

Star BUSINESS

The Chattogram port has been hit by container congestion again as daily deliveries have slowed amid flash floods

Story on B4



Gold hits Tk 127,942 per bhoori

STAR BUSINESS REPORT

Gold prices hit a historic high of Tk 127,942 per bhoori, with the Bangladesh Jewellers Association (Bajus) deciding to bring the new rate into effect yesterday.

The local jewellers raised prices of 22-carat gold by Tk 1,936 per bhoori (11.664 grams), according to a press release shared by Bajus.

In a meeting on Sunday, the association's standing committee on pricing and price monitoring took the decision, citing an increase in pure gold prices in the local market.

According to industry people, jewellers have hiked the price of gold to a historic high in Bangladesh in line with rising pure gold prices and growth in the global market.

Jewellers have raised the prices of gold to a historic high in line with rising pure gold prices and hike in the global market

Pure gold prices also increase each time there is a supply-side crisis.

Gold prices have been rising for more than a year in Bangladesh and crossed the Tk 100,000 per bhoori mark for the first time on July 20 last year.

The latest uptick marked the fourth time that gold prices have gone up since Sheikh Hasina resigned her post as prime minister and fled the country on August 5 in the face of a mass uprising.

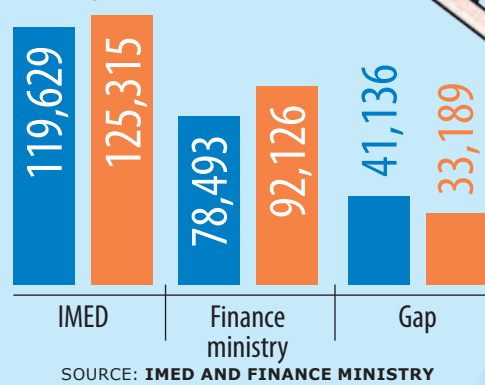
Bajus announced that a press conference will be held today to address gold smuggling and money laundering, adding that it will urge the law enforcement to play an active role in this regard.

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Gap between IMED and finance ministry data on ADP implementation

(In crore taka)

■ FY23 ■ FY24

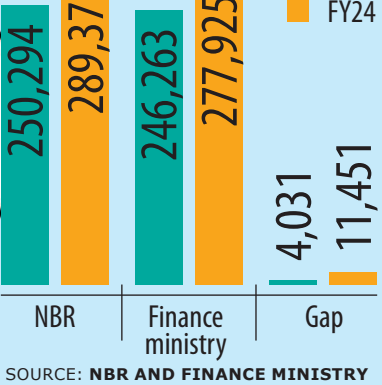


SOURCE: IMED AND FINANCE MINISTRY

Gap between NBR and finance ministry data on revenue collection

July-April period; In crore taka

■ FY23 ■ FY24



SOURCE: NBR AND FINANCE MINISTRY

Data anarchy in revenue and expenditure continues

REJAU KARIM BYRON and MD ASADUZ ZAMAN

Although the authorities took steps to eliminate mismatches in export data in recent months, discrepancies in the data of revenue collection and expenditure among government agencies continue to persist.

Finance ministry data showed that tax collection stood at Tk 277,925 crore in July-April of fiscal year (FY) 2023-24. But in the same period, the National Board of Revenue (NBR) said it had collected Tk 289,376 crore.

This means that the gap in revenue collection figures between the two stood at around Tk 11,451 crore in this period.

Such a scenario is nothing new. The tax collection figures published by the finance ministry and NBR showed a Tk 4,031 crore discrepancy in the July-April period of FY23.

Officials said the finance ministry usually calculates tax receipts based on reports from the Office of the Controller General of Accounts (CGA) whereas the tax administration counts revenue collection by taking outstanding dues into account.

This is a major reason for the gap. Similar anomalies also exist in the calculation of expenditure under the Annual Development Programme (ADP).

The Implementation Monitoring and Evaluation Division (IMED), which operates under the planning ministry, said ministries and divisions spent Tk 125,315 crore during the July-April period of FY24.

On the other hand, the finance ministry said total spending in the period amounted

to Tk 92,126 crore, which is Tk 33,189 crore lower than the IMED's figure.

This is also not a one-off incident. The difference between the IMED and the finance ministry in terms of ADP spending stood at Tk 41,136 crore in the first 10 months of FY23.

Economists believe such discrepancies could cause big problems in fiscal and overall economic planning.

"If the finance ministry doesn't get the actual data on spending, it hampers debt planning. If our expenditure calculation

"If our expenditure calculation is wrong or exaggerated, then whatever plans we make based on it will be based on a weak foundation," said Zahid Hussain, an economist

is wrong or exaggerated, then whatever plans we make based on it will be based on a weak foundation," said Zahid Hussain, a former lead economist at the World Bank's Dhaka office.

"It is akin to driving blindly. You may fall into a ditch."

He added that the CGA's figure is more reliable as it is based on actual receipts, adding that many had raised demands to form a data commission to remove the anomalies.

Hussain cited Prof Wahiduddin Mahmud, the interim government's planning and education adviser, and said there are two types of errors. One is deliberate

manipulation of data, which is done to enhance the image of the government. Another is inadvertent, which can occur due to accounting errors.

"If there is an accidental error in data generation, the real output will vary or fluctuate," he said. "If there are any intentional faults, it must be stopped."

In April, the Bangladesh Bank discovered that actual exports in the July-April period of FY24 were nearly \$14 billion below the shipment value of goods published by the Export Promotion Bureau earlier.

Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh, said data governance had become a major issue over the last few years.

"If we look at the estimates of growth, inflation, export, revenue, and expenditure, we will see that data discrepancy is quite vivid," he said.

This is an issue that the government must strongly address because economic management will be very complicated without an accurate picture of macroeconomic and key fiscal indicators, Rahman said.

"A stronger focus on data governance could also lead to prudent economic management. This is true for export data, inflation and growth and it is also true for internal data such as expenditure and revenue earnings."

He hoped data governance would become an important priority area for the interim government, saying: "Without this, we cannot get an accurate picture of the current state of the economy."

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Japanese seafood processor to export scallops from Bangladesh

STAR BUSINESS REPORT

Japan Delica Co, an importer and processor of seafood, will launch a new business in Bangladesh in October for processing Japanese scallops and selling them in Europe, the United States and other countries, The Japan News reported yesterday.

The company has been operating a crab processing plant in Bangladesh since 2018 and has acquired a new seafood processing plant in Cox's Bazar, in the country's southeast. The plant will begin operations in October with 500 employees.

According to the report, the company will shell up to 1,000 tonnes of scallops per month and about 200 tonnes of scallop meat will be exported to Europe, the United States, Hong Kong, Taiwan and Singapore.

The company has been operating a crab processing plant in Bangladesh since 2018 and has acquired a new seafood processing plant in Cox's Bazar

Japan Delica, located in Nishinomiya, Hyogo Prefecture and a subsidiary of Japan Food Service Co in the same city, aims to achieve annual sales of 8 billion Japanese yen (equivalent to Tk 660 crore) in three years.

The move comes amidst a Chinese ban on the import of Japanese marine products following the release of treated water from the Fukushima No.1 nuclear power plant.

This is the first time that a company will try to export Japanese scallops, including those from Hokkaido and Aomori Prefecture, to Bangladesh and process them locally.

Scallops had been mostly exported to China still in their shells and were shucked and consumed locally or were exported to the US.

The Japanese government is supporting the establishment of new processing plants for Japanese scallops in Vietnam and Mexico to diversify export destinations and replace China.

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COMMODITIES	
Gold ▲	Oil ▲
\$2,524.3 (per ounce)	\$79.93 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.78% 81,718.11	▼ 0.66% 38,110.22	▲ 0.24% 3,396.03	▲ 0.04% 2,855.52

Orion Pharma's Tk 132cr loan rescheduled with special approval

MD MEHEDI HASAN and AM JAHID

Orion Pharma Ltd, a pharmaceutical company of Orion Group, has been provided a rescheduling facility on a forced/demand loan by state-run Agrani Bank with special approval from the Bangladesh Bank.

Generally, whenever a borrower fails to make a payment for a letter of credit within the stipulated period, the amount turns into a forced or demand loan as the bank concerned has to meet the obligation to foreign lenders.

As per a memorandum of understanding (MoU) signed between Bangladesh Bank and Agrani Bank in 2023, the rescheduling of any forced or demand loan with a repayment period extension of two years and above will necessitate collateral of 100 percent of the loan.

The MoU is aimed at mitigating risks in loan recovery and preventing the creation of risky assets, said central bank officials.

However, Agrani Bank rescheduled Orion Pharma's forced loan of Tk 132.18 crore, out of its total outstanding liabilities of Tk 1,039.45 crore, with a repayment period extension of six years, even though the company had a collateral shortfall of around Tk 547 crore, showed central bank documents.

Bangladesh Bank sent a letter to

Agrani Bank in May saying that the MoU's condition would not apply to Orion Pharma for the sake of public health as it was a company manufacturing, marketing and exporting medicine.

The banking regulator, however, imposed two conditions on Agrani Bank.

Agrani Bank rescheduled Orion Pharma's forced loan of Tk 132.18 crore, out of its total outstanding liabilities of Tk 1,039.45 crore, with a repayment period extension of six years

One was that Orion Pharma would have to meet the Tk 547 crore collateral shortfall by March 31 of 2025 and the other is that the central bank would have to be updated every three months on the status of the collateral's collection.

Contacted, Md Mezbaul Haque, executive director and spokesperson of Bangladesh Bank, said the central bank provides special approval to enable exemptions from rules and regulations from time to time based on recommendations from the finance ministry.

It depends on the subject or situation

READ MORE ON B2

Agri product exports growing slower than others. Here's why

AHSAN HABIB

Even though Bangladesh is an agricultural country, its agricultural product exports grew at a slower pace compared to other goods over the past decade due to a lack of policy support, high costs and the absence of good agricultural practices.

The country's annual export earnings soared 114 percent to \$50 billion in fiscal year 2022-23 in around a decade.

And while data for the whole of fiscal year 2023-24 is not yet available, it stood at \$40 billion in the July-May period, according to data of the Bangladesh Bank.

The country's export of agricultural products was worth \$536 million in fiscal year 2012-13 and it rose by 57 percent to \$843 million by the end of fiscal year 2022-23.

In the 11 months of the last fiscal year, it was \$846 million, the data showed.

And while there are several barriers to exporting agricultural products, the main one is a lack of policy support, said Md Iqtadul Hoque, general secretary of Bangladesh Agro-Processors' Association (BAPA).

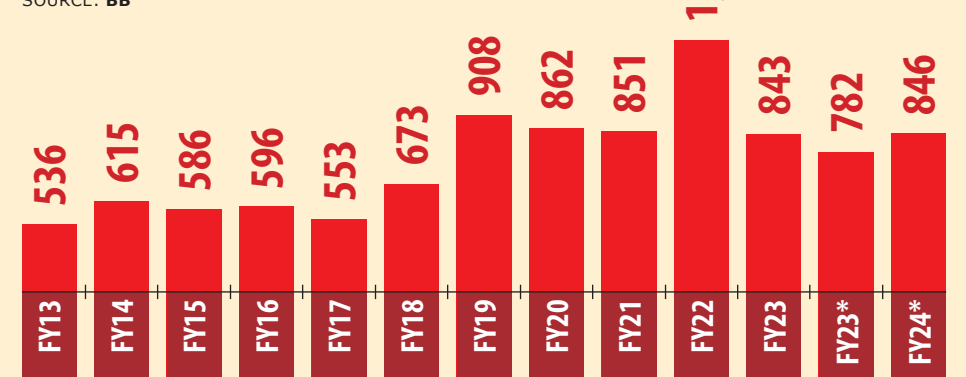
For instance, aromatic rice exports were banned over apprehensions that it could put the country's food security at risk. "But this type of rice is not an essential food so it is not linked with food security," he added.

According to the Department of Agricultural Extension (DAE), Bangladesh annually produces up to 19 lakh tonnes of aromatic rice, of which it exports only about 10,000 tonnes.

Exports of agricultural products

In million \$; *July-May

SOURCE: BB



As such, the government has the scope to earn a huge amount of foreign currency by allowing the export of aromatic rice, said Hoque.

There are many other examples of how policy support is lacking, including a reduction of cash incentives from 20 percent to 15 percent from fiscal year 2024-25, he said.

The high cost of raw materials is another reason that local exporters are lagging in international competition, he said, adding that the price of sugar has more than doubled in Bangladesh compared to India and Pakistan.

The price of wheat is also higher in the country, and sugar and wheat are two major ingredients of juice and snack items. "So how will we compete with others?" he asked.

Container freight costs also rose 4 to 5 times here. Besides, food producers need to import specialised packaging and pay a high duty to this end, which pushes up their input cost, said Hoque.

At present, there are 486 manufacturers of processed agricultural products, of which 241 are exporters while the rest cater to the domestic market.

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