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TCB's subsidised essentials sale for Sep begins

STAR BUSINESS REPORT

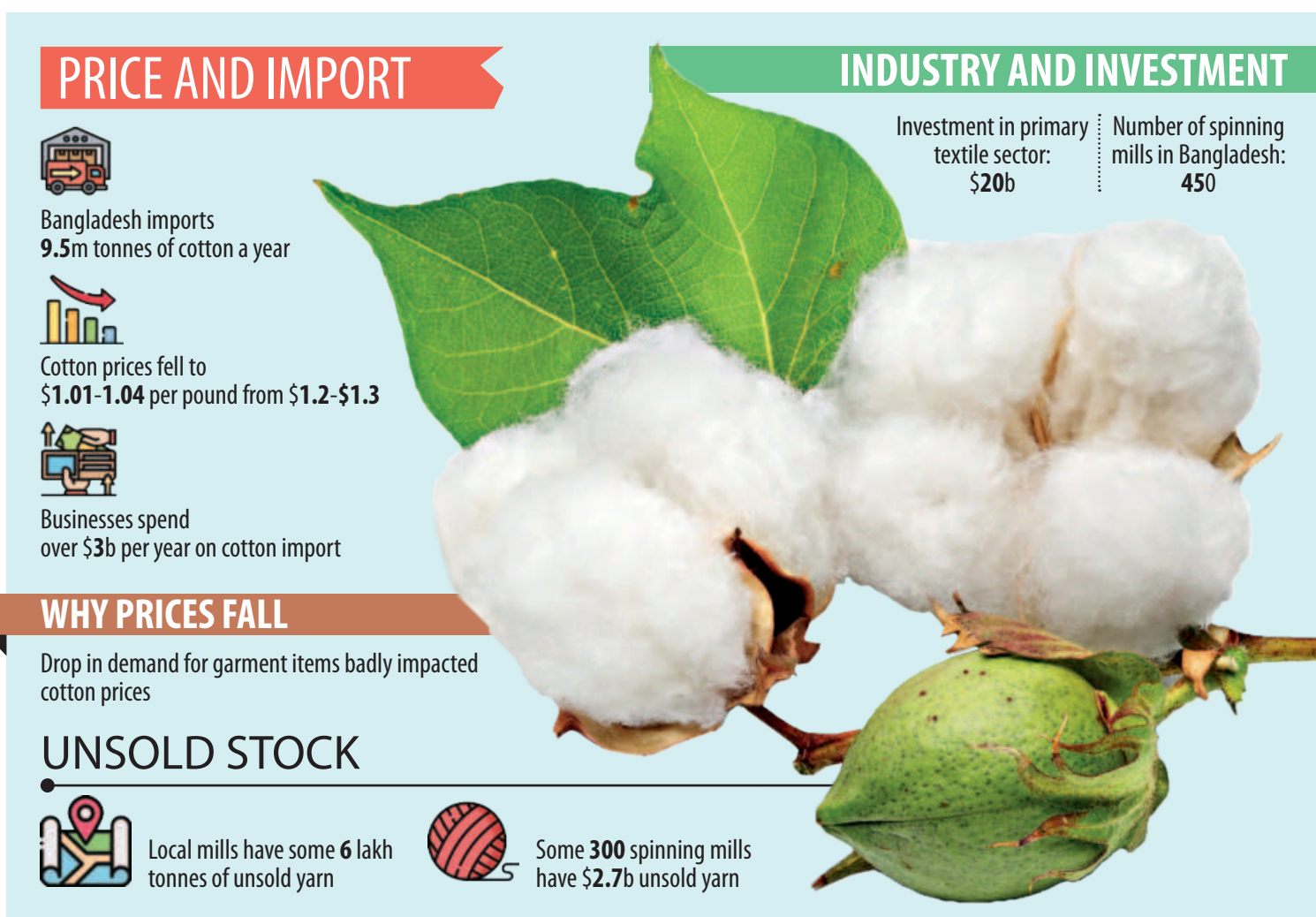
The state-run Trading Corporation of Bangladesh (TCB) yesterday started selling essential commodities at subsidised rates through “family cards”, aiming to reach one crore low-income families in September.

Selling under a package costing Tk 405, a cardholder can avail 2 litres of soybean oil, 2 kilogrammes (kg) of lentil and 1 kg sugar once a month. Onion will be available at some places later this month.

The TCB used to carry out the sale on trucks but the “family card” concept came about in March this year in an attempt to reach a maximum number of deserving people.

Public representatives are issuing the cards and the card distribution is

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Cotton price drop can't cheer up garment makers

REFAYET ULLAH MIRDHA

International cotton prices have significantly fallen but brought little cheer to local spinners and garment manufacturers suffering from a drop in work orders from international retailers and brands.

The price of cotton fell to \$1.01 to \$1.04 per pound in international futures markets yesterday from \$1.20 to \$1.30 in May and June.

This resulted from a drop in demand for garment items in major export destinations like Europe because of high inflation stemming from the Russia-Ukraine war.

Since Bangladesh is a net importer of cotton, the local millers and garment manufacturers should have been happy from the price drop of the widely used white fibre. But the scenario is the opposite.

The millers and spinners are not happy because their old stocks of yarn made from more expensive cotton has remained unsold in their warehouses.

Unsold stocks of yarn of 300 spinning mills already amount to 6 lakh tonnes, said Mohammad Ali Khokon, president of Bangladesh Textile Mills Association (BTMA).

Since, the yarn in the inventory was made from an expensive cotton, the spinners cannot sell those at low prices. As a result, production of yarn has also been lowered at mills, which also affected the import of cotton.

Lower inflow of work orders for garment items from international retailers and brands affected cotton price in global markets

“If the price of a kilogramme of yarn is set to at least \$4.50 in the local markets, the total value of unsold yarn in the mills is \$2.70 billion,” Khokon said.

The lower inflow of work orders for garment items from the international retailers and brands affected the cotton price in international markets, he said.

So, the millers and importers are not much interested in importing cotton now because of the stocks of unsold yarn, he added.

At the same time, the local millers, spinners and importers might not take advantage of the falling price of cotton in international markets because of the unsold inventory of the yarn at the mills, Khokon said.

“If the cotton price falls, we will be more competitive in international markets,” said Md Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BTMA).

However, this time garment manufacturers are not happy even with the price fall of the cotton because the international retailers and brands are putting their work orders on hold, he said.

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Banks finally fix uniform rates for dollar

AKM ZAMIR UDDIN and SOHEL PARVEZ

Banks yesterday fixed the buying and selling rates of the US dollar in order to contain the volatility in the foreign exchange market resulting from higher imports than export and remittances earnings.

From today, banks will offer a maximum of Tk 108 for a US dollar for the remittances coming through exchange houses, including the funds that are channelled by banks' own exchange houses, with the objective of attracting increased forex currencies from Bangladeshis living abroad.

Exporters and remitters who will send money directly to banks will get Tk 99 for each dollar, according to the decision of the Bangladesh Foreign Exchange Dealers' Association (Bafeda) and the Association of Bankers' Bangladesh (ABB) yesterday.

The gap in the planned purchased rates of the greenback was described as discriminatory by an economist, although bankers said migrant workers mainly send money through exchange houses.

The uniform rates came after the central bank said on Thursday that it would allow the market to fix the exchange rate of the dollar against the local currency.

Until yesterday, banks followed the interbank foreign exchange rate that was prescribed by the Bangladesh Bank. But the rates

BANKERS' CONSENSUS ON EXCHANGE RATE (PER DOLLAR)

- Remittance thru exchange houses: **Tk 108**
- Maximum rate for exporters: **Tk 99**
- Inward remittance: **Tk 99**
- Importers' rate: weighted average of highest rates for remittances and exporters plus **Tk 1**
- The rates will be revised every **5 days**
- Inter-bank rate for a dollar on Sept 11: **Tk 95**

★
NEW RATES
BECOME
EFFECTIVE
FROM
TODAY

FOREX RESERVE

Sept 7, 2021

\$48.11b

June 30, 2022

\$41.82b

Sept 11, 2022

\$37.6b

have come under pressure in recent months amid dollar shortages caused by the higher imports.

The shortage saw the USD trading at as high as Tk 110 although the interbank exchange rate hovered around Tk 95.

Yesterday, both platforms of the bankers agreed about the new uniform

exchange rates considering the overall market situation and in order to bring stability to the foreign exchange market to better serve the customers.

As per the decision, importers will have to buy the greenback to clear payments based on the weighted average of the maximum rates plus Tk 1. It means that importers will have to pay Tk 104-Tk 105 for a dollar.

The weighted average cost will be calculated based on the actual costs on a rolling basis over a five-day period.

Bankers hailed the decision, saying the rates are very close to the market realities and are a step toward determining the rates on the basis of demand and supply.

“We think these rates are fair under the current circumstances and these are the just market rates for the US dollar. This is a big milestone for the banking sector. This is a journey toward a more market-determined exchange rate,” said Selim RF Hussain, chairman of the ABB.

“The interbank market will be able to operate smoothly and our clients will get the best possible exchange rates.”

The rates would be revised from time to time.

According to Hussain, there would be monitoring, enforcement and intervention in the market.

“It will also guide us from time to time.” Hussain, also the managing director of Brac Bank, expects the exchange rate to come down in the next couple of months.

ABB Vice Chairman Mashrur Arefin said the rates fixed by banks will work this time.

“This is because these rates are aligned with the market and fair for all parties involved in the buying and selling of the USD.”

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said: “Our governor is saying that he wants the market to determine the rates for dollars. This is the first step towards that end.”

“The rates that we agreed in the joint meeting will have to be adhered to by all banks. This is a national issue, so we expect all will follow the rates. And we hope we will see stability in the dollar-taka rate very soon.”

Ahsan H Mansur, executive director

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Stop hasty year-end spending

Finance Division asks govt offices

REJAUL KARIM BYRON and DWAIPAYAN BARUA

The Finance Division has urged all government offices to rein in hasty expenditures at the end of each fiscal year as it destroys fiscal discipline and increases the government's borrowing cost.

Through a circular issued yesterday, the Finance Division asked all ministries, divisions and departments to take specific and timebound plans at the beginning of each fiscal year for ensuring proper implementation of the annual budget.

It also opined that proper and timebound implementation of the budget has become a challenge.

The Finance Division directed all the ministries, divisions and departments concerned to adopt quarter-wise budget implementation plans and to submit progress reports every three months at meetings of the budget management committee.

In addition, it directed the government offices to send their respective budget implementation plans to the Finance Division by September 20 and submit a budget implementation report within one

month after the end of each quarter.

The pace of implementation of the annual development programme (ADP) usually remains slow at the beginning of each fiscal before speeding up at the lag-end of the year.

The Finance Division directed all ministries, divisions and departments concerned to adopt quarter-wise budget implementation plans and submit progress reports every three months

For example, the total ADP spending stood at Tk 2,03,783 crore in fiscal 2021-22 with a monthly average spending of Tk 16,981 crore.

But in June alone, the last month of a fiscal year, the amount of ADP spending was Tk 61,395 crore, which is around 28 per cent of the total spending.

Such rise in development spending at the end of a year increases the government's cost in terms of borrowing for having to take unforeseen loans.

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A foreign national soaks up the view from a water vessel running a guided tour of the Sundarbans. The forest authorities for the last couple of years have been imposing an annual three-month ban on entry into the world's largest mangrove forest from June 1 to August 31. The aim is to leave the forest undisturbed from human presence, be it visitors, fishermen or wood and honey collectors, and let the ecosystem recuperate. The photo was taken recently.

PHOTO: HABIBUR RAHMAN