

## Edible oil prices cool off

SUKANTA HALDER

Domestic edible oil prices have declined as refiners reduced their rates after the government drastically cut the value added tax (VAT) on the key cooking ingredient in a bid to ease the pressure on consumers who are being battered by rising food inflation.

The price of loose palm oil, the most widely used type of edible oil, has fallen by as much as 12 per cent to Tk 131-136 per litre in Dhaka city, where the same amount would cost Tk 150-155 a week ago, according to data on market prices compiled by the Trading Corporation of Bangladesh (TCB).

Similarly, soybean oil -- both loose and bottled -- also became cheaper over the last one week.

Md Masud Mia, owner of the Bhai Bhai General Store in Karwan Bazar, was found asking for Tk 760 for a five litre container of soybean oil, the price of which crossed Tk 800 earlier this month amid slow release, stock piling and panic buying in the wake of rising global prices due to Russia's invasion of Ukraine.

The price hike and scarcity of cooking oil prompted the National Board of Revenue (NBR) to slash VAT on such products in two phases since March 14.

The NBR initially removed the 15 per cent VAT, a kind of consumption

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### WHAT ECONOMISTS SAY...



BB should depreciate taka by at least Tk 3 per USD immediately



Inflation will rise in the aftermath of depreciation



Govt should take fiscal measures to tackle inflation



Macro-economic instability likely if higher imports can't be checked



### BB STANCE

- BB has adopted a gradual depreciation of taka
- It will depreciate local currency quickly to some degree
- Yet to decide on how much depreciation to be allowed

### MAJOR NUMBERS

(Jul-Jan this fiscal year)

Imports stood at \$46.67b, up 46pc year-on-year

Exports \$27.97b, up 29pc

Remittances \$16.68b, down 19.4pc

### TAKA VS DOLLAR

Tk 86.20 on March 24 this year

Tk 84.80 on March 24 last year

## Forex crisis now threatens macroeconomic stability

AKM ZAMIR UDDIN

Like all countries in the world, Bangladesh too is facing volatility in the foreign exchange market. This was initially caused by the demand recovery and supply chain disruption as battered economies began recovering from the coronavirus pandemic.

The volatility has exacerbated in the last one month because of Russia's invasion of Ukraine and this is not only threatening to derail the rebound from the health crisis but also bringing about a bigger macroeconomic challenge for Bangladesh.

Maintaining a stable exchange rate of the taka against the US dollar is a populist idea that prevailed in the mindset of both the government and commoners. The same thinking might still be dominating although

the country seems to be facing a far bigger crisis than the pandemic.

But Bangladesh Bank seems to be indecisive whether it would go for gradual depreciation of the local currency or execute a quick devaluation. The situation has been created by the dwindling flow of foreign exchange.

Bangladesh Bank injected a record \$3.78 billion between July 1 and March 23 this

fiscal year to stop the freefall of the taka, but the initiative has hardly resolved the crisis faced by the dollar-strapped banks.

Although export earnings are on the rise, this has not been enough to offset the instability in the foreign exchange market led by a steep increase in import payments and a sharp decline in remittance.

Between July and January, imports stood at \$46.67 billion, up 46 per cent year-on-year, while exports increased 29 per cent to \$27.97 billion, central bank data showed. Remittance declined 19.4 per cent to \$16.68 billion at the same time.

The imbalance between the inflow and outflow of US dollars has compelled many banks to purchase the greenback from Bangladesh Bank to settle letters of credit for imports.

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## Textile millers want more US cotton Seek direct shipping

STAR BUSINESS REPORT

Bangladesh is now seeking more cotton from the US to diversify the destinations from where the country sources the natural fibre in this current world of intense competition.

For the procurement of more American cotton, leaders of the Bangladesh Textile Mills Association (BTMA) want to introduce direct shipping between ports in the US and Bangladesh.

Bangladesh imports nearly \$1 billion-worth of cotton from the US in a year. Cotton is also sourced mainly from India, Australia and countries in the continent of Africa.

America has been slowly turning into a good source of cotton for the local millers. Not only that, America is the single largest export destination for the country.

Bangladesh has already exported more than

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To know more about the winners' journey of resilience, visit: [www.business.hsbc.com.bd/bea](http://www.business.hsbc.com.bd/bea)



### The Winners are:

**Bi-BEAT Ltd.**: Best in Innovation and Technology

**City Group**: Special Achievement Award

**Envoy Textiles Ltd.**: Export Excellence - Supply Chain & Backward Linkage

**Hatil Complex Ltd.**: Best in Import Substitution

**Malek Spinning Group**: Excellence in Sustainability

**Pacific Jeans Group**: Export Excellence - Ready Made Garments

**PRAN - RFL Group**: Export Excellence - Non-traditional and Emerging Sectors

**Summit Corporation Ltd.**: Leader in Inbound Investment and Infrastructure

**Surokkha App**: Special Jury Award