

Star BUSINESS

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BB buying dollar to keep rate stable

REJAUL KARIM BYRON

The central bank is buying a large amount of dollars from the foreign exchange market almost every month to maintain stability of the exchange rate mainly because of a fall in import.

A Bangladesh Bank official said the main target of the central bank is to ensure competitiveness of export commodities and to keep inflation under control.

The central bank has bought \$1.82 billion from the forex market from July 1 to December 11. In the first 11 days of December, the amount was \$107 million.

The BB is buying dollars in a way that does not fuel the appreciation of the taka against the dollar, said the official.

In the recent times, the taka has been appreciated continuously against the dollar. On December 11, the taka's weighted average rate against the dollar was Tk 80.80, down from Tk 81.32 on December 2.

The rates were Tk 81.38 on November 30 and Tk 81.82 on June 30.

Kazi Sayedur Rahman, general manager (forex reserve and treasury management department) of the central bank, said if the taka is appreciated much, export commodities may lose their competitiveness against the neighbouring countries.

He said the amount of foreign currency at banks often goes up beyond their limit as the demand for import is low now.

So the central bank buys the excess foreign currency from the banks, he added.

Another BB official said the central bank does not buy too much of the dollars as it can increase the supply of the local currency in the market and ultimately fuel inflation.

Several officials of the central bank and some commercial banks said the supply of the dollar has increased due to a fall in imports and a rise in remit-

tances, exports and foreign aid disbursement.

The foreign exchange reserves also marked a rise in the recent times. The reserves stood at \$12.11 billion yesterday, up from \$10.36 billion on June 30.

According to BB statistics, imports fell by 6.75 percent in the July-October period of the current fiscal year compared to the same period last year, when imports rose by 23.13 percent.

Officials at some commercial banks said the overall imports fell this year due to a decline in imports of food grain, capital machinery and petroleum.

The BB officials said food import declined as the production of rice is good now.

The import of capital machinery was higher last year to feed the rental power plants but there is no such demand now. The prices of petroleum products also marked a fall on the international market, leading to a decline in the value of petroleum imports, they said.

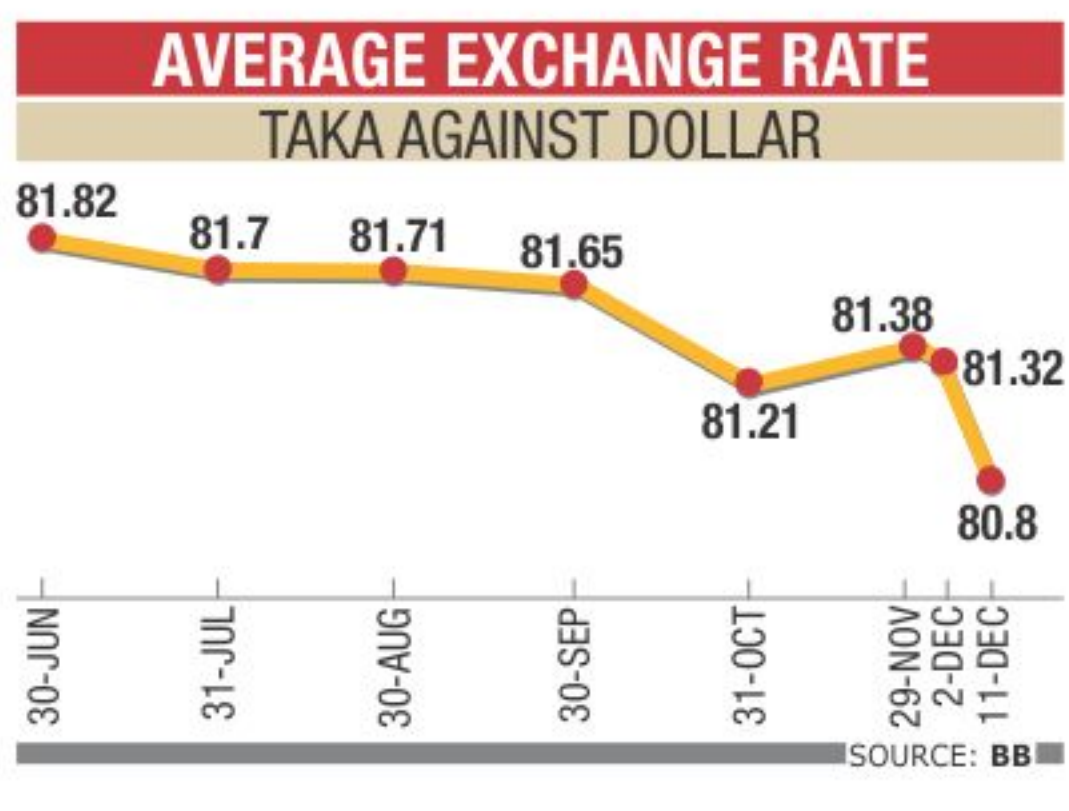
Banks are opening letters of credit cautiously after the Hall-Mark scam. Also, many banks are deferring their import payments to next year.

The BB officials said Islamic Development Bank's credit line for import of petroleum is about \$2.5 billion this fiscal year, much higher than \$1 billion last year.

As a result, the payments against petroleum import by the local banks are less this year, which is also a reason behind the low demand for foreign currency.

According to LC settlement statistics of the first four months of the current fiscal year, imports of food grain fell by 43 percent, capital machinery by 28.16 percent and petroleum by 7.45 percent.

Also, remittances rose by more than 24 percent in the first five months of the current fiscal year. Though export growth was slow, it increased by 3 percent in the first four months.



Leader of the Opposition Khaleda Zia attends the closing ceremony of the Bangladesh Apparel & Textile Exposition at Bangabandhu International Conference Centre in the city yesterday.

Khaleda urges workers' safety

Garment expo comes to a close today

STAR BUSINESS REPORT

Leader of the Opposition Khaleda Zia yesterday urged garment entrepreneurs to ensure safety and better working conditions for workers, saying they are the lifeline to the country's highest foreign currency earning sector.

"Not the machines, the workers behind the machines are the lifeline to the sector. Justice cannot be ensured without giving importance to their life, safety and better working conditions," she said.

"Anything founded on injustice cannot be sustainable," said the chairperson of Bangladesh Nationalist Party (BNP).

The former prime minister spoke at the closing ceremony of the Bangladesh Apparel and Textile Exposition (Batexpo-2012) at Bangabandhu International Conference Centre in the city.

Her comments came in the aftermath of a deadly fire at Tazreen Fashions that killed at least 112 workers last month.

Khaleda urged the factory owners, their trade body, the government, the financial institutions and the buyers to ensure compliance at the factories to keep the sector competitive in the global market.

Lawmaker MK Anwar, also a member of the BNP standing committee, said the garment factory owners must ensure workers' safety and raise their minimum wage to help the country grab the unfolding opportunities in the global market.

Amir Khasru Mahmud Chowdhury, an adviser to the BNP chairperson and a former commerce minister, said Bangladesh Garment Manufacturers and Exporters Association (BGMEA) should go for self-regulation to prevent any repeat of the fire incident.

Osman Faruq, another former minister and adviser to the BNP chairperson, said China produces \$300 billion worth of garment products every year, and its domestic market consumes half of the products.

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Former BTCL engineer detained on graft charges

STAR BUSINESS REPORT

The Anti-Corruption Commission yesterday arrested a former divisional engineer of Bangladesh Telecommunication Company Ltd for misappropriating government revenue by giving connections to some alleged international call carriers.

Engineer AKM Asaduzzaman, now deputy general manager of state-run mobile operator Teletalk, was arrested in his office in Gulshan around 3pm, an ACC official said.

Asaduzzaman was accused in all the five cases filed with Ramna Police Station against 14 people, including five other BTCL officials, in connection with the Tk 204.91 crore embezzlement.

The other BTCL officials are former acting managing director Abu Sayed Khan, former directors Mahfuzar Rahman and Mohammad Mahbubur Rahman, former divisional engineer Abdul Halim and member Mohammad Tawfiq.

The BTCL officials and five private companies misappropriated the money between 2010 and 2012.

The accused BTCL officials obstructed recording of international calls by keeping the gadgets non-operational at BTCL's Mohakhali and Moghbazar offices.

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Apollo Ispat IPO gets a go-ahead

SEC fines nine stockbrokers Tk 15 lakh

STAR BUSINESS REPORT

The Securities and Exchange Commission yesterday approved the IPO prospectus of Apollo Ispat that will raise Tk 220 crore from public.

The stockmarket regulator also fined nine stockbrokers Tk 15 lakh for breaching securities rules in share trading.

The decisions on the IPO (initial public offering) approval and the regulatory actions came at a meeting of the SEC with its Chairman M Khairul Hossain in the chair, according to a statement.

Using a 'fixed price' method, Apollo Ispat will issue 10 crore ordinary shares of Tk 10 each at an offer price of Tk 22 each, including Tk 12 as premium per share.

The company's earnings-per share was Tk 2.36 as of June 2012, while the net asset value per share was Tk 22.59.

The IPO subscription will begin in March.

The SEC imposed a Tk 2-lakh fine each on Island Securities, Salta Capital, Associated Capital Securities, Reliance Securities Consultant and LankaBangla Securities -- all members of the Chittagong Stock Exchange.

The stockbrokers violated securities rules in trading of Quasem Drycells shares.

GMF Securities, a member of the Dhaka Stock Exchange, was fined Tk 1 lakh, as it violated rules while trading the shares of Paramount Insurance and Global Insurance.

The SEC imposed a Tk 1-lakh fine on PHP Stocks and Securities on charges of 'short selling' from the codes of two clients.

AB Securities was fined Tk 1 lakh as it breached rules through aggressive sales.

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UK's Port-Evo to operate Rupayan container terminal

SUMAN SAHA

The UK-based Port Evaluation Management (Port-Evo) will enter into a joint venture deal with Rupayan Port & Logistics Services Ltd to develop the country's first private inland container terminal.

The deal to be inked on Monday at the Westin Hotel in Dhaka will have the British company manage Rupayan's container terminal in Narayanganj for 15 years under a joint venture equity investment and terminal management contract.

"Everyone opts for bank finance for funding but we have gone for equity finance, and Port-Evo is our partner of choice," said Mahboob Ahmed, managing director of the Shipwrights Resources

Ltd offering consultancy service for the construction of the terminal.

Rupayan Group, a leading real estate firm, got the permission from the government in December 2009 to set up a river-based container terminal near Dhaka to facilitate transit of goods between the Chittagong Port and Dhaka and its adjacent areas.

Port-Evo will have a 49 percent stake and invest half of the \$60 million of the total project cost in the next one year, Ahmed said.

Rupayan has so far invested around \$22 million or Tk 178 crore, in the project that began in September last year on 27 acres of land on the bank of river Shitalakha.

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