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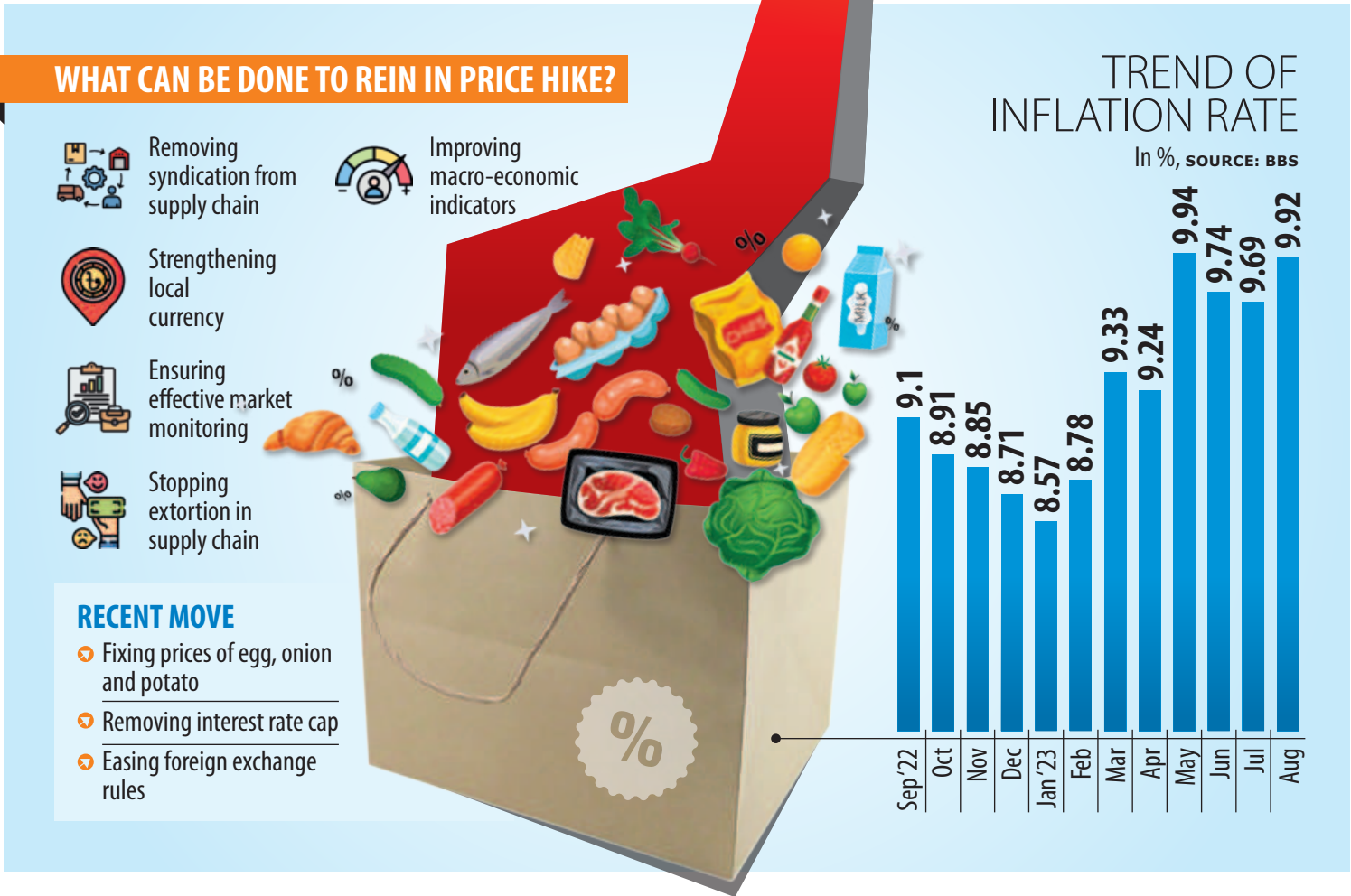


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Potatoes, eggs, onions still not being sold at govt-fixed prices

SUKANTA HALDER and MOHAMMAD SUMAN

Potatoes, eggs and onions are not being sold at the price fixed by the government at the retail level despite government agencies conducting raids. Traders and economists say the prices of potatoes and onions are not falling due to a non-reduction in prices in the wholesale market and because supply has not increased. In addition, it was not possible to control the market only by conducting raids. Those who are in the value chain should be held accountable, the economists said. Although the price of eggs has decreased at the wholesale level, its impact has not been felt at the



In a first, the government on September 14 fixed the prices of eggs, onions and potatoes in a bid to contain runaway food inflation

retail level so far. In a first, the government on September 14 fixed the prices of eggs, onions and potatoes in a bid to contain runaway food inflation, which hit a 12-year high last month. Since the announcement, government agencies have been conducting raids. The retail price of an egg, which shot up to Tk 15 a piece last month, has been fixed at Tk 12. Onions, the price of which spiralled following India's announcement last month to impose a 40 percent export duty on the vegetable, was fixed at Tk 64-65 per kilogramme. The price of potatoes, a staple, has been fixed at Tk 35-36 per kg. Nurul Alam Shikder, a retailer in the Pallabi area of Mirpur in the capital, said that he was selling eggs at Tk 150 per dozen, potatoes at Tk 50 per kg and local onions at Tk 85 per kg. The businessman said he bought potatoes for Tk 43 per kg, onions for Tk 72 per kg and a dozen eggs for Tk 144.

Inflation to cool in later part of FY24

Forecasts ADB

REJAUL KARIM BYRON and MAHMUDUL HASAN

Although higher consumer prices have persisted in the first few months of the current fiscal year, inflation in Bangladesh is going to cool in the later part of 2023-24 thanks to one external and two domestic factors, the Asian Development Bank (ADB) forecast yesterday. Inflation is projected to ease from 9 percent in 2022-23 to 6.6 percent in FY2024, said the Manila-based lender in its "Asian Development Outlook (ADO) September 2023" released yesterday. "Though high inflation may persist in the first months of the fiscal year, it is expected that it will come down with some fall in global non-fuel commodity prices, expected higher agricultural production, and the initial tightening of monetary policy under the new framework." The ADB said the monetary policy is expected to be tightened in FY2024 and will feature a transition from a monetary aggregate targeting framework to an interest rate targeting framework. The Bangladesh Bank has increased the policy interest rate from 6 percent to 6.5 percent, accompanied by a symmetric corridor of 200 basis points for the standing loan and deposit facilities. It also replaced the lending rate cap with a market-driven lending rate for bank loans based on a reference lending rate called SMART (6-month moving average rate of treasury bills). The ADB projection comes as the inflation advanced 23 basis points in August to 9.92 percent propelled by food inflation, which hit a 12-year-high to 12.54 percent.



Two more banks get to trade in rupee

MD MEHEDI HASAN

Standard Chartered Bangladesh (SCB) and Islami Bank Bangladesh PLC have received approval from Bangladesh Bank to conduct bilateral trade with India using the rupee. Up until now, Sonali Bank PLC, Eastern Bank PLC and the State Bank of India were doing the same under a landmark cross-border trade settlement mechanism rolled out by Bangladesh and India on July 11. Under the mechanism, meant to reduce dependency on the US dollar for transactions, Indian exports and imports, which amount to about \$16 billion, can be invoiced, paid for and settled in the rupee. This is being done through the lenders' nostro accounts, which are essentially bank accounts held in another country by domestic banks, denominated in the currency of the overseas country. Bangladeshi exporters are receiving their proceeds in rupee in those accounts and that balance is being used to pay for the imports from India. In short, import bills equivalent to the export proceeds can be settled under the mechanism. The exchange rate used would be market-determined. The banking regulator gave the permission to the SCB and Islami Bank Bangladesh PLC last month, a senior central bank official, seeking anonymity, told The Daily Star. The banks opened nostro accounts with their counterparts in the neighbouring country, he said. Similar applications are being scrutinised of six more banks - Trust Bank Ltd, Social Islami Bank Ltd, AB Bank Limited, NCC Bank Limited, Prime Bank Limited and Premier Bank Limited.



People gather around a vendor in Mohammadpur's Krishi Market selling products at greatly reduced prices to make up for a portion of losses incurred in a fire last Friday that blazed through over 300 shops. The photo was taken yesterday.

Negotiations for EPA with Japan to begin this year

Commerce secretary says

REFAYET ULLAH MIRDHA

Both Bangladesh and Japan want to start formal negotiations within this year for signing an Economic Partnership Agreement (EPA), with the finalisation of guidelines for negotiations set for this week, a government official said. Senior Commerce Secretary Tapan Kanti Ghosh is flying to Japan today to finalise the document for the start of negotiations for the EPA, which is expected to come into effect before 2026, the year that Bangladesh is set to graduate out of the group of least developed countries. The countries will finalise a joint study of the EPA after vetting by both sides, Ghosh said. In the joint study, Bangladesh focused mainly on market access to Japan and Japanese investment in high-tech industries in Bangladesh. The senior secretary is also scheduled to hold meetings with senior officials of the ministry of economy, trade and industry, the ministry of foreign affairs, Japan International Cooperation Agency (JICA) and Japan External Trade Organisation (JETRO) in this regard, Ghosh also said. In April this year, Dhaka and Tokyo signed a

Firms get nod to export 3,950 tonnes hilsa to India

STAR BUSINESS REPORT

The government has allowed 79 traders to export a total of 3,950 tonnes of hilsa fish to India. The permission will remain in place until October 30. Each firm has been allowed to ship 50 tonnes of the popular fish, according to a notice from the commerce ministry yesterday. The notice came after the firms applied to the ministry to export the fish to the neighbouring country on the occasion of the Durga Puja when the demand rises. According to the export policy order, the export of hilsa from Bangladesh is banned. However, every year before the religious festival, a large number of exporters seek approval from the commerce ministry to send hilsa to India. Last year, the ministry granted permission to ship 2,900 tonnes of hilsa to India. Traders, however, exported 1,352 tonnes of the fish, according to an official of the ministry.

STOCKS	
DSEX	CASPI ▲
Flat 6,310.62	0.04% 18,672.11

COMMODITIES	
Gold ▲	Oil ▼
\$1,931.81 (per ounce)	\$89.86 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.18% 66,800.84	▼ 0.66% 33,023.78	▲ 0.04% 3,242.00	▼ 0.52% 3,108.57

WB to give \$102m for navigability of Jamuna

STAR BUSINESS REPORT

World Bank will provide Bangladesh a loan of \$102 million to improve navigability of the Jamuna river and protect the river bank. Navigation channels will be improved by ensuring adequate depth to accommodate large cargo vessels year-round, reviving inland water transport, boosting regional connectivity and trade and spurring new economic opportunities. The improved navigation channels will benefit about 100,000 people by providing better safety and cheaper transportation for those switching from buses to passenger ferries, the global lender said in a press release yesterday. Moreover, about 2,500 hectares of land will be protected from riverbank

Bengal Commercial Bank inks deal with Genex Infosys

STAR BUSINESS DESK

Bengal Commercial Bank recently signed an agreement with Genex Infosys, a business process management (BPM) and IT services company, to provide 24/7 “Call Centre” service to the clients.

Tarik Morshed, managing director and CEO of the bank, and Shahjalal Uddin, managing director and CEO (acting) of the BPM and IT services company, inked the deal at the bank’s head office, said a press release.

KM Awlad Hossain, deputy managing director and chief business officer of the bank, Md Rafiqul Islam, deputy managing director and chief technology officer, Vaibhav Kapur, chief service officer of the BPM and IT services company, and Md Rezwanaul Haque, general manager for business development, were present.



Tarik Morshed, managing director of Bengal Commercial Bank, and Shahjalal Uddin, managing director and CEO (acting) of Genex Infosys, exchange signed documents of an agreement at the bank’s head office in Dhaka recently.

PHOTO: BENGAL COMMERCIAL BANK

China urges deeper trade ties with Russia

REUTERS, Beijing

China on Tuesday urged increased cross-border connectivity with Russia and deeper mutual trade and investment cooperation, as both allies vowed ever closer economic ties despite disapproval from the West after Russian forces invaded Ukraine last year.

The Russian minister of economic development held “in depth” discussions on economic cooperation with the Chinese commerce minister in Beijing on Tuesday, coinciding with a trip by China’s top diplomat, Wang Yi, to Moscow for strategic talks that led to the confirmation of Russian President Vladimir Putin’s visit to Beijing next month.

Chinese Commerce Minister Wang Wentao said in the Beijing discussions that Sino-Russian economic and trade cooperation had continued to deepen and become more “solid” under the “strategic guidance” of the two heads of state, according to a statement from his ministry.

With the war in Ukraine well in its second year and Russia under Western sanctions, Moscow has leaned on its ally Beijing for economic support, feeding on Chinese demand for oil and gas as well as grain.

In August, Chinese imports of Russian goods rose 3 percent from a year earlier to \$11.5 billion, reversing a decline of 8 percent in July, the latest Chinese customs data show.

Beijing has rejected Western criticism of its growing partnership with Moscow in light of Russia’s war on Ukraine. It insists the ties do not flout international norms, and China has the prerogative to collaborate with whichever country it chooses.

On Tuesday, Group of Seven ministers reiterated its call, without naming any countries, on third parties to “cease any and all assistance to Russia’s war of aggression or face severe costs.”

The Russian Far East bordering China as well as North Korea has gained new strategic significance as a zone of cross-border trade and commerce.



Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry, and Abdur Rahim, president of the Switzerland-Bangladesh Chamber of Commerce and Industry, pose for photographs after holding a discussion at the FBCCI office in Dhaka.

PHOTO: SWITZERLAND-BANGLADESH CHAMBER

FBCCI chief meets Swiss delegation

STAR BUSINESS DESK

Swiss foreign direct investments have made a huge contribution towards the economic development of Bangladesh, said Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

He made the comment during a meeting with a delegation from the Switzerland-Bangladesh Chamber of Commerce and Industry (SBCCI), led by its president Abdur Rahim, at the FBCCI office in Dhaka, said a press release.

Abdur Rashid, who is also country manager of SGS Bangladesh Ltd, emphasised the presence of Swiss technology in machineries, watches, chemicals, cement, pharmaceuticals and other industries.

Saad Omar Fahim, secretary general of SBCCI and director of Clarichem Ltd, stressed the importance of joint collaboration between FBCCI and SBCCI to take the economy of Bangladesh to new heights.



HN Ashequr Rahman, founder chairman of Meghna Bank, presides over the bank’s 10th annual general meeting on Tuesday. Among others, SM Rezaur Rahman, chairman of the audit committee of the bank, Rehana Ashequr Rahman, chairman of the risk management committee, Syed Ferhat Anwar, independent director, and Sohail RK Hussain, managing director and CEO, were present.

PHOTO: MEGHNA BANK



Abul Hashem, chairman of BASIC Bank, presides over the bank’s 34th annual general meeting at the lender’s head office in Dhaka on Tuesday. Among others, Mafiz Uddin Ahmed, additional secretary to the financial institutions division of the ministry of finance, Nahid Hossain, Md Abdul Khaleque Khan, Shamim Ahammed, Md M Latif Bhuiyan and Md Rafiqul Islam, directors of the bank, Md Anisur Rahman, managing director, and Md Hasan Imam, company secretary, were present.

PHOTO: BASIC BANK



Ahsanul Alam, chairman of Islami Bank Bangladesh, presides over a meeting of the board of directors of the bank, which was virtually held yesterday. Tanveer Ahmad, vice-chairman of the bank, Mohammed Monirul Moula, managing director, and JQM Habibullah, additional managing director, along with directors joined the meeting.

PHOTO: ISLAMI BANK BANGLADESH

Inflation to cool in later part

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The Consumer Price Index rose 9.02 percent in FY23 against the government’s revised target of 7.5 percent, the highest in 12 years. This was much higher than the 5-6 percent average inflation seen in the decade before the Russia-Ukraine war.

The government has set a target to keep the average annual inflation rate at 6 percent in FY24.

The ADP report states that moderate inflation and an increase in remittances will contribute to reviving private consumption, while the completion of a number of major infrastructure projects will increase investment.

Private investment, however, may be dampened by the initial higher interest rates following the enhancement in the monetary policy framework, it said.

“The government is managing

relatively well against the external economic uncertainties while advancing infrastructure development and critical reforms to improve the investment climate,” said ADB Country Director Edimon Ginting in a press release.

The key structural reforms include strengthening public financial management, enhancing domestic resource mobilisation, improving logistics, and deepening the financial sector, which are critical for private sector development, export diversification and productive job creation in the medium term.

“Continued high oil prices also provide a good incentive to accelerate reforms to expand domestic renewable energy supply and achieve the country’s climate change goals,” Ginting said.

Speaking to The Daily Star, Khondaker Golam Moazzem, research

director at the Centre for Policy Dialogue, said one part of the inflation is related to imports, but the fall of non-fuel commodity prices is not adequate to cool higher inflation.

“The reduction in fuel prices is very important for us as the exchange rate has an outsized relation to it. Besides, the reserve is depleting. And the formation of a new global fuel alliance indicates that the prices of fuel will not reduce soon. So, the pressure of fuel-related inflation will continue to hurt us.”

Moazzem thinks it is nearly impossible that the government will initiate any reform that can ease inflation.

In the case of market management, the government is not containing big business groups. Rather, the government is opting for imports, piling up more pressures on the reserve, he said.

Dollar holds fast

REUTERS, London

The dollar remained firm on Wednesday ahead of a much-anticipated rate decision by the Federal Reserve later in the day, while sterling slid on increased bets the Bank of England (BoE) will pause its historic run of interest rate hikes.

The US dollar index, which measures the currency against a basket of rivals, stood firm at 105.10 with traders awaiting the Fed’s rate decision.

The pound was volatile, last down 0.26 percent to \$1.2360 after touching its lowest in almost four months following data showing UK inflation slowed more than expected in August.

British annual consumer price inflation (CPI) unexpectedly fell to 6.7 percent in August, official data showed on Wednesday, a day before the BoE is expected to raise rates again.

Economists polled by Reuters had forecast CPI would rise to 7.0 percent from July’s 6.8 percent.

“A shock deceleration in UK inflation provides good news for the BoE heading into tomorrow’s rate decision,” said Nick Rees, FX Market Analyst at Monex Europe.

Last week, the reserves slipped below \$22 billion.

According to the ADB publication, GDP is expected to grow 6.5 percent in FY2024, up from an estimated growth of 6 percent in the previous fiscal year.

The slightly faster growth forecast reflects an improvement in domestic demand and better export growth on the back of economic recovery in the eurozone area.

The main risk to the growth projection is a further deterioration in export growth if global demand is weaker than expected, the report said.

The ADB termed the government’s budget for FY24 ambitious.

The budget aims to achieve a 10 percent revenue-to-GDP ratio and a 15.2 percent expenditure-to-GDP, with a resulting fiscal deficit of 5.2 percent.

The export growth is expected to accelerate to 9 percent.

UK inflation drops

FROM PAGE B4

government’s plan to lower inflation is “working” but conceded that the rate is “still too high”.

It comes one day after data showed eurozone inflation also slowed slightly in August.

“The surprise fall in UK inflation triggered a kneejerk selloff in sterling, as today’s data cements the expectation that the Bank of England’s next rate hike could also be its last,” said Swissquote Bank analyst Ipek Ozkardeskaya.

Despite the drop, British inflation remains the highest in the G7 group of rich nations, after peaking at a 41-year high of 11.1 percent in October last year.

Elevated inflation has prompted almost 18 months of regular stoppages by public and private-sector workers whose pay is failing to keep pace.

In the latest walkout, medical consultants and junior doctors working in England for the country’s National Health Service held their first ever joint strike on Wednesday.

The BoE has so far ramped up its key interest rate 14 times in a row to the current level of 5.25 percent in a bid to bring down red-hot inflation.

The data “probably won’t be enough to prevent the BoE from raising interest rates... to 5.50

percent tomorrow”, noted Capital Economics analyst Paul Dales.

“But it supports our view that that will be the last hike”.

The ONS added that food prices rose by less in August than a year earlier. This impact was only partially offset by higher energy costs.

“The rate of inflation eased slightly this month driven by falls in the often-erratic cost of overnight accommodation and air fares, as well as food prices rising by less than the same time last year,” said ONS chief economist Grant Fitzner.

“This was partially offset by an increase in the price of petrol and diesel compared with a steep decline at this time last year, following record prices seen in July 2022.”

However, economists caution that this week’s rebound in oil prices toward \$100 per barrel will fuel fresh inflationary pressures.

“The ramping up of crude prices over recent weeks will filter through, but there will be relief that oil prices have also snuck away from the week’s highs,” said Susannah Streeter, head of money and markets at Hargreaves Lansdown.

Oil prices have jumped largely because of output cuts by key producers Russia and OPEC kingpin Saudi Arabia, which will be in place until the end of the year at least.

Japan’s exports extend

FROM PAGE B4

“Therefore...the double-digit decrease in exports suggests that the situation continues to be quite bad, and that the situation does not seem to have bottomed out.”

Exports to the United States rose 5.1 percent year-on-year in August, driven by shipments of cars, mining and construction machinery.

Japanese policymakers are counting on external demand to

pick up the slack and offset weak consumer spending.

However, the trade data has dashed hopes for prospects of an export-led recovery.

Partly reflecting weak domestic demand, imports fell 17.8 percent, weighed by energy costs. The trade balance came to a deficit of 930 billion yen (\$6.29 billion), marking two straight months in the red.



Farmers tend to cauliflower plants with hopes of making a harvest in around one and a half months. The winter vegetable is usually available till early March. Around 294,684 tonnes of cauliflower were produced on 56,029 acres of land around the country in fiscal year 2020-21, according to the Bangladesh Bureau of Statistics. The photo was taken at Bihar village in Bogura's Shibganj upazila recently.

PHOTO: MOSTAFA SHABUJ

BB seeks bank owners' assistance in tackling economic crisis

STAR BUSINESS REPORT

Bangladesh Bank yesterday sought assistance from bank directors in tackling the current economic crisis, including volatility in the forex market, growing inflation and lack of good governance in the banking sector.

A delegation of the Bangladesh Association of Banks (BAB) led by its chairman, Md Nazrul Islam Mazumder, met the central bank governor, Abdur Rouf Talukder, and deputy governors at the latter's Motijheel headquarters on Wednesday.

The BAB is a platform representing owners of private commercial banks in Bangladesh.

After the meeting, Bangladesh Bank Executive Director and Spokesperson Md Mezbaul Haque told journalists that the meeting took place on an invitation from the central bank.

"We discussed the current economic situation including foreign exchange market, export-import trade, reserve position, skyrocketing inflation and governance in the banking sector," he said.

Foreign exchange reserve has been falling for the past two years, reaching \$21.70 billion on September 13.

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

"We have sought their cooperation in the full implementation of the steps we have taken in various areas in recent times," said Haque.

Conflicts between the boards of directors and officials in the management of banks and overall corporate governance in the banking sector were discussed, he said.

Some banks are selling US dollars to clients bypassing the rate fixed by Bangladesh Foreign Exchange Dealers Association (Bafeda).

Foreign exchange reserve has been falling for the past two years, reaching \$21.70 billion on September 13

Bafeda and the Association of Banks, Bangladesh (ABB), a platform of CEOs of lenders, have been fixing the US dollar rate since last year as per unofficial directives of the central bank.

On August 31, the two platforms decided to buy each US dollar at Tk 109.50 and sell it at Tk 110 from the first working day of this month.

However, the banking regulator found that some banks had charged clients higher rates.

Last Monday, the central bank asked managing directors of 10 banks why their treasury heads should not be penalised for their involvement in dollar rate manipulations this year.

The delegation of BAB promised to provide their full assistance for implementing the central bank measures to tackle the ongoing economic crisis, said Haque.

Bangladesh Bank in June announced a monetary policy for the July-December period of this year taking several initiatives including withdrawal of interest cap to cool down growing inflation.

BAB Chairman Md Nazrul Islam Mazumder could not be reached for comment till filing of this report in the evening yesterday.

Capitec Grameen mutual fund subscription from Sep 24

STAR BUSINESS REPORT

Capitec Grameen Bank Growth Fund, a closed-end mutual fund, is going to get listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) issuing units through initial public offering (IPO).

Mutual funds pool money from multiple investors and channel it into securities such as stocks, bonds and other assets. Closed-end mutual funds have a limited lifetime and are listed with the stock exchanges. Subscriptions for the IPO will be accepted from September 24 to October 1.

The closed end mutual fund will be of Tk 200 crore and the face value of each unit will be Tk 10. The sponsor of the fund is Grameen Bank, the largest microcredit institution in the world.

The asset management company said Tk 100 crore of the fund will be raised from general investors through an IPO. The state-run ICB is the trustee and custodian of the fund.

Capitec Asset Management Limited, manager of the mutual fund, organised several roadshows around the country to highlight various aspects of this fund among prospective investors.

One of the events was held at Dhaka Club Ltd on Tuesday, which was addressed by M Mahfuzur Rahman, the company's managing director, and Md Kismatul Ahsan, chairman of the Investment Corporation of Bangladesh.

Capitec Grameen Bank Growth Fund is coming to the market at a favourable time and if the investment is made properly, it will be possible to ensure good returns from here, said Rahman.

US growth rate needs to slow: Yellen

REUTERS, New York/Washington

Treasury Secretary Janet Yellen said on Tuesday US growth needed to slow to a pace more in line with its potential rate to bring inflation back to target levels since the economy was operating at full employment.

But demand-supply imbalances in the labour market have abated, she said, which was a healthy sign for the economy.

"Growth has to slow. I mean, you want growth to slow, you want it to be in line with potential when you're operating at full employment," Yellen told reporters on Tuesday after a climate finance event in New York during the UN General Assembly week.

"It's completely natural and desirable, that growth -- the pace of growth -- is slowing."

US gross domestic product is still expanding at a pace well above what Federal Reserve officials regard as the non-inflationary growth rate of around 1.8 percent, often referred to as the "potential" growth rate.

US GDP expanded at a 2.4 percent annualised rate in the second quarter, and some estimates put the current quarter's pace at more than twice that. The robust US economy has defied an aggressive campaign of Fed rate hikes over the past 18 months, creating a conundrum for policy makers.

Two more banks

FROM PAGE B1

"We got permission from Bangladesh Bank last month to trade in rupee," confirmed Naser Ezaz Bijoy, chief executive officer of the SCB.

"After getting the approval, we received export proceeds of Rs 1 crore and will make imports against the export soon," he added.

"Another client will also conduct export and import through our bank," he said.

Bilateral trade with India in rupee saves time and costs because the currency conversation with the US dollar is not needed in this case, said Bijoy.

"This is the main advantage in this situation but it will take time to boost the trade in rupee," he said.

The demand and supply of the US dollar will not change at this time but when more exporters and importers conduct trade in the rupee, the demand for the US dollar will be reduced, he explained.

Mohammed Monirul Moula, managing director of Islami Bank Bangladesh PLC, could not be reached for comment till filing of this report in the evening yesterday.

Tamim Agro Industries was the first company in Bangladesh to open a letter of credit for exports worth Rs 16 million. Over in India, Nita Company Ltd was the first to open an LC for exports worth Rs 12 million.

Afterwards, a number of companies have conducted trade using the rupee. Yesterday settlement of a recent trade worth over Rs 2.4 million on exports of Habiganj Agro Limited, a concern of Pran RFL Group, was celebrated by Eastern Bank PLC.

This is a transformative chapter in the economic and commercial partnership between Bangladesh and India, said Ali Reza Iftikhar, managing director of Eastern Bank PLC.

The purpose of this mechanism is to alleviate pressure on Bangladesh's foreign currency reserves and reduce transaction costs, ensuring a smoother and more efficient trade process, he said.

Commerce Minister Tipu Munshi and Pranay Verma, India high commissioner to Bangladesh, were present at the bank's head office marking the event.

Potatoes, eggs, onions not being sold

FROM PAGE B1

It cannot be sold at the price fixed by the government because it was purchased at a higher price, he added.

Abdur Rahman, a wholesale trader in Karwan Bazar, one of the biggest kitchen markets in Dhaka, said conducting raids and fixing prices without increasing supply would not lead to a fall in prices at the retail level.

Mohammad Mostakim, a wholesaler of eggs in the capital's Tejgaon area, said the price of eggs in the market has started to fall since the government announced it would import eggs from India.

He said he sold 100 eggs for Tk 1,160 yesterday. A week ago, the price of the same number of eggs was Tk 1,180-1,200.

He added that the current measures by the government may bring prices under control in the short-term, but that it was unviable as a long-term solution.

"I cannot say how much will be accomplished by fixing the price of perishable goods like onions," said Abdul Majed, general secretary

of Shyambazar Onion Traders Association.

What is the scenario outside Dhaka?

It was found upon visiting the Chattogram wholesale and retail markets that potatoes were being sold at Tk 45-50 per kg in the retail market. Local onions were being sold at Tk 88-90 per kg and an egg was being sold at Tk 13-14.

"We bought each kg of potato at Tk 42 and another Tk 2-3 is added for transportation cost and wasted on it. Similarly, we buy eggs at Tk 11 per piece and sell them at Tk 12-13," Anwar Hossain, the owner of Halim Traders in the port city's Kazir Dewri area, told The Daily Star.

Abdur Razzak, a retailer in Bogura's Rajabazar, said potatoes could not be bought at the price set by the government. Therefore, it could not be sold at the price set by the government.

"No potatoes were sold from our cold storage in the last two days," said Dulal Babu, manager of Kadam Rasul cold storage in Munshiganj.

What DNCRP officials say

Mohammad Faizullah, director

of the Chittagong office of the Directorate of National Consumers Right Protection (DNCRP), said that raids were being conducted across various markets every day to protect the rights of consumers.

"But prices could still not be brought under control," he said.

It is difficult to determine who is actually charging higher prices since there are no receipts for transactions between wholesalers and retailers. However, some prices have decreased in the past few days due to regular operations, he added.

Abdul Jabbar Mondol, assistant director of the DNCRP's Dhaka district office, said an effect would be seen after a few days.

Selim Raihan, a professor of economics at the University of Dhaka, said there was no guarantee that the price would come down just because the price had been fixed. Besides, market supply should be increased while holding those in the value chain accountable.

He said those who manipulate the market must make credible threats.

companies are operating in Bangladesh, with more than \$380 million invested in the country.

Of the total companies, 85 percent want Bangladesh and Japan to sign the EPA to increase bilateral trade and investment.

In 2022, Bangladesh received a record of more than \$100 million in investment from Japan. The number of Japanese companies in Bangladesh has roughly quadrupled over the past decade.

Japan and India are two export destinations in Asia where Bangladesh's export earnings reached \$2 billion.

Will price controls work

FROM PAGE B1

"It is not the demand that is sending prices higher alone. The higher inflation is largely because of the bottlenecks in the supply chain. A vested group is raising prices through syndication. This weakness of the market should be removed."

Citing a survey of the Chicago Booth School, the Federal Reserve Bank of St Louis says most economists don't believe that the 1970s style price controls could successfully limit US inflation over a 12-month horizon, and many of those economists cite high costs of controls.

Appropriate fiscal and monetary policies can reduce inflation without the costs imposed by price controls, it said.

"The government should have a solid intention to reduce the inflationary pressure and improve the market monitoring," said Prof Anu Muhammad, a former chairman of the economics department of Jahangirnagar University.

He said there is no comprehensive study on the economic indicator, so the government has decided to import eggs all of a sudden.

"Importing items is not the solution. The problems lie in the market mechanism instead of the supply shortage."

Prof Rashed Al Mahmud Titumir, chairman of the Department of Development Studies at the University of Dhaka, says inflation continues to remain unabated

due to policy inaction by fiscal and monetary authorities, despite causes and solutions known to the central bank and the finance ministry.

The price level has remained high since the Bangladesh Bank has had to print a record amount of money to finance the government in the wake of lower revenue income. The dwindling foreign exchange reserve, the shortage of foreign currencies and associated depreciation have jacked up prices.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, says the policy of price ceiling is a 50-year-old model and it has been scrapped as it does not work.

"The price of some essential goods has turned volatile suddenly, not because of the mismatch in supply and demand but because of the collusion among big companies."

He said the price ceiling can work in front of the monitoring team. "However, in the worst-case scenario, both goods or sellers can disappear from the market. As a result, it can backfire."

"So, the government should eliminate the collusion and monitor whether market players are following competition rules."

Prof Titumir recommended the central bank stabilise the price levels by cutting the printing of money.

Prof Anu Muhammad urged the government to stop extortion at every level of the supply chain and eliminate collusion among large firms.

WB to give \$102m

FROM PAGE B1

erosion and flooding, safeguarding livelihoods and assets and preventing displacement of people.

The funds will be used through a project titled "Jamuna River Sustainable Management Project 1", the first among a series of proposed ones.

The project will pilot nature-based solutions and innovative river structures and navigation at two channels of the Jamuna, crossing Phulchhari, Gaibandha and Kalihati. "Jamuna is one of the largest and

most dynamic rivers in the world. It provides a lifeline to millions of people," said Abdoulaye Seck, World Bank country director for Bangladesh and Bhutan.

"Yet, river erosion, aggravated by climate change and rising water levels, displaces thousands of people every year, pushing them to poverty," he said.

Sustainable and climate resilient management of the Jamuna river will bring enormous economic benefits for the country and its people, Seck said.

Japan's exports extend declines

REUTERS, Tokyo

Japan's exports fell in August for a second straight month, weighed by declines in China's demand for steel and heavy oil and stoking fears of a downturn in the face of elevated global interest rates.

Ministry of Finance (MOF) data showed on Wednesday exports fell 0.8 percent year-on-year in August, slower than economists' median estimates of 1.7 percent decline and following a 0.3 percent drop in Japan's overseas shipments. It was the second straight month of annual declines.

By destination, Japan's shipments to China, its largest trading partner, fell 11 percent year-on-year in August, marking a third straight month of double-digit drops.

"The growth of the Chinese economy itself is weak, or at least that is what is being reflected," said Takeshi Minami, chief economist at Norinchukin Research Institute.

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Progressive policies that encourage innovation and adoption of new technology are crucial to furthering mobile adoption and strengthening a competitive and thriving digital economy in Bangladesh, said an official of Telenor.

PHOTO: STAR/FILE

Germany weighs curbs on Huawei

REUTERS, Berlin

Germany's interior ministry is planning to force telecoms operators to slash their use of equipment from China's Huawei and ZTE, a government official said, prompting an angry response from operators who warned of likely disruption and legal action.

The ministry wants to impose the changes to 5G networks after a review highlighted Germany's reliance on the two Chinese suppliers, as Berlin reassesses its relationship with a country it dubs both a partner and a systemic rival.

The ministry has designed a staggered approach to try to avoid too much disruption as operators remove all critical components from Chinese vendors in their 5G core networks by 2026, the official said.

The operators should also reduce the share of Chinese components in their RAN and transport networks by October 1, 2026, to a maximum of 25 percent, said the official, who declined to be named.

Operators swiftly criticised the proposals, while Huawei Germany rejected what it called the "politicisation" of cyber security in the country.

"Such an approach will have a negative impact on the digital transformation in Germany, inhibit innovation and significantly increase construction and operating costs for network operators," it said in a statement. "As a result, German consumers will have to pay the additional costs."

Deutsche Telekom called the 2026 deadline unrealistic, comparing it to Britain's drawn-out attempts to impose restrictions on Huawei, and warned of a possible drop in the quality of service to customers. Telefonica Deutschland said it would consider seeking damages from the German government as well as legal action.

Huawei currently accounts for 59 percent of Germany's 5G RAN networks, according to a survey by telecommunications consultancy Strand Consult.

In especially sensitive regions like the capital Berlin, home of the federal government, Chinese tech should not be used at all, the official said - a distinction that Stand Consult said was "arbitrary".



97% smartphone users concerned over privacy, security issues: study

MAHMUDUL HASAN

A staggering 97 percent of mobile internet users in Bangladesh are concerned about the privacy and security issues while using their phone, found a report by global telecom company Telenor.

The report titled "Telenor Asia Digital Lives Decoded" is based on a study of over 8,000 people across eight countries in Asia, including Bangladesh, Indonesia, Malaysia, Pakistan, the Philippines, Singapore, Thailand and Vietnam.

The aim of the study is to decode behaviors and attitudes towards mobile connectivity and demonstrate how it is reshaping the way people in Asia live, work and play.

Among the eight countries, Bangladeshis are the most concerned about keeping pace with rapidly changing technology, with about 97 percent expressing concern that their digital skills may not be sufficient to get the most out of technology in the coming years.

Bangladeshis (about 57 percent) also ranked among its regional peers as one of the most optimistic about new income streams that smartphones have opened up.

Around 91 percent of respondents in Bangladesh said mobile use improved their quality of life, while about 73 percent expected to increase their use of

smartphones in the next 12 to 24 months.

More women (about 59 percent) than men (about 50 percent) opined that mobile phones had significantly improved their quality of life. About 51 percent

About 91 percent of respondents in Bangladesh said mobile use improved their quality of life, while 73 percent expected to increase their use of smartphones in the next 12 to 24 months.

of women found a better quality of life from enhanced access to services and apps for healthcare, financial services and education while only around 37 percent of males said it contributed to a better quality of life.

About 74 percent of Bangladeshi respondents believe that digital access is very important for them to lead greener lives in the future by reducing paper and waste and offering more efficient communication.

About 48 percent of Bangladeshi

said they were using technology in a productive way.

Around 73 percent of Bangladeshi respondents believe their company is currently missing out on revenue opportunities because of underdeveloped usage of mobile technology.

According to users, barriers to fully utilising mobile technology at work in Bangladesh include privacy and security concerns (61 percent), lack of skills and knowledge (60 percent) and a lack of trust in technology (49 percent).

Manisha Dogra, head of external relations at Telenor Asia, said: "Our Digital Lives Decoded study highlights that mobile connectivity improves people's quality of life, opens up economic opportunities and brings better access to essential services like education and health."

"Progressive policies that encourage innovation and adoption of new technology are crucial to furthering mobile adoption and strengthening a competitive and thriving digital economy in Bangladesh. We need to continue co-creating together, leveraging each other's strengths and expertise to tap into future possibilities and achieve the potential of a Smart Bangladesh in a way that benefits all."

The report said embracing mobile connectivity is key to achieving the potential of Bangladesh.

Misconception about investing in unit funds

KAZI AHSAN MARUF and SHUVA SAHA

The unit fund is a kind of mutual fund that does not trade in stock exchanges. The journey of unit funds started in the 1980s but it is yet to be popular in Bangladesh. Due to a lack of awareness, many misconceptions prevail in the minds of investors. The big five misconceptions are:

After investment, one needs to find another buyer to sell: This is not true. A unit fund is like a company i.e. formed as a trust. The fund will buy the unit certificates from the investor and transfer the sale proceeds to the investor's bank account. This is a convenient, simple, and continuous transaction.

Share market is very risky, Investors should keep away from unit funds: Unit funds not only invest in shares but also in fixed-income options like government securities, corporate bonds or FDR (fixed-deposit receipts).

Moreover, there are unit funds that do not invest in shares at all in Bangladesh. Those funds invest only in fixed-income instruments and do not bear the risk of the share market. In comparison with equity funds, fixed-income funds are less risky.

If unit funds do not provide cash dividends, they are bad: The total return from the fund is relevant. Cash dividends from the unit funds are taxed but capital gains are not. For example, a unit fund has a total return of 10 percent a year. If it declares a 10 percent dividend, this dividend will be treated as the total taxable income for a person. If the same fund does not declare a dividend

Investing in unit funds is risky. However, if one can diversify well in line with their need and can select a few good funds, they might get returns commensurate to risk

and after a period, the same investor sells the whole fund, this will be treated as capital gains. Therefore, it will not be taxed as per the Income Tax Act 2023.

Return will be higher from funds with low net asset value: Investors' total return will be calculated on their total money invested. The number of unit holdings is irrelevant. If the underlying investment of the fund has return-generating potential, the investor will make a profit from the investment.

On the contrary, a fund with a lower NAV might be risky because the underlying investments may not have return generation capacity.

The financial condition of asset manager will determine the return: Unit funds itself are a bankruptcy remote entity. It can work like an artificial person opening a bank account, buying and selling securities under its name. It will also prepare separate financial statements.

The asset manager is just an agent of that fund. When an investor purchases unit certificates, the money directly goes to the fund's bank account, not in the account of the asset manager.

There is a separate board of trustees who are the guardians of the fund and a custodian who safe-keeps all the assets of the fund. Unit funds are governed under the Mutual Fund Rules 2001 of the Bangladesh Securities and Exchange Commission, which is the prime regulator of all funds. If an asset manager takes loans and defaults, the fund assets can't be used to settle the liabilities of the manager. Asset managers' investment skills and securities' performance will determine the return of the fund.

Investing in unit funds is risky. However, if one can diversify well in line with their need and can select a few good funds, they might get returns commensurate to risk.

The authors are chartered financial analysts of Ekush Wealth Management Limited

ADB ON DEVELOPING ASIA

China's property crisis weighs on growth outlook

REUTERS, Manila

Economic growth in developing Asia this year will be slightly lower than previously expected as the weakness in China's property sector and El Niño-related risks cloud regional prospects, the Asian Development Bank (ADB) said on Wednesday.

Updating its regional economic outlook, the ADB trimmed its 2023 growth forecast for developing Asia to 4.7 percent, from 4.8 percent projected in July.

But the growth forecast for next year for the grouping, which consists of 46 economies in the Asia-Pacific and excludes Japan, Australia and New Zealand, was revised slightly upwards to 4.8 percent from 4.7 percent previously.

"We see resilient growth in the region really based on pretty strong domestic consumption and investment, and despite reduced external demand, which is a dampener on export-driven growth," Albert Park, ADB's chief economist, told a press conference.

The ADB tempered its growth forecasts for East Asia, South Asia, and Southeast Asia this year, with China and India expected to grow 4.9 percent and 6.3 percent, respectively, slightly lower than the July growth projections of 5.0 percent and 6.4 percent.

China's property crisis "poses a downside risk and could hold back regional growth," the ADB said in its report.



Shoppers walk past stores in Camden Market in London. Despite a drop, British inflation remains the highest in the G7 group of rich nations, after peaking at a 41-year high of 11.1 percent in October last year.

PHOTO: AFP/FILE

UK inflation drops to 18-month low

AFP, London

British inflation unexpectedly slowed in August, data showed Wednesday, hitting an 18-month low and sparking hope this week's widely-forecast interest rate hike by the Bank of England could be its last for now.

The Consumer Prices Index dropped slightly to 6.7 percent from 6.8 percent in July, the Office for National Statistics (ONS) said in a statement on the eve of the BoE's latest monetary policy decision.

That was the lowest since February 2022 and confounded expectations for an acceleration to 7.1 percent on higher energy prices.

Wednesday's news sent the pound sliding almost 0.4 percent to \$1.2347 in morning deals, with the US Federal Reserve set to hold rates later in the day.

Finance minister Jeremy Hunt said his Conservative

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