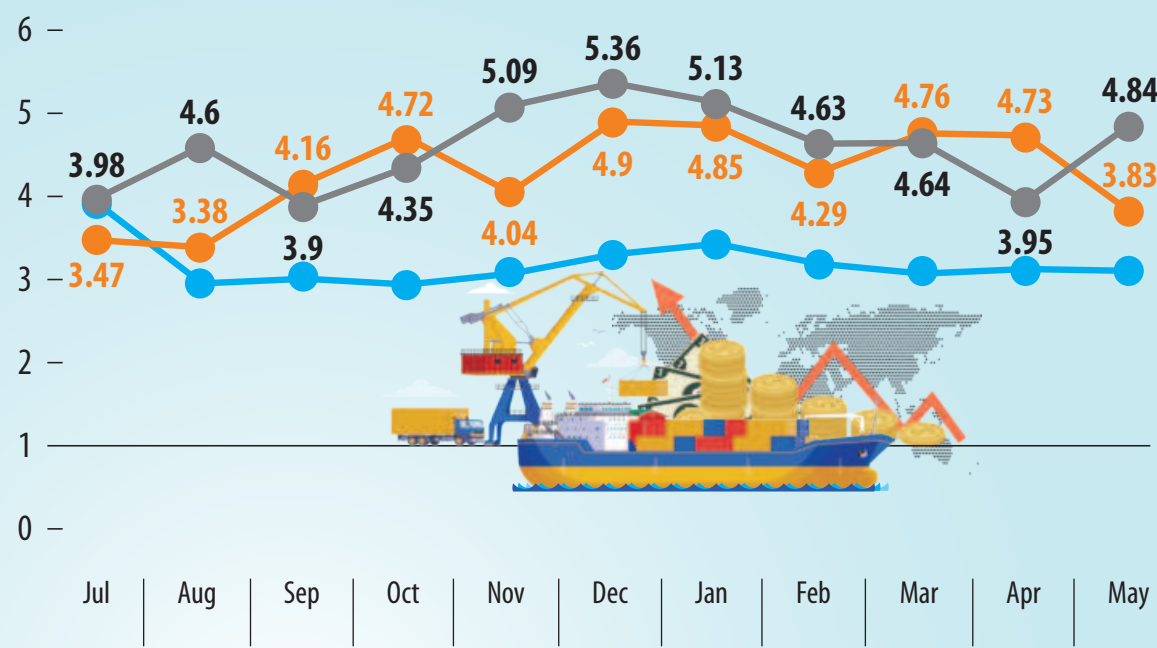


MONTHLY EXPORT EARNINGS

(in billion US\$)

● FY23 ● FY22 ● FY21

— SOURCE: EPB —



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



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

First time in Bangladesh
Corporate 8 ball championship
Date: 16 to 18 June 2023
Venue: Gulshan Shooting Club

Registration is Going on till 10th June
For Registration visit here 8ballchampionship.net

01404040916
01711619747

Platinum Sponsor: ADVANCED DEVELOPMENT TECHNOLOGIES

Gold Sponsor: Indigo DUSTER

Partners: JCI, 924, Monitor

CORPORATE 8Ball CHAMPIONSHIP 2023