

## India asks Myanmar to expedite trade thru rupee

REUTERS, New Delhi

India has urged Myanmar's administration to speed up the process of trade settlements through mutual currencies, a mechanism that was earlier agreed, an exporters' body official said on Monday.

A delegation of Indian exporters met Myanmar's trade minister U Aung Naing Oo, who is on a visit to India, in the eastern city of Kolkata and raised the issue.

"Myanmar's minister has assured the new mechanism would soon be operational," PK Shah, former chairman of the Engineering Export Promotion Council, told Reuters after the meeting.

Myanmar, which is facing shortages of foreign exchange reserves, announced last year that it would soon start accepting Indian rupees, along with Thai baht and China's renminbi as an

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The arrangement would help the export of pharmaceutical and manufacturing items from India as well as higher imports like pulses, timber and other products from Myanmar, exporters said.

Shah said trade between the two countries would significantly rise from current level of \$1.8 billion once the new trade mechanism through local currencies was activated.

Reserve Bank of India, the central bank, had earlier authorised the state-run Punjab National Bank to open a special rupee vostro account (SRVA) for foreign trade settlements with Myanmar. Under the mechanism, Myanmar would accept payments for all its exports to India in Indian rupee and the same export earnings could be used to make payments for goods and services imported from India, EEPC said.



The women workers of Rokaya Chemical Industry (RCI) at the Bangladesh Small and Cottage Industries Corporation (BSCIC) at Dapunia in Jamalpur are seen packing face washes into the boxes.

PHOTO: SAHIDUL ISLAM NIRAB

## BSCIC estate brings solvency to female workers

SAHIDUL ISLAM NIRAB, Jamalpur

The Bangladesh Small and Cottage Industries Corporation (BSCIC) established an industrial estate on 26.30 acres of land in the Dapunia area of Jamalpur in 1980 with a view to developing small and medium enterprises and creating jobs.

The estate has turned out to be successful as it has reached most of its core targets. What is more, it has generated jobs, mostly for women, thus making them solvent and empowering them.

According to the office of the Jamalpur BSCIC, there are 82 industrial units located over 197 plots. Of the 1,848 workers employed, 723 are male and 1,125 are female.

The factories manufacture products such as textile and metal items, mustard oil, hair oil, face wash, shampoo, hand wash, glass cleaner, dish wash, baby tissue, cakes, chips, and bread.

Akbar Hossain Samrat, deputy general manager of the BSCIC office in Jamalpur, says women have been given jobs to make them solvent. "We have been working to empower women from the beginning."

"Women are apt and skilled, so they have been engaged in higher proportion in most of the factories."

Marium Khatun, a worker at a factory run by the Ayesha Abed Foundation in the district, said she used to work at a garment factory in Dhaka in the past, but



she could not save any money since she had to live in a rented house.

The foundation runs the factory at the estate where women artisans produce garments, home textiles, and other items that are retailed at Aarong, the biggest fashion brand in Bangladesh.

"Here I can work and still can live with my family," said Marium, who has been working at the estate for 10 years.

She saved enough money to buy cows and reared them. She has bought one bigha of arable land using the proceeds from the sales of the cows.

Shaila Rahman, a worker at Raja Food Product, said, "I am happy working in the chips factory."

She earns Tk 10,000 per

month.

"I can spend the money for my children's education. My dream is that my children will find jobs after completing their studies."

Laboni Akhtar, a worker at Hemas Consumer Brand Private Ltd, earns Tk 15,000 a month.

"With the money, I can easily run my family," she said. She describes the workplace as congenial.

Md Towhid Khan Shuvo, an assistant officer at the Ayesha Abed Foundation in Jamalpur, said: "All of our workers are women and they are skilled."

Mostak Ahmed, manager of Raja Food Product, said: "Women are better for this kind of task, so we have engaged them more."

Md Kamal Pasha, deputy general manager of Javed Agro

Food Processing Limited, says as the price of all raw materials has gone up, the factory is staring at losses.

"But we have not closed the factory as the livelihood of many female workers is involved."

According to Samrat, all of the plots in the estate were allocated among original entrepreneurs when it was established. Currently, there is no vacant plot.

Of the 82 units, 56 are fully operational, 12 units are closed, and lawsuits are running against eight units.

The BSCIC started its journey in 1960 to develop industrial plots equipped with utility connections and connectivity for SMEs with a view to spurring industrialisation. The state-run agency has 80 industrial estates having 11,922 plots.

Currently, 4,511 factories are operational in the estates and a fifth of them manufacture goods for the export markets, BSCIC data showed.

About 30 per cent of import-substitute products made in the country also come from these estates, which also account for 11 per cent of the country's exports.

The industries in the estates represent garment, poultry, food-processing, jamdani, hosiery, active pharmaceutical ingredients, light engineering and electrical products, plastics, printing, and chemicals sectors. Collectively, they have created more than 850,000 jobs.

## Budget FY24: unrealistic forecasts

MD MAIN UDDIN

The proposed budget of Tk 7,61,785 crore (17 per cent of GDP) with a deficit of Tk 2,61,785 crore (5.2 per cent of GDP) has been presented to the country.

The government is planning to finance the deficit from external and internal sources. External sources will supply Tk 1,02,490 crore and internal sources, Tk 1,32,395 crore will come from the banking sector and only Tk 23,000 crore from saving certificates.

The government can borrow from the Bangladesh Bank and commercial banks to finance the deficit. Between July 1 and May 24 of the current fiscal year, the government took loans of Tk 85,024 crore from the banking sector. Of the sum, Tk 69,208 crore came from the Bangladesh Bank. It can be assumed that this time the government will also depend largely on the central bank.

In the budget, inflation is targeted at 6 per cent whereas the average inflation rate was nearly 9 per cent during the current fiscal year. Inflation in May surged to 9.94 per cent, the highest in the past one decade.

The government has failed to control inflation. In international markets, prices of many products have already declined, but our markets could not respond accordingly. Now it is unreasonable to blame the international markets for the higher inflation.

Other factors like dominance in the market by a limited number of producers and sellers, their strong syndicate, market manipulation, extortion and a lack of market monitoring and supervision are also responsible for high inflation. Without controlling these factors, it is nearly impossible to attain the inflation target.

The GDP growth rate is aimed at 7.5 per cent. A rule of thumb is that investment should be four times the economic growth of a country. Keeping this rule of thumb in mind, private investment is targeted at 27.5 per cent. If the public investment of about 6 per cent is added, the total investment will be 33.5 per cent. But in the current fiscal year, private investment came down to 21 per cent from the targeted 23 per cent.

Increasing private investment is a gigantic task. There must be an excellent flow of credit in the economy from the banking sector. People will borrow more for investment if interest rates are low and banks have the ability to extend the required loans and advances.

But if the government borrows from commercial banks, private borrowing will go down. Consequently, economic growth will be hampered as the quality of private investment is better than that of public investment.

If the government borrows from Bangladesh Bank, injecting high-powered fresh money into the economy, it will increase inflation. If inflation rises, it may lead to an increase in interest rates, reducing the demand for credit.

Banks in Bangladesh play a crucial role in financial markets, owning almost 86 per cent of financial assets. But their lending ability is incapacitated by the piled-up non-performing loans (NPLs), which stood at Tk 1,31,621 crore in March.

Although the official NPL rate is 9 per cent, the actual rate is much higher. If NPLs can't be reduced, it will obstruct the free flow of credit and macroeconomic management. So, there should have been some direction as to how the government is going to recover NPLs to increase the liquidity at banks.

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## Cement makers call for reconsidering duty hike on clinkers

Customs duty raised to Tk 700 from Tk 500 per tonne in proposed budget

STAR BUSINESS REPORT

The customs duty (CD) on clinker, the main raw material for cement, has been increased from Tk 500 per tonne to Tk 700 in the proposed budget for the next fiscal year, leaving manufacturers disappointed.

Cement manufacturers have long demanded the CD on clinker be reduced from Tk 500 per tonne to Tk 200.

The CD on key raw materials of any industry is usually around 5 per cent of the import value. But it will stand at 12 per cent to 13 per cent because of the hike proposed in the budget, said Alamgir Kabir, president of the Bangladesh Cement Manufacturers Association (BCMA).

"It will put additional pressure on customers and may lead to a slowdown in overall construction activity. We are humbly requesting the government to take steps to reduce the CD."

He made the comments while addressing a post-budget press conference styled "Additional Tax Burden and Other Impediments: Cement Industry in Deep Crisis" at the Hotel Purbani International in Dhaka yesterday.

Apart from the import stage, a 2 per cent advance income tax (AIT) is levied at the sales stage and it is considered as the final tax liability, said Kabir, also the vice chairman of Crown Cement PLC.

"We have been demanding for a long time that AIT can be a maximum 0.50 per cent and it would not be appropriate to consider it as a final tax liability."

Therefore, we are requesting the government to offer the opportunity to adjust the AIT."

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Alamgir Kabir, president of the Bangladesh Cement Manufacturers Association, speaks at a post-budget press conference to demand a cut in the customs duty on clinker and a scope to adjust advance income tax at the Hotel Purbani International in Dhaka yesterday.

PHOTO: COLLECTED

## Pakistan gets first Russian crude under discount deal

AFP, Karachi

The first shipment of Russian oil to energy-starved and dollar-strapped Pakistan was due to be unloaded at Karachi port on Monday, Prime Minister Shehbaz Sharif said.

Since Russia launched its invasion of Ukraine last year, economic sanctions have seen a significant cut in its oil and gas exports to the European Union and United States.

However, Pakistan, in the midst of an economic downturn worsening a long running energy shortage, in May confirmed it had struck a deal with Moscow to buy petroleum products.

State Minister for Petroleum Musadik Malik previously said shipments will be paid for in currencies of "friendly countries", with Pakistan's US dollar reserves dangerously low and Russia pivoting away from the greenback.