

Preparations underway for FBCCI polls on July 31

REFAYET ULLAH MIRDHA

Preparations are underway by a board which would hold an election in Dhaka on July 31 to form the top management of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) for the 2023-25 term.

Last night the board was scheduled to make public a preliminary list of candidates who submitted documents validating their candidature.

The names had not been published as of filing of this report at around 7:30pm yesterday.

The documents have already been collected and the board sat in a meeting last night to scrutinise those, said A Matin Chowdhury, chairman of the board.

The names might be published after 10:00pm as it will take a bit of time, he said.

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Shah Alam, a farmer of Jungardi village Nagarkanda upazila of Faridpur, is seen stacking freshly cut stalks of jute onto a van before taking them away to nearby waterbodies for retting. Jute is currently selling for Tk 3,000 per maund (37 kilogrammes) in local markets.

PHOTO: SUZIT KUMAR DAS

Jute acreage sees growth

STAR BUSINESS REPORT

Jute acreage in Bangladesh has increased this season as growers expanded cultivation, encouraged by better prices after last year's harvest, according to the Department of Agricultural Extension (DAE).

Preliminary estimates by the DAE show that jute cultivation edged up 2 per cent to 7.45 lakh hectares in the current season, up from 7.29 lakh hectares previously.

"Interest among our field-level officials to grow the natural fibre increased after the government declared jute as the agricultural product of the year," said a senior official of the DAE, adding that farmers are trained to grow the required seeds.

Another reason for the higher interest in farming jute could be that prices were higher last year.

However, the overall acreage and yield may drop in the final count as many growers sow jute only to sell its leaves as vegetables, the DAE official said.

Khondokar Alamgir Kabir, a leading raw jute exporter, differed with the estimate of increased acreage.

"Cultivation has declined in the southwest and western districts as many farmers switched to maize and other crops because of scanty rainfall last season," he said.

However, acreage has not dropped in central districts, namely Faridpur and the north-eastern division of Mymensingh.

"So, the yield may be good in these regions but overall production may fall," Kabir added.

Mojibor Rahman, a farmer in Faridpur, a major jute producing district, said the heatwave affected the crop as plants only grew well in fields where they could irrigate.

Rahman got around Tk 3,500 per maund (37 kilogrammes) of top-grade jute during the initial months after harvest but the price fell later.

Now, the best quality jute is being sold at Tk 2,800 to Tk 2,900 per maund, said the grower who cultivated jute on 7 bighas of land this year.

Farmers grow jute, termed as golden fibre in the country, as a cash crop to cater to jute traders and jute millers, who mainly sell to international markets.

Growers bagged 84 lakh bales (one bale equals 180 kilogrammes) of jute in fiscal year 2022-23, up 0.3 per cent year-on-year, according to the Bangladesh Bureau of Statistics.

Of the amount, over 10 lakh bales of jute were exported, which is higher than the shipment volume of the previous year. Of the rest, most were processed in local mills to make jute goods, such as sacks.

Arzu Rahman Bhuiyan, senior vice-chairman of the Bangladesh Jute Association, said the volume of raw jute exports grew despite the decline in total earnings from exports.

Bangladesh's earnings from jute and jute goods dropped 19 per cent to \$912 million in the last financial year from \$1,127 million the year prior, according to data from the Export Promotion Bureau.

India inflation likely rose to 4.58% in June: poll

REUTERS, Bengaluru

India's inflation likely snapped a four-month decline in June as food prices surged, a Reuters poll of economists found, making a cut in interest rates unlikely any time soon, while the Reserve Bank of India is also expected to resist pressure to raise rates.

"We believe the RBI will tolerate a supply-side driven rise in food inflation as long as core price pressures continue to ebb within the bank's tolerance band," said Alexandra Hermann, senior economist at Oxford Economics.

Uneven monsoon rains have damaged crops of some perishable foods and hindered the movement of goods, resulting in shortages of basic ingredients for Indian cooking, such as tomatoes, chillies and onions.

The pressure on food prices is likely to persist over the coming months, making it less likely that inflation would return to the central bank's 4 per cent target in the near term.

The July 3-10 Reuters poll of 55 economists predicted consumer price index (CPI) inflation rose at an annual pace of 4.58 per cent in June, slightly faster than the 4.25 per cent recorded in May.

China's deflation pressure builds as consumer prices falter

REUTERS, Beijing

China's producer prices fell at their fastest pace in over seven years in June, while consumer prices teetered on the edge of deflation, adding to the case for policymakers to use more stimulus to revive sluggish demand.

The worsening factory-gate price deflation and the move by consumer prices towards deflation for the first time since February 2021 bode ill for China's economic growth.

Momentum in China's post-pandemic recovery has slowed from a brisk pickup seen in the first quarter with demand for industrial and consumer products weakening, raising concerns about the health of the world's second-largest economy.

"We think the more challenging deflation environment and sharp slowdown in growth momentum support our view that the PBOC has entered a rate-cutting cycle," said economists at Barclays in a research note.

The producer price index (PPI) fell for a ninth consecutive month in June, down 5.4 percent from a year earlier, the National Bureau of Statistics (NBS) said on Monday, the steepest decline since December 2015. That compared with a 4.6 percent drop in the previous month and a 5.0 percent fall tipped in a Reuters poll of analysts.

The consumer price index (CPI) was unchanged year-on-year, compared with the 0.2 percent gain seen in May, driven by a faster fall in pork prices. That dashed expectation for a 0.2 percent rise and was the slowest pace since February 2021.

Nomura expects consumer prices to fall 0.5 percent year-on-year in July, even taking into account a potential rise in service inflation as a result of the summer holiday season.

The weaker-than-expected inflation readings knocked financial markets with the yuan falling and Asian stocks also dipping into the red.

"We expect headline inflation to rise to around 1 percent by the end of this year. But this would still be soft and won't constrain the PBOC's ability to loosen policy further," said economists at Capital Economics.

BSCIC suffers Tk 25cr losses for dues

CAG audit finds

REJAUUL KARIM BYRON and SUKANTA HALDER

The BSCIC suffered a loss of Tk 25.32 crore in 2018-2019 and 2019-2020 as it did not realise dues related to service charges and lease money from a number of plot owners in several industrial estates, according to an audit report.

The Office of the Comptroller and Auditor General of Bangladesh (CAG) found 12 counts of financial irregularities and violations of rules during the audit at various industrial estates owned by the Bangladesh Small and Cottage Industries Corporation (BSCIC) during the two years.

The report showed the agency incurred a loss of Tk 9.50 crore as it did not collect service charges from several plot owners in the API Industrial Park in Munshiganj and the Savar Tannery Industrial Estate. In its response, the BSCIC said that the owners of the industrial units applied to the industries minister, seeking a waiver of service charge amounting to Tk 7.08 crore.

The application is currently under process. Steps will be taken to collect the service charges after getting instructions from the ministry, the agency told the auditors.

The report, however, describes the response from the BSCIC as "not being helpful" for resolving the objections since the service charge has remained unpaid for a long time.

Set up in 1960, the corporation works to develop industrial plots equipped with utility connections and connectivity to spur

industrialisation.

Currently, about 4,570 factories are in operation in more than 80 estates across the country with total investments amounting to Tk 63,318 crore.

The audit report said the BSCIC witnessed a loss of Tk 1.11 crore in the two fiscal years as a number of plots at the Savar Tannery Industrial Estate were left unused by the companies that got the allotment for a long time in violation of rules.

The Office of the Comptroller and Auditor General of Bangladesh found 12 counts of financial irregularities and violations of rules during the audit at various industrial estates owned by BSCIC

It lost Tk 8.73 crore in FY20 due to the non-payment of lease money by several plot owners in Naogaon, Panchagarh, Lalmonirhat and Pabna, all under the control of the BSCIC's Rajshahi office.

No steps have been taken to collect the dues or cancel the ownership of the plots, the report said.

As a result, the agency incurred financial losses and the responsibility for these irregularities falls on the officials concerned, the report said.

The BSCIC told the auditors that the lease money would be recovered.

Similarly, the BSCIC suffered a loss of Tk 4.30 crore in FY20 as the service charge was not realised from a number of plot owners in the estates in Panchagarh, Lalmonirhat, Pabna, and Rajshahi.

A financial loss of Tk 23 lakh took place in FY19 and FY20 at the Narsingdi industrial estate expansion project under the head office of the BSCIC as it received less land than it should have despite making full payments for the property.

In Panchagarh, the agency suffered a financial loss of Tk 26 lakh in FY20 as it did not realise lease money and service charge from Bablu Specialised Cold Storage, which was awarded 12 plots.

The plot owner set up a cold storage on seven plots without an approved plan, the report added.

In Pabna, the agency lost Tk 87 lakh in FY20 as allotments of six plots were not cancelled despite unpaid installments of lease money and service charges, it added.

Md Sabdhan Ali, chief audit officer of the BSCIC, said of the 12 audit objections, one was related to a case of fund misappropriation while the rest are related linked to service charges and lease money arrears and the violation of plot allotment rules.

BSCIC's main purpose is to support entrepreneurs. Service charges and lease money are not cleared when entrepreneurs are in trouble in conducting businesses, he said.

However, the dues are later recovered along with the interests, Ali added.

Countries repatriating gold in wake of sanctions against Russia

REUTERS, London

An increasing number of countries are repatriating gold reserves as protection against the sort of sanctions imposed by the West on Russia, according to an Invesco survey of central bank and sovereign wealth funds published on Monday.

The financial market rout last year caused widespread losses for sovereign money managers who are "fundamentally" rethinking their strategies on the belief that higher inflation and geopolitical tensions are here to stay.

Over 85 percent of the 85 sovereign wealth funds and 57 central banks that took part in the annual Invesco Global Sovereign Asset Management Study believe that inflation will now be higher in the coming decade than in the last.

Gold and emerging market bonds are seen as good bets in that environment, but last year's freezing of almost half of Russia's \$640 billion of gold and forex reserves by the West in response to the invasion of Ukraine also appears to have triggered a shift.

The survey showed a "substantial share" of central banks were concerned by the precedent that had been set. Almost 60 percent of respondents said it had made gold more attractive, while 68 percent were keeping reserves at home compared to 50 percent in 2020.

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Yellen's China trip yields long meetings, 'cordial' tone, but no consensus

REUTERS, Washington

US Treasury Secretary Janet Yellen went to Beijing with no expectations that meetings with China's new top economic officials would immediately ease tensions between the world's two largest economies.

There was no breakthrough. And it's far from clear whether the 10 hours of meetings, covering issues ranging from US technology export controls to China's new "anti-espionage" law and other punitive actions against US firms, will do anything to change the relationship's trajectory.

But Yellen met her objective of opening communications with her new Chinese counterpart, Vice Premier He Lifeng, and explaining US intentions on a broad range of policies.

"The accomplishment of the meeting was the meeting itself, not specific issues," said Scott Kennedy, a China economics expert at the Center for Strategic and International Studies in Washington. "We're starting from a point in which the two sides have barely spoken to each other in three and a half years and the level of mistrust and

cynicism has been layered on so thick."

But he said it was significant that Yellen, He and other Chinese officials could hold civil, substantive discussions about policy differences after years of acrimony over the COVID-19 pandemic, tariffs, national security, trade restrictions and increasing difficulties

for US firms in China.

China's state-run Global Times newspaper described the tone of Yellen's visit as "pragmatic" and "rational," but the "positive" expectations it generated are like "a candle in the wind, weak and uncertain."

"People are more inclined to believe



US Treasury Secretary Janet Yellen (L) attends a meeting with Chinese Vice Premier He Lifeng at the Diaoyutai State Guesthouse in Beijing on July 8.

PHOTO: REUTERS

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