

India has zero tolerance for rupee volatility

Says governor

REUTERS, Mumbai

India's central bank has zero tolerance for volatile and bumpy movements in the rupee and will continue to engage with the foreign exchange market to ensure the rupee finds its appropriate level, its chief Shaktikanta Das said on Friday.

The rupee has been hitting a series of record lows in recent weeks and broke past the psychological 80 per dollar mark earlier this week, prompting heavy dollar selling intervention from the Reserve Bank of India (RBI).

"We have no particular level of rupee in mind but we would like to ensure orderly evolution," Das said at a banking conference in Mumbai organised by the Bank of Baroda.

"We have zero tolerance for high volatility and bumpy movements."

The rupee has been hitting a series of record lows in recent weeks and broke past the 80-dollar mark this week

Das said the rupee's movements have been relatively smooth and orderly due to the RBI's actions in the foreign exchange market. By ensuring there are no sudden and volatile shifts, the RBI was keeping expectations anchored and the foreign exchange market functioning in a stable and liquid manner, he added.

"We will continue to engage with the forex market and ensure that rupee finds its level in line with its fundamentals".

He said the central bank has been supplying dollars since there is a genuine shortage of dollars in the market. On Friday, the rupee was last trading at 79.90/91 to a dollar, compared to its Thursday's close of 79.9450.

Das also said the central bank has built its foreign exchange reserves for situations like these, noting that India has a substantial amount of foreign exchange reserves to handle the current crisis and there is no need to panic.

More broadly, the governor said India's economy remains well placed and all high-frequency indicators have been pointing towards a steady revival.



IT exports shoot up 52pc in Jul-Apr

MAHMUDUL HASAN

Information technology (IT) exports from Bangladesh are snowballing as global clients have swamped local IT companies with orders for various software, data processing and other digital service solutions.

As such, local IT companies saw their export earnings shoot up 52 per cent year-on-year to \$369 million in the July-April period of fiscal 2021-2022, according to the Export Promotion Bureau (EPB).

The industry raked in \$242 million from exports in the first 10 months of fiscal 2020-21 before going on to cross the \$300-million mark by the end of the year as Covid-19 turbocharged global demand.

And even though the pandemic situation has since improved, orders continue to flow in from abroad due to the return of economic activities worldwide, industry people said.

Syed Almas Kabir, former president of the Bangladesh Association of Software and Information Services (BASIS), said the demand for IT and information technology enabled services (ITES) will rise further thanks to the continued digitisation and automation of all companies across the globe.

"So, Bangladesh has plenty of opportunities to widen its basket in this sector," he added.

The higher export earnings in the first 10 months of the last fiscal were driven by the sale services, such as data processing, web hosting, consultancy, and product installation and maintenance.

Receipts from ITES exports, namely data processing and web hosting, grew by around 61 per cent year-on-year in the July-April period to \$277.9 million.

Similarly, IT consultancy services raked

in \$31 million in the first 10 months of fiscal 2021-22, up from \$22 million a year ago, while software exports rose to \$51 million from \$42.6 million at the same time.

Ferdous Ahmad Shaon, managing director of Cefalo Bangladesh, a software exporter focused on the European market, said their export earnings swelled by up to 50 per cent in the last one year thanks to growing orders for both financial technology (fintech) and non-fintech products.

The industry raked in \$242 million from exports in the first ten months of fiscal 2020-21 and may cross the \$300-million mark in entire year

The company's block-chain based fintech app has become popular abroad with clients from four counties already having acquired it.

"All the top local IT companies fared well in the last fiscal and they are expanding," said Shaon, citing how Cefalo hired about 70 people in the last one year, taking its total manpower close to 200.

Shaon then said the Russia-Ukraine war has created a difficult situation in the global economy with inflation soaring around the world, including Bangladesh's top export destinations for IT in the West.

"The impact of the global economic uncertainty will be clear after a few months," he said.

"If businesses around the world cut down their investments, it will harm the IT sector and Bangladesh will not be immune from that crisis," Shaon added.

The export earnings of Brain Station 23, one of the top software exporters in Bangladesh that employs 600 local tech talents, grew by 40 per cent during the July-April period of 2021-2022.

"But, the pace of growth slowed due to the war," said Raisul Kabir, chief executive officer of Brain Station 23.

However, Ukraine was a top IT and ITES provider before the war, which has diverted some of their orders to Bangladesh.

"At the same time, some orders were declined for the gloomy global economic situation caused by the war," he added.

Intiaz Ilahi, chief executive officer of Graphic People, a web developer, said job switching has intensified in the EU and US markets following the pandemic and so, IT firms in those countries are struggling to meet demand amid the current situation.

"So, work orders from those counties have increased," said Ilahi, adding that Graphic People's growth in export earnings is over 15 per cent and it now employs a total of 260 people.

He went on to say the industry is now more diverse and the demand from global clients is rising.

Export receipts for the installation, maintenance and repair of computers and peripheral equipment increased by around 86 per cent during the July-April period of fiscal 2021-2022 to \$9 million.

According to BASIS, export earnings from IT services are more than \$1 billion, which is far higher than the EPB figures.

Officials of the top ICT trade body said this is because government figures do not properly include the earnings of freelancers and how many service providers bring their export proceeds through unofficial channels.

Leadership agenda beyond digital

ARJIT CHAKRABORTI

Most of the large organisations worldwide are going through certain technology-led digital transformations.

Large and reputed organisations in Bangladesh too have embarked on such technology-led transformations, such as implementation of enterprise resource planning (ERP) tools, cloud-based packaged solutions such as sales force automation, and business intelligence solutions. Such technology-led transformations help these organisations improve efficiency, reduce cost, and upgrade their process adherence standards.

However, technology-led transformations do not result in digital transformation of an organisation. Quite often, tech and digital are used interchangeably to mean a certain technology adoption or a technology-led transformation.

However, digital transformation means quite a few other elements beyond technology. And to realise maximum benefits from the digital transformation journey, business leaders need to focus their attention on the journey beyond digitalisation.

In an environment of frequent disruptions, the organisations distinguish themselves as transformative with respect to others by focusing on a wide range of transformative elements, starting from reimagining their position in this world.

Redefining their competitive advantage and recalibrating their purpose help these organisations look beyond their present set of products and services, and rearticulate their value creation opportunities for their stakeholders.

For these organisations, being digital consisted of the journey of converting their existing products and services to the digitalised ones and converting their brick-and-mortar business processes to a set of digitalised business processes.

As organisations in Bangladesh are rapidly transforming themselves with new products and services, and new capabilities, the leadership agenda should be reset with this new paradigm of perpetual disruptions

After transforming into digital, now they must look towards the journey beyond digital. That's where truly transformative business leaders define the journey of their organisations.

The second element of the leadership agenda would be to build the value creating ecosystem proactively. Transformative organisations must realise that they must leverage ecosystems of suppliers and innovators to continuously enhance the value of their products and services, and stay relevant among their stakeholders, including customers.

Ecosystems help the organisations focus on their most important capabilities and leverage the other capabilities from other organisations that are good at those. Ecosystems help in attaining scale, agility and flexibility.

For example, ride sharing apps tend to focus on their most important capabilities on technology development and customer experience delivery. At the same time, they build their ecosystem of vehicle owners and drivers who mobilise resources to help create the virtual fleet of vehicles.

The third aspect that business leaders must focus on is to understand their customers better. Once the unique position gets well articulated, leaders must take proactive measures to create insights on the organisation's customers and

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Fed set for another big rate hike

AFP, Washington

US central bankers face an increasingly difficult balancing act as they struggle to douse scorching inflation while still keeping the economy growing, though they have made it clear they are willing to risk a recession.

But with war still raging in Ukraine, and Covid-19 causing ongoing issues in Asia, avoiding an economic downturn will require luck and depend on many factors outside the Federal Reserve's control.

As families struggle to make ends meet amid surging prices for gas, food and housing, and a rising number of Americans take on second jobs to pay the bills, Fed officials have made it clear that fighting inflation is their top priority even if that means inflicting pain.

The Fed holds its two-day policy meeting next week, where it is expected to hike the benchmark borrowing rate on Wednesday by another three-quarters of a percentage point in its aggressive campaign to cool demand and ease price pressures.

Despite a healthy job market with near-record low unemployment, workers are seeing their wage gains overwhelmed by sky-high consumer prices that rose by a new 40-year high of 9.1 per cent in June.

Slowing the economy is likely to cause more job losses, but policymakers want to avoid at all costs the greater pain of a price spiral that becomes entrenched or spins out of control.

Treasury Secretary Janet Yellen, herself a former Fed chief, warned last week that achieving a "soft landing... will require skill and good luck."

Former Fed vice chair Donald Kohn agreed.

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People shop at a grocery supermarket in Alhambra, California. US consumer price inflation surged 9.1 per cent over the past 12 months to June, the fastest increase since November 1981, according to government data released recently.

PHOTO: AFP/FILE

Digital RMB application expanding in China

ANN/CHINA DAILY, Beijing

China has expanded its pilot areas for digital RMB or e-CNY in 15 provinces so far this year, the People's Daily reported recently.

As of May 31, these pilot areas had made a total of around 264 million digital yuan transactions with a value of about 83 billion yuan (\$12.31 billion). Business entities that open e-CNY service have reached 4.57 million in the country.

Now, e-CNY has been available for people in many scenarios both online and offline such as purchasing electricity, shopping and services including medical care and taxpaying.

Digital RMB has the characteristics of lower cost, higher payment efficiency, and wider application scenarios, said Dong Ximiao, chief researcher at Merchants Union Consumer Finance.