Waseqa Ayesha Khan

Bangladesh needs to stay austere

Says new state minister for finance

STAR BUSINESS REPORT

Bangladesh needs to maintain austerity measures for current global economic vulnerabilities, with the situation deteriorating for wars in different countries, said newly-appointed State Minister for Finance Waseqa Ayesha Khan yesterday.

Her priority is to ensure Bangladesh's progress towards prosperity while keeping stable the country's economic situation, she told journalists on her first day at office in Bangladesh Secretariat.

Waseqa, the Awami League's finance and planning affairs secretary, along with six other state ministers were sworn in on Friday following a government move to expand the cabinet.

She is the first female to be appointed to the post at the finance ministry. There has never been a female finance minister in Bangladesh's history.

Finance Minister Abul Hassan Mahmood Ali was present with Waseqa at her office. Regarding prices of essential commodities, he told journalists that the government was trying its best to prevent them from spiralling out of control.

About 50,000 tonnes of onions will be imported and this should reduce the price of this essential commodity, said the minister.

LafargeHolcim enters brick business

STAR BUSINESS REPORT

LafargeHolcim Bangladesh Limited (LHBL), a cement manufacturer, entered the brick business by launching the 'Holcim Block' with hopes of grabbing a share of the $3 billion domestic brick market.

Concrete blocks are gaining popularity in Bangladesh and have already grabbed a 3 percent of share of the country's brick market, according to market insiders. Around 150 manufacturers are making concrete blocks in different parts of the country.

Asif Bhuiyan, chief corporate affairs officer of LHBL, said: "Concrete blocks are more environment-friendly and durable than conventional bricks. Due to low carbon emissions during the

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Customers queue up for octane at a petrol pump in Khulna's Khalishpur area last night. With the government set to implement the newly-formulated mechanism for setting fuel prices in line with global market rates by the end of this month, insiders believe prices of fuel oil will decrease.

PHOTO: HABIBUR RAHMAN

Fuel oil price may fall when automated pricing kicks in

Govt officials say

REJAUL KARIM BYRON *and* ASIFUR RAHMAN

The government is going to start implementing the newly-formulated mechanism for setting fuel prices in line with global market rates by the end of this month and officials of the energy and finance division believe prices may reduce after the first adjustment.

They added that the Bangladesh Petroleum Corporation would announce the new prices within a couple of days.

State Minister for Power, Energy and Mineral Resources Nasrul Hamid told reporters at the Secretariat yesterday that the price of all kinds of fuel oils will reduce.

The government introduced the automatic fuel pricing mechanism on February 29 as per one of the conditions for the $4.7 billion loan from the International Monetary Fund (IMF).

The automatic fuel price mechanism factors in the global Platts rate to calculate the price of fuel oil in the local market. When the price is announced, the previous months' average rate will be considered the base price.

In addition, freight charges, service charges, lighterage, insurance, duty, advanced income tax, VATs, handing commission, jetty charge, LC commission, transit loss, processing cost, and BPC's margin will also be considered.

"A BPC committee is working on it. They will fix the new rate. The price will be announced through another gazette notification," said a finance division official wishing anonymity.

According to their calculations, he said, the price may reduce slightly in the first month.

"When the last price was announced in 2022, the diesel price was $125 to $130 per barrel. It is now at around $95 to $97," he said.

However, he said the main factor here would be the fact that the rate of the US dollar has spiked in that time. Bangladesh Bank data shows that the dollar was valued at around Tk 95 in August 2022 and is now Tk 110 per USD.

The power division gazette said refined products like diesel and products like octane, petrol, and kerosene currently have a difference of Tk 21, but under the new mechanism the gap will be reduced to Tk 10.

At present, Bangladesh has a demand for around 70 lakh tonnes of petroleum products, 80 percent of which are imported in refined forms owing to inadequate refining facilities.

Experts praised the mechanism, saying it would bring transparency to the sector, but also pointed out some loopholes.

Zahid Hussain, former lead economist of the World Bank's Dhaka office, told The Daily Star yesterday that the ministry should clarify whether the BPC will have required the ministry's approval before announcing prices every month.

"If it is required, the process will be slow and will depend on the governments' wishes," he said.

He also questioned why the mechanism incorporated a strategy to generate money for development purposes. "Since the BPC is keeping a profit margin, why will they require extra money for development activities?"

He further referred to the omission of the collection of Advance Income Tax from the mechanism. "Advanced taxes are later adjusted. When it will be adjusted, will the BPC pay back consumers?"

He also said the guidelines had some rules allowing the government to interfere, such as a regulation that the government can adjust the price in order to keep the price of fuel oil consistent with neighboring countries.

State minister Hamid said that the proposal on draft prices was currently awaiting approval.

"We have sent a proposal to the Prime Minister's Office for approval. If the PM approves it, we hope that we will be able to reduce the prices of all kinds of petroleum products," he said.

He added that the diesel price in India is now around Tk 133 while the local price is Tk 109.

"We need to think about it. If we have a lower price than our neighboring country, there are chances of smuggling of fuel oil."

"It will be a great process as if we are able to reduce the prices, all costs including transportation cost will reduce. We will be able to bring businesses under accountability."

Bankers: more sinned against than sinning

DH CHOUDHURY

Recently I was listening to a YouTube preacher calling all bankers as sinners. A section of people in our society have similar perceptions about bankers. This encouraged me to explore further on this claim. The result I got is something that I like to share.

Bankers in our country are very often persecuted as the scapegoat of a financial crime. The common scenario following a large loan scandal in our country: the well-connected borrower takes a flight to the safe haven. Thereafter, a junior banker who conducted the loan origination process is quickly picked up as the offender. This is how you shift public attention from the actual swindler to a junior banker.

Experience has shown that financial crimes can't be eliminated, but can be controlled and detected. It is not difficult to isolate a criminal by looking into the motive of the crime and who is the beneficiary of the crime. Well-meaning societies follow this rational process.

Organisations like the Serious Fraud Office of the UK and the Federal Bureau of Intelligence of the US have dedicated resources to pinpoint the criminals. If our law enforcers decide to treat people fairly, they can emulate the same process.

Not every society treats bankers unfairly. Take the example of the Libor scandal in recent times. A few major financial institutions colluded with each other to manipulate the London Interbank Offered Rate (Libor). Regulators were discreet and prompt in imposing hefty fines on Deutsche Bank, Barclays, Citigroup, JPMorgan Chase, and the Royal Bank of Scotland.

The point here is, regulators decided to punish the organisations which collectively overlooked the offence and derived financial benefits. The regulators judged the organisations as wrongdoers, not employees. The simple logic is that employees work for a living and the board of directors or policymakers work for profit.

The prevalence of siphoning off money is commonplace in Bangladesh. This criminal act is fancifully called money laundering. There are some anti-money laundering processes in place for bankers to comply. Once the crime is detected, all fingers are pointed to the banking process and to those who carried it out. Consequently, the real criminal gets away with his crime and bankers are implicated instead.

Sins, for the purpose of this article, imply shortcomings in professional or personal conduct. Bankers are of course not saints. They have their limitations and chances of judgmental errors.

Societies need bankers for the special services they are trained to provide. In return, bankers deserve fairness. But recent events demonstrate that our society is inclined toward people with power and wealth. Bankers get victimised and the swindlers get away with their crimes.

Our society's tendency to mix pitfalls with sins reminds me of the Shakespearian drama character King Lear. King Lear had a feeling that his own people exaggerated his minor faults and undermined his contribution to the community he lived in and ruled. In a bitter reaction, the king exclaimed: "I am the man, more sinned against than sinning."

The way bankers are being treated, they have enough reason to yell: "We are the bankers, more sinned against than sinning."

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Make in India can dial up Chinese characteristics

REUTERS, *Bengaluru*

India's ambition to become a factory to the world can use a helping hand from China. The South Asian country wants to triple electronics exports to $300 billion in about three years, but its firms lack the expertise to manufacture parts like display screens and camera modules - areas dominated by suppliers from the People's Republic. Convincing them to set up factories in India will be tricky, but not impossible.

India has had a decent start so far. It became a net exporter of mobile phones in 2020 after introducing hefty import taxes, which forced handset makers including China's Xiaomi to move production to the country. As a result, and following a long push to force companies to Make-in-India, local value addition, or the share of locally-sourced components, jumped to 17 percent from just 6 percent between 2016 and 2018, according Counterpoint research.

Taiwanese firms Foxconn and Pegatron are also assembling iPhones in the country; JPMorgan analysts reckon India might produce one in four iPhones by 2025.

Most of that, however, is in low-value manufacturing like smartphone assembly and producing batteries and chargers. To compare, Vietnam's local value addition is 24 percent, largely thanks to investments from the $28 billion Shenzhen-listed Luxshare Precision Industry and Beijing-based BOE Technology, a top maker of TV and smartphone screens.

Wooing those firms has been a thorny issue for India because of strained political relations with its neighbour. More than a dozen Chinese suppliers including Luxshare received initial approvals to set up, opens new tab local factories over a

ANALYSIS

year ago, according to Bloomberg. But progress appears to have stalled.excited about nuclear power, and New Delhi is now mulling removing barriers to Chinese investments, provided the two countries' shared border remains peaceful.

It also recently cut import duties on some smartphone components, though they are still much higher than in Mexico and Southeast Asia. India's deputy IT minister Rajeev Chandrasekhar recently warned in a government document seen by Reuters that the country must "act fast" to lure global companies with lower tariffs, or risk losing out to Southeast Asia and elsewhere.

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Global factories struggle for growth as China demand remains weak

REUTERS, *London*

Global factories struggled to claw their way out of decline in February, with European powerhouse Germany squeezed by a steeper fall in demand while an uneven recovery in China overshadowed some signs of improvement in Asia.

A raft of business surveys released on Friday highlighted a patchy performance in Europe and Asia as the first quarter drew to a close.

Across the euro zone, manufacturing activity continued to contract last month amid weak demand although firms were optimistic about the year ahead.

HCOB's final euro zone factory PMI, compiled by S&P Global, dipped to 46.5 in February from January's 46.6, beating a preliminary estimate of 46.1 but below the 50 mark separating growth in activity from contraction for a 20th month.

An aircraft stands on the ground at the Elbe Aircraft Factory in Dresden, eastern Germany on February 29. The manufacturing downturn in Europe's largest economy deepened in February as output and new orders declined at a faster rate.

PHOTO: AFP

The cost of raw materials declined at a softer pace in the region, largely due to the price of commodities rather than disruption in the Red Sea, the PMI survey showed, although official data showed prices rose a tad more than expected in February.

Policymakers at the European Central Bank are widely expected to wait until June before cutting interest rates as they continue their battle to get inflation back to a 2 percent target.

The manufacturing downturn in Europe's largest economy, Germany, deepened in February as output and new orders declined at a faster rate. In Italy, the sector contracted for an 11th straight month, although it did show some signs of improvement, and the downturn in France eased.

Outperforming was Spain where factory activity expanded for the first time in almost a year as domestic demand picked up.

Britain, outside the European Union, marked a year of falling output although its PMI did rise.

"Today's UK PMI and euro zone figures show that recovery in the manufacturing sector remains slow," said Boudewijn Driedonks at consultancy McKinsey & Company.

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