

# Star BUSINESS



## Big firms close to govt controlled commodity market for 15 years

Say student leaders, trade representatives

### STAR BUSINESS REPORT

Economists, student leaders, and trade representatives have accused local big businesses with close ties to the previous government of engaging in price gouging of essential items over the past 15 years.

At a discussion in Dhaka yesterday, they said that some of these conglomerates, during the deposed Awami League regime, were so influential that they set higher prices for imported goods on their own after releasing shipments at Chittagong Port.

The event, titled "Fair Pricing of Food Commodities: Searching Market Supervision Strategies," was organised by The Daily Bonik Barta at the Pan Pacific Sonargaon Dhaka.

Commerce Adviser Sk Bashir Uddin was among the participants.

The speakers argued that because the highest levels of the previous government were complicit in manipulating commodity prices, big businesses faced no consequences. Instead, they received gas connections for their new factories, which pushed small and medium enterprises out of the market.

"The big businesses were so powerful that they divided the whole country like their territories of the kingdom," said Sarjis Alam, chief coordinator of the Jatiya Nagorik Committee.

"For their convenience, they did not compete in trade; rather, they helped each other to become more powerful," the student leader added.

Now, after the political changeover in August last year, several speakers, including Sarjis, called for improving law and order to prevent extortion at various stages of the supply chain.

Sarjis admitted that the law-and-order situation has not improved to the expected level so far.

He said that people want to see the government fulfil its commitments and hoped the two dozen advisers of the interim government would deliver at least 24 significant achievements that would be remembered by the people.

He also hoped that market monitoring would no longer be a superficial exercise but would instead produce meaningful results.

Anu Muhammad, an economist and prominent rights activist, said the government must take concrete steps to revive the economy, improve law and order, and establish a commission for the agricultural sector.

Bonik Barta Editor Dewan Mahmud moderated the discussion.

Apart from extortions, the event addressed the higher exchange rate of the US dollar and complex price-fixing mechanisms, which have also impacted commodity prices.

A trader from Naogaon said, "In my district, there were more than 60 rice husking mills, but now 11 big companies are controlling the market as small enterprises can no longer compete."

Abdur Rahim Khan, additional secretary to the commerce ministry, said the government has been trying to introduce an Import Development Fund so that importers can take loans at low-interest rates for importing goods.

Abdur Rahman Khan, chairman of the National Board of Revenue (NBR), said, "Until now, poor

### REASONS BEHIND RED-HOT COMMODITY MARKET

Top firms dominated domestic commodity market in last 15 years

Big businesses got gas lines, smaller ones were neglected

Top level of govt was involved in price gouging of essential items

Extortions riddled commodity supply chain at numerous stages

Graft marred the process of selecting beneficiaries for subsidised food



### OTHER FACTORS

Steep depreciation of taka

A hike in VAT to meet revenue target

Higher freight charges for imports



people have been contributing more to the government coffers, as the majority of revenue comes from customs duties rather than income tax, despite there being 1.60 crore tax identification number holders in the country."

"Of this number, some 60 percent of people submit tax returns."

He added, "Many people say that Bangladesh's tax-to-debt ratio is still better, allowing it to take

pesticides to stabilise the market."

Commerce Adviser Sk Bashir Uddin said, "The Hasina government distributed smart cards to 1 crore families, but there were many anomalies, as some families even received three cards despite not needing them."

"After scrutiny, currently 57 lakh smart cards are valid for selling TCB goods at lower prices. Nearly 25 lakh smart cards may show anomalies if further investigation is conducted," he added.

"The government has been working to give 1 crore cards to one crore genuine beneficiary families, even in rural areas," he said.

He also said that the prices of essential commodities are lower in international markets, but in Bangladesh, the prices are still high.

The adviser also said that they buy Tk 12,000 crore worth of commodities from both local and international markets through floating tenders in a year to sell to consumers at a lower price.

Md Hasan, managing director of CityGroup, said local importers face a lot of losses because of the Tk 2 difference in the dollar exchange rate, which the government should also notice.

The higher freight charge is another cause for price hikes in domestic markets, as Bangladesh does not have the logistics, like mother vessels.

AHM Ahsan, chairman of the Bangladesh Competition Commission, said the commission has settled 52 out of 102 anti-competition cases so far. But almost all the cases are now pending with the High Court for a verdict.

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on more foreign loans, as developed countries can borrow up to 45 percent of their GDP. However, developed countries' repayment capacity is higher because their tax collection is also higher."

The revenue board chief also said, "Although the NBR has reduced the tariff on the import of dates by Tk 60 per kilogram, the prices are still too high in the market."

Similarly, he said, "The NBR has reduced duties by at least Tk 50 per litre on soybean oil, as well as on the import of rice, eggs, sugar, potatoes, onions, and

## Remittance crosses \$2b for sixth month

### STAR BUSINESS REPORT

Bangladesh received over \$2 billion in remittances in January for the sixth consecutive month, thanks to a disruption in the flow of money through informal channels following the fall of the Sheikh Hasina-led government last August amidst a student uprising.

In January, Bangladeshis working and living abroad sent \$2.18 billion in remittances, a building block of Bangladesh's economy and a major enabler of reducing imbalances in the external accounts.

The amount was up 3.4 percent year-on-year.

However, the increase was lower than that in the previous month, as Bangladesh Bank had imposed restrictions on banks from offering high exchange rates to collect foreign currencies.

In December, remittance inflows surged 33 percent year-on-year, according to data from Bangladesh Bank (BB).

Banks were allowed to offer high rates to collect foreign exchange through remittances until December.

Since January, banks have been asked to offer a maximum of Tk 122 per dollar to collect remittances, said a treasury head of a private commercial bank.

For this reason, the growth of remittances slightly slowed, he said, adding that banks now have to maintain uniform rates to collect forex from remitters and exporters.

However, Mati Ul Hasan, managing director of Mercantile Bank PLC, said the remittance inflow in January had followed the usual trend.

Bangladeshi expatriates will send more remittances in the coming months ahead of the holy month of Ramadan and the Eid ul-Fitr festival, he said.

The country's forex market is now liquid due to the growing trend of remittance inflows in recent months, he said.

Including the January inflow, a total of \$15.96 billion had flowed in as remittances since July of fiscal year 2024-25, registering a 24 percent year-on-year growth, according to BB data.

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### MONTH-WISE GROWTH OF REMITTANCE IN FY25

In %; SOURCE: BB



### REMITTANCE IN JANUARY

In million \$; SOURCE: BB



## ACI ventures into herbal medicine market

### STAR BUSINESS REPORT

ACI Ltd is expanding its footprint in the pharmaceutical industry, as it announced the opening of a new subsidiary yesterday to capitalise on the growing demand for high-quality herbal medicine in Bangladesh.

The conglomerate disclosed the launch of the new subsidiary, ACI Herbal and Nutraceuticals Ltd, through a notification on the Dhaka Stock Exchange (DSE) website.

The new entity will have an authorised capital of Tk 100 crore and a paid-up capital of Tk 10 crore. ACI Ltd will hold an 85 percent stake in this new subsidiary.

The company aims to begin production by the end of this year, M Mohibuz Zaman, managing director and chief executive officer of ACI HealthCare Ltd, a subsidiary of ACI Ltd, told The Daily Star.

The sale of the non-chemical remedies will begin early next year, he added.

"We will manufacture tablets, ointments, syrups, and more at this new facility, which will be exclusively dedicated to scientific herbal medicine," said Zaman.

"Over time, we plan to expand our product range to cater to growing consumer demand," he said.

The decision to establish the new subsidiary was made at a meeting of the company's board of directors on January 30.

However, the formation of the new company is subject to approval from the relevant authorities, according to the company's disclosure.

The move comes as demand for herbal medicine has surged in Bangladesh, with consumers increasingly seeking natural remedies backed by scientific research.

Industry insiders estimate that the herbal medicine market in the country generates

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## Ha-Meem Group installs 4.4MWp rooftop solar power plant

### AHSAN HABIB

Ha-Meem Group has installed a second rooftop solar power plant capable of producing 4.4-megawatt peak (MWp) of electricity, raising its total renewable power generating capacity to 12.2MWp.

MWp measures the maximum power output of a solar photovoltaic (PV) system under ideal conditions. The group says this is the largest PV system among those at Bangladeshi-owned garment and textile factories.

The country's largest industrial rooftop solar power system was installed at the Korean Export Processing Zone in Chattogram in 2020.

This plant, operated by Youngone Corporation, currently generates 40MWp of electricity and is scheduled to produce 50MWp by the end of this year.

The latest PV system in Ha-Meem Group Industrial Park at Gazipur's Kaliganj upazila was installed by FloSolar Solutions, a local company, while the previous one was installed by Solaric, a subsidiary of a Singapore-based company.

The 12.2MWp system cost around Tk 54 crore, with approximately Tk 7 crore coming as a grant from the "Program to



Ha-Meem Group says this is the largest solar PV system among those at Bangladeshi-owned garment and textile factories.

PHOTO: COLLECTED

Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garments Sector."

"The company is committed to global sustainability forums and buyer compliance requirements for renewable energy," said Tanul Chokroborty, in

charge of the energy department at Ha-Meem Group.

Ha-Meem Group aims to reach net zero by 2050, meaning balancing the amount of greenhouse gases it produces with the amount it removes from the atmosphere.

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## Olympic to buy land worth Tk 17cr for expansion

### STAR BUSINESS REPORT

Olympic Industries Ltd, a leading biscuit manufacturer, announced yesterday that it has decided to purchase land worth Tk 17.03 crore in various locations in Sonargaon, Narayanganj, for future expansion.

The total amount of land to be acquired is 273 decimals, the company said in a filing with the Dhaka Stock Exchange (DSE) yesterday.

Olympic stated that it would acquire 84 decimals of land behind its Lolati factory for Tk 3.36 crore from five sellers at a rate of Tk 4 lakh per decimal.

Additionally, it will purchase 118.71 decimals of land near the same factory for Tk 11 crore.

Olympic will also buy another 35 decimals for Tk 1.4 crore from four sellers. Moreover, it will acquire 18.17 decimals for Tk 72.68 lakh from six sellers. Both acquisitions are priced at Tk 4 lakh per decimal.

Furthermore, the company will purchase 7.75 decimals for Tk 20 lakh from three sellers and 10.18 decimals for Tk 35.63 lakh. The latter purchase, under Changain Mouza, is priced at Tk 3.5 lakh per decimal.

The biscuit maker also stated that it would bear all registration costs, including VAT, tax, and other charges.

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## Mutual Trust Bank unveils logo at annual town hall

STAR BUSINESS DESK

Mutual Trust Bank PLC (MTB) organised "MTB Annual Town Hall 2025" in Dhaka recently.

MTB's Annual Town Hall 2025 served as a platform to celebrate past achievements, outline future strategies, and reinforce the bank's position as a trusted financial institution in Bangladesh.

The event marked a milestone as MTB unveiled its new logo, signifying the bank's transformation and future-forward vision.

Syed Manzur Elahi, chairman of the bank, joined the event virtually and launched the logo, the bank said in a

press release.

Speaking on the occasion, Elahi highlighted the importance of evolution and adaptability in today's banking landscape.

With this rebranding, a new era begins for MTB—one of innovation, resilience, and unwavering mutual trust.

The event, themed "Navigating Challenges, Building Trust," brought together over 3,000 employees from across the country.

MTB's new logo launch symbolises a bold new identity built on the bank's unwavering #LineofTrust. It reflects MTB's commitment to innovation, reliability, and progress—ushering in a future where trust leads the way.



Rashed Ahmed Chowdhury, vice-chairman of Mutual Trust Bank, and Syed Mahbubur Rahman, managing director and CEO, pose for photographs at the "MTB Annual Town Hall 2025" in Dhaka recently. PHOTO: MUTUAL TRUST BANK

## Commercial Bank of Ceylon teams up with It's Humanity Foundation for training

STAR BUSINESS DESK

The Commercial Bank of Ceylon PLC has collaborated with It's Humanity Foundation (IHF), a non-profit organisation in Dhaka, for a corporate social responsibility initiative, aimed at providing vocational training to underprivileged young adults.

This programme, facilitated through IHF's "Hatey Khor" project, will equip selected youth with technical skills to secure livelihoods upon graduation, according to a press release.

Najith Meewanage, chief executive officer of the bank, handed over a cheque of the CSR fund to Noor-E-Fayzun Nahar, general member of IHF, at the bank's head office in Dhaka recently.

This initiative highlights the bank's commitment to empowering communities and fostering self-reliance among youth.

Bashira Harun, chief executive officer of IHF, and Maisha Lubaba, general secretary, along with other officials from both the organisations, were also present.



Noor-E-Fayzun Nahar, general member of It's Humanity Foundation, receives a cheque from Najith Meewanage, chief executive officer of the Commercial Bank of Ceylon, at the bank's head office in Dhaka recently. PHOTO: COMMERCIAL BANK OF CEYLON

## Guardian Life Ins partners with Robi to enhance employee well-being

STAR BUSINESS DESK

Guardian Life Insurance Limited recently signed a partnership agreement with Robi Axiata Limited, aimed at providing comprehensive insurance coverage to over 1,450 employees and their dependents.

Sheikh Rakibul Karim, additional managing director and acting CEO of the life insurer, and Mohammad Maruful Alam Chowdhury, acting chief human resources officer of the mobile service operator, signed the deal in Dhaka, said a press release.

Through this agreement, employees

of Robi, RedDot Digital Limited, Axentec PLC, r ventures, and their families will benefit from Guardian Life's group insurance plans.

Discussions at the event reflected the mutual dedication of both the organisations to provide a supportive and secure environment for the workforce.

Employee welfare is increasingly being recognised and prioritised across the world as a prerequisite for organisational success.

Keeping up with the trend, Robi has now set a standard for corporate responsibility and employee care by partnering with Guardian Life Insurance.



Sheikh Rakibul Karim, additional managing director and acting CEO of Guardian Life Insurance, and Mohammad Maruful Alam Chowdhury, acting chief human resources officer of Robi Axiata, pose for photographs after signing an agreement in Dhaka recently. PHOTO: COLLECTED

## Prime Bank organises open credit programme for farmers in Narail



Md Abdul Kuddus, additional director of the Bangladesh Bank Khulna office, and Md Nazeem A Choudhury, deputy managing director of Prime Bank, pose for photographs with farmers at an open credit programme in Kalia upazila of Narail yesterday. PHOTO: PRIME BANK

STAR BUSINESS DESK

Prime Bank PLC has extended agricultural loans to 40 farmers in Kalia upazila of Narail as part of its commitment to fostering the growth and development of the country's agricultural sector.

Prime Bank organised an open credit programme with farmers of the district yesterday, said a press release.

Md Abdul Kuddus, additional director of the Bangladesh Bank Khulna office, attended the event.

Speaking at the event, Md Nazeem A Choudhury, deputy managing director of Prime Bank, said, "Agriculture is indispensable for ensuring food security, creating employment, and alleviating poverty in Bangladesh."



MA Akmal Hossain Azad, chairman of Jamuna Oil Company and member (senior secretary) of the Physical Infrastructure Division at the Planning Commission, presides over the company's 530th board meeting at its Dhaka liaison office in Karwan Bazar recently. PHOTO: JAMUNA OIL COMPANY

## Jamuna Oil Company holds board meeting

STAR BUSINESS DESK

Jamuna Oil Company Limited held its 530th board meeting at its Dhaka Liaison Office in Karwan Bazar recently.

MA Akmal Hossain Azad, chairman of the company and member (senior secretary) of the Physical Infrastructure Division at the Planning Commission, presided over the meeting, according to a press release.

Important decisions of the company were made during the board meeting.

Nurunnahar Chowdhury, Kaosar Zahura, Md Shamsul Alam Bhuiyan, Kabir Mahmood, Anika Chowdhury, Manzarey Khorshed Alam, Shaikh Al Amin, Saleh Ahmed Khasru, and Mustafa Quadrat-I-Elahi, directors of the company, attended the meeting.

Md Masudul Islam, company secretary, was also present.

## Dollar advances against major currencies

REUTERS, New York

The US dollar advanced against major currencies on Friday, while the Canadian dollar weakened and the Mexican peso edged higher after the White House reiterated that President Donald Trump will impose tariffs on Saturday.

Reuters had earlier reported, citing sources familiar with the tariff deliberations, that Trump would announce tariffs on Canadian and Mexican imports on Saturday but delay collection of the duties until March 1 and offer a limited process for certain imports to be exempted.

White House spokesperson Karoline Leavitt denied the report, calling it "false", adding that tariff duties would be published on Saturday and would take effect immediately.



Earlier on Friday, US Commerce Department data showed that the Personal Consumption Expenditures (PCE) Price Index rose 0.3 percent last month, the largest increase since last April, amid a surge in consumer spending, suggesting the Federal Reserve would probably be in no hurry to resume cutting interest rates.

"It's very much tariffs and the administration that's driving this over-dollar strength move; one of the biggest challenges is that the stronger dollar has been one trade that has sustained itself if you wanted to put out a theory that there's a Trump trade out there," said Marvin Loh, senior global market strategist at State Street in Boston.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (FEB 2, 2025)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 70-Tk 85	0.65 ↑	13.14 ↑
Coarse rice (kg)	Tk 54-Tk 56	4.76 ↑	5.77 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-13.27 ↓
Lentil (kg)	Tk 105-Tk 110	0	0
Soybean (litre)	Tk 174-Tk 176	6.38 ↑	8.36 ↑
Potato (kg)	Tk 20-Tk 30	-52.38 ↓	-39.76 ↓
Onion (kg)	Tk 45-Tk 55	-31.03 ↓	-41.18 ↓
Egg (4 pcs)	Tk 44-Tk 48	-3.16 ↓	-3.16 ↓

SOURCE: TCB

Government of the People's Republic of Bangladesh  
Office of the Executive Engineer  
Education Engineering Department  
Narail  
www.eed.narail.gov.bd

**e-Tender Notice No. 48-16/2024-2025 Date: 02/02/2025.**

e-Tender is invited in the National e-GP System Portal (<http://www.eprocure.gov.bd>) for the procurement of the following works Under EED, Narail District as mentioned below.

SL No	Tender ID No	Package No	Identification of Package	Procurement Method	Tender Document last selling/ Downloading Date & Time	Tender Closing Date & Time
01	1070023	NARAIL/G HS/2024-25/WD-222	Construction of 06 Storied Academic Building With 06 Storied Foundation In/C Sanitary, Water Supply & Electrification Works At Narail Govt. High School, Sadar, Narail	OTM	02/03/2025 (16:00)	03/03/2025 (13:00)

This is an online tender where only e-Tender will be acceptable in the National e-GP system portal and No offline/hard copies will be accepted. To submit e-Tender AI renewed up to FY 2024-25 enlistment Category Contractor of Education Engineering Department under all district who are registered in the National e-GP system portal (<http://www.eprocure.gov.bd>) will be eligible. The fees for downloading the e-Tender document from the National e-GP system portal have to be deposited online through any registered bank's branches up to 12:00 on 03/03/2025. Further information and guidelines are available in the national e-GP system portal and from e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)). The procuring entity reserves the right to accept or reject any or all tender(s) without assigning any reason whatsoever.

(Arunava Roy)  
Executive Engineer  
Education Engineering Department  
Narail.

GD-337

Government of the People's Republic of Bangladesh  
Ministry of Housing and Public Works  
Bangladesh Secretariat, Dhaka  
www.mohpw.gov.bd

Memo No. 25.00.0000.016.26.001.24-42 Date: 02.02.2025

**Invitation for Tenders**

1. Ministry/Division	: Ministry of Housing and Public Works			
2. Agency	: Ministry of Housing and Public Works			
3. Procuring Entity Name	: Secretary, Ministry of Housing and Public Works			
4. Invitation for	: Hiring of 01 Sedan Car Vehicle for 2 <sup>nd</sup> Court of Settlement			
5. Procuring Entity District	: Dhaka			
6. IFT Ref. No.	: 25.00.0000.016.26.001.24-			
7. Date	: 02.02.2025			
<b>Key Information</b>				
8. Procurement Method	: Open Tendering Method (OTM)			
<b>Funding Information</b>				
9. Budget and Source of Funds	: GoB (Non-Development)			
10. Development Partners (if applicable)	: N/A			
<b>Particular Information</b>				
11. Project/Program Code (if applicable)	: N/A			
12. Tender Package No.	: Mohpw/2024-25/03			
13. Tender Package Name	: Hiring of 01 Sedan Car Vehicle for 2 <sup>nd</sup> Court of Settlement			
14. Publication Date	: 03.02.2025			
15. Tender Last Selling Date (must be the date prior to the day of tender closing date)	: 17.02.2025			
16. Tender closing Date and Time	: 18.02.2025; Time: 03.00 PM			
17. Tender Opening Date and Time	: 18.02.2025; Time: 03.00 PM			
18. Name and Address of the office's Selling tender document (Principal) -Receiving Tender Document -Opening Tender Document	: Ministry of Housing and Public Works			
19. Place/date/Time of Pre-Tender Meeting	: On demand of tenderer			
<b>Information For Tenderer</b>				
20. Eligibility of Tenderer	: As mentioned in the Tender Document			
21. Name of Services	: Hiring of 01 Sedan Car Vehicle for 2 <sup>nd</sup> Court of Settlement			
22. Brief Description of Services	: Hiring of 01 Sedan Car Vehicle including Driver, Fuel, etc for 2 <sup>nd</sup> Court of Settlement			
23. Price of Tender document	: 1000/-			
Package No	Identification of Package	Location	Tender Security Amount (Tk)	Completion Time in Weeks/Months
01	Hiring of 01 Sedan Car Vehicle for 2 <sup>nd</sup> Court of Settlement (Minimum 1500-1800CC- Minimum 05 Seater, Model: Not before 2017)	Dhaka Metropolitan Area	25,000/-	12 (Twelve) Months
<b>Procuring Entity Details</b>				
24. Name of Official Inviting Tender	Md. Hamidur Rahman Khan			
25. Designation of Official Inviting Tender	Secretary, Ministry of Housing and Public Works, Bangladesh Secretariat, Dhaka.			
26. Address of Official Inviting Tender	Room No-202 Secretary, Ministry of Housing and Public Works, Bangladesh Secretariat, Dhaka.			
27. Contact Details of Official Inviting Tender	Phone: 02-55100520, 02-9546255, 02-9512231; Email: addlsecadmin@mohpw.gov.bd			
28. The procuring entity reserves the right to reject all the Tenders or annul the Tender proceedings (Details of Procuring Entity/Authorized Officer).				

02/02/2025  
Md. Abdur Rahman Tarafder  
Additional Secretary (Admin-1)  
Ministry of Housing and Public Works  
Bangladesh Secretariat, Dhaka.  
Phone: +8802-55100520

GD-335

# Businesses suspend boulder stone imports through Burimari

OUR CORRESPONDENT, Lalmonirhat

Businesses have suspended boulder stone imports from India and Bhutan via Burimari land port in Lalmonirhat since February 1, demanding lower prices from exporters.

For the last two months, importers have been incurring losses as India and Bhutan have gradually increased boulder stone prices, Abu Raiyan Ashari Rachi, president of the Burimari Landport Importers and Exporters Association, told The Daily Star.

Local businesses now seek a return to the prices from two months ago when they imported Torsha boulder stone from Bhutan at \$15 per tonne, Samsi stone at \$14 per tonne, and Indian Torsha stone at \$10 per tonne, he said.



For the last two months, importers have been incurring losses as India and Bhutan have gradually increased boulder stone prices. PHOTO: COLLECTED

Currently, the prices of each stone variety have increased by approximately \$1 for every tonne, he added. Until Indian and Bhutanese exporters revise the boulder stone

prices, imports through Burimari will remain suspended, Rachi stated.

Earlier in mid-January, importers sent letters to Indian and Bhutanese exporters, requesting price reductions, as they are struggling with rising bank interest rates and import costs, he said.

"But no boulder stone exporter has responded so far."

Meanwhile, Farooq Hossain, president of the Burimari Land Port C&F Agents Association, said they have met with their Indian and Bhutanese counterparts to negotiate stone prices, but no decision has been reached.

"No boulder stone will be imported through Burimari if exporters from India and Bhutan refuse to supply stones at the prices set by Bangladeshi businesses," he said.

# Ecneec approves Tk 4,068cr project to uplift Mongla Port

BSS

The Executive Committee of the National Economic Council (Ecneec) yesterday approved a Tk 4,068.23 crore project for the expansion and modernisation of Mongla Port facilities.

The approval came from the 7th meeting of the Ecneec in this fiscal year (FY25) and the 6th of the interim government, held at the NEC Conference Room in the capital's Sher-e-Bangla Nagar area.

Ecneec Chairperson and Chief Adviser Prof Dr Muhammad Yunus presided over the meeting.

Briefing reporters after the meeting, Planning Adviser Dr Wahiduddin Mahmud said that the day's meeting approved a total of 13 projects involving an overall estimated cost of Tk 12,532.28 crore.

"Of the total project cost, Tk 4,097.23 crore will come from the government of Bangladesh's portion, Tk 7,328.95 crore as a loan, while the rest of Tk 1,106.10 crore will come from the related organisation's own fund," he added.

Of the approved 13 projects, nine are new, while four are revised projects.

The Mongla Port Authority under the Ministry of Shipping will implement the expansion and modernisation of Mongla Port facilities project by December 2028.

# Big firms close to govt

FROM PAGE B1

Moinul Khan, chairman of the Bangladesh Trade and Tariff Commission, said, "We have discussed with the traders and they have confirmed to us that the price of edible oil will not increase during Ramadan. The current price will remain the same."

He also said that the price of sugar has decreased. Although the tariff on dates was reduced before last year's Ramadan, its benefits were not much realised.

However, this time the government has taken measures in advance. The dates will be cleared from the port before Ramadan, he added.

The government has taken all necessary measures to keep the prices of food products affordable during Ramadan, Khan further said.

Brigadier General Mohammad Foyshol Azad, chairman of the Trading Corporation of Bangladesh (TCB), said that many consumers are still unaware of the subsidised products offered by the TCB.

He said that last year, the TCB purchased products worth Tk 3,500 crore and this year, they plan to purchase more products compared

to the previous year. Umama Fatema, spokesperson for the Anti-Discrimination Student Movement, said that for the past five or six months, they have been observing that the prices of essential goods are increasing.

"We need to verify why the prices are rising now. The government must have a proper and comprehensive plan to solve the issues the country is facing," she said.

"We do not know what the prices of goods will be like during the upcoming Ramadan," she added.

"In the past, we have seen that the prices of essential products increased in anticipation of Ramadan. The government needs to ensure proper supervision in this regard," she said.

Sabbir Hasan Nasir, managing director of Shwapno, a subsidiary of ACI Limited, said, "If the VAT is increased further, customers will shift from the formal market to the retail market, where there is no VAT."

"But we will have to pay 5 to 7.5 percent VAT now. As a result, customers will move to the retail market. This way, businesses are being discouraged. We are concerned about the consumers," he said.

# Ha-Meem Group

FROM PAGE B1

It plans to install another 15MWp rooftop solar power plant at its textile division factories by June 2026, bringing the total capacity to 27.2MWp.

"However, this will reduce our total carbon emissions by only 6 percent," Chokroborty noted.

"To offset all our emissions and achieve net-zero status, we will need an additional 300 MWp, which we plan to implement on the ground at our tea garden in Moulvibazar," he added.

The latest initiative will ensure an average of four hours of power supply to the group's garment and washing factories per day, said Mustafa AK Khan, founder and managing director of FloSolar Solutions.

The engineering and commissioning were completed last July, while the inverters, which convert direct current into alternating current, are being procured from Dubai-based company Powernsun, as they are known for their stability and reliability, he said.

The solar system is expected to significantly reduce electricity costs, generate a substantial amount of clean energy annually, and cut carbon emissions, he added.

"As foreign buyers encourage increased use of renewable energy, more factories are expressing interest in adopting similar solutions," he said.

"Completing the 4.4MWp solar rooftop project at Ha-Meem Group Industrial Park is a testament to our commitment to accelerating the global transition to renewable energy," said I.K. Verma, founder and CEO of Powernsun, in a press release.

"We are proud to have partnered with FloSolar Solutions on this initiative, showcasing the efficiency and reliability of the Sungrow inverters in industrial applications," he said.

# Olympic

FROM PAGE B1

Olympic Industries reported a marginal increase in profit, reaching Tk 59.89 crore in the second quarter of the financial year 2024-25, up one percent year-on-year, according to the company's financial statement.

Shares of Olympic declined by 1.69 percent to close at Tk 151.10 yesterday on the DSE.

# ACI ventures into herbal medicine market

FROM PAGE B1

annual revenues of about Tk 2,500 crore, accounting for roughly one-tenth of the overall pharmaceutical sector.

Currently, leading pharmaceutical companies such as Square Pharmaceuticals, Beximco Pharmaceuticals, Incepta Pharmaceuticals, and ACME Laboratories cater to about 30 percent of the herbal medicine market, generating a total of Tk 800 crore in annual

revenues.

In spite of the expansion decision, ACI Ltd reported a loss of Tk 17.68 crore in the October-December quarter of the current financial year, marking a 50 percent improvement year-on-year.

The company's loss per share stood at Tk 3.17 in the second quarter, down from Tk 5.51 a year ago.

Shares of ACI Ltd dropped by 1.61 percent to close at Tk 147 on the DSE yesterday.

# Sri Lanka records highest deflation in 65 years

AFP, Colombo

Sri Lanka's consumer prices fell by 4.0 percent in January, the highest deflation rate since July 1960, official data showed Friday, as the South Asian nation emerges from its worst economic meltdown.

January was the fifth consecutive month of deflation, according to the Colombo Consumer Price Index.

Inflation hit a record 69.8 percent in September 2022 at the height of the country's economic crisis.

# Remittance crosses \$2b

FROM PAGE B1

The informal flow of remittances faced some setbacks after the political changeover in August. As a result, there was a surge in the flow. However, the robust remittance growth could prove to be a one-time phenomenon, he added.

"But we should not expect such high growth to continue. This phenomenon could be observed only in this fiscal year. To sustain the growth, we have to focus on sending skilled migrant workers and diversifying the market," he said.

Mustafiz said the authorities need to retain this trend and ensure that remittances are not channelled through the informal market. There should be strict monitoring of the korb market, he added.

The economist said the increased flow of remittances has helped stabilise the country's foreign exchange reserves and support imports.

"We should also note that a large

amount of subsidy is spent to attract remittances," he said, suggesting a gradual move towards a market-based exchange rate to reduce the subsidy pressure. The government pays a 2.5 percent incentive on remittance sent from abroad.

Ashikur Rahman, senior economist at the Policy Research Institute (PRI) of Bangladesh, said remittance growth has shown real positive momentum in FY25 and helped stabilise the pressure on the country's balance of payments by boosting foreign reserves.

"Moreover, the depreciation of the taka against the US dollar has aided this development, as workers in international markets are finding official channels more attractive," he said.

As things stand, remittances should reach approximately \$30 billion in FY25, which will support economic stabilisation by boosting local demand within the economy, he added.

## Government of the People's Republic of Bangladesh

Office of the Executive Engineer  
Education Engineering Department  
Narsingdi.

### Invitation for Tender (IFT)

e-Tender Notice No: XEN/EED/NAR/13/2024-2025

Memo No: XEN/EED/NAR/109

Date: 02/02/2025

e-Tender is invited in the National e-GP system portal (<http://www.eprocure.gov.bd>) for the procurement of following work, details is given below.

SI No	Lot No & Name of Works	Tender ID No.	Tender Document Last Selling Date & Time (BD Time)	Tender Closing & Opening Date & Time
01.	Construction of Boundary Wall, Gate & Repair Works of MONOHARDI GOVT. COLLEGE at Monohardi Upazilla, Narsingdi District.	1070806	17-Feb-2025 16:00:00	18-Feb-2025 14:00:00
02.	Construction of Semi Pucca Room on 2-storied Academic Building of PALASH SHILPANCHAL GOVT. COLLEGE at Palash Upazilla, Narsingdi District	1070805	17-Feb-2025 16:00:00	18-Feb-2025 14:00:00
03.	Repair and Renovation Works at Administrative Building of NARSINGDI POLYTECHNIC INSTITUTE at Sadar Upazilla, Narsingdi District.	1068914	17-Feb-2025 16:00:00	18-Feb-2025 14:00:00
04	Repair and Renovation Works at 5-Storied Academic Building of NARSINGDI POLYTECHNIC INSTITUTE at Sadar Upazilla, Narsingdi District.	1068913	17-Feb-2025 16:00:00	18-Feb-2025 14:00:00

This is an online tender, where only e-Tender will be accepted in the National e-GP portal and no offline/hard copies will be accepted.

To submit e-Tender, registration in the National e-GP system portal (<http://www.eprocure.gov.bd>) is required. The fees for downloading the e-Tender documents from the National e-GP system portal have to be deposited online through any registered bank branches as mentioned above. Further information and guidelines are available in the National e-GP system portal and e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd))

(Md. Golam Muttakin)  
Executive Engineer  
Education Engineering Department  
Narsingdi.  
e-mail: [ee\\_nor@eedmoe.gov.bd](mailto:ee_nor@eedmoe.gov.bd)

**SUNDARBAN GAS COMPANY LIMITED (SGCL)**  
(A Company of Petrobangla)  
218, M.A. Bari Sarak, Sonadanga, Khulna.

জ্বালানি নিরাপত্তা সর্বোচ্চ অগ্রাধিকার

জাতীয় সম্পদ গ্যাসের অপচয় রোধ করে জাতীয় দায়িত্ব পালন করুন

**Invitation for Tender**

1	Ministry/Division	Ministry of Power, Energy and Mineral Resources/ Energy and Mineral Resources Division.		
2	Agency	Bangladesh Oil, Gas & Mineral Corporation (Petrobangla)		
3	Procuring Entity	Sundarban Gas Company Limited, Sonadanga, Khulna.		
4	Procuring Entity District	Khulna		
5	Invitation for	Supply of non-consulting services (Outsourcing Manpower) under Category-1 : Imam, Electrician, Caretaker Category-2 : Plumber, Office Assistant (Dispatch), Driver(Light), Category-4 : Junior Technician (Pipeline Infrastructure & Gas Connection Related), Cook, Gardener, Category 5: Helper, Patrolman, Attendant, Cleaner and Security Guard for Sundarban Gas Company Ltd (SGCL)'s different offices (Dhaka, Khulna, Jashore, Bhola, Kustia and other areas of SGCL's franchise area)		
6	Invitation Ref No and Date	28.21.0000.120.11.004.19/967, Dated : 03/02/2025		
7	Procurement Method	Open Tendering Method (OTM). Single Stage Two envelope.		
8	Budget and Source of Funds	Company's own Fund.		
9	Tender Name	Supply of non-consulting services (Outsourcing Manpower) under Category-1 : Imam, Electrician, Caretaker Category-2 : Plumber, Office Assistant (Dispatch), Driver(Light), Category-4 : Junior Technician (Pipeline Infrastructure & Gas Connection Related), Cook, Category 5: Helper, Patrolman, Attendant, Cleaner and Security Guard for Sundarban Gas Company Ltd(SGCL)'s different offices (Dhaka, Khulna, Jashore, Bhola, Kustia and other areas of SGCL's franchise area)		
10	Tender Selling Date	From 03/02/2025 to 04/03/2025 (During Office Hour)		
11	Tender Closing Date and Time	05/03/2025 at 12.00 PM		
12	Tender Opening Date and Time	05/03/2025 at 12:30 PM		
13	Name & Address of the office Selling Tender Document	a) Accounts Department, Sundarban Gas Company Limited, Head Office, 218, M.A. Bari Sarak, Sonadanga, Khulna. b) Dhaka Liaison Office (Level-13), Sundarban Gas Company Limited, Petrocentre, 3, Kawran Bazar, Dhaka-1215.		
14	Name & Address of the office Receiving Tender Document	Human Resource Department, Sundarban Gas Company Limited, Abir Tower (4 <sup>th</sup> Floor), 218, M.A. Bari Sarak, Sonadanga, Khulna.		
15	Name & Address of the office Opening Tender Document	Conference Room, Sundarban Gas Company Limited, Abir Tower (2 <sup>nd</sup> Floor), 218, M.A. Bari Sarak, Sonadanga, Khulna.		
16	Eligibility of Tenderer	a) The Outsourcing Manpower Service contractor having registration or licence from Inspector General of department of Inspection for factories and establishment having at least 125 nos. outsourcing employee supply experience within five years. b) The minimum 05 (five) years fully satisfactory general experience of the Tenderer of outsourcing manpower supply in public sector as a Prime Contractor. Years counting backward from the date of publication of IFT in the newspaper. c) The minimum specific experience as a Prime Contractor in providing non-Consultancy Services (outsourcing manpower service) at least one contract of similar nature, complexity and methods completed fully satisfactory over a period of Five (5) years with a value of at least Tk 400 (Four Hundred) Lac salary and other pays for minimum 100Nos. employee employed shall be required. Years counting backward from the date of publication of IFT in the newspaper. d) The required average annual turnover of the Tenderer shall be at least of the amount of Tk. 125 (One hundred and twenty five) Lac in period of averaging the best three (3) years of the last five (5) years. Years counting backward from the date of publication of IFT in the newspaper. e) The minimum amount of liquid assets i.e. working capital or credit line(s) of the Tenderer shall be Tk 60.00 (Sixty) Lac.		
17	Brief Description of Services	Supply of non-consulting services (Outsourcing Manpower) under Category-1 : Imam, Electrician, Caretaker, Category-2 : Plumber, Office Assistant (Dispatch), Driver(Light), Category-4 : Junior Technician (Pipeline Infrastructure & Gas Connection Related), Cook, Gardener, Category 5: Helper, Patrolman, Attendant, Cleaner and Security Guard for Sundarban Gas Company Ltd(SGCL)'s different offices (Dhaka, Khulna, Jashore, Bhola, Kustia and other areas of SGCL's franchise area).		
18	Price of Tender Document (Tk)	5,000/(Five Thousand Taka)		
19	Tender no, Location, Tender Security Amount and Completion Time :			
	Tender no	Location of services	Tender Security Amount (Tk)	Completion Time in Months
	28.21.0000.120.11.004.19/967, Dated : 03/02/2025	Khulna, Jashore, Bhola, Kustia, Dhaka Liaison Office and other areas of SGCL's franchise area	Tk. 18,00,000/- (Eighteen Lac)	24 (Twenty Four) months from the effective date.
20	Name of Official Inviting Tender	Shah Alom Molla		
21	Designation of Official Inviting Tender	General Manager (Admin)		
22	Address of Official Inviting Tender	Sundarban Gas Company Limited, 218, M.A. Bari Sarak, Sonadanga, Khulna.		
23	Contact details of Official Inviting Tender	Tel. No.: 02-477721326, E-mail : <a href="mailto:alom.shah@sgcl.org.bd">alom.shah@sgcl.org.bd</a>		
24	The Procuring Entity reserves the right to reject all tender or annul the tender proceedings			

(Shah Alom Molla)  
General Manager (Admin)  
Sundarban Gas Company Limited  
Sonadanga, Khulna.

GD-334

# MTB focuses on digital growth, loan diversity

Says CEO as the bank introduces new logo reflecting youth dynamism

MD MEHEDI HASAN

Mutual Trust Bank (MTB) is expanding its digital services to cater to Generation Z while diversifying its loan portfolio to reduce its concentration in wholesale lending.

"We are prioritising digital banking because the future belongs to digitalisation and Generation Z," said Syed Mahbubur Rahman, managing director and chief executive officer (CEO) of MTB, in an interview with The Daily Star.

"If we don't adapt to the digital landscape, we will fail to reach modern customers who want banking on their terms," he said.

To mark its 25th anniversary, MTB has introduced a new logo reflecting the dynamism of youth. "Young people are leading in various fields, and we wanted a brand identity that resonates with them," Rahman said.

MTB's Smart Banking app is considered one of the best in the market, allowing customers to conduct banking transactions from anywhere. "Our customers consistently praise the app, which was developed in-house," he added.

MTB is shifting away from its previous dependence on wholesale loans - typically lending to large corporate clients.

Rahman said when he joined the bank, about 90 percent of their loans were in the wholesale category. "We've brought that down to 80 percent, with 20 percent now allocated to SMEs [small and medium enterprises] and retail clients."

"Our goal is to further reduce wholesale loans to 60-70 percent in the next three



Syed Mahbubur Rahman

to five years," said the CEO.

Moving on, the top banker emphasised MTB's governance structure, which he said is supported by a capable board of directors and a skilled workforce.

"MTB has one of the best governed boards in the country. If anyone talks about good governance, our bank comes first," he asserted.

Nonfund, the world's largest sovereign fund, holds a 5 percent share in MTB, making it the single largest shareholding entity.

"We continuously train our workforce because, at the end of the day, banking is about selling services," Rahman said.

MTB's operating profit in 2024 stood at Tk 1,106 crore, registering a 38.5 percent growth from the previous year. As of December 2024, total deposits reached Tk 33,187 crore, while loans and advances stood at Tk 30,105 crore.

"We raised a record Tk 5,000 crore in deposits last year, driven by our aggressive deposit mobilisation efforts," added the banker.

The private commercial lender is also improving its loan quality. "We are working on resolving legacy non-performing loans [NPLs] that became problematic in 2015. We hope to clean up these issues in the next few years," he

added.

The banking industry faces growing NPLs and liquidity constraints, but Rahman believes MTB's governance has helped it remain stable. "Despite sluggish trade and business, our loan and advance portfolio grew last year," he said.

According to the CEO, while many banks struggled with foreign currency shortages, MTB remained resilient. "We maintained a strong focus on liquidity, both in foreign and local currencies," he said.

As of last year, MTB had 120 branches, 51 sub-branches, and 341 ATMs (automated teller machines) nationwide.

Rahman acknowledged the challenges following last year's political changeover. "Many factories shut down, workers came up with different demands, and the business climate was difficult. However, things are now improving," he said.

However, credit growth still remains slow at 7.6 percent, raising concerns. "Stagnant investment is harmful to the economy," he said, adding, "Without new investments, economic activity and employment generation will suffer."

To attract foreign direct investments (FDIs), he advocated legal reforms and a better investment climate.

"Bangladesh is lagging behind in attracting FDI, and much work is needed to improve the situation," he said.

For the country's economy, Rahman believes stability should take precedence over growth. "Liquidity management, law enforcement improvements, and economic stability are more critical than high growth at this moment," he commented.

# Crown Cement's profit plunges 48% in Q2

STAR BUSINESS REPORT

Crown Cement's profit fell in the second quarter of the 2024-25 fiscal year despite registering higher revenue.

The cement producer's profit declined 48 percent year-on-year to Tk 18.85 crore in the quarter.

Its earnings per share (EPS) for the quarter stood at Tk 1.27, down from Tk 2.44 in the same period last year, according to the company's financial statement.

For the first six months of the fiscal year, its EPS dropped 67.96 percent to Tk 1.52 from Tk 4.76 in the same period the previous year.

Crown Cement attributed increased depreciation from capacity expansion, interest expenses on long-term loans, electricity tariff hikes and higher marketing and manpower costs for the EPS decline.

Despite the profit decline, the company's sales revenue in Q2 grew by 12.99 percent to Tk 803.55 crore, driven by a 12.08 percent rise in sales volume and a 0.63 percent increase in per-bag prices.

However, the cost of goods sold rose by 10.82 percent, mainly due to higher factory overheads linked to additional depreciation on the newly installed sixth unit, increased electricity tariffs, and underutilisation of the expanded production capacity.

The cement producer's gross profit margin declined by 3.64 percentage points, reflecting the impact of higher depreciation costs, increased electricity tariffs, and additional expenses related to new capacity operations, including lease rent for a new bag plant and lighter vessels as well as higher salary and wages.

Its net operating cash flow per share saw a significant jump of 194.73 percent, reaching Tk 11.71 in the first six months from Tk 3.97 a year ago.

The improvement was attributed to better cash collection, non-cash depreciation expenses, and extended credit terms from suppliers.

Selling and distribution costs rose due to increased spending on advertisements and marketing initiatives, along with the deployment of additional sales personnel to maximise capacity utilisation.

# Square Textiles' profit jumps 53% in Q2

STAR BUSINESS REPORT

Square Textiles reported a 53 percent year-on-year growth in profit for the second quarter of the 2024-25 fiscal year, driven by increased yarn production.

The company posted a profit of Tk 38.13 crore in the second quarter.

Despite the strong earnings report, shares of Square Textiles declined by 0.59 percent to Tk 50.20 in mid-day trading at the Dhaka Stock Exchange yesterday.

Revenue for the second quarter rose by 26 percent year-on-year to Tk 674.32 crore, while first-half revenue for 2024-25 increased by Tk 279.15 crore to reach Tk 1,251 crore.

The company credited this growth to increased yarn production from its new project in Habiganj, ongoing balancing, modernisation, rehabilitation, and expansion initiatives at the Gazipur project and Square Texcom, along with the appreciation of the dollar.

Earnings per share for the October-December quarter climbed to Tk 1.93 from Tk 1.26 a year earlier. For the first half of the fiscal year, EPS rose to Tk 3.83 from Tk 3.05.

The expansion in yarn production led to a rise in raw material costs by Tk 190.18 crore, according to the financial statement.

Additionally, finance costs increased by Tk 29.11 crore, which the company attributed to additional financing for expansion and BMRE activities, along with higher interest rates on loans.

Meanwhile, consolidated net operating cash flow per share declined to Tk 6.58 for July-December 2024, compared to Tk 7.21 in the same period of the previous year.

# FAO forecasts paddy output drop in Bangladesh

STAR BUSINESS REPORT

Bangladesh's paddy production is estimated to have declined in 2024 from the previous year, largely due to output losses caused by recurrent floods and Cyclone Remal in late July.

However, aggregate paddy production in 2024 is forecast at 6.02 crore tonnes, which is well above the four-year average of 5.71 crore tonnes, according to a report by the Food and Agriculture Organization (FAO) released in early January this year.

Consequently, the country's cereal import requirement is projected to rise in the July-June marketing year 2024-25. Total cereal import requirements are forecast at 83 lakh tonnes, below the average of over 85 lakh tonnes.

The FAO said that although losses of standing crops occurred in the eastern parts of the country due to heavy rains and floods last August, production of the Aman paddy crop, which accounts for 35 percent of the annual output, is forecast at an above-average level, mostly due to anticipated high yields in non-affected areas.

Aman paddy, cultivated in the rainy season, has been harvested.



However, production of Aus was estimated at 42 lakh tonnes, 7 percent below the average, following crop losses caused by severe flood events between May and July and Cyclone Remal in late July.

The FAO said that production of Boro, contributing 55 percent to the annual rice output, was estimated at record 3.16 crore tonnes, reflecting large plantings in response to high prices at sowing time and bumper yields owing to favourable weather conditions.

The production of maize was also estimated at 52 lakh tonnes last year, due mostly to

large sowings driven by robust domestic demand and elevated prices during the planting period.

"Favourable weather conditions and the widespread use of high-yielding seed varieties supported above-average yields," said the FAO in its country brief on Bangladesh.

The UN agency said wheat, grown in the previous winter, increased as well.

**CEREAL IMPORTS TO RISE**

Based on production, the agency forecast below-average cereal import requirements for Bangladesh in 2024-25. However, the volume of projected cereal imports is higher for the current

fiscal year 2024-25 compared to the previous year.

Cereal imports consist mostly of wheat, which covers 80 percent of the country's consumption needs, along with minor quantities of rice and maize, said the FAO.

The FAO said that imports of rice in the calendar year 2025 are expected to amount to 450,000 tonnes.

Imports of wheat are projected to be near the average of 61 lakh tonnes, with an above-average forecast of 21 lakh tonnes of the grain imported by Bangladesh, driven by steady demand for feed by the livestock and fishing industries.

The FAO report said that Bangladesh's cereal imports were well below the average level, as the country's import capacity was constrained by dwindling foreign currency reserves and significant depreciation of the national currency (Taka) from May 2022 to November 2024.

"As the national currency remains weak and foreign currency reserves are low, the country is likely to face challenges in fully covering its import requirements in 2024-25."

READ FULL STORY ONLINE

# Desco returns to profit in Q2

STAR BUSINESS REPORT

The Dhaka Electric Supply Company (Desco) saw its earnings increase in the second quarter of the 2024-25 fiscal year, a sharp reversal from the losses it made in the same period the previous year.

The company posted a profit of Tk 26.16 crore in Q2, up from a loss of Tk 43.46 crore in the same period a year ago.

Desco's revenue surged by 116 percent year-on-year to Tk 223.28 crore in the October-December period of 2024.

Thanks to higher distribution revenue, the company's earnings per share rose to Tk 0.66, compared to a loss per share of Tk 1.10 in the same period last year, according to its financial statement.

In the July-December period of 2024, its loss per share was Tk 0.15, down from Tk 4.92 a year ago.

Desco's net operating cash flow per share rose to Tk 2.88 from Tk 2.51, which the company attributed to increased revenue collection.

# India budget opts for economic sugar rush over reform

REUTERS, Mumbai

India's annual budget announcement was a bigger deal than usual this year: As the first full budget of Prime Minister Narendra Modi's third term, it will set the tone for how the world's fifth-largest economy confronts slowing growth and sagging markets.

But the year's top economic policy event opted mainly for short-term economic relief through middle-class tax cuts, while passing up a chance to go big on reforms needed to reignite rapid growth - once the envy of the world at more than 8 percent.

The budget also scaled back the government's emphasis on capital spending and infrastructure, another key driver for India's growth ambitions since the pandemic.

Without a strategy to regain high growth rates and assure jobs for India's young population, the budget disappointed analysts and markets, alarmed in recent months by weak earnings growth and an exodus of foreign investors.

"India is aspiring for 8 percent growth but we don't have a path to 8 percent - a growth strategy is not there," said Madhavi Arora, chief economist at Emkay Global Financial Services.

The government has forecast India's GDP growth will slip to a four-year low of 6.4 percent in the current financial year to March 31 and stay close to that level next year as well, compared with 8.2 percent in 2023-24.

While the latest tax cuts may help urban consumers, who took some steam out of the economy as weak wage growth and high living costs curtailed their spending habits, economists see deeper problems that need to be addressed.

"Eight percent will require far deeper interventions in agricultural markets, human capital and ease of doing business," said Dhiraj Nim, an economist at ANZ Research.

Modi, who returned to power in July of last year with a weaker-than-expected mandate, has turned to appeasing politically important constituencies in the months since the election, analysts said. His party has reversed agricultural trade policies to favour farmers, offered cash handouts to women and, now, cut taxes for the middle class.

Analysts noted that this is not the first time, however, that Modi and his Bharatiya Janata Party failed to push economic reforms, which also got brushed aside in his previous two terms when the party had won more decisively and had greater political capital.

"In 2019, the BJP got more than 300 seats

and had a window (for reforms)," said Amit Ranjan, research fellow at Institute of South Asian Studies (ISAS), National University of Singapore. "But the government gave in to the needs of electoral politics as the government knows reforms do not immediately benefit the large section of voters."

In 2015, Modi let lapse an executive order making it easier for businesses to buy land, after failing to win support from opposition parties in the parliament. And in 2020, both houses of parliament approved new labour codes, but they have yet to be implemented across all states.

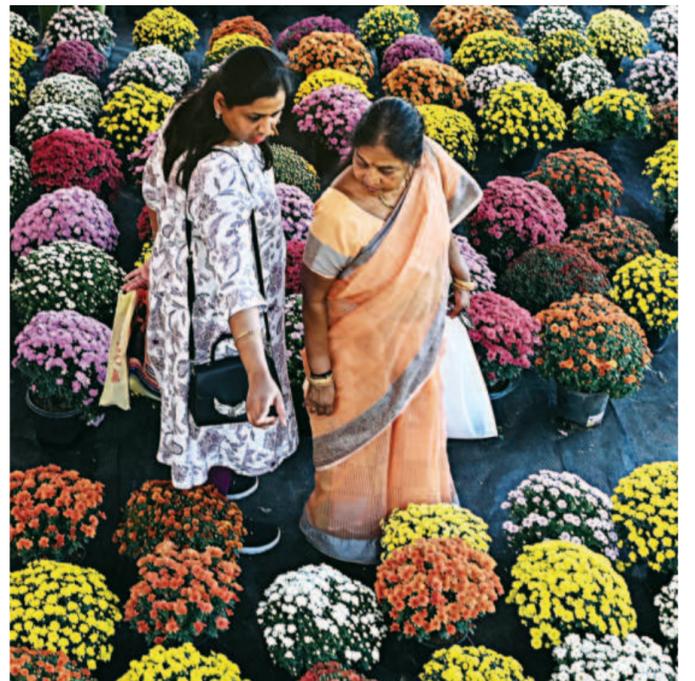
Plans for large-scale privatisations of state-owned enterprises, aiming to reinvigorate them by reducing government involvement, have also faltered, with the government now opting to put fresh funds into ailing state firms.

The case for reforms, however, has not come just from analysts and economists, but from government leaders as well.

On Friday, India's chief economic adviser, V. Anantha Nageswaran, made a pitch for rapidly easing rules covering land, labour and factories, among other areas, arguing that government should "get out of the way" as one way to push up growth.

"Business as usual carries a high risk of economic growth stagnation, if not economic stagnation," Nageswaran said in a report presented a day ahead of the budget.

READ FULL STORY ONLINE



Visitors look at the chrysanthemum flowers during the All India Horticulture, Agriculture, and Nursery Expo in Hyderabad on January 31. The government has forecast India's GDP growth will slip to a four-year low of 6.4 percent in the current financial year to March 31.

PHOTO: AFP