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BUSINESS



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Adnan Khan

### ‘Go for innovation for further development’

STAR BUSINESS REPORT

A supportive economic policy, diversification of export products, innovation in products and domestic resource mobilisation are needed for further economic growth in Bangladesh, said Adnan Khan, chief economist of the UK's Foreign, Commonwealth & Development Office.

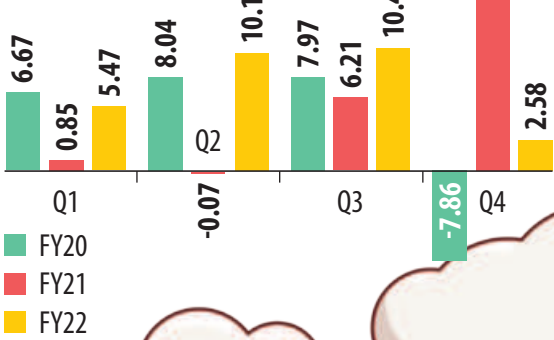
He was speaking to a group of journalists at the British High Commission on Wednesday during a visit to Dhaka.

Adnan spoke on Bangladesh's development

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### Quarterly GDP growth

in %;  
SOURCE: BBS



BBS releases quarterly GDP data for the first time to meet IMF condition



Quarterly GDP shed lights on the Covid-19 pandemic effect on economy



Covid-19 hit Bangladesh's economy hard immediately



GDP contracted by 7.86% in Q4 of FY20



Strict lockdown measures imposed in April 2020 due to worsening pandemic



Economy surged 21.67% with revival of economic activities in 4th quarter in FY21



The war in Ukraine sent a shock wave; economy lost momentum



Economy bounced back from the 3rd quarter of FY21



Pandemic caused massive negative growth in all sectors except health, public admin, and real estate

### WHAT DOES QUARTERLY GDP SAY?

## BBS data lays bare devastating impact of Covid-19

REJAUL KARIM BYRON and MAHMUDUL HASAN

The scale of the immediate but devastating effects of the Covid-19 pandemic on Bangladesh's economy emerged for the first time after the Bangladesh Bureau of Statistics (BBS) published the quarterly data of the GDP to meet IMF's conditions.

The economy contracted by a massive 7.86 percent in the last quarter of the fiscal year of 2019-20, when the virus began to spread and the death toll started climbing.

Bangladesh reported its first coronavirus death in the third week of March 2020 and embraced a strict lockdown from April 14 amid a worsening Covid-19 situation.

Barring emergency services, all government and private offices and factories remained closed. Public transport services were suspended for much of the quarter, forcing many out of jobs.

Ziauddin Ahmed, a director at the BBS, said the agency had started publishing quarterly GDP (gross domestic product) data and had initially released figures for 2016-17 to 2021-22.

By November this year, the quarterly GDP of 2022-23 will also be published, he said.

He said it takes 90 to 100 days to publish the GDP data of a quarter as per international standards after the end of the three-month period.

"The figures of the first quarter of the current fiscal year will be published by January 2024," Ahmed added.

"We are going to release the quarterly GDP figures from this fiscal regularly. We are on track to meeting the IMF condition."

The release of quarterly data is one of the conditions that the International Monetary Fund (IMF) has set before approving a \$4.5 billion loan for Bangladesh in January.

According to the BBS, the economy grew about 6.5 to 8 percent in the first three quarters of 2019-20. But the pandemic shocked every sector, barring health, public administration and real estate, leading to a massive negative growth.

For example, the industrial sector, which accounts for around 33 percent of GDP, shrank 15.01 percent in the last quarter of the fiscal year while the service sector, which makes up 53 percent of the GDP, contracted 2.76 percent. The agriculture sector contracted 3.16 percent.

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### DSE, BGMEA sign deal to get green cos listed

STAR BUSINESS REPORT

Dhaka Stock Exchange (DSE) signed a memorandum of understanding (MoU) with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday targeting to get green garment manufacturing companies listed.

M Shaifur Rahman Mazumdar, acting managing director of the DSE, and Faruque Hassan, president of the BGMEA, inked the deal on the former's office premises.

Under the agreement, the DSE and BGMEA will collaborate on promoting the companies through the capital market and identifying financing prospects and problems.

They will also organise trainings, seminars and awareness programmes among entrepreneurs and officials on corporate governance, capital restructuring and fundraising.

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MD MEHEDI HASAN

A uniform exchange rate has remained a far cry in Bangladesh despite banks moving to embrace a single rate of the US dollar amid a deepening shortage of the American greenback.

As a result, clients are opening letters of credit (LCs) on the condition of deferred payments.

It comes after the Bangladesh Foreign Exchange Dealers Association (BAFEDA) and the Association of Bankers, Bangladesh (ABB) on August 31 fixed the single exchange rate.

They had decided to buy the US dollar at Tk 109.50 and sell them at Tk 110 from the first working day of this month.

But the chief executives of four private commercial banks yesterday said the fixed rate is not market-based, so it has not been implemented yet.

The foreign exchange market has become volatile due to the "policing" of the central bank, they said.

Seeking anonymity, they said they are not able to open LCs at Tk 110 per dollar due to the dollar crunch.

Banks are facing the crisis due to the higher demand of the currency against a lower supply caused by the decline in remittance earnings and slower-than-expected export receipts.

In August, migrant workers sent home \$1.59 billion, down 21.5 percent year-on-year, the sharpest drop since April 2020. Export earnings registered a 3.8 percent growth, down from 36 percent in the identical

month last year.

One CEO said that his bank is opening LCs on the condition of deferred payments requested by clients.

When importers agreed to open LCs on the condition of deferred payments, banks charged Tk 5 to Tk 10 per USD on top of the fixed rate, he said.

Another CEO said his bank is not getting US dollars at the fixed buying rate of Tk

109.50.

Banks are selling US dollars at as high as Tk 117 and quoting Tk 114 to Tk 115 while buying the currency from exporters.

"Now there is a huge mismanagement in the forex market due mainly to the central bank's inappropriate decision aimed at introducing a fixed exchange rate. If it continues, the economy will face a disaster."

The four CEOs urged the central bank to let the exchange rate of the US dollar reflect the market realities, saying a fixed exchange rate does not bring any positive impact in an open economy.

"The dollar supply will increase if a floating exchange rate is allowed," said one of them.

An official of National Polymer Group said it has opened LCs at the rate of Tk 110 in recent times, but it has had to pay an additional Tk 3 per dollar unofficially.

The additional payment has to be made in cash or cheque, he said.

"We are helpless since we have to open LCs to run our business and ensure timely shipments," the official said.

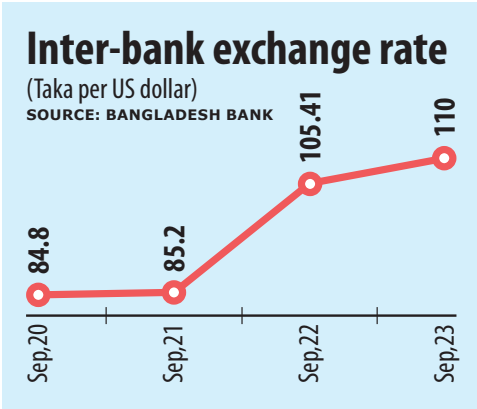
"We know that it is a violation of the central bank's order, but we have no other alternative."

However, Fazle Rabbi, head of marketing at Partex Star Group, said it has opened LCs at Tk 110 recently.

"The dollar rate also depends on clients' relations with banks and the amount of transaction."

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters

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## Company non-existent, yet stocks fetching good money

STAR BUSINESS REPORT

While a number of blue chip stocks are trading at less than Tk 60 at the Dhaka Stock Exchange (DSE), shares of a company recently found to be non-existent were trading at Tk 195.6 yesterday.

A DSE team went to inspect Northern Jute Manufacturing Company Limited's factory on September 4 as a part of an initiative to identify whether companies that have been performing poorly over the years have any potential.

The team found the factory premises closed, said the DSE in a website disclosure yesterday.

The next day, when the team visited the company's registered head office in Dhaka, it was found to be occupied by another company, OMC Ltd, said the country's premier bourse.

"We could not communicate with any officials of the company," a top DSE official told The Daily Star preferring anonymity.

Although the company is not in operation, its share price is rising based on rumours. As the number of shares of the company is low, a group of people are taking advantage of it by spreading rumours about it, he added.

Listed in 1994, the z category company has 21 lakh shares, 15.09 percent of which are held by sponsors and directors and 84.91 percent by general investors.

The company last provided a 5 percent cash dividend in 2020 and informed the DSE that it had a paid-up capital of Tk 2.1 crore.



People gather before a truck of state-run Trading Corporation of Bangladesh selling four essential commodities at subsidised rates among the corporation-issued "family cardholders". Rice is selling at Tk 30 per kilogramme, lentil Tk 60 and sugar Tk 70 and soybean or rice bran oil at Tk 100 per litre. The initiative aims to cushion the impact of soaring food and non-food prices on poor and low-income families. The photo was taken at Nazirpur upazila in Pirojpur on Wednesday.

PHOTO: HABIBUR RAHMAN

## Soybean oil price cut by Tk 5 per litre

STAR BUSINESS REPORT

Refiners in Bangladesh yesterday cut the price of soybean oil by Tk 5 and palm oil by Tk 4 a litre after edible oil prices declined in the international market.

The new price will be effective in the retail market from September 17, said the Bangladesh Vegetable Oil Refiners and Vanaspati Manufacturers Association in a press release.

As per the new rate, the price of a litre of soybean oil will be Tk 169 from Tk 174 now. Similarly, each litre of non-branded palm oil will be retailed at Tk 124 instead of Tk 128.

A five-litre cane of soybean oil will cost Tk 825, down from Tk 850.

The price reduction came at a time when people in Bangladesh are struggling with high inflationary pressure.

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