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20 PAGES : Tk 12.00



P3
Govt sets
Padma bridge
tolls



P8
Lanka president
escapes censure
motion



P15
Kings begin AFC
Cup campaign
today



B1
Garment buyers
rush to
local fabrics

Forex market VOLATILE

Dollar sold at up to Tk 102 for travellers, Tk 97 for importers; devaluation to help export, remittance, but may drive up inflation

AKM ZAMIR UDDIN

Volatility in the country's foreign exchange market yesterday intensified further amid scarcity of the greenbacks, forcing travellers to buy a US dollar at up to Tk 102, the highest in Bangladesh, in open markets.

Importers had to pay a maximum of Tk 97 per dollar to settle their import bills, up from Tk 95-96 on Monday at many banks, even though the Bangladesh Bank injected \$96 million into the market to bring back stability.

The central bank has injected a record \$5.31 billion this fiscal year to ease dollar shortage faced by banks.

Although the central bank had instructed lenders to charge Tk 87.60 per dollar on importers, banks were compelled to ignore the directive in the last few days due to the falling supply of the US currency against surging demand to settle import bills.



EXPERTS SUGGEST

- ④ OMS expansion
- ④ Cash assistance for the poor
- ④ Widening social safety net
- ④ Increasing repo rate

With the market facing instability, the Bangladesh Bank depreciated the taka twice within a week.

Economists said the fall of the local currency against the dollar will help exporters and remitters, but it will fuel inflation further by increasing the cost of imported goods immediately, leading to extra burden on people already bearing the brunt of rising commodity prices.

So they suggested the government expand open market sales (OMS), provide cash assistance to the poor and strengthen the social safety-net programmes to protect the lower income groups.

The soaring import payments, now hovering around \$7 billion per month amid the price hikes in the global market, are the pivotal reason for the shortage of the US dollar in the banking sector.

"There is no other scope but to devalue the taka against the dollar to subdue the high import cost. This subsequently helps reduce the trade deficit, which will keep the economy sound," said Md Habibur Rahaman, chief economist of the central bank.

The trade deficit reduced the reserves to \$41.92 billion last week in contrast to \$46.15 billion on December 31. The reserves had surpassed \$48 billion in August.

"If the central bank devalues the taka against the dollar, you [people] have to feel the pinch from inflation. In the greater interest of the economy, the central bank is doing its job," Habibur said.

Between July and March, import payments escalated to \$61.52 billion, up 44 percent year on year while exports grew 33 percent to \$36.61 billion. This inflicted the highest ever trade deficit of \$24.90 billion on Bangladesh during the period.

The trade deficit caused a fall in reserves to \$41.92 billion last week from \$46.15 billion on December 31. The reserves had surpassed \$48 billion in August.

SEE PAGE 2 COL 4

PM urges people to practise austerity

STAFF CORRESPONDENT

Prime Minister Sheikh Hasina has called upon the people to practise austerity and be careful about spending in the face of a global economic slowdown.

She made the call while speaking at the meeting of the National Economic Council yesterday afternoon, said Planning Minister MA Mannan at a press briefing after the meeting.

The PM joined the meeting virtually from the Gono Bhaban.

The minister said austerity should be practised normally without being afraid of it.

"The prime minister earlier gave some directives to the government officials on practising austerity. Today, [yesterday] she called upon the private sector and the people to be economical," he added.



The government has already decided to stop overseas trips of government officials, employees of autonomous, state-owned and semi-government organisations as well as public banks and financial institutions in the wake of the current global crisis.

The PM asked the authorities concerned to ensure proper implementation of government directives, the planning minister said, adding that she urged all to be careful about misuse of resources.

"The country's economy is absolutely right on track. We are achieving our economic growth," Mannan said.

He said the government currently has over 1,500 projects. The PM in the meeting directed the ministries concerned to give priority to those projects which are necessary.

SEE PAGE 2 COL 7

HINTS AT ALL-EVM POLLS
BNP's distrust of the govt to deepen

MOHAMMAD AL-MASUM MOLLA

The Awami League's hints at an all-EVM national polls will only raise the BNP's distrust of the ruling party, political analysts have said.

The BNP has long been opposing the use of electronic voting machines and polls under a partisan government.

At a meeting of the AL Central Working Committee on May 7, Prime Minister Sheikh Hasina said that EVMs would be used in all of the 300 constituencies in the national election, slated for next year and that the government would make an all-out effort to ensure BNP's participation in the polls.

But experts say the EVM issue might harm the government initiative for an all-party election, as most of the parties and civil society members are against the use of EVMs in the general election, unless there is political consensus.

Contacted, Ali Riaz, distinguished professor of political science at the Department of Politics and Government of Illinois State University, said the discussion on the EVMs was a non-starter and a distraction from the primary issue related to the upcoming election.

"The central question regarding the next election is what kind of government will oversee it. It is now evident that an election under a partisan government will neither be fair nor participatory. This is a political question and cannot be pretended to be resolved through adoption of a controversial technology."

EVM, particularly the one that does not have a "voter verified paper audit trail", is open to manipulation, he said.

"Such machines have been discarded by most of the countries around the world. Therefore, engaging in such a debate is

SEE PAGE 2 COL 1

Tigers thrive on Tamim's 10th ton

STAFF CORRESPONDENT

Tamim Iqbal's 10th Test century gave Bangladesh a brilliant platform to take a first-innings lead over Sri Lanka as the Tigers trail by 79 runs with a score of 318 for three at the end of the third day of the first Test at the Zahur Ahmed Chowdhury Stadium in Chattogram yesterday.

It was a day of collective approach from the Tigers' batting department and hosts will be hoping to take control of the game when the two overnight batters -- Mashfiqur Rahim (53 not out) and Liton Das (54 not out) resume the fourth day.

It was, however, Tamim who stole the show at his hometown with a well-deserved hundred. The southpaw eventually retired hurt after suffering from cramps having scored 133 off 277 balls, the innings featuring 15 boundaries.

Tamim, alongside young Mahmudul Hasan Joy, started from where they had left off on the second day as the pair went on to register the eighth hundred plus opening stand for Bangladesh in Test cricket.

The Tamim-Joy pair dominated the first session and went for lunch adding 81 runs in 28 overs. The visitors made a comeback in the post-lunch session,

PK HALDER His return may take time

Says Indian high commissioner to Bangladesh; pledges full cooperation

STAFF CORRESPONDENT

Bringing PK Halder back to Bangladesh may take time as it involves legal procedures, said Indian High Commissioner to Bangladesh Vikram Kumar Doraiswami yesterday.

"This involves legal procedures.... You need to understand that this isn't like exchanging Christmas cards."

Doraiswami made the comment after meeting Foreign Secretary Masud Bin Momen at the foreign ministry on the preparation of the India-Bangladesh Joint Consultative Commission meeting, a

SEE PAGE 9 COL 6



PHOTO: FIROZ AHMED
Bangladesh opener Tamim Iqbal looks to the heavens upon reaching his 10th Test century, which helped the hosts reach 318 for three at the end of the third day of the first Test against Sri Lanka at Zahur Ahmed Chowdhury Stadium in Chattogram yesterday.

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