April 2019 Monthly Magazine

FICCI

FOREIGN INVESTORS' CHAMBER OF COMMERCE & INDUSTRY

Contents


Official
partner of
the
everyday
beko
Europe's
NO.1
EAT LIKE
A PRO
beko
Now available at SINGER

Disclaimer:

Contact FICCI

Foreign Investors' Chamber of Commerce & Industry
Shama Homes, Apt # C3, House # 59, Road # 01, Block- I
Banani, Dhaka- 1213, Phone: +88 02 9893049, +88 02 9892913
Fax: +88 02 9893058, Email: info@ficci.org.bd , Web: www.ficci.org.bd

Design & Printing- Graphnet Ltd. 01715011303, 9354142 , graphnet@gmail.com

Table of Contents

Feature

Bangladesh Development Update: Towards regulatory predictability

Bangladesh has maintained its robust growth performance. Exports and remittances have been buoyant. Agriculture had bumper harvests. Overall inflation has slowed as decelerating food inflation offset a pickup in non-food inflation. Monetary expansion has been short of target as private sector credit growth slowed and the Bangladesh Bank siphoned off banking liquidity by selling dollars to defend the taka. Vulnerabilities in the banking system and capital market persisted. Higher export and lower import growth reduced the current account deficit, but a decline in the financial account surplus diluted the impact of the current account deficit decline on the overall balance of payments deficit. The budget deficit increased in FY18 but remained below the 5 percent of GDP target. Low revenue collection continues to be a major challenge as policy and administrative reforms have stalled and, in some instances, reversed. Key structural reform challenges are to mitigate the financial sector vulnerabilities, strengthen revenue mobilization, manage public investments better, meet the infrastructure gap, enhance human capital and streamline business regulation. Addressing these reform challenges will be critical for reinforcing future productivity growth.

The Bangladesh economy continues to grow at an impressive rate: On the supply side, the growth is being driven by manufacturing and construction. Rapid growth of electricity generation appears to have energized the urban formal and rural non-farm economy. Bumper crop harvests helped further. On the demand side, private consumption has remained strong, underpinned by strong remittance and rural income growth. In addition, exports growth has accelerated, benefiting from the US-China trade dispute while import growth has decelerated.

Slowing food inflation has reduced headline inflation: Core inflation has been trending upwards, driven by aggregate demand expansion and high inflationary expectations, notwithstanding contractionary monetary outcomes. Domestic monetary management has been constrained by dollar liquidity support provided by the Bangladesh Bank (BB) in the foreign exchange market. BB did well in keeping the key monetary and credit aggregates in line with the path indicated in their Monetary Policy Statement for the first half of FY19.

The growth of bank credit to the private sector has slowed in line with slower growth in Deposits: Banking regulation and supervision have been ineffective due to lack of enforcement and regulatory independence. High nonperforming loans (NPLs) compounded by an eroding capital base continue to pose financial stability risks. Interest rates have tended upwards with the tightening of availability of loanable funds. Corporate governance weaknesses, especially at state-owned banks, and legal complexities in contract enforcement are adversely affecting the ability of banks to improve risk management and loan recovery. This is limiting the expansion of access to and usage of financial services.

Pressure on the exchange rate induced sustained BB intervention: A significant reduction in trade deficit due to an acceleration in export and easing of import growth, together with strong remittances, have narrowed the current account deficit. However, a decline in the financial account surplus because of increased trade credit and outflows due to banking transactions diluted the impact of lower current account deficit on the deficit in the balance of payments before reserve changes. This led to continued pressure on the official foreign exchange reserves as the BB intervened in the foreign exchange market by selling over $1.8 billion in the first nine months of FY19 to moderate the depreciation of the taka against the US dollars. With the US dollar gaining strength in international markets, there was a nominal appreciation of the taka against the euro and the pound-sterling in FY19. Real effective exchange rate has appreciated further both because of nominal exchange rate appreciation against other trading partners as well as higher domestic inflation relative to the trading partners.

The fiscal deficit has increased but remains well within sustainable thresholds. Domestic financing of the deficit has begun to shift towards less expensive sources with restraints on sales of National Saving Certificates (NSCs). Maintenance of a prudent cap on budget deficits have helped management of inflation and avoid crowding out of credit to the private sector. Tax revenue mobilization has slipped, reflecting the impact of several ad hoc tax cuts and exemptions as well as slow progress in the automation of administrative processes. Increased subsidies to exports and energy have increased recurrent spending and a rush of new development projects in the Annual Development Program (ADP) added more pressure. Low revenues have shrunk the fiscal space for meeting the spending gaps in infrastructure, health, education and social protection.

Bangladesh is poised to maintain 7 percent plus growth in the medium-term. Domestic demand growth is strong with private investments set to gain some momentum from dissipation of political uncertainties and the implementation of reforms aimed at lowering the cost of doing business. With actual output exceeding the potential in the short-term, macroeconomic stability may be tested. Coupled with elevated global risks, this reinforces the need for accelerated structural reforms to increase potential output and build fiscal and external buffers.

The new cabinet faces several short and long-term development challenges. An immediate challenge is to address the banking sector vulnerabilities, revenue shortfall and pressure on foreign exchange reserves. At the same time, there is the need to prepare for tighter external financing conditions in the near and medium-term. These will have to be complemented with reforms to improve infrastructure, boost human capital and make business regulation less onerous and more predictable.

- The banking sector governance reforms require (i) ensuring true autonomy of BB, including full oversight and enforcement powers on the state-owned banks; (ii) more clarity on the government's long-term goals, the mandates and objectives of the state-owned banks to improve corporate governance arrangements and strengthen the capacity of the Financial Institutions Division (FID) to act as owner; (iii) decrease reliance and restructure the National Savings Certificates (NSCs) to allow capital markets development.
- Key fiscal issues include low revenue mobilization and a taxation structure still too dependent

on indirect taxes, especially trade taxation. Equally important will be addressing the bottlenecks in public financial management as envisaged in the government's Public Financial Management Action Plan 2016-21. Better use of assets invested in SOEs and SCBs promises large gains. Narrowing the infrastructure gap requires not only more spending, but also improving the maintenance of existing assets. The infrastructure challenge, in key sectors such as transport and energy, can be addressed by adopting a comprehensive infrastructure financing strategy based on a combination of tax funding, partnership with the private sector and cost recovery. Structural issues around bankability, coupled with near-term challenges, may hold back private sector participation.

- A growing and youthful workforce in Bangladesh provides a time-bound window of opportunity to improve productivity and accelerate economic growth. Weak learning outcomes across the education system translate into a failure to realize fully the potential of human capital. Equipping the young generation with the skills needed for productive jobs remains crucial. To expand individuals' potential, a coherent skills development strategy across the different learning environments and schooling stages is imperative.

- Improving the ease of doing business could reduce informality by reducing the cost of entry and operating in the formal sector. Measures to reduce the time, cost, and complexity of registration, coupled with high quality public services as well as enhanced monitoring and enforcement, would improve the business climate and foster growth. These require designing comprehensive policies, including streamlining tax codes, easing firm and labor regulations to create a level playing field for both formal and informal participants, and expanding access to finance and public services to help increase productivity in the informal sector.

- Businesses face regulatory uncertainty on many fronts. A multi-pronged approach is needed to reduce regulatory uncertainty including high-level actions on systemic reforms accompanied by additional, more specific reforms. Bangladesh's regulatory system needs the establishment of a technical regulatory oversight body at the center of government to oversee, lead and report on regulatory reforms. Specific actions include introducing regulatory impact assessments, holding structured and inclusive consultations on draft laws and regulations, reviewing existing laws and regulations to identify gaps, inconsistencies and redundancies, publishing immediately all Statutory Regulatory Orders (SROs) through widely-accessible means, and introduction of business-to-government feedback loops on regulatory service quality.

[Source: http://documents.worldbank.org/curated/en/269241554408636618/pdf/Bangladesh-Development-Update-Towards-Regulatory-Predictability.pdf]

Business News

Exports continue good run in March

Exports continued its good run in March, fetching 9.51 percent more than a year earlier and getting into a comfortable position to hit this fiscal year's target of $39 billion. In March overseas shipments brought $3.34 billion, which is 2.45 percent more than the target set for the month, according to data from the Export Promotion Bureau. Last month's inflows take the receipts so far in fiscal 2018-19 to $30.90 billion, meaning shipments over the next three months need to bring in $3 billion each to achieve the target -- a feat that was managed in each of the past nine months.

Apparel shipments, which typically bring home more than 80 percent of the export receipts, raked in $2.82 billion, up 9.73 percent year-on-year. "We are hopeful that the garment export receipts will be at least 10 percent more than last fiscal year's even if the shipment falls for any reason," said Siddiqur Rahman, the outgoing president of the Bangladesh Garment Manufacturers and Exporters Association.

Garment shipments are likely to be lower in the months of May and June due to reduced production for Ramadan and Eid-ul-Fitr holidays, he said. But there was depressing news from the other sectors, further highlighting the need for the government to nurture them like it held the hands of the apparel exporters in the 1990s. Leather and leather products, the second biggest earner after garment, fetched $771.69 million between the months of July last year and March this year, which is 9.08 percent lower than a year earlier. Jute and jute goods, once the main export earner but continues to contribute decently to year-end receipts, brought home $628.08 million during the period, down 23.23 percent year-on-year.

The sector hit a rough patch earlier this fiscal year in the face of waning global demand and anti-dumping duty slapped by India. Export of shrimp, which is grown in the south-western and south-eastern costal region by more than 8 lakh farmers, also continued to suffer for ample production of vannamei shrimp in other countries, particularly in India. Processors bagged $297.96 million in the July-March period, which is 10.88 percent lower than a year earlier. But frozen and live fish exports edged up slightly during the first nine months of the fiscal year: by 2.77 percent to $419 million. Agricultural products extended additional support to the growth in export earnings. Export of agricultural products such as dry food, vegetables and spices rose 53.05 percent to $722.73 million in the nine months to March. Home textile exports declined 3.36 percent to $647.34 million. Pharmaceuticals, which got much attention in recent years for its great export potential, fetched $99.74 million in the nine months, a jump of 30.35 percent from a year earlier.

BD's slip in ranking 'hits investment growth'

Bangladesh has not only failed to improve its position in the 'ease of doing business' index, it has rather slipped by 111 notches in the past 13 years. The country's poor ranking among the global economies is frustrating its investment growth, analysts said on April 5, 2019. Bangladesh ranked 176th in the 2019 version of the 'Ease of Doing Business' index of the World Bank (WB) and International Finance Corporation.

The country scored 65th in 2006-the first year of assessing such status of world economies. Bangladesh is positioned in

the "below average" class in the report as it has ranked 176th among 190 economies. Businessmen and analysts have expressed sheer unhappiness over the country's plunging performance in creating better environment for the businesses. They said poor ranking in the doing business report is not only failing to attract foreign direct investment but also local private investment. Local trade bodies, the International Monetary Fund and other development partners have been clamoring for improving Bangladesh's position over the years. However, the government has set a target to bring the country's position in the doing business index below 100 by 2021 from the existing rank.

Bangladesh Investment Development Authority (BIDA) executive chairman Kazi M Aminul Islam spoke of the government's reform initiatives to improve the business environment. Business-friendly environment would help bring the ranking below 100 by 2021 and below 50 in the next five years, he said. But analysts said they do not see any possibility of improving the country's position to 100 in the doing business index within the next two years by 2021. Among 10 categories in the 2019 report, Bangladesh has failed to improve in five categories, getting credit, protecting minority investors, paying taxes, trading across borders and enforcing contracts. However, it has improved its standing in the "getting electricity" category and slightly upgraded it in four other classes starting a business, dealing with construction permits, registering properties and resolving insolvency. The WB in its latest Bangladesh Development Update said there is sufficient room for Bangladesh to improve its position in the ease of doing business index. "The most pressing are concerns about inconsistencies in law and regulations, and undue use of discretion by officials," it said. Analyst AB Mirza Azizul Islam said, "I don't see any possibility of improving Bangladesh's position below 100 within the shorter period of years." "The government has taken some initiatives to improve the country's position, but those are so weak and slow that it is hard to achieve the target," he told the FE.

Political commitment and administrative action will have to work simultaneously for upgrading weaknesses in the business climate improvement, Mr Islam said.Policy Research Institute of Bangladesh (PRI) Executive Director Dr Ahsan H Mansur said Bangladesh is still lagging behind in areas like property rights, electricity, transportation, credit and land, and security for businesses. "The government has initiated to upgrade business environment, but I think it's not enough to improve into a significant position," he told the FE. Dr Mansur doubted that efforts would yield results to ensure the country's rank below 100th in the doing business index by 2021.

‘Bangladesh needs comprehensive e-commerce strategy’ Rapid e-Trade Readiness Assessment by UNCTAD says

Bangladesh has laid an ‘essential foundation’ for a technology-driven and skill-based digital economy but it still needs a comprehensive e-commerce strategy and improved delivery logistics, says a report. A Rapid e-Trade Readiness Assessment, completed by UNCTAD at the request of the Bangladesh government, pinpoints improvements in telecommunications infrastructure, trade logistics, payment solutions, laws and regulations, skills development, and financing, that can accelerate e-commerce and spread the benefits throughout the economy. The assessment of Bangladesh, funded by the Federal Ministry of Economic Cooperation and Development (BMZ) of Germany, was presented to government representatives during an event on the opening day of UNCTAD’s e-Commerce Week 2019, says a press release. “All commercial activities are going to be digital, and all current business laws, regulations and policies are to be made compatible with the digital commerce revolution,” said Post, Telecommunication and Information Technology Minister Mustafa Jabbar as he received the assessment.

“It is fantastic to see the great strides that Bangladesh has taken to prepare for a digital future. This e-Trade Readiness Assessment also recognizes that there are growth and employment gains yet to be made by a comprehensive pivot to e-commerce,” said Shamika N. Sirimanne, director of UNCTAD’s division on technology and logistics.

The report shows that the government had supported public-private dialogue and collaboration in digitalization matters ‘in an exemplary manner’. Its Digital Bangladesh initiative is part of its Vision 2021 national development plan and is supported by the A2I initiative currently led by the Information and Communication Technology (ICT) Division of the Jabbar’s ministry. A2I is an umbrella initiative that has shepherded growth in the ICT sector and the overall digital economy ecosystem of the country. Since its inception in 2010, the information and communications technology sector in Bangladesh has grown at an astonishing average pace of 40 per cent a year. The tech sector is a natural fit in the country’s development trajectory to create jobs for the 110 million under 35-year-olds in the nation of 160 million. With 65 per cent of Bangladesh’s people living in rural areas, connectivity remains a priority.

The fifth edition of the high-profile global gathering is taking place at the Palais des Nations, the UN’s office in Geneva, Switzerland from 1 to 5 April. The theme of this year’s week, which comprises dozens of sessions, is From Digitalization to Development. The report says support for e-commerce in a comprehensive national strategy recognizing all barriers to business from 'an ecosystem perspective' would help to increase the confidence of the general public in e-commerce, and to address the digital divide between urban and rural areas with higher priority. "Improvements in trade logistics such as better postal services and secure payment modes are also required," it says.

The affordability of internet services is also a major concern for companies engaged in e-commerce, the report notes. Since the launch of the Rapid e-Trade Readiness programme in 2016, UNCTAD has undertaken 17 assessments for Afghanistan, Bangladesh, Bhutan, Burkina Faso, Cambodia, Lao People's Democratic Republic, Liberia, Madagascar, Myanmar, Nepal, Samoa, Senegal, Solomon Islands, Togo, Uganda, Vanuatu, and Zambia. With the support of key donors Germany, the Enhanced Integrated Frameworks and the International Islamic Trade Finance Corporation another eight countries will benefit from the programme in 2019. The e-Trade for all initiative, a multi-stakeholder partnership that helps developing countries find information and resources on e-commerce and the digital economy , supports the preparation of the Rapid e-Trade Readiness Assessments.

28 hi-tech parks to create 300,000 jobs

Over 300,000 youths both boys and girls will get jobs within next couple of years in 28 hi-tech parks now being constructed outside the capital. Posts, Telecommunications and Information and Communication Technology (ICT) Minister Mustafa Jabbar made the disclosure on Saturday. He also said around 14,000 youths will get jobs in 'Bangabandhu Sheikh Mujib Hi-Tech Park, Rajshahi' Project that will play a vital role in boosting the current economy of the region by creating new technology-based employment. The Hi-tech Park is being built on 31 acres of land in Bulanpur area in Rajshahi city with an estimated cost of Tk 2.31 billion to make Rajshahi as the city of technology. Its implementation works are expected to complete by December, 2021. The minister revealed this while visiting the project site.

Mustafa Jabbar said the Bangabandhu Hi-tech Park intends to create atmosphere for establishing industries on ICT, engineering, electronics, telecommunication and biotechnology. Besides, more avenues of employment for the ICT people will be created in this venture. He said the park will play a key role in building Digital Bangladesh, accelerating the national economic development by expanding hi-tech industries, establishing hardware and IT industries and creating a helpful condition to attract foreign companies.

Foreign companies, he said, would be allowed to provide technological support for developing local industries. During the visit the ICT minister directed the implementing officials concerned to quick and proper completion of the construction works as par the design. ICT Secretary Ziaul Alam, Commissioner of Rajshahi division Nur-Ur-Rahman and Deputy Commissioner Abdul Kader were present on the occasion, reports BSS.

Mobile phone subscribers now 158.438m

The total number of mobile phone subscribers has reached 158.438 million till February, 2019. There were 157.544 million subscribers as of the end of January, 2019, according to Bangladesh Telecommunication Regulatory Commission (BTRC). Among them, the subscribers of Grameen Phone Ltd (GP) stood at 73.470 million while Robi Axiata Limited (Robi) has 47.025 million, Banglalink Digital Communications Limited 34.022 million and Teletalk Bangladesh Ltd (Teletalk) 3.921 million, the regulator added.

Working age population rises to 62.7 per cent

The significant rise in the country's working age population from 49 per cent in 1994 to 62.7 per cent in 2018 provides a demographic dividend to the economy. This was pointed out by "The State of World Population Report 2019" launched by the UNFPA Bangladesh on Wednesday. However, the report also revealed that Youth unemployment rate has increased from 6.0 per cent in 1994 to 11 per cent in 2017 showing a doubling of unemployment among the youth aged between 15 - 29 years.

Young population of Bangladesh constitutes 30 per cent of the total population over 50 million out of the 163 million, the report said adding that demographic trend in Bangladesh has opened new economic opportunities. The recent trend in women's participation is the labour force is encouraging, it said.

According to the report, life expectancy at birth increased from 70.4 per cent in 2013 to 72.0 years in 2017. Another interesting fact shown in the report is the rise in teh elederly population. The elderly population of Bangladesh is increasing at a remarkable rate. The share of population above the age of 60 was 4.4 per cent in 1951, but in 2016 it was 7.5 per cent of the population which means the number rose from 1.9 million to 12 million, the report said. This number is expected to increase to 14.6 million (about 9.0 per cent) by 2025.

BD-China trade to hit $18b mark in two years

Bilateral trade between Bangladesh and China, which accounted to $12.40 billion in 2017-18, is expected to hit $18 billion mark by 2021, according to economists. President of Dhaka Chamber of Commerce & Industry (DCCI) Osama Taseer disclosed it on Saturday when Ambassador of China to Bangladesh Zhang Zuo paid a visit at DCCI auditorium in the capital. Urging Chinese FDI in "RMG product diversification" and allied transfer of technology, Taseer said Bangladesh's 'Look East' Policy is essentially designed to open up new avenues of cooperation with China and the ASEAN region.

He also urged the world's second largest economy for quick implementation of duty free, quota free market access to Bangladesh. Zuo said China has recently passed the new foreign investment law which is more open and flexible for foreign investors. In 2017-18 China's FDI to Bangladesh increased and China has invested more in Bangladesh than any other countries, said he. China is one of the largest partners in mega infrastructure projects in

Bangladesh, said Zao adding that about 200 large Chinese companies and 200 Chinese SMEs are in operation in Bangladesh.

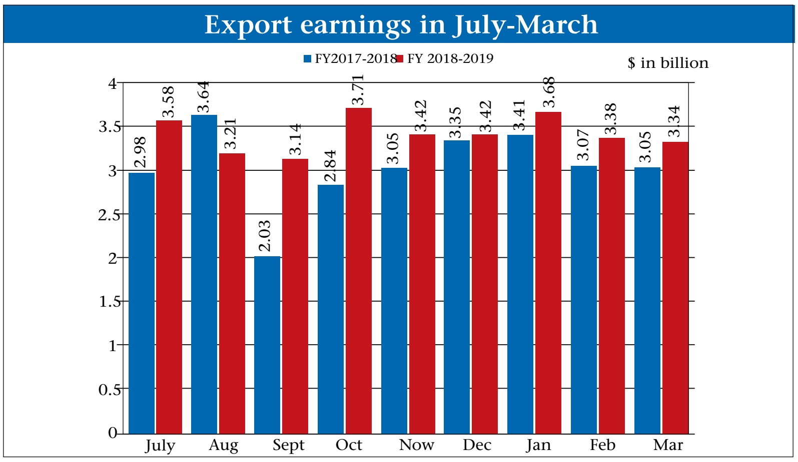
He also sees Bangladesh's vast potentials in fields of blue and coastal economy. The Chinese Ambassador invited DCCI members to attend the Shanghai Import and Export Fair 2019 in November. DCCI's Senior Vice President Waqar Ahmad Choudhury, Vice President Imran Ahmed, Directors Andaleeb Hasan, Alhaj Deen Mohammed, Enamul Haque Patwary, Hossain A Sikder, Engr. Md. Al Amin, Mohammad Bashiruddin, Nuher L. Khan, Shams Mahmud and S.M. Zillur Rahman were present. Commercial Counsellor of the Chinese Embassy Mr. Lv Yang accompanied the Ambassador.

Export earnings near $31b in 9 months

Country's export earnings in the first nine months of the current fiscal year (2018-19) stood at nearly $31 billion due to an impressive performance of the readymade garment sector. The export earnings in July-March of FY19 grew by 12.57 per cent to $30.90 billion from $27.45 billion in the same period of FY2017-18, surpassing the government-set target by 7.20 per cent, according to Export Promotion Bureau data released on April 07, 2019. The earnings from exports in March saw a 9.35 per cent increase, reaching $3.34 billion from $3.05 billion in the same month of the last year.

Both experts and exporters termed the ongoing export earnings growth satisfactory, saying that the double-digit earnings growth totally depended on the readymade garment products. Against such singular dependence of the export earnings growth on the apparel sector, they emphasized measures to address the challenge of increasing export of non-RMG products. Country's export earnings from the RMG industry in the three quarters of FY19 were $ 25.95 billion, an increase of 13.65 per cent from $22.83 billion in the corresponding period of FY18.

The nine-month export earnings were 7.40 per cent higher than the target of $24.16 billion set by the government



for the period. 'Country's export earnings maintained a moderately good growth which is almost double the target set by the government and we hope the annual earnings would exceed the target at the end of the year,' Centre for Policy Dialogue research director Khondaker Golam Moazzem told New Age on April 07,2019. He cautioned that while the export income growth largely depended on RMG products the country had failed to utilise the potential of other products, including jute and jute goods and leather products.

In this respect, Moazzem suggested addressing the specific challenges for specific products to ensure a sustainable export growth in the future. EPB data show that the earnings from woven garments in the nine-month period of FY19 grew by 14.22

per cent to $13.15 billion from $11.51 billion in the same period of the last fiscal year. On the other hand, the knitwear export revenue in the period went up by 13.07 per cent to $12.80 billion compared to the same period of FY18. The home textile sub-sector experienced a negative growth in export earnings in the period, falling by 3.36 per cent to $647.34 million from $669.87 million in the same period of the previous fiscal year. 'Obviously, the ongoing RMG export earning growth is satisfactory for the sector and the country as well but the retention of the RMG exporters has been decreasing gradually,' said Bangladesh Garment Manufacturers and Exporters Association vice-president Mahmud Hasan Khan Babu.

He also said exports of woven garment items were increasing as US buyers were shifting their orders from China to Bangladesh due to the US-China trade tension. EPB data show that export earnings from agriculture products in the nine months of FY19 grew by 53.05 per cent to $722.73 million from $472.23 million in the same period of the last fiscal year. On the contrary, the export earnings from leather and leather goods went down by 9.08 per cent to $771.69 million in July-March of FY19 from $848.79 million in the same period of FY18. However, the export revenue from leather-footwear increased by 7.86 per cent to $458.76 million while other leather products fetched $178.17 million with a 37.37-per cent negative growth in the period. Once the biggest export earner of the country, jute and jute goods sector continued to perform poorly, the income from which in the July-March period of FY19 fell sharply, by 23.23 per cent, to $628.08 million from $818.09 million in the same period of FY18. The earnings from exports of frozen and live fish marked a 2.77 per cent growth to reach $419 million in the period compared to the same period of the last fiscal year while the shrimp export income fell by 10.88 per cent to $297.96 over the corresponding period. The pharmaceutical sector continued an upward trend the export revenue of which increased by 30.35 per cent to $99.74 million in July-March of FY19 from $76.52 million in the same period of FY18.

World food prices steady in March: FAO

World food prices were broadly steady in March, with a jump in dairy prices offset by drops in cereal, vegetable oil and sugar price quotations, the United Nations food agency said on March 31, 2019. The Food and Agriculture Organization's (FAO) food price index, which measures monthly changes for a basket of cereals, oilseeds, dairy products, meat and sugar, averaged 167.0 points last month, down from 166.8 in February.

The index was 3.6 per cent below its level of one year ago. The FAO dairy price index jumped 6.2 per cent from February's value, driven by strong import demand for butter, whole milk powder and cheese. The meat price index rose 0.4 per cent month-on-month. By contrast, FAO's vegetable oil price index fell 4.4 per cent from the previous month, due partly to limited demand for palm oil, while its sugar index dropped 2.1 per cent and its cereal index fell 2.2 per cent on February.

FAO raised its latest world cereal production forecast for 2018 to 2.655 billion tons, against the 2.609 billion it forecast a month ago. The figure was still 1.8 per cent down on a year-on-year basis. The UN agency said the latest forecast contained sharply raised estimates for global cereal production, utilization and stocks following the release of new data from China for the period 2007-2017. 'FAO's new estimate for global cereal stocks for crop years ending in 2019 has been scaled up by almost 11 per cent to 849 million tons, mostly reflecting larger holdings in China,' the agency said in a statement. The UN agency forecast for world wheat production in 2019 remained steady on 757 million tons, four per cent above the 2018 level but short of the record high registered in 2017.

Bangladesh second fastest growing economy: IMF Projects less inflationary pressure ahead

Bangladesh is among the three fastest growing economies in the world, according to the International Monetary Fund (IMF) in yet another thumping endorsement of the country's extraordinary growth momentum. The economy will grow at 7.3 percent this year, which will be second highest in the world, as per the IMF report 'World Economic Outlook, April 2019: Growth Slowdown, Precarious Recovery' revealed on April 11, 2019.

FASTEST GROWING ECONOMIES

Country	Projected Growth
RWANDA	7.8%
BANGLADESH	7.3%
INDIA	7.3%

source: IMF

Neighbouring India will also grow at the same pace as Bangladesh but Rwanda will grow the fastest at 7.8 percent.

The three countries would be the only ones in the world to log in more than 7 percent growth this year. The IMF's projection comes on the heels of the World Bank's and the Asian Development Bank's.

The World Bank, which does not use calendar year in its projections like its counterpart IMF, said Bangladesh would be among the five fastest growing economies in the world this fiscal year with its 7.3 percent growth. The Asian Development Bank tipped Bangladesh to log in the fastest economic growth in the Asia-Pacific region in fiscal 2019-20. This fiscal year, the economy will grow at 8 percent.

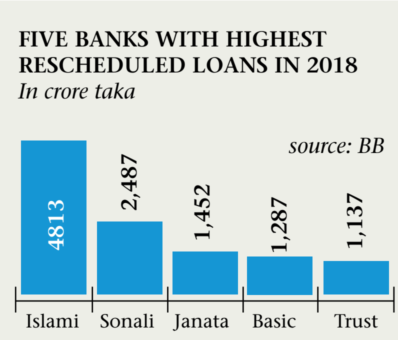
The two multilateral lenders' projections for this fiscal year, however, are lower than the prediction of the government: 8.13 percent. The IMF projected that Bangladesh will see less inflationary pressure and an improvement in its external position this year. Inflation will be 5.4 percent this year, which was 5.6 percent last year.

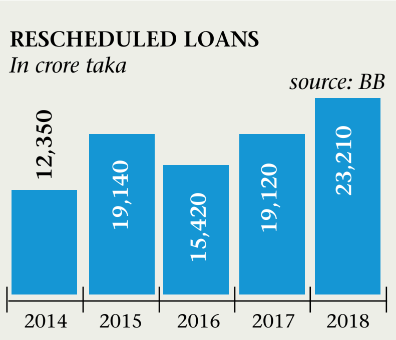
Current account deficit was rising in the last two consecutive years. The negative balance was 2.1 percent of GDP in 2017 and 2.8 percent in 2018. In 2019, the negative balance will narrow to 1.9 percent of the GDP, the IMF report said. Among other South Asian economies, Bhutan will grow at 4.8 percent, the Maldives 6.3 percent, Nepal 6.5 percent, Sri Lanka 3.5 percent and Pakistan 2.9 percent this year. The world economy will slow down to 3.3 percent from 3.6 percent last year thanks to a slump in the major economies of China, the US, Germany, Italy and Japan. Rising trade tension between China and the US is another reason for the slowdown in global economy.

Market & Financial News

Loan rescheduling hits peak: Islami Bank tops rescheduling chart

Banks have rescheduled a record amount of default loans last year, fueling further fears of the sector's health. In 2018 non-performing loans amounting to Tk 23,210 crore were rescheduled, up 22 percent from a year earlier, according to data from the central bank. Curiously, last year saw both the default and rescheduled loans hit their peaks. At the end of September 2018, banks' NPL grazed Tk 1 lakh crore it stood at Tk 99,370 crore the largest yet in Bangladesh's history. It came down to Tk 93,911 crore towards the end of the year. “This has cast a pall of gloom over the entire financial sector,” said Ahsan H Mansur, executive director of Policy Research Institute, a private think-tank.





A major portion of the loans was rescheduled by taking special approval from the central bank on a case-to-case basis, meaning the applications would not have held water were they put through the standards for the Bangladesh Bank's rescheduling policy. Furthermore, the majority of the lenders rescheduled their default loans on a wholesale basis without verifying the cash flow of the borrowers or without securing the required down payment, analysts said. And the motive for such wheeling and dealing was to avoid keeping provisioning against the toxic loans and show hefty net profits. In the long run this will not bring any good as it artificially showed a lower amount of default loans, said Mansur, a former economist of International Monetary Fund. “It is just window dressing to make the statistics look better than what they are.”

The real problem is that both the central bank and the government are yet to address the problem head-on; they are showing a nonchalant attitude towards it. The central bank should not permit defaulters to reschedule their classified loans on a discretionary basis as it creates a moral hazard, he said. “If the central bank's ongoing policy continues, the default culture will remain and prop up habitual defaulters,” Mansur added. Of the banks, Islami Bank Bangladesh rescheduled the highest amount of default loans: Tk 4,814 crore, which is 21 percent of the total rescheduled loans in 2018. The central bank gave about 200 special approvals bypassing its own policy to Islami Bank's loan rescheduling applications, said a BB official requesting anonymity due to the confidential nature of the matter. Default loans at the bank, which is the largest in Bangladesh in terms of deposits, also increased 31 percent year-on-year to Tk 3,317 crore last year.

Banks have been extending the rescheduling facility for years and yet it could hardly bring any positive impact on the NPL amount. In 2014 loans amounting to Tk 12,350 crore were rescheduled and over the next four years the sum ballooned 87.94 percent. “Rescheduling is not a bad thing, but lenders will have to follow a cautious policy to regularize the loans,” said Syed Mahbubur Rahman, chairman of the Association of Bankers, Bangladesh, a platform of private banks' chief executives. The rescheduled loans will become default ones if it is done just with the intent of showing lower NPLs. "Rescheduling should be done on the basis of the borrowers' cash flow," said Rahman, also the managing director of Dhaka Bank. The central bank's financial stability reports for 2016 and 2017 also expressed concerns about the growing tendency of loan rescheduling. Poor due diligence, influenced lending, and fraud and negligence in compliance with risk management practices could be the reasons for the rise in rescheduled loans, the reports said.

Financial sector could stoke next economic crisis in Bangladesh: World Bank economist warns

Bangladesh's next economic crisis could take place in the financial sector, warns a top economist of the World Bank. "If there is any possibility of economic vulnerability in Bangladesh that could be in the financial sector," the Bank's chief economist for South Asia Hans Timmer told the Financial Express in an interview on the sidelines of the World Bank-International Monetary Fund spring meeting in Washington DC.

The central bank should play more important role in the crowded banking sector because the non-performing loans (NPL), especially in the state-owned banks, are increasing and it is becoming a problem, he said. That's where policies can be improved to check the possible crisis, he added. The economist said, "From the current account, it is important to realise that you have a big advantage as you have large reserves. The central bank has preserved it. But that is not as much as many other countries have," he added.

"You have the reserve equal to nearly five months of import payments. But in many emerging economies it is double than your country," the economist said. "Countries that have large reserve, find it much easier to absorb volatility in financial market. So if you suddenly see reversion in capital flows or increased uncertainty in international financial market, the countries that have large reserve have an advantage."

In that sense, it is not going in the right direction what happened last year when the reserve was sold to try to prevent further depreciation of the current account, Mr Timmer said. "The pressure on the currencies in all countries in South Asia is no longer temporary, but this is a signal that really the relative prices have to be adjusted. And this is a signal that the current account deficit that is widening is unsustainable," he said.

This means Bangladesh needs more flexible exchange rate, which can provide that adjustment in relative prices you need, he noted. For Bangladesh's central bank, "it is a challenge that the monetary policy on how you can go for more flexible exchange rate that can help you build up the reserves again and that can help you adjust the relative prices and at the same time, keeping inflation under control and not overshooting and marinating confidence in the whole system."

Referring to the country's current account balance, Mr Timmer said although Bangladesh and other South Asian countries are doing well, their export is only one-third of their potentials, and the gap is widening. Quoting a World Bank report on "Exports: Wanted", he said that the region's export gap has widened over time, standing at over 20 per cent of GDP in 2017. About the trade war between US and China, the WB chief economist said in the short-run it can be positive. "Your export to the US and China has increased," he said. The incidents like Brexit, and US-China trade war put more pressure on the country like Bangladesh not just to benefit from trade but also for the shared trade benefit, he added. Asked about the possible cut of trade benefit in the global market after graduation to a developing country status, the chief economist suggested Bangladesh create a strong bloc with other similar nations for putting pressure on the developed world so that the country does not lose the benefits.

Banks' CSR spending soars despite lower profits

Banks' spending on corporate social responsibility shot up last year, even overshooting the regulatory ceiling at a time when they logged in lower profits for higher provisioning needs from the mounting default loans. In 2018, banks spent a total of Tk 904 crore, up 21 percent year-on-year, according to data from the Bangladesh Bank. As per the CSR expenditure guideline of the BB, banks can spend for philanthropic purposes from their net profits and there is no limit on expenditure. The expenditure will be participatory and not mandatory. But, they cannot spend more than: 30 percent of their CSR outlay on the education sector, 20 percent on the health sector, and 10 percent for climate risk or disaster management.

Banks breached the ceilings last year: they spent Tk 380 crore on the education sector and Tk 331 crore on disaster management, which are 42 percent and 36.62 percent respectively of the total CSR expenditure. The CSR spending of some banks is rather curious. For instance, AB Bank, which is listed on the Dhaka Stock Exchange, saw its earnings per share come down to Tk 0.41 in the first nine months of 2018 from Tk 0.64 a year earlier. Yet, it spent Tk 17.19 crore under the CSR programme last year, of which the highest 48 percent went to the 'others' sector. In 2017, the bank's net profit was Tk 2.96 crore against which it spent Tk 17.64 crore on CSR activities, according to data from the central bank. All the banks overshot the regulatory ceiling when it came to expenditure on disaster management, with some spending their CSR money only for this purpose. For instance, Eastern Bank spent Tk 7.06 crore under its CSR programme, with 99.57 percent going towards disaster management, data from the BB showed. Banks had spent the amount either through their own channels or through donations to the Prime Minister's Relief and Welfare Fund, said a senior BB official. "The higher expenditure for disaster management fuelled the total CSR spend," he added.

Banks get tax rebates on spending under CSR programmes, said Faruq Mainuddin Ahmed, managing director of Trust Bank. "Moreover, banks spend from their social responsibility," he said, adding that there is no chance of the CSR funds being misused as the central bank has set spending limits for particular sectors. If banks spend beyond the limit, they will not enjoy the tax rebate, he added. It is good that banks' participation in social responsibilities has increased as the money spent comes from the directors' pockets, said Khondkar Ibrahim Khaled, former deputy governor of the BB. He went on to urge the central bank to ramp up its monitoring to ensure proper use of CSR funds.

68pc Bangladeshis pay no income tax: CPD survey 85pc say better public services will motivate people to pay taxes

Some 68 percent of the population do not pay tax despite having taxable income, according to a study by the Centre for Policy Dialogue. The independent think-tank carried out a survey earlier this year among 1,200 people with taxable income and found only 32 percent had paid income tax the previous year. And 25 percent of the survey participants belonged to the affluent class but did not pay tax, according to the study report 'Potential of Personal Income Tax in Bangladesh: An Examination of Survey Data'. "However, this does not mean that those who have paid tax have not evaded tax," said Towfiqul Islam Khan, senior research fellow of the CPD, presenting the findings of the study at an event held at the Khazana Gardenia Hall in Dhaka yesterday, The event discussed the mobilization of development finance for Bangladesh and its utilization challenges.

CPD Executive Director Fahmida Khatun presented the findings of another study that explored whether Bangladesh can do without foreign aid. Khatun summarised that aid has significant positive impact at the micro level and the flow of aid in strategic areas is critical for social development. The health sector is particularly benefitted from aid. But, aid has minimal impact on Bangladesh's economic growth. While Khatun focused on the need for improvements in project design, implementation, management and removal of bureaucracy among donor agencies and the government, Khan said revenue mobilization has become important for financing the Sustainable Development Goals.

Tax-GDP ratio in Bangladesh was 9 percent in fiscal 2016-17, which is far below the developing country average of 15 percent of GDP, he said. Some 85 percent of the survey respondents believe that increased provision and quality public services will induce people to pay taxes. The survey found that 75 percent of the respondents feel that the tax system inherently favors the elite and 65 percent believe corruption is prevalent in the taxation system. Nearly half of the respondents find the tax system overly complex, Khan said, while calling for incentives to encourage the lower income households to become taxpayers.

"People's perception towards tax policy formulation needs to change to positive," he said, while recommending framing of tax policies in a participatory and transparent manner. There are nearly 35 lakh registered taxpayers and less than 20 lakh submit returns, said Md Mosharraf Hossain Bhuiyan, chairman of the National Board of Revenue. "The number of tax return submission is increasing, but we have more to do," he added. Bangladesh's per capita income is almost double that of Nepal's and yet the tax-GDP ratio was lower than the Himalayan nation's by 14 percentage points, said AB Mirza Azizul Islam, former finance adviser to the immediate caretaker government.

To increase the income tax collection, more attention should be paid on declaration of wealth in the tax return, said Debapriya Bhattacharya, distinguished fellow of CPD. He, however, said Bangladesh needs foreign aid to attain its development targets. "It would not be wise to think that Bangladesh would perform better without foreign finance." He also questioned reasons behind higher spending of foreign aid for physical infrastructure and reduced spending on social sectors. Efficiency of public investment, especially in infrastructure-related projects, is imperative, said Ragnar Gudmundsson, resident representative of the International Monetary

Fund. "At present, public investment in Bangladesh suffers from significant cost overrun," he said, adding that there is a high efficiency gap in public investment management between Bangladesh and most efficient and emerging economies. He suggested a shift towards taxation on consumption, corporate income and personal income rather higher duties on imports. Some 1,800-1,900 firms pay more than 50 percent income tax, said Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry. She stressed on the need for expansion of tax net and better public services so that people feel motivated to pay taxes. "If you pay taxes, you should demand services," Kabir said. Good utilization of public resources induces people to be compliant, said Mustafizur Rahman, distinguished fellow of CPD.

United Power tops turnover chart

United Power Generation and Distribution Company (UPGDC) topped the April 08, 2019's turnover chart following investors' increased participation. On the day, the company featured a turnover

of above Tk 337.60 million and grabbed 10.21 per cent of the market turnover. Its share price declined 1.40 per cent or Tk 5.40 to close at Tk 381.10 per share. Following the price correction witnessed by the major sectors, the Dhaka Stock Exchange (DSE) featured the lowest turnover since December 18, 2018.

At the end of the session, the DSE's turnover stood at above Tk 3.30 billion which was 9.0 per cent less than the turnover of the previous session. Of total turnover, 40.09 per cent came from the transactions of top 10 turnover leaders. Of other turnover leaders, Fortune Shoes featured a turnover of above Tk 191.80 million and captured 5.80 per cent of the market turnover. The company's share trading closed at Tk 36.10 each with a rise of 1.96 per cent or Tk 0.7. The share price of Bangladesh Submarine Cable Company Limited advanced 1.75 per cent or Tk 2.80 to close at Tk 162.90 each. The company grabbed 4.78 per cent of the market turnover after featuring a value of Tk 158 million. Grameenphone posted a turnover of above Tk 138.70 million and grabbed 4.20 per cent of the turnover featured by the DSE on April 08, 2019.

On the day, the company's share price declined 3.30 per cent or Tk 12.80 to close at Tk 375.50 each. The turnover of the Monno Ceramic Industries stood at above Tk 120.30 billion which was 3.64 per cent of the market turnover. The company's share price declined 5.38 per cent or Tk 18.70 to close at Tk 328.70 each. Eastern Cables posted a turnover of above Tk 88.40 million and grabbed 2.62 per cent of the market turnover. Of other turnover leaders, Alif Industries featured a turnover of above Tk 80.90 million followed by British American Tobacco Bangladesh Company Tk 78.60 million, National Polymer Tk 65.70 million and National Tubes Tk 64.10 million

Savings certificates become a headache: BIBM

Astronomical sales of national savings certificates has become a grave concern for policymakers and bankers, as their high interest means the government's interest burden is soaring and banks are being deprived of deposits, said the Bangladesh Institute of Bank Management. The government's savings tools are now offering interest rates between 11.04 and 11.76 percent in contrast to 5 to 8 percent rate given by banks.

This has prompted savers to flock to NSCs, so much that the government's target of borrowing Tk 26,197 crore from the tool this fiscal year was met in just the first seven months. Between July and February, the net sales of the savings tools stood at Tk 35,602.49 crore, up 7.49 percent year-on-year, according to data from the Department of National Savings. Total outstanding sales of NSCs stood at Tk 262,760 crore as of December last year, up 193 percent from four years earlier.

The above market interest rate on NSCs may make government borrowing from the channel unsustainable, said the BIBM report. It is also impacting the growth of bank deposits, which in turn may create liquidity problem for the banking sector. The report, which was unveiled yesterday at a seminar, went on to suggest a floating rate based on the average interest rate of government securities (treasury bills and bonds) along with some additional basis points for the savings instruments. "The high volume of savings tools has some important implications for fiscal-monetary management," said SM Moniruzzaman, deputy governor of the central bank, at the seminar held at the BIBM auditorium. The sales of savings tools increased beyond the budgetary target by a sizeable margin in the last couple of years. As a result, the government borrowing from banks has reduced, cutting down the interest rate on treasury bills and bonds, he said. To compete with the government savings tools, banks need to collect deposits at higher interest rates.

"Thus, the existing administered interest rate of the government tools appears to be a challenge for fiscal-monetary coordination." The difference between the government tools and the bank deposit or treasury securities rates, among others, is generally seen as responsible for the recent rise in the NSC issuance. A portion of wealthy people may be parking their money heavily in the instruments, forcing the government to borrow more from the tools than its budgetary target, Moniruzzaman said. At present, there is no database of the savings instruments to verify which segments of the society are investing the maximum amount of money in the tools, he added. Barkat-e-khuda, Dr Muzaffer Ahmad chair professor of the BIBM; Helal Ahmed Chowdhury, supernumerary professor of the BIBM; Md Ali Hossain Prodhania, managing director of Bangladesh Krishi Bank; and Yasin Ali, supernumerary professor of the BIBM, also spoke. Prashanta Kumar Banerjee, director and professor of the BIBM, presented the findings of the report.

Article

What the rising GDP and per capita income are not telling us

Abu Afsarul Haider

On April 4, 2019, the World Bank presented its latest economic forecast that Bangladesh's economy will grow at 7.3 percent in the fiscal 2019. Whereas a day earlier, the Asian Development Bank (ADB) predicted that the Gross Domestic Product (GDP) growth would be 8 percent. On the other hand, Finance Minister AHM Mustafa Kamal is more confident and expects that GDP growth in fiscal 2018-19 will be higher than 8 percent—more likely 8.13 percent—and he is also anticipating an increase in the country's per capita income to USD 1,909 in the current fiscal year, up from USD 1,751 in the previous fiscal year (2017-18). While a debate over the GDP growth target is going on, one might ask, "Is the GDP growth or per capita income a clear indicator of the level of well-being in a country?"

To answer the question, let's start with the basic economics 101. In economic literature, economic growth and economic development are often used interchangeably but there is a difference. Growth and development are two different economic phenomena. Growth refers to the simple increase in a country's GDP, in percentage terms. It shows how much the production of goods and services has increased compared to last year in a quantitative manner. In other words, economic growth is just a measure of how fast the GDP is growing.

By contrast, economic development is a qualitative process and refers to the structural change of economic and social infrastructure in an economy, which allows an increase in the standard of living of a nation's population. In short, it focuses more on the progress in the socio-economic structure of an economy rather than just a quantitative increase in production. On the other hand, per capita income indicates the income each person would have if GDP were equally divided among the population of a country. It is an average estimate.

Undoubtedly, GDP, GDP growth and per capita income are most prominent indexes used to measure the economy of a country. But there are lots of shortcomings—these indexes do not tell us the full story of an economy. GDP is a broad measurement of a nation's overall economic activity that includes all private and public consumption, government outlays, investments and export minus imports, but does not distinguish between those activities that promote well-being and those that degrade well-being. It does not tell us anything about the crucial aspects of well-being such as public health, nutrition, growing disparity between rural and urban incomes, low standard of living, hazardous urbanization and its social costs and environmental impacts, rising unemployment, political freedom, etc.

In a famous speech in 1968, Robert F Kennedy made this comment about GDP: "Our gross national product… counts air pollution and cigarette advertising and ambulances to clear our highways of carnage. It counts the destruction of our redwoods…Yet it does not allow for the health of our children, the quality of their education or the strength of our marriages; neither our wisdom nor our learning; neither our compassion nor our devotion to our country which makes life worthwhile."

Likewise, nowadays our leaders never miss an opportunity to talk about rising GDP and per capita income but they never speak about the impact of this growth which has actually bypassed the majority of the population while higher-income groups have been the main beneficiaries. A report titled "Household Income and Expenditure Survey (HIES) 2016," published by the Bangladesh Bureau of Statistics (BBS), shows that the rich-poor gap in terms of wealth accumulation has been widening in the country. The poorest five percent had 0.78 percent of the national income in their possession back in 2010, and now their share is only 0.23 percent. By contrast, the richest five percent, who had 24.61 percent of the national income in 2010, now have a higher share—27.89 percent, to be precise. In other words, the bottom five percent's share of national income has decreased whereas the richest five percent's share has increased.

Very recently, ADB has presented a paper titled "Spreading equitable development in the countryside" that showed that the per capita income in rural areas of Bangladesh lags far behind that of the two big cities, Dhaka and Chattogram. For example, it showed that the per capita income of districts such as the southeast hill-tracts of Khagrachhari was Tk 24,556 in 2010—36 percent of Dhaka's Tk 66,548—and the per capita income of northeast border district Sunamganj was 42 percent of that of Dhaka. Then, in another report, released jointly by BBS, World Bank and the United Nations World Food Programme (WFP), it was revealed that of a total of 49.4 million poor people of the country, 15.9 million or 32.3 percent live in Dhaka and 8.3 million live in Chattogram. This means that nearly half of the country's total poor population live in these two regions which have the highest contribution to the national GDP—with Dhaka metropolis alone contributing 36 percent and Chattogram 11 percent.

So, the increase in the national per capita income from USD 1,751 to USD 1,909 does not necessarily mean a greater and equitable distribution of wealth for the greater populace.

Moreover, even with high growth, there's no guarantee that growth will cause higher employment. As a matter of fact, the economic growth achieved by Bangladesh over the past few years has been what is referred to as "jobless growth". It has failed to create enough jobs for the millions of young Bangladeshis joining the workforce every year. Different studies show that between 2013 and 2017, while the average annual GDP growth was 6.6 percent, the average annual growth of jobs was only 0.9 percent. The employment share of the manufacturing sector actually declined from 16.4 percent to 14.4 percent. According to a report published by the United Nations Population Fund (UNFPA), some 47.6 million or 30 percent of the total population are young (10-24 years), and of them, 25 percent—numbering around 11 million—are currently inactive, i.e. they are neither in the education cycle nor involved with any economic activity.

Unfortunately, the unemployment rate is higher among the higher educated group of the youth. Worrying still is that almost 1 in 4 Bangladeshis (24.3 percent of the population) lives in poverty, and 12.9 percent of the population live in extreme poverty. Yet, our politicians and economists are addicted to GDP, GDP growth and per capita income.

GDP or growth tells us nothing about our unplanned urbanisation, environmental quality, levels of health or education. Bangladesh ranked the second worst country in curbing environmental pollution. A recent study shows that the toxic air that we breathe in Bangladesh led to 1.23 lakh deaths in 2017. While GDP is rising, our cities are growing in an unsustainable manner—parks, open spaces, rivers, canals and water bodies are gradually disappearing. The rivers and waterways are gradually shrinking and drying up due to the huge depositions of silt and waste. As per a survey of the Bangladesh Water Development Board (BWDB), there are three hundred and ten rivers in Bangladesh. Out of these rivers, the condition of one hundred and seventy-five is miserable, and sixty-five are almost dead.

It is sad that even after 48 years of independence, the country's healthcare sector is in a shambles. Every year, a large number of people including politicians, businessmen and even common people go to Singapore, Thailand and India for their medical treatment, due to a lack of confidence in our healthcare system. A recent estimate by Bangladesh Investment Development Authority (BIDA), which was prepared using the data of Health Bulletin, says that Bangladeshis spend around USD 2.04 billion annually on healthcare abroad.

Our education system is really disappointing; it is not effectively serving the goals of human development. There is a lack of adequate communication and collaboration between the government, academia and industry. The consequence of this is evident when we find that a substantial chunk of skilled jobs in our industries and other economic enterprises is occupied by professionals from foreign nations. Unfortunately, there is no accurate data on foreign employment in the country or the number of foreign employees. But industry insiders claim that over 500,000 foreign nationals are currently working in several industrial sectors like apparel, textile, buying house, telecommunication, information technology, etc.—earning nearly USD 5 billion in remittances that flow out of Bangladesh.

However, I am not saying that GDP or per capita income is useless or means nothing. What I am trying to say is, scoring big in these economic indicators shouldn't be the government's only objective, nor should GDP or per capita income be considered a definitive measurement of human welfare, because excessively focusing on these economic indicators takes our attention away from the real measurement of a country's progress—people's overall well-being. We must put more emphasis on investment in human capital, life-long learning, social protection, and good governance, and need to build people-centred economy where all citizens will have equal access to health and quality education so they can help in the development of society.

[The Contributor The studied economics and business administration at the Illinois State University, USA, and is currently involved in international trade in Dhaka]

News from Member Companies

LafargeHolcim Bangladesh Organizes Round Table to discuss on the opportunities and challenges of construction sector

LafargeHolcim Bangladesh goes into partnership with leading financial daily 'The Financial Express' in organizing a Round Table titled 'LHBL – FE Business Dialogue on Construction Sector: Opportunities and Challenges'. As a leading manufacturer of building materials and solutions provider LHBL steps ahead in addressing various issues in the construction sector and highlighted the new innovative methods in construction arena with the presence of prominent professionals from different relevant sectors. The event took place on March 20, 2019 at Spectra Convention Center where participants reiterates the challenges faced in construction sector.

Dr. Toufiq M. Seraj, Managing Director Sheltech pvt .ltd. was the keynote speaker highlighted the current construction practices and the way forward to improve it by inducting quality construction materials and introducing new methods. He also highlighted sustainable construction, safety in construction site, skill development of the workers etc.

"We see more opportunities than challenges in the sector as we have a consistent GDP Growth and diverse workforce. Towns and cities will rise around the big projects across the country that will set off rapid urbanization in the near future. Having such opportunities we also need to look into the challenges simultaneously such as environment, making the growth sustainable along with being responsible to the society and ensuring good quality in construction" said RajeshSurana, CEO, LHBL.

Asif Bhuiyan, Chief Corporate Affairs Officer welcomed the participants at the event. Professor Dr. M. Mostafa Ali, Head of the Department, Water Resources Engineering, BUET was the moderator of the round table discussion. All participants thanked and appreciated LHBL and Financial Express for organizing the round table.

BATB: Innovation and Technology

"Digital Bangladesh" is a motto initiated in accordance to the government's Vision 2021. It is a key impetus of the Digital Bangladesh project to turn Bangladesh into a digital country by the year 2021, the golden jubilee of the nation. As Bangladesh embarks on its remarkable journey towards socio economic growth and development, British American Tobacco (BAT) Bangladesh is committed to be a development partner of the nation and support the government's aims for now and the future.

Having operated in the country for over a century, BAT Bangladesh believes it has a responsibility to help create a sustainable balance of economic growth, environmental protection and social progress in Bangladesh. It is one of the few companies in BAT group which still undergoes the 'crop to consumer' practice. The company ensures three principles throughout the entire value chain – value generation for all partners and the community, follow and exemplify ethical business practices across the business and world-class human capital development. Targeted innovation is also embedded throughout the chain, from helping the farmers to distributors and finally the consumers.

BAT Bangladesh drives innovation and technology by introducing multiple globally known technologies to provide digital convenience and technical assistance in many areas through its entire crop to consumer process. These technologies help connect thousands across the country and allows them to enjoy the benefits of a digital Bangladesh.

Sustainable Agriculture –

The Company has a long-standing relationship with 38,000 Bangladeshi farmers and it collaborates with the Ministry of Agriculture to follow the best practices in the industry. From the time the seeds are planted to the time of harvest, BAT Bangladesh mediates at the appropriate moments so that the farmers are benefitted economically and at the same time the environment is also not impacted.

The best practices are communicated to the farmers through innovative channels which increase their overall productivity and in turn, their livelihoods.

Bondhusheba is an example of one such innovative web-based messaging platform initiated by BAT Bangladesh. This platform helps reach the farmers on time to provide them with required information on weather, good agricultural practices (GAP), sustainability, etc., through messages.

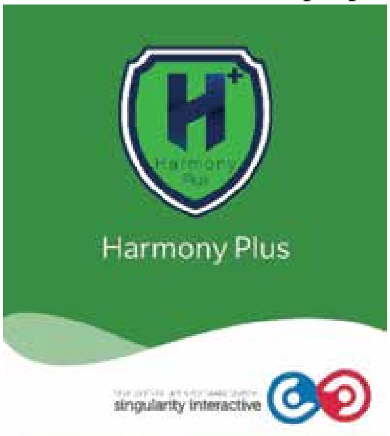
Field Technician of BATB scanning finger print of farmer with the help of FSM app

In fact, such support to farming community is fully aligned with Sustainable Agriculture and Farmer Livelihood (SAFL) - enhancing overall farm productivity.

Last year, BAT Bangladesh has also unfolded a new page in its journey of enabling the digital transformation of the business by the successful deployment of a new mobile-based digital solution – **Farmer's Sustainability Management (FSM)** application. The FSM app helps to monitor and measure sustainability indicators for the contracted farmers worldwide. It substitutes traditional paper work done by the field staff, optimising the time spend on sustainability monitoring, providing a faster and more accurate analysis and data review as well as driving continuous improvement under the sustainability agenda of the company.

Environment, Health and Safety –

With the largest factory in the group, BAT Bangladesh runs a very complex business model with more than 1500 people where they operate in across 42 locations nationwide. It is very challenging to identify health and safety improvement areas and ensure workplace safety to this dispersed workstream. To achieve **zero** accident vision, the Environment, Health and Safety (EHS) team of the company has encouraged the use of innovative technology to address health and safety challenges in a much faster and smarter way using **Harmony**, a mobile application.



Harmony was developed and launched in 2017 to create one virtual platform enabling business critical EHS information to be right at the fingertips. The app introduces a paperless reporting journey which supports global environmental agenda by creating a central digital footprint of all reports through the standardized format. Harmony eliminates manual transaction, fast tracking the process to focus on qualitative improvement.


Automated Sales Call through Prism

Trade –

The Trade Marketing and Activation Team of BAT Bangladesh has also presented a cost-effective innovation through an application – **Prism.** In the year 2017, Business to Business platform automation through Prism has been a key milestone for BAT Bangladesh providing more control, flexibility and accuracy in its operations. Last year, Prism has reached newer heights by developing a 360-degree automated platform through which the salesforce across the country reaches out to 0.8 mil outlets directly every day. Prism has a centralized database at the backend to track daily sales and generate updates. It helps to save significant amount of time and to create detailed accurate reports.

These initiatives of BAT Bangladesh are taken are in line with the government's Vision 2021 with the aim of enhancing efficiency and enabling connectivity for thousands across the nation. The company's goal is to build the nation together with the government and to be a development partner of the country throughout its extraordinary journey.

Activities of the Chamber

ISB-FICCI Masterclass

April 11, 2019: Foreign Investors' Chamber of Commerce & Industry (FICCI) and Indian School of Business (ISB), largest provider of executive education in India; among the top 3 in Asia jointly hosted "ISB-FICCI Masterclass" at the Ball Room of The Westin Dhaka from 4:00 PM to 8:15 PM. ISB-FICCI Masterclass session aimed to help the senior leaders of the organization to understand the sources of disruption and develop successful responses. One of the key responsibilities of senior leadership is to prepare the organization for change in a disruptive world. Dr. Rajendra Srivastava and Mr. Nandu Nandkishore of Indian School of Business were the speakers and 34 senior leaders of multinational and local companies join the ISB-FICCI Masterclass session.

Dr. Rajendra Srivastava speaks on "Business Models for Growth and Value Migration" in the ISB-FICCI Masterclass session. He speaks about how to adopt a value proposition in the most effective manner is, therefore, a key strategic issue. Which may require in-depth analysis of societal customs and cultures, the local economy, technological sophistication of people living in the country, customers' purchasing power, and purchasing behavior. During his session, Dr. Rajendra Srivastava shows the example of Alipay which is accepted at 80,000 merchants in 70 countries through offering value-added services like information on local restaurants, attractions, and shopping. The First speaker, Dr. Rajendra Srivastava is the Dean of the Indian School of Business and the Novartis Professor of Marketing Strategy and Innovation. He comes with an experience of over 30 years as an academic and administrator. He has held several tenured faculty and administrative positions during his career. Before joining the

ISB-FICCI Masterclass: Mr. Nandu Nandkishore of Indian School of Business is greeted with flowers (April 11, 2019).

ISB, he was Provost and Deputy President of Academic Affairs at Singapore Management University. His research interest includes Marketing strategy, Marketing Metrics, and Brand/ Customer Management. He is best known globally, for his work on measuring the impact of market-facing business processes innovation, supply-chain and customer management that create value for customers, and the value of market-based assets (customer, channels, brands and value networks).

Mr. Nandu Nandkishore speaks on "Leadership and Strategy Lessons in a disruptive world" in the ISB-FICCI Masterclass session. He emphasizes that leadership strategy is extremely important in a digital age, vast amounts of information through technologies like smartphones and artificial intelligence systems. Mr. Nandu Nandkishore shows the correlation of corporate leaders perceived competence and trustworthiness are formed through the direct and indirect observation of the leader's work and performance. Mr. Nandu Nandkishore was the second speaker of the ISB-FICCI session. Mr. Nandu Nandkishore comes with 34 years of global experience in Leadership roles across a diverse set of the environment in both emerging and developed markets, including as Executive Board Director for Nestle in Asia, Oceania & Africa and as Global CEO for Nestle Nutrition. His Key areas include Turnaround situations and Crisis Management, Transformation of old-economy business, leader, and coach in sharing economy, Emerging markets, CSR and creating shared value through social engagement.

Both Dr. Rajendra Srivastava and Mr. Nandu Nandkishore answer the questions of participant after their speaking session in the ISB-FICCI Masterclass. This interactive ISB-FICCI Masterclass will demonstrate the essential leading, planning and influencing skills necessary to create and sustain long-term organizational success.

Finally, the ISB-FICCI Masterclass session was concluded with a vote of thanks from the FICCI Executive Member and Country Head of Bank Alfalah Mr. S.A.A. Masrur. The FICCI Executive Member thanked the organizing committee of ISB-FICCI Masterclass, Respected Speaker from Indian School of Business, Table Sponsors, individual participants and Journalists for making the ISB-FICCI Masterclass a grand success.

FICCI Celebrates 55 years in Bangladesh

April 27, 2019: The Foreign Investors' Chamber of Commerce & Industry (FICCI), whose members bring in investment to Bangladesh and contribute immensely to revenue generation, celebrated its 55th anniversary at the Ruposhi Bangla Grand Ballroom, Hotel Inter-Continental Dhaka on Saturday from 6:30 PM.

Mr. M A Mannan, MP, Minister, Ministry of Planning, Govt. of the People's Republic of Bangladesh graced the event as the chief guest. Former presidents and executive committee members of the association, foreign delegates and diplomats were present.

The FICCI started its journey on July 1, 1963, as "Agrabad Chamber of Commerce & Industry" since Agrabad in Chattogram was the commercial hub of the country. In 1987, the association moved to Dhaka and got the current name. FICCI is the trusted hub for any foreign investor as a source of insight, prospect, and development in accordance with Bangladesh.

Today, with over 200 members, currently FICCI comprises of over 85% of all FDI coming into Bangladesh and influences over 3 million lives directly and indirectly. It contributes

30% of total internal revenue and 4 out of the 5 top revenue contributing sectors are represented by FICCI

FICCI Night April 27, 2019: EC Members with Minister M. A. Mannan MP and FICCI award recipents (BIDA, Police and NBR)

members. Be it fast moving consumer products, services, telecommunication or financial institution, FICCI organizations are touching lives of millions of Bangladeshis every day every moment.

Mr. Shehzad Munim, president of the FICCI, in his speech, said since its inception, the association has been extending full support to the government in promoting FDI. In the process, it intends to aid the development of Bangladesh through its activities and member organizations. Today is an auspicious occasion for us where we not only celebrate the 55th anniversary of FICCI but we celebrate 55 years of FICCI growing with Bangladesh and celebrating Bangladesh. During its journey, the FICCI has been involved in many crucial activities to make Bangladesh more trade-friendly and attract more foreign companies to invest in Bangladesh.

On the occasion, FICCI honored three agencies the Bangladesh Investment Development Authority, the National Board of Revenue, and the Bangladesh Police for working relentlessly to make people's lives better.

Finally, the celebration of FICCI 55th anniversary was concluded with a vote of thanks from the FICCI Executive Member and Country Manager Mr. Syed Mohammad Kamal. The FICCI Executive Member thanked the Organizing Committee of FICCI Night, CSR Zone Facilitator British America Bangladesh Ltd, Gold Sponsor Berger Paints Bangladesh Ltd, Silver Sponsors Unilever & Executive Motors, Table Sponsors, individual participants, different categories event partners and Journalists for making the FICCI Night 2019 a grand success.

AIDE-MEMOIRE

To make the FICCI Monthly Bulletin more interesting/useful, please provide your company news & write ups for publication.

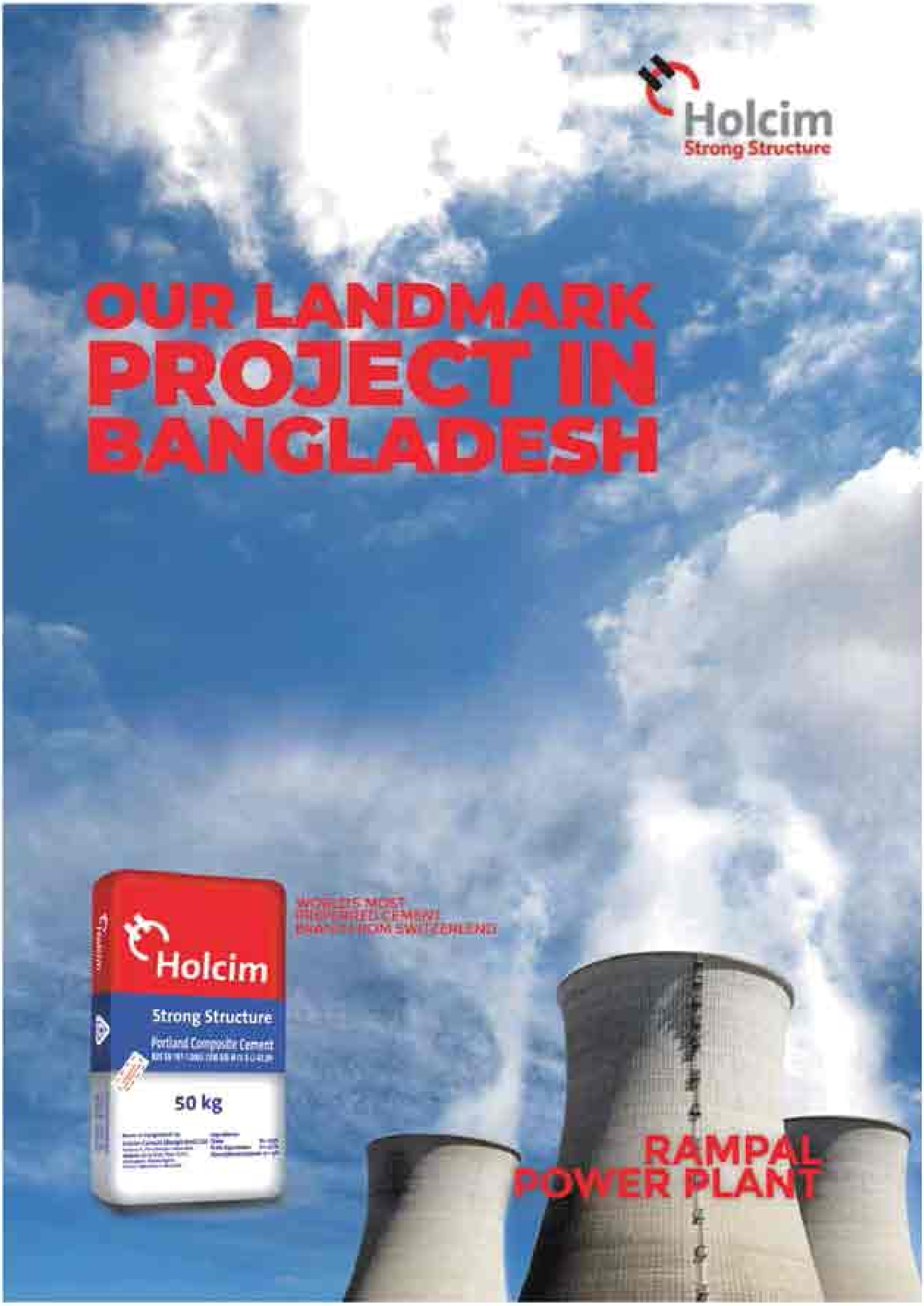
Key Economic Indicators

Consumer Price Index & Inflation Rate

CPI Classification	2015-16	2016-17	2017-18	2017-18			2018-19		
				Janu'18	Feb'18	Mar'18	Janu'19	Feb'19	Mar'19
1	2	3	4	5	6	7	8	9	10
NATIONAL									
General index	219.86	231.82	245.22	248.13	247.81	248.65	261.58	261.36	262.45
Inflation	5.92	5.44	5.78	5.88	5.72	5.68	5.42	5.47	5.55
Food index	234.77	248.90	266.64	271.05	270.25	271.27	285.50	284.96	286.78
Inflation	4.90	6.02	7.13	7.62	7.27	7.09	5.33	5.44	5.72
Non-food index	200.66	209.92	217.76	218.73	219.04	219.64	230.91	231.10	231.25
Inflation	7.43	4.61	3.74	3.23	3.36	3.52	5.57	5.51	5.29
RURAL									
General index	220.10	231.02	244.17	247.49	246.93	247.76	260.22	259.93	261.10
Inflation	5.26	4.96	5.69	5.90	5.64	5.63	5.14	5.26	5.38
Food index	230.31	243.08	259.86	264.64	263.56	264.50	278.61	278.00	279.85
Inflation	4.20	5.54	6.90	7.40	6.94	6.77	5.28	5.48	5.80
Non-food index	203.86	211.83	219.21	220.20	220.47	221.14	230.96	231.18	231.26
Inflation	7.22	3.91	3.48	3.13	3.25	3.52	4.89	4.86	4.58
URBAN									
General index	219.31	233.29	247.17	249.31	249.42	250.28	264.09	264.01	264.94
Inflation	7.11	6.37	5.95	5.86	5.87	5.76	5.93	5.85	5.86
Food index	245.66	263.09	283.19	286.72	286.55	287.79	302.30	301.96	303.69
Inflation	6.55	7.10	7.63	8.13	8.02	7.80	5.43	5.38	5.52
Non-food index	196.39	207.38	215.83	216.77	217.12	217.65	230.85	231.00	231.24
Inflation	7.72	5.60	4.08	3.37	3.50	3.51	6.50	6.39	6.24

Source: Bangladesh Bureau of Statistics


বেশি দিয়ে
খুশি ছড়াই
টকটাইম কিংবা ইন্টারনেটে বাংলালিংক সবসময় বেশিই দিয়ে আসছে।
বেশি দেওয়ার চ্যাম্পিয়ন বাংলালিংক-এ
খুশি ছড়ানোর উৎসব চলবেই
banglalink
বিস্তারিত: banglalink.net

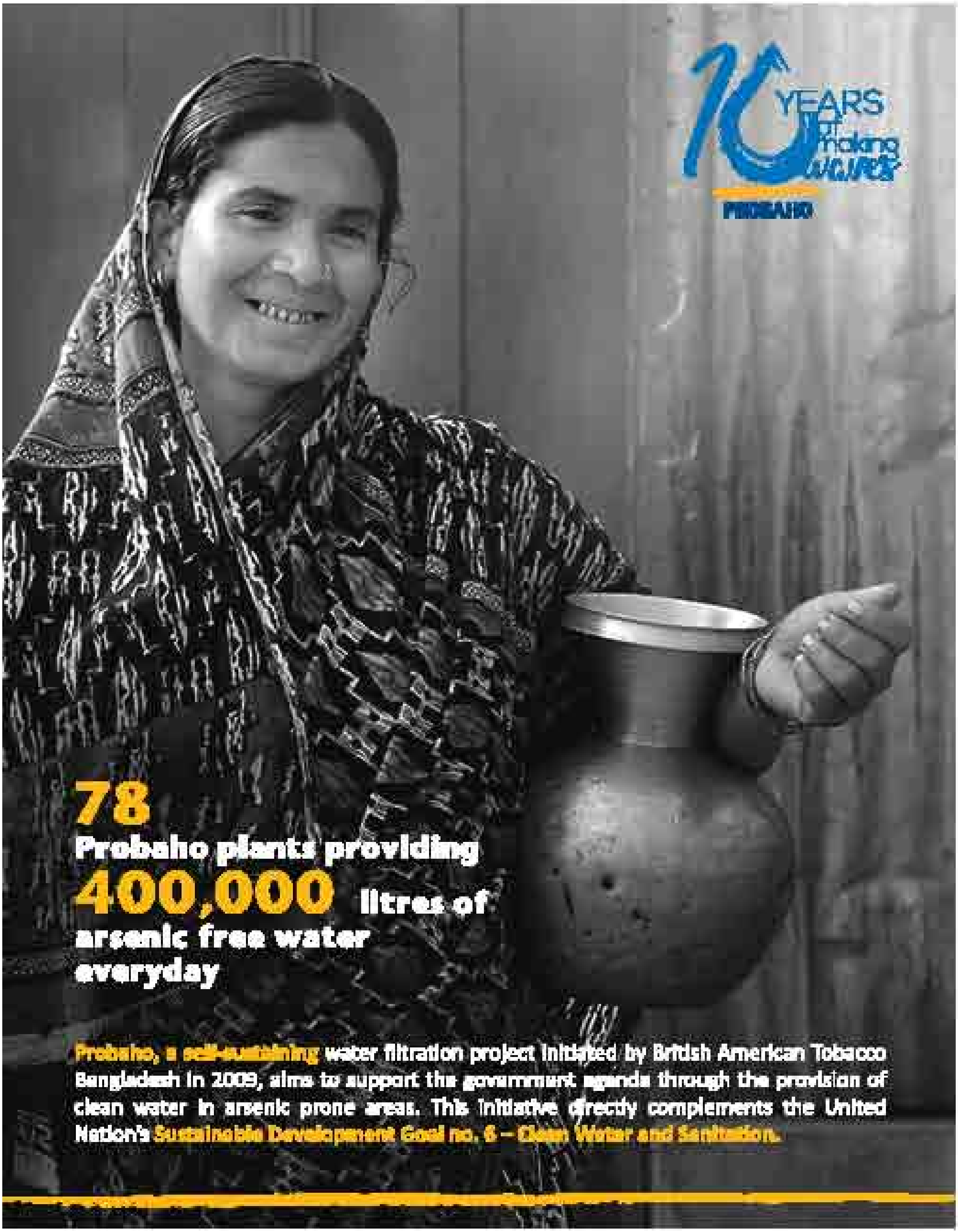

Holcim
Strong Structure
OUR LANDMARK
PROJECT IN
BANGLADESH
Holcim
Strong Structure
Portland Composite Cement
50 kg
RAMPAL
POWER PLANT


Alpenliebe
POP
Now enriched with
Calcium and Vitamin C
in new exciting packs


Your success is our success
Without your business, we couldn't achieve what we do. This has been reflected in a number of significant awards for us in the 2019 Euromoney Trade Finance Survey:
EUROMONEY
Best Trade Finance Bank in Bangladesh
EUROMONEY
Best in Service for Trade Finance in Bangladesh
We would like to say thank you, as these achievements are as much yours as they are ours.
Visit gbm.hsbc.com/about-us/awards
HSBC
Together we thrive
Issued by The Hongkong and Shanghai Banking Corporation Limited in Bangladesh


SIEMENS
Ingenuity for life
What matters to Bangladesh matters to Siemens
www.siemens.com.bd


BERGER
LUXURY Silk
শুধুই দেয়াল নয়
স্মৃতির আঙিনা
BERGER
LUXURY Silk
08000-123456


10 YEARS of making waves
PROBAHO
78
Probaho plants providing
400,000 litres of
arsenic free water
everyday
Probaho, a self-sustaining water filtration project initiated by British American Tobacco Bangladesh in 2009, aims to support the government agenda through the provision of clean water in arsenic prone areas. This initiative directly complements the United Nation's Sustainable Development Goal no. 6 – Clean Water and Sanitation.