# Indian economy to grow by average 6.7% to 2031: S&P

REUTERS, *New Delhi*

S&P Global has projected the Indian economy to grow by an average annual rate of 6.7 percent to March 2031, driven by manufacturing and services exports and consumer demand, despite short-term challenges from rate hikes and a global slowdown.

S&P retained its earlier forecast of 6 percent growth for the current fiscal year ending March 2024, noting even at this rate, India will be the fastest growing economy in the G20.

Last month, the International Monetary Fund raised its growth forecast for India by 0.2 percentage points to 6.1 percent for the current fiscal year, while the central bank has forecast 6.5 percent rise.

"While the world is in the midst of an unprecedented period of transition and uncertainty, India faces a defining opportunity to capitalise on this moment," said the S&P Global in its report "Look Forward: India's Moment" released in Delhi last week.

S&P Global expects the size of the economy to reach $6.7 trillion from $3.4 trillion in fiscal 2023, which could see per capita GDP rise to about $4,500.

If realised, India would overtake Japan and Germany to become the third largest economy in the world.

In manufacturing, new opportunities are expected to emerge from an accelerating global trend towards supply chain diversification, said the report, as the government offered incentives to manufacturers and improving infrastructure.

The economy is set to benefit from efficiency gains from tax reforms, state support to digital and physical infrastructure and reducing leakages from government subsidy transfers.

The Indian consumer market will more than double by 2031, surging to $5.2 trillion from $2.3 trillion in 2022, driven by rise in household incomes and higher spending on food and other items.

"Higher per capita incomes will also likely boost discretionary spending in areas such as entertainment, communications, restaurants and hotels," said the report.

S&P Global said developing a strong logistics framework will be key in transforming India from a services-dominated economy to a manufacturing-dominant one, besides increasing female participation in the workforce to realize a demographic dividend.

"India's ability to become a major global manufacturing hub will be a paramount test for its economic future."

Nayem goes round daily selling at least eight of these drums made of HDPE or high-density polyethylene for Tk 450 apiece. Primarily used for importing chemicals, these durable drums are cleaned to be recycled for storing household materials such as rice or water. A wide range of attachments, such as bungs, nozzles, and drum liners provide an even wider scope for use. The photo was taken from Khulna City Bypass recently.

PHOTO: HABIBUR RAHMAN

# Idra issues guidelines for insurtech

MAHMUDUL HASAN *and* SUKANTA HALDER

The insurance regulator of Bangladesh has finalised a framework enabling tech startups to innovate insurance policies, their distribution and other related tasks.

The move comes in a bid to enhance customer experience through digital platforms, streamlined claim management, and personalised policies.

The Insurance Development and Regulatory Authority (Idra) is set to issue the Insurance Development and Regulatory sandbox guidelines-2023. The Daily Star obtained a copy of the guidelines.

Under the sandbox, tech startups will be able to apply for developing insurance products, marketing the policy, providing settlement services, underwriting and other insurance facilities.

For that, the registered startup has to apply to the authority with an eligibility certificate from the Bangladesh Association of Software and Information Services (BASIS).

The startup will also have to sign a deal with an insurance company.

"We have introduced this sandbox to increase the use of IT in the insurance sector and foster innovation in the process," Mohammad Zainul Bari, chairman of the Idra, told The Daily Star yesterday.

"I think this step will encourage youths to bring innovation in the sector as well as increase insurance penetration," he added.

**The move comes in a bid to enhance customer experience through digital platforms, streamlined claim management, and personalised policies.**

He said if IT or fintech firms can come up with an innovative insurance solution, the Idra could connect them with related insurance providers.

Tech entrepreneurs welcomed the step.

"We thank the Idra and its chairman for taking this big step. This is going to be a game changer for the country's insurance market," said AKM Fahim Mashroor, chairman of the BASIS standing committee on fintech and digital payment.

Bangladesh's insurance market is very underdeveloped as less than 3 percent of the country's population and local businesses are covered by any type of insurance.

"It [coverage] should reach over 10 percent like other neighbouring countries. Now that new innovative products can be offered by different tech platforms, we expect massive adoption of insurance products in the next three to five years," Mashroor said.

BASIS has been working closely with the Idra for developing the guideline of this sandbox, he added.

The insurance sector in other countries, including those in the sub-continent, have considerably higher market penetration with a much wider range of products compared to Bangladesh.

For example, there are more than 110 insurtech startups in India and 335 such companies in the Asia-Pacific region.

In Bangladesh, there are around 10 tech firms working with insurance companies to provide insurance solutions digitally or enable insurance through information technology.

"Now, tech companies will have a bigger role in developing products and services for the sector," Mashroor added.

CREDIT CARD PAYMENT

# Bangladeshis spend more abroad than foreigners do here

STAR BUSINESS REPORT

Bangladeshis spend higher amount of money abroad through credit cards compared to the foreign nationals roaming inside Bangladesh, according to a central bank report released yesterday.

Through credit cards, Bangladeshi nationals bought Tk 388 crore of products and services abroad in June when foreigners spent Tk 195 crore in Bangladesh.

The Bangladesh Bank (BB) shared the information in its June issue on the overview of credit card users' spending pattern within and outside the country.

June was the fourth month in a row that saw higher spending by Bangladeshis outside the country than foreigners' spending through cards here.

The usage of credit card by Bangladeshi nationals outside the country and foreign nationals within Bangladesh both decreased in June 2023 compared to the previous month, said the BB report.

**June was the fourth month in a row that saw higher spending by Bangladeshis outside the country than foreigners' spending through cards here**

Yet, overall transaction by Bangladeshi credit cardholders outside the country was almost two times higher than that of the foreigners spending in Bangladesh in June.

The BB report said outside the country, Bangladeshi nationals' spending through cards declined 20 percent month on month in June from Tk 484 crore the previous month. Foreigners' spending through the plastic money dropped by 7 percent in June from a month ago.

The report said India continued to get the highest spending through credit cards by Bangladeshis. But its share has been falling gradually for the last several months.

For example, India accounted for nearly one-fourth of total credit card transactions by Bangladeshi nationals in March this year.

Its share dropped to around 16 percent in June.

The USA and Saudi Arabia were the second and third biggest places where credit card-based spending by Bangladeshis was high.

Bangladeshis spent 14.4 percent of total credit card transactions in the USA and roughly 8 percent in the Saudi Arabia.

And 28 percent of total credit card spending by Bangladeshis abroad was for purchases from departmental stores in June, according to the BB report.

The same pattern was observed in case of credit-card based purchases in the domestic market.

The central bank report said users of credit cards spent 46 percent of their spending for purchases from departmental stores followed by fund transfer.

# US gasoline prices at year high

REUTERS

US motorists hoping to squeeze out one last trip before the Labor Day holiday and school begins are finding pump prices that have surged to their highest level this year on tighter gasoline supplies.

Consumers tend to get a break from steeper fuel costs as peak vacation travel ebbs. But strong demand and a series of refinery outages have pushed the national average retail price to $3.86 per gallon on Tuesday, according to the American Automobile Association – 7 percent higher than a month ago. In California and Washington, prices have surged above $5 a gallon.

National retail gasoline prices will average $3.90 a gallon this month, predict analysts at Goldman Sachs.

Martin Jones, a vacationer from Massachusetts, filled up his Toyota Corolla during a sightseeing trip to Washington, DC, on Tuesday. Jones said he was relieved prices were not close to the $5 a gallon level of last summer.

"Or I won't be able to make long drives like this as easily," Jones said.

Retail prices in the US Midwest jumped as much as 21 cents a gallon in Ohio and 16 cents in Michigan in the last week on earlier-than-expected maintenance at a BP refinery in Whiting, Indiana.

Irving Oil's 320,000-barrel-per-day oil refinery in New Brunswick, Canada, and Delta's 185,000-barrel-per-day refinery in Trainer, Pennsylvania, will be down for much of September and part of October, affecting about 9 percent of the product supplied in their regions.

"It is fairly abnormal to see prices going up" at this time of the year, said Patrick De Haan, head of petroleum analysis at price tracker GasBuddy.com. "We tend to see prices declining going into the fall."

Weekly US gasoline stockpiles have remained below the five-year average of inventories throughout this year, setting the stage for price spikes if refining capacity is disrupted. Total US gasoline stocks this month fell to 216.4 million barrels, the fifth decline in six weeks, according to US government data.

At the same time, record heat levels in Texas have likely led to a sharp 2 percent slump in US refiners' product yields over the past few weeks, Goldman Sachs noted on Sunday. Small changes to the yield often add up to a meaningful decline in product availability, the bank added.

Peak hurricane season is still ahead with the US National Oceanic and Atmospheric Administration (NOAA) last week raising its outlook for storms due in part to record warm sea surface temperatures. Hurricanes can result in damage to or closures of US oil refineries, particularly along the Gulf Coast.

# Sri Lanka lifts import ban on buses, trucks

AFP, *Colombo*

Crisis-hit Sri Lanka partially lifted a ban on vehicle imports on Tuesday by allowing buses and trucks back into the island after more than three years.

President Ranil Wickremesinghe issued an order removing the restriction imposed in March 2020, when the country faced an acute shortage of foreign exchange to finance essential imports.

Officials said an import ban on cars, motorcycles and three-wheel scooters will remain until Sri Lanka's foreign reserves improve further.

The ban on vehicle imports has led to a sharp rise in second-hand prices.

The South Asian nation endured serious shortages of food and energy resulting in months of protests that forced then-president Gotabaya Rajapaksa to step down last year.

His successor Wickremesinghe has doubled taxes, sharply increased energy prices and cracked down on protests in a bid to stabilise the economy after securing a $2.9 billion International Monetary Fund bailout in March.

# Vietnam targets US electric car market

AFP, *Hanoi*

Vietnamese electric vehicle maker VinFast has made its debut on the Nasdaq, and its shares soared to push its stock market valuation past Ford and General Motors on its opening day of trading.

Here's what we know about VinFast and its push to make it in the crowded EV market:

VinFast is Vietnam's first homegrown car manufacturer. It has launched two electric vehicle models in North America, becoming the first-ever Vietnamese car sold in the US market.

It hopes to compete with giants such as Tesla and it began building a factory in the US state of North Carolina last month.

The carmaker is a subsidiary of Vietnam's largest private conglomerate, Vingroup, which is owned by the country's richest man, Pham Nhat Vuong.

Vuong started out selling dried noodles in the former Soviet Union before amassing a $5 billion fortune from enterprises in a range of sectors including real estate, tourism and education.

Once his focus shifted to cars with the launch of VinFast in 2017, he transformed a muddy patch of swampland near northern Vietnam's port city of Haiphong into a state-of-the-art factory within two years.

The factory was kitted out with 1,200 robots, German, Japanese and Swedish machinery, and a global team from auto giants including BMW and General Motors.