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SCAN FOR DETAILS

Taka falls
against USD
once again

AKM ZAMIR UDDIN

The taka yesterday depreciated against the US dollar, hitting Tk 96 on the interbank platform as the central bank moved to allow the market forces to determine the exchange rate of the national currency.

This has been the first drop for the taka since August 8. It was Tk 95 on Sunday. This means the local currency has lost its value by 12.67 per cent in the last one year.


The Bangladesh Bank sold \$65 million to banks at the new rate yesterday.


A central banker, on the condition of anonymity, says the latest depreciation was a step toward adjusting the exchange rate based on the demand and supply of dollars.


On September 8, the central bank held a meeting with banks where it decided that it would let the market to fix the rate.

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DEVALUATION OF TAKA

 Interbank exchange rate stood at Tk 95 per dollar on Sep 7, up 12pc y-o-y

 In kerb market, exchange rate rose to Tk 120 in August

 Kerb market rate now down to Tk 105-Tk 110 on average

EXAMPLE

 Walton saw its finance cost soar by Tk 304cr for higher prices of dollar last fiscal year


SUGGESTIONS FOR COMPANIES

- Need to raise competitiveness
- Efficiency should be enhanced
- Should make a solid plan to mitigate risks

REASONS OF TAKING EXTERNAL DEBT

- Low interest rate
- Longer repayment period
- Low capacity of local lenders to give big loans

IMPACT OF DOLLAR'S APPRECIATION



PRIVATE SECTOR'S EXTERNAL DEBT

In billion dollar; SOURCE: BB

Dec '17	12.2
Dec '18	12.5
Dec '19	13
Dec '20	14.7
Mar '21	16.2
Jun '21	18.6
Sep '21	19.6
Dec '21	23
Mar '22	24.9

The risk of foreign currency fluctuations is common for dollar borrowers. So, they should have the policy to minimise the risk.

Monzur Hossain
research director of BIDS

BSEC moves
to make issue
managers
accountable

AHSAN HABIB

In its first, the Bangladesh Securities and Exchange Commission (BSEC) has moved to be tougher against the issue managers or merchant banks that have brought low-performing companies to the stock market.

Yesterday, the regulator served show-cause notices on several issue managers as the financial performance of many of the companies they have introduced to the market worsened after their listing.

When a company goes public, issue managers work on behalf of them and give a due diligence certificate that all the information contained in the prospectus is true.

"So, the issue managers are also responsible if listed companies' performance deteriorates without any valid reason," said a top official of the BSEC, preferring anonymity.

In the show-cause notice, the commission said the issue managers managed the initial public offerings (IPOs) in the last few years and provided the

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PRIVATE SECTOR

Dollar loan repayment gets costlier as taka slides

AHSAN HABIB

The finance costs have at least doubled for the firms that have taken on dollar-denominated loans from external sources owing to the depreciation of the Bangladeshi taka against the American greenback.

Borrowers have been hit by the local currency's at least 25 per cent slide in two ways: the payments on both interest and principal have gone up.

It came after the dollar rose as high as Tk 110 amid a dearth of American greenback caused by higher import bills.

This means if a company had borrowed \$100, it received Tk 8,500 before the exchange rate of the local currency shot up.

Now, borrowers would have to pay back around Tk 11,000 for the same loan. Similarly, firms would have to pay higher interest.

In March, the external debt of the private sector rose 53 per cent to \$24.9 billion. It was \$16.2 billion in the same month a year earlier, Bangladesh Bank data showed.

At the current dollar rate, the private sector will have to pay an additional Tk 62,250 crore while servicing loans. However, since

borrowers enjoy a grace period and longer payback tenures, the amount might vary.

The cost of funds for Walton Hi-Tech Industries PLC almost quadrupled to Tk 473 crore in the recently ended financial year of 2021-22, from Tk 124 crore a year ago.

95 in the banking channel, the dollar actually costs Tk 95 to Tk 98 currently, according to Muhammed Omar Faruk Ripon, chief financial officer of Walton.

"If there had been no currency depreciation, Walton's profit would have risen by at least Tk 304 crore," he said, warning that

to the depreciation of the local currency," Ripon said.

Walton is not the lone company bearing the brunt of the currency depreciation. It is hitting every firm that has borrowed from external sources or imported raw materials.

As the world's most important currency, the dollar often rises in times of turmoil, in part because investors consider it to be relatively safe and stable, according to a New York Times article.

Runaway inflation, hike in interest rates and global uncertainty for the Russia-Ukraine war have sent the American greenback to a significantly higher level against almost all currencies.

In Bangladesh, the exchange rate of the dollar in the interbank foreign exchange platform, where banks buy and sell among each other, stood at Tk 96 yesterday, up more than 12 per cent year-on-year.

But for importers, it has cost about Tk 105 in recent months amid the dollar shortage.

Business people have alleged that they sold US dollars at Tk 93 to Tk 95 to banks, whereas they have had to buy them at Tk 110

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3 more garment
factories get
global green
recognition

REFAYET ULLAH MIRDHA

Three more Bangladeshi garment factories yesterday received international recognition of being green, taking the total to 171, although international clothing retailers and brands are still not paying premium prices for apparel items produced by those suppliers.

The three received a platinum-rated Leadership in Energy and Environmental Design (LEED) certification from the United States of Green Building Council (USGBC).

They are namely the Sharaf Apparels Washing & Dyeing Industries at Norosinghopur, Debonair and Orbitex Knitwear at Ashulia, and Fatullah Apparels at Jalkuri.

Of the certifications attained by Bangladeshi entities, 53 are rated platinum, 104 gold and 10 silver while four simply received certifications, according to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The three are: Sharaf Apparels Washing & Dyeing Industries at Norosinghopur, Debonair and Orbitex Knitwear at Ashulia, and Fatullah Apparels at Jalkuri

Some 550 more factories are registered with the USGBC, on way to receive the LEED certifications.

Nine out of the top 10 greenest factories in the world are located in Bangladesh, making it a global champion in green garment production. Moreover, out of 50 of the greenest garment factories, 41 are located in Bangladesh.

Local apparel makers started focusing on constructing green garment factories after the nation's deadliest twin industrial disasters – the Tazreen Fashions fire and Rana Plaza building collapse – mainly to brighten the image of the sector and the country before international communities.

However, international retailers and brands still do not pay a premium price for products sourced from the green factories.

"Buyers are not obliged to pay premium prices as they do not suggest for construction of green factories," said Fazlee Shamim Ehsan, proprietor of knitwear factory Fatullah Apparels, the most recent recipient of the highest rated platinum certification.

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STOCKS		
	DSEX ▼	CSCX ▼
	0.15%	0.31%
	6,528.30	19,198.60

COMMODITIES		
	Gold ▲	Oil ▲
	\$1,726.85	\$88.24
	(per ounce)	(per barrel)

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▲ 0.54%	▲ 1.16%	▲ 0.36%	0.82%
	60,155.13	28,542.11	3,274.72	3,262.05



A container is seen being loaded onto a truck at Payra port, where trade activities have been increasing on the back of higher coal imports for the nearby Payra 1320MW Thermal Power Plant. However, exports from the country's third largest seaport have yet to begin.

PHOTO: SOHRAB HOSSAIN

Coal import fuels
Payra port activities

SOHEL PARVEZ

Trade activities at Payra port, the country's third largest seaport, are increasing gradually riding on coal imports for the nearby Payra 1320 MW Thermal Power Plant.

The 1320-megawatt coal-fired power plant has been the main user of the port in the southern coastal district of Patuakhali since the latter's inception in 2016.

However, exports have not started yet, according to port officials.

The Payra Port Authority (PPA) says the port's handling of imported items such as food grains will increase next month as it has installed a support jetty.

Besides, the construction of the first terminal has started and will be complete in June next year, said PPA Chairman Rear Admiral Mohammad Sohail.

Work is also ongoing to build six-lane connecting roads and other infrastructure, he said, adding that the total cost for these infrastructural development projects is around Tk 4,500 crore.

"The good news is that we are going to start capital dredging of the Rabnabad channel next month," Sohail told The Daily Star over phone.

The government took the initiative to set up the much-hyped Payra deep seaport

CARGO HANDLING BY PAYRA PORT

In tonnes
*Until August 23

Year	COAL	OTHER CARGOS
2019	1.46 lakh	2.06 lakh
2020	14.13 lakh	42,800
2021	17.05 lakh	16,450
2022*	14.63 lakh	97,606

SOURCE: PAYRA PORT AUTHORITY

based on the Payra Port Authority Act. Prime Minister Sheikh Hasina inaugurated the construction work in November 2013.

As a part of the initiative, the government has developed a masterplan with help from Netherlands-based consulting company Royal HaskoningDHV.

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