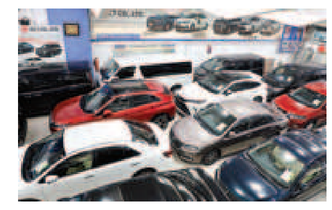
DHAKA FRIDAY SEPTEMBER 27, 2024, ASHWIN 12, 1431 BS ● starbusiness@thedailystar.net

Star BUSINESS



Automobile sales have dropped substantially since July this year amidst the economic downturn and political turmoil

Story on B4

Apparel exporters go into overdrive to meet deadlines

REFAYET ULLAH MIRDHA

Garment exporters have gone into manufacturing overdrive to recover from continual production disruptions over the past three months due to nationwide protests and curfews, the fallout from the ouster of the previous government, and the recent spell of labour unrest at major industrial belts.

Factories are now operating around the clock to make up for the time lost in July, August and September -- the peak months for shipping Western orders centring Christmas and securing bookings for the upcoming autumn and winter seasons.

Besides, local exporters are turning to subcontractors and requesting extensions from international retailers to maintain long-standing business relationships.

According to Indian rating agency CareEdge Ratings, if the crisis continues for more than a quarter or two, nearly 10 percent of Bangladesh's ready-made garment (RMG) export orders could shift to market rivals like India and Vietnam.

At present, many exporters fear they will have to provide big discounts or opt for expensive air shipments due to production delays while some may face order cancellations.

According to apparel makers, shipping one kilogramme (kg) of dry cargo from Dhaka to Europe by air can cost over $4 while the same can be transported by sea for less than 10 cents.

Exporters said if international retailers and brands allow extensions to lead times considering the labour unrest and political changeover, they may be able to avoid adverse impacts.

"I have already requested extensions from the retailers and brands that I work with, explaining the recent labour unrest and political changes in the country," said AK Azad, chairman and managing director of Ha-Meem Group.

Many factories are now operating around the clock to make up for the time lost in July, August and September.

"I am hopeful that they will approve extensions if the current state of normalcy continues in the factories," he added.

Moreover, Azad is seeking subcontractors to ensure the timely production and shipment of goods.

Following the ouster of the Sheikh Hasina-led Awami League government on August 5 by a mass uprising, labour agitation in major garment industrial hubs flared up.

Their 18-point charter of demands included increased attendance bonuses and tiffin allowances.

After lengthy consultations with union leaders and the authorities during tripartite meetings, factory owners agreed to all 18 demands made by the workers and issued a joint statement on September 24.

Azad said all of Ha-Meem Group's factories are now operating at full capacity as normalcy is returning to industrial belts.

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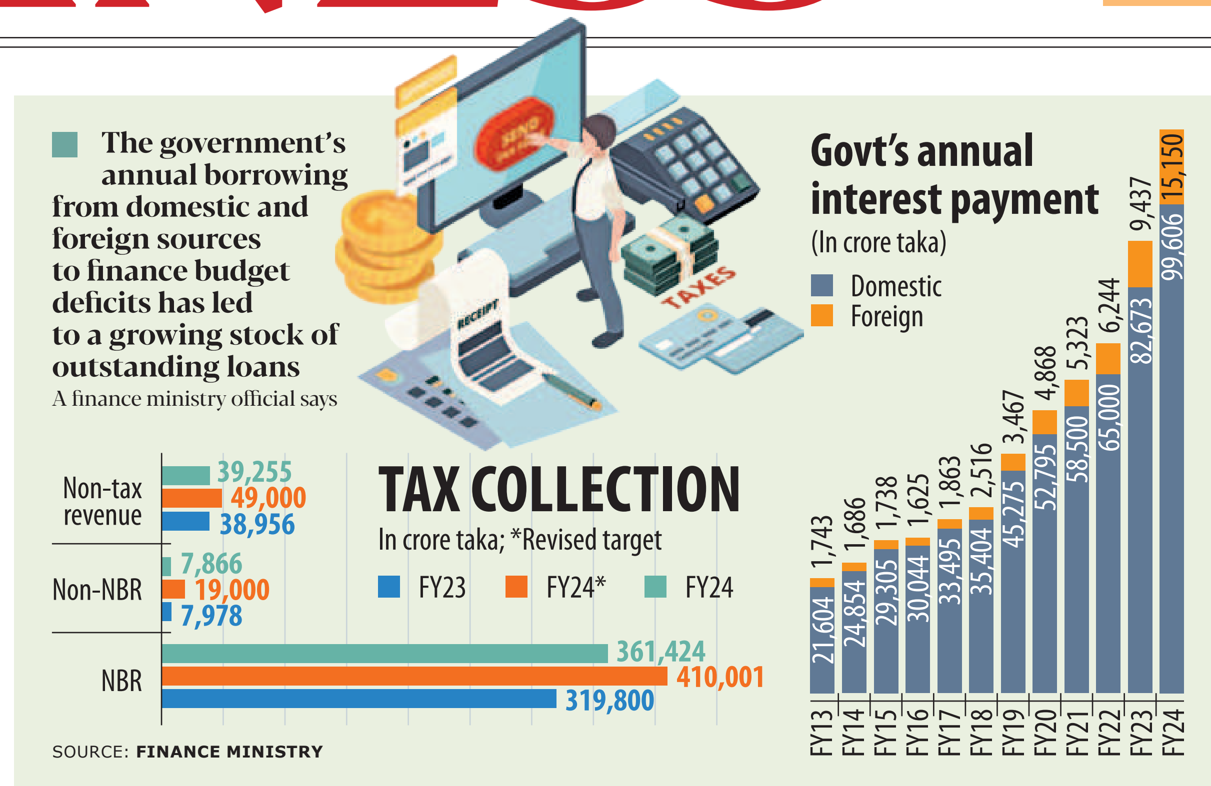

Interest payments surpass Tk 100,000cr for first time

REJAUL KARIM BYRON

The government's interest payments against loans surged 24.5 percent in fiscal year 2023-24, exceeding the Tk 100,000 crore mark for the first time in history, thanks to higher borrowing costs for loans from both domestic and foreign sources.

According to the finance ministry's fiscal report released yesterday, over Tk 114,000 crore was spent on interest payments in FY24, representing more than one-sixth of the national budget.

While spending on subsidies decreased slightly, the government missed the revenue targets set by the International Monetary Fund (IMF) for its ongoing $4.7 billion loan programme.

Initially, the government allocated Tk 94,376 crore for interest payments in FY24. However, this figure rose to over Tk 105,000 crore in the revised budget.

However, the actual figure even overshot the revised mark, indicating the government's dependence on borrowing to finance budget deficits.

Interest payments for foreign loans increased 60.53 percent to Tk 15,150 crore last year while rising 20.48 percent to Tk 99,606 crore for domestic loans.

In FY23, total interest payments amounted to Tk 92,110 crore.

A finance ministry official said the government's annual borrowing to finance budget deficits had led to a growing stock of outstanding loans.

As of March 2024, the government's total outstanding debt stood at Tk 1,697,415 crore, which is equivalent to 33.78 percent of the country's gross domestic product (GDP).

The Finance Division's Medium-Term Macroeconomic Policy Statement (MTMPS) said that interest payments would continue to rise gradually in the coming years.

The report mentioned that the proportion of external interest payments as a percentage of the national budget would rise to 2.6 percent in FY27 from 0.9 percent in FY22, reflecting the growing impact of external debt on the budget.

The report also said two major factors contributed to the increase in interest payments for foreign loans.

It further anticipated that reference rates in advanced economies, which serve as benchmarks for setting other interest rates, would remain elevated for some time.

Besides, Bangladesh's graduation from least developed country status in 2026 will gradually limit access to concessional loans from external sources, increasing borrowing pressure.

"This increase is attributed to a higher proportion of borrowing through floating and semi-concessional rates, which are more sensitive to market fluctuations compared to fixed-rate financing," said the report.

Moreover, the depreciation of the local currency taka against the US dollar has inflated the value of external debt when measured in terms of the local currency.

Regarding domestic borrowing, the banking sector has been the main source of funds. The Bangladesh Bank's recent policy rate increases have contributed to rising interest payments on domestic loans.

SUBSIDY EXPENDITURES DECLINE SLIGHTLY

The government has also been

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China wants to make solar panels in Bangladesh

DIPLOMATIC CORRESPONDENT

China, the world's largest solar power producer, wants to invest in the production of solar panels in Bangladesh, Chinese Foreign Minister Wang Yi told Prof Muhammad Yunus, chief adviser to the interim government, on Wednesday.

Meeting on the sideline of the UN General Assembly in New York, he said China would attach importance to Prof Yunus's call to Chinese solar panel manufacturers to set up factories in Bangladesh.

The chief adviser had urged this when the Chinese ambassador to Bangladesh paid a courtesy call on him last month.

Yunus told Wang Yi that Chinese solar companies could invest in a bigger way in Bangladesh, which enjoys preferable market access to many developed nations.

Currently, China has a total of 6,09,921 megawatts (MW) of installed solar power plants, which is the highest across the globe, according to data of International Renewable Energy Agency (IRENA).

Currently, China has a total of 609,921 megawatts of installed solar power plants, which is the highest across the globe

In contrast, Bangladesh installed 603MW solar plants so far, according to data of Bangladesh Power Development Board.

Bangladesh entered its renewable energy era in 2017 with the launch of a 3MW solar power plant in Jamalpur's Sharishabari. But since then, the progress in increasing renewable energy installations has been very slow.

Though the country has plans to meet around 30 percent of its power demand from clean energy by 2030 and 40 percent by 2040, the capacity is still at around 3 percent or 893MW, including energy generated from wind and hydroelectric power plants.

In Mujib Climate Prosperity Plan 2022-2041, submitted in the Conference of Parties (COP26), the renewable energy capacity target for 2030 had been set at 6,000MW-16,000MW.

This means, the country will have to generate about 5,100MW of electricity from renewable sources in the next six years to attain even the lowest committed amount.

Currently, the country has a capacity to produce around 27,000 MW of electricity mostly from fossil fuel-based plants, a key contributor of global warming.

GREATER TRADE TIES

Wang Yi said Beijing would also

READ MORE ON B3

Six in ten low-income households struggle to meet nutritional needs

SUKANTA HALDER

Around 38 percent of low-income households in Bangladesh were food insecure in August as essential commodity prices only dropped slightly after the interim government took office on August 8, according to the World Food Programme (WFP).

A WFP study, styled "Rapid Market Monitor", found that food inflation declined in the second week of August.

It had reached an all-time high of 14.1 percent due to disruptions in the supply chain as business activities were hampered in July amid a mass uprising that culminated in the ousting of the Sheikh Hasina-led Awami League government on August 5.

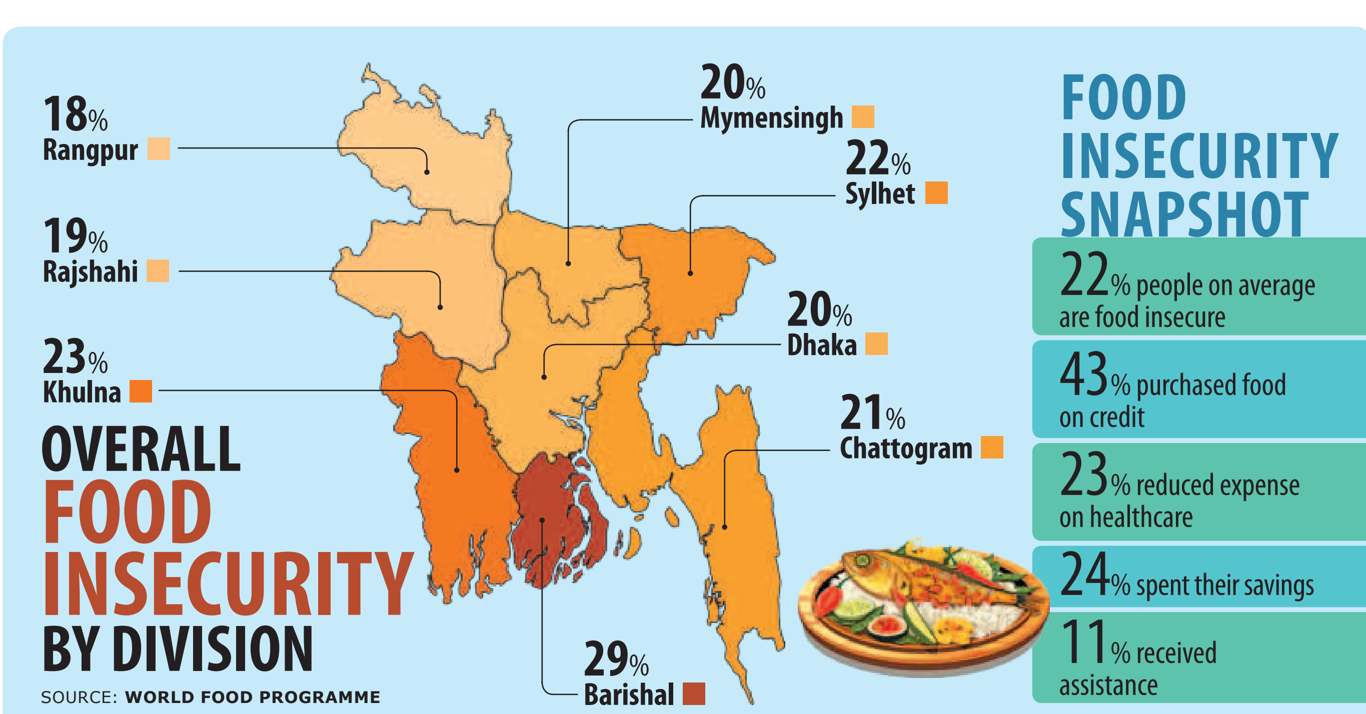
Additionally, food security deteriorated in August compared to July as floods affected the southeastern, northeastern and coastal regions of the country.

Another WFP report, styled "Food Security and Livelihoods Monitoring", found that close to three in every 10 households could not afford an adequate diet in August.

The number rises to six in every 10 households when considering the low-income segment. This is because the price of essential commodities has remained relatively high.

For example, the price of coarse rice peaked at Tk 57 per kilogramme in the last week of July before dropping to Tk 52 in the second week of August.

Still, the price remains 13 percent higher year-on-year and therefore continues to erode consumers' purchasing power.



Prices of other commodities, including wheat flour, lentils, eggs and soybean oil, showed similar trends between late July and early August, the report said.

Although food inflation eased following the regime change, it remains at more than 10 percent.

The consumer price index, which measures the weighted average market price of certain goods, fell to 10.49 percent in August from 11.66 percent the month prior, according to the Bangladesh Bureau of Statistics.

Furthermore, in August, overall inflation hovered above 9 percent for the 18th month straight.

Micronutrient-rich food consumption remains low across all income groups, with a significant portion of households having diets that are low in iron and protein.

The WFP report shows that most vulnerable households continued to rely on coping strategies to deal with food security, with about seven in every 10 selling assets to make do.

Many households that faced food shortages were forced to either rely on credit purchases or spend from their savings, thereby reducing the scope for spending on other essential issues like healthcare.

READ MORE ON B3

BSEC forms panel to probe Rahima Food

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has formed an investigation committee to determine whether the issued shares and paid-up capital of Rahima Food Corporation are accurate and relevant.

The stock market regulator formed the three-member committee yesterday and directed it to submit a report within 15 days.

Its members include Muhammad Ziaur Rahman, additional director of the BSEC, Md Rokibul Islam, manager of the Dhaka Stock Exchange (DSE), and Kazi Minhaz Uddin, assistant general manager of the Central Depository of Bangladesh Ltd (CDBL), according to a BSEC order.

The commission instructed the committee to investigate whether a consistency is there in the number of shares recorded in the CDBL, the company's registry, and the Office of the Registrar of Joint Stock Companies and Firms.

The committee has also been tasked with reviewing whether there are any discrepancies in the suspense account of its beneficiary owner's accounts.

Additionally, it will examine the current shareholding status of the board members and investigate whether any unauthorised shares were issued during the conversion of shares from paper to electronic format.

The BSEC also directed the committee to investigate why the company failed to address several allegations raised by investors.

Rahima Food Corporation, incorporated in 1990 as a private limited company, entered the stock market in 1997.

However, on July 19, 2018, the DSE delisted it due to prolonged inactivity.

The company was relisted in 2020 and share trading resumed under the "A" category, following its acquisition by the City Group.

DHL hikes rates by 4.9% for Bangladesh

STAR BUSINESS REPORT

German logistics company DHL Express has increased its rates by 4.9 percent for the Bangladesh market.

The annual adjustment, effective from January 1 of 2025, aims to offset rising operational costs driven by inflation, currency fluctuations and regulatory requirements, the company said in a press release.

The price hike will allow continued investment in the company's logistics network, enhancing its resilience amid ongoing geopolitical and supply chain disruptions, said Md Miarul Haque, country manager of DHL Express Bangladesh.

"Despite external challenges, we remain committed to providing stable services for our customers."

"With the annual price adjustment, we can continue to invest in our network to enhance its resilience and adaptability, ensuring consistent support for our customers' businesses regardless of external circumstances," he added.

Prices are adjusted on an annual basis by DHL Express, taking into consideration inflation and currency dynamics as well as administrative costs related to regulatory and security measures.

DHL adjusts its rates annually with variations depending on local market conditions across the 220 countries and territories it operates in.

In addition, DHL is part of DHL Group which generated revenues of more than 81.8 billion euros in 2023.

With sustainable business practices and a commitment to customers and society, and the environment, the group makes a positive contribution to the world.

DHL Group aims to achieve net-zero emissions logistics by 2050.

Oil prices slide

REUTERS, *London*

Oil prices slipped on Thursday, reversing earlier gains, on news that Saudi Arabia, the world's top crude exporter, will give up on its price target in preparation for raising output.

Brent crude futures were down $1.27, or 1.7 percent, to $72.19 a barrel, while US West Texas Intermediate crude fell $1.18, also 1.7 percent, to $68.51 per barrel as of 1023 GMT. Both contracts fell more than $2 a barrel earlier on Thursday.

Saudi Arabia is preparing to abandon its unofficial price target of $100 a barrel for crude as it prepares to increase output, the Financial Times reported on Thursday, citing people familiar with the matter.

The Organization of the Petroleum Exporting Countries - led de facto by Riyadh - along with the group's allies including Russia, together known as Opec+, have been cutting oil output to support prices.

However, prices are down nearly 6 percent so far this year, amid increasing supply from other producers, especially the United States, as well as weak demand growth in China.

"The prospect of additional supply from Libya and Saudi Arabia has been the main driver behind the latest weakness," Saxo Bank analyst Ole Hansen said.

A United Nations statement on Wednesday said delegates from divided Libya's east and west agreed on the process of appointing a central bank governor, a step which could help resolve the crisis over control of the country's oil revenue that has disrupted exports.

Libya's crude exports have averaged about 400,000 barrels per day in September, down from over 1 million bpd in August, shipping data show.

China announces new measures to boost employment

AFP, *Beijing*

China's leadership announced new measures to boost employment, state media reported on Wednesday, a day after Beijing unveiled a sweeping stimulus package to bolster its ailing economy.

The world's number two economy has struggled to sustain a highly anticipated recovery from the Covid-19 pandemic and analysts say the government's stated goal of five percent growth in 2024 is optimistic given the headwinds Beijing faces.

Those include a creeping debt crisis in the crucial property sector, prolonged deflationary pressure and high youth unemployment. Official data last week showed youth unemployment had risen to 18.8 percent in August, the highest this year.

State broadcaster CCTV published on Wednesday a set of opinions by the ruling Communist Party's Central Committee and State Council on "implementing the employment priority strategy to promote high-quality full employment".

They included more support for "college graduates and other young people", such as promoting better wages, training and opportunities for further study.

Policymakers called for more effective youth employment services, such as targeted career guidance and internships, as well as better assistance for graduates from poor families and "long-term unemployed youth".

The 24-point document also urged better protections for gig workers and the self-employed, as well as stronger guarantees on labour rights.

"Employment... concerns the vital interests of the people, the healthy development of the economy and society, and the long-term stability of the country," it said, according to CCTV.

Dollar rises from 14-month low

REUTERS, *New York*

The dollar bounced off a 14-month low against the euro on Wednesday in choppy trading, but investors held onto bets that the Federal Reserve will make another large interest rate cut at its November meeting on weakening labor optimism.

The yuan also eased on growing doubts about the impact of a new round of Chinese stimulus and after the initial rally on the news was seen as overdone.

The greenback tumbled on Tuesday after data showed that US consumer confidence dropped by the most in three years in September amid mounting fears over the labor market.

"The narrowing in the labor market differential, which is sort of indicative of demand and supply conditions in the employment market, was a very bad omen for the US economy," said Karl Schamotta, chief market strategist at Corpay in Toronto.

"Markets are interpreting this as a sign that the Federal Reserve is very likely to deliver a second emergency-sized cut at its November meeting," he added.

This is a line chart that shows a consumer confidence index over the past 20 years. In the month of September, the overall index was 98.7, the view of the current economy was 124.3 and expectations for the future were 81.7.

This is a line chart that shows a consumer confidence index over the past 20 years. In the month of September, the overall index was 98.7, the view of the current economy was 124.3 and expectations for the future were 81.7.

Traders are now pricing in 59 percent odds of a 50-basis point cut at the Fed's Nov. 7 meeting, up from 37 percent a week ago, and a 41 percent chance of a 25 basis point reduction, according to the CME Group's FedWatch Tool.

The Fed last week kicked off an anticipated series of interest rate cuts with a larger-than-usual half-percentage-point reduction that Fed Chair Jerome Powell said was meant to show policymakers' commitment to sustaining a low unemployment rate now that inflation has eased.

Data on Wednesday showed that sales of new US single-family homes fell less than expected in August.

This week's main US economic focus will be the Personal Consumption Expenditures index for August on Friday.

M Khorshed Anowar, deputy managing director and head of retail and SME banking of Eastern Bank PLC, cuts a ribbon to inaugurate a sub-branch at Doulatdiar in Chuadanga yesterday.

PHOTO: EASTERN BANK

Eastern Bank opens sub-branch in Chuadanga's Doulatdiar

STAR BUSINESS DESK

Eastern Bank PLC launched its 41st sub-branch at Doulatdiar in Chuadanga yesterday.

M Khorshed Anowar, the bank's deputy managing director and head of retail and SME banking, inaugurated the sub-branch, said a press release.

Opening of the sub-branch is a part of the bank's financial service expansion programme across the country, the press release added.

Istiak Ahmed, area head for outstation at the bank, along with other senior officials and local dignitaries were also present.

PRICES OF KEY ESSENTIALS IN DHAKA CITY

	PRICE (SEP 26, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 64-Tk 80	0	9.09 ↑
Coarse rice (kg)	Tk 50-Tk 55	-1.87 ↓	7.14 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-2.30 ↓
Lentil (kg)	Tk 105-Tk 110	0	0
Soybean (litre)	Tk 148-Tk 155	2.02 ↑	-3.81 ↓
Potato (kg)	Tk 50-Tk 55	-8.70 ↓	20.69 ↑
Onion (kg)	Tk 105-Tk 115	-4.35 ↓	37.50 ↑
Egg (4 pcs)	Tk 53-Tk 55	5.88 ↑	10.20 ↑

SOURCE: TCB

Social Islami Bank holds board meeting

STAR BUSINESS DESK

Social Islami Bank held its 518th board meeting at the bank's head office in Dhaka yesterday.

Prof M Sadiqul Islam, chairman of the bank, presided over the meeting, the bank said in a press release.

Islam said that the bank would turn around soon and that the Bangladesh Bank had already taken steps to ease the liquidity crunch.

"We are strengthening our efforts to recover non-performing investments," he said.

He was optimistic that the bank would recover from the current situation shortly.

Mohammad Forkanullah, acting managing director of the bank; Abdul Hannan Khan, deputy managing director; and Md Nazmul Ahsan, company secretary, were present.

Directors Maksuda Begum, Md Morshed Alam Khondoker and Md Anwar Hossain were also present.

Prof M Sadiqul Islam, chairman of Social Islami Bank Limited, presides over the bank's 518th board meeting at its head office in Dhaka yesterday.

PHOTO: SOCIAL ISLAMI BANK

AkijBashir Group's Rosa recognised as 'Best Sanitaryware Manufacturer in Asia'

STAR BUSINESS DESK

Rosa, a sanitaryware and bathware brand of AkijBashir Group, was recently awarded "Best Sanitaryware Manufacturer in Asia" for its outstanding technological investments in its sanitaryware manufacturing unit at the TecnAwards 2024.

The award ceremony, organised by the Italian Exhibition Group "Tecna" in collaboration with the Association of Italian Manufacturers of Ceramic Machinery and Equipment (ACIMAC), was held at Rimini Expo Centre in Italy, the company said in a press release.

Sk Bashir Uddin, managing director of AkijBashir Group, received the award at the ceremony in Rimini, Italy.

Mohammod Khourshed Alam, chief operating officer of AkijBashir Group, was also present, along with other company officials.

Sk Bashir Uddin, managing director of AkijBashir Group, receives an award at the TecnAwards 2024 organised by Italian Exhibition Group "Tecna", in collaboration with the Association of Italian Manufacturers of Ceramic Machinery and Equipment, at Rimini Expo Centre in Italy recently.

PHOTO: AKIJBASHIR GROUP

Google files EU complaint over Microsoft cloud services

AFP, *Paris*

Google said Wednesday that it had filed a complaint against Microsoft at the European Commission, accusing its rival of "anticompetitive" licensing practices to force customers to use its cloud services.

Google said Microsoft had exploited business customers' reliance on "must have" software products such as Windows Server to compel them to use its Azure cloud platform.

Microsoft has made it cost-prohibitive for clients to use Windows Server or other products on rival services, such as Google Cloud or Amazon's AWS, by marking up the price by 400 percent, Google charged.

"Microsoft's licensing terms restrict European customers from moving their current Microsoft workloads to competitors' clouds -- despite there being no technical barriers to doing so," Google Cloud vice president Amit Zavery said in a blog post co-signed by Google Cloud's Europe region president Tara Brady.

For businesses that use rival cloud platforms despite the cost, "Microsoft introduced additional obstacles over the last few years, such as limiting security patches and creating other interoperability barriers", Google said.

At a news conference, Zavery said Google wanted restrictions removed so that customers could use the cloud platform of their choice.

"We believe this regulatory action is the only way to end Microsoft vendor lock-in and for customers to have a choice and create a level playing field for competitors," Zavery said.

Google said Microsoft adopted the new licensing terms in 2019.

"What Microsoft introduced in 2019 basically created this idea of not allowing choice to customers," Zavery said. A spokesperson at the European Commission, the EU's antitrust watchdog, confirmed that the complaint was received, adding that "We will assess under our standard procedures".

China admits

FROM PAGE B4

state-run banks, in the first major capital injection of its kind since the 2008 global financial crisis.

The measure -- aimed at giving the banks more room to lend to businesses -- would be implemented mainly through the issuance of "new special sovereign bonds", the report said, citing sources familiar with the matter.

The details have not yet been finalised, it added.

This week's announcements, which include key rate cuts and policies intended to encourage home purchases, have been welcomed by investors, with stocks in Shanghai and Hong Kong up more than nine percent so far this week.

But more work is needed if leaders are to achieve their five percent goal this year, analysts warned.

Sri Lanka to restart talks

FROM PAGE B4

"We look forward to working together with President Dissanayake... towards building on the hard-won gains that have helped put Sri Lanka on a path to economic recovery," an IMF spokesperson in Washington said Monday.

"We will discuss the timing of the third review of the IMF-supported programme with the new administration as soon as practicable," the spokesperson said, referring to the periodic review of the bailout.

Analysts, however, say Dissanayake likely has little room to reshape the terms of the deal.

"There are certain red lines that the IMF will not agree to negotiate," Murtaza Jafferjee of the Colombo-based economic think tank Advocata told AFP.

The IMF would be very unlikely to budge on core components of its $2.9 billion bailout, including a ban on printing money and revenue and spending targets agreed by the last administration, he said.

Sri Lanka's 2022 financial crisis that precipitated the bailout has proved an opportunity for Dissanayake, who saw his popularity rise after pledging to change what he called the island's corrupt political culture.

He beat 38 other candidates to win Saturday's presidential vote, taking more than 1.2 million more votes than his nearest rival.

His predecessor Ranil Wickremesinghe, who had imposed steep tax hikes and other unpopular austerity measures under the terms of the IMF package, came a distant third.

Dhaka Int'l Trade Fair from Jan 1

STAR BUSINESS REPORT

The 29th edition of the Dhaka International Trade Fair is expected to kick off at the Bangladesh-China Friendship Exhibition Centre in the capital's Purbachal on January 1 of 2025.

The DITF-2025 Steering Committee led by Md Selim Uddin, commerce secretary and chair of the trade fair steering committee, took the decision in its first meeting held at the Export Promotion Bureau (EPB) in Dhaka on September 24, the EPB said in a press release.

The meeting was held to fix the administration and financial policy of the fair, form different sub-committees and set fees for stalls, pavilions and restaurants along with entry fee and tickets for visitors.

It informed the entrepreneurs that they will be given priority on stall allocation.

A temporary secretariat will be established to monitor the overall activities of the fair and an information centre to provide all types of information to visitors

Some stalls will be reserved for government, non-government and autonomous organisations, according to the statement.

The committee decided to keep adequate parking facilities on the fair premises. A two-layer car parking building for 500 cars will be there along with another parking facility on 6 acres of land out of the exhibition hall.

A temporary secretariat will be established to monitor the overall activities of the fair and an information centre to provide all types of information to the visitors.

There will also be a good number of ATM booths inside the fair premises.

Halima Begum uses a traditional kitchenware called "kula" to separate mustard seeds from impurities such as stones and twigs. She uses a small engine-run vehicle to turn a press comprising a circular stone mortar, an angled wood pestle and weights. Every 5 kilogrammes of seeds produce 1.5 kilogrammes of oil, which sells for Tk 400 per kilogramme. The photo was taken at Nornia Katakhal village in Khulna's Dumuria upazila recently.

PHOTO: HABIBUR RAHMAN

Stocks plunge after 27 firms lowered to Z category

STAR BUSINESS REPORT

Stock markets in Bangladesh fell sharply yesterday as investors went on a spree selling shares of 27 firms which were downgraded to the Z or junk category by the Dhaka Stock Exchange (DSE).

The DSE downgraded the 27 businesses on Wednesday for violating securities laws by failing to properly pay dividends to shareholders in the past two years.

The DSEX, the benchmark index of the country's premier bourse, fell 97.37 points, or 1.70 percent, from that on the previous day to close at 5,639, marking a fall for a second consecutive day.

Similarly, the DSES index, which represents Shariah-compliant companies, dropped by 31.26 points, or 2.42 percent, to 1,261.

The DS30 index, which represents blue-chip stocks, went down by 30.11 points, or 1.44 percent, to 2,064.

At Chittagong Stock Exchange, the CASPI, the key index of the port city bourse, edged down by 208 points, or 1.30 percent, to settle at 15,793.

The day's turnover, which indicates the total value of shares changing hands on the trading floor, at the DSE decreased by 33.39 percent to Tk 530 crore.

The banking sector dominated the turnover chart, accounting for 35.73 percent of the total.

Block trades, meaning high-volume transactions in securities that are privately negotiated and executed outside of the open market, contributed another 2.9 percent.

Social Islami Bank emerged as the most-traded share, with a turnover of Tk 40.4 crore.

In its daily market update, BRAC EPL Stock Brokerage said all sectors which account for large amounts in market capitalisation, denoted by the total value of a company's outstanding shares, posted a negative performance.

Non-bank financial institutions (NBFIs) experienced the highest loss of 2.91 percent, followed engineering (2.73 percent), fuel and power (1.24 percent), food and allied (1.14 percent), telecommunication (0.98 percent), pharmaceuticals (0.74 percent) and banking (0.43 percent).

However, jute, paper and printing and information technology (IT) were the top three sectors to close in the positive, according to the daily market update by UCB Stock Brokerage.

Of the 299 issues that changed hands on the DSE, prices of 72 increased, 25 did not see any price movement and the rest saw a decrease.

Islami Bank Bangladesh, BRAC Bank, National Bank, Beacon Pharmaceuticals, Linde Bangladesh, Bangladesh Steel Re-rolling Mills, Renata, British American Tobacco Bangladesh, Olympic Industries and Navana Pharmaceuticals suffered losses.

Shares of United Commercial Bank, IFIC Bank, Orion Infusion, ADN Telecom, Southeast Bank, Mercantile bank, Premier Bank, Trust Bank, NRB Bank and Sonali Aansh Industries drew a significant number of investors, according to LankaBangla Financial Portal.

But none of the companies saw a double-digit growth in share prices.

Of them, United Commercial Bank made the largest gain of 3.08 percent.

Taskforce on economic strategy to prepare short-term plans

STAR BUSINESS REPORT

The taskforce on economic strategy redesign aims to prepare short-term plans, which are implementable within one or two years, and present those to the interim government, said KAS Murshid, chairman of the taskforce.

The panel will target some pragmatic projects, and priorities will be set with a specific, focused approach rather than a sporadic one, he said.

The 12-member Taskforce on Economic Strategy Redesign formed by the planning ministry held its first meeting at the Planning Commission in Dhaka's Sher-e-Bangla Nagar yesterday.

The committee was formed on September 10 this year to develop strategies to boost the economy and mobilise resources for equitable and sustainable development led by Murshid, former director general of the Bangladesh Institute of Development Studies.

Murshid said the taskforce will focus on a short-term plan to attain expected results visible within one to two years.

He said the taskforce will design a sustainable and effective plan by identifying the current economic gaps and proposing solutions to address the existing leakages.

The committee members mentioned who will work on what sides. It will explore how to go on and bring the economy back on track from where it currently stands, Murshid said.

Special focus will be placed on agriculture, industrial production, trade, and development projects to move the economy forward, he said.

"It will not be a replacement for the five-year plan. It will, however, complement long-term planning efforts."

"We have identified the issues, such as gaps in governance, and will propose plans to close these leakages." he added.

In the event, Planning and Education Adviser Wahiduddin Mahmud and Taskforce Secretary and Member of the General Economics Division Kawser Ahmed were also present.

The planning and education adviser guided the committee by providing them with a framework on the scope, strategies and areas of importance for the short-term plan.

STOCKS

DSEX ▼	CASPI ▼
1.69%	1.30%
5,639.13	15,793.22

COMMODITIES

Gold ▲	Oil ▼
$2,671.93	$68.74
(per ounce)	(per barrel)

China wants to make solar panels

FROM PAGE B1

encourage greater cooperation and partnership between businesses of the two nations to deepen trade and economic ties with Dhaka.

He said Bangladesh would benefit from a Chinese decision to provide zero tariff access to all goods from the least developed countries.

He said the Red Cross Society of China has sent a team of doctors to treat students and people who were grievously injured during the July-August mass uprising. Wang Yi also said China would welcome more students from Bangladesh.

Wang Yi described Prof Yunus as "an old friend of the Chinese people" and congratulated him for assuming leadership of the interim government.

"We have full confidence in you, that you will live up to the expectations of the people," he said, adding that Yunus would also unite the country.

Prof Yunus thanked China and lauded Chinese efforts to lift hundreds of millions of people out of poverty.

The chief adviser stressed on closer relations with China and opening "a new chapter" in the ties between the two nations.

He also urged other Chinese product manufacturers to relocate their factories to Bangladesh and engage in technological collaborations. "We will love to collaborate with Chinese companies. We have a lot of scope to work together," he said.

China Committed to Bilateral Relations

Meanwhile, Chinese Ambassador to Bangladesh Yao Wen said irrespective of the changes that have taken place inside Bangladesh, China's commitment to developing bilateral relations remains unchanged, reports news agency UNB.

China sincerely hopes that under the interim government, Bangladesh will carry out state reform, maintain political stability, advance economic development and improve people's livelihoods, he said.

To support Bangladesh's development, China decided to grant zero-tariff treatment on 100 percent of taxable items from Bangladesh, he told an event at a hotel in Dhaka on Wednesday marking the 75th anniversary of the founding of China.

This means China will substantially increase import of cereals, sugar, edible oil, rubber and rubber products, wood products, jute and jute products, paper and paper products, wool and cotton from Bangladesh from December 1, 2024, said Yao Wen.

China will also import Bangladeshi mangoes, he added.

To combat floods, China is about to provide rescue facilities and equipment to Bangladesh, he said.

Yao Wen said since the interim government came to office, Chinese enterprises have invested more than $85 million in Bangladesh.

He said China would organise programmes focusing political exchange, economic and trade cooperation, culture, education, tourism, sports, public health, youth, women, media and academic interactions for improving people-to-people ties.

"I expect the young people to devote themselves to China-Bangladesh cooperation, passing the torch of friendship from generation to generation," he said.

Commerce and Finance Adviser Dr Salehuddin Ahmed joined the event as chief guest while Foreign Secretary Md Jashim Uddin was also present.

Apparel exporters go into overdrive

FROM PAGE B1

A major European retailer in Dhaka said his company did not cancel or seek discounts from any local suppliers due to the student movement, curfew, internet blackouts, political changeover or labour unrest, as they understood the turbulent political atmosphere.

"We are happy that normalcy is being restored to the sector," he said. "The shipment of our goods is now back on track."

Shams Mahmud, managing director of Shasha Denims, whose buyers include multinational giants like H&M and Marks & Spencer, said the labour situation has now stabilised and almost all factories are back in production.

"We are part of a global supply chain. Most of the orders we take are time-sensitive. Hopefully, with the improving law and order situation, we will be able to deliver goods on time," Mahmud added.

However, he said the backlog would likely lead to air shipments and discounts.

He noted that the financial implications of the situation require attention from the government and the central bank.

"Almost all RMG factories are currently burdened by forced loans due to mismatches in imports, exports, salaries, bank loan repayments and overdue payments," Mahmud said.

"Unless these issues are addressed promptly, especially for small and medium-sized garments, there could be long-term negative effects on macroeconomic stability."

He added that brands remain committed to Bangladesh.

"In all these discussions, the importance of Bangladesh's position, along with necessary investments in renewable energy and carbon reduction as well as the deployment of a circular ecosystem, is getting lost," he added.

Khandoker Rafiqul Islam, president of the Bangladesh Garment Manufacturers and Exporters Association, said on Wednesday that since normalcy is being restored to the garment sector, they would meet with major retailers and brands on Sunday or Monday to discuss the overall situation.

Buyers are expecting quick delivery, but they have not cancelled work orders yet, he said.

Islam also said that the garment sector lost over $100 million due to the recent labour unrest, as many factories were unable to produce goods and ship them on time. Buyers' visits to factories were also cancelled.

Six in ten low-income households

FROM PAGE B1

The WFP report mentioned that female-headed households and those with disabilities suffered the most amid severe flooding in north-eastern Bangladesh.

The losses incurred during Cyclone Remal have put poor households in a struggle for food and their well-being, it added.

Cyclone Remal had a devastating impact on 20 districts, affecting almost four lakh people and causing damage worth over Tk 7,000 crore, according to the Ministry of Disaster Management and Relief.

The cyclone claimed 18 lives and injured 2,503 people while also impacting fisheries, roads, and housing.

The damage to the fisheries across affected areas amounts to about Tk 2,242 crore while damage to roads and housing was worth around Tk 1,012 crore and Tk 2,052 crore respectively.

Meanwhile, traders across major markets reported improved sales hours due to the lifting of curfews and the restoration of food supply chains as well as a decrease in transportation costs.

However, despite the extended trading hours, trading volumes have not yet returned to pre-curfew levels, likely due to reduced purchasing power among much of the population, it added.

MM Akash, a former professor of economics at the University of Dhaka, said food insecurity has risen in recent times due to various factors.

"Double-digit inflation has been prevailing in the country for a long time. As a result, real incomes have decreased.

The earning power of those from lower-income households has decreased so much as their food budget is being stretched, he said.

To solve this problem, the government allocation for subsidised food programmes such as the Open Market Sales and initiatives of the Trading Corporation of Bangladesh should be increased, he said.

He added that the list of beneficiaries should be scrutinised because the list made by the previous government was flawed as it was politically biased.

Otherwise, the number of new poor in the country will increase, he said.

Interest payments surpass

FROM PAGE B1

facing a new challenge due to significantly increased subsidy expenditures in recent years.

As such, the IMF has been pushing the government to reduce these expenditures by raising power and fertiliser prices.

In FY24, the government spent less on subsidies than allocated in the revised budget. In the revised budget, the total subsidy allocation was Tk 85,906 crore, but actual spending amounted to Tk 72,497 crore.

IMF TARGET MISSED AGAIN

After the IMF approved a $4.7 billion loan programme in January last year, the government struggled to meet the targets set for revenue and foreign currency reserves. In most cases, it has failed to achieve the targets.

As a result, the government had to seek a waiver for disbursal of three tranches of the loan so far.

For the fourth tranche, the IMF has set the target for tax revenue collection at around Tk 394,000 crore by June this year.

At the end of the last fiscal year, the government's tax revenue collection was Tk 369,000 crore, meaning it missed the target by Tk 25,240 crore.

BUDGET IMPLEMENTATION FALLS FLAT

Despite announcing large annual budgets, the government consistently fell short in implementation.

In the last fiscal year, the budget size was initially set at around Tk 761,000 crore before being revised to Tk 714,000 crore. However, total budget spending reached only Tk 602,000 crore.

The spending in the previous fiscal year was around Tk 574,000 crore.

Last year, the government allocated Tk 245,000 crore for the Annual Development Programme (ADP) in the revised budget but spent only Tk 188,000 crore.

In FY23, the ADP spending was Tk 192,000 crore.

German consumer morale improves

AFP, *Frankfurt*

German shoppers are heading into October feeling slightly more optimistic, a key survey showed Thursday, even as the outlook for Europe's biggest economy remains gloomy.

The forward-looking indicator climbed to minus 21.2 points for October, up 0.7 points on a month earlier, according to pollsters GfK and the Nuremberg Institute for Market Decisions (NIM).

The survey of around 2,000 people showed a "slight increase" in consumer confidence, NIM consumer expert Rolf Buerkl said, adding however that it did not signal "the start of a noticeable recovery".

"The current mood among consumers is too unstable for that," he said in a statement.

Geopolitical crises, inflation and growing concerns about job security were all adding to the uncertainty for consumers, Buerkl said.

UK consumer sentiment sinks on fiscal worries

REUTERS, *London*

British consumers have grown more gloomy over the past month following the new Labour government's removal of a welfare benefit for pensioners and warning of tax rises at next month's budget, a new survey from a trade body showed on Thursday.

The British Retail Consortium said households' assessment of the general economic situation over the next three months sank to -21 in September from -8 in August.

This reading - which represents the difference between the percentage of respondents with positive and negative views - is the lowest since the survey's initial reading of -23 in March.

"Negative publicity surrounding the state of the UK's finances appears to have damaged confidence in the economic outlook,

The British Retail Consortium said households' assessment of the general economic situation over the next three months sank to -21 in September from -8 in August

particularly among older generations," BRC Chief Executive Helen Dickinson said.

September is the first time that the BRC has published the results of its survey, which was based on a sample of 2,000 adults conducted by market research company Opinium between Sept. 10 and Sept. 13.

The results chime with those last week from the much longer-running GfK consumer survey, which fell to a six-month low this month due partly to concerns about the upcoming budget.

Prime Minister Keir Starmer and finance minister Rachel Reeves were elected in July, vowing to rebuild the economy after inheriting what they said were the worst economic circumstances since World War Two.

Reeves has said she will remove an annual 200-pound ($265) fuel subsidy from 10 million pensioners and warned taxes were likely to rise by more than she had said was planning to before Labour's July election victory.

PHOTO: STAR/FILE

Automobile dealers have seen their sales decline almost 70 percent since July as political turmoil and economic concerns weigh on consumers' minds. High interest rates on auto loans and a lack of law and order are other reasons for the drastic fall in sales.

Automobile sales drop amid economic downturn, political jitters

JAGARAN CHAKMA

Automobile sales have dropped substantially since July this year amidst the economic downturn and political turmoil, denting any hopes of recovering from last year's slump, according to market insiders.

Although credible data is hard to come by, vehicle dealers estimate that monthly sales have fallen by at least 70 percent.

In other words, around 400 to 450 vehicles were sold per month since July compared to 1,700 to 1,800 in the first six months of the year.

One way of verifying sales is through the number of vehicles registered with the Bangladesh Road Transport Authority (BRTA).

Around 1,747 automobiles were registered on an average per month in the January-June period this year. However, data for the subsequent months is yet to be made available.

In 2023, 8,549 were registered in total. The number stood at 23,651 in 2022.

Needless to say, these figures exclude a small fraction of people who delay registering new vehicles.

Although normalcy has been returning since the interim government came to office following the ouster of the

Awami League government on August 5, potential buyers may prefer waiting it out a bit longer, according to the vehicle dealers.

"We did not imagine that this type of dull market could suddenly come about," said Shafiqul Islam, head of operations at HNS Automobiles.

"We expected sales to grow this year, but the sudden political change has reversed the calculations of the market," he said.

Besides, the Japanese yen has grown stronger against the US greenback, increasing duties and turning vehicles costlier. Prices have increased by Tk 1 lakh to Tk 1.5 lakh in the last two months, Islam added.

High interest on auto loans is also discouraging purchases while dealers are refraining from releasing imported vehicles from the Chattogram port due to a capital shortage, he said.

Bank loans are also big burdens for vehicle dealers, he said.

Monthly sales have declined by around 70 percent since July due to the political changeover and people's apprehensions about the economy, said Habib Ullah Dawn, president of the Bangladesh Reconditioned Vehicles Importers and Dealers Association (BARVIDA).

Nowadays, people are mostly purchasing sedans such as Toyota Axios and Corollas. The sales of SUVs have been very slow, Dawn said.

Potential customers are taking time to observe the situation before deciding to make a purchase, he said.

Besides, law and order are yet to be fully restored, he said, adding: "If there is a big improvement in the situation, the market will change within the next three months."

According to Dawn, the situation is improving, which is good news for the car market.

He also pointed out that dealers were facing challenges in paying staff salaries and showroom rent due to the drop in revenue.

"We suffered a lot during the Covid-19 pandemic but recovered rapidly, so we are optimistic of recovering from these ongoing difficulties," he said.

Arif Khan Bipu, managing director of Motors Bay, an importer and retailer of reconditioned Japanese cars, said importers and retailers with large-scale operations had suffered a larger drop in sales compared to smaller ones.

According to him, sales of the big retailers declined by 70 percent since July whereas it was around 40 percent for small retailers like him.

He said the overall market situation was not favourable for the purchase of passenger vehicles by middle-income people due to the ongoing transitional period for politics and economic turmoil due to high inflation and high auto loan interest rates.

IMF mission inquires about slow growth of revenue receipts

STAR BUSINESS REPORT

The fact-finding mission from the International Monetary Fund (IMF) inquired about the slow growth of direct tax collection under the National Board of Revenue (NBR).

A four-member delegation from the Washington-based lender, led by Mission Chief Chris Papageorgiou, raised the issue during their scheduled closed-doors meeting with NBR officials at the tax authority's headquarters in Agargaon.

"The delegation asked why we failed to meet the IMF's revenue collection target in the previous fiscal year and what measures to increase revenue collection have been taken for FY25 and FY26," a top NBR official who attended the meeting said on condition of anonymity.

"It's a form of taking accountability," he told The Daily Star yesterday.

"We explained our real situation to them and said what we have done in recent times, including measures to increase tax return submissions."

The IMF mission also underscored the need to increase the tax-GDP ratio, which is one of the lowest in the world, by a minimum of 0.5 percent in each of the coming years, the official said.

The IMF mission arrived in Dhaka on Monday as part of a weeklong visit to assess Bangladesh's potential financial needs after the country sought an additional $3 billion loan.

The multilateral lender emphasised revenue mobilisation, especially as Bangladesh witnessed an 11 percent drop in revenue collection in the first two months of this fiscal year.

The tax authority logged Tk 42,106 crore in revenue in the July-August period, which is Tk 15,000 crore short of the revenue collection target for the period.

The target for the entirety of FY25 has been set at Tk 480,000 crore.

The NBR official further said that the mission had enquired about the tax expenditures and various reform measures, including automation of the taxation system and processes.

"We have been asked to reduce tax exemptions in a rational way," the official added.

The IMF team also agreed to extend their assistance for automation.

On a positive note, the team expressed satisfaction over the state of indirect taxation.

Md Bodruzzaman Munshi, second secretary of VAT Act and Rule at the NBR, said: "The fact-finding mission was pleased with the value-added tax collection.

"Last fiscal year, we crossed the IMF's VAT collection target, gathering over Tk 150,700 crore."

He added that the delegation asked to submit both medium- and long-term revenue strategies by December this year as well as provide an update on the progress of the digital transformation process.

The IMF mission held four meetings with the NBR yesterday, including the three wings for income tax, value-added tax and customs.

34,000 tax returns filed online in 2 weeks

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has received a huge response from taxpayers since the relaunch of an online portal for the filing of tax returns over two weeks ago.

Some 34,000 tax returns have been filed since the portal was reopened on September 9, said the NBR in a press release.

To help individual taxpayers file their income and wealth statements online for the assessment year 2024-25, the tax administration last week also established a service centre accessible through phone calls at 09643717171, it said.

Some 5.26 lakh taxpayers filed returns online in fiscal year 2023-24, which was more than double the 2.44 lakh e-returns filed in the preceding year, according to the NBR.

Sri Lanka to restart talks with IMF soon

New president says

AFP, *Colombo*

Sri Lanka's new president called on Wednesday for restarting talks with the IMF "immediately" over a $2.9 billion bailout that threw a lifeline to his bankrupt country but imposed painful austerity.

Self-avowed Marxist Anura Kumara Dissanayake won a landslide last week promising to reverse steep tax hikes, raise public servant salaries and renegotiate the International Monetary Fund rescue package secured by his predecessor.

The 2023 bailout helped end crippling shortages of food, fuel and medicine and returned the economy to growth, but its austerity measures left millions struggling to make ends meet.

"We plan to begin negotiations with the International Monetary Fund immediately," Dissanayake said in a televised address to the nation.

In his 10-minute address, he said he also wanted to conclude a deal to restructure international sovereign bonds and secure more concessions for the cash-strapped nation.

"To advance our debt restructuring program, we are negotiating with relevant creditors to expedite the process and secure necessary debt relief," he said.

His call to resume talks with the IMF came after the international lender of last resort said it was ready to discuss its bailout with the new administration.

READ MORE ON B2

China admits economy facing new problems, vows to fix property sector

AFP, *Beijing*

Chinese President Xi Jinping and other top leaders admitted Thursday that the world's number two economy was facing new "problems" and vowed to resolve a long-running crisis in the housing sector.

Beijing has this week unveiled a raft of measures to boost its ailing economy, which it has targeted to grow five percent this year -- an objective analysts say is optimistic given the many headwinds it faces.

On Thursday, the ruling Communist Party convened a meeting of its top body, the Politburo, to "analyse and study the current economic situation".

"Some new situations and problems have emerged in the current running of the economy," the Xinhua news agency reported after the meeting, which was attended by Xi.

"We must view the current economic situation comprehensively, objectively and calmly, face difficulties squarely, (and) strengthen confidence," it added.

Politburo members agreed on the need to "further improve the focus and effectiveness of policy measures" aimed at lifting the economy.

They also vowed to "respond to the people's concerns" about the economic malaise.

Beijing would "adjust housing purchase restriction policies, lower interest rates on existing mortgage loans... and promote the construction of a new model for real estate development", Xinhua said.

Thursday's readout suggested that more substantial support for the economy may be on the way, said Julian Evans-Pritchard, head of China economics at Capital Economics, in a note.

"But concrete details are lacking and so it's difficult to judge the scale of any additional fiscal support at this stage," he said.

The state media readout also suggested rate cuts could be larger than previously anticipated, said Evans-Pritchard: "Falling inflation and private-sector deleveraging mean that rate cuts alone won't dramatically boost domestic demand".

Also on Thursday, the government vowed to improve care for the elderly and young, and push to boost jobs, particularly among the youth.

Zhiwei Zhang, president and chief economist at Pinpoint Asset Management, said the meeting "touched on the key issues that need to be addressed, such as the stabilisation of the property sector, and the promotion of the private sector".

"The Politburo meeting stated that fiscal and monetary policies should become more forceful, but didn't provide quantitative guidance on the size of fiscal stimulus," he said in a note.

Overall, however, Zhang said he regarded the messages from Thursday's meeting as a "positive step to address the economic challenges that China face".

Meanwhile, Bloomberg reported officials were considering pumping more than $140 billion into the country's large

READ MORE ON B2

A man visits a shop at the Yiwu market in China's eastern Zhejiang province on September 21.

PHOTO: AFP