Star BUSINESS

After over a month, Tariff Commission once again urged the National Board of Revenue to withdraw import duties on eggs

Story on B4

Why the cost of Matarbari deep-sea port project is going up

OBJECTIVES OF THE PROJECT

- Increasing cargo handling capacity of Bangladesh
- Reducing pressure on Chattogram port
- Meeting future international trade needs

REASONS BEHIND COST ESCALATION

- Exchange rate fluctuation
- Increased construction cost of roads
- Increased cost of land acquisition, customs duty
- Rising costs of construction materials
- Increased consultation fees for time extension

DEADLINE

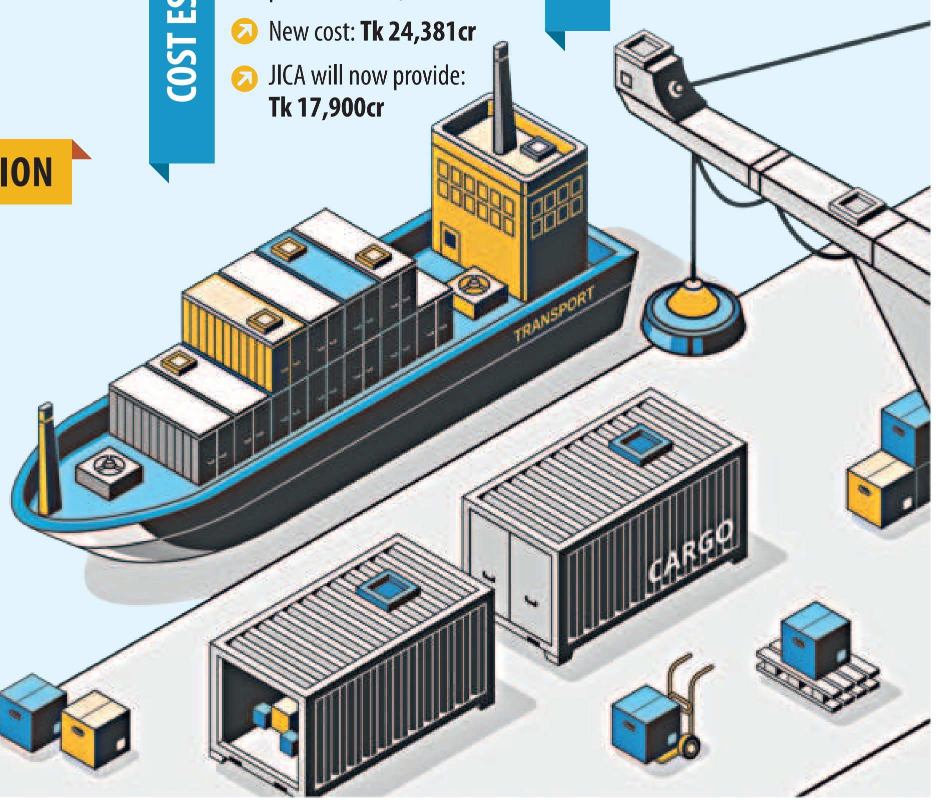
- Project taken in March 2020
- Initial completion date: December 2026
- New deadline: December 2029

COST ESCALATION

- Original cost: **Tk 17,777cr**
- JICA was supposed to provide: **Tk 12,893cr**
- New cost: **Tk 24,381cr**
- JICA will now provide: **Tk 17,900cr**

PROGRESS

- Spending so far (As of May): **Tk 710cr**
- Physical progress: zero



REJAUL KARIM BYRON *and* **MD ASADUZ ZAMAN**

Four years after its approval, the cost of the Matarbari deep-sea port project in Cox's Bazar has escalated, while the deadline has been pushed back too.

Although the real physical progress on the project is still zero, authorities say five major factors have contributed to the project registering a 37 percent cost increase.

These factors include depreciation of the taka, additional land acquisition expenses and design changes, according to official documents submitted to the Executive Committee of the National Economic Council (Ecnec) meeting on Monday.

After the Ecnec revision, the project's total cost now stands at Tk 24,381 crore -- Tk 6,604 crore more than the initial cost of Tk 17,777 crore.

When the project, namely "Matarbari Port Development," was taken in March 2020, it was supposed to be completed by 2026. It has now been pushed back to December 2029.

As of May this year, the authorities spent Tk 710 crore. However, the real progress is still zero as the main construction work of the project has not started yet, according to official documents.

The project was taken up to increase the cargo handling capacity of the country, reduce the pressure on Chattogram port and meet the future international trade needs.

The concept of a deep-sea port in Matarbari emerged in conjunction with the government's coal-based power plant project in the area. The power plant required a wider channel and a port to receive fuel imports.

Of the five factors contributing to the cost increase, the project authorities have cited the fluctuation of the foreign currency exchange rate as the primary driver.

When the project was taken up in 2020, the US dollar exchange rate was around Tk 84, but it has now reached Tk 119.

Besides, the authorities have mentioned the increased spending for revenue payments, such as customs duty and value-added tax (VAT), as well as higher costs for land acquisition.

Thirdly, the authorities have allocated an additional Tk 675 crore due to changes in the detailed design, officially categorised as a "change of work scope".

> **Although the real physical progress on the project is still zero, authorities say five major factors have contributed to the project registering a 37 percent cost increase**

As per the project documents, the length of roads and highways for the port will be 16.53 kilometres, which was 27.51km in the initial plan. In the revised plan, the length of bridges has been extended to 10km from the previous 7km.

These, all together, have caused the cost escalation for the "change of work scope".

Fourthly, the rate schedule of the construction work has been changed as prices of construction materials have increased over the years.

Lastly, the project authorities estimate that consultation expenses will rise further due to the three-year extension.

"Not a single penny will be spent unnecessarily"

At a press briefing after the Ecnec meeting, Planning Adviser Prof Wahiduddin Mahmud said although the main project is the construction of the deep-sea port, a large chunk of money will be spent on the construction of the approach road and bridge.

In response to questions about the costs of roads and bridges, the adviser said that no "unnecessary" or "extra money" would be spent.

The adviser said the Ecnec approval is not the final step, as the Implementation Monitoring and Evaluation Division (IMED) and relevant ministries will continue to assess project development regularly.

"Our development partners have also agreed that they will cooperate with us so that no irregularities take place during implementation," he said.

"We can't say what the next government will do. We want to make some rules in this regard," he added.

A planning ministry official said they have to seek consent from the government to review the existing projects. In particular, they got directives to move on with the foreign-funded projects.

At the press briefing, Prof Mahmud said, "We badly need a deep-sea port in Bangladesh as other ports, including Chattogram and Payra, do not have enough capacity to handle the excessive pressure of the future trades."

READ MORE ON B3

BSEC invites three firms for stock listing

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has invited three major conglomerates, Meghna Group, City Group and PHP Group, to list their companies on the stock exchanges, aiming to provide good stocks for investors, according to an official press release.

The stock regulator held a meeting on October 7 at its headquarters in the capital, where Mostafa Kamal, chairman and managing director of Meghna Group of Industries; Md Hasan, managing director of City Group, and Mohammed Akther Parvez, director of PHP Group, were present.

The BSEC said it will continue inviting fundamentally strong companies to enhance the overall quality of the stock market, according to a press release issued yesterday.

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No FDI in Ctg port against country's interest

Adviser says

STAFF CORRESPONDENT, *Ctg*

The interim government will not approve any foreign direct investment (FDI) in the Chattogram port that will end up compromising the country's interests, said Brig Gen (retd) Sakhawat Hussain, adviser to the shipping, textile and jute ministries, yesterday.

The port's benefit to Bangladesh will be the foremost consideration in appointing a foreign operator, he said, adding that FDI was also important.

Hussain was addressing a press briefing at a Chattogram port jetty after visiting different project sites and infrastructure.

Chittagong Port Authority (CPA) Chairman Rear Admiral SM Moniruzzaman and senior port officials were also present.

Referring to Patenga Container Terminal (PCT) being leased out to Saudi firm Red Sea Gateway Terminal International, the advisor said the port authority was still earning revenue in spite of a foreign operator handling operations.

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EkPay offering payment services without licence

MD MEHEDI HASAN

EkPay, an e-payment system of the Aspire to Innovate (a2i) programme of the government, has been offering all types of payment services without obtaining a licence from the Bangladesh Bank (BB), which is in clear violation of the Payment and Settlement System Act-2024.

The a2i programme of the Information and Communication Technology (ICT) Division and Cabinet Division is supported by the United Nations Development Programme and is a special programme under the past government's 'Digital Bangladesh' agenda.

However, the payment system operator (PSO), which is owned by the a2i programme, has been operating services since 2019 without a licence.

> **In July of last year, EkPay applied for the BB licence for the first time but the central bank's Payment Systems Department rejected the application as a wrong application method was used**

No person, institution or company will be able to operate any payment system or provide payment services without obtaining a licence from the Bangladesh Bank, according to the Payment and Settlement System Bill-2024 passed in early July.

A PSO is an entity licensed by the Bangladesh Bank to operate a settlement system for payment activities.

The Bangladesh Payment and Settlement System Regulations-2014, introduced by the banking regulator, also bars such services without a central bank licence.

Industry people said the platform has been bypassing central bank regulations and conducting business for years while the regulator remained silent as the platform is owned by a government division.

In October 2019, Sajeeb Wazed Joy, ICT affairs adviser to former prime minister Sheikh Hasina, launched the platform during a ceremony organised by the ICT Division.

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STOCKS

DSEX ▲	CASPI ▲
0.22%	0.33%
5,323.21	14,961.74

COMMODITIES

Gold ▲	Oil ▼
$2,649.41 (per ounce)	$75.5 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.72%	▼ 1.00%	▼ 0.65%	▲ 4.59%
81,634.81	38,937.54	3,575.69	3,489.78

Economy better, yet in contractionary mode: PMI

STAR BUSINESS REPORT

The economic situation in Bangladesh improved in September compared to the preceding month but remains in a contractionary mode, suggests the latest Bangladesh Purchasing Managers' Index (PMI).

The Metropolitan Chamber of Commerce and Industry (MCCI) and Policy Exchange Bangladesh, which developed the PMI, released the latest analysis on Monday.

The PMI is based on monthly surveys conducted among senior private sector executives and it is meant to be a guide for predicting future economic trends, resource allocations and refining plans.

A PMI reading above 50 is said to indicate "expansion" while anything less represents "contraction".

Bangladesh's overall PMI score in September increased 6.2 points from August to reach 49.7.

It reflected slower contraction readings posted by the sectors of agriculture, construction and services, whereas manufacturing reverted to an expansionary trend.

The overall index suggests that the economy was gradually improving, despite some disruptions and challenges that the country was facing.

However, the economy has been in a contractionary mode for three consecutive months, far from the vibrancy witnessed prior to July.

The agriculture sector recorded contraction for the third month but at a slower rate. The sector posted a slower contraction rate for the indexes of new business, business activity, and employment.

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Luxury car sales slow to a near-stop

Market players blame economic and political uncertainty

JAGARAN CHAKMA

Sales of luxury sedans and sport utility vehicles (SUVs) have been almost nil since July this year as customers have reined in spending amid the ongoing economic downturn and sudden political changeover in Bangladesh.

According to various market insiders, sales have fallen by about 95 percent from around 800 units per month before August 5, when the Sheikh Hasina-led Awami League government was ousted by a mass uprising.

And although there is no credible data to back up this claim, Bangladesh Road Transport Authority (BRTA) data shows that around 734 SUVs were registered each month between January and September 2024.

However, there were no individual statistics on the registration of other types of premium cars as the BRTA tallies sedans in the normal vehicle class.

Besides, these figures exclude a small fraction of people who delay registering new vehicles.

Saad Nusrat Khan, managing director of Progress Motors, said they have not sold even a single car since July although they normally sell around eight units per month.

Citing that there has been no footfall at their Tejgaon outlet amid the political shift and economic uncertainty, Khan informed they have incurred losses of around 1 crore since July.

Furthermore, they have to sell at least six units per month to cover operational costs.

Khan also voiced concerns about overall sales in the premium segment falling further as the BRTA recently imposed a carbon tax on electric vehicles even though they do not cause carbon emissions.

Progress Motors, the country's sole distributor of luxury vehicles designed by German automaker Audi AG, sells cars for between Tk 1.69 crore and Tk 3.99 crore.

As such, only the affluent class buy these cars.

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KEY POINTS

- Sales of luxury cars, SUVs slumped **95%** since July
- Typical luxury auto buyers are businessmen
- Businesspeople have slowed spending on luxury cars

SALES

- Previous sales per month (before political unrest): **800** units
- Current sales per month: less than **40** units

WHY SALES DROPPED

- Economic downturn
- Political uncertainty