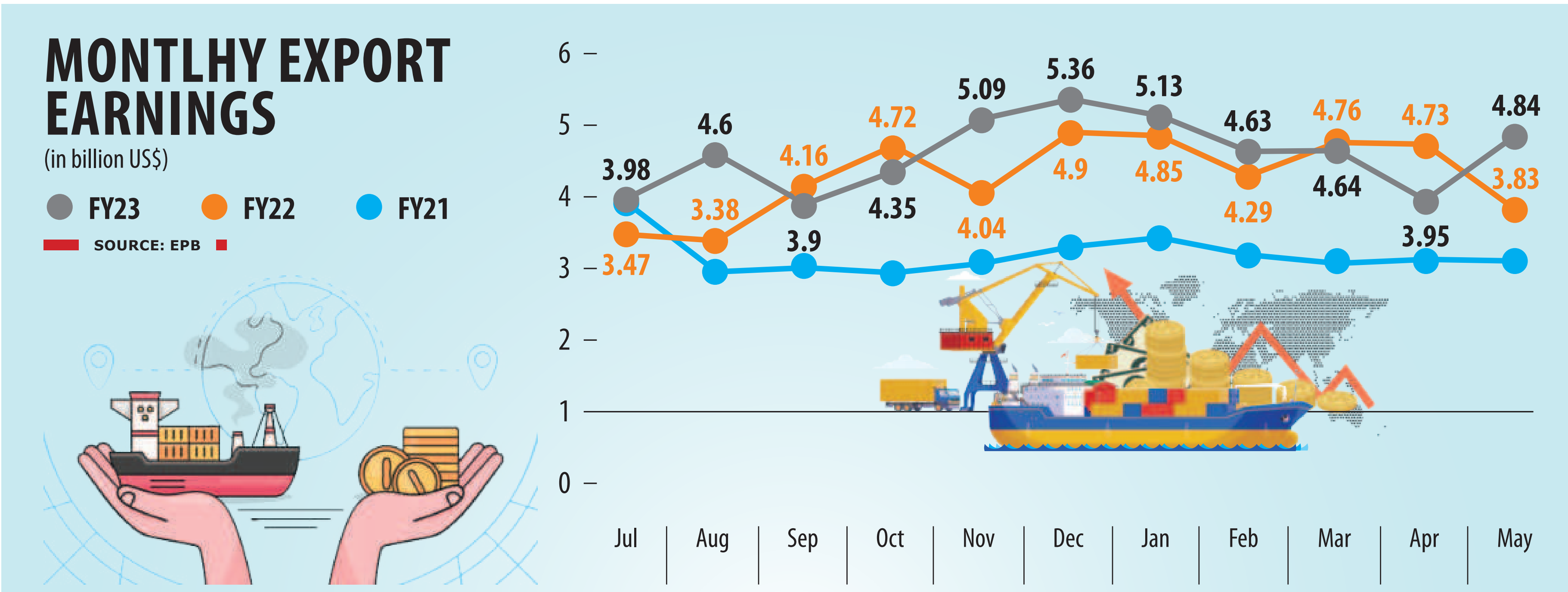
DHAKA MONDAY JUNE 5, 2023, JAISHTHA 22, 1430 BS ● starbusiness@thedailystar.net

Star BUSINESS



Export rebound in May provides some relief

Receipts cross $50 billion

STAR BUSINESS REPORT

Bangladesh's exports bounced back in May after declining in the preceding two months riding on increased shipment of garments, the main export earning sector, according to data released by the Export Promotion Bureau (EPB) yesterday.

Exporters shipped $4.84 billion worth of goods in May, up 26.6 per cent year-on-year. It was $3.83 billion in the same month a year ago.

Overall exports in the July-May period of the fiscal year of 2022-23 soared 7.1 per cent year-on-year to $50.5 billion with the major export earning sectors, excluding garments, registering a decline.

The data of recovery in export receipts provides relief at a time when Bangladesh's foreign exchange reserves are gradually falling as combined receipts from exports and remittance fall short of the requirement to pay import bills, although overall imports have declined.

In May, remittance inflow declined 10 per cent. And in the first 11 months of FY23, it rose 1.13 per cent to $19.19 billion, according to Bangladesh Bank data released last week.

EPB data showed that garment exports grew 10.67 per cent year-on-year to $42.6 billion in the 11 months to May.

In May, garment exporters fetched $4.05 billion, which was 28 per cent higher year-on-year, according to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Factories were able to run on 20 days in May last year because of Ramadan and the Eid-ul-Fitr festival, said Md Shahidullah Azim, vice-president of the BGMEA.

"Last month there was no such occasion. Besides, a section of exporters deferred their shipments to May as there were Eid holidays in April," he said, explaining the reasons for the export growth.

Compared to April, export receipts grew 13 per cent in May.

READ MORE ON B3

Extended contractionary monetary policy might be needed: BB

AKM ZAMIR UDDIN

The stubbornly high inflation has raised concerns that inflation expectations would become unanchored, meaning inflation will get much worse, which may necessitate an extended period of contractionary monetary policy, said Bangladesh Bank.

Therefore, the central bank needs to proactively exercise caution and vigilance to anchor inflation expectations and limit the second-round effects of inflation, the BB said in its monetary policy review of 2022-23 published on June 1.

Inflation expectations are what people believe inflation would be in the future. These expectations about future inflation matter because they affect people's behaviour.

The primary purpose of a contractionary monetary policy is to make it harder for companies and consumers to borrow and spend money and, in turn, halt inflation. The BB has been following a contractionary monetary policy in recent months.

Inflation in Bangladesh fell slightly to 9.24 per cent in April from a seven-month high of 9.33 per cent in March. In August, it escalated to a decade high of 9.52 per cent.

The central bank unveiled the review when it is set to disclose the monetary policy statement on June 18 for the upcoming fiscal year.

Inflation in Bangladesh fell slightly to 9.24 per cent in April from a seven-month high of 9.33 per cent in March. In August, it escalated to a decade high of 9.52 per cent.

In the latter part of FY22, the Bangladesh economy encountered several challenges, including a rise in inflation, an expanding current account deficit and mounting pressure on exchange rates, said the review.

After a strong rebound from the shock of the Covid-19 pandemic with real GDP growth rates of 6.94 per cent and 7.10 per cent in FY21 and FY22 respectively, the Bangladesh economy faced challenges due to growing global economic uncertainties.

The challenges stemmed from the war in Ukraine, intense pressure on the balance of payments, sharp depreciation of the exchange rate, rationing of electricity supply, and upward revision of fuel and energy prices in the domestic market.

Despite declining global commodity prices, the sharp depreciation of the local currency

READ MORE ON B3

National BUDGET FY2023-24

Rise in clinker duty a burden on consumers

LafargeHolcim CEO tells in an interview with The Daily Star

JAGARAN CHAKMA

The increase of duty on the import of cement clinker by Tk 200 per tonne will have an adverse impact on the cost of production and put a burden on consumers, said Mohammad Iqbal Chowdhury, chief executive officer of LafargeHolcim Bangladesh Limited.

He made the comments during an interview with The Daily Star yesterday on the issues pertaining to the cement sector in the budget for the fiscal year of 2023-24.

READ MORE ON B2

Budget inconsistent with Smart Bangladesh vision

Say ICT trade bodies

STAR BUSINESS REPORT

ICT trade bodies yesterday termed the proposed budget inconsistent with the government's Smart Bangladesh vision, demanding withdrawal of VAT on software development and import duty on crucial software.

They said the budget for fiscal year 2023-24 did not reflect the proposals of the information and communications technology (ICT) sector.

They expressed their views at a press conference over the budget at the Bangladesh Association of Software and Information Services (BASIS) in Dhaka.

"Import duty on operating systems, database security software and development tools has been increased from 5 per cent to 25 per cent," said BASIS President Russell T Ahmed.

"...and a 5 per cent VAT on software has been proposed which is incompatible with the Smart Bangladesh goal."

"Those types of (crucial) software are developed by some global players and these are the raw materials for our local software development."

According to Ahmed, the changes will increase the cost of software development, hindering the growth of the sector, which is the nucleus of ICT development of a country.

He urged the prime minister to direct the revenue authority to withdraw the changes.

"Smart Bangladesh means that every sector will be smart. The education, health, agriculture, energy and all other sectors will be smart."

But increasing the import duty and imposing the VAT will increase the price of software which is inconsistent with the objective of implementing Smart Bangladesh, he added.

The BASIS had made specific and logical proposals such as extending corporate tax exemption for this sector till 2030 and withdrawing VAT on software and information technology enabled services (ITES).

The BASIS had also urged increasing cash incentives on software and IT services exports from 10 per cent to 20 per cent.

"I had proposed to give special incentives to local purchase of local software to develop the domestic software industry. But none of them were considered," Ahmed said.

Abrupt policy changes are hampering growth of the ICT sector and dampening the investors morale, said Wahid Sharif, president of the Bangladesh Association of Contact Center & Outsourcing.

"As result of the 25 per cent import duty on necessary software, the cost of services in this industry will increase and will have a negative impact on the international market. Bangladesh's ICT sector will lose competitiveness in the international market."

Thanks to the existing corporate tax exemption, employment in this industry has grown from just 300 in 2009 to more than 70,000 people today, he said.

In the budget proposal, the request to extend the period of

READ MORE ON B3

STOCKS

DSEX ▲	CASPI ▲
0.16%	0.17%
6,366.13	18,788.48

COMMODITIES (AS OF FRIDAY)

Gold ▼	Oil ▲
$1,948.19 (per ounce)	$71.87 (per barrel)

ASIAN MARKETS (FRIDAY CLOSINGS)

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.19%	▲ 1.21%	▲ 0.24%	▲ 0.79%
62,547.11	31,524.22	3,166.30	3,230.07

PHOTO: AHMED HUMAYUN KABIR TOPU

Although onion harvests are in full swing, a dearth in supply of the local variety has driven prices of the bulb. To address the situation, the government yesterday informed that it would allow imports considering the sufferings of lower-income groups. Here, piles of onions are seen being sold at Pushpopara haat in Pabna.

Govt allows onion imports to tame price spiral

SUKANTA HALDER *and* AHMED HUMAYUN KABIR TOPU

The government yesterday announced that it would allow onion imports to reduce the suffering of lower-income groups amid ongoing inflationary pressure, according to an official of the agriculture ministry.

The decision comes as prices of the bulb have soared abnormally due to stockpiling among a

READ MORE ON B2

Bank Asia, GP sign deal to accelerate financial inclusion

STAR BUSINESS DESK

Bank Asia Limited has signed an agreement with Grameenphone to appoint the retailers of the mobile phone operator as the bank's micro-merchants with a view to taking banking services to the doorsteps of grassroot people and strengthening its financial inclusion drive to help Bangladesh become a cashless economy.

Ziaul Hasan, deputy managing director of the bank, and Rasheda Sultana, deputy director and head of financial services at Grameenphone, inked the deal at the Bank Asia Tower in Karwan Bazar, Dhaka recently, said a press release.

Adil Chowdhury, president and managing director of Bank Asia, was present at the signing programme, where Shafiuzzaman and ANM Mahfuz, additional managing directors, and Md Sazzad Hossain, deputy managing director, were present.

Among others, Md Najmul Ahasan Prince, deputy general manager for financial services at the telecom operator, Fazle Abed, a lead specialist for financial services, and Mohammad Rezwan Ullah, head of financial regulations and strategic relations treasury, were also present.

PHOTO: BANK ASIA

Ziaul Hasan, deputy managing director of Bank Asia, and Rasheda Sultana, deputy director and head of financial services at Grameenphone, inked an agreement on financial inclusion at Bank Asia Tower in Karwan Bazar, Dhaka recently. Adil Chowdhury, president and managing director of the bank, was present.

4th GTB 2023 begins in Chattogram Jun 8

STAR BUSINESS DESK

The 4th GTB 2023, an international trade show on garment machinery and allied products, will resume at GEC Convention Hall in Chattogram's GEC More on June 8 after a gap of a few years due to disruptions caused by the Covid-19 pandemic.

The three-day show will remain open from 11:00am to 7:00pm, where the entry will be free for all business visitors, said a press release.

The show will have the latest in technology by leading suppliers of machinery from across the world based on the vision of the organisers to "Bring the Global Technology to the Doorsteps of the Local Industry".

"The response to the current edition has been encouraging and we are sure it will be useful for the visitors comprising of garment manufacturers and exporters across various departments such as sourcing, merchandising, production, maintenance etc," said Tipu Sultan Bhuiyan, managing director of ASK Trade & Exhibitions and one of the organisers of the show.

Morshed Alam, chairman of Mercantile Bank, cuts a cake at the bank's head office in Dhaka yesterday, celebrating its 24th anniversary. Md Quamrul Islam Chowdhury, managing director of the bank, Mati Ul Hasan, additional managing director, and Tapash Chandra Paul, chief financial officer, were present. PHOTO: MERCANTILE BANK

Mercantile Bank launches global debit card service

STAR BUSINESS DESK

Mercantile Bank Limited yesterday launched a global debit card service for its customers.

Morshed Alam, chairman of the bank, inaugurated the service on the day when the bank celebrated the 24th anniversary of its operation in the banking sector of the country, said a press release. The MBL chairman highlighted the bank's significant achievements over the last years and underscored the future action plans.

"Mercantile Bank has strengthened its pioneer position by the concerted effort from the board of directors, management and the employees having faced the after effect of Covid-19 pandemic followed by the Ukraine-Russia war," he stated.

"The bank would reinforce its strength and intelligence to build an enriched banking ecosystem through technological upgradation for ensuring Smart Banking to construct Smart Bangladesh.

Md Quamrul Islam Chowdhury, managing director of the bank, Mati Ul Hasan, additional managing director, and Tapash Chandra Paul, chief financial officer, ASM Feroz Alam and Md Abdul Hannan, vice-chairmen, M Amanullah, chairman of risk management committee, MA Khan Belal, chairman of Mercantile Bank Securities, Akram Hossain (Humayun), Mosharref Hossain and Mohammad Abdul Awal, directors, and Shareholder Jalal Hossain Khan Mia, were present.

Mohammad Ali, managing director of Pubali Bank, cuts a ribbon to inaugurate its 501st branch at ECB Chattar of the Dhaka Cantonment area in the capital yesterday. Mohammad Esha, deputy managing director of the bank, and AS Sirajul Haque Chowdhury, Dilip Kumar Paul and Md Faizul Hoque Sharif, general managers, were present. PHOTO: PUBALI BANK

Thai AirAsia sales office in Banani launched

STAR BUSINESS REPORT

AirAsia Aviation Group Limited yesterday launched its Thai AirAsia sales office in Banani in the capital.

Bo Lingam, president (Aviation), Capital A and group chief executive officer of AirAsia Aviation Group, inaugurated the office, said a press release.

Paul Gerard Carroll, chief revenue and network of AirAsia, Harpreet Kaur, business analyst, and KM Mujibul Haque, chairman of TAS Group, were present.

Md Nazrul Islam Mazumder, chairman of Exim Bank, cuts a ribbon to inaugurate a sub-branch under head office corporate branch on the Gulshan-Tejgaon Link Road (Bir Uttam Mir Shawkat Ali Road) in the capital yesterday. Among others, Mohammad Feroz Hossain, Md Humayun Kabir and Shah Md Abdul Bari, additional managing directors, and Md Zoshim Uddin Bhuiyan and Maksuda Khanam, deputy managing directors, were present. PHOTO: EXIM BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY

	PRICE (JUN 4, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	2.27 ↑
Coarse rice (kg)	Tk 48-Tk 50	2.08 ↑	-2 ↓
Loose flour (kg)	Tk 52-Tk 58	-2.65 ↓	14.58 ↑
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 175-Tk 185	4.96 ↑	-3.23 ↓
Potato (kg)	Tk 36-Tk 40	16.92 ↑	76.74 ↑
Onion (kg)	Tk 90-Tk 100	80.95 ↑	153.33 ↑
Egg (4 pcs)	Tk 47-Tk 50	5.43 ↑	18.29 ↑

SOURCE: TCB

Emranul Huq, managing director of Dhaka Bank, and Md Mamun Rashid, managing director of PricewaterhouseCoopers (PwC) Bangladesh, exchanged signed documents of an agreement on quality assurance review of the internal audit functions at the bank's head office in Gulshan 1, Dhaka yesterday. PHOTO: DHAKA BANK

Opec+ holds difficult talks on cuts, quotas

REUTERS, *Vienna*

Opec and its allies met on Sunday to try to agree further cuts in production, sources told Reuters, as the group faces flagging oil prices and a looming supply glut.

The group, known as Opec+, delayed the start of formal talks by at least three and a half hours due to members' discussions on the sidelines of production baselines, from which cuts and quotas are calculated, sources said.

Opec's most influential members and biggest Gulf producers led by Saudi Arabia were trying to persuade under-producing African nations such as Nigeria and Angola to have more realistic output targets, sources said.

"Talks with African producers are proving to be difficult," one Opec+ source said. Gulf producer, the United Arab Emirates, was meanwhile seeking a higher baseline to reflect its growing production capacity, sources said. Opec+, which groups the Organization of the Petroleum Exporting Countries and allies led by Russia, pumps around 40 per cent of the world's crude, meaning its policy decisions can have a major impact on oil prices.

Four sources familiar with Opec+ discussions have told Reuters that additional production cuts were being discussed among options for Sunday's session.

Govt allows onion imports to tame price

FROM PAGE B1

section of traders and growers, the official said.

Onions are currently retailing for as much as Tk 100 per kilogramme (kg) in Dhaka, up 31 per cent from Tk 75 a week ago, shows data from the state-run Trading Corporation of Bangladesh (TCB).

Considering the recent spike in onion prices, the commerce ministry sent a letter to the agriculture ministry on May 14, urging the government to allow imports of the popular cooking ingredient.

Then at a press conference on May 21, Agriculture Minister Muhammad Abdur Razzaque said that onion prices should in no way exceed Tk 45 per kg.

Onion imports have remained halted since March 15 in a bid to ensure better prices for local producers.

But Commerce Minister Tipu Munshi yesterday said the government would permit onion imports considering the interests of consumers.

"Once the price comes down to about Tk 45 per kg, imports will be slowed again."

Traders say they are not getting onions as per the demand as a section of people are hoarding it to take advantage of the delay in clearing imports of the bulb, thereby making more profit.

Meher Uddin, a retailer in Karwan Bazar, one of the biggest kitchen markets in Dhaka, said the demand for Indian onion is high among restaurants.

However, there is no Indian onion in the market now, so the demand for local onions has increased, he added.

The price of onion was Tk 3,100 to Tk 3,200 per maund (37 kg) seven days ago but now, it is being sold for Tk 3,400 to Tk 3,600, said Mohammad Kalam Sheikh, a wholesale trader at Karwan Bazar.

In anticipation of onion imports, most leading wholesalers did not secure sufficient stock of the local variety. So, the sudden increase in demand has led to a dearth in supply.

"As demand has increased, the supply of onion came down in local wholesale markets. So, prices suddenly jumped," said Robiul Islam, an onion wholesaler of Pushpopara haat in Pabna, the country's biggest onion-producing district.

While Islam bought each maund of onion for Tk 2,600 to Tk 2,700 last Thursday, the prices have jumped by Tk 700 to Tk 800 within the last few days.

Onion farmers claim they have sufficient reserves and are waiting to see the market situation.

"As the onion price is soaring, we are happy to profit," said Md Kamruzzaman, a leading onion grower of Durgapur village in Pabna's Sujanagar upazila.

Kamruzzaman then informed that farmers like him did not get their expected profit for the last couple of years as they experienced huge losses in production as well as inadequate market prices.

He went on to say that most farmers have kept about half their harvests in storage this year and so, the current situation is favourable for them.

Jamal Uddin, deputy director of the Department of Agricultural Extension in Pabna, blamed supply manipulation by business syndicates for the abrupt price hike.

The onion market is unstable due to the creation of an artificial crisis in the market despite having sufficient stocks, he said.

Data from the commerce ministry shows that the annual demand for onion in Bangladesh is above 25 lakh tonnes at present.

This year, the agriculture ministry claimed that production is about 34 lakh tonnes.

An official of the ministry, seeking anonymity, said although there is sufficient local production, almost 25 per cent of the total yield is wasted each year due to the lack of storage facilities.

Rise in clinker duty a burden

FROM PAGE B1

At present, cement producers pay a duty of Tk 500 per tonne on the import of clinker whereas commercial importers pay Tk 750 per tonne.

The budget proposed to increase it to Tk 700 for cement manufacturers and Tk 950 for commercial importers. According to the proposal, the tax rate has remained unchanged since 2012-13.

Market insiders say cement makers imported raw materials such as clinker, fly ash, iron slag, limestone and gypsum worth around $1.5 billion in 2022. Of the imports, clinker accounted for over $1 billion in 2022.

However, this year the amount of import may be lower than that of last year for difficulties arising in opening letters of credit due to the dollar crisis. Moreover, almost all factories produced less than what they normal would have as the demand has slightly gone down due to the ongoing financial crisis, they said.

Overall, the new budget retained most VAT and customs duties of last year except for a few, said Chowdhury.

"We are yet to receive the new Income Tax Act 2023 so it is not possible to comment on what has changed and how it will have an impact in the industry."

Some important reform proposals like limiting cash transactions need to be gradually implemented, he added.

He suggested that the National Board of Revenue focus on the digitalisation of the submission of income tax returns, automation of its systems and risk-based audit to catch untaxed economic activity.

At present, the country is self-sufficient in cement production. Taxation in this sector has been increased in order to rationalise the import duty of the product and raise more revenues.

According to manufacturers, there are now 37 cement factories active in the country through a total investment of around Tk 35,000 crore and generating direct employment for around 60,000 people.

According to industry insiders, in 2022 the factories' combined production capacity reached 65 million tonnes a year against a demand of 35 million tonnes.

The sector's annual sales are worth over $3 billion, or Tk 30,000 crore.

Of the consumption, individuals use 25 per cent, realtors and developers 30 per cent, and the public sector 45 per cent, showed data from the Bangladesh Cement Manufacturers Association.

Lankan Alliance Finance

FROM PAGE B4

that carries the Inc. or corporation designation.

The use of the PLC abbreviation after the name of a company communicates to investors and to anyone dealing with the company that it is a publicly traded corporation.

As per the amendment, NBFIs would have to change the Memorandum of Association and the Articles of Association in order to assume the PLC suffix, said the BB in another notice on May 24.

Lankan Alliance Finance has also dropped the word "Lankan" from its name.

Explaining, Kanti Kumar Saha, chief executive officer of Alliance Finance, said it has changed the name in order to remove confusion as there is another non-bank financial institution in the country having Lanka in its name.

"But there is no change in the ownership structure. We have only changed the name of the company."

Sri Lanka has 51 per cent shareholding in Alliance Finance while local investors hold the rest.

Currently, 35 NBFIs are operating in Bangladesh while the maiden one was established in 1981.

In February, the central bank gave permission to banks to complete legal procedures to add PLC as a suffix.

Money changers

FROM PAGE B4

But yesterday, he said the tendency to hold US dollars has gone down sharply following the strong monitoring of the central bank as well as law enforcing agencies.

The US dollar has strengthened by more than 13 per cent against the local currency since August last year. The taka has weakened by more than 21 per cent against the American exchange in the past one year and by 25 per cent since the Russia-Ukraine war broke out in February last year. The forex reserve has fallen by about 29 per cent in the past one year amid higher import bills and lower-than-expected export and remittance earnings.

Stock market remains in black

FROM PAGE B4

Turnover, a key indicator of the market, gained 25.7 per cent to hit Tk 1,254 crore, including Tk 196.3 crore block turnover.

Of the securities traded, 77 advanced, 100 declined and 173 did not show any price movement.

Bengal Windsor Thermoplastics made the highest gain with an increase of 9.9 per cent.

Meghna Life Insurance, Mir Akhter Hossain Ltd, Trust Islami Life Insurance and Progressive Life Insurance were among the top gainers as well.

Meghna Pet Industries was the biggest loser, shedding 10 per cent.

Meghna Condensed Milk Industries, Bangladesh Welding Electrodes, National Tea Company and Midland Bank were also on the list of significant losers.

Intraco Refueling Station was the most traded stock with issues worth Tk 59 crore transacted.

Meghna Life Insurance, Sea Pearl Beach Resort & Spa, ADN Telecom, and Rupali Life Insurance Company also saw significant turnover.

Caspi, the all-share price index of the Chittagong Stock Exchange, added 32 points, or 0.17 per cent, to close at 18,788 points.

Of the issues traded, 61 rose, 67 retreated and 92 did not see any price swing. Turnover of the port city bourse surged 75 per cent to Tk 21.94 crore from the previous day.

POTENTIAL LOSS IN AGRICULTURAL EXPORTS (INCLUDING FISH) AFTER GRADUATION FROM LDC

in million US$

Destination	Initial exports	Potential loss after graduation
India	196.1	21-43
EU	84.6	0.7-1.4
UK	99.9	1.3-2.7
China	66.7	2.5-5.6
Canada	9	0.1-0.2
Japan	20.25	0.2-0.5
Korea Republic	5.9	0.15-0.31

SOURCE: USDA'S STUDY

"The biggest shock will be seen in the Indian market

MA Razzaque
chairman of the Research and Policy Integration for Development, a think tank.

POST-LDC ERA

Farm exports likely to fall up to 11% in key markets

STAR BUSINESS REPORT

The agricultural export from Bangladesh could decline as high as 11 per cent in the nations that are the biggest GSP facility providers following the country's LDC graduation, according to a new study.

Bangladesh's agricultural exports, including fish, to the seven largest Generalised System of Preferences (GSP) granting countries and blocs – India, the European Union, China, the UK, Japan, Canada and South Korea -- would be subject to a 6 per cent to 11 per cent loss as a result of the imposition of the tariff after graduation from the group of the least-developed countries (LDCs).

"The biggest shock will be seen in the Indian market," said Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development, a think tank. The export loss would be between 11 per cent and 22 per cent, or $21 million to $43 million, he said.

Razzaque shared the information at a seminar while presenting a keynote paper on "Implications of LDC Graduation for Bangladesh's Agricultural Goods and Trade: Issues and Policy Options" in the capital's Agargaon.

The seminar was organised by the Economic Relations Division (ERD) and the US Department of Agriculture.

Exports to South Korea and China could shrink by 5.3 per cent and 8.4 per cent, respectively, according to Razzaque.

The economist said the average tariffs on Bangladesh's agricultural exports might increase in major overseas markets after graduation in the absence of duty-free facilities.

In this context, he put emphasis on proactive engagement with trading partners to negotiate extended preferences, enhancing the capacity of domestic firms, and reducing the cost of doing business to address the LDC graduation challenges.

At the seminar, a number of speakers said Bangladesh should pursue the World Trade Organisation (WTO) so that it is included in the list of net food-importing developing countries after graduation in a bid to continue providing subsidies on agriculture exports.

At the same time, the country should also develop export assistance schemes in compliance with WTO provisions, they said.

Razzaque said as the domestic support provided for agricultural production is much lower than the limit set by the WTO, Bangladesh will not face issues in widening the volume of domestic subsidy.

"However, the country could face significant challenges in continuing targeted export incentives for agricultural products. Boosting the competitiveness and productive capacity of agricultural producers is crucial for expanding exports."

He went on to say that tackling the high costs of doing business and improving connectivity and trade facilitation will be important to boost export competitiveness.

The government should focus on export diversification within the agricultural sector while ensuring product quality and categorising the subsidies prudently, Razzaque recommended.

Agriculture Minister Muhammad Abdur Razzaque said that Bangladesh can mitigate the impact of LDC graduation by enhancing the production and quality of its agricultural products.

State Minister for Planning Shamsul Alam said the withdrawal of LDC-specific facilities after graduation will create the compulsion for enhancing internal capacities. ERD Secretary Sharifa Khan put emphasis on policy continuity for maintaining the growth in the agricultural sector.

She said that the government is pursuing with the WTO to be included in the list of net food-importing developing countries after graduation.

Farid Aziz, additional secretary of the ERD, said the government has taken various measures to ensure a smooth and sustainable transition from LDC status.

Mostafa Abid Khan, a former member of the Bangladesh Trade and Tariff Commission, Md Tofazzel Hossain, additional secretary of the fisheries and livestock ministry, Md Tajul Islam Patwary, director of the Department of Agricultural Extension, Scott Brandon, political and economic counsellor of the US embassy in Dhaka; and Uzma Chowdhury, director of Pran-RFL Group, also spoke.

EBL gives Tk 1 crore startup loan to ShareTrip

STAR BUSINESS REPORT

Eastern Bank Ltd (EBL) has arranged a startup financing programme to disburse Tk 1 crore in favour of ShareTrip, a travel booking site of the country.

Earlier, the bank launched the startup loan product "EBL Startup Explorer" in association with Startup Bangladesh, keeping the highest ceiling of the loan product set at Tk 1 crore, the bank said in a statement.

Md Ashikur Rahman, director of Bangladesh Bank; Ali Reza Iftekhar, managing director and CEO of EBL, and Sadia Huq, chief executive officer of ShareTrip, attended the programme held at EBL head office in Dhaka recently.

"EBL gives priority to those who pursue the goal of digital transformation of Bangladesh. Digital transformation is always associated with technology and innovation," said the EBL managing director.

"This kind of support will motivate us to rise above, and we are very optimistic about our future," said the ShareTrip CEO.

M Khorshed Anowar, deputy managing director of EBL; Syed Zulkar Nayen, head of business; Mohammad Salekeen Ibrahim, head of asset, retail and SME, and Md Shabu Munshi, head of asset and SME, were also present.

China making headway in large-scale AI models

ANN, *China Daily*

China has developed at least 79 large-scale artificial intelligence models with over 1 billion parameters each, a research institute said in a rare public statement, amid the worldwide buzz created by OpenAI's artificial intelligence chat bot ChatGPT.

Industry experts said the United States and China have led the global development of such models, but China still had to narrow the gap with the US in the field.

More than 14 provincial regions in China have contributed to the research and development of large-scale AI models, the groundbreaking technology behind ChatGPT.

Up to 38 are from Beijing, followed by 20 from Guangdong province, according to the latest report by the Institute of Scientific and Technical Information of China, which is affiliated with the Ministry of Technology.

To support the endeavor, local authorities are offering public computing power to meet the rising computing demand from large-scale AI models. Beijing and Shanghai municipalities, as well as Guangdong and Zhejiang provinces, currently have the largest number of such models, and they are also the regions that have purchased the most AI servers in the past three years, the report showed.

"The development of China's large-scale AI models is booming, with several technical routes making breakthroughs at the same time," said Zhao Zhiyun, head of the research institute, during the just-concluded Zhongguancun Forum.

Economic policies sacrifice poor Americans

REUTERS, *New York*

Dollar General, the ultra-low-cost retailer with 19,000 stores reaching 75 per cent of the US population, has never been a comfortable reflection of the American consumer. It's getting even worse.

The company's share price took a nearly 20 per cent dive on Thursday after it cut back its forecast for the year. Chief Executive Jeffery Owen blamed changes to food stamps, tax refunds, and higher prices. That underscores troubling consequences of current US economic policy: the poor are being sacrificed.

Over the past two decades, dollar stores have upended how the cross section of the United States shops. In smaller towns, Dollar General and competitors including Dollar Tree offer cheap and accessible groceries. Walmart aside, it often is the only place to shop.

These stores differ from the $400 billion superstore competitor in ways that reflect important aspects of the economy. Often people use dollar stores to buy single items– a roll of toilet paper or a bag of chips, say, rather than a bulk stack which is cheaper per unit but requires a larger payment upfront. If a person living paycheck-to-paycheck has even less cash, they'll have to shop at a dollar store and be ever more discerning.

That has happened: carts are getting smaller. People are spending less because of cuts to a $95 supplement to the food stamp program and tax rebates for children, two pandemic-era supports which have been rolled back. Higher food prices, which the company pegs rose around 20 per cent, are crimping wallets rapidly.

Not all retailers are posting the same result. Lululemon Athletica shares surged on Friday morning after it raised its outlook for the year. Nordstrom posted a surprise profit on Thursday, with the company noting that the high-end customer was "resilient."

Manna Food Center volunteers sort perishable and non-perishable food into more than 150 70-pound packages to be distributed to needy families at the center in Gaithersburg, Maryland.

PHOTO: AFP/FILE

Shoppers snapped up Ralph Lauren's pricy sweaters, giving it solid results last week. Those stores aren't premium luxury, necessarily. But with pants that run close to $120 a pop, Lulu's yoga-inspired items are certainly discretionary, and appeal to well-off consumers.

In the past week, US Congress has continued to roll back policies that would help Americans with less to go around. On Thursday, the Senate voted down President Joe Biden's proposal for student loan relief. Stipulations in the debt ceiling bill, now passed by both chambers, seek to make access to food stamps even harder. As poorer Americans struggle to find the extra $1, everyone else eats cake.

On June 1, Dollar General cut its sales and profit forecast for the year, sending shares down as much as 20 per cent in after-hours trading. The company expects fiscal 2023 same-store sales to rise between 1 per cent and 2 per cent, compared with its prior outlook of 3 per cent to 3.5 per cent.

Extended contractionary monetary policy might

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the US dollar and high production and transportation costs kept domestic inflation elevated.

These unfavourable developments hindered the growth momentum and led to persistently high inflation in FY23.

While the fiscal year has not yet concluded, the Bangladesh Bureau of Statistics provisionally estimated a lower real GDP growth rate of 6.03 per cent for FY23.

"The economy's future trajectory will depend on improving Bangladesh's balance of payments position," the BB said.

Between July and March of FY23, the current account deficit narrowed to $3.64 billion compared to $14.3 billion during the same period a year ago.

This improvement was driven mainly by a contraction in the trade deficit due to exchange rate depreciation and various policy initiatives aimed at reducing imports and increasing remittance inflows.

However, the financial account shifted from a large surplus of $11.9 billion to an unusual deficit of $2.2 billion compared to the same period in FY22.

A financial account is a component of a country's balance of payments that covers claims or liabilities to non-residents concerning financial assets.

Its components include foreign direct investment, medium and long-term loans, trade credit, net aid flows, portfolio investment and reserve assets.

To address the demand-supply gap in the foreign exchange market, Bangladesh Bank sold foreign currencies and allowed depreciation, which resulted in a rapid decline in foreign exchange reserves from $41.83 billion in June 2022 to $31.14 billion in March 2023.

The central bank, however, hopes for the growth momentum of the Bangladesh economy to accelerate in the days ahead. The government has set a GDP growth target of 7.5 per cent for FY24.

Export rebound in May

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"But there is no improvement in the flow of orders," he said.

Exporters have been blaming a slowdown in orders from importers in Europe and the US because of high inflation and economic slowdown in these two major markets.

Factories are running at 65 per cent to 70 per cent of their capacity for a lack of work orders and power cuts, said Azim.

While the apparel sector suffers from a slowdown in export growth, the leather industry, the second-biggest sector in terms of export earnings, registered very little growth in shipments. Leather and leather product exports edged up only 0.42 per cent year-on-year to $1.12 billion in July-May.

Shipments of leather footwear, the main product of export earnings, declined 4 per cent to $644 million.

Europe is the biggest market for the leather sector of Bangladesh but orders have reduced due to the economic slowdown there, said Abul Islam, general manager of SAF Leather, a concern of Akij Group.

"For this reason, the export of shoes and leather products from Bangladesh has reduced a lot."

According to him, the sector has fallen into difficulties in sustaining business because the prices of the products and the cost of labour increased but the prices of the export product have remained the same.

Japan is the second-biggest market for the leather industry. But Japanese buyers did not increase prices in the last decade despite a rise in production costs, Islam added.

Islam does not see any immediate possibility of a rise in exports of the leather sector.

Apart from garment and leather, export earnings from frozen and live fish, agricultural products, jute and jute goods and home textiles dropped, according to the EPB.

The garment industry remains strong but the worrying part is that exports of other sectors are falling, said Mohammad A Razzaque, chairman of the Research and Policy Integration for Development.

"The growth in overall exports provides some relief against the backdrop of falling foreign exchange reserves."

"But it is not certain what the future is going to look like. There is a lot of uncertainty. Work orders are likely to be low in the coming months. Business prospects are still gloomy as the global economic prospect remains bleak."

Budget inconsistent

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corporate tax exemption from 2024 to at least 2030 was not taken into consideration, Sharif added.

"As a result, the price of business process outsourcing services will increase in the future, customer attraction will decrease, new investment will be hindered, and the overall progress of the BPO industry will be hampered."

Services of internet service providers have not been listed under the ITES in the proposed budget in spite of the prime minster agreeing to it previously, said Md Emdadul Hoque, president of the Internet Service Providers Association of Bangladesh.

"We are very disappointed with the NBR decision."

"We strongly request the finance minister and the NBR (National Board of Revenue) chairman to take the ISP sector forward through the inclusion of all the services of the ISPs in the ITES to ensure the best use of internet and remove obstacles."

Mohammad Shahabuddin, vice president of the e-Commerce Association of Bangladesh, thanked the NBR for recognising the e-commerce marketplace by giving it a specific definition.

He called for removing the 5 per cent VAT on software development for the advancement of the e-commerce sector.

Money changers asked to become member of trade body

STAR BUSINESS REPORT

All licensed money changers will have to become members of their trade body concerned by June 30 to run operations smoothly.

The Bangladesh Bank issued a notice to this end on June 1.

The central bank said it is necessary for licensed money changers to be a member of relevant association representing the sector in order to streamline the operations of money changing business.

Accordingly, money changers have been advised to be a member of relevant association by June 30, 2023.

AKM Ismail Haq, president of the Money Changers' Association of Bangladesh, welcomed the move.

This will help money changers run business properly and contribute to curbing hundi operations, he said.

There are 235 money changers in the country. Of them, 202 are the members of the Money Changers' Association of Bangladesh, according to Haq.

There are 235 money changers in the country. Of them, 202 are the members of the Money Changers' Association of Bangladesh, according to Haq.

"Eight money changers have already applied for memberships and the rest will also do the same following the latest circular from the Bangladesh Bank," he said.

The notice came as the foreign exchange regime in Bangladesh has been facing a volatile situation for nearly a year owing to a sharp fall in the reserve, which pushed up both the exchange rate and the inflation rate to a record high.

In August, Haq told The Daily Star that many depositors and share market investors came to buy dollars on speculation that the US currency would soar against the taka. They bought dollars like any other products.

On the other hand, tourists who have long-term plans to travel also tried to hold onto dollars, so the demand went up, Haq had said.

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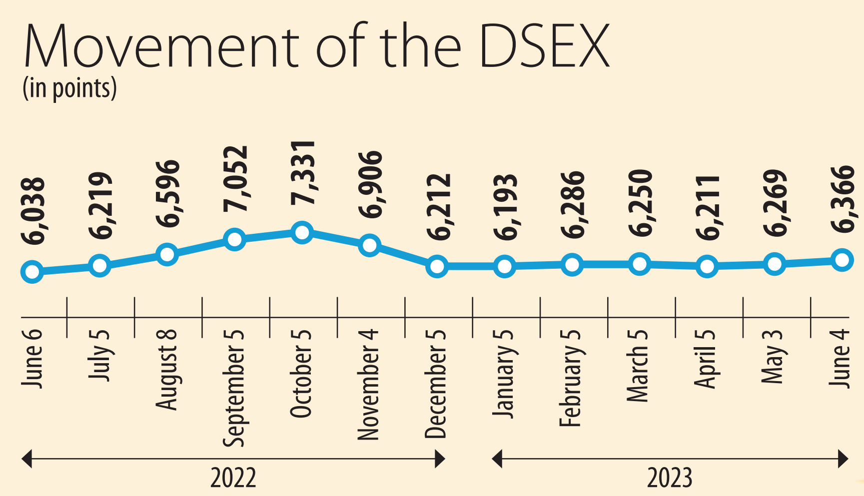

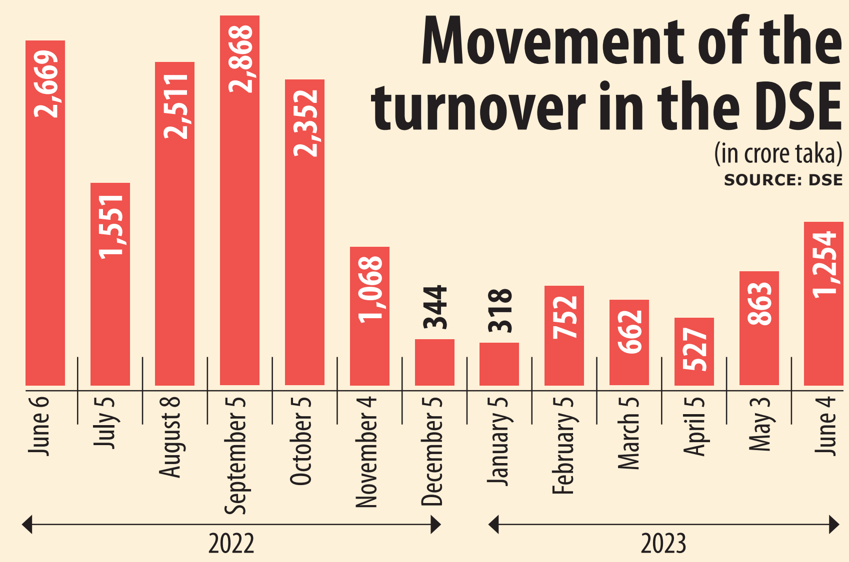

Widen corporate tax gap between listed, non-listed firms

Brokers, merchant bankers urged govt

STAR BUSINESS REPORT

Stock market intermediaries yesterday urged the government to widen the corporate tax rate gap between listed and non-listed companies to encourage more companies to go public.

They also called for reducing the tax imposed on brokers considering the bearish trend of the market.

The demands came during a discussion on "Budget 2023-24: Capital Market Perspectives" jointly organised by the Capital Market Journalists' Forum (CMJF) and the Bangladesh Merchant Bankers Association (BMBA) at the former's office in the capital.

Planning Minister MA Mannan said he would convey the demands to the high-ups of the government.

"As the economy is growing, a strong capital market is needed, but in Bangladesh, it is still not in a position to drive the economy forward," he said.

He said discussion had been going on for years on bringing in more multinational companies to the capital market.

"But the discussion has not seen much success. Stakeholders should continue to focus on it."

Md Sayadur Rahman, president of the BMBA, said the positive side of the budget was that no new tax was imposed.

"But the disappointing side is that no policy support was proposed either. In fact, the budget did not discuss any issue related to the stock market."

He urged the government to widen the corporate tax rate gap between listed and non-listed companies to attract non-listed companies to the market.

Currently, the corporate tax rate for listed companies is 20 per cent while it is 27.5 per cent for non-listed companies. These rates are not applicable for banks, insurance companies, non-bank financial institutions and telecommunication and tobacco companies.

The tax rate for listed banks, insurance companies and NBFIs is 37.5 per cent. It is 40 per cent for the non-listed firms in the same categories. The rate is 45 per cent for telecommunication companies and tobacco companies.

Currently, the corporate tax rate for listed companies is 20 per cent while it is 27.5 per cent for non-listed companies.

The BMBA chief also called for canceling the double taxation on dividends and the advanced income tax on bonds.

He explained listed companies declare profits after deducting the corporate tax. And when they distribute profit among the shareholders in the form of dividends, the companies also deduct the tax on the income.

"Market intermediaries see this as a double taxation."

Richard D'Rozario, president of the DSE Brokers Association of Bangladesh, said many top government officials have assured that the double taxation issue would be addressed but no step has been taken so far.

"We are disappointed."

He said the government should give some incentives to encourage companies to go public.

"Though it seems costly initially, it will pay huge dividend in the end."

For example, he said, when a company gets listed, it can't evade tax since it has to come under many regulatory agencies.

In the international stock market, when a company get listed, it expects a proper valuation of it. But the companies in Bangladesh do not prefer to get listed for a number of factors, said D'Rozario.

"In order to change the tendency, the government will have to give some incentives."

Prof Hafiz Md Hasan Babu, chairman of the DSE, said the capital market plays a vital role in driving economic growth in many countries. In Bangladesh, the stock market seems to have been stuck at a stage.

"If it receives some policy support from the government, it also can play a significant role in accelerating economic development," he added.

Asif Ibrahim, chairman of the Chittagong Stock Exchange, said many stock brokers are passing tough period, so the tax on turnover should return to the previous rate of 0.015 per cent from the present 0.05 per cent.

"The government should work to bring more multinational companies to the market in order to make it vibrant."

According to Ibrahim, the stock market should reach such a strong position so as to provide long-term financing.

Ibrahim said most large businesses in Bangladesh take loans from the banking sector to run their day-to-day operations and expand. "But they should go to the capital market to raise funds at a far lower cost."

If companies do not turn to the capital market for funds, the pressure on the banking sector will not lessen, he said, adding that banks are currently working as a long-term fund provider.

"For long-term financing, the bond market also can play a significant role. The government can emphasise on it."

Ziaur Rahman, president of the CMJF, and Abu Ali, general secretary, also spoke.

Why should you have an emergency savings fund?

JASIM UDDIN RASEL

Setting aside a portion of money can be a great help during the worst time. People don't know what is going to happen in the near future. Any sudden accident may occur and he may require emergency money for treatment.

Employees may lose jobs anytime and they may take time to manage another job or one may dream to start own business. At the beginning of the business, there may be less or no income to maintain the family expenses.

These are a few reasons that explain why we should have an emergency fund. Now the first question is: how much you should have in a rainy day fund?

It is better to save one month's savings for family expenses. Calculate how much you need to maintain your monthly family expenses and then start to set aside a small amount of money for the rainy day fund.

When your one-month emergency fund is saved, then plan for a two-month saving fund. This means altogether three months' family expenses shall be your emergency fund.

It will be safe to save your rainy day fund in a separate bank account so that you can't use it during your usual time.

It is expected that within these three months, you will be able to manage another job or you will be able to generate income from your new business. Moreover, you may use this fund to buy household items such as a television or fridge immediately after they are damaged.

If you have any debt from a bank or relative and require to pay loans in instalments, financial experts suggest maintaining savings that are equal to six-month's expenses. It will help you maintain your family expenses as well as loan repayment.

When it comes to savings, the most common phrase we hear is "How will I set aside money from my monthly income when it is difficult to maintain monthly expenses?"

It is suggested that if you are doing only one job, you can earn extra money by getting involved in additional jobs after your day job.

Nowadays, the most popular word is "passive income". You may earn extra income by using your skills and this income will help you set aside money for the rainy day fund.

If you don't have that opportunity, you may list down all your monthly expenses and follow them in the next few months. Now identify the expenses that are not necessary and try to avoid them with a view to saving money for the emergency fund. This strategy will help set aside money and will give you mental peace during an emergency.

Jasim Uddin Rasel is the author of Smart Money Hacks

Stock market remains in black

STAR BUSINESS REPORT

The stock market of Bangladesh remained in the black yesterday, the first trading day after Finance Minister AHM Mustafa Kamal proposed the national budget for fiscal year 2023-24 on June 1.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), added 10 points, or 0.16 per cent, to reach 6,366 points by the end of the session.

However, the DS30, which represents blue-chip stocks, decreased 0.1 per cent to 2,199 points while the DSES, an index comprised of shariah-compliant companies, increased 0.24 per cent to 1,392 points.

Although market intermediaries are expressing disappointment over the budget as there were no new measures for developing the stock market, turnover rose amid higher investor confidence.

Stocks listed with the country's premier bourse stretched their gaining streak for the second session in a row while turnover hit a seven-month high as bargain hunters put fresh bets on sector-wise issues, according to International Leasing Securities.

This is because their confidence rose after observing that the country's macroeconomic progress is being reflected in the budget, it said.

Among the top gainers, IT rose 3.4 per cent, life insurance advanced 2.6 per cent and jute increased 1.4 per cent.

Meanwhile, the travel and general insurance sectors shed 1.1 per cent and 0.9 per cent respectively.

Investors' attention was mostly centred on the life insurance (18.4 per cent), IT (12.2 per cent) and bank (9.8 per cent) sectors.

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A tea seller waits for customers at his shop in a market in Rawalpindi. Pakistan's year-on-year inflation hit a record 37.97 per cent in May with the nation on the brink of economic collapse and crucial bailout talks stalled. Non-perishable foods and transport costs climbed more than 50 per cent over May 2022 while average inflation for the past 12 months was 29.16 per cent, the latest Pakistan Bureau of Statistics data showed. PHOTO: AFP

Lankan Alliance Finance Ltd becomes Alliance Finance PLC

STAR BUSINESS REPORT

Lankan Alliance Finance Ltd has changed its name to Alliance Finance PLC, according to a notice of the central bank.

It came nearly a week after the Bangladesh Bank directed non-bank financial institutions (NBFIs) to complete legal procedures in order to replace their company suffix "Limited" with PLC.

In Bangladesh, companies are switching to the PLC (Public Limited Company) suffix in order to comply with the amended Company Act 1994. The amendment was made in 2020.

A PLC is a public company and is the equivalent of a US publicly traded company

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