

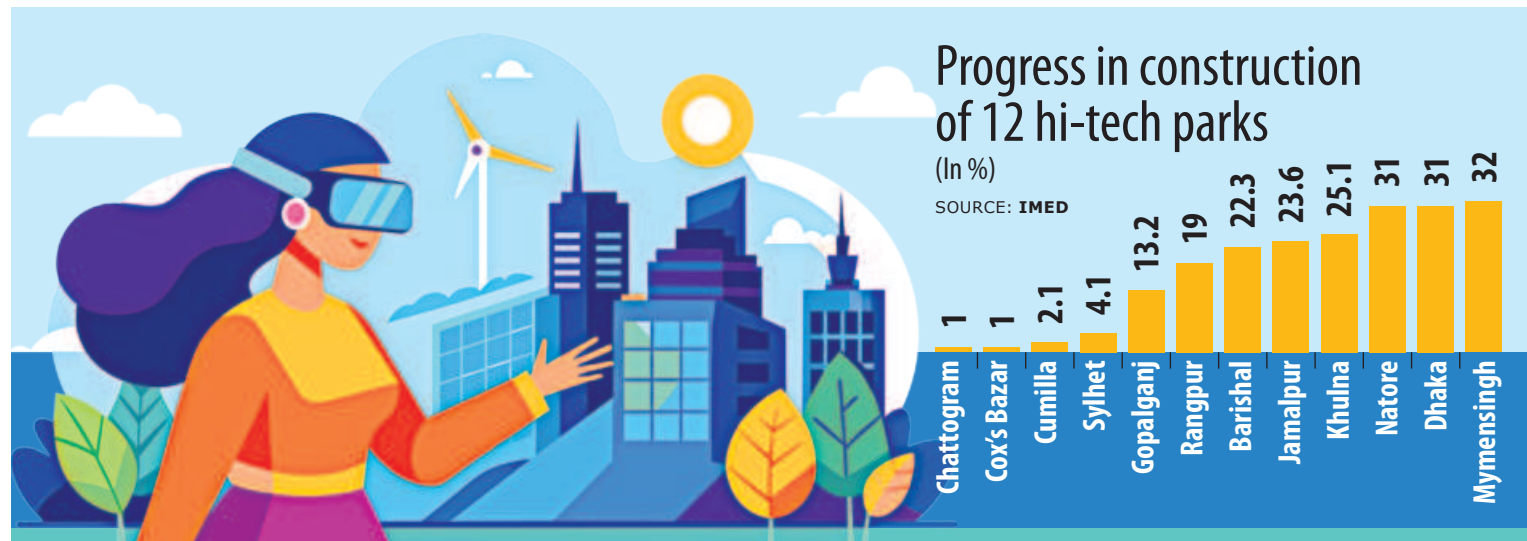
Star BUSINESS

Bangladesh Bank's latest data on the balance of payments has remarkably altered the narrative on the drivers of external stress.



Write-up on B4

Building hi-tech parks in districts: progress only 14% in 7 years



MD ASADUZ ZAMAN and MAHMUDUL HASAN
Development initiatives in Bangladesh normally take longer than usual to come to fruition. However, the project to set up a dozen hi-tech parks at the district level is moving at such a glacial pace that it may hold the government from attaining its vision of building a smart nation and readying the workforce for the digitalised world. The government initiated the project in

April 2017 to construct 12 hi-tech parks in as many districts to create a skilled workforce and job opportunities to tap the potential in the information technology sector at home and abroad. Seven years later, the project has achieved 14.34 percent physical progress, according to a monitoring report of the Implementation Monitoring and Evaluation Division (IMED). The project authority spent 12.57 percent of the budget as of February this year.

Hi-tech parks, also known as technology parks, are designated areas that provide infrastructure, resources, and support to technology-based businesses. Of the Tk 1,796.40 crore that would be required to implement the "Establishing IT Park/Hi-Tech Park at District Level (12 Districts)" project, Tk 1,544 crore is coming in the form of a line of credit from India while Bangladesh will bear the rest.

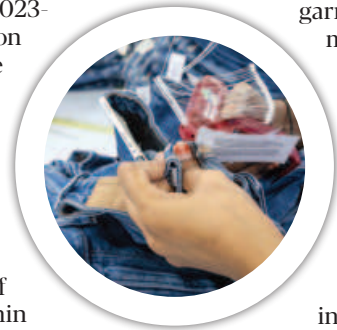
READ MORE ON B3

EPB delays releasing export data after mismatch shock

REFAYET ULLAH MIRDHA

The Export Promotion Bureau (EPB) is taking more time than it usually does to release the export data for June apparently because of the shock following the central bank's correction of overseas sales figures. Bangladesh Bank data showed on Wednesday that actual exports in July-April of fiscal year 2023-24 were nearly \$14 billion below the shipment value of goods published by the EPB earlier, one of the biggest shocks in the financial sector in recent times. Usually, the wing of the commerce ministry releases the export data of the previous month within the first three days of the current month. This time, the release was delayed after the central bank published corrected figures on export earnings, ending the discrepancy between the real receipts and the data shared by the EPB. "Maybe, the EPB is sorting out the data since a mismatch was detected in the calculation of the export data," State Minister for Commerce Ahasanul Islam Titu told The Daily Star yesterday. The EPB comes up with the figures

based on the shipment data from the National Board of Revenue (NBR) and does not consider if the goods are sent back. Anomalies range from serial duplication errors to miscalculations of the value of fabrics to repeated miscoups of sample items as exports, according to the BB. For example, in the case of garment orders under a manufacturing process known as cutting, making and trimming, the EPB calculated the prices of fabrics and all accessories, although it was supposed to take into account the making charge only. Sales by companies inside the export processing zones were counted twice -- first during shipment from the EPZs to local firms and second during shipment from the ports by the exporters. The difference between export figures has been persisting for at least 12 years, with the gap crossing \$12 billion in 2022-23, the BB said. Titu also said a new project will be taken soon by the commerce ministry so that the EPB itself can calculate the data independently.



Cut in export incentives to weigh on textile sector

BTMA says

STAR BUSINESS REPORT

The government's decision to further cut incentives on export receipts will badly hurt the domestic textile sector which bears an investment of \$22 billion, a top leader of Bangladesh Textile Mills Association (BTMA) said yesterday. Moreover, the primary textile sector, which has been working as the garment industry's main backward linkage, will lose its competitiveness in international markets, said BTMA President Mohammad Ali Khokon. The government needs to formulate a long term roadmap for the textile and

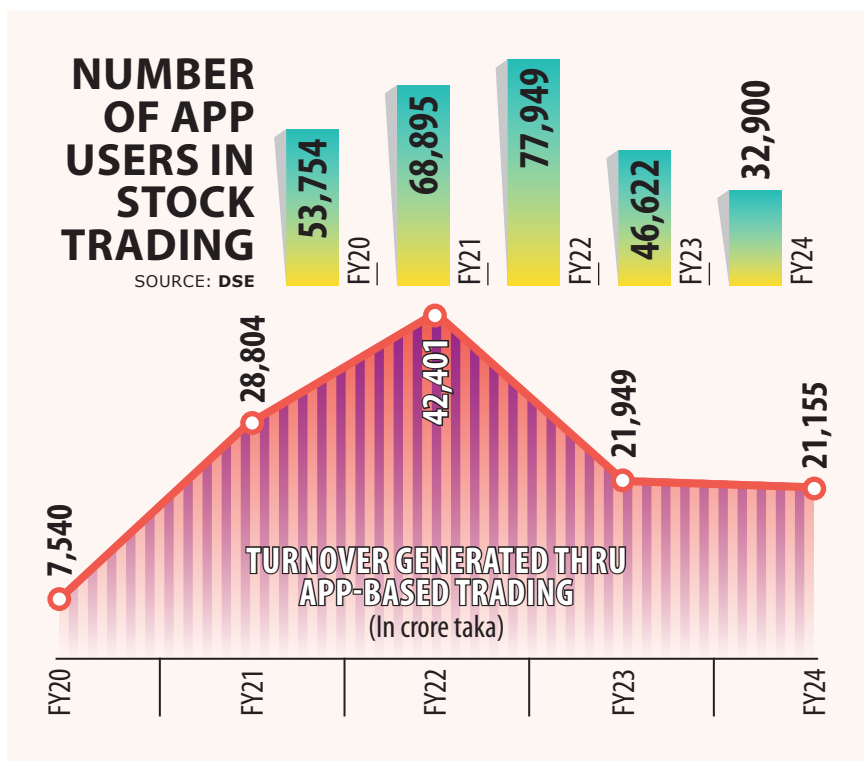
The government needs to formulate a long-term roadmap for the textile and garment sector, says BTMA president

garment sector to survive and grow well into the country's graduation into a developing nation, he said. Other comparator countries have already devised such plans and those are working well, he told a press conference at the BTMA office in Dhaka. For instance, India graduated from least developed country (LDC) status in 2004 and still provides a lot of incentives as alternatives to direct cash subsidies for the growth of the textile and garment sectors, said Khokon. As a result, the difference in the cost of production of a kilogramme of 30 count yarn in Bangladesh and India is currently 22 cents, he said.

READ MORE ON B3

Number of DSE mobile app users halves in 4 years

Turnover also plunges



MD ABU TALHA SARKER and AHSAN HABIB

The number of users of the Dhaka Stock Exchange's (DSE) mobile app has more than halved in the past four financial years, apparently due to a protracted bearish trend in the market. The number of registered users of the DSE Mobile and its desktop version, named DSE Investor, stood at 32,900 in the just-concluded fiscal year of 2023-24, which is a 29 percent decrease compared to FY23. In FY23, the app had 46,622 users, but even that represented a steep 40 percent decline compared to FY22, when the number of users peaked at 77,949. Saiful Islam, president of the DSE Brokers Association of Bangladesh, said the younger generation, especially students, use the app alongside middle-aged professionals. He added that the unstable condition of the stock market at present is

prompting them to leave the market, he said. The market saw a bear run for a long time, but when they entered the market, it started to fall, so they became disheartened, he said. The DSE imposed a yearly service charge of Tk 1,500 on users of the app in 2023, but Islam differed with any allegation that investors were leaving the market due to the imposition of this charge. "Some people may say that the number of mobile app users dropped due to the imposition of the service charge, but I don't support it," Islam said. "If people can make a profit, the service charge is not a big deal." A top official of a merchant bank, preferring anonymity, said most people make trades by calling brokers or representatives while a few prefer to trade from the comfort of brokerage houses.

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Prime Bank signs MoU with National Pension Authority

STAR BUSINESS DESK

Prime Bank recently signed a memorandum of understanding (MoU) with the National Pension Authority (NPA).

Kabirul Ezdani Khan, executive chairman of the NPA, and Hassan O Rashid, chief executive officer of the bank, penned the MoU at the Finance Division of the Ministry of Finance.

Under this MoU, the bank will be able to collect monthly instalments from pension scheme holders under the Universal Pension Scheme through both digital and physical means.

Md Khairuzzaman Mozumder, secretary of the finance division at the ministry of finance, attended the signing ceremony as chief guest.

Other senior officials of both the National Pension Authority and Prime Bank were also present.



Kabirul Ezdani Khan, executive chairman of National Pension Authority, and Hassan O Rashid, chief executive officer of Prime Bank, pose for photographs after signing a memorandum of understanding at the Finance Division of the Ministry of Finance in Dhaka recently.

PHOTO: PRIME BANK

Visa's Group Country Manager Sandeep Ghosh arrives in Dhaka today

STAR BUSINESS DESK

Sandeep Ghosh, group country manager for India and South Asia at Visa, will arrive in Bangladesh today for a two-day visit.

During the visit, Sandeep will engage with policy elites, government stakeholders and key partners to explore further opportunities for Visa to be a key contributor in Bangladesh's digital payments landscape and in realising the Smart Bangladesh vision.

He has been instrumental in fostering a trusted payments ecosystem and driving financial inclusion at scale.

His visit reiterates Visa's commitment to supporting Bangladesh's digital transformation with a smart cashless economy and its relentless focus on furthering the country's financial inclusion agenda.

For Visa, the global leader in digital payments, Bangladesh is a pivotal market in the global shift towards a cashless economy.

Sandeep's visit is a testament to Visa's focus on partnering with Bangladesh as a significant ally in scaling its digital economy.

His engagements will shed light on Visa's strategic vision and technological advancements in providing seamless and secure payment solutions for consumers and businesses and prioritise building a collaborative environment to promote innovation and inclusivity in the financial sector.

Sandeep's previous visits to Bangladesh built successful strategic collaborations and new avenues strengthening Visa's pioneering role in developing inclusive digital solutions for the market.



Towfika Aftab, chairperson of Citizens Bank, poses for photographs before inaugurating the bank's second founding anniversary at its head office in Dhaka recently.

PHOTO: CITIZENS BANK

Citizens Bank celebrates 2nd anniversary

STAR BUSINESS DESK

Citizens Bank recently celebrated its second anniversary.

Towfika Aftab, chairperson of the bank, inaugurated the anniversary by cutting a cake at the bank's head office in Dhaka, the bank said in a press release.

Anisul Huq, a member of parliament from Brahmanbaria-4 constituency and sponsor shareholder of the bank, graced the occasion.

Sk Md Iftakharul Islam, sponsor director of the bank, NKA Mobin, independent director, and Mohammad Masoom, managing director and CEO, were also present.

ELCO Wires and Cables organises sales conference

STAR BUSINESS DESK

ELCO Wires and Cables Limited recently organised its annual "Sales Conference 2023-2024" at the Green Garden Convention Hall in the capital's Dhanmondi to increase nationwide sales services, review annual sales and implement plans.

Tarek Mahmud Matin, managing director and chief executive officer of the company, attended the conference as chief guest, according to a press release.

Md Golam Morshed Rasel, director of finance, Md Kamal Hossain Mazumder Dollar, director of corporate finance and banking, Md Shafkat Shohid Mohammad Khayyam, executive director, and Md Mustafizur Rahman, executive director of sales and marketing, were present.

Marketing officials and representatives from different areas of the country were also present.



Tarek Mahmud Matin, managing director and CEO of the ELCO Wires and Cables Limited, poses for photographs with participants of an annual "Sales Conference 2023-2024" at Dhanmondi Green Garden Convention Hall in the capital recently.

PHOTO: ELCO WIRES AND CABLES

Bangladesh Cement Manufacturers Association arranges seminar in Dhaka

STAR BUSINESS DESK

The Bangladesh Cement Manufacturers Association (BCMA) organised a daylong seminar, styled "Crisis of Cement Industry and Its Probable Solutions", at the Crowne Plaza Dhaka Gulshan recently.

Md Almagir Kabir, president of the BCMA, presided over the seminar, the association said in a press release.

At the programme, Kabir, also vice-chairman of Crown Cement, emphasised the need for coordination between various departments of manufacturing companies to combat these challenges.

Imran Karim, first vice-president of BCMA and vice-chairman of Confidence Cement, also highlighted the necessity of process efficiency in every organisation.

Financial Management Consultant Mohammad Zahid Hossain demonstrated manageable challenges and unmanageable challenges and ways to mitigate credit risk.

He suggested every organisation maintain optimum cash flow and emphasised the reduction of bad debt.

Shankar Kumar Roy, executive director of BCMA, delivered a presentation, titled "Bangladesh Cement Industry: An Overview," describing the demand, raw material import scenario, and BCMA's role in protecting the interests of cement manufacturers.

More than 100 participants, comprising members of top management, directors, CEOs, chief marketing officers, chief financial officers, and other senior officials of cement manufacturers attended the session. They shared prudent suggestions and valuable thoughts to overcome the challenges faced by the cement industry.

Md Shahidullah, member of the BCMA executive committee and managing director of Metrocem Cement Mills, was also present.



Md Almagir Kabir, president of Bangladesh Cement Manufacturers Association, poses for photographs with participants of a day-long seminar, styled "Crisis of Cement Industry and Its Probable Solutions", at Crowne Plaza Dhaka Gulshan hotel in the capital recently.

PHOTO: BANGLADESH CEMENT MANUFACTURERS ASSOCIATION



Belal elected executive committee chairman of Mercantile Bank

STAR BUSINESS DESK

MA Khan Belal has been elected as the chairman of the executive committee of Mercantile Bank.

Belal was serving as chairman of Mercantile Bank Securities Limited prior to his new charge, the bank said in a press release.

He is the chairman of the Samrat Group of Companies.

Alongside commendable experience in trade, industry, shipping and banking, he has also established various companies in Bangladesh.

He is also well recognised for his contributions to society through different social welfare activities, as well as education, health and social development movements.

He is an executive member of Mohammedan Sporting Club Limited in Dhaka and the former vice-president of Noakhali Zilla Samiti.



HBM Iqbal, chairman of Premier Bank, attends the Half-yearly Business Conference-2024 of the bank at Renaissance Dhaka Gulshan Hotel in the capital yesterday.

PHOTO: PREMIER BANK

Premier Bank holds business conference

STAR BUSINESS DESK

Premier Bank yesterday organised a half-yearly "Business Conference 2024" at the Renaissance Dhaka Gulshan Hotel in the capital.

HBM Iqbal, chairman of the bank, inaugurated the conference as chief guest, the bank said in a press release.

In his inaugural speech, Iqbal gave special thanks to the management, branch managers and cluster heads for achieving a triple AAA rating, the highest credit rating in the industry, and highlighted the bank's satisfactory achievement during the first half of 2024.

Moin Iqbal, vice-chairman of the bank, and BH Haroon and Abdus Salam Murshedy, directors, were present.

The conference reviewed the business performance of the bank for the first six months of the year and focused on strategies and challenges to turn around the business of the bank to achieve the objectives and yearly target for 2024, the press release also said.

Mohammad Abu Jafar, managing director and CEO of the bank, presided over the event.

Jafar focused on sustainable growth and upholding compliances to make a big leap forward and reaffirm Premier Bank's position as one of the top performing banks in the country by the end of the ongoing year.

Other senior officials along with branch managers, zonal heads and divisional heads were also present.

| PRICES OF KEY ESSENTIALS IN DHAKA CITY | | | |
|--|----------------------|----------------------------|--------------------------|
| | PRICE (JULY 6, 2024) | % CHANGES FROM A MONTH AGO | % CHANGE FROM A YEAR AGO |
| Fine rice (kg) | Tk 60-Tk 78 | 0 | 2.22 ↑ |
| Coarse rice (kg) | Tk 48-Tk 52 | -3.85 ↓ | 2.04 ↑ |
| Loose flour (kg) | Tk 40-Tk 45 | 0 | -20.56 ↓ |
| Lentil (kg) | Tk 105-Tk 110 | 0 | 13.16 ↑ |
| Soybean (litre) | Tk 145-Tk 155 | 1.69 ↑ | -12.28 ↓ |
| Potato (kg) | Tk 56-Tk 65 | 5.22 ↑ | 55.13 ↑ |
| Onion (kg) | Tk 100-Tk 110 | 27.27 ↑ | 40.00 ↑ |
| Egg (4 pcs) | Tk 45-Tk 50 | -6.86 ↓ | -1.04 ↓ |

SOURCE: TCB



Fruits carved up in different designs and painted with food colouring to provide a visual appeal at wedding ceremonies. The seller charges double the price of the fruit for his services. He says sales are higher during the weekends. The photo was taken at Bandar upazila of Narayanganj recently. PHOTO: ANISUR RAHMAN

Distorted data leading to flawed policies

Experts say authentic and timely data and access to data are important

STAR BUSINESS REPORT

Major economic data provided by the government is detached from reality, leading to flawed policies, experts said yesterday.

They made the comments after the Bangladesh Bank (BB) corrected anomalies in export figures, bringing down the shipment by nearly \$14 billion in the July-April period of the just-concluded fiscal year.

As per data from the Export Promotion Bureau, exports stood at \$47.47 billion in the first ten months of fiscal 2023-24. However, after the correction by the central bank, it has fallen by \$13.8 billion to \$33.67 billion.

Fahmida Khatun, executive director at the Centre for Policy Dialogue (CPD), said the projected data on GDP growth, investment, export, import, and foreign exchange reserves has no relation with reality.

"We have been witnessing that our GDP was good, but there were anomalies. So, where does this growth come from?" she questioned while speaking at a webinar titled "Budget 2024-25: How will

the economy's future look?" organised by the Forum for Bangladesh Studies.

"Now, where has \$14 billion gone? We have been talking about the information mismatch for a long time. Authentic data, timely data, and access to data are important because framing policies based on faulty information is wrong," she added.

Rashed Al Mahmud Titumir, professor of the Department of Development Studies at the University of Dhaka, said journalists should ask the authorities when the amended data of the revised gross domestic product (GDP) will be published.

He added that the result of the addition and subtraction of exports and imports was one of the four main pillars of the GDP calculation.

When the GDP is projected, most of it is calculated based on estimates that have no real figures, he said. However, exports and imports have real figures, said the professor.

Zahed Ur Rahman, a columnist and political analyst, said the government has acknowledged the burden of high inflation, which has hovered over 9

percent for nearly two years. The finance minister said this budget aims to tame inflation.

According to Rahman, the allocation for social safety net programmes such as old age allowance, widow allowance, and allowances for physically challenged people has only increased nominally.

As per data from the Export Promotion Bureau, exports stood at \$47.47 billion in the first ten months of fiscal 2023-24. However, after the correction by the central bank, it has fallen by \$13.8 billion to \$33.67 billion

"With inflation over 9 percent, what is the value of the Tk 600-700 they get now?" he asked.

He added that had the government spent a token amount of money in this segment, it would not impact government expenditure much because social safety net and open market sale

programmes cost only Tk 12,000-13,000 crore, which is not more than 0.5 percent of GDP.

If the government could increase the allocation slightly for social safety net programmes, it could have projected that move to the masses, he added.

Rahman said he considers Bangladesh an oligarchy.

"In an oligarchy, even if you do not want to harm the poor, ultimately, they are denied their fair share," he added.

Badiul Alam Majumdar, secretary at Citizens for Good Governance (SHUJAN), said the country's priority should be creating employment, stopping corruption, and eradicating widespread discrimination.

He said there is no public mandate with the government in Bangladesh and there is no rule of law. He also opined that the structure of transparency had been broken completely.

Jyoti Rahman, director for international affairs at the Sydney Policy Analysis Centre, said people are raising questions over the transparency of the information provided by the government, particularly concerning exports.

Prioritise R&D in universities to produce skilled graduates: experts

STAR BUSINESS REPORT

Both public and private universities must prioritise research and development in order to produce skilled graduates and meet local and global demand, experts said at a roundtable discussion organised by the Dhaka Chamber of Commerce & Industry (DCCI) yesterday.

The event, titled "Strengthening Collaboration between the Private Sector & Academia: The Way Forward", highlighted the critical need to address the skills gap in the country's education sector, according to a press release.

Ashraf Ahmed, president of DCCI, said that around 20 lakh graduates enter the job market annually, yet graduates in the country face a 66 percent unemployment rate, as reported by the Bangladesh Institute of Development Studies.

Additionally, a World Bank survey indicates that 46 percent of employers struggle to find candidates with the necessary skills, while 69 percent report a shortage of skilled manpower for technical and managerial roles.

Ahmed emphasised the importance of industry-academia collaboration to develop both soft and hard skills among graduates. He also urged for shared efforts in research to improve the understanding of macroeconomic matters.

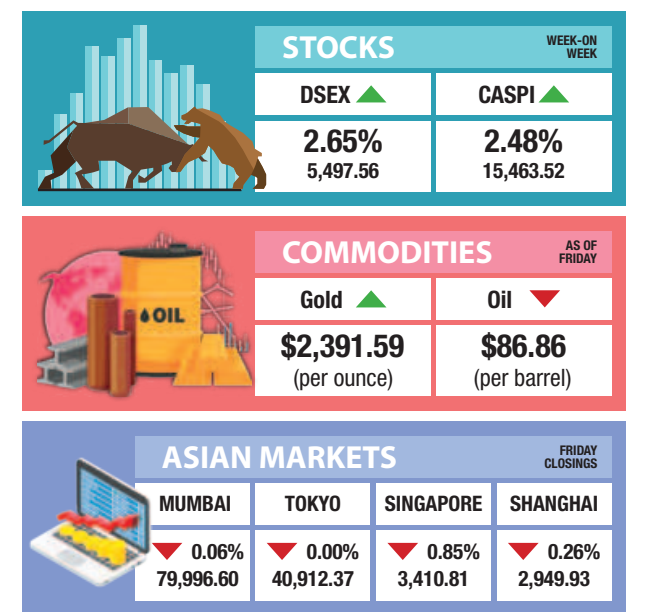
Imran Rahman, vice-chancellor of the University of Liberal Arts Bangladesh, pointed out the high unemployment rate among graduates and suggested a shift from internships to apprenticeships for practical learning.

Muhammad Anisuzzaman Talukder, a professor at the Bangladesh University of Engineering and Technology, underscored the need for trust between industry and academia and cautioned against frequent changes in university curriculum.

The speakers also advocated utilising corporate social responsibility funds for university research purposes and urged the University Grants Commission to approve new curriculums faster.

They also called for private sector investment in student projects and better salaries for skilled graduates to prevent brain drain.

Md Junaed Ibna Ali, vice-president of DCCI, and Mohammad Saifur Rahman Saif, director, were among other guests who participated in the discussion.



Cut in export incentives

FROM PAGE B1

Unfortunately, this advantage is leading to 13 percent of Bangladesh's annual demand for yarn being met with imports from India, causing the local primary textile sector to suffer, he added.

Indian yarn sellers are flooding the Bangladesh market with their cheap products and dominating local yarn manufacturers, he said.

Asked whether the BTMA would ask the government to enforce anti-dumping initiatives, Khokon said lodging complaints is not something that the BTMA should take up.

The government will deal with state level issues and in this case, it can be assisted by the apex trade body, the Federation of Bangladesh Chambers of Commerce and Industry, he said.

Asked whether the BTMA would ask the government to enforce anti-dumping initiatives, Khokon said lodging complaints is not something that the BTMA should take up.

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The BTMA chief also demanded the withdrawal of a Bangladesh Bank circular of June 30 this year.

The circular announced that cash subsidy on use of local yarn had been reduced to 1.5 percent from 4 percent as a part of preparations for the LDC graduation in 2026.

In January, the government had also reduced the cash subsidy on export receipts to some extent.

However, Bangladesh will enjoy trade benefits of the European Union (EU) as an LDC up to 2029 as the EU always offers graduating LDCs a grace period of three years, said Khokon.

Moreover, the 13th ministerial conference of the World Trade Organization (WTO) held in Abu Dhabi in February this year decided

to extend the LDC trade benefits to graduating LDCs for three more years, he said.

So, still there is a long time to go until final LDC graduation. The government should continue the trade facilities up to that time for the growth of the economy, the BTMA chief also said.



Textile mills have been running at 50 percent capacity because of low gas pressure, industry people say. PHOTO: STAR/FILE

The government should also formulate a long-term policy support to address challenges in the post LDC graduation period, he added.

Of the major costs behind the production of every kg of yarn in Bangladesh, gas accounts for 27 cents whereas it was 11 cents prior to a price hike, he said.

Similarly bank loan interest accounts for 11 cents whereas it was 8 cents around a year ago, he said.

The mills have been running at 50

percent capacity because of low gas pressure, he added.

The government also increased the price of gas to Tk 31 per unit for the textile sector but kept it at Tk 15 per unit for power plants, which is discriminatory, he added.

Regarding cotton imports, the BTMA chief said since Bangladesh

does not produce any cotton, the local millers import nearly \$4 billion worth of the fibre, helping to turn the country into the second-largest garment exporter after China.

Along with the continuation of cotton imports, the government should also facilitate imports of man-made fibres as the demand for garment items made from artificial fibres has been rising worldwide and an opportunity has been created for the country, he said.

The time taken for land acquisition significantly exceeded expectations, preventing the project from being finished within the stipulated timeframe, it said.

The physical progress of MA Wazed Miah Knowledge Park in Rangpur stood at 19 percent in February.

The hi-tech park in Natore's progress rate was 31 percent while it was 32 percent for that in Mymensingh, 23.60 percent for Jamalpur, 25.10 percent for Khulna, 22.30 percent for Barishal, 13.20 percent for Gopalganj, 31 percent for Dhaka's Keraniganj, 2.10 percent for Cumilla, 1 percent for Chattogram, 1 percent for Cox's Bazar's Ramu, and 4.10 percent for Sylhet's hi-tech park.

The construction work of the parks in Cumilla, Chattogram, Ramu, and Sylhet started in 2023, according to the report. Fazlul Hoque, however, said that the IMED's information is based on old data.

Building hi-tech parks in districts

FROM PAGE B1

The parks will be built in Khulna, Barishal, Rangpur, Natore, Chattogram, Cumilla, Cox's Bazar, Mymensingh, Jamalpur, Gopalganj, Dhaka, and Sylhet.

The project was scheduled to be implemented from July 2017 to June 2020, according to a document from the ICT division. When it missed the deadline, the government revised the project and extended the time to June 2021 without increasing the cost.

Later, the budget size was increased to Tk 1,846 crore, and the deadline was set at June 2024.

Now, the project is sending a proposal to seek time until 2027, AKAM Fazlul Hoque, director of the project, told The Daily Star. It is also going to request to raise the project expenditure to Tk 2,000 crore.

WHY IS THE DELAY?

According to the IMED report, the project failed to realise the financial and actual work plans in most components.

The project's activities were halted for 17 months owing to insufficient allocations from the government to pay customs duty and VAT in the fiscal year of 2018-2019 and because of the Covid-19 pandemic in 2019-2020 and 2020-2021.

The time taken for land acquisition significantly exceeded expectations, preventing the project from being finished within the stipulated timeframe, it said.

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The project, financed at a 1 percent

The physical progress stood at 33.92 percent as of June this year, and the financial progress was 33.92 percent, he said.

The IMED also found some faults during field inspections. For example, low-quality sand was used at the Keraniganj Knowledge Park's construction work. The presence of oversized stones was also found in the sand.

NO RESPITE FROM PROJECT DELAYS

"The project is not an isolated case when it comes to cost and time overruns," said noted economist Mustafa K Mujeri on Tuesday.

Delays have become a regular phenomenon as there is a lack of accountability regarding implementation of projects on time, he said.

He questioned how the real economic returns would be ensured if a three-year project achieves only 14 percent progress in seven years.

"The country will never reap the expected benefits if we don't come out of the worst culture of project implementation. Without a change in this culture, the enormous annual development programme will not bring any fruitful outcome for the nation."

"This will also cause a waste of public money."

Mujeri, also the executive director of the Institute for Inclusive Finance and Development, said this type of escalation happens when the project authorities are unable to carry out feasibility studies properly.

Fazlul Hoque said he assumed the current role as an additional responsibility in late 2020. Before that, three project directors were changed.

The initial tenders were non-responsive, leading to re-tendering and four years of no progress, he said.

Since only Indian firms were allowed to participate in the bidding as per the conditions of the line of credit, the project came to a standstill due to the pandemic since prospective bidders could not visit Bangladesh to take part in the tender process.

Half of the project was awarded to a bidder in 2022, with work starting in November 2022.

The project, financed at a 1 percent

interest rate while 65 percent of materials are expected to come from India, was supposed to have customs duty VAT covered by the government as per the agreement, he said.

"However, we are not getting the funds to pay the VAT, and this has been a factor for the slow progress."

Number of DSE

FROM PAGE B1

Not only is this the preferred system, it also has no additional cost, Islam added.

He also backed the notion that mostly the younger generation and professionals prefer to invest through apps, adding that the gloomy scenario is leaving general investors with no choice but to leave the market.

So, not only the number of mobile app users, but also the number of beneficiary owner's (BO's) accounts are also dropping, which indicates that people are exiting the market, he added.

Although the volume of transactions through the app picked up in FY21, when it accounted for 16.65 percent of the market's total transactions, it has failed to gain significant ground since.

The app only accounted for 6.89 percent of total transactions in FY22, before the number rebounded to 11.49 percent in FY2023.

In the recently concluded financial year, it rose again to 14.12 percent. Meanwhile, total turnover saw a similar trend as it fell 3.62 percent year-on-year to Tk 21,155 crore in FY24.

In FY23, the turnover stood at Tk 21,949 crore, marking a steep 48.23 percent decline from FY22.

In FY22, the turnover stood at Tk 42,401 crore, a sharp 47.20 percent increase against FY21, when turnover was Tk 28,804 crore.

A top official of the DSE said stock trading through its mobile app had dropped as overall turnover had fallen. If turnover rises, the number of mobile users will also increase, he added.

The daily average turnover of the DSE dropped 22 percent year-on-year to Tk 621 crore in fiscal year 2023-24, data showed. It was Tk 792 crore in fiscal year 2022-23.

Export data correction was long overdue

GDP growth could be lower than estimated due to export data mismatch

ZAHID HUSSAIN

Bangladesh Bank's latest data on the balance of payments has remarkably altered the narrative on the drivers of external stress without changing the signal on the overall stress. The bottom line on persistent external imbalance remains pretty much the same but the composition is palpably different. The corrections made by the BB were long overdue. Hopefully, BB would appropriately correct the entire historic series to make sure the BOP data remain comparable over time.

The most significant correction is in the merchandise export data. The Export Promotion Bureau numbers on monthly exports in FY24 showing significant growth have been raising eyebrows among the exporters. The media did several stories highlighting the discrepancy between EPB, NBR and BB data. Stories on multiple counting of exports and discrepancies between data from different customs documentations proliferated. It appears BB has finally made a laudable attempt to present export values plausibly close to reality.

SURPLUS IS DEFICIT

Contrary to what was hitherto believed, merchandise exports declined 6.8 percent in July-April FY24 relative to the same period in FY23, driven primarily by a 6.7 percent decline in RMG exports.

Note that EPB reported 3.9 percent growth in exports during the same period, driven by 5 percent growth in garments. Exporters as well as economists tortured their hairs trying to explain such growth amidst weak global demand and severe gas shortage, loadshedding and import controls. The corrected BB numbers may not restore the lost hairs, but they have alleviated the head aching puzzles.

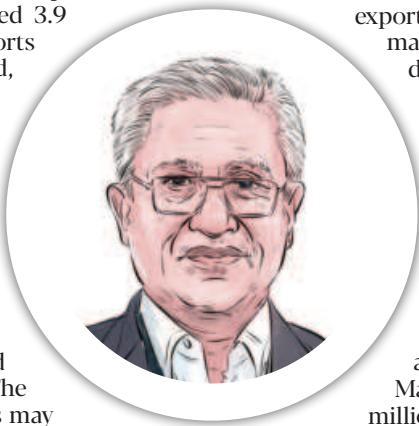
The correction has dramatically altered the lay of the land on the subcomponents of external balance. The most remarkable is the transformation of the current account surplus into a large current account deficit. BB's previous data release reported a current account surplus of \$5.8 billion during July-March of FY24. The latest data release shows a current account deficit of \$4.1 billion during the same period, a correction of nearly \$10 billion, reflecting almost entirely the difference in export data between the corrected and uncorrected data releases.

So much for the complacent claims of having resolved the current account deficit problem through import compression. The latter helped reduce the current account deficit that exceeded \$10 billion in July-March FY23, but the deficit, which grew to over \$5.7 billion in July-April, is still large. It would not have been worrisome if driven by a surge in investment induced imports. But the deficit came from a decline in exports, notwithstanding a 12.3 percent decline in merchandise imports. The decline in imports in turn reflected not just a 6.3 percent decline in RMG related goods but also 20.7 percent decline in import of capital goods. Weaknesses in both



Contrary to what was hitherto believed, merchandise exports declined 6.8 percent in July-April of FY24 relative to the same period in FY23, driven primarily by a 6.7 percent decline in garment exports.

PHOTO: STAR/FILE



exports and investments make the current account deficit a big concern.

DEFICIT IS SURPLUS

The correction in export data had a countervailing effect on the financial account. It transformed the previously reported \$9.25 billion financial account deficit in July-March FY24 to \$653 million surplus! How did that happen?

The answer is in the trade credit line in the financial account. The standard practice is to treat the excess of the shipment value of exports over the payments received against exports as a debit entry in the trade credit account. The over-reporting of the shipment value of exports resulted in huge debit entries in the trade credit account, amounting to \$12.2 billion (net outflows) during July-March. The correction in exports has reduced this to slightly over \$2.1 billion (net outflows), a decrease of about \$10 billion that closely matches the size of the correction in exports.

The cumulative net outflows via trade credit narrowed to \$1.68 billion during July-April as exports in April amounted to \$2.72 billion, well below the nearly \$3.4 billion monthly average in the first ten months of FY24. Exports receipts in April may have exceeded export shipments. Additionally, import shipments—\$5.67 billion in April (above the monthly \$5.24 billion average during July-April)—may have exceeded import payments. Both result in outflow reducing credit entries in the trade account.

DEFICIT IS DEFICIT

The opposing changes in the current and financial account balances washed each other, leading to virtually no change in the overall deficit in the balance of

payments. It increased slightly from \$4.44 billion in the uncorrected to \$4.75 billion in the corrected BOP during July-March, FY24. The overall deficit increased to over \$5.5 billion during July-April, compared with \$8.8 billion during the same period of FY23. The decrease relative to the previous fiscal year is attributable entirely to the decrease in the current account deficit.

Does this mean that all the hue and cry about the external payment pressures and capital flight were just statistical artifacts? The answer is both yes and no.

It is yes in that the size of the problem pertaining to the non-repatriation of export receipts is a lot less than previously thought. The 6.6 percent increase in net aid flows despite a 21.7 percent increase in amortization payments also helped cutting the overall BOP deficit.

The answer is no because the \$2.4 billion net inflows on account of trade credit in July-April FY23 morphed into net outflows of \$1.68 billion in July-April FY24. So, the problem of non-repatriation of export proceeds has not disappeared. Net outflows on account of other short-term loans remained large and slightly higher in FY24, indicating the drying out of new short-term loans. Unaccounted outflows have remained persistently large at around \$2.4 billion, symptomatic of capital flight.

IMPLICATIONS

The most pressing implication of the correction of the shipment value of exports is for the GDP growth estimate. Recall that BBS has projected GDP growth at 5.8 percent for FY24. In making this calculation, they projected 5.63 percent growth in the real exports of goods and services. According to the corrected BOP data, the fob value (in US dollars) of the exports of goods and services declined by 7.5 percent during July-April in FY24 relative to the same period in FY23. If the decline in the real value of export of goods and services equals the decline in dollar value, and remained at 7.5 percent for the entire FY24, it means GDP growth

is about 1 percentage point lower than BBS's preliminary estimate. Thus the 5.8 percent GDP growth could be 4.8 percent due to the shortfall in actual export growth relative to the export growth projected, other things equal.

There is also the possibility of under invoicing for exports motivated by capital flight and/or undervalued official rate for export dollars. The best way of detecting under invoicing is to check the data from the export destination countries.

According to the US Census Bureau data, the dollar value of US imports from Bangladesh during January-April 2024 was 13.7 percent lower than the corresponding period of 2023. US imports from Bangladesh was 23.8 percent lower in 2023 relative to 2022. One suspicion is that more apparel imports came into the US through the de minimis (the minimum value of goods below which no duties are charged by customs). According to Euromonitor, about 40 percent of US apparel retail sales were achieved through e-commerce in 2023, a substantial increase from 9.4 percent in 2010. However, US customs tightened controls on "small package shipments" leading to entering through the standard procedure in recent months.

I could not readily find similar data on EU imports from Bangladesh except that their imports from Bangladesh declined 21.2 percent in FY23. Imports of textiles and clothing into the EU from countries outside the EU declined in value and volume in 2023 calendar year as well, according to Textiles Intelligence. There is therefore no patently obvious evidence of export under invoicing. Capital flight may nevertheless have happened through other channels and the exporters are likely to have managed the exchange rate undervaluation problem through other means. The point is BB's corrected export data seem quite credible.

The writer is the former lead economist of the World Bank's Dhaka office.

Shun Shing Edible Oil merges with Bangladesh Edible Oil

STAR BUSINESS REPORT

Shun Shing Edible Oil has officially merged with Bangladesh Edible Oil, giving the latter a bigger edge in operating in the country's edible oil market where annual sales amount to around 30 lakh tonnes.

Bangladesh Edible Oil, a joint venture of Wilmar International of Singapore and Adani Group of India, is one of the 11 major players operating in the market.

And four companies – TK Group, City Group, S Alam Group and Meghna Group – account for most of the sales in the market, roughly 90 percent of which is based on imports.

Shun Shing Edible Oil was established in 2010 in Mongla, a port town in the southwestern coast of Bangladesh, with an annual edible oil refining capacity of 3 lakh tonnes.

Bangladesh Edible Oil had first acquired Shun Shing Edible Oil and its brands – Veola and Olein – for refined soya and super refined olein in 2016 for Tk 150 crore, a senior official of the former said earlier.

In an announcement last Thursday, Bangladesh Edible Oil said all businesses and operations of Shun Shing Edible Oil have been transferred to it as a result of the June 3 merger.

"This merger marks a significant milestone in the edible oil industry of Bangladesh, aimed at consolidating our business operations and enhancing efficiency in a competitive environment," it added.

A top official of another leading edible oil importer and processor said the merger would give an edge to Bangladesh Edible Oil to market its cooking oil in the southwestern region of the country.

In its announcement published in newspapers last week, Bangladesh Edible Oil said it has emerged as the surviving entity following the merger.

It also said there would be no disruption in the supply chain or customer services during this transition period.

"Going forward, all products of SSEOL (Shun Shing Edible Oil Limited) will be marketed and sold under the banner of BEOL (Bangladesh Edible Oil Limited)," it said.

Mohd Dabirul Islam Didar, head of finance and accounts at Bangladesh Edible Oil, could not be reached for comments despite repeated attempts.

Gold prices rise

REUTERS

Gold prices extended gains on Friday to their highest level in over a month following key US jobs data that showed the labor market was softening, lifting expectations around a Federal Reserve interest rate cut in September.

Spot gold was up 1.3 percent at \$2,385.63 per ounce as of 2:10 p.m. (1810 GMT). Bullion is up more than 2 percent for the week so far.

US gold futures settled 1.2 percent higher to \$2,397.7.

"Gold is trading at one-month highs as lower payroll revisions and yet another uptick in the unemployment rate help 'cement' a September rate cut," said Tai Wong, a New York-based independent metals trader.

"Bulls are eyeing a return to \$2,450 all-time highs if the Fed starts openly hinting at September," he added.

Data showed US non-farm payrolls grew by 206,000 jobs in June, slightly higher than the 190,000 new jobs estimated by economists polled by Reuters.

Meanwhile, estimated job growth for May was revised down to 218,000 new jobs from 272,000, while April's job growth was revised down to 108,000 new jobs from a previous 165,000. The unemployment rate rose to 4.1 percent, slightly higher than the estimated 4 percent.

India targets 27% higher onion production

ANN/THE STATESMAN

The target area under kharif onion this year is 3.61 lakh hectares which is 27 percent higher than last year, the Ministry of Food said on Friday.

The availability of onion in the domestic market is comfortable, notwithstanding the marginally lower production of onion in the rabi-2024 season compared to last year's production, the Ministry of Food said.

It further said that in Karnataka, the top kharif onion-producing state, sowing is completed in 30 percent of its targeted area of 1.50 lakh hectares, and sowing is making good progress in other major producing states.

Good and timely monsoon rains this year have provided a big boost for kharif crops, the Ministry of Food highlighted.

As per the assessment of the Ministry of Agriculture with the state governments, the area targeted for the kharif sowing of major vegetables namely, onion, tomato, and potato has seen a significant increase over last year.

It is to be noted that the onion crop is harvested in three seasons: rabi in March-May; kharif in September-November and late kharif in January-February.

In terms of production, rabi crop accounted for roughly 70 percent of the total production while kharif and late kharif together constitute 30 percent. Kharif onion plays an important role in maintaining price stability during the lean months between rabi and peak kharif arrivals.

As per the data shared by the Union government, the onion currently available in the market is a rabi-2024 crop, harvested during March-May, 2024.

New UK government faces tough economic challenge

AFP, London

Britain's new Labour government on Friday pledged immediate action to grow the economy after the centre-left party won a landslide general election victory.

However, its task could be hampered by strained state finances following huge spending by the previous Conservative administration to protect millions of jobs during the Covid pandemic.

Labour, led by new Prime Minister Keir Starmer after it ended 14 years of Conservative rule, has promised investment in key areas such as health and education but also stresses the need to balance the books.

This after government coffers were further hit by subsidies for energy bills after Russia's invasion of Ukraine sent oil and gas prices rocketing.

"Economic growth was the Labour Party's mission. It is now a national mission. Let's get to work," Britain's new finance minister Rachel Reeves said Friday after Starmer made her the country's first female chancellor of the exchequer.

Starmer will want to avoid a repeat of October 2022, when the then-Conservative government's proposed unfunded tax cuts spooked markets and

tanked the pound.

It also sank the chaotic premiership of Liz Truss, who lasted just 49 days before she was replaced by Rishi Sunak.

Truss lost her parliamentary seat in Thursday's election.

Britain's economy is currently on a

more stable footing after exiting a mild recession, as inflation returns to normal and with Bank of England interest-rate cuts on the horizon.

"Labour talked a lot about wanting to boost the economy and help businesses during its election campaign," noted



Britain's Prime Minister Keir Starmer holds a press conference at the end of his cabinet's first meeting in Downing Street in London yesterday. Keir has promised investment in key areas such as health and education but also stresses the need to balance the books.

PHOTO: AFP