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BUSINESS

Prices of steel products rose by Tk 5,000 to Tk 15,500 per tonne within a week after a hike in assessment value

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## Private sector’s short-term foreign debt edges down

REJAUL KARIM BYRON

The private sector’s short-term foreign debt fell 1.43 percent to \$11.79 billion in December from a month ago as taking loans from the domestic source has turned out to be more attractive than borrowing from abroad, Bangladesh Bank figures showed.

The borrowing stood at \$11.97 billion in November.

Since the start of 2023, private-sector borrowing has decreased almost every month as the interest rate in the international market has climbed, discouraging private-sector borrowers.

In January 2023, the debt stood at \$15.58 billion.

“In Bangladesh, the interest rate is much lower than that for availing foreign loans,” said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Previously, the interest rate for foreign loans was 1 percent to 2 percent. But it has now jumped to 8 percent to 9 percent, he said.

On the other hand, the interest rate in Bangladesh was 7 percent to 8 percent before June last year since the central bank maintained a 9 percent lending rate ceiling before it was scrapped in July.

The lending rate has since increased to 10 percent to 11 percent amid the lingering liquidity crunch, he added.

“As a result, the margin has decreased,” the economist said, adding that borrowing from the domestic market is more attractive.

Another reason for the fall in loans from the external sector could be the huge capital losses faced by borrowers due to the depreciation of the taka against the US dollar. The local currency has lost its value by about 30 percent in the past two years.

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## GP profit rebounds but its dividend lowest in 9 years

STAR BUSINESS REPORT

Grameenphone Ltd, the most valued company in the stock market, said its profit rebounded in 2023 after two consecutive years of decline, buoyed by higher revenue generated from increased voice only and data only services.

However, the company declared 125 percent final cash dividend for the year in what was its lowest pay-out since at least 2015, according to data available on the Dhaka Stock Exchange website.

The telecom operator had been suffering from falling earnings in the two years until 2022.

Grameenphone had recorded profits of Tk 3,718 crore, its highest on record, when the country saw repeated lockdowns to curb Covid-19 in 2020.

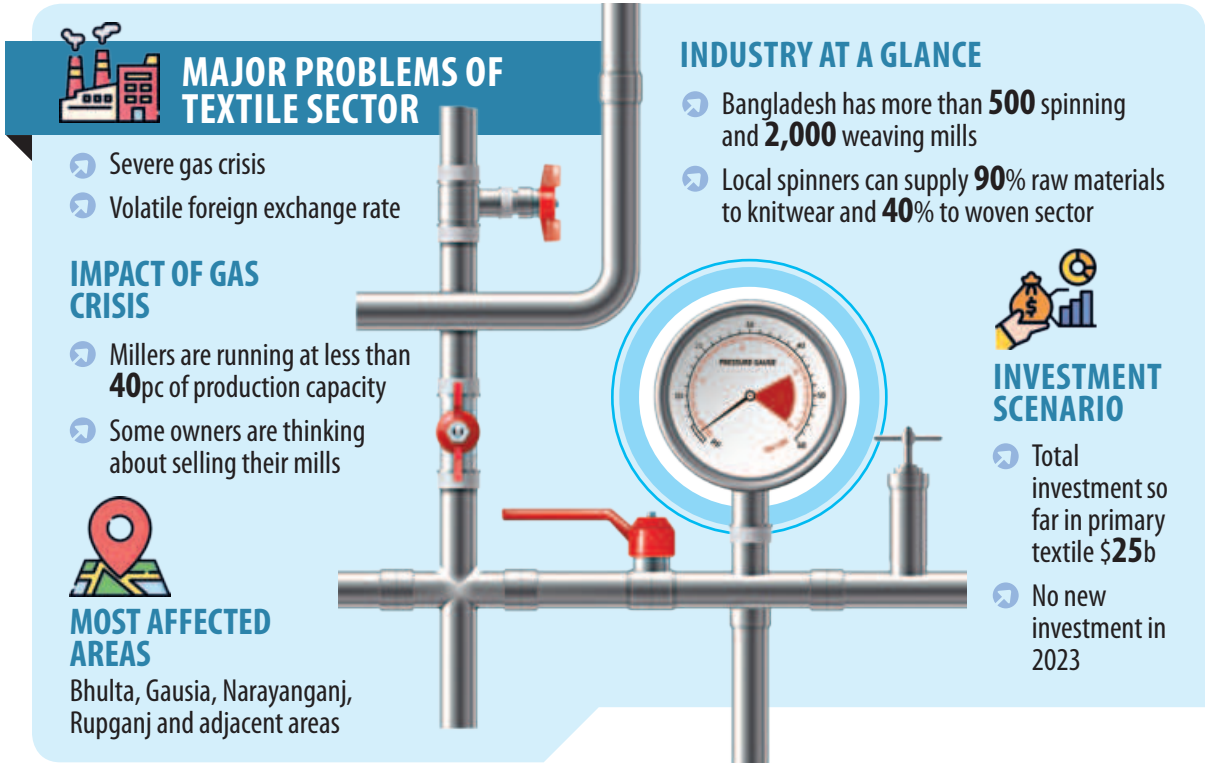
Grameenphone, a majority of which is owned by Telenor, recorded Tk 3,009 crore profit in 2022, a 11.8 percent decline from the previous year.

In the last financial year ending in December, the country’s largest mobile phone operator in terms of

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## Textile millers seek a way out as gas crisis worsens

Many are looking to sell factories



REFAYET ULLAH MIRDHA

Faced with a chronic gas crisis and volatile exchange rates, a number of ailing textile millers are putting their factories up for sale as they are no longer able to contend with losses stemming from dwindling production.

Spinning, dyeing, weaving, finishing, and printing millers are prepared to sell their units, Bangladesh Textile Mills Association (BTMA) President Mohammad Ali Khokon said over the phone on Saturday.

So far, dealers from 10 mills have contacted the president and offered to sell their establishments, he added.

“The millers did not reveal their names as they have loans with banks, but their dealers contacted me.”

Owing to the gas crisis, the volatile exchange rate, the rising bank interest rate, and growing costs of production, many millers,

especially small and medium enterprises, are looking to sell their mills as they fear they can no longer be competitive in the textile business.

This comes at a time when the primary textile sector is enduring a tough time due to a fall in demand for garment items amid higher inflationary pressure on western consumers.

Because of the combination of these reasons, last year no new investment was made in the sector, a key pillar of the garment industry, the second largest in the world and the biggest source of foreign currencies for Bangladesh.

The gas crisis began a few years

ago, but the situation has turned dire over the past few months as mills have been getting very low pressure, between zero and 2 PSI, from pipelines.

As a result, mills are running at an average of 40 percent of their capacity, denting their profit margin.

Around \$25 billion is invested in the primary textile sector, according to the BTMA, which represents 500 spinning mills and 2,000 weaving members and non-members.

Currently, local spinning mills can supply nearly 90 percent of the raw materials to the knitwear sector and more than 40 percent to the woven sector.

Millers, spinners, weavers and dyers imported a lot of capital machinery in 2021 and 2022 as the global apparel supply chain was recovering fast from the severe fallout of the Covid-19 pandemic.

Since demand for apparel, especially for fabrics from man-

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## NBR plans benefits for other export sectors, similar to RMG

STAR BUSINESS REPORT

The National Board of Revenue will provide all export-oriented sectors with the same facilities afforded to garment exporters to diversify exports, NBR Chairman Abu Hena Md Rahmatul Muneem said yesterday.

For example, the government has reduced the corporate tax to 10 percent for green garment factories and 12 percent for non-green garment factories.

The rate is 20 percent for listed companies, 27.5 percent for non-listed firms, and 45 percent for tobacco and non-listed telecom operators.

The NBR will take similar measures for other export-oriented sectors, Muneem said.

He was speaking at a pre-budget dialogue with the members of the Economic Reporters’ Forum (ERF) at the NBR office in Dhaka.

Garment exporters also enjoy bonded warehouse facilities, which may be extended to other sectors so the export is diversified, he said.

Under the bonded warehouse facility, exporters can import raw materials duty-free to make finished goods for overseas markets. Neither the raw materials nor the final products can be sold in the local markets.

While the NBR has no plans to provide any partial bonded warehouse facilities to exporters, they can avail of the duty-drawback facility, which is the refund of duties and taxes paid on inputs or raw materials used for the manufacture of exported goods and services.

Muneem also said the NBR has no plans to set up offices in rural areas to collect tax.

“Since there are not many affluent people in such areas, setting up offices there will not be a wise move.”

In order to boost tax collection, the NBR is introducing tax return preparers (TRPs).

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STOCKS		
	DSEX ▲	CASPI ▲
	0.66%	1.05%
	6,322.59	18,032.23

COMMODITIES		
	Gold ▼	Oil ▼
	\$2,021.13	\$72.22
	(per ounce)	(per barrel)

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▼ 0.31%	▲ 0.54%	▼ 1.43%	▼ 1.02%
	71,865.81	36,354.16	3,134.29	2,702.18

## BB to appoint adviser to implement reforms

STAR BUSINESS REPORT

Bangladesh Bank (BB) has created a temporary post titled “Policy Advisor” in order to conduct reforms in the banking sector.

Bangladesh Bank Deputy Governor Abu Farah Md Nasser is likely to be appointed as the policy advisor on a contractual basis for a year once he completes his existing three-year tenure at the end of this month.

Bangladesh Bank Executive Director and Spokesperson Md Mezbaul Haque confirmed the matter to The Daily Star.

The banking watchdog approved the creation of the post in a board meeting yesterday.

The new post will primarily have a one-year tenure and the central bank board will later decide

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Turkish lanterns have always been a big draw at the annual month-long Dhaka International Trade Fair. Exhibitors from Turkey, India, Pakistan, Singapore, Hong Kong and Iran are taking part in the ongoing 28th edition of the fair at Bangabandhu Bangladesh-China Friendship Exhibition Centre in Purbachal. The photo was taken on Friday.

PHOTO: PRABIR DAS

## Mobile internet subscriber number drops for 4th month

MAHMUDUL HASAN

The mobile internet subscriber base in Bangladesh fell for four consecutive months until December last year as the regulator’s bar on purchasing short-term packages combined with inflationary pressures to impact consumers.

The number of mobile internet users dropped by nearly 5 lakh to about 11.85 crore in December last year compared to the previous month, according to data from the Bangladesh Telecommunication Regulatory Commission (BTRC).

Industry experts attributed the decline to financial constraints of consumers due to heightened inflation.

“As the economic condition of consumers is not good, many favour spending less on internet,” Shahed Alam, chief corporate and regulatory officer at Robi Axiata, told The Daily Star.

“Moreover, with shorter winter daytime hours, reduced commercial activities have resulted in a decrease in customer acquisition for the mobile internet segment during this period. The national election has also had an impact.”

Additionally, regulatory constraints on the sale of three-day data packages is contributing to this trend.

In a move that stakeholders, experts and consumer rights organisations say restricts the freedom of choice, the BTRC ordered mobile operators to discontinue 3-day and 15-day data packages from October 15 last year.

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