

# Star BUSINESS

The overall losses of state-owned enterprises in Bangladesh may rise by nearly five times year-on-year in the current fiscal year, according to a government projection.

Story on B4



## Actual export, NPL data to be available from now: governor

### STAR BUSINESS REPORT

The actual data on exports and non-performing loans (NPLs) will be available from now onwards as the central bank emphasises releasing real figures, said Bangladesh Bank Governor Abdur Rouf Talukder yesterday.

The comments from the governor came a week after the central bank corrected the export figure, which showed that actual shipments in July-April of fiscal year 2023-24 were nearly \$14 billion below the sales value published by the Export Promotion Bureau (EPB). The magnitude of the data mismatch took many by surprise.

"The export data has been corrected. Now the release of accurate export figures will continue," said Talukder in a meeting.

Speaking about NPLs, the governor said there was window dressing on the part of banks that made attempts to hide the actual bad loans.

"However, we don't want that, and we want the truth to come out," a meeting source quoted the governor as saying.

The governor was speaking at a consultation meeting with different stakeholders at the central bank headquarters in Dhaka as the BB is preparing to unveil the monetary policy for the first half of the new fiscal year, which begins on July 1.

According to Talukder, soon after joining the central bank in July 2022, he noticed the gap between the export figure reported by the EPB and the actual receipts.

He claimed that he had complained to the prime minister and the finance minister

that exporters were not bringing in export receipts to the country despite enjoying significant benefits.

"Then, we found out the real reason for the gap," he said.

The central bank discovered six types of statistical wrongdoing that inflated export data. Anomalies range from serial duplication errors to miscalculations of the value of fabrics to repeated miscoun- ts of sample items as exports.

A new methodology has been developed by the EPB, the National Board of Revenue (NBR), and the BB to report the actual export earnings.

The government has initiated moves to introduce a platform to publish real-time data on exports in order to ensure data accuracy and make policies evidence-based.

Under the planned platform, the NBR will supply the daily export data to the EPB, and the BB will compute it on the basis of the real-time exchange rate. This is because the customs department sends the figures on the volume of exported goods in the local currency, and the EPB converts them into US dollars.

"Now, we will get the actual figure," the governor said.

The governor said that the banking regulator has put pressure on banks so that they report the actual defaulted loans, the source said.

In March, the total disbursed loans stood at Tk 16,40,855 crore. Of which, Tk 1,82,295 crore were default loans, the highest in history. This means around 11 percent of the loans have turned sour.

READ MORE ON B3

## New rules in the making to give more autonomy to Bangladesh Bank

**There is no doubt that the central bank should enjoy full autonomy. At present, there is autonomy when it comes to rules and regulations. However, it is being impacted by the political economy**



ATTIUR RAHMAN  
Former governor of BB



**The BB governor's post can be a constitutional one or the tenure of the post can be six years. If the post of the PSC chairman and ACC chairman can be constitutional, why not the governor's post?**

MOHAMMED FARASHUDDIN  
Former governor of BB

### IMF'S RECOMMENDATIONS FOR BB



The primary objective of monetary policy should be price stability



Enhancing autonomy of BB supported by rules



Enhancing BB's accountability arrangements



Eliminating BB's direct lending to priority sectors

### STAR BUSINESS REPORT

The government is going to amend the Bangladesh Bank Order, 1972 to align it with global best practices and give the central bank more autonomy so that it can initiate steps to help the economy deal with pressure.

The central bank authorities have prepared the primary draft to modify the order and sent it to the government for approval.

It comes as the BB faces criticism for its failure to restore macroeconomic stability, bring down inflation, and bring back good governance in the ailing financial sector.

The International Monetary Fund (IMF) also raised questions about the current level of the autonomy enjoyed by the BB and recommended changes to the order.

"The order needs to be substantially amended so that price stability is the overriding objective of the new monetary policy regime, and governance arrangements are aligned accordingly," said the IMF in its technical assistance report regarding the central bank's activities.

Due to a lack of autonomy, the IMF said that the central bank is not able to take steps necessary for the economy, which has been witnessing one of its worst crises in recent times.

It said the Bangladesh Bank Order (BBO) saw improvements following changes in 2003. However, no changes have occurred to the BB's governance arrangements regarding its

autonomy, transparency and accountability since an assessment undertaken in 2018.

"BB's de jure autonomy .... could constrain BB actions in times of pressure."

"The amendment is needed so that it can enhance the de jure autonomy of the BB, enhance its accountability arrangements, and limit its direct lending to priority sectors."

The IMF said amendments should be considered as soon as possible, taking advantage of the momentum provided by the BB's announcement of the transition to an

approved in January last year.

According to the draft amendments, notwithstanding anything contained in any other law in force, the BB will have the sole authority to issue any directive, directly or indirectly, to any bank or financial institution.

Mohammed Farashuddin, a former central bank governor, said if the central bank has strong power, it is good for the country. On the other hand, if it lacks power, its activities are still not disrupted.

Atiur Rahman, also a former governor, said there is no doubt that the central bank should enjoy full autonomy.

"At present, there is autonomy when it comes to rules and regulations. However, it is being impacted by the political economy."

According to Rahman, if the central bank enjoys autonomy, it would be helpful to keep the economy stable. When the government realises the autonomy's importance, it will be in favour of independence.

Both Rahman and Farashuddin emphasised making the post of the governor constitutional.

The tenure of the governor can be six years, said Farashuddin, who held the post from November 1998 to November 2001.

"However, when I say this, I get the response that the governor enjoyed limited power when you were the governor, but you were not blocked by anyone."

READ MORE ON B3

## Reserves fall to \$20.46b after ACU payment

### STAR BUSINESS REPORT

Bangladesh's foreign exchange reserves fell to less than \$21 billion in July after import bills amounting to \$1.42 billion was paid to Asian Clearing Union (ACU).

The ACU payments for May and June were cleared this week, said a senior official of Bangladesh Bank.

After the payment, the reserves stood at \$20.46 billion as of yesterday.

The forex reserves were \$21.78 billion on June 30 this year, BB data showed.

The ACU is an arrangement for settling payments for intraregional transactions among eight countries -- Bangladesh, Bhutan, India, Iran, the Maldives, Myanmar, Nepal, Pakistan and Sri Lanka.

The amount was calculated based on the International Monetary Fund's BPM6 formula by excluding short-term liabilities from the gross reserves.

## Why are onion prices rising abruptly?

### SUKANTA HALDER and SUZIT KUMAR DAS

The prices of onions rose abruptly in Bangladesh yesterday, marking a hike of Tk 10 to Tk 15 per kilogramme (kg) at kitchen markets in Dhaka and deepening the woes of consumers.

The sudden price hike of the staple cooking ingredient came against the backdrop of annual inflation in Bangladesh surging to its highest level in 12 years in the just-concluded fiscal year.

Annual inflation rose to 9.73 percent in fiscal year 2023-24, the highest since 2011-12, when it was 10.62 percent, according to the Bangladesh Bureau of Statistics.

Traders and government officials said that a supply crunch, lower imports, and lower yields were the main causes of the present volatility in prices of onions.

Nurul Alam Shikdar, a retailer at the Pallabi Extension area of the capital's Mirpur, said onion prices had been rising gradually for one and a half months.

He added that they were selling local varieties of onions for Tk 125 per kg yesterday, which reflected a rise of Tk 10 to Tk 15 in the span of 24 hours.

According to the State-run Trading Corporation of Bangladesh (TCB), local varieties of onions were being sold for Tk 105 to Tk 115 per kg yesterday compared to Tk 95 to Tk 100 per kg a week ago.

The price increased 41.94 percent since last month, when local onions were being sold for Tk 75 to Tk 80 per kg, and by 46.67 percent since last year, it showed.

Meanwhile, the price of imported onions has also increased.

Data from the TCB showed that each kg of imported onions was being sold for



Tk 100 to Tk 110 yesterday compared to Tk 95 to Tk 100 a week ago.

The price increased by 20 percent in a month and 133.33 percent in a year, it added.

The agriculture ministry claims that 34 lakh tonnes of onion were produced in the country this year. Although that figure is enough to meet national demand, the ministry added that another 6-7 lakh tonnes would need to be imported as much of the yield is wasted due to a lack of storage facilities.

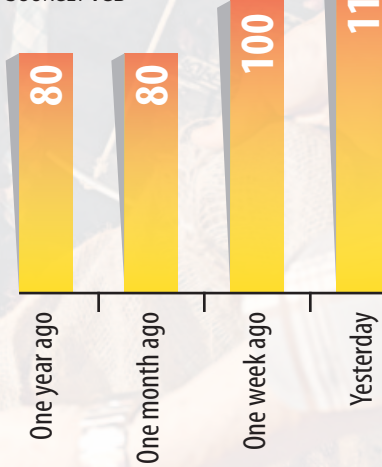
However, traders in Dhaka's Shyambazar area, a major onion-selling hub, claimed that local output was 15 to 20 percent below the agriculture ministry's estimates due to crop damage from adverse weather last February.

Mohammad Abdul Mazed, a wholesaler and general secretary of the Shyambazar Onion Wholesalers Association, said there was a shortage of local onions in the market.

Besides, onion prices are increasing due to low imports from India, Pakistan, Turkey and other countries.

### RISE IN ONION PRICES

In taka per kg;  
SOURCE: TCB



The onion planting season in Bangladesh begins in October and the crops are harvested in late-April to mid-June.

However, many farmers started selling onions before the start of the harvesting season due to the high prices on offer.

This trend of premature harvesting, combined with the effects of inclement weather, has seen production drop by around 15 to 20 percent compared to the agriculture ministry's estimate, Mazed observed.

READ MORE ON B3

## No environmental surcharge for firms for owning more than one car

### STAR BUSINESS REPORT

The National Board of Revenue (NBR) has exempted companies and firms from paying the environmental surcharge for owning more than one car.

Only individual taxpayers will be required to pay the surcharge for having second, third, or more cars, particularly sedans, jeeps and minibuses, the NBR said in a circular issued this week.

The tax administration imposed the environmental surcharge on additional vehicles for the first time in fiscal year 2023-24 to discourage their ownership and enable Bangladesh to contain air pollution and meet its commitment to reducing carbon emissions.

In the first year, the NBR imposed a surcharge on all taxpayers, including companies and firms, on ownership of more than one car. The tax authority said the surcharge would be applicable for ownership of each car in excess of one.

If the engine capacity of the second vehicle was up to 1,500cc or 75 kilowatts, the NBR collected Tk 25,000 as a surcharge.

The surcharge goes up as the engine capacity of the vehicles increases.

For example, it slapped Tk 50,000 as a surcharge on the ownership of a second car with higher engine capacity -- between 1,500cc and 2,000cc or 75 kilowatts and 100 kilowatts.

The surcharge is Tk 3.50 lakh if the engine capacity of the vehicle is 3,500cc or 175 kilowatts, according to the NBR notification.

The tax administration has kept the rate of surcharge against the engine capacity of cars unchanged for FY25 but said it would only be applicable for individual taxpayers.

A senior official of the NBR said it exempted companies and firms from payment of the surcharge since the Bangladesh Road Transport Authority (BRTA) is yet to prepare a proper database of ownership of vehicles by companies.

READ MORE ON B2