

# star BUSINESS



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## Pressure on forex remains high despite robust export

### STAR BUSINESS REPORT

The pressure on Bangladesh's foreign exchange reserves continues to remain high as robust export growth was not enough to reduce deficits in external payments resulting from high import growth.

And the foreign exchange reserve is likely to be under stress in fiscal year 2022-23 which started from July 1 owing to risks of a slowdown in exports, thereby affecting macroeconomic stability, said two economists.

The caution comes after release of official figures of exports and remittance inflow.

Exports surged 34 per cent while remittance inflow declined 15 per cent year-on-year in the July-June period of fiscal year 2021-22.

However, the two vital sources of foreign currency for Bangladesh were not enough to reduce the current account deficit which Bangladesh Bank estimates to be at \$17.7 billion for fiscal year 2022 because of a 35 per cent growth in imports.

The current account represents a country's import and export of goods and services, payments made to foreign investors, and transfers such as foreign aid, according to investopedia.com.

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### REASONS FOR EXPORT BOOM



Buyers raised garment prices because of costly raw materials



Some previous payments were cleared



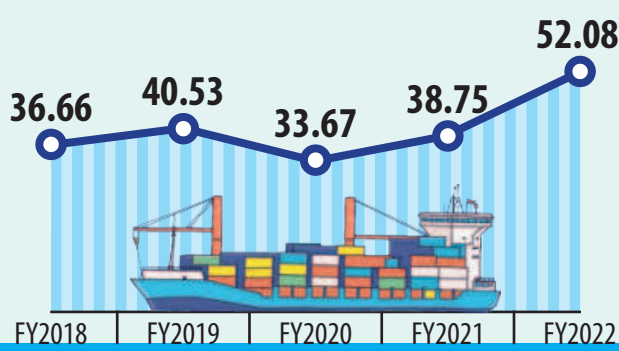
Higher earnings from agri products, jute, leather and home textile



Orders are shifting from China

### EXPORT

In billions of \$  
SOURCE: EPB



### RECORD EARNINGS

Shipment crossed \$50b for the first time	June fetched \$4.9b, highest in a single month	Garments earned a record \$42.61b	Agri products fetched \$1.16b	Jute and jute goods brought \$1.12b	Leather and leather goods saw \$1.24b	Home textile earned \$1.62b
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# Export hits all-time high of \$52b

### REFAYET ULLAH MIRDHA

Exports from Bangladesh hit an all-time high of \$52.08 billion in the just concluded fiscal year, giving much-needed breathing space to the country amid ongoing volatility in the foreign exchange regime, official figures showed yesterday.

This is the first-time overseas sales went past the \$50-billion mark, comfortably overshooting the target of \$43.5 billion set for the fiscal year of 2021-22.

In FY22, receipts were up 34.38 per cent compared to a year ago, when exporters brought home \$38.76 billion, according to the Export Promotion Bureau (EPB).

Alone in June, the shipment stood at \$4.908 billion, up 37.19 per cent year-on-year, and the highest ever on record in a single month. The previous highest was registered in December last year when the



earnings stood at \$4.907 billion.

The record export earnings would give some comfort to the government struggling to retain macroeconomic stability amid blistering imports bills caused by higher commodity prices globally, runaway consumer prices, falling foreign currency reserves, remittance and the value of the local currency and a weak revenue collection.

As usual, apparel shipment, which

accounts for about 85 per cent of the national earnings from international sources, was the biggest contributor to the highest export shipment.

Some other sectors such as leather and leather goods, jute and jute goods and home textiles also chipped in, and each raked in more than \$1 billion.

Garment shipment clocked 35.47 per cent year-on-year growth in FY22, netting \$42.61 billion. Of the sum, \$23.21 billion came from knitwear shipment, up 36.88 per cent. Woven garment shipment grew 33.82 per cent to \$19.39 billion, EPB data showed.

Home textiles fetched \$1.62 billion, an increase of 43.28 per cent from a year ago, as demand grew significantly since people still spend more time indoors than in the past as the coronavirus is yet to be eliminated.

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## Remittances fall 15pc in FY22

### STAR BUSINESS REPORT

Remittances slipped back into negative growth in fiscal year 2021-22 for the first time in the last six fiscal years as many remitters opted for the informal channels to send their money.

The inflow stood at \$21.03 billion in FY22, a decrease of 15 per cent year-on-year, according to data from Bangladesh Bank.

But the positive part is that last fiscal year's inflow was higher than that of FY20 when the pandemic was largely absent. Migrant workers had remitted \$18.2 billion during the period.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, said remittances inflow in the just concluded fiscal year should be considered positive.

"We should not compare the last year's inflow with that of the year before given the emergence of the pandemic," he said.

Expatriate Bangladeshis sent a record \$24.77 billion in FY21 when the hundi system, an illegal cross-boundary financial system to launder money, remained inoperative due to the pandemic.

The majority of countries in the globe had  
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STOCKS	
DSEX ▼	CASPI ▼
0.26%	0.15%
6,359.77	18,698.31

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▲	
\$1,809.91 (per ounce)	\$108.50 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.21%	▼ 1.73%	▼ 0.21%	▼ 0.32%	
52,907.93	25,935.62	3,095.59	3,387.64	



Rows of floating vegetable gardens, a traditional form of hydroponics, line a section of the Sandhya river at Thukra village in Khulna. Made out of water hyacinths, the buoyant rafts are anchored down with bamboo poles and move up and down with the water levels. Seedlings are transplanted into the soil-free beds, whose organic matter alongside the water below meets the need for fertilisers. Each cost around Tk 2,500 and in three to four months can provide earnings of Tk 5,000 to Tk 6,000. The photo was taken last week.

PHOTO: HABIBUR RAHMAN

## \$3.2m to raise capacity of undersea cable

### MAHMUDUL HASAN

Bangladesh Submarine Cable Company Ltd (BSCCL), the state-run bandwidth importer, is going to spend \$3.2 million to upgrade the capacity of its first undersea cable by more than four times.

The move will help the country deal with a bandwidth crunch and help meet the increased demand.

In a posting on the Dhaka Stock Exchange yesterday, the company informed that its board had approved an agreement between the SEA-ME-WE 4 submarine cable consortium and the supplier involving \$3.2 million (excluding VAT/tax) to enhance the capacity of BSCCL by 3,800 gigabytes per second (Gbps).

Bangladesh is a member of South East Asia-Middle East-Western Europe 4 (SEA-ME-WE 4) consortium, the first undersea cable with which Bangladesh was connected in 2006.

The total bandwidth capacity of

SEA-ME-WE 4 of the company will be 4,600 Gbps after the successful completion of the up-gradation process, said the filing.

"The additional supply from the first submarine cable will begin flowing in from early next year," AKM Habibur Rahman, managing director of BSCCL, told The Daily Star.

The upgradation will increase the life span of the first undersea cable from 2025 to 2030.

"We are now looking to bring down the price of bandwidth so that the end-users benefit from the increased supply," Rahman said.

BSCCL is also in talks with the consortium of SEA-ME-WE 5, the second submarine cable, to ramp up the supply as well.

The state-run entity supplies 1,400 Gbps through the SEA-ME-WE 5. The connection was established in 2017.

In Bangladesh, bandwidth consumption witnessed a remarkable

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## RFL Electronics secures \$23m foreign funds

### STAR BUSINESS REPORT

Pran-RFL Group yesterday announced that its consumer electronics brand RFL Electronics has secured a \$23 million loan from British International Investment (BII), the development finance institution of the UK, as the local conglomerate aims to boost its refrigerator production.

With the BII's capital, RFL Electronics will fund imports of the capital machinery required to expand operations at its new factory building in the Danga Industrial Park, where the company manufactures refrigerators and assembles small appliances such as rice cookers and blenders.

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### Debt Capital Market Transaction

Syndicated Term Facility  
**BDT 2,800 Million**  
For



A concern of X Index Energy

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