

BSCIC calls for tighter monitoring of imported salt use

STAR BUSINESS REPORT

The Bangladesh Small and Cottage Industries Corporation (BSCIC) has called for stricter monitoring to ensure the proper utilisation of imported industrial salt in order to protect the interests of local salt producers.

The import has increased as the price of imported industrial salt is lower than that of locally produced salt, according to the corporation.

As a result, many industries are shifting from locally produced to imported salt, leading to locally produced salt remaining unsold and significant financial losses for local farmers, it said.

Moreover, the availability of bonded warehouse facilities for importing salt has contributed to a lower price, making it more attractive compared to locally produced salt, it said.

In this regard, the BSCIC, under the industries ministry, has recently requested the National Board of Revenue (NBR) to increase monitoring of salt imported under bonded warehouse facilities.

According to the BSCIC, which is responsible for overseeing the salt industry, domestic salt production reached a record 24.37 lakh tonnes in fiscal year 2023-24. This marks the highest production level in the past 63



Salt import has increased as the price of imported industrial salt is lower than that of the locally produced one. PHOTO: STAR/FILE

years.

After meeting the national demand for edible salt, a significant portion of domestically produced salt is utilised across various industries, including detergent, glass, textiles, leather, cosmetics, pharmaceuticals, ice plants,

and hatcheries, said the BSCIC.

However, the importers are bringing in salt from abroad, which is discouraging local farmers from continuing production due to the fall in prices.

"The lack of fair pricing has discouraged farmers from continuing production,"

said Md Saiful Islam, chairman of the BSCIC.

"To address this, the NBR should tighten monitoring of imported salt under bonded warehouse facilities to discourage imports and safeguard the domestic salt industry," he added.

Intraco to focus on supplying CNG from Bhola unit

STAR BUSINESS REPORT

Intraco Refuelling Station PLC (IRSL) yesterday announced plans to discontinue a compressed natural gas (CNG) station in Chattogram and transfer all investment to its Bhola non-pipe gas line unit (IRSPCL) starting this week.

The company said that one of its subsidiaries, Intraco Automobiles Ltd, had completed its lease tenure with the station's landowner.

As a result, the board of Intraco has decided not to continue operating the CNG station and instead divert investment to the non-pipe gas line unit.

Intraco currently supplies around 3 million cubic feet of CNG daily from Bhola to industrial units, despite having the capacity to supply 5 million cubic feet, said GM Salahuddin, company secretary of IRSL.

Previously, the company reported that it supplies CNG to Dhaka, Gazipur, Mymensingh, and adjacent factories under the Titas Gas Transmission and Distribution Ltd's area.

The official added that Intraco is delivering CNG to factories using 38 trucks, whereas 70-80 trucks are required to transport the full capacity of compressed gas.

"We are increasing our capacity gradually," he said. Shares of Intraco rose 7.4 percent to Tk 22.8 at the Dhaka Stock Exchange yesterday.

The company posted a 65 percent year-on-year growth in profit, reaching Tk 3.17 crore in the first half of FY25.

Pran to invest Tk 200cr

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"Our company has undertaken a new investment project, which is a 100 percent export-oriented unit," said Kamruzzaman Kamal, marketing director of Pran-RFL Group.

"Under this project, we will produce plastic products on a large scale in Bangladesh and export them entirely to international markets," he said.

According to him, the current economic situation of the country is somewhat unstable, with the impact of the recession being observed in both domestic and international markets.

"In this scenario, we believe that a strong export-based initiative can make a significant contribution to the economy," Kamal said.

"We are investing approximately Tk 200 crore in this project. To implement the project, we are partnering with a renowned Chinese technology company that will supply advanced machinery," he added.

He said the investment would cover the procurement of high-end manufacturing equipment and

the construction of a sophisticated facility. He also stated that the funding for the project would be sourced from both RFL's own capital and bank loans.

The industrial park is located in Kaliganj, Gazipur, where the new production unit is being established. The factory will manufacture various plastic products that meet international standards, primarily targeting markets in North America and Europe.

"Our initial target is to produce plastic goods worth approximately \$43 million, with plans to increase this amount in the coming years," Kamal said.

He further stated that they aim to commence production by April or May this year. According to Kamal, export revenue is projected to increase by 30 percent, further solidifying RFL's position in the global market.

He also mentioned that despite the factory not being fully completed yet, the first set of export orders had already arrived, with an estimated value of \$6 million.

Bangladesh can attract

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But delivery is a problem," the chief adviser said.

The Norwegian minister for development and environment, Erik Solheim, also a former UN under-secretary-general, said Bangladesh lacks enough unused space for the construction of large-scale solar plants like those in China and other Asian countries.

However, he said the country could be a perfect place to set up small-scale solar plants.

Professor Yunus said his government has put special emphasis on solar plants and has already invited Chinese investors to relocate solar panel manufacturing plants to Bangladesh.

Representatives of several Chinese solar manufacturing firms have since visited Bangladesh to explore opportunities to set up factories here, with a view to using them to export much of their products to Western nations.

Kavin Kumar Kandasamy, chief executive officer of ProClima, a carbon trade and climate investment firm, said Bangladesh could easily earn tens of millions of dollars through carbon trading, as South Asian nations like Sri Lanka have done.

Professor Yunus said Bangladesh was very interested in exploring the carbon market, as it would help the country earn millions while also supporting efforts to protect the Sundarbans, the world's largest mangrove forest.

During the talks, the chief adviser and the Solheim-led delegation also discussed the Rohingya crisis and recent developments in the western Myanmar state of Rakhine, where a rebel group now controls most of the territory.

Budget spending

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At the same time, rising government expenditures have not been matched by local revenue collection, with Bangladesh's tax-to-gross domestic product (GDP) ratio remaining alarmingly low.

Currently, Bangladesh's tax-to-GDP ratio stands at around 8 percent—far behind India's 12 percent and Nepal's 17 percent. The country's ratio is also significantly lower than the Asia-Pacific average of 19 percent and the 25 percent average for developing nations.

Government spending under the ADP stood at Tk 24,058 crore in the first five months of the fiscal year, down from Tk 32,773 crore in the same period last year, according to finance ministry data.

However, the Implementation Monitoring and Evaluation Division (IMED) reported Tk 30,818 crore in ADP spending for the July-December period, revealing a mismatch of Tk 6,760 crore.

Usually, IMED compiles data from ministries and divisions, while the finance ministry reports actual disbursements through its iBAS++ system.

Meanwhile, development spending under the revenue budget stood at Tk 571 crore, up from Tk 192 crore a year earlier.

US consumer spending posts first drop in two years

REUTERS, Washington

US consumer spending fell for the first time in nearly two years in January and the goods trade deficit widened to a record high as businesses front-loaded imports to avoid tariffs, setting up the economy for weak growth or even a contraction this quarter.

While the data from the Commerce Department on Friday also showed a moderation in annual inflation last month, prices showed some stickiness,

with fairly solid monthly gains. In addition, President Donald Trump's administration is ratcheting up tariffs, which economists said would raise prices as businesses pass on the higher costs of imported goods to consumers.

Consumers' inflation expectations soared in February. The Atlanta Federal Reserve slashed its gross domestic product estimate for the first quarter to show the economy contracting at a 1.5 percent annualised rate from a 2.3 percent growth pace earlier.

Financial markets now expect the Federal Reserve to resume cutting interest rates in June following a pause in January to give policymakers time to assess the economic impact of the administration's policies.

"The combination of sticky inflation and a potential growth scare, which is evident in this report, will likely present a worrisome monetary policy conundrum for the Fed," said Olu Sonola, head of US Economic Research at Fitch Ratings.

Govt borrowing

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Conversely, borrowing from scheduled banks amounted to Tk 64,186.1 crore, contributing to the overall increase in borrowing from the banking system.

These moves are designed to control persistent inflation, which has hovered above nine percent since March 2023.

The government also repaid Tk 12,542 crore for outstanding fertiliser and electricity bills through the issuance of special bonds. In the last fiscal year, the government had repaid Tk 36,586 crore for the same purpose.

However, borrowing from non-banking sources witnessed a sharp increase, contributing Tk 24,688.2 crore to overall domestic borrowing, compared to Tk 7,089 crore during the same period last fiscal year.

Typically, the government borrows from non-bank sources through the issuance of savings instruments. However, in recent years, repayments have exceeded sales of savings instruments, leading to negative net borrowing from this system.

During the first six months of the current fiscal year, net borrowing from savings instruments stood at a negative Tk 2,244 crore, compared to

a negative Tk 6,063 crore during the corresponding period last fiscal year.

Notably, non-bank borrowing was driven by the sale of government securities, including special bonds designed for individual investors, which have become an increasingly attractive option for both institutional and private buyers.

In the context of government borrowing from individual sources, treasury bills and treasury bonds have emerged as key instruments, catering to a broad base of investors, ranging from insurance companies to individual savers.

The issuance of these bonds aligns with the government's strategy to diversify its funding sources, particularly from the domestic non-banking sector.

For the government, the shift toward treasury bonds and specialised securities aimed at individual investors presents a dual advantage: it not only provides much-needed liquidity but also taps into the growing interest among citizens in safer investment avenues.

"The rise in borrowing from the non-banking sector underscores the strong demand for government securities," said a central bank official.

Record February

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during Ramadan and peak before Eid.

According to central bank data, Bangladeshi migrants sent home \$153 million in the last two days of February (27-28), indicating a surge in remittance inflows ahead of Ramadan.

"On the other hand, informal money transfer channels such as hundi and hawala have been disrupted since the fall of the Sheikh Hasina government, leading to more remittances being sent through formal banking channels," Rahman added.

In the last five and a half years, around 46 lakh Bangladeshis have gone abroad, contributing to the increase in remittance inflows. Initially, some struggled to find stable jobs, but many have now settled into their roles and are sending money home regularly.

According to central bank data, Bangladesh recorded its highest-ever monthly remittance inflow of \$2.64

billion in December last year.

The second-highest monthly inflow was \$2.59 billion in July 2020, while the third-highest was \$2.54 billion in June 2024, the data showed.

To further increase remittance inflows, Professor Rahman suggested focusing on sending skilled workers abroad and ensuring they are placed in suitable jobs.

"The government needs to identify which countries require specific skills and send trained workers accordingly," he said.

For instance, Saudi Arabia is set to host the FIFA World Cup in 2034. To organise such a large event, it will make significant investments, creating job opportunities. Bangladesh should anticipate this demand, he added.

The economist also emphasised market diversification, suggesting that Bangladesh explore opportunities in countries such as South Korea and Japan.

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