

Construction cost on the rise: BBS

MD ASADUZ ZAMAN

The construction cost index in Bangladesh hit 6.01 percent in May, making it costlier to implement both public and private construction projects, according to the Bangladesh Bureau of Statistics (BBS).

As per the Building Materials Price Index (BMPI), overall construction costs saw month-on-month growth of 0.06 percentage points from 5.95 percent in April this year.

After falling in March and April, the BMPI climbed back to its highest level since February, when it stood at 6.02 percent, data from the state-run statistical agency shows.

The BBS released its updated BMPI after compiling the cost of three key components: building materials, transport and labour charges.

The cost of transportation registered month-on-month growth of 0.26 percentage points to reach 5.83 percent in May. Similarly, the growth in labour costs stood at 6.18 percent, up by 0.05 percentage points from April.

The price of building materials also increased, rising by 0.06 percentage points to reach 5.96 percent in May, BBS data shows.

“The higher price of building materials has slowed overall construction work,” said Bimal Chandra Roy, president of the Bangladesh Association of Construction Industry.

Most contractors are under pressure as they had signed contracts years earlier, when construction costs were lower. Prices have gone up since, but their funding has not risen at the same pace.

“There is a big gap between the actual price and contract price,” Roy added.

The devaluation of the taka against the US greenback is one of the major reasons for the increase in construction costs, he explained.



The higher prices of building materials have slowed overall construction work, industry people said.

PHOTO: STAR/FILE

In May 2023, each US dollar fetched around Tk 108. But that figure climbed by 9 percent to Tk 117 per dollar in May this year, according to Bangladesh Bank.

Amid inflationary pressures, labour and transportation costs have also risen, he said. To arrange labourers for construction work, we have to spend more to ensure food and accommodation, Roy added.

The recently passed budget for fiscal year 2024-25 has only intensified the pressure on contractors, he lamented.

For example, local importers have to pay higher duties to import excavators

from this fiscal year.

Roy, also managing director of Next Spaces Limited, pointed out some barriers for domestic contractors, saying: “A foreign company can easily import an excavator with zero duty.”

So, in terms of competitiveness, it is very difficult for domestic firms to match some foreign firms based in India and China, he said.

Md Emdadul Haque, director of the Real Estate and Housing Association of Bangladesh, said the BBS’s estimates on building materials were mostly reflected by the market.

“We require around a hundred types of building materials from the backward linkage industries. Most of the spare parts for equipment have risen by around 20-30 percent recently,” he said.

“We always remain in fear of which material’s price will rise. When the price of any raw material goes up swiftly, it does not drop that way,” added Haque, also managing director at Haque Home & Builders Limited.

“For example, if the price of a tonne of rods increases by Tk 10,000 at once, it reduces phase by phase by around Tk 2,000 or Tk 3,000,” he said.

Three lenders on sustainable financing list for fourth year

STAR BUSINESS REPORT

Two banks and one non-bank financial institution (NBFI) have featured as the top lenders in sustainable financing for the fourth year in a row, according to the Sustainability Rating 2023 report published by the Bangladesh Bank yesterday.

The latest rating showed that BRAC Bank and City Bank have been part of the list since the BB launched the rating in 2020 alongside IDLC Finance.

The number of banks and financial institutions on the list increased to 13 in 2023, from 11 the previous year, as per the BB report.

The central bank introduced the rating four years ago to encourage lending to green, environment-friendly initiatives and sustainable agriculture.

The rating also listed Eastern Bank, Exim Bank, Jamuna Bank, Mutual Trust Bank, Trust Bank and Uttara Bank as the top sustainable banks, with IPDC Finance and United Finance featuring under the NBFI category.

The central bank considers financing green projects, sustainable agriculture, and cottage, micro, small, and medium enterprises as sustainable financing.

It also considers the performance of the lenders in giving access to sustainable finance for women, in-house green banking and environment and social risk management compliance.

Moreover, the BB evaluates the sustainability criteria of the banks by analysing factors like intervention by the directors of the financial institutions, capacity-building initiatives, and sustainable finance disclosures among others.

Dollar dithers on Powell caution

REUTERS, Tokyo/London

The dollar traded near three-week lows on Wednesday as a cautious tone from Federal Reserve Chair Jerome Powell kept risk sentiment in check, while the New Zealand dollar fell after the country’s central bank signaled it saw potential for rate cuts.

In the first day of his testimony to Congress overnight, Powell said a rate cut is not appropriate until the Fed gains “greater confidence” that inflation is headed toward the 2 percent target, setting the stage for Thursday’s consumer price index (CPI) report for June.

Powell did acknowledge that the labour market, which had been a major source of concern for Fed

policymakers, is cooling.

“We now face two-sided risks”, and can no longer focus solely on inflation, he said.

The dollar index, which measures the US currency against six others including the euro and yen, was little changed at 105.09, after rising about 0.1 percent on Tuesday.

It had dipped on Monday to the lowest since June 13 following unexpectedly soft US payrolls data.

Traders now have around 73 percent odds for a rate cut by September, slipping from 76 percent a day earlier, the CME FedWatch tool showed, with a second reduction mostly priced in by December.

With CPI, which could influence investor thinking on the timing of the first US rate cut, imminent, the

currency market would likely trade in a holding pattern for the coming day, analysts said.

“Powell did not really tell us anything new to be honest, he was quite cautious and, again, was repeating what he was already telling us after the last meeting,” Commerzbank FX strategist Michael Pfister said.

“The market is probably waiting for CPI, which – I think – is the only thing this week of importance.”

Following his testimony to the Senate, Powell is scheduled to speak before the House later in the day.

The euro held at \$1.0815, below Monday’s one-month high, as investors brace for a political deadlock in France in the wake of the shock election win for the country’s leftist alliance.

People’s Leasing suffered Tk 316cr loss in 2022

STAR BUSINESS REPORT

People’s Leasing and Financial Services Ltd’s loss declined by nearly 21 percent year-on-year to Tk 316.27 crore in 2022.

The loss was Tk 399.90 crore in

2021.

Thus, the loss per share stood at Tk 11.08 in 2022 while it was Tk 14.01 in negative in 2021, according to the audited financial statements. The net asset value per share was Tk 124.56 negative against Tk 114.17 a year prior.

The net operating cash flow per share stood at Tk 1.21 on December 31, 2022 against Tk 1.57 on the same day a year ago. Shares of the non-bank financial institution closed unchanged at Tk 3.60 on the Dhaka Stock Exchange today.

New rules in the making

FROM PAGE B1

The ninth governor of the BB said he did not allow the government to take any loans from the central bank.

Farashuddin said he depreciated the currency several times before informing the then finance minister though the power was vested with the finance ministry.

The seventh governor of the BB said there were strict policies about the number of people who could sit on a board of banks and their tenure.

However, in recent years, the rules have been relaxed. For example, the forbearance for loan repayments and the relaxed loan rescheduling policy had been offered by the central bank. Still, it has failed to rein in the upward trend of non-performing

loans (NPLs).

Another mistake on the part of the BB was to introduce a 9 percent lending rate ceiling in April 2020, which made loans cheaper. The interest rate was made market-based only on May 8 this year following advice from the IMF.

“Loan rescheduling is being allowed nine or ten times too. Interest waiver was given but it has to be stopped,” Farashuddin added.

The IMF said some provisions of the order have given the government power that could constrain the BB’s ability to “do whatever it takes” to achieve its objectives of price stability.

“The BBO section 82 also places the BB under the de facto control of the government of Bangladesh,” it said.

A provision of the order called for establishing a council comprising the finance and commerce ministers, the governor, the secretary of the finance division, the secretary of the Internal Resources Division, and a member of the Planning Commission, for the co-ordination of fiscal, monetary and exchange rate policies.

The BB will ensure that the macro-economic framework as coordinated by the council is reflected in the policies of the BB, according to the provision.

“Therefore, the autonomy of the BB is not guaranteed,” the IMF said.

The establishment of a dedicated body chaired by the ministry of finance to perform such coordination could also constrain BB actions in times of pressures, it added.

Actual export, NPL data to be available

FROM PAGE B1

Talukder said banks in Bangladesh make long-term loans on the basis of short-term deposits whereas large borrowers in other countries go to the stock market to raise funds while they turn to the banking system for working capital.

“Both happened in Bangladesh,” said the governor. “If we can’t get out of this, it will be difficult to reduce the NPLs.”

The central bank has unveiled a roadmap to reduce the bad loans.

The BB has fixed a target to reduce bad loans at the state-run banks to 10 percent by 2026. The target for private commercial banks is 5 percent.

The meeting source said that the central bank is going to announce a contractionary monetary policy again to lower the inflation rate to 6.5 percent.

The BB has taken some measures to curb price pressure, but the steps are yet to yield the expected results. Thus, inflation averaged 9.73 percent

in the just-concluded fiscal year, meaning it remained above 9 percent for the second year in a row.

Selim RF Hussain, managing director of BRAC Bank, Md Afzal Karim, managing director of Sonali Bank, Sayema Haque Bidisha, a professor of the economics department under the University of Dhaka, representatives from the business community and the Economic Reporters’ Forum, and senior officials of the central bank were present at the meeting.

neighbour had lifted an export ban on the kitchen essential in May.

After lifting the export ban, which it originally imposed in December last year, India imposed 40 percent duty on exports of the vegetable.


Onion prices also increased in India due to lower production, said Gosh. As a result, the price of imported onions is very high in Bangladesh, which is unusual.

As a result, demand for local onions increased.

Shahadat Hossain, senior

agricultural marketing officer of the Department of Agricultural Marketing in Faridpur, one of the major onion growing hubs, said many onions are rotting due to frequent rains at present. So, the price of onions is increasing.

In February, newly harvested onions were sold for Tk 80-100 in Dhaka. In March, the price exceeded Tk 120 before decreasing slightly and increasing again in April. Ahead of Eid-ul-Azha last month, the price of onions hit Tk 120-125 before easing again.



Government of the People's Republic of Bangladesh
Chattogram City Corporation
Tiger Pass, Chattogram
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Dated: 10/07/2024

Memo No. 46.11.1600.002.38.547.24.10

e-Tender Notice-CCC.CONG.MECH.July-1/2024

This is an online tender where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP System Portal (<http://www.eprocure.gov.bd>) is required. The fees for downloading the e-Tender documents of following packages from the National e-GP System Portal have to be deposited online through any registered bank branches up to particular date specified on tender notice.

Sl No.	Package No.	Name of works	Tender ID	Tender/proposal document last selling/ downloading date and time	Last date and time for tender/proposal security submission
1.	CCC.MECH 38-002-547	Renovation / Repair of Eicer Dump Truck Chassis No. 274299 (Model-10.75) used for garbage removal works under Chattogram City Corporation including vehicles engine and outfitting etc.	991306	24-July-2024 13:30	24-July-2024 14:30
2.	CCC.MECH 38-002-403	Renovation / Repair of Eicer Dump Truck Chassis No. 386389 (Model-10.75) used for garbage removal works under Chattogram City Corporation including vehicles engine overhauling, gearbox, body, cabin, denting, painting and outfitting etc.	999536	24-July-2024 13:30	24-July-2024 14:30
3.	CCC.MECH 38-002-323	Renovation/Repair of Eicer Dump Truck Chassis No. 387676 (Model-10.75) used for garbage removal works under Chattogram City Corporation including vehicles engine overhauling and outfitting etc.	1002312	24-July-2024 13:30	24-July-2024 14:30
4.	CCC.MECH 38-002-404	Renovation/Repair of Eicer Dump Truck Chassis No. 387968 (Model-10.75) used for garbage removal works under Chattogram City Corporation including vehicles engine overhauling, gearbox, body, cabin, denting, painting and outfitting etc.	1002313	24-July-2024 13:30	24-July-2024 14:30
5.	CCC.MECH FN 873/1	Supply of various spare parts of 18 vehicles used for garbage removal works under Chattogram City Corporation.	1002314	24-July-2024 13:30	24-July-2024 14:30
6.	CCC.MECH 38-002-401	Renovation Repair of Eicer Dump Truck Chassis No. 387975 (Model-10.75) used for garbage removal works under Chattogram City Corporation including vehicles engine overhauling, gearbox, body, cabin, denting, painting and outfitting etc.	1002481	24-July-2024 13:30	24-July-2024 14:30
7.	CCC.MECH 38-002-2024	Renovation/Repair of Isuzu Compector Chassis No. 7000024 (Model-FVR23) used for garbage removal works under Chattogram City Corporation including vehicles cabin, denting, painting and outfitting etc.	1002482	24-July-2024 13:30	24-July-2024 14:30
8.	CCC.MECH 38-03-2024	Renovation/Repair of Isuzu Compector Chassis No. 7000043 (Model-FVR23) used for garbage removal works under Chattogram City Corporation including vehicles cabin, denting, painting and outfitting etc.	1002483	24-July-2024 13:30	24-July-2024 14:30
9.	CCC.MECH 38-01-2024	Supply of new chairs and tables for use in office work of officers of Engineering Department (Mechanical) section under Chittagong City Corporation.	1002484	24-July-2024 13:30	24-July-2024 14:30
10.	CCC.MECH FN 38-34/24	Excavation, transportation and removal of soil at a safe distance by excavators/dump trucks/labourers etc. from Canal next to the Commerce College Ladies Hostel, Ward No. 29, West Madarbari under Chattogram City Corporation.	997360	24-July-2024 13:30	24-July-2024 14:30
11.	CCC.MECH FN 333	Supply of various spare parts for total 21 Nos. of Trilly including No. 46,52,54,39,49,56,60,62,63,66,67,76,80,84,85,86,87,88,89, 90,91 engaged in garbage removal works under Chittagong City Corporation.	1002485	24-July-2024 13:30	24-July-2024 14:30
12.	CCC.MECH CON38-002-396	Renovation Repair of Container Mover Chassis No. 45067 (Model-FM657FDR) used for garbage removal works under Chattogram City Corporation including vehicles Cabin, Body and others Accessory Parts etc.	1002514	24-July-2024 13:30	24 July-202 14:30

Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk (<http://www.eprocure.gov.bd>).

CCC/PRD-02/24-25(10x4)

GD-39

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