

# Star BUSINESS

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## Textile, garment exporters urge govt not to hike gas price

STAR BUSINESS REPORT

Textile millers and garment factory owners in Bangladesh yesterday urged the interim government not to hike gas prices any further as doing so would increase the production costs and harm their competitiveness in global markets.

The proposed 150 percent hike in gas prices, from Tk 30 per cubic metre to Tk 75, will deter investment in the primary textile and garment sectors, and ultimately affect employment generation in the country.

Leaders of the Bangladesh Textile Mills Association, Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, and Bangladesh Terry Towel and Linen Manufacturers and Exporters Association made the call through a joint letter to Muhammad Fouzul Kabir Khan, adviser to the power ministry.

The country's demand for gas was 25,947 million cubic metres (MMCM), of which 18 percent was supplied to the industrial sector in fiscal 2023-24, the associations said in the letter.

Of the gas supplied to industries, 30 percent, or 1,400 MMCM, was allocated to the garment sector. If the gas price is hiked by Tk 45 per unit, the garment sector will have to spend an additional Tk 6,300 crore annually, which is equal to 1.5 percent of the combined export earnings of apparel industries.

Meanwhile, the captive power plants of the primary textile sector, which consume 10 percent of the country's demand or 2,595 MMCM annually, will have to spend an additional Tk 11,675 crore each year, amounting to 2.7 percent of the sector's export value.

The capacity of local industries will decline, and they will lose global competitiveness because of these high additional expenditures, the associations mentioned in the letter.

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STOCKS	
DSEX ▼	CASPI ▼
0.04%	0.21%
5,130.06	14,353.71

COMMODITIES	
Gold ▼	Oil ▼
\$2,762.86	\$74.53
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.06%	▼ 0.92%	▼ 0.2%	▼ 0.06%
75,403.03	39,565.80	3,796.71	3,250.60

## EU exploring cooperation deal with Bangladesh

STAR BUSINESS REPORT

European Commission (EC) President Ursula von der Leyen has said that the European Union wants to continue its ongoing collaboration with Bangladesh and explore new avenues to build partnerships, including through a possible Comprehensive Partnership and Cooperation Agreement (CPCA).

"We remain open to discussing specific needs with sectoral partners and considering additional support that aligns with ongoing initiatives," she said in a letter to Chief Adviser Prof Muhammad Yunus on January 14.

The EC stated that there is substantial potential under the Global Gateway initiative for EU investments in secure and reliable networks and connectivity, including railways, water resources, climate adaptation, health, digital services, and energy.

"In parallel, we are working with your administration to bolster the capacity of key institutions. We intend to maximise the impact of this work by integrating targeted technical assistance to support policy development and effective governance in these sectors, sharing EU experience where relevant," she added.

The EC expressed its interest nearly two and a half months after Bangladesh and the EU completed a two-day introductory meeting on the CPCA in the first week of November.

The meeting, originally scheduled for July 31, was postponed amid student-led protests that eventually led to the fall of the Awami League government on August 5.

The EU is the

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## Govt's borrowing from banks rises to Tk 16,000cr so far this fiscal year



### KEY POINT

Govt targets to borrow Tk 137,500cr from banking sector in FY25

### WHY BANK BORROWING RISES

- » Banks willing to invest in treasury bills and bonds rather than private sector
- » Slow private sector credit growth
- » Slowdown in tax collection
- » High interest rate in govt treasury bills and bonds
- » Lacklustre business and economic activities

### BY THE NUMBERS

(During Jul-Jan 22 of FY25)

- » Govt borrowed Tk 74,421cr from commercial banks
- » It repaid Tk 58,661cr to BB
- » Net bank borrowing stood at Tk 15,759cr
- » Net bank borrowing was negative Tk 778.30cr in the same period of FY24
- » Govt borrowed Tk 31,008cr from non-banking sector

MD MEHEDI HASAN

The government's net bank borrowing has risen sharply due to lacklustre tax collection, slow private sector credit growth and the overall economic slowdown since the political changeover in August last year.

Net bank borrowing is calculated based on the amount that the government has taken from banks subtracted by that repaid to Bangladesh Bank.

Until January 22 of FY25, net bank borrowing by the government stood at Tk 15,759 crore, up from a balance of negative Tk 778.30 crore during the same period of the previous fiscal year, as per the latest data from the Bangladesh Bank.

However, the government's borrowing from commercial banks rose at a slow pace when compared to the target for FY25, which was set at Tk 137,500 crore.

Central bank data illustrated that the government borrowed heavily from commercial banks, taking out around Tk 74,420 crore until January 22.

In the same period, it repaid a little over Tk 58,661

crore to the central bank.

The government generally borrows from the banking system through treasury bills and bonds.

Yet, until FY24, the government borrowed directly from the central bank. However, that facility was suspended by the central bank after economists and insiders criticised the move, saying it was fuelling inflation.

Seeking anonymity, a senior central bank official told The Daily Star that the government had no option but to borrow heavily from commercial banks as the central bank had suspended lending.

He added that the private sector is not interested in taking loans now due to high interest rates and political uncertainty.

This is demonstrated by a slowdown in private sector credit growth, which decelerated to 7.66 percent in November last year, the lowest since May 2021, when it was 7.55 percent, BB data showed.

As a result of the private sector's reluctance to borrow, banks have more funds on hand and are very interested to invest in government treasury bills and bonds.

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## Govt may lift ban on aromatic rice exports

BAHARAM KHAN and SUKANTA HALDER

The interim government may lift the ban on exports of fragrant rice to increase revenue and address the long-standing demand of the country's business community to boost trade and enhance export earnings.

A senior official of the Ministry of Food told The Daily Star on Sunday that local traders reported significant quantities of aromatic rice are being smuggled from Bangladesh to India.

"Some Indian exporters are then exporting this rice to other countries using their own branding, causing Bangladesh to lose its market," the official said, adding that local traders claim the current production of rice exceeds domestic demand.

There is significant demand for aromatic rice among non-resident Bangladeshis and people of Bangladeshi origin worldwide, according to exporters.

Government data indicates there are 7.5 million Bangladeshis living abroad, but if immigrants are included, the total reaches 9 to 10 million.

Additionally, people with South Asian and Middle Eastern backgrounds are also major consumers of aromatic rice.

In October 2023, the government of Bangladesh imposed an indefinite ban on rice exports, including both aromatic and non-aromatic varieties. The move was a precautionary measure

aimed at safeguarding the nation's food security.

Before the ban, various businesses were exporting aromatic rice to around 136 countries, including the United Arab Emirates, Europe, the United States, the United Kingdom, Malaysia, Singapore, Brunei, South Korea, and European nations.

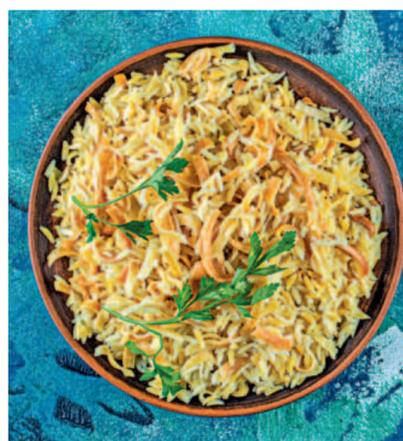
Bangladesh began exporting aromatic rice in the fiscal year 2009-2010 by shipping 663 tonnes.

Md Masudul Hasan, secretary at the Ministry of Food, informed The Daily Star on January 22 that a policy decision regarding the export of aromatic rice was made during a meeting of the Food Planning and Monitoring Committee.

**There is significant demand for aromatic rice among non-resident Bangladeshis and people of Bangladeshi origin worldwide, according to exporters**

However, he clarified that no official order had been issued, though he expressed confidence that it would be forthcoming. The secretary also noted that no final decision has been made regarding the price and quantity of rice to be exported.

These matters are still under discussion and will be decided by the technical committee, with a decision



### CURRENT SCENARIO

In Bangladesh, 33 varieties of aromatic rice are cultivated

Local traders claim current production exceeds domestic demand

### LIFTING EXPORT BAN MAY ...

- » Increase revenue, boost trade and enhance export earnings
- » Encourage farmers to grow these varieties of rice
- » Give a fillip to agro-processed food exports

Rice imports were banned in Oct 2023 to safeguard food security

Significant quantities of aromatic rice are being smuggled to India

expected shortly.

Hasan emphasised that the government would not permit exports of large quantities of aromatic rice and assured that any export permission would be carefully regulated to avoid jeopardising the nation's food security.

When asked about the matter yesterday, Food Ministry Adviser Ali Imam Majumder told The Daily Star that although a policy decision regarding the export of aromatic rice was made during the FPMC meeting.

However, he added that final approval was yet to be granted.

"Some additional aspects are being

examined. If everything is in order, the government will give final approval," he added.

### WHAT EXPORTERS SAY

Eleash Mridha, managing director of PRAN Group, a leading food processor and exporter, told The Daily Star that if the government's decision is implemented, agro-processed food exports would flourish.

"Farmers will be encouraged to grow these varieties of rice. The production of aromatic rice in our country far exceeds its consumption, leading to a significant drop in prices," he said.

In February-March 2024, aromatic

rice was selling at the retail level for a maximum of Tk 160 to Tk 165 per kilogram. However, it is now priced at Tk 120 to Tk 125 per kg, he added.

Mridha also warned that farmers would eventually stop growing aromatic rice if they could not benefit, ultimately impacting the economy.

Faria Yasmin, chief business officer of ACI Foods & Commodity Brands, welcomed the government's move, saying: "This will strengthen Bangladesh's brand image."

"Despite high demand, the ban over the past two years caused us to lose the

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## ACI directors raise their stakes

STAR BUSINESS REPORT

The directors of ACI have moved to increase their stakes in the company recently, with the latest development in this regard coming from the company's chairman on Sunday.

Through a disclosure on the Dhaka Stock Exchange (DSE) website, M Anis Ud Dowla, chairman of ACI, shared his plans to purchase 16 lakh shares of the company at the prevailing market price through the block market within the next 30 working days.

If completed, the purchase will raise his total shareholding to 1.69 crore shares, representing 19.33 percent of the total 8.76 crore outstanding shares of ACI.

Considering the trading price of Tk 147.60 per share on Sunday, the transaction is valued at approximately Tk 23.61 crore, reflecting the chairman's confidence in the company's prospects.

This announcement follows recent stake increases by other key directors.

On January 15, Shusmita Anis, a director of ACI, completed the acquisition of 15.15 lakh shares at the prevailing market price through the DSE.

The purchase increased her holdings to 29.90 lakh shares, or 3.41 percent of the company's total shares.

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