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## Leather and footwear export fall

JAGARAN CHAKMA

The exports of leather footwear from Bangladesh declined 4.28 per cent year-on-year in July-May of the ongoing financial year owing to lower orders from Europe, the main market, official figures showed.

Footwear is the largest contributor to the earnings generated by the leather sector in the country.

Bangladesh shipped leather footwear worth \$644 million during the 11-month period. It was \$756 million in July-May of 2021-22, according to the Export Promotion Bureau (EPB).

Leather exports also declined: it was down 18.11 per cent to \$114.59 million.

The shipment of leather products, however, increased 19.43 per cent to \$361.47 million. It was \$337.62 million during the identical 11-month period of FY22.

Overall exports from

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Workers move a cartload of wet blue leather, the unfinished hides that have been deaired and treated with chromium tanning agents as a means of preservation, hence inducing the light blue colour. The overall leather sector, the second-largest export earner after garments, suffered greatly during the pandemic as export orders took a sharp dive amid economic uncertainty. But, with buyers starting to source from Bangladesh to reduce dependency on China, the exports of leather, leather goods and footwear reached a 10-year-high of \$1.25 billion in 2021-22. The shipment, however, has slowed in the ongoing financial year. The photo was taken from the Savar Tannery Industrial Estate on Sunday.

PHOTO: PALASH KHAN

## Focus on developing waterways in budget

Saif Powertec Managing Director Tarafder Md Ruhul Amin says in interview

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The government's budget should focus on developing inland waterways with a view to cutting goods transportation costs and reducing pressure on roadways, said the top executive of a logistics and container terminal operations management company.

A lot of goods are transported to and from the country's main seaport in Chattogram through waterways.

The budget should have laid emphasis on the development of inland waterways to enable businesses to transport goods at a cost lower than that when using roadways, said Tarafder Md Ruhul Amin, managing director of Saif Powertec Ltd, a container handler at the Chattogram port.

"The extent of goods being lost and stolen on the way would decline...It would also be beneficial for the environment," he said in an interview with The Daily Star while sharing his observations about the proposed budget for the fiscal year of 2023-24.

The length of Bangladesh's waterways varies depending on the season. They stretch to up to 6,500 kilometres during the monsoon and reduce to 3,800 kilometres during dry spells.

There are 44 inland vessel terminals, according to the Bangladesh Inland Water Transport Authority.

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Tarafder Md Ruhul Amin

## Private sector's foreign loan repayment to drop 42% in 2023

Projects central bank; economists say it might not bring major relief

AKM ZAMIR UDDIN

The Bangladesh Bank has projected that loan repayments against mid- and long-term foreign credits secured by the private sector might fall by 42.6 per cent in 2023, but the development might not bring about major relief for an economy reeling under the forex crisis.

The private sector will have to repay loans amounting to \$1.62 billion this year compared to \$2.82 billion in 2022. Debts worth \$1.77 billion will have to be repaid in 2024, data from the central bank showed.

Economists say there is no scope to feel complacent about the decrease in debt servicing as the new flow of foreign loans has reduced to a large extent.

On top of that, the private sector would have to pay \$16.41 billion in short-term loans this year.

The overall private sector foreign loans stood at \$24.30 billion as of December last year, up 5.3 per cent from a year ago.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, says that the financial account of the balance of payments has recently registered a large drop, creating a major

2022-23, the financial account registered a deficit of \$2.21 billion in contrast to a surplus of \$11.92 billion a year ago, data from the BB showed. The deficit was \$1.97 billion in July-February.

Historically the financial account of Bangladesh has experienced a surplus almost every year.

Mansur said that foreign lenders are showing reluctance to give out loans to the private sector in Bangladesh in some cases due to the ongoing unstable situation in the financial exchange market.

The reserves stood at \$29.91 billion on May 31, down about 29 per cent in contrast to \$42.20 billion a year ago.

The declining foreign exchange reserves have dented the confidence of foreign lenders when it comes to disbursing loans to businesses in Bangladesh.

Besides, many local businesses are also avoiding borrowing from external sources as the interest

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problem for the economy.

A widening deficit in the financial account means there is a large gap between the inflow and outflow of foreign exchanges.

A financial account 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.

Between July and March of

## Higher growth not possible without healthy forex reserve

Says AmCham chief

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No significant economic growth is possible in Bangladesh without a satisfactory level of foreign exchange reserves, said Syed Ershad Ahmed, president the American Chamber of Commerce in Bangladesh (AmCham), yesterday.

So, instead of restricting imports, the country should speed up the implementation of foreign-funded projects, he said.

He made the comments at a post-budget panel discussion organised by the AmCham Bangladesh in the capital's Sheraton Hotel.

His observation comes as the forex reserve dipped to \$29.92 billion on May 31, down nearly 29 per cent from \$42.20 billion recorded on the same day last year, Bangladesh Bank data showed.


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### MAJOR TAKEAWAYS BY CITIZEN'S PLATFORM FOR SDGS'


  
Income inequality is rising while poverty is falling

  
Budget implementation performance deteriorated


  
Tax collection remains low though economy grows

  
Huge dependence on indirect tax undermines equity concerns

  
No indication about accumulated external payment arrears

  
Social safety net allocation rose marginally

  
Low expenditure in health and education sector

  
Allocation for social safety net continues to remain artificially inflated

## Proposed budget not election-oriented

According to analysts

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The government's plan regarding revenue collection in fiscal year of 2023-24 was decided from a bureaucratic standpoint as it will increase pressure on lower-income groups, according to analysts.

The government aims to collect Tk 450,000 crore in taxes in the upcoming fiscal year but there are inconsistencies in the data on how to achieve this target, said Debapriya Bhattacharya, a distinguished fellow of the Centre for Policy Dialogue (CPD).

So, although the proposed budget is for an election year, it cannot be called election-oriented as such budgets usually feature aspects related to improving public satisfaction, which is absent here, he added.

Bhattacharya made these comments at a media briefing on "National Budget 2023-2024: What did the disadvantaged people get".

Chaired by Sultana Kamal, former adviser of a caretaker government, the event was jointly organised by the CPD and Citizen's Platform for SDGs, Bangladesh, at Brac Centre Inn in Dhaka yesterday.

Bhattacharya, also convener of the Citizen's Platform for SDGs, Bangladesh,

said inequality has worsened, with urban inequality increasing faster both in terms of income and consumption while wealth inequality is even higher.

He said the total fund for social safety net programmes (SSNPs) were increased marginally in the proposed budget but in actuality, it declined both as a share of the national budget and gross domestic product (GDP).

Bhattacharya alleged that the government shows the SSNP allocation together with its subsidies on agriculture, tax exemptions and different allowances to make the figure larger.

But as a share of the GDP, the SSNP's allocation for compatible programmes declined to 29.2 per cent in the proposed national budget for FY 2023-24 from 29.7 per cent the year before.

In terms of its share of the budget, the SSNP's allocation was reduced to 0.7 per cent for the next fiscal compared to 0.8 per cent in FY 2022-23, he said.

Bhattacharya went on to say that Bangladesh ranks 184th out of 186 countries in terms of general government health expenditure as a percentage of the country's GDP.

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STOCKS	
DSEX ▲	CASPI ▲
0.36% 6,338.98	0.19% 18,703.24

COMMODITIES	
Gold ▼	Oil ▲
\$1,958.89 (per ounce)	\$72.56 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.56% 63,142.96	▼ 1.82% 31,913.74	▼ 0.33% 3,179.58	▲ 0.07% 3,197.76