rose slightly in May, households will welcome food inflation beginning to fall," said BRC chief executive Helen Dickinson. "The slow in (food) inflation was largely driven by lower energy and commodity costs starting to filter through to lower prices of some staples including butter, milk, fruit and fish," she added.

The figures follow official data last week that showed annual consumer price inflation - which includes services and non-shop goods like energy - slowed in April, but by less than expected, to 8.7 per cent from 10.1 per cent.

Official food price inflation, which earlier this year rose to its highest rate since 1977, slowed only marginally to 19.1 per cent from 19.2 per cent.

"While there is reason to believe that food inflation might be peaking, it is vital that government does not hamper this early progress by piling more costs onto retailers and forcing up the cost of goods even further," Dickinson said.

"The biggest risk comes from policies such as the incoming border checks and reforms to packaging recycling fees."

The BRC data was based on prices collected between May 1 and May 7.

Indian rupee drops

REUTERS, *Mumbai*

The Indian rupee inched lower on Tuesday, tracking the Chinese yuan-led decline on most Asian currencies, although losses were capped by portfolio inflows.

The rupee was at 82.68 to the US dollar by 10:46 am IST, compared to 82.6250 on Monday. It had opened at 82.65 and has been in a near-4 paisa range so far.

Oil price falls 2% on debt deal struggles

REUTERS, *London*

Oil fell by nearly 2 per cent on Tuesday as concerns about the US debt ceiling pact cooled the market's risk-on sentiment and mixed messages from major producers clouded the supply outlook ahead of their meeting this weekend.

Brent crude futures fell $1.36, or 1.8 per cent, to $75.71 a barrel by 0859 GMT. US West Texas Intermediate (WTI) crude was down $1.19, or 1.6 per cent, from Friday's close, to $71.48 a barrel. There was no settlement on Monday because of a US public holiday.

Some hard-right Republican lawmakers said on Monday they might oppose a deal that would raise the debt ceiling in the US, the world's biggest oil user, while Democratic President Joe Biden and Republican House of Representatives Speaker Kevin McCarthy remained optimistic the deal would pass.

Biden and McCarthy forged an agreement over the weekend and it must pass a divided US Congress before June 5, the day the Treasury Department says the country will not be able to meet its financial obligations, which could disrupt financial markets.

"A potential default would have catastrophic economic repercussions domestically as well as globally, which would have an adverse impact on oil demand," PVM Oil's Tamas Varga said.

The debt deadline nearly coincides with the June 4 meeting of the Organization of the Petroleum Exporting Countries (Opec) and allies including Russia, known as Opec+, and the uncertainty over whether they will increase their output cuts amid a recent slump in prices is also weighing on the market. Saudi Arabian Energy Minister Abdulaziz bin Salman last week warned short-sellers betting that oil prices will fall to "watch out" in a possible signal that Opec+ may cut output.

India's lack of jobs threatens its young

REUTERS, *Mumbai*

On a hot summer afternoon, 23-year old Nizamudin Abdul Rahim Khan is playing cricket on a muddy, unpaved road in the Rafiq Nagar slum in India's financial capital, Mumbai.

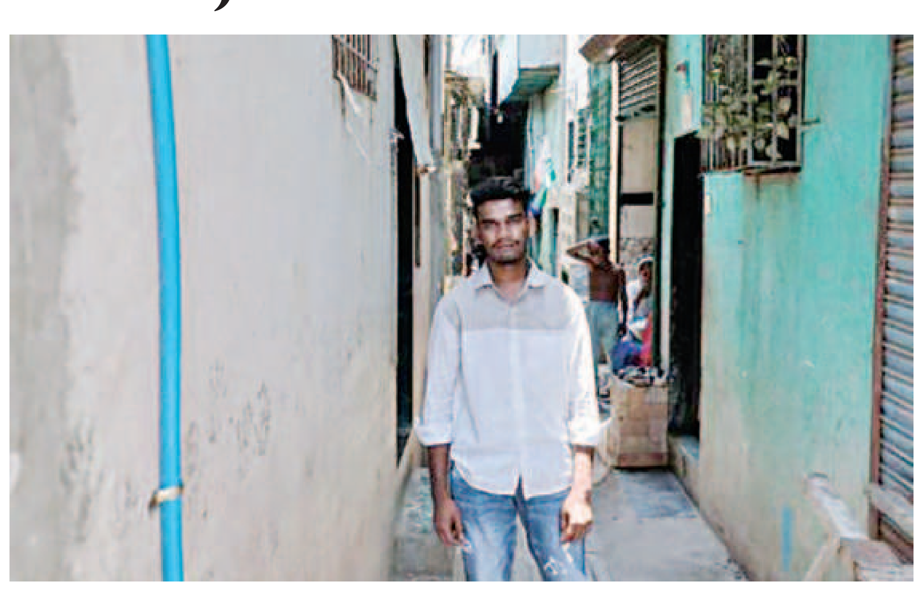
Here, there is scant evidence of India's fast-growing economy. Bordering what was once Asia largest garbage dumping ground, Rafiq Nagar and surrounding areas are home to an estimated 800,000 people, most living in tiny rooms across narrow, dark alleys.

The young men and women in the area struggle to find jobs or work, and they mostly dawdle the day away, said Naseem Jafar Ali, who works with an NGO in the area.

India's urban unemployment soared during the Covid-19 pandemic, reaching a high of 20.9 per cent in the April-June 2020 quarter, while wages fell. While the unemployment rate has fallen since, fewer full-time jobs are available.

Economists say more and more job-seekers, especially the young, are looking for low-paid casual work or falling back on unreliable self-employment, even though the broader Indian economy is seen growing at a world-beating 6.5 per cent in the financial year ending in March 2024.

India is overtaking China to become the world's most populous nation with over 1.4 billion people. Nearly 53 per cent of them are under 30, its much-touted demographic dividend, but without jobs, tens of millions of young people are becoming a drag on the economy.



Nizamudin Abdul Rahim Khan, a worker, poses for a photograph in an alley at a slum area in Mumbai, India on May 20.

PHOTO: REUTERS

"Unemployment is only the tip of the iceberg. What remains hidden beneath is the serious crisis of underemployment and disguised unemployment," said Radhika Kapoor, fellow at economic research agency ICRIER.

Khan for instance, offers himself as casual labour for home repairs or construction, earning just about 10,000 Indian rupees ($122) a month to help support his father and his four sisters. "If I get a permanent job, then there will be no problem," he says.

The risk for India is a vicious cycle for the economy. Falling employment and earnings undermine India's chances to fuel the economic growth needed to create jobs for its young and growing population.

Economist Jayati Ghosh calls the country's demographic dividend "a ticking time-bomb."

"The fact that we have so many people who have been educated, have spent a lot of their own or family's money but are not being able to find the jobs they need, that's horrifying," she said.

"It's not just the question of potential loss to the economy...it is a lost generation."

Unemployment is far more acute in India's cities, where the cost of living is high and there is no back-up in the form of a jobs guarantee programme which the government offers in rural areas. Still many in the army of rural unemployed flock to the cities to find jobs.

While urban unemployment was at 6.8 per cent in the January-March quarter, the share of urban workers with full-time jobs has declined to 48.9 per cent as of December 2022 from an already low 50.5 per cent just before the start of the pandemic, government data shows.

This means that of the estimated urban workforce of about 150 million, only 73 million have full-time jobs.

For people in urban areas with full time jobs, average monthly wages, adjusted for inflation, stood at 17,507 rupees ($212) in the April-June 2022 quarter - the latest period for which government data is available.

READ MORE ON B2