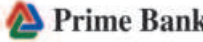





# star BUSINESS



Prime Bank



EXPERIENCE  
**UNINTERRUPTED  
BANKING HOUR**  
WITH  **MyPrime**  
more to you!



Scan to download!

## Saudi firm to set up \$100m data centre in Kaliakoir

STAR BUSINESS REPORT

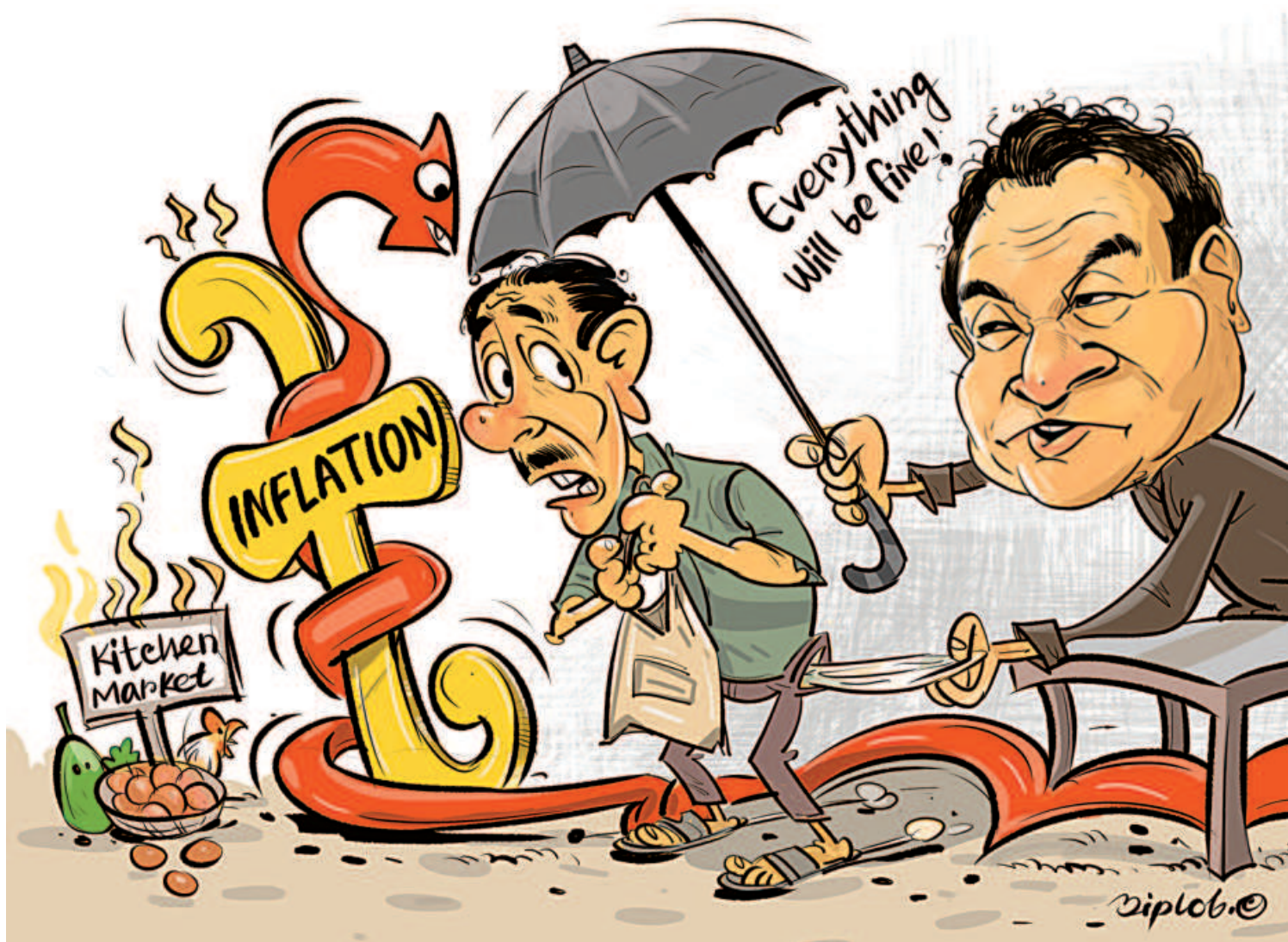
Data centre manufacturing and power generation firm DataVolt of Saudi Arabia has unveiled plans to invest \$100 million (around Tk 1,098 crore) to establish a cutting-edge data centre in Bangladesh.

DataVolt Chief Strategy Officer Ayad Al Amri made the announcement during a bilateral meeting with Zunaïd Ahmed Palak, state minister for ICT, at Renaissance Dhaka Gulshan Hotel yesterday.

Bangladesh Hi-Tech Park Authority has assured providing three acres of land in Bangabandhu Hi-Tech City in Kaliakoir for the project, the ICT Division said in a statement.

Palak highlighted government incentives to promote investments in hi-tech parks and emphasised future market potential in this sector. He also expressed

READ MORE ON B3



## NBR asked to rationalise sugar, edible oil duties

STAR BUSINESS REPORT

The commerce ministry has asked the National Board of Revenue to further rationalise duty rates imposed on sugar and edible oil imports, said Commerce Minister Tipu Munshi yesterday.

He made the comments while speaking in parliament.

He claimed that the government's timely actions have made it possible to stabilise commodity prices and supply.

In reply to a query from Gonoforum MP Mukabbir Khan, the minister said measures are being taken to ensure an unstable situation is not created in the market in future.

Munshi said the commerce ministry and the Directorate of National Consumers Rights Protection were keeping a keen eye on preventing instability in the market.

He said that all possible measures – including the removal of import barriers, reduction of customs duty, normalisation of gas-electricity supply, ensuring quick clearance at ports, and supervision of import of goods as per letters of

READ MORE ON B3

# Is monetary policy helping contain inflation?

MD MEHEDI HASAN

The Federal Reserve of the US and the European Central Bank kept hiking policy rates in their fight against record inflation throughout last year and this year whereas the central bank of Bangladesh chose not to use the full force of the monetary policy.

The country's efforts aimed at curbing higher inflation did not succeed largely because of a 9 percent interest rate ceiling that the Bangladesh Bank introduced in April 2020.

This was because the cap largely made the policy rate hikes put in place by the central bank ineffective as it contributed to the flow of cheap money in the economy, thus pushing up the inflation rate.

When Abdur Rouf Talukder joined the BB as its governor in July last year, inflation stood at 7.48 percent. And in his maiden press conference a month later, he backed the cap.

He said withdrawing the ceiling to control inflation is the "textbook solution" and there is no need to follow the US since Bangladesh did the best among the South Asian countries to tackle the pandemic-induced crisis by following its own methods.

But western economies have shown that a tighter monetary policy works when it comes to curbing inflation.

The US has raised interest rates to the highest level in 22 years to stabilise prices and make borrowing costlier. It has raised the rate 11 times since early 2022.

As a result, annual inflation in the world's largest economy is expected to have reached 3.6 percent in August. It would be much lower than the June 2022's

were still cheaper owing to the interest rate ceiling.

Finally, in June this year, the central bank's monetary policy for July-December withdrew the cap and introduced a market-based lending rate to meet conditions attached to the International Monetary Fund's \$4.5 billion loan.



peak of 9.1 percent.

Similarly, eurozone inflation halved from an all-time high of 10.6 percent in October last year to 5.3 percent in August this year.

The BB has not been much behind the rest of the world in raising policy rates.

It started to increase the repo rate in May last year as inflation went up following a sharp increase in the commodity prices driven by the crisis brought on by the Russia-Ukraine war. The rate has been revised upwards five times since then.

But the rate hikes did not bring expected results as funds

But higher inflation has already brought about a cost-of-living crisis in the country.

Average inflation rose 23 basis points to a 12-year high of 9.92 percent in August against the central bank's full fiscal year target of 6 percent. In July, it stood at 9.2 percent.

In the past one year, experts squarely blamed the 'faulty' monetary policy for the runaway consumer prices.

"Bangladesh has failed to control inflation because it did not use the monetary policy," said Fahmida Khatun, executive director of the Centre for Policy

Dialogue.

She explains that when inflation rises persistently and goes past the target, central banks usually take cautious measures through monetary policies to control the money flow.

"But in Bangladesh, the money was very cheap until June due to the interest rate cap. The lending rate was lower than the inflation rate and this increased the money supply."

Fahmida said the central bank lifted the interest rate cap but it was too late.

The broad money, a measure of the money supply in an economy, recorded a 10.48 percent year-on-year growth at the end of June.

Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development, said the central bank framed monetary policies until June without bringing flexibility to interest rates on loans.

"There is a lack of proper policy since we didn't follow the market-based interest rate and the exchange rate."

The former chief economist of the BB also blamed the lax supervision in the commodity market and in the money market.

"The unnecessary volatility in our commodities market has increased the prices of a number of goods and this has hurt the pockets of consumers."

READ MORE ON B2

## Financial account off to a gloomy start

Deficit persists

STAR BUSINESS REPORT

Bangladesh's financial account witnessed deficit in the first month of the new fiscal year, signaling that the pressure on the foreign exchange regime will continue.

In July of 2023-24, the financial account of the balance of payments (BoP) registered a deficit of \$895 million, way higher than a deficit of \$66 million recorded in the same month in the last fiscal year, data from the Bangladesh Bank showed.

The financial account covers claims or liabilities to non-residents concerning financial assets and its components include foreign direct investment, medium and long-term loans, trade credit, net aid flows, portfolio investment and reserve assets.

A lower short-term foreign borrowing by the private sector and the declining balances in nostro accounts maintained by commercial banks with foreign banks are to blame for the reversal in the

**The financial account was \$2.1 billion in deficit at the end of fiscal 2022-23, in contrast to \$15.5 billion in surplus a year earlier**

financial account in the space of a year, according to bankers.

The financial account was \$2.1 billion in deficit at the end of fiscal 2022-23, in contrast to \$15.5 billion in surplus a year earlier.

In July, short-term foreign debt in the private sector stood at \$13.38 billion, down 2 percent from \$13.65 billion in June, according to the BB. In January, the figure was \$15.58 billion.

The financial account deficit persisted in July largely because of a \$1.07 billion shortage in the "other investment (net)" segment of the BoP. It was a negative \$266 million in the same month a year earlier.

In contrast, the gross flow of foreign direct investment rose 5.65 percent to \$505 million. The net portfolio investment was \$2 million in negative in July from \$32 million a year earlier.

Zahid Hussain, a former lead economist at the World Bank's Dhaka office, recently told The Daily Star that foreign lenders had lost their confidence in Bangladeshi companies as the country's forex reserves continue to fall.

He said fresh disbursement of foreign loans was lower than repayments, so the financial account slipped into the negative territory after a long time.

READ MORE ON B3

STOCKS		
	DSEX ▲	CASPI ▲
	0.26%	0.14%
	6,300.56	18,617.17

COMMODITIES		
	Gold ▼	Oil ▲
	\$1,915.44	\$88.00
	(per ounce)	(per barrel)

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▲ 0.14%	▲ 0.95%	▼ 0.12%	▼ 0.18%
	67,221.13	32,776.37	3,214.46	3,137.06

## Shipbuilders get more time to regularise defaulted loans

STAR BUSINESS REPORT

Shipbuilders have been granted another two and a half months or so to reschedule their defaulted loans through a 2.5 per cent down payment, according to a Bangladesh Bank (BB) notice yesterday.

The move comes a couple of days ahead of the expiry of a 90-day deadline set by the central bank in this regard in June.

In the June circular, the BB offered rescheduling the loans for a period of 10 years, which includes a two-year grace period.

However, a central bank official said a number of shipbuilders could not apply for regularising the defaulted loans.

"They are yet to be fully prepared to make the down payment and arrange required documents. So, based on their request, we have extended the scope for rescheduling loans until November 30 this year," said the official.

The central bank's measure comes against the backdrop of some



banks putting up some shipbuilding and ship recycling yards for auction to recover loans.

Non-performing loans (NPLs) of the shipbuilding and ship breaking industry amounted to Tk 4,760 crore out of total outstanding loans of roughly Tk 21,220 crore as of December 2022. The sector's NPLs stood at 3.95 percent of the total defaulted loans in the country,

according to the banking regulator's Financial Stability Report.

However, as far as the sector-wise rescheduled loans outstanding to total loans outstanding ratio was concerned, shipbuilding and ship breaking sectors ranked top with 33.8 percent in 2022.

They were followed by industrial, garment and textile and agriculture sectors, said the report.



Visit 3 Comprehensive Int'l Exhibitions Serving the entire Textile & Garment Industry of Bangladesh for the past 22 years



Bangladesh's Biggest & Oldest Int'l Exhibition on Textile Apparel Technology & Machinery



Featuring Int'l Yarn, Fabric, Trims & Accessories Manufacturers & Suppliers



An Exclusive & Only Int'l Exhibition of Bangladesh on All Kinds of Dyestuffs and Fine & Specialty Chemicals

**VISIT & MEET,**  
**1550+ EXHIBITORS** **37+ COUNTRIES** **2000+ BOOTHS & PAVILIONS**

For more Info & Online Registration, Scan QR-Code or visit [www.cems-textileseries.com](http://www.cems-textileseries.com)



**13-16 SEPTEMBER 2023**  
10:30AM - 7:30PM

Bangabandhu Bangladesh-China Friendship Exhibition Center (BBCFEC)  
Near Kanchan Bridge, In Purbachal, Dhaka

Host Country Partner:   
Partner on:   
Digital Sourcing Partner:   
Broadcast Partner:   
Media Partners:   
Negative Partners:   




## UCB holds skills training for farm entrepreneurs

STAR BUSINESS DESK

United Commercial Bank (UCB) organised a daylong agricultural entrepreneurship skills development trainings styled "Voroshar Notun Janala" under an Agro-CSR Project 2023 at Nehal Green Park in Kishoreganj and at Regional Cooperative Training Centre in Narsingdi yesterday.

Over 370 agricultural entrepreneurs from 13 upazilas attended the Kishoreganj training, which was inaugurated by ATM Tahmiduzzaman, deputy managing director and company secretary, as chief guest, said a press release.

Md Shah Alam Bhuyan, deputy managing director, Rezaul Karim Siddique, presenter of Mati O Manus programme on Bangladesh Television, Md Monirul Islam and Mahabubur Rahman, additional directors of the Department of Agricultural Extension, Shahidul Islam, district fisheries officer, Shubash Chandra Banik, district livestock officer, and Mainul Islam, assistant agriculture officer, were present.



ATM Tahmiduzzaman, deputy managing director of United Commercial Bank, attends an agricultural entrepreneurship skills development training styled "Voroshar Notun Janala" under an initiative of Agro-CSR Project 2023 at Nehal Green Park in Kishoreganj yesterday. PHOTO: UNITED COMMERCIAL BANK

## IFIC Bank gets new DMD

STAR BUSINESS DESK



IFIC Bank PLC has recently promoted a senior executive vice president to the post of deputy managing director (DMD).

The official, Md Rafiqul Islam, will also serve as head of branch business of the bank concurrently. Islam joined IFIC Bank in 2014.

He started off his banking career as a probationary officer at AB Bank in 1998 and went on to

work at Trust Bank Ltd, the bank said in a press release. He attained a master's degree in English literature from the University of Dhaka alongside an MBA degree.



Shams Abdullah Muhaimin, deputy managing director of Prime Bank, and Md Moniruzzaman, managing director of Prime Bank Securities, exchange signed documents of an agreement on digital banking solutions at the former's head office in Dhaka recently. PHOTO: PRIME BANK

## Prime Bank to provide digital solutions to subsidiary

STAR BUSINESS DESK

Prime Bank signed an agreement with Prime Bank Securities Limited (PBSL) recently to provide automated banking solutions through its digital platform PrimePay.

Shams Abdullah Muhaimin, deputy managing director of the bank, and Md Moniruzzaman, managing director and CEO of the PBSL, inked the deal, said a press release.

Under the agreement, systems will be integrated to show client collections and deposits in portfolios in real time along with unique identifiers.

The PBSL will be able to honour client withdrawal requests on time, make instant fund transfers to beneficiary accounts with Prime Bank and initiate bulk disbursements for any service.

## AB Bank to disburse remittance through bKash

STAR BUSINESS DESK

AB Bank Ltd signed an agreement with bKash yesterday enabling remittance to be sent directly to the beneficiary's mobile financial service (MFS) wallet through the lender.

Syed Mizanur Rahman, deputy managing director of the bank, and Ali Ahmed, chief commercial officer of the MFS provider, inked the deal at the former's head office in Dhaka, said a press release.

Officials of both organisations were also present.



Syed Mizanur Rahman, deputy managing director of AB Bank, and Ali Ahmed, chief commercial officer of bKash, exchange signed documents of an agreement on remittance disbursement services at the former's head office in Dhaka yesterday. PHOTO: AB BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (SEP 12, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 72	-2.22 ↓	-3.65 ↓
Coarse rice (kg)	Tk 48-Tk 50	-2 ↓	-1.01 ↓
Loose flour (kg)	Tk 45-Tk 48	-8.82 ↓	-8.82 ↓
Lentil (kg)	Tk 95-Tk 100	5.26 ↑	-4.76 ↓
Soybean (litre)	Tk 155-Tk 160	-3.08 ↓	-8.7 ↓
Potato (kg)	Tk 42-Tk 45	14.47 ↑	61.11 ↑
Onion (kg)	Tk 70-Tk 80	-6.25 ↓	76.47 ↑
Egg (4 pcs)	Tk 50-Tk 53	-10.43 ↓	18.39 ↑

SOURCE: TCB

## LankaBangla organises tree plantation programme in Rajshahi

STAR BUSINESS DESK

LankaBangla Foundation, in association with Rajshahi City Corporation, recently organised a tree plantation programme at Nawdapara in Rajshahi.

AHM Khairuzzaman Liton, mayor of Rajshahi City Corporation, inaugurated the programme as the chief guest, read a press release.

Under the initiative, LankaBangla

Foundation provided 12,312 saplings of various species to Rajshahi City Corporation at the initial stage. These saplings will be planted to beautify the road from Shahid AHM Kamruzzaman Chatter to Shah Makhdam Airport in the city.

Khaja Shahriar, managing director and CEO of LankaBangla Finance, and Shahidul Islam, ward councilor of Rajshahi City Corporation, were present.

Among LankaBangla officials, Mostafa Kamal, head of board secretariat and regulatory affairs, Mohammad Shoaib, head of corporate financial services, Muhammad Habib Haider, head of general infrastructure and services, Md Raziuddin, head of brand, marketing and communications, and Mohibul Hasan Shajal, head of Rajshahi branch, were also present.



AHM Khairuzzaman Liton, mayor of Rajshahi City Corporation (RCC), inaugurates a tree plantation programme jointly organised by LankaBangla Foundation and RCC at Nawdapara in Rajshahi recently. PHOTO: LANKABANGLA FINANCE



Habibur Rahman, managing director of South Bangla Agriculture and Commerce (SBAC) Bank Ltd, addresses a "Business Review Meeting" of the bank at its head office in Dhaka yesterday. Among others, Md Nurul Azim, Md Altaf Hossain Bhuyan, Md Abdul Matin and AKM Rashedul Hoque Chowdhury, deputy managing directors of the bank, were present. PHOTO: SBAC BANK



PHOTO: PUBALI BANK

Mohammad Ali, managing director of Pubali Bank, attends an orientation programme for newly recruited officials of alternative delivery channel division of the bank at its head office in Dhaka yesterday. Mohammad Esha, Mohammad Shahadat Hossain, Ahmed Enayet Manzur, Md Shahnewaz Khan and Mohammad Anisuzzaman, deputy managing directors of the bank, and Ismat Ara Huq, general manager and head of human resources division, were present.

## Govt eases Is monetary policy

FROM PAGE B4

"This will provide scope for farmers to get quality seeds."

In a report following the amendment to the rules, the US Department of Agriculture (USDA) said the previous provision -- which required a firm to apply for the release or registration of crop varieties five years after registering as a seed dealer -- "posed a significant obstacle for US companies looking to initiate and expand their operations in Bangladesh".

The report said that it worked with the agriculture ministry to amend the seed rule in response to the request from USDA.

"The amendment now allows these companies to release and register proprietary crop varieties one year after obtaining their dealership registration," said the agency.

"This streamlined process not only accelerates the pace of entry into the Bangladeshi market but also enables these companies to bring their innovative agricultural solutions to farmers more swiftly," it added.

FROM PAGE B1

Mujeri cited the example of Sri Lanka and India for the proper management of inflation.

Sri Lanka was facing the worst economic crisis in its history just a year ago and inflation rocketed to 69.8 percent in September.

In July, inflation in the Island nation stood at 6.3 percent, also way lower than 12 percent in June.

Inflation eased in India as well.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the government has yet to take effective measures to control higher inflation.

"Several countries succeeded in reining inflation by hiking the interest rate, but we have not employed our monetary tools to take the right steps."

Market factors also responsible

Fahmida said a faulty market management was another reason for the skyrocketing inflation.

"There are some sections that are creating

an artificial shortage of products."

The noted economist said the argument that Bangladesh's inflation is import-based is not fully correct.

Inflation was supposed to decline in Bangladesh since the price of commodities has come down in the international market in recent months.

"Instead, inflation shows no sign of slowing down," she said.

On Sunday, Rizwanul Islam, a former special adviser of the International Labour Office in Geneva, said market imperfections and foul play in a monopolistic/oligopolistic market have long been pointed out as a major factor behind the recent inflation.

"It's a pity that very little is being done to moderate this monstrous shock."

He thinks given the nature of the current inflation, conventional instruments like monetary policy alone can't fight it.

"Other measures, especially to ease and

regulate the supply of essentials, are urgently needed."

In June, the central bank blamed several factors for the elevated domestic commodity prices and inflation. They include higher prices of imported items in the global market, a larger depreciation of the taka, and the upward adjustments in fuel and energy prices.

The taka has lost its value by about 27 percent against the American greenback since the outbreak of the war in February last year.

A lack of a competitive environment, along with market syndication, could have also contributed to the current CPI (Consumer Price Index) inflation, the BB said.

Yesterday, BB Chief Economist Md Habibur Rahman said the central bank has taken a series of measures, including the withdrawal of the interest rate cap, and the hike in the policy rate, in order to tame inflation.

"It will take time to tame higher inflation."



## Bangladesh aligning accounting framework with global standards

STAR BUSINESS DESK

Bangladesh has been making significant strides in aligning its accounting framework with international standards, which is making it easier for investors to understand and engage with public authorities.

Experts made the comment at a webinar jointly organised by the Institute of Chartered Accountants of Bangladesh (ICAB) and the Financial Reporting Council (FRC) on Sunday.

FRC Bangladesh recently developed guidance and framework for various public enterprises (PEs) and statutory public authorities (SPAs), including local authorities.

"All public enterprise should follow level 1, accrual basis IPSAS," said Md Moniruzzaman, president of the ICAB, adding that larger bodies such as SPAs should follow accrual basis IPSAS. "Medium or small entities should follow relevant standards depending on revenue or gross receipts as applicable."

Mohammad Muslim Chowdhury, former comptroller and auditor general of Bangladesh, joined the webinar as chief guest.



A shop worker paints decorative designs on a piece of styrofoam for use as a backdrop in events, such as birthdays and weddings. Such items sell for a minimum of Tk 500. The photo was taken at the flower market at Shahbagh in the capital yesterday.

PHOTO: AMRAN HOSSAIN

# 4-year BSCIC project now entering 14th year

MD ASADUZ ZAMAN

A four-year industrial park project undertaken by the Bangladesh Small and Cottage Industries Corporation (BSCIC) in Sirajganj will enter its 14th year of construction due to delays in land acquisition and difficulties in obtaining approval from relevant ministries.

The Executive Committee of the National Economic Council (Ecne) yesterday approved the project for the fourth time without increasing costs. Previously, the project cost had risen three times during revisions.

However, the Implementation Monitoring and Evaluation Division (IMED) asked to complete all remaining works by 2024 and recommended not to extend the deadline further.

Aiming to create one lakh jobs, spur economic activity and reduce poverty in the northern districts, the industries ministry took up the project in 2014 at a

cost of Tk 379 crore.

The project was later revised for the first time, increasing costs to Tk 489.96 crore and extending the deadline to 2015.

The project endured two more revisions, taking costs to Tk 628.10 crore and then to Tk 719.21 crore while the deadline was extended once to June 2019 and then again to June 2021.

There were three further extensions until June 2023 but costs were not increased, according to planning commission documents.

The park covers 400 acres at Saidabad and Kalia Haripur in Sirajganj, which is expected to have around 801 industrial plots.

A total of 570 export-oriented and import-substitute domestic mills and factories will be set up in the industrial park, officials said.

Speaking to The Daily Star, project director Jafar Bayezid said they had completed 84 percent of the physical work

and expressed optimism to complete the rest of work in line with IMED's recommendations.

"A major gap remains in the construction of drainage, with around 70 percent work still to be done, and roads, with 60 percent of work left. We may complete it before the deadline," he said.

Bayezid blamed land acquisition and approval from different authorities taking too much time as reasons for the delays.

"We were handed over the land in 2014 but were unable to start work due to a lack of necessary approval from different authorities," said Bayezid.

"After getting environmental clearance, clearance from the water ministry and other official papers, land development work began in 2019. Price revisions were in tune with the situation as of that moment."

Meanwhile, the Ecne yesterday approved 19 projects worth Tk 18,066

crore at a meeting chaired by Prime Minister Sheikh Hasina.

The Mongla Port development project was approved at a cost of Tk 4,282.36 crore. The Chinese government is set to provide Tk 3,782.36 crore in loan under a government-to-government mechanism.

The remaining Tk 500.39 crore will be financed by the Bangladesh government. The project deadline is June 2027.

Another project, aimed at enhancing power infrastructure in the southern part of Chattogram division and Bangabandhu Hi-tech City in Gazipur, was also approved.

Other projects included further development of Bangladesh Agriculture University at a cost of Tk 363 crore, the "Conservation and Rehabilitation of Chandpur City" worth Tk 827 crore and the "Building roads, bridges, culverts and rehabilitation for Sunamganj and Habiganj areas damaged by flood in 2022" worth Tk 2,681 crore.

## 'CORR The Jute Works' marks 50 years of serving unprivileged women

STAR BUSINESS REPORT

CORR The Jute Works, a trust of Caritas Bangladesh, has been working to develop the lives of unprivileged women in the country for the last 50 years, speakers said yesterday.

They were speaking at a discussion styled "50 years of love, nature and fair trade", organised for the non-profit's golden jubilee, at the Krishibid Institution Bangladesh Auditorium in Dhaka.

Sebastian Rosario, chairperson of CORR The Jute Works and executive director of Caritas Bangladesh, presided over the function, where Golam Dastagir Gazi, minister for textiles and jute, attended as chief guest.

Shishir Angelo Rosario, director of CORR The Jute Works, in his welcome address said the organisation started training programmes to go along with the production and export of handicrafts since its inception in 1973.

It began with the aim of providing a permanent source of income for women and widows in the war-torn country. It has since been working for vulnerable and disadvantaged women, disabled and marginalised communities and indigenous communities, he added.

Praising its activities, the minister said: "I appreciate CORR The Jute Works. I am happy to know that the organisation has implemented programmes to improve the quality of life of about 6,000 women over the past 50 years. I hope that many more people will follow in their footsteps and come forward to serve humanity."

Archbishop of Dhaka Archdiocese Bejoy N D'Cruz added: "Many poor families have been able to achieve family self-sufficiency through this institution. CORR The Jute Works did not buy food directly for the poor but made it possible for them to buy food."

## UK unemployment rises to 4.3%

AFP, London

The UK unemployment rate edged higher to 4.3 percent in the three months to the end of July, as wage growth remained at a record high, official data showed Tuesday.

Unemployment had been 4.2 percent in the quarter to the end of June, the Office for National Statistics added in a statement.

The figures came a day after administrators of struggling UK household goods retailer Wilko said that more than 10,000 staff will lose their jobs after the firm failed to find a buyer.

## Russian sellers stop fertiliser discounts to India

REUTERS, Mumbai/London

Russian companies have ceased offering fertiliser such as di-ammonium phosphate (DAP) to India at discounted prices due to tightening global supplies after becoming the biggest suppliers to the country last year, three industry sources told Reuters.

The move in August by Russian companies to instead offer fertilisers at market prices could increase India's import costs and subsidy burden amid a rally in global prices, as a top exporter, China, tries to curtail overseas sales.

"There are no discounts," said a New Delhi-based senior industry official involved in the negotiations with overseas suppliers.

"Russian companies are offering fertilisers at the market prices," the official said, declining to be named due to the sensitivity of the matter.

India's fertiliser imports from Russia surged 246 percent to a record 4.35 million metric tons in the 2022/23 financial year ended on March 31 as suppliers gave discounts to the global market price for DAP, urea and NPK fertilisers.

Russia's aggressive selling last year eroded the Indian market share of other fertiliser exporters including China, Egypt, Jordan, and the United Arab Emirates.

"Russian companies were offering DAP at discounts of as high as \$80 (per ton). However, now they are not offering discounts of even \$5," said another Indian company official.

## Oil prices spike on tight supplies and upbeat Opec

REUTERS, London

Oil prices jumped by about 1 percent on Tuesday, boosted by a tighter supply outlook and Opec optimism over the resilience of major economies in the face of rising interest rates.

November Brent crude futures gained \$1.16, or 1.3 percent, to \$91.80 a barrel by 1335 GMT while US West Texas Intermediate crude futures for October firmed by \$1.35, or 1.6 percent, to \$88.64.

Brent breached \$90 a barrel last week for the first time in 10 months after Saudi Arabia and Russia announced they would extend a combined 1.3 million barrels per day (bpd) of voluntary supply cuts until the end of the year.

There is little doubt that the oil industry sees increasing likelihood of oil price inflation, said PVM Oil analyst John Evans, citing supply and demand fundamentals.

The Organization of the Petroleum Exporting Countries (OPEC) on Tuesday stuck to an upbeat demand growth forecast for this year and next.

Global oil demand is projected to rise by 2.25 million bpd in 2024, compared with growth of

2.44 million bpd in 2023, OPEC said in its monthly report. Both forecasts were unchanged from last month.

The International Energy Agency releases its forecasts on Wednesday.

In Libya, a deadly storm led the OPEC member to shut four of its eastern oil export terminals on Saturday.

Meanwhile, August US consumer price index data due on Wednesday is expected to provide some indication on the outlook for US interest rates. The Federal Reserve is widely expected to leave rates unchanged at a policy meeting next week, though views are split over whether it will raise rates in November.

The European Central Bank will announce its interest rate decision on Thursday. The European Commission on Monday forecast that the euro zone will grow more slowly than previously expected in 2023 and 2024.

Investors were also awaiting industry data on US crude stocks, due at 2030 GMT on Tuesday.

Crude inventories were expected to have fallen by about 2 million barrels in the week to September 8, a preliminary Reuters poll showed on Monday.

## Saudi firm to set up

FROM PAGE B1

gratitude to DataVault for their interest and assured full cooperation from the ministry.

The discussion also explored potential investment opportunities in the information and communication

technology (ICT) sector and other areas in Bangladesh, the statement read.

GSM Jafarullah, managing director of Bangladesh Hi-Tech Park Authority, and officials from DataVault were present.

Founded this year,

Riyadh-based DataVault is a subsidiary of Vision Invest, a Saudi Arabian development and investment holding company focused on critical infrastructure.

Earlier, Yotta Data Services, an arm of Indian conglomerate

Hiranandani Group, announced it would be investing Tk 2,000 crore to build a tier-IV data centre in the hi-tech city.

In early August, Jafarullah told The Daily Star that construction of the data centre had already begun.

## NBR asked to rationalise sugar, edible oil duties

FROM PAGE B1

credit (LCs) – were taken to keep the supply of goods in the market uninterrupted.

He said that the Bangladesh Competition Commission was requested to investigate whether there were irregularities or monopolies in the poultry market.

The minister also said that the local market price of edible oil and sugar was adjusted from time to time in line with international market rates.

In response to a question from ruling Awami League MP Anwer Hossain Khan, the commerce minister said that prices of import-dependent daily necessities had increased due to higher transport costs, the Russia-Ukraine war and increasing dollar rates.

"The effects are being observed in the prices of daily essentials, including spicy items."

In response to a question from AL MP Benjir Ahmed, the minister said that in the last fiscal year of 2022-23, the total trade deficit with Saarc countries, including India and Pakistan, stood at \$7.5 billion.

Among Saarc countries, there is a maximum trade deficit of \$7.16 billion with

India, \$466.33 million with Pakistan, \$14.29 million with Bhutan, and \$1.49 million with Afghanistan.

On the other hand, there is a trade surplus with Nepal, Sri Lanka and the Maldives. Bangladesh's trade deficit with China is \$15.488 billion.

In response to a question from Awami League MP Ali Azam, Expatriates' Welfare Minister Imran Ahmad said that 11.25 lakh expatriate workers had been employed abroad in 2022-23 due to effective government measures.

In response to a query from AL MP Haji Selim, the minister said that there were agreements and memorandums of understanding with 18 countries and Hong Kong for the export of manpower.

The 18 countries are Kuwait, Qatar, Oman, Libya, the Maldives, South Korea, Malaysia, Jordan, Bahrain, Iraq, the UAE, Saudi Arabia, Brunei, Singapore, Mauritius, Cambodia, Greece, and Japan.

There are plans to sign agreements and MoU with other European countries, including Malta, Albania and Romania, he added.

## Financial account

FROM PAGE B1

The trade deficit, which takes place when imports surpass exports, narrowed to \$635 million in July from \$2.1 billion in the identical month of FY23, on the back of higher shipments and lower purchases from international markets.

Export was up 17.43 percent year-on-year in July while import dropped 14.92 percent.

Import payments have fallen mainly due to the austerity measures put in place by the government and the central bank to stop the depletion of the forex reserve, which has fallen by about 25 percent in the last one year.

A shortage of US dollars and a lingering gas crisis have also prompted many businesses and industries to slashed imports and

put their investment and expansion plans on hold.

But Hussain said: "It will not be possible to continue with the import curbs year after year, so stakeholders need to take measures on how to improve the financial account."

The noted economist pointed out that there is huge mismanagement since the monetary policy, the exchange rate policy

and the fiscal policy did not work to address the issue.

The current account balance returned to the positive territory at \$537 million from a negative \$449 million in July of FY23, central bank figures showed.

The country's overall balance was \$1.07 billion in negative in July of FY24, a slight improvement from \$1.08 billion in the same month of FY23.

### Bangladesh Lamps Limited

Head office: House-22, Road-4, Block-F, Banani, Dhaka-1213

#### Price Sensitive Information

This is to inform you that the Board of Directors of the Company at its meeting held on 11-09-2023 at 2:45 p.m., decided to set up a production line for manufacturing plastic parts of Tube Light at its existing factory located at Ghashirdia, Shaspur, Shibpur PS, Narsingdi.

The expected cost for the project will be Tk 1.11 crore. The cost of the project will be arranged by bank borrowings. After completion of the project, it is expected that the net sales will be Tk 22.13 crore and the expected profit before tax will be increased by Tk 48 lac per year from the said project.

Further be informed that the Board of Directors of the Company at the said meeting decided to outsource GLS Bulbs and discontinue of GLS production line, from which the expected profit before tax will be increased by Tk 37 lac per year.

The reasons for the discontinuation of the production of GLS Bulbs are stated below:

- Decrease in sales volume by 50% against last year;
- Increase the manufacturing overhead cost due to idle capacity.

By order of the Board

Mohammad Ruhan Miah  
Company Secretary

Dhaka  
11-09-2023

**TRANSTEC**  
ON and AHEAD



## Govt eases rules for release of seed varieties

STAR BUSINESS REPORT

The government has eased rules regarding registration of new seeds of vegetables and other crops, barring only crops such as rice, wheat, jute and sugarcane.

From now on, firms will be able to apply for the release of seeds one year after their registration as a seed dealer or seed marketer with the agriculture ministry, according to an amendment made to Seed Rules 2020 at the end of last month.

Prior to the revision, a firm or seed seller had to wait for five years before applying to the agriculture ministry to release seeds of crops, namely vegetables and maize.

"The easing of the rule will encourage foreign companies to sign up for seed businesses, bringing



**A farmer in the Anantapur region of Sylhet's Kandigaon union tends to bottle gourd plants on his vegetable patch. The demand for vegetable seeds in the country stood at 2,750 tonnes in FY2021-22, show agriculture ministry data. The photo was taken yesterday.** PHOTO: SHEIKH NASIR

# Growth relies on better public service, productivity

Says chief economist at the UK's Foreign, Commonwealth & Development Office

STAR BUSINESS REPORT

Bangladesh needs to provide quality public goods and services, raise productivity and adapt to technological advancement-induced challenges to maintain its growth towards its aim to become an upper-middle-income country, said an economist working for the British government yesterday.

Soon to make the status graduation from a least-developed country (LDC), Bangladesh will face a new set of challenges, said Professor Adnan Khan, chief economist and director for Economics and Evaluation Directorate at the Foreign, Commonwealth & Development Office.

"So, it will have to provide high-quality goods and develop deeper sustained capacity for doing so, enable private entrepreneurs to unlock growth through raising productivity, and innovate and adapt to future challenges of the transformation of technology."

Khan was delivering a public lecture titled "State Effectiveness and the Challenge of Development" organised by the Policy Research Institute of Bangladesh (PRI) at the Amari Dhaka hotel.

Bangladesh's success in the economic and social indicators was miraculous, driven by a large domestic market, a demographic dividend, remittance flows, garment exports and relatively stable macroeconomic conditions, he said.

"Bangladesh is an unsung development story...an example for developing countries."

However, the economy has been facing some challenges over the last decade, said Khan.

This remarkable progress has slowed partly for global conditions and partly for domestic reasons, he said, citing data of slow gross domestic product (GDP) growth rate, decline

in job growth and shrinking contribution of exports to the GDP.

Inflation has also remained persistently high since the middle of 2022.

As Bangladesh is going to be an upper-middle income country, it will need high levels of revenues to deliver high-quality public services, he said.



**Adnan Khan**

"The tax system should be broad-based and equitable for all."

The tax to GDP ratio in Bangladesh was 7.6 percent in 2021 which was below the average of 10.7 percent for middle-income countries.

In order to improve tax mobilisation, Khan suggested ensuring quality public services so that people become encouraged to pay taxes.

"The key to improving taxation lies in the effectiveness of the state in providing public services."

The economist also went on to say that the government needed to increase the use of technology and information, ensure enforcement of laws and incentivise tax inspectors.

"Low revenue mobilisation is not due to low

tax rates, but rather due to fewer instances of law enforcement. So, enforcement is crucial."

To raise tax collection, Khan recommended improving the trust people have on the government.

"Where there are more checks and balances, there is higher trust. And when trust is higher, voluntary compliance to pay tax is higher."

Khan also touched upon climate change increasing the risks towards growth and resilience, recommending focusing on investments in adaptation in the delta regions.

"Greater export diversification and more foreign direct investment will help the economy reach the goal of upper-middle income status."

Khan also suggested improving the quality of education so that it could help make the economy more productive and narrow the gap in human capital with other countries in the region.

"Skills of tax officials need to be improved so that their understanding on financial statements is up to the mark," said Mashiur Rahman, the prime minister's economic affairs adviser.

Sometimes, tax officials create problems for entrepreneurs by being unable to properly understand financial reports, he said.

"The tax rate should be such that taxpayers are incentivised to invest and create more jobs."

He said many companies do not properly maintain financial records, which creates a big problem in tax collection.

On improving education, Rahman said primary and secondary education should be attuned to enabling the country to switch to advanced technology.

Zaidi Sattar, chairman of the PRI, chaired the session.

## Japan's ITOCHU enters Bangladesh with bags

JAGARAN CHAKMA

Japanese trading company ITOCHU Corporation is set to enter the Bangladesh market by offering bags of its OUTDOOR PRODUCTS brand through YELLOW, a fashion and lifestyle brand of Beximco Group.

The products will be launched at YELLOW's Gulshan outlet on September 20 as per a distribution and licencing contract signed between ITOCHU Corporation and YELLOW.

"We are confident that the simple yet high-quality hiking backpacks, school backpacks, travel duffels and messenger bags will resonate with Bangladeshi consumers," Shehryar Burney, executive director of YELLOW, told The Daily Star.

Initially the bags will be imported and, through capacity developments, they will be made in Bangladesh for export followed by apparel items, said officials of the ITOCHU.

The OUTDOOR PRODUCTS brand originated in the US in 1973 and has a range of outdoor, hiking and sports products. ITOCHU Corporation acquired its trademark rights in 2012.

ITOCHU Corporation is engaged in trading textile, machinery, metals, minerals, energy, chemicals, food, general products, real estate, information and communications technology, and finance alongside business investments in Japan and overseas.

Established over 160 years ago, the company now has approximately 90 bases in 61 countries.

HB Tetsuro Kano, chief representative and general manager of ITOCHU Corporation's Dhaka liaison office, believes Bangladesh will be happy with the OUTDOOR PRODUCTS brand.

"We hope it will lead to more retail business by ITOCHU in the big retail market of Bangladesh with a population of 170 million."

"We believe Bangladesh will keep growing, upgrading the lifestyles and income of its huge population."

"After Puma and Nike, we are going to launch our brand...I hope other Japanese companies also start to bring their brand...we hope for other brands of the world to follow us," he said.

Puma and Nike opened outlets in Bangladesh in April 2019 and last July respectively through franchisee and apparel exporter DBL Group.

According to Burney, Beximco Group has been engaged in partnerships with ITOCHU Corporation over multiple projects for more than five years. He did not elaborate.

## Chinese firm to invest \$12.2m at Adamjee EPZ

STAR BUSINESS REPORT

Chinese company Cherry Button Limited will invest \$12.2 million to establish a garment accessories manufacturing factory at the Adamjee Export Processing Zone in Narayanganj.

To this end, the Bangladesh Export Processing Zones Authority (Bepza) and Cherry Button signed an agreement at the Bepza Complex in Dhaka yesterday, according to a press release.

The company will produce 1,650 million pieces of metal buttons, plastic buttons, metal zippers, vision zippers, nylon coil zippers, and other accessories like eyelets, rivets, stoppers, badges, buckles, and suspender buckles annually.

The investment will create jobs for 1,068 Bangladeshi nationals.

Ali Reza Mazid, investment promotion member of Bepza, and MA Miaoyan (Jasika), chairman of Cherry Button, signed the agreement, the press release added.

## German economic weakness belies France's outperformance

REUTERS, Paris

Germany's economic weakness is casting a flattering light on France's relative resilience that belies the otherwise middling performance of the euro zone's second-biggest economy, economists say.

The European Commission said on Monday the two economies were on diverging paths this year with Germany forecast to be in a recession with a 0.4 percent contraction and France expected to grow 1.0 percent.

With weak construction and declining construction investment weighing on Europe's biggest economy, Germany's outlook was slashed from a previous forecast for 0.2 percent growth while France was upgraded from 0.7 percent.

However, France's improved outlook stems in no small part from a particularly strong second quarter when the economy grew 0.5% thanks to exceptionally strong exports of aircraft and the delivery of an ocean liner, not to mention a boost from firms rebuilding inventories.

"Germany's not doing very well, that's for sure, but to say that means France is doing well would be pushing it," said Mathieu Plane with the OFCE economics think tank in Paris.

The contrasting fortunes of the euro zone's two biggest economies can also be explained by tailwinds working against Germany and headwinds helping France.



**Cranes move shipping containers stacked along the dockside at the Seayard Co. terminal, operated by the Marseille-Fos port authority in Fos sur Mer, France.** PHOTO: REUTERS

## China says its economy is 'resilient'

REUTERS, Beijing

China's economy is resilient and has not collapsed, the Chinese foreign ministry said on Tuesday, rejecting claims from the West that its economy is faltering and could cause wider problems.

Officials from countries including Australia and the United States have publicly raised concerns about the world's second-largest economy.

US President Joe Biden called China's economic situation a "crisis" while Australian Treasurer Jim Chalmers said a slowing Chinese economy could in turn weigh on Australia's.

"It seems that there will be various theories of China's collapse every once in a while," Mao Ning, a ministry spokesperson, told a regular news briefing.

"The fact is that China's economy has not collapsed," Mao added, without naming Biden or Chalmers.