

Star

BUSINESS

BB now hikes interest rates for NBFIs

STAR BUSINESS REPORT

Bangladesh Bank yesterday hiked the interest on deposits with non-bank financial institutions (NBFIs) to 9.70 percent and the lending rate to 12.70 percent to help ease the country's inflationary pressure.

Average inflation rose to 9.63 percent in September, which is significantly higher than the government's target of 6 percent for the current fiscal year.

The central bank's decision to expand the interest margin in the NBFi sector follows a similar decision taken last week, when new lending rates were set for commercial banks.

As per the decision, NBFIs now can add a 2.5 percent margin with the reference rate, also known as SMART, which stands at 7.20 percent for collecting deposits.

As a result, the highest deposit rate will now be 9.70 percent.

Likewise, NBFIs can now add a 5.5 percent margin

The BB decision to raise the interest rates in the NBFi sector follows a similar decision taken last week for banks

with the reference rate of 7.20 percent for lending.

As such, the highest lending rate will be 12.70 percent. The previous interest margins were 2 percent for deposits and 5 percent for lending.

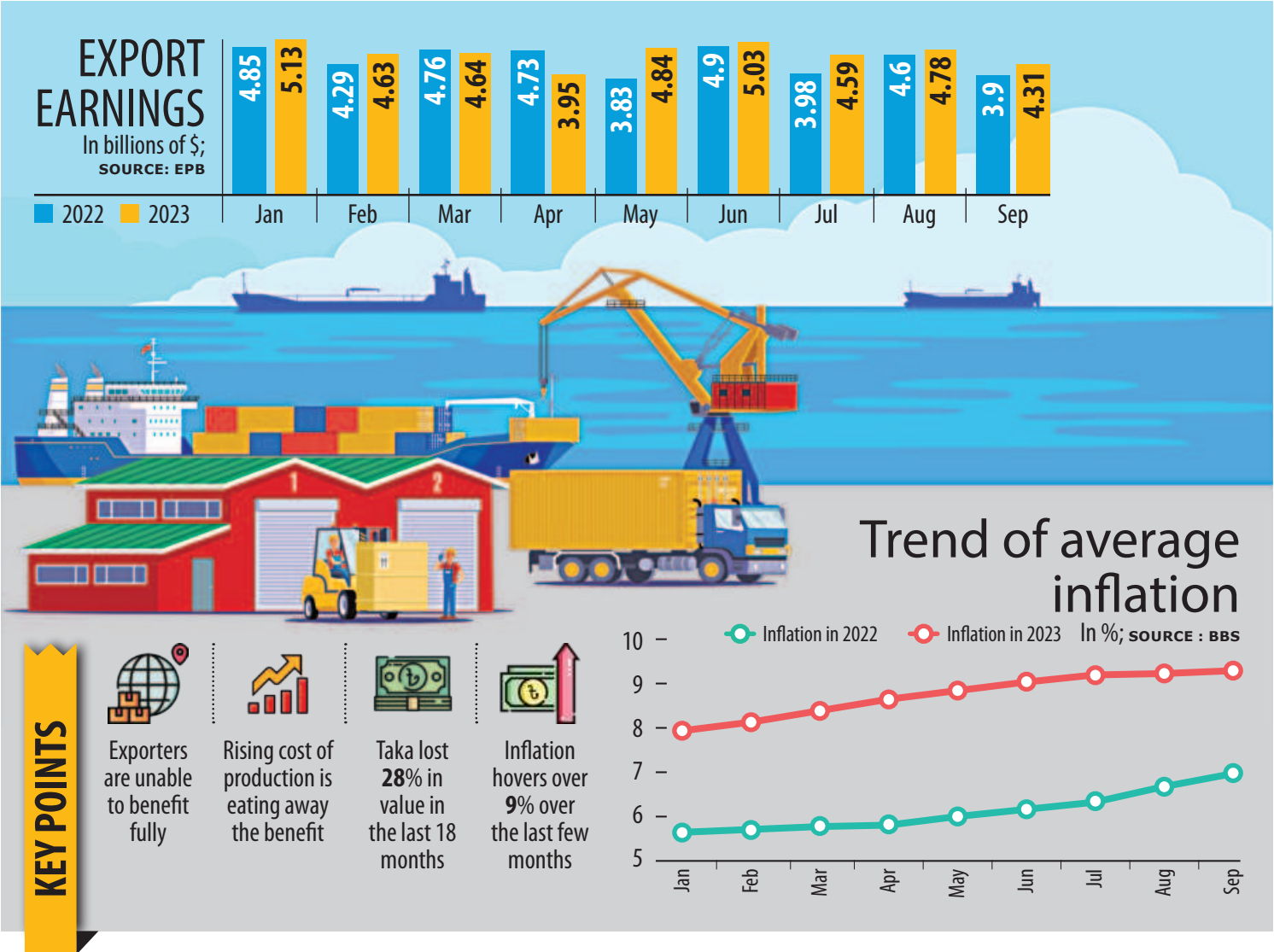
The six-month moving average rate of treasury bills, abbreviated as SMART, was 7.20 percent in September and the rate will be applicable for October.

In April last year, Bangladesh Bank had set the interest rate on deposits at 7 percent and loans at 11 percent for the NBFi sector, which came into effect from July 1.

Previously, some NBFIs offered a maximum of 15 percent interest against their deposit products.

On Wednesday, Bangladesh Bank had announced a hike in the policy rate -- which is used by the central bank to implement or signal its monetary policy stance -- by 75 basis points to 7.25 percent.

This made it costlier for banks to borrow from the central bank.



Exporters don't get full benefit from taka slide

They blame high costs of production amid inflationary pressure

REFAYET ULLAH MIRDHA

Exporters in Bangladesh are unable to take the full benefit of the devaluation of the taka against the US dollar amid ongoing inflationary pressure and rising production costs, according to industry people.

The devaluation of a country's currency can increase its export earnings as manufacturers can take orders even though buyers offer lower rates than in the past, making them more competitive on the global market.

Recent data shows that taka, the local currency, has depreciated by about 28 percent as the government is adjusting the exchange rate in line with its strength against the US dollar.

As such, the official exchange rate now stands at Tk 110.50 per US dollar in case of import payments while it is Tk 110 when it comes to export earnings.

The exchange rate between the taka and the US dollar was around Tk 85 up till January last year, after which the local currency began its steep descent into the current range, as per central bank data.

Bangladesh's taka has been facing volatility for more than one-and-a-half years as external payment pressure continued to grow while export and remittance did not grow as required.

Previously, local exporters had urged for the devaluation of the taka against the US dollar as some competitor

countries were enjoying the benefits of devaluing their respective currencies.

And in the face of increased external payment pressure, Bangladesh started to see its foreign reserves fall, with the taka losing strength against the US dollar and other major currencies.

Exporters said Bangladesh's exports

became more competitive following the devaluation of the taka, while the exporters themselves enjoyed higher returns in terms of taka against each greenback.

Besides, this allowed manufacturers to enhance their earnings from products made using locally-sourced raw materials considering their increased prices abroad.

However, elevated inflation, which has been hovering at around 9 percent for nearly one year now, eats up much of the gain.

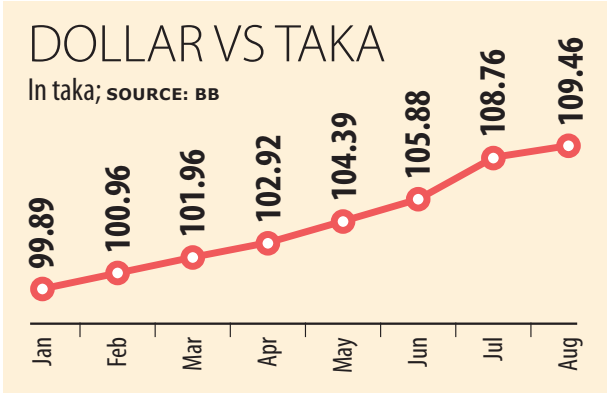
Exporters said the cost of doing business and production rose as prices of raw materials, transport and fuel rose by nearly 100 percent each, alongside the increasing price of food in the domestic market.

Still, local value addition increased by nearly 71 percent over the past year due to the growing use of locally-sourced raw materials.

This is because producers are opting for more readily available raw materials rather than importing them in order to maintain the shorter lead times set by international clothing retailers and brands.

As a result, garment makers have been reducing their overreliance on imported yarn and fabrics to ensure quick delivery of goods year-round to remain competitive in the fierce business.

"So, we are definitely getting the



A farmer in Sylhet sadar upazila tries to channel stagnant rainwater away from his vegetable patch. There have been incessant rains for the last couple of days, causing water to accumulate at the base of many vegetable plants from which farmers hope to make a harvest in coming winter. If the water does not recede, the plants will die, causing a dearth of supply of vegetables in the market and a rise in prices. The photo was taken at Dighirpar in Masukganj Bazar area yesterday.

PHOTO: SHEIKH NASIR

Fresh investment of around Tk 2,500 crore has been made in the automobile industry in the past two and half years



Story on B4

Don't let reserves go below \$15b: Mansur

STAR BUSINESS REPORT

Bangladesh should not allow its foreign currency reserves to fall below \$15 billion at any cost until the parliamentary elections in early January next year, economist Ahsan H Mansur said yesterday.

"Right now we have to take up a short-term plan to retain the current level of the foreign currency reserve," said the executive director of the Policy Research Institute of Bangladesh.

Bangladesh must explore all possible options, including getting a second instalment of loans from International Monetary Fund (IMF) and support from World Bank and other bilateral sources, to preserve the reserve, he said.

Mansur made the comments at a time when the country's foreign exchange reserves have kept falling for external payments continuing to be higher than the inflows, mainly through exports and remittances.

Bangladesh, which had \$33.4 billion in the forex reserves at the end of 2021/22, saw it plummet to \$21.05 billion as of October 5, showed data from the central bank.

"Right now we have to take up a short-term plan to retain the current level of the foreign currency reserve," said Ahsan H Mansur, executive director of PRI

It was about \$40.7 billion in August 2021.

On Wednesday, Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said the net reserve would be less than \$18 billion if the central bank's liabilities were considered.

The country has an election ahead and this is not a normal one as many uncertainties might erupt centring the polls in the days to come, said Mansur.

"No matter which government comes to power... it must address all fundamental issues to restore economic stability," he said.

Mansur made these observations while speaking at a seminar on "Fiscal Challenges in South Asia" organised by the South Asian Network on Economic Modeling (Sanem) at Brac Centre Inn in the capital.

Mansur also pointed out that the current situation had arisen as the government had not been able to keep pace with reality.

"There is a huge lack of political leadership in economic management. In such a moment of crisis, we don't have strong economic management leadership," he said.

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STOCKS			
DSEX ▼		CASPI ▼	
0.39%		0.10%	
6,237.23		18,304.85	

COMMODITIES			
Gold ▲		Oil ▲	
\$1,832.59		\$82.78	
(per ounce)		(per barrel)	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.55%	▼ 0.26%	▲ 0.61%	▲ 0.10%	
65,995.63	30,994.67	3,174.39	3,110.48	

GARMENT SECTOR CPD proposes Tk 17,568 as minimum wage

STAR BUSINESS REPORT

The Centre for Policy Dialogue (CPD) yesterday proposed Tk 17,568 as the minimum monthly wage for garment workers in Bangladesh.

Of it, Tk 9,662 or 55 percent is the basic wage, Tk 1,230 or 7 percent is food allowance and Tk 4,831 or 50 percent of the basic is house rent.

Other main components are a medical allowance of Tk 879 or 5 percent of the total wage, a transport allowance of Tk 615 or 3.5 percent of the total and a child allowance of Tk 351 or 2 percent of the total.

CPD Research Director Khondaker Golam Moazzem and Senior Research Associate Tamim Ahmed jointly shared the proposal at a discussion on "Revision of the Minimum Wage of RMG Workers in 2023" at Lakeshore Hotel in Dhaka.

Currently the minimum wage is Tk 8,000.

A board formed by the government on April 9 this year is currently working on recommending a new salary structure.

There are around 2.8 million garment workers in Bangladesh at present whereas once it was a record high of over 4 million, according to Md Towhidur Rahman, president of Bangladesh Apparel Workers Federation.

The wage proposal was a part of a CPD study which

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Govt allows import of 5cr eggs

STAR BUSINESS REPORT

The commerce ministry has permitted five firms to import five crore eggs in order to increase the supply of the protein item and check domestic market prices.

Each of the firms will import one crore eggs, the ministry said in a statement yesterday.

With these five, a total of 15 companies have been granted permission by the government to import 15 crore eggs over the last one month.

The importers told the media that they would be able to sell each egg at less than Tk 10.

The move for the import came about amidst public outcry after the price of two pairs of eggs surged to Tk 60 in August whereas it was around Tk 40 a year ago. In other words, the price rose 50 percent in just a year.

READ MORE ON B3

Yamaha brings new motorcycles

STAR BUSINESS DESK

ACI Motors, a distributor and technical collaboration partner of Yamaha motorcycles in Bangladesh, recently launched Yamaha's premium sports segment motorcycle R15 version 4.0 at ACI Centre in Dhaka.

Subrata Ranjan Das, executive director of the automobile company, inaugurated the new version of the motorcycle as chief guest, said a press release.

The R15 version 4.0 will have a new colour, dubbed "intensity white", while the R15M version 4.0 will feature LED flasher and TFT metre.

Both the bikes have BS7 (OBD2) engines and modern features, which will attract Yamaha's valued customers.

ACI Motors started its journey in 2007 as a subsidiary of ACI Limited.

Currently, Yamaha has 116 3S (sales, service and spare parts) dealer points across the country.



Subrata Ranjan Das, executive director of ACI Motors, inaugurates Yamaha's premium sports segment motorcycle R15 version 4.0 at ACI Centre in Dhaka recently.

PHOTO: ACI

CAPA gets new board member from Bangladesh

STAR BUSINESS DESK

The Confederation of Asian and Pacific Accountants (CAPA) has appointed a new member in its board of directors at its annual general meeting in Sri Lanka recently.

The official is Md Shahadat Hossain, a former president of the Institute of Chartered Accountants of Bangladesh (ICAB) and its council member since 2007. He is currently a partner at the MABS and J Partners.

CAPA has a membership of 33 accountancy organisations from 24 countries in Asia Pacific and North American region.

The board was constituted with 12 members, each elected from a different country, who will serve for four years starting 2024, said a press release.



Union Bank holds business review meeting

STAR BUSINESS DESK

Union Bank Ltd organised its third quarterly "Business Review Meeting 2023" for Khulna, Barishal, Sylhet and Mymensingh divisions and Cumilla, Brahmanbaria, Feni, Noakhali, Laxmipur and Chandpur districts.

ABM Mokammel Hoque Chowdhury, managing director and CEO of the bank, inaugurated the meeting at the bank's head office in Gulshan, Dhaka yesterday, said a press release.

Chowdhury congratulated all participants on the success of third quarterly business and advised them to achieve all the business targets of 2023 by providing best services.

Shafiuddin Ahmed, deputy managing director, Md Golam Mostafa, senior executive vice-president, Md Mainul Islam Chowdhury, executive vice-president, and other officials were present.



ABM Mokammel Hoque Chowdhury, managing director of Union Bank, attends the bank's third quarterly "Business Review Meeting 2023" for Khulna, Barishal, Sylhet and Mymensingh divisions and Cumilla, Brahmanbaria, Feni, Noakhali, Laxmipur and Chandpur districts at the bank's head office in Dhaka yesterday.

PHOTO: UNION BANK

City Bank stands by farmers in Rajshahi

STAR BUSINESS DESK

City Bank, in collaboration with Heifer International Bangladesh, recently distributed poultry and fish feeds worth 600 tonnes among 400 marginal farmers of Poba, Rajshahi as part of its corporate social responsibility.

Sheikh Mohammad Maroof, additional managing director of the bank, handed over the feed to the farmers as chief guest, said a press release.

"The bank intends to greatly increase its assistance to the agriculture sector in order to support the growth of agriculture. Our aim is to contribute to the food security agenda of the government," said Maroof.

Nurun Nahar, country director of Heifer International Bangladesh, Mohammad Mahbubur Rahman, additional managing director of the bank, Mohammad Mahmud Gony, head of commercial banking, Md Ashanur Rahman, country business manager, and Shahriar Jamil Khan, head of brand and communications, were also present.



Sheikh Mohammad Maroof, additional managing director of City Bank, hands over a sack of poultry feed to a farmer at a programme organised by the bank and Heifer International Bangladesh in Poba, Rajshahi recently.

PHOTO: CITY BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (OCT 8, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 72	0	-5.71 ↓
Coarse rice (kg)	Tk 48-Tk 50	0	-2 ↓
Loose flour (kg)	Tk 42-Tk 60	-8.42 ↓	-18.69 ↓
Lentil (kg)	Tk 105-Tk 110	10.26 ↑	10.26 ↑
Soybean (litre)	Tk 155-Tk 160	0	-5.97 ↓
Potato (kg)	Tk 40-Tk 45	-2.3 ↓	60.38 ↑
Onion (kg)	Tk 85-Tk 95	5.88 ↑	125 ↑
Egg (4 pcs)	Tk 48-Tk 50	-4.85 ↓	1.03 ↑

SOURCE: TCB

US restricts trade with 42 Chinese entities

REUTERS, Washington

The US Commerce Department on Friday added 42 Chinese companies to a government export control list over their support for Moscow's military and defense industrial base - support that includes the supply of US-origin integrated circuits.

Another seven entities from Finland, Germany, India, Turkey, United Arab Emirates and the United Kingdom were also added to the trade export control list.

The circuits include microelectronics that Russia uses for precision guidance systems

in missiles and drones launched against civilian targets in Ukraine, the Commerce Department said in a statement.

"Today's additions to the Entity List provide a clear message: if you supply the Russian defense sector with US-origin technology, we will find out, and we will take action," Assistant Secretary for Export Enforcement Matthew Axelrod said in the statement.

China called the US action "economic coercion and unilateral bullying".

"The United States should immediately correct its wrong

practices and stop its unreasonable suppression of Chinese companies," China's Ministry of Commerce said in a statement.

It has been 20 months since Russian invaded Ukraine. A Russian missile strike in a village in northeastern Ukraine on Thursday killed at least 52 people in one of the most deadly attacks yet.

Companies are added the US Entity List when Washington deems them a threat to US national security or foreign policy. Suppliers must then be granted generally hard-to-get licenses before shipping goods to entities on the list.



Khwaja Shahriar, managing director of LankaBangla Finance, and Manas Singh, chief executive officer of STS Group, pose for photographs while signing a memorandum of understanding at the former's corporate head office in Dhaka recently.

PHOTO: LANKABANGLA FINANCE

Universal College strikes MoU with LankaBangla Finance

STAR BUSINESS DESK

Universal College Bangladesh (UCB), a concern of STS Group, recently signed a memorandum of understanding (MoU) with LankaBangla Finance PLC.

Manas Singh, chief executive officer of STS Group, and Khwaja

Shahriar, managing director of the non-bank financial institution, inked the MoU at the latter's corporate head office in Dhaka, said a press release.

"This partnership not only serves the interests of our students by furnishing them with invaluable industry exposure but also

strengthens our connections with the corporate realm," said Singh.

"We firmly believe in the potential of our youth and through this partnership, we will empower them with practical experience and knowledge that will help them make significant progress in their careers," said Shahriar.



Syed Mahbubur Rahman, managing director of Mutual Trust Bank, inaugurates a week-long "Retail Fest 2023" at the Samson H Chowdhury Auditorium on 111 Kazi Nazrul Islam Avenue in Dhaka yesterday. Among others, Gautam Prosad Das, Rais Uddin Ahmad, Md Shamsul Islam, Usman Rashed Mueen and Md Shafquat Hossain, deputy managing directors of the bank, were present.

PHOTO: MUTUAL TRUST BANK

Russia lifts diesel export ban

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depends on how quickly Russia's diesel exports are restored," said Vortexa's head of APAC analysis Serena Huang.

Traders expect the lifting of the diesel ban could mean Asian diesel cargoes which would have replaced Russian exports in Africa and Turkey will now stay in the region, adding to already ample supplies.

HOW HAS THE MARKET REACTED?

European diesel futures spreads collapsed on the news. The 6-month backwardation fell by nearly 30 percent to \$80.50 a metric ton. Backwardation is a market structure where future prices trade at a discount to current prices, and usually indicates tight supply.

European benchmark diesel refining margins fell sharply on October 5 after daily Kommersant reported that the Russian government was ready to ease the diesel export ban in the coming days.

The diesel east-west arbitrage

economics have also been affected, with the spread - determined typically by the exchange of futures for swaps (EFS) - falling to a discount \$54 per ton on Friday after the announcement, a one-month low.

WHY DID RUSSIA IMPOSE THE RESTRICTIONS?

Traders said the fuel market in Russia, one of the world's biggest oil producers, was hit by a combination of factors including maintenance at oil refineries, bottlenecks on railways and the weakness of the rouble, which incentivises fuel exports.

Russia tried to tackle the diesel and gasoline shortages in recent months but turned to export curbs to prevent a fuel crisis, which could be awkward for the Kremlin as a presidential election looms in March.

Deputy Prime Minister Alexander Novak said on October 4 that the restrictions were working, adding inventories had increased by 430,000 metric tons since they were introduced.

HOW LONG BEFORE THE

GASOLINE BAN IS LIFTED?

Russia said exports would resume once it had stabilised its domestic market, but did not give a time frame.

Analysts, such as consultancy FGE Energy, had expected the ban on diesel to last up to two weeks before Russia replenishes its stocks and resumes exports.

FGE Energy said replenishing Russia's gasoline stocks could take up to two months.

The diesel ban will have the biggest impact because Russia is the world's top seaborne exporter of the fuel, just ahead of the United States.

It shipped an average 1.07 million barrels per day (bpd) of diesel from the start of the year to September 25, accounting for more than 13.1 percent of total seaborne diesel trade, according to oil analytics firm Vortexa.

Russia is a much less significant gasoline exporter, shipping an average 110,000 bpd from January 1 to September 25, Vortexa said.



A vast field of Aman paddy is seen under cultivation in Sariakandi upazila of Bogura. Following a lukewarm response from farmers last year, the government has cut its procurement target for the crop by nearly one-third. The picture was taken yesterday.

PHOTO: MOSTAFA SHABUJ

Robi deploys 2600 band spectrum in 50% of its sites

STAR BUSINESS REPORT

Robi Axiata has completed deployment of spectrum in 2600 band in 50 percent of its sites that deal with higher data traffic.

The spectrum came from 60 MHz in the 2600 band that the operator bought last year for Tk 3,361 crore.

The doubling of network capacity following 2600 spectrum deployment in different areas will help the operator improve data speed by 50 percent, Robi said in a statement.

Robi has long been working on improving its network quality, said Shahed Alam, Robi's chief corporate and regulatory officer.

"On an average, we have been investing around \$200million over a number of years. With the deployment of 2600 spectrum, we believe our network development is now helping us to deliver a far better quality of service for our valued customers."

"This drive will continue across the country going forward," he said.

Besides, the network optimization activities directly contributed towards reducing call drop rate by around 60 percent over the last year for users of both Robi and Airtel brand users, it said.

According to Robi's financial results for the second quarter of this year, Robi ensured 98.5 percent 4G population coverage with more than 16,000 4G sites across the country.

Govt cuts Aman purchase target, hikes prices

STAR BUSINESS REPORT

The government has cut the paddy procurement target of Aman, the second biggest rice crop now under cultivation, by nearly one-third after it received a lukewarm response from growers last year.

The food ministry could buy only around 5,000 tonnes of paddy against its target of 3 lakh tonnes during the previous Aman season.

And from the current Aman season, the food office plans to buy 2 lakh tonnes, according to a press statement released yesterday.

In case of rice, the government has kept its procurement target unchanged at 5 lakh tonnes, which it aimed to purchase from millers in 2022 also.

The food ministry could buy 4.3 lakh tonnes of milled rice from the

previous year's Aman season.

The move comes as farmers are set to begin harvesting Aman paddy from November and the agriculture ministry aims to ensure production of 1.71 crore tonnes of the crop this season.

As such, this year's production target is higher than the previous year's overall yield.

"We have also fixed the procurement prices for Aman paddy and rice," said Food Minister Sadhan Chandra Majumder at a briefing after the meeting of the Food Planning and Monitoring Committee at the Secretariat in Dhaka.

As per the decision, the food ministry will offer Tk 30, up 7 percent from the previous season, to buy each kilogram of Aman paddy this year.

For parboiled rice, it has hiked the price by nearly 5 percent year-on-year to Tk 44 per kilogramme this season, according to the food ministry.

During the current fiscal, the government plans to buy 20.61 lakh tonnes of food grains of mostly rice from domestic sources, up from the 19.4 lakh tonnes purchased the previous year, shows food ministry data.

At the briefing, Majumder said the stock of food grains in public storages is good while the shipment and stock situation will improve further when imported wheat arrives.

Among others, Agriculture Minister Muhammad Abdur Razzaque and Commerce Minister Tipu Munshi were present at the meeting.

Foreigners constructing expressway get tax break extension

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has exempted foreigners working on Dhaka Elevated Expressway from paying taxes on their income for another three years until June 2026.

The previous tax break for the foreign nationals, such as engineers and managers, expired on June 30 this year and the new exemption came into effect from July 1, according to a notification issued last week.

Partially opening last month, the expressway stretches from the Shahjalal airport to Kutubkhali on the Dhaka-Chattogram highway.

Foreigners working on its construction have been enjoying a tax exemption on their income since 2012, said an NBR official earlier.

The expressway opened for vehicular movement around a decade after the government signed a deal with Italian-Thai Development Public Company in 2011 to build it at a cost of Tk 8,703 crore under a public-private partnership.

The agreement was revised, with several changes being brought to the design, and inked again in December 2013 with the cost going up to Tk 8,940 crore.

According to the deal, the government will provide Tk 2,413 crore (27 percent) while the private partner will bear the rest.

The 46.73 km expressway traverses Kawla, Kuril, Banani, Mohakhali, Tejgaon, Moghbazar, Kamalapur, Sayedabad, Jatrabari and Kutubkhali. It is scheduled to complete by June 2024.

China forex reserves fall to \$3.115tr

REUTERS, Shanghai

China's foreign exchange reserves fell more than expected in September, official data showed on Saturday, as the US dollar rose against other major currencies.

China's reserves - the world's largest - fell \$45 billion to \$3.115 trillion last month, compared with \$3.13 trillion tipped by analysts in a Reuters poll, from \$3.16 trillion in August.

The yuan fell 0.5 percent against the dollar in September, while the dollar rose 0.2 percent against a basket of other major currencies over the month.

China held 70.46 million fine troy ounces of gold at the end of September, up from 69.62 million ounces at the end of August.

The value of China's gold reserves fell to \$131.79 billion at the end of September from \$135.22 billion at the end of August.

India's central bank holds rates despite inflation

AFP, Mumbai

India's central bank left interest rates unchanged again Friday despite an inflation spike that has sparked official concern over the impact of higher food prices caused by extreme weather.

The benchmark repo rate has stood at 6.50 percent since February, following a series of hikes by the Reserve Bank of India (RBI) to curb rising prices last year.

Inflation spiked at 7.4 percent in July before moderating to 6.8 percent the following month, still

well above the RBI benchmark.

The bank had "identified high inflation as a risk to macroeconomic stability and sustainable growth" and "remains resolutely focused on aligning inflation to the four percent target", RBI governor Shaktikanta Das said.

Prices for food staples -- including wheat, rice and tomatoes -- have shot up in recent months, partly because of floods, record-high temperatures and pest attacks in production belts.

Finance Minister Nirmala Sitharaman told parliament in July that the government was taking

steps "to contain high prices which are hitting common citizens".

The government has put curbs on some rice exports to put downward pressure on prices.

Food prices have since eased but "the overall inflation outlook is clouded by uncertainties from the fall in" domestic sowing of key crops and "volatile global food and energy prices," Das said.

India's inflation peaked at 7.8 percent last year in the wake of the global economic fallout from the Russian invasion of Ukraine, which prompted spikes in food and oil costs.

Don't let reserves

FROM PAGE B1

He said the government had at least one and a half years to adopt corrective measures and many issues have been raised for at least 15 years.

"But they didn't do it," said Mansur.

However, the government repeated narratives such as "we are doing well", "everything will be fine" and "nothing bad will happen".

"If you believe in such narratives, you cannot engage in proper economic management," he said.

Prior to the pandemic and Russia-Ukraine war, Bangladesh had been going through a glorious period of economic rebound. Although the current economic mismanagement was prevalent at that time, it was not apparent, said Sanem Executive Director Prof Selim Raihan.

The flaws of economic management have started to come out now, he said while moderating the event.

The country has witnessed a drastic fall in foreign currency reserves and remittance inflow, fluctuations in foreign currency earnings through exports and an unprecedented persistent inflationary pressure, he said.

"Additional efforts with strong political will are needed to undertake corrective measures to restore macroeconomic stability beyond the interests of all vested groups," said Prof Raihan.

Presenting a keynote paper, Franziska Lieselotte Ohnsorge, chief economist for South Asia at the World Bank, said Bangladesh showcased

some of the strongest performances in some indicators.

However, economic activity is being restrained by supply disruptions from energy shortages and continued import and capital controls, she said.

Trade credit limitations due to low quantities of foreign exchange in the banking system have also reduced imports, she said.

"There was a noticeable deceleration in both consumption and investment growth during FY23 as a result of high inflation and rising uncertainties related to the external sector," she said.

The country needs to drastically expand the tax net across the country, said Sameer Satter, president of the Dhaka Chamber of Commerce and Industry.

Exporters don't get full benefit

FROM PAGE B1

advantage of the devaluation but we cannot retain the benefit due to high inflation and rising production costs," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

Hassan informed that another reason for exporters not being able to retain the benefit was that local raw material suppliers were also increasing their prices.

He said competitor countries like Vietnam, Pakistan, India and Turkey have significantly devalued their currencies and were subsequently enjoying greater competitiveness in the global supply chain.

Hassan explained that the primary textile sector was the ultimate beneficiary of the competitive edge brought on by currency devaluation as garment makers increase their purchases from local millers and spinners.

"But we are not enjoying this benefit as banks are charging high interest rates while fuel and energy costs have risen significantly," said Mohammad Ali Khokon, president of

Bangladesh Textile Mills Association.

Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry, said the taka's depreciation by 28 percent does not mean that exporters are getting Tk 28 extra for each US dollar.

This is because inflation is nearly 10 percent and the cost of doing business has increased 25 percent because of a big jump in fuel, power and transportation costs coupled with high bank interest rates and raw material prices.

Had the currency devalued earlier, such as during the time of the immediate past governor of Bangladesh Bank, local exporters would have been able to avail more benefits as inflation and utility bills were lower at the time, he added.

From the perspective of local value addition, the currency devaluation of taka against the US dollar has helped exporters, said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue (CPD).

Exporters became more inclined to purchase raw materials from local markets and, from this perspective,

they became competitive due to the depreciation of taka, Rahman said.

Obviously, he said, cost of production soared because of inflation. But had other costs remained unchanged, the exporters' competitive edge due to devaluation of taka would have been significant, added Rahman.

"Exporters claim that they could not retain the benefit owing to cost escalation. But that is not fully true," he said.

CPD Research Director Khondaker Golam Moazzem said any depreciation of local currency increases the negotiation capacity of exporters as they can take orders even though buyers offer lower prices than in the past.

This increases competitiveness of exporters, he said.

Moazzem acknowledged that cost of production has increased due to higher fuel, energy and other costs. Even after that, overall earnings of exporters have increased, which is why they are able to accept fresh orders by covering additional expenses, he said.

CPD proposes Tk 17,568

FROM PAGE 1

suggested that of the seven wage grades, that of 5 and 6 be merged.

Child allowance should be adopted as children's education costs are now a significant component in the upkeep of workers' families, said the CPD.

Chairman of the Minimum Wage Board Liaquat Ali Mollah said they hope to recommend a rate by next month so that it can come into effect from December.

While the garment factory owners are facing rising costs of gas, power, US dollar, transport and bank interest rate, the workers are also dealing with high inflation and increasing living costs, he said.

It is the small and medium companies with limited financial capabilities that face problems in paying workers, he said.

So far different trade unions proposed Tk 23,000 and Tk 25,000 as the minimum wage, he added.

A logical wage structure should be declared considering the significant increase in the prices of essentials, said Montoo Ghosh, president of

Garment Sramik Trade Union Kendra.

The space for expressions through trade unions is being squeezed day by day, he said.

The onus is also on the garment buyers for increasing the pay for workers, said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association.

International retailers and brands pay \$2 for a t-shirt made in China and Vietnam but \$1.6 for that from Bangladesh, he explained.

The buyers are taking away 80 percent to 85 percent of the profit and paying only 10 percent profit to the suppliers, he said.

Bangladesh should look into why it gets lower prices, said Faisal Samad, a Bangladesh Garment Manufacturers and Exporters Association (BGMEA) director.

The factories have been suffering from a decrease in work orders over the last one year, said Md Siddiqueur Rahman, a representative of the factory owners in the minimum wage board.

Sirajul Islam Rony, a representative

of workers on the board, suggested checking a rise in house rent after implementation of the new wage rates and providing subsidised food for workers.

The BGMEA is ready to implement the new wage structure from December this year, said BGMEA President Faruque Hassan.

Taslima Akter Lima, president of Bangladesh Garments Sramik Sanghati, also spoke.

Govt allows

FROM PAGE B1

Industry insiders say there is a daily demand for over 4 crore eggs in the country.

Imported eggs are yet to arrive in the market and two pairs of eggs were selling at Tk 48-Tk 50 in Dhaka yesterday, according to prices data of the Trading Corporation of Bangladesh.

Md Haidar Ali, public relations officer at the commerce ministry, said some consignments of imported eggs were expected to arrive this week.

BTRC cancels licences of four ISPs

STAR BUSINESS REPORT

The Bangladesh Telecommunication Regulatory Commission (BTRC) recently cancelled the licences of four internet service providers (ISPs) for failing to convert their licences in accordance with relevant guidelines.

As such, the ISPs have been directed to surrender their licences within the first 10 days of October, according to documents of the telecom regulator.

The ISPs are Nabila Net, Pent, Paralekha Online and Airnet Communications.

According to the regulatory and licencing guidelines for ISPs published in December 2020, the existing ISP licences had to convert their licences to four new categories by December 2021.

For their failure to comply, the BTRC declared all activities of these ISPs illegal and punishable under the Bangladesh Telecommunication Act 2001.

It also warned all

The ISPs that lost their licences are Nabila Net, Pent, Paralekha Online and Airnet Communications

concerned not to enter any deal or engage in financial transactions with these ISPs.

Earlier, the telecom regulator cancelled hundreds of ISP licences for different reasons.

In August, the BTRC cancelled the licences of 14 ISPs after they failed to renew their licences within the specified time.

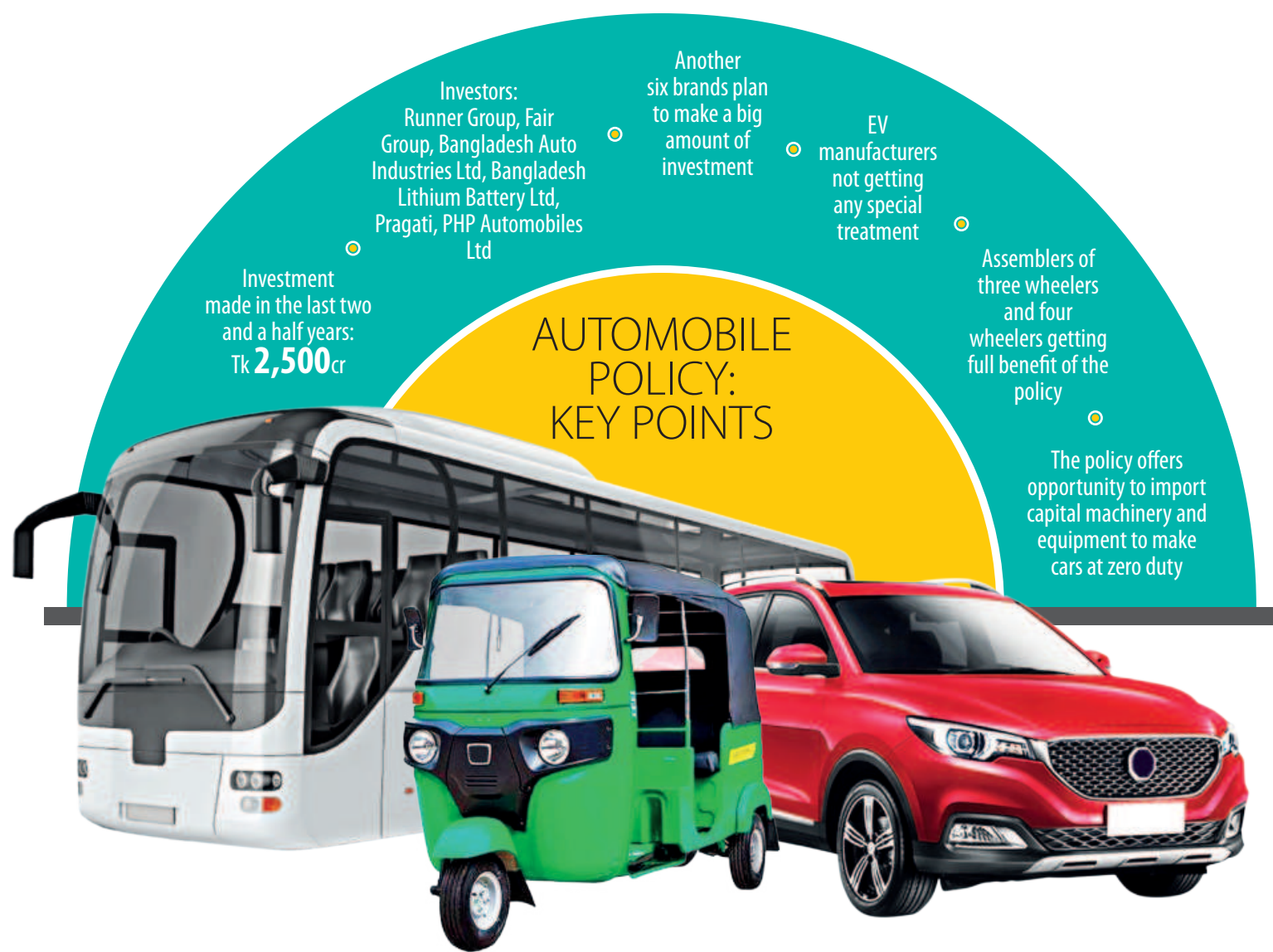
In May, the BTRC cancelled the licences of 228 ISPs after they failed to convert their licences in accordance with guidelines.

In July 2022, the telecom regulator directed international internet gateway service providers to disconnect the bandwidth connections of 286 ISPs after they failed to convert their licences in accordance with guidelines.

More recently, the BTRC revoked the licences of four internet protocol telephony service providers (IPTSPs) after they lost their ISP licence.

According to BTRC rules, an IPTSP cannot provide services without having an ISP licence.

An IPTSP licensee provides international and domestic voice calls over IP-based internet and/or managed IP-based network(s).



Automobile policy attracts fresh investment

JAGARAN CHAKMA

Fresh investment of around Tk 2,500 crore has been made in the automobile industry in the past two and half years since the formulation of the Automobile Industry Development Policy 2021, according to industry insiders.

That amount could have been as high as Tk 5,000 crore had the world economy not been adversely affected by the Russia-Ukraine war, they added.

They added that as per the policy, motorcycle manufacturers alongside three-wheeler and four-wheeler assemblers had been enjoying reduced duties on raw material imports, but electric vehicle (EV) manufacturers had been deprived of this benefit.

South Korean automotive manufacturer Hyundai and Malaysia's Proton have made investments alongside local companies such as Runner Group and Bangladesh Auto Industries Ltd (Bail).

Investment from at least six other manufacturers in four-wheeler manufacturing, including South Korea's Kia, are in the pipeline. Runner Automobiles has already invested Tk 300 crore as they look to become the first manufacturers of three-wheelers in the country.

"There is huge potential to attract investment in this sector as the policy has opened a window for the investors," said Hafizur Rahman Khan, chairman of Runner Group.

According to him, there is a special provision for Electric Vehicle (EV) in the policy and he believed investors would be eager to fund EV manufacturing in Bangladesh.

He opined that investment would have doubled over the past three years had there not been an economic impact from the fallout of the Russia-Ukraine war. He added that Runner Group's three-wheeler manufacturing unit was an example of what had been made possible by the Automobile policy.

"Customers can purchase at a lower price compared to imported three-wheelers," he

said. "Working just one shift per day, we have the capacity to manufacture 2,500 three-wheelers per month."

Meanwhile, Fair Group started the assembly of Hyundai cars in their factory, starting with the popular 'Creta' and 'Creta Grand' sport utility vehicles (SUVs). They launched locally-made 'Creta' SUVs in January this year.

"We have established a Hyundai manufacturing plant as the government has given a number of facilities, including tax incentives and duty benefits for the import of equipment and necessary spare parts for assembling and manufacturing," said Md Mesbahuddin, chief marketing officer of Fair Group.

He said they would announce the launch of locally assembled 'Tucson' SUVs within the next week and that they would begin to

"There is huge potential to attract investment in this sector as the policy has opened a window for the investors," said Hafizur Rahman Khan, chairman of Runner Group.

assemble sedans by April next year.

He added that they would not assemble high-end sedans initially, instead targeting first-time car buyers.

According to Mesbahuddin, Fair Group has invested around Tk 250 crore, with plans to increase investment gradually.

Regarding the potential of the manufacturing plant, he said the growing economy of Bangladesh had led to a desire among customers for brand-new cars and that locally manufactured cars offered several benefits, including being more environmentally friendly.

Customers have become more aware of the benefits of brand-new cars as well and

the market size of four-wheelers has reached about Tk 20,000 crore per year.

"The market will increase in line with the economic growth of Bangladesh since the government has taken the bold initiative to develop the automobile industry," he said.

Despite the automobile market being dominated by reconditioned cars historically, changing times mean that brand-new cars will gradually take over the market, especially since reconditioned cars are often overpriced and offer no warranty.

Abdul Matlub Ahmad, chairman of Nitul Niloy Group, stressed the need for local component manufacturers to aid the development of the automobile industry. He said the government should be clear about the benefits applicable to EV manufacturers as it is a sunrise industry.

According to him, the Automobile Industry Development Policy 2021 provided a lot of benefits to fossil-fuel-based car manufacturers, but EV manufacturers and investors were deprived and were not getting any benefits despite EVs being environmentally friendly and energy saving.

Bail and Bangladesh Lithium Battery Ltd (BLBL) are investing Tk 1,440 crore to establish the country's first EV and lithium battery manufacturing plant at Bangabandhu Sheikh Mujib Shilpa Nagar in Mirsarai, Chattogram.

"We will manufacture almost 60 percent of a vehicle's components, including lithium-ion battery, motor, controller, charger, software platform, chassis and body," he noted.

The factory infrastructure has already been constructed, with the installation of machinery underway.

Bail Managing Director Mir Masud Kabir said EV manufacturers were not getting any special treatment under the policy as it did not mention any specific facilities for them.

He said a zero import duty regime on raw materials for EV manufacturers could reduce the cost of EVs for end-users in Bangladesh.

MTB focusing more on retail banking

Says head of retail banking

SUKANTA HALDER

Mutual Trust Bank Limited (MTB) is expanding its retail banking activities to diversify business, said Md Shafquat Hossain, head of retail banking of the lender.

"The growth of our retail banking is quite good and the market is also growing, which is why we are focusing more on this," he said while speaking to The Daily Star to mark the beginning of the seven-day Retail Fest on the occasion of the 24th anniversary of MTB.

In 2019, 93 percent of the MTB banking activities were focused on corporate banking.

"It's quite risky for any bank. The more diversified the portfolio, the better for the bank," he said.

"We would like to inform our customers and people about the various activities that have taken place in our retail banking through Retail Fest," Hossain said.

Since these issues have never been communicated to consumers in this way before, the fest was organised. "So, this is the right time to promote," he added.

He said MTB started their retail banking journey in 2010. At that time, car, home and personal loans were given. Now more products have been added to the basket.

If a consumer applies for a loan now, he is informed within 72 hours whether he will get the loan or not. It used to take up to one month in the past, he added.

Around 15-20 years ago, people in Bangladesh did not take loans barring urgent needs. But at present, due to urbanisation and rising purchasing power, people are going on vacations with loans, buying expensive watches, refurbishing kitchens and taking home and car loans, he added.

Retail banking, also known as consumer banking or personal banking, is banking that provides financial services to individual consumers rather than businesses, according to Investopedia.

Western countries embraced this form of banking back in the 1980s, but it took a while for Bangladesh to adopt the trend.

"In Bangladesh, 50 percent of banks are now conducting retail banking activities," Shafquat added. Standard Chartered was the pioneer of this type of banking in Bangladesh because of its global presence and know-how.

Shafquat said if even five crore of the 18 crore people in the country were potential customers of retail banking, it is a huge market.

On the occasion of Retail Fest, MTB yesterday launched a weeklong event featuring numerous offers for customers and the public, he informed.

MTB Privilege Banking will launch United Hospital and Medix healthcare vouchers. The inauguration of revamped MTB Dhanmondi Privilege Banking Centre and MTB Uttara Privilege Banking Centre will also take place during this time.

MTB Agent Banking Centers will be opened as well. MTB Cards will introduce a new co-branded card. Meetings with remittance partners in Bangladesh and MTB Auto Vendors will also be held during this period.

An induction programme titled "aspiring women for graphic design training" will be held during this festive week by the Creative IT Institute under "MTB Swanirvor Angona".

The festival will also offer a variety of promotional offers and discounts to customers, such as offers for Mastercard World and Visa Signature users, cashback offers for MTB cardholders, promotional offers for home and auto loans and free subscription to Chorki on MTB Internet Banking activation.

There will also be customised travel packages from Wander Woman and rewards for 20 beneficiaries of cash over the counter remittance alongside other offers.

Russia lifts diesel export ban; what happens next?

REUTERS

Russia's government on Friday lifted a ban on pipeline diesel exports via ports, removing the bulk of restrictions it enforced on September 21.

Restrictions on gasoline exports remain in place.

Russia said on September 21 it had temporarily banned gasoline and diesel exports to all but four ex-Soviet states in response to domestic shortages, a move that disrupted global trade that had already had to adjust to Western sanctions on Russian fuel exports.

The government said the lifting of restrictions applies to companies that supply at least 50 percent of the produced diesel fuel to the domestic market.

Russia produced 85 million metric tons of diesel last year, exporting some 35 million tons, including 25.6 million tons by Russian oil pipeline monopoly Transneft, according to LSEG data.

Restrictions on railway diesel exports remain in place, with the exception on exports to some ex-Soviet states.

Transneft on Friday said it would resume diesel exports via ports in the Baltic Sea and Black Sea once it receives clearance from authorities and when suppliers are ready, TASS news agency reported on October 6.

A resumption of Russian diesel exports will have the biggest impact on Turkey and Brazil, Russia's two biggest buyers this year.

"With the lifting of the ban, Turkey may not need to import more Asian diesel barrels, but ultimately,

READ MORE ON B2

Attack on Israel likely to boost appeal of gold, safe haven assets

REUTERS, New York

The violence in Israel will likely prompt a move into safe haven assets as investors closely watch events in the Middle East to gauge geopolitical risk to markets.

Gunmen from the Palestinian group Hamas entered Israel in an unprecedented attack on Saturday. Western countries, led by the United States, denounced the attack and pledged support for Israel.

Rising geopolitical risk could see buying in assets like gold and the dollar and potentially boost demand for US Treasuries, which have been sold off aggressively, analysts said.

"This is a good example of why people need gold in their portfolios. It is a perfect hedge against international turmoil," said Peter Cardillo, chief market economist at Spartan Capital Securities, who predicted the dollar would also benefit.

"Anytime there is international turmoil, the dollar strengthens," said Cardillo.

Markets have been reacting in recent weeks to an expectation that US interest

rates will stay higher for longer. Bond yields have soared while the US dollar has been on a streak of gains. Stocks meanwhile had sharp losses for the third quarter but stabilised in the last week.

"Whether this is a massive market moment or not depends on how long it lasts and whether others are sucked into the conflict," said Brian Jacobsen, chief economist at Annex Wealth



A jeweller's shop in Hebron in the occupied West Bank on October 5.

PHOTO: AFP