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.

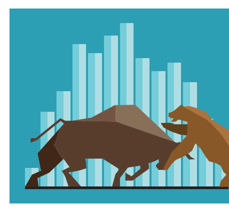
Imran Rahman, vice-chancellor of the University of Liberal Arts Bangladesh, pointed out the high unemployment rate among graduates and suggested a shift from internships to apprenticeships for practical learning.

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.

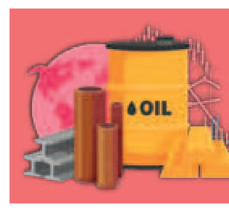
They also called for private sector investment in student projects and better salaries for skilled graduates to prevent brain drain.

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



STOCKS (WEEK-ON WEEK)

DSEX ▲	CASPI ▲
2.65%	2.48%
5,497.56	15,463.52



COMMODITIES (AS OF FRIDAY)

Gold ▲	Oil ▼
$2,391.59	$86.86
(per ounce)	(per barrel)

ASIAN MARKETS (FRIDAY CLOSINGS)

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.06%	▼ 0.00%	▼ 0.85%	▼ 0.26%
79,996.60	40,912.37	3,410.81	2,949.93

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.

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.

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.

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

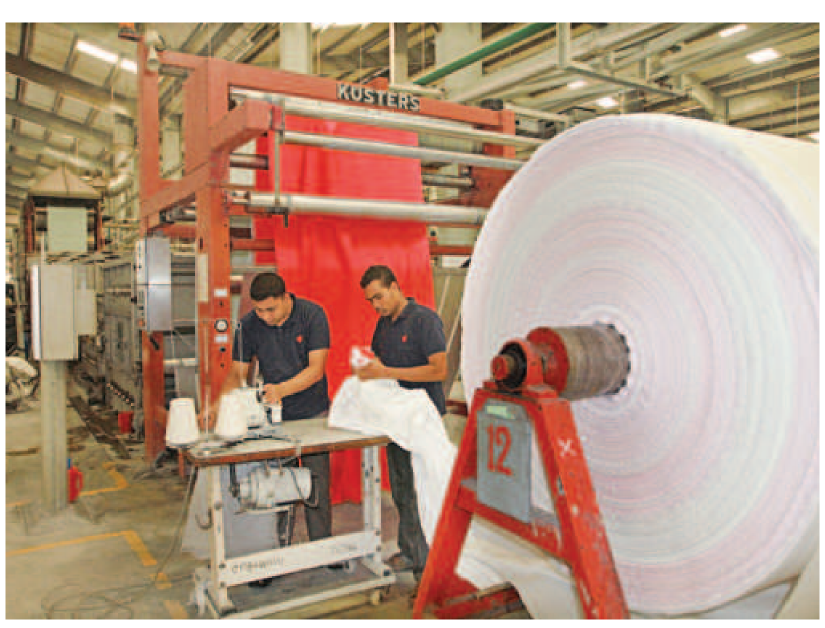
per unit for power plants, which is discriminatory, he added.

Currently, the textile sector needs 3,800 million metre cubic feet of gas per day (MMCFD) but the government can supply 2,631 MMCFD.

Damage inflicted during the recent Cyclone Remal has reduced the gas supply to 2,350 MMCFD, for which the local millers are facing a severe gas crisis.

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.



Currently, the textile sector needs 3,800 million metre cubic feet of gas per day (MMCFD) but the government can supply 2,631 MMCFD. PHOTO: STAR/FILE

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

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.

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.

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.