

# Star BUSINESS

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## Is cooling red-hot inflation to 7% by June possible?

**AM JAHID**

The central bank governor projects cooling the red-hot inflation, which has hovered above 9 percent since March last year, to 7 percent by June next year.

His optimism mainly stems from monetary tightening and duty cuts on essential commodities.

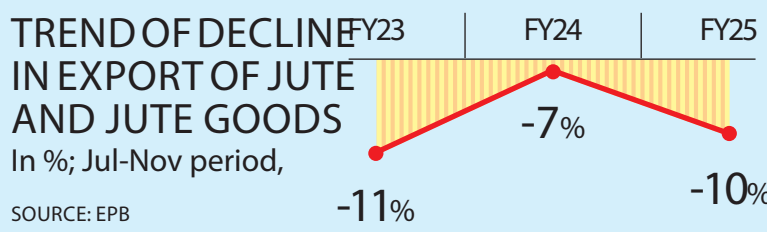
But the problem is that neither multilateral lenders nor local economists are in support of his projection -- at least not by the June 2025 deadline.

Bangladesh Bank Governor Ahsan H Mansur, an economist who has served the International Monetary Fund (IMF), is presumably well aware of the disagreements.

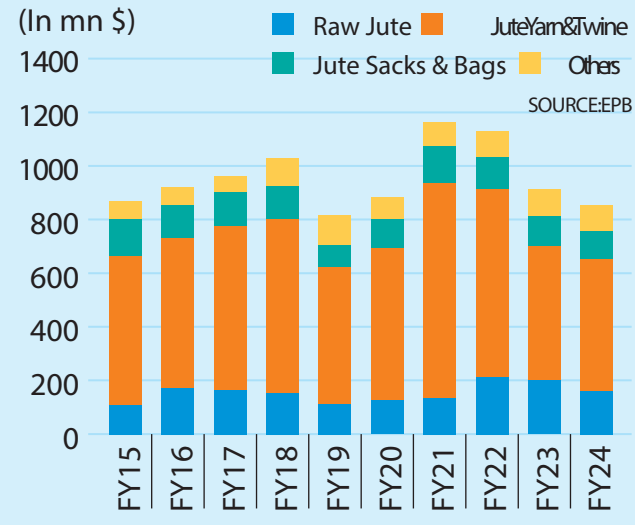
He also knows that any delay in easing price pressures will only be met with disbelief, disgust and frustration from the people.

Speaking of exhaustion, take the case of Abul Hasan, a 32-year-old private jobholder, who was about to buy a slice of cake to enjoy with his tea at a roadside stall at Farmgate in Dhaka.

## Jute millers struggling amid export slump



### YEARLY VALUE OF JUTE AND JUTE GOODS EXPORTS



**SOHEL PARVEZ**

Jute millers are struggling as exports show no sign of recovery and demand in the domestic market remains lukewarm amid slack implementation of the mandatory jute packaging act.

Industry operators say falling demand for jute -- once dubbed the golden fibre of Bangladesh -- has forced jute yarn makers to slash production by up to 40 percent, with only two dozen of a total of 77 spinners under the Bangladesh Jute Spinners Association (BJS) operating at full capacity.

"The health of the sector is dire. We are struggling too much. Only a few mills are solvent now," said BJS Chairman Tapash Pramanik.

Jute yarn is the main export item within the sector, and shipments of jute yarn and twine have been falling since their peak of around \$800 million recorded in 2020-21 fiscal year.

Many foreign buyers have switched to

cotton yarn and polypropylene (PP) due to the high prices of jute yarn caused by increases in raw jute prices.

Overall earnings from the natural fibre-based yarn slumped to \$492 million at the end of FY24, according to the Export Promotion Bureau (EPB).

Shipments of jute sacks and bags also declined during these years, bringing total receipts to \$855 million in FY24 -- a 6 percent year-on-year decrease.

During the July-November period of the current FY25, exports of jute and jute goods slipped 10 percent year-on-year to \$341 million.

"The situation of composite mills is not good either," Pramanik said.

"We are gradually losing competitiveness in the global market. We used to export to India, but exports there have declined after the imposition of anti-dumping duty by the Indian authorities."

The sector has not received the same level of policy support as it did in the past, while the cost of production has surged due

to increased raw jute prices, according to Pramanik.

"We could have navigated this turbulent time had the mandatory jute packaging act been implemented effectively in the local market," he said.

The government enacted a law in 2010 making jute sacks mandatory for packaging 19 essential products, including rice, wheat, maize, pulses and flour.

This was aimed at stabilising the sector amid fluctuating international demand and promoting the use of biodegradable bags.

However, it took five years for the rice millers to start complying with the law, and many have since switched to plastic bags.

"We are facing competition from plastics in the domestic market," Pramanik said.

An industry insider said most mills have significantly scaled down production to maintain minimal operations because of bank loans.

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"How much is the cake?" he asked the vendor while taking it from a dangling polythene bag.

"Tk 20," the shopkeeper replied.

"Tk 20 for this slim slice?" Hasan thought he had heard wrong. "I couldn't even hold the piece of cake for a while," he joked, before turning serious and asking, "How long can I bear the extra burden of expenses for my family? I am already tired and disgusted with the unusually high commodity prices."

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## Food distribution falls despite persistent inflation

**MD ASADUZ ZAMAN**

Despite the fact that the population has been reeling from heightened inflationary pressures over the past two years, public food distribution under various social protection schemes fell by about 6 percent year-on-year in the first half of the current fiscal year.

Public agencies, including the Directorate General of Food and the Ministry of Disaster Management and Relief, only distributed about 13.78 lakh tonnes of rice and wheat through food distribution programmes until December 5, according to data from the food ministry.

This was a marked decrease from the 14.63 lakh tonnes distributed by state agencies between July 1 and December 14 of the previous fiscal year.

The Awami League government, which was ousted by a mass uprising on August 5, had cut food distribution plans this fiscal year, lowering its target from 33.56 lakh tonnes in FY24 to 30.3 lakh tonnes in FY25. Economists said it was an illogical decision, especially in light of soaring food inflation.

Inflation hit a four-month-high of 11.38 percent in November, while food inflation soared to 13.80 percent from 12.66 percent in October, according to data from the Bangladesh Bureau of Statistics.

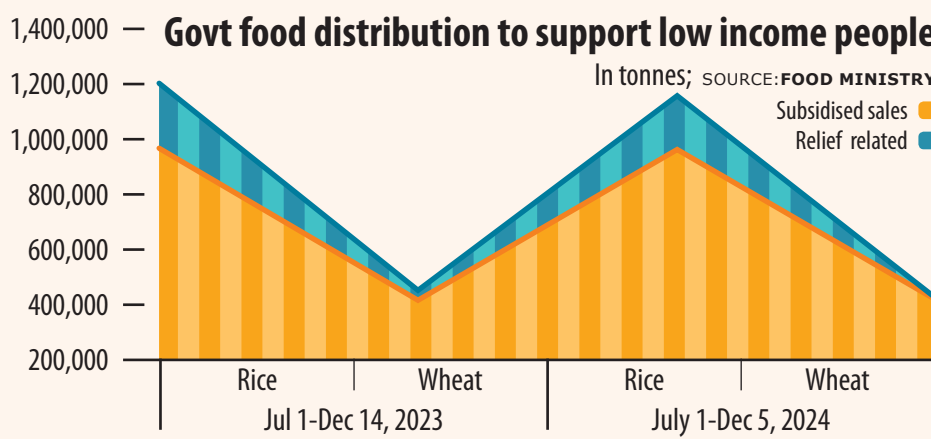
Given the cost of living crisis, scaling up public food distribution programmes for the poor and the vulnerable is the need of the hour. But the government appears to be shying away from this task, according to experts.

"Low distribution is not logical as this year's economic situation is more dire than that last year," said M Asaduzzaman, former research director at the Bangladesh Institute of Development Studies (BIDS).

"Inflation is severely hurting low-income people," he said, urging the government to increase the target.

Asaduzzaman also raised questions about government data on food distribution.

"How can we believe the food distribution data when everything else was based on falsehoods?" he asked, referring to the recent



white paper on the state of the economy, which revealed that the immediate past government had been fudging the numbers to prop up a false narrative of economic growth.

"It is clear that the prices of food grains have increased. People from all walks of life are suffering now," he said.

Data shows that the decline in food

distribution was mostly linked to reduced grain transfers under the Food for Work (FFW) programme.

The relief and disaster management ministry distributed 52,742 tonnes under the FFW programme last year. This year, it has managed to provide only 68 tonnes.

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## A depressing week for stock investors

**STAR BUSINESS REPORT**

Stock investors saw further declines in major indices as many listed companies presented lacklustre earnings disclosures for the first quarter of the current fiscal year of 2024-25.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 91 points, or 1.76 percent, to 5,105 in the span

of one week.

The index had been falling in the previous week too.

The DS30, the blue-chip index, fell 30 points, or 1.57 percent, to 1,881 last week.

At the same time, the DSES, the index for Shariah-based companies, declined 24 points, or 2.06 percent, to 1,140.

Stock market analysts attributed the

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**C.O. OF THE YEAR 2024**

**Md. Mohsin Habib Chowdhury**

Chief Operating Officer and Director  
Berger Paints Bangladesh Limited

He has been honored with the prestigious C.O. of the Year 2024 Award at the Bangladesh C-Suite Awards held at Le Meridien Dhaka on December 12, 2024. Heartfelt congratulations from Berger Family on this great achievement.

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