



Migrant workers should come forward to improve the volume of the foreign exchange reserves of the country, a Bangladesh Bank official said.

PHOTO: STAR/FILE

Send remittance through formal channels

Govt high-ups, commercial bankers urge expatriates

STAR BUSINESS REPORT

High-ups of the government and the top commercial bankers yesterday urged expatriate Bangladeshis to send their money through legal channels instead of using hundi, an illegal cross-border money transfer network.

Sending money through banking channels will insulate the country's foreign exchange reserves, which are now facing a decreasing trend, they said at a ceremony for distributing the Bangladesh Bank Remittance Award to the top remitters for the period of 2019-20.

The rise in import payments deriving from the prices increase in the global market has hit the reserves, they added. The event was held at Krishibid Institution Bangladesh in Dhaka with Finance Minister AHM Mustafa Kamal present as chief guest.

Abu Farah Md Nasser, a deputy governor of Bangladesh Bank, said the reserves had decreased to some extent after settling import payments with the Asian Clearing Union (ACU).

The migrant workers should come forward to improve the volume of the

reserves, he added.

The reserves stood at \$41.9 billion on May 11 in contrast to \$46.15 billion on December 31 last year. Earlier this month, the country made a payment of \$2.24 billion to settle the import payments of nine ACU member countries.

Nasser says that the money sent through hundi may be used to perpetrate money laundering, finance terrorism and human trafficking.

However, there is no such risk if remittance is sent through legal channels, he said.

Sheikh Mohammad Salim Ullah, secretary of the Financial Institutions Division, said that Sri Lanka is now facing a crisis due to the scarcity of foreign exchange reserves.

The existing policy will be amended to tackle hundi if anyone provides a suggestion in this regard.

"The country's image will shine in the outside world if we can tackle hundi in a full-fledged manner," he said.

Ahmed Munir Saleheen, secretary of the Ministry of Expatriates' Welfare and Overseas Employment, said the country is yet to draw up a diaspora

policy in a bid to urge the remitters for the country's economic development.

There is nothing to feel frustration about due to the downward trend of remittances though as around 10 lakh workers may go to abroad this year.

"This will give a boost to remittances," he added. Between July and April, remittance stood at \$17.30 billion, down 16.2 per cent year-on-year, central bank data showed.

Abul Kashem Md Shirin, managing director of Dutch Bangla Bank, said Bangladesh Bank usually warns banks when they follow high rates for the taka against US dollars.

"If banks do not give such rates, clients usually go to the illegal channel like hundi," he said, adding that the central bank should think on how to resolve the issue.

Mohammad Shams-Ul Islam, managing director of Agrani Bank, says there is an unholy competition among banks to hunt remittances.

In many cases, some banks offer excess rates to attract remitters.

"We may think of introducing an equal rate between the taka and US

dollar for all banks to stop the unethical competition," he said.

Fazle Kabir, governor of Bangladesh Bank, said the country's trade gap stood at \$24 billion in the first nine months of this fiscal year, when the current account deficit was \$14 billion.

After settling the import payments to the ACU, the reserves now stand at around \$42 billion, which is a good thing, he said. Although remittances have been maintaining a downward trend in recent months, the inflow may surpass \$20 billion at the end of this fiscal year, Kabir added.

Finance Minister Kamal said the reserves had recently declined as global commodity prices increased due to Russia's invasion of Ukraine.

"The inflow of remittance should be increased more," he said.

"The money that went abroad will come back to the country as the interest rate on deposits in foreign nations is now negative," Kamal added.

The central bank gave 67 awards, including those to 14 entities for their outstanding performance in sending remittances between 2019 and 2020.

NBFI board chiefs can't hold post in subsidiary

STAR BUSINESS REPORT

The Bangladesh Bank yesterday barred the chairman of any non-bank financial institution (NBFI) along with the heads of executive, audit and risk management committees from holding any post of its subsidiary or foundation.

The persons who are now holding such posts will have to resign or get exemption from the positions by June 30, according to a BB notice.

The shareholder directors along with nominated and representative ones, who have spent one year and above in the posts, will not be allowed to serve their NBFI on a regular or contractual basis. The persons who are now serving the NBFI will have to resign or get exemption by June 30.

The NBFI has also been instructed to inform the matter to the BB within the first week of July.

The banking regulator in the circular said the move would ensure discipline in the NBFI.

The same instructions were given to the banks as well on May 11.

Saudi Aramco becomes world's most valuable company

AFP, San Francisco

Saudi Aramco on Wednesday dethroned Apple as the world's most valuable company as surging oil prices drove up shares and tech stocks slumped.

The Saudi Arabian national petroleum and natural gas company, billed as the largest oil producing company in the world, was valued at \$2.42 trillion based on the price of its shares at close of market.

Apple, meanwhile, has seen its share price drop over the past month and was valued at \$2.37 trillion when official trading ended on Wednesday. The sinking share price came despite Apple reporting better-than-expected profits in the first three months of this year amid strong consumer demand.

But, Apple warned that the China Covid-19 lockdown and ongoing supply chain woes would dent June quarter results by \$4 to \$8 billion.

"Supply constraints caused by Covid-related disruptions and industry-wide silicon shortages are impacting our ability to meet customer demand for our products," Chief Financial Officer Luca Maestri said on a conference call with analysts.

The results looked good following stumbles by some Big Tech peers as growth from the stay-at-home demand amid the pandemic slows and companies confront rising operating and labor costs.

Oil giant Saudi Aramco recently reported a 124 per cent net profit surge for last year, hours after Yemeni rebels attacked its facilities causing a "temporary" drop in production.

3 Bangladeshis on list of 100



Sonia Bashir Kabir



Afeef Zaman



Morin Talukder

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donor agencies, banks, telecommunications companies and students to mobilise and grow the company's initiatives.

At Microsoft, she worked to provide microloans to women to start IT businesses.

Afeef Zaman is an expert in problem solving in emerging markets, especially in his home country of Bangladesh.

He's the CEO of ShopUp, Bangladesh's largest full-stack business-to-business commerce platform for micro, small, and medium-sized enterprises.

With the venture, he decided to help entrepreneurs who run the country's 4.5 million

popular mom-and-pop stores but struggle to access the formal financial system due to a lack of digital presence.

Thanks to ShopUp, they can now access digital credit, B2B sourcing, logistics, and business management solutions.

After closing South Asia's largest funding round worth \$75 million in 2021, the company has just added to its funds with a \$34 million series B extension round.

Morin Talukder is the co-founder and CEO of Pickaboo, a Bangladesh-based e-commerce platform.

Though still in his 20s, Talukder is a seasoned expert in the booming e-commerce industry,

having founded the online shopping platform ehatbazaar.com in 2015, which he sold a year later to focus on Pickaboo.

During its six years of operation and five funding rounds, it has gained the confidence of its customers and now claims to be Bangladesh's most trusted e-commerce platform.

In order to stay competitive, Talukder has prioritised offering a high-speed delivery service with turnarounds of as little as three hours and has turned Pickaboo into one of the first e-commerce retailers in Bangladesh to introduce monthly payment plans and customer membership plans.

Labour law to be

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Bangladesh recently ratified ILO Convention 138 to fix the minimum working age at 14 years, said Elahi.

Addressing as chief guest, Industries Minister Nurul Majid Mahmud Humayun said incidents like the Nimtoli and Tazreen Fashions fire were eye-openers for the government to feel that widespread measures should be taken immediately to ensure industrial safety.

"Our industrial growth is fast. Earlier it was agro-based. Now it is heading towards industrial sectors very fast. We have also got big local markets for marketing in various food processing," he said.

The minister said the industrial sector, not only garments, including that of leather have tremendous potential in the world

market. "Our government is taking various steps, including those over safety. So many laws have been updated for labour safety," he said.

Bertrand Dagallier, principal administrator of the Organisation for Economic Co-operation and Development, delivered the keynote presentation.

Khondaker Golam Moazzem, research director of the CPD, delivered the opening remarks and ILO Country Director Tuomo Poutainen chaired the programme.

Among others, Ardashir Kabir, president of Bangladesh Employers' Federation, and Shamim Ara, chairman of National Coordination Committee for Workers' Education, were present as guests of honour.

Bangladesh 7th

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which hosts a significantly larger share of South Asian migrants, were distinct from the US or Europe, it too supported a hike in remittance flows to South Asia in 2021, it said.

The global lender forecasted that as most South Asians in the US enjoy higher-income jobs, their potential to remit more is likely to be sustained in 2022 despite higher inflation.

Given the uncertain economic conditions, especially the expected slowdown in growth in the US, remittances to India are expected to grow at 5 per cent in 2022. The report predicted

that remittances to Pakistan are likely to grow at 8 per cent to \$34 billion in 2022.

The report termed the remittance outlook for South Asia in 2023 as highly uncertain.

"While high-frequency data for all countries except India show growth in remittances slowing in South Asia, it is unlikely that the strong growth in remittances in South Asia in 2020 and 2021 can be sustained through 2023," it said.

In India, remittances are projected to grow at 5 per cent in 2023 and in Pakistan and Bangladesh, by 8 per cent and 2 per cent, respectively, the report predicted.

Renewed threats for economy

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step from the authorities.

In July 2020, the government decided against purchasing new vehicles for the rest of 2020 as part of the austerity measures in the face of falling revenues due to the pandemic. It followed curtailing of 50 per cent of budgetary allocation for expenses of tours at home and abroad of officials and banned all routine travels.

As per forecasts, a recession will come towards the end of 2022 and most of the European countries, dependent mostly on Russia for their energy, will suffer, said Zahid Hussain, a former lead economist at the World Bank's Dhaka office.

"As Bangladesh's export market is excessively dependent on Europe, the shipment, which has bounced back from the pandemic, may be affected."

In Western Europe, the demand for low-skilled labour rose, and many Bangladeshi people are using the opportunities. This also might be impacted.

Many economists are forecasting a recession in the developed economies as the US economy already saw negative growth in the first quarter of 2022, said Rizwanul Islam, a former special adviser for the employment sector at the International Labour Office in Geneva.

In the US, the gross domestic product unexpectedly declined at a 1.4 per cent annualised pace in the January-March quarter.

"Whether another recession will hit or not,

the US growth is already stalled. So, it is bad enough to suspect that the major engine of the global economy is faltering," said Islam.

He says GDP growth in Europe was virtually nil and the growth in China also has dropped significantly. "This will create ripple effects on the rest of the global economy and it will include Bangladesh."

China is Bangladesh's biggest trading partner and the EU and the US combined are the largest export destinations. Islam said Bangladesh is already experiencing higher inflation and further price increases would make the situation more complex.

Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said the fear of stagflation in Europe and the US is growing.

"If the fear translates into reality and stagflation persists, Bangladesh's economy will be impacted." Stagflation is a situation in which the inflation rate is high, the economic growth rate slows, and unemployment remains steadily high.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, thinks the economy will be impacted by the higher prices of import-based products and the plunge in demand for export goods.

"There are concerns about export growth." As Bangladesh exports readymade garments in the lower segment in most cases and these are basic items, the shipment might not be hurt to a large

degree, said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry.

He, however, pointed out that export earnings rose in the recent months because of the adjustment of the prices in line with the costs of raw materials.

"So, if you analyse the quantity and value-addition, it is not much higher."

Amid the worsening global scenario, Kenneth Rogoff warned: "Clearly, emerging markets and poorer developing economies will suffer mightily in the event of a global recession...I am not sure politicians and policymakers are up to the task they may soon confront."

CPD's Rahman urged the government to rationalise the exchange rate and bring efficiency to public expenditure.

Zahid Hussain recommends increasing competitiveness and incentivising export through a floating exchange rate.

"We need to remain alert rather than being alarmed," added Rizwanul Islam.

Prof Raihan called for removing all supply chain flaws so that none can gain unethically.

"The prices of commodities have already gone up. So, if businesses take undue advantage as they did in the case of edible oil, the problem will intensify."

FBCI's Jashim urged the policymakers to prepare the upcoming budget in light of the present situation of the global economy.

8 companies sued for market

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The commission filed the cases after an independent investigation to ensure a competitive market.

The commission has the jurisdiction to sue the companies, an official of the commission told The Daily Star on condition of anonymity.

"The preliminary inquiry will hear the discrepancies found against the companies," he said.

The official went on to say that the commission's own investigating team monitored

the market and found that the allegations raised against the eight companies are primarily true.

The commission in a meeting on May 10 reviewed the report of the investigating team and took the decision to file cases, he added.

The Daily Star tried to reach one of the eight companies.

In response, Mohammad Dabirul Islam Didar, head of finance and accounts at Bangladesh Edible Oil Limited, said: "We will

present our position to the commission on the day of the hearing. At present, we are doing our best to normalise the supply of oil in the market."

The competition commission's move comes more than a month after the Directorate of National Consumer Rights Protection found that the edible oil refiners and importers reduced supply in the market in March to fuel prices through an artificial shortage to make windfall profits.