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Bangladesh can be a market for 300cr people

PM says opening Japanese EZ

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Bangladesh is the most ideal place for investment in the world and can become an investment centre for a market of 300 crore people, said Prime Minister Sheikh Hasina yesterday.

"Due to its geographical location and infrastructural development, Bangladesh is the most attractive destination for investment. We are offering the highest (investment) opportunities and facilities," she said.

"It can become an investment centre for a market of 300 crore people of South Asia, Europe and other regions of the world," she said.

**"We already have a market of 17 crore people. At the same time, we have a market in the west side of 50 crore, in the north side 150 crore while on the east side 100 crore," said the prime minister**

"In terms of geographic location, Bangladesh is perfectly positioned to be a bridge between the East and the West," she added.

"We already have a market of 17 crore people. At the same time, we have a market in the west side of 50 crore, in the north side 150 crore while on the east side 100 crore," said the prime minister.

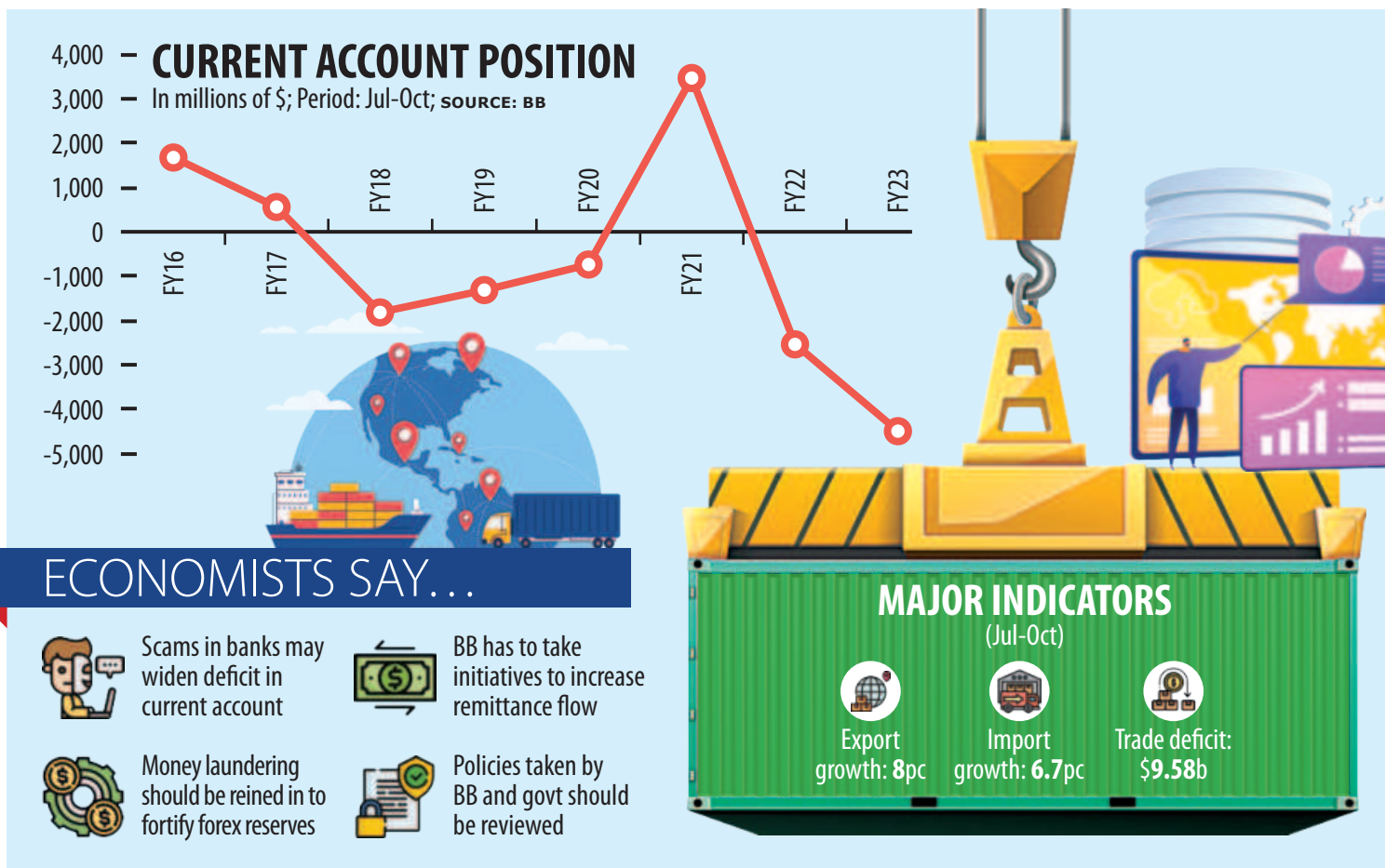
The premier made these remarks inaugurating a Japanese economic zone, to be known as Bangladesh Special Economic Zone (BSEZ), at Araihaaz in Narayanganj joining virtually from her official Gono Bhavan residence.

Besides, the government has taken various measures that facilitated an increase in the purchasing power of people – a market of 17 crore people, she added.

Hasina said her government has been working for the overall development of the nation through planned industrialisation while protecting arable land and the environment.

Foreign entrepreneurs are expressing interest to invest in the country and the government is also offering special facilities for young entrepreneurs

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## Current account deficit widens further

Money laundering and unexciting remittance, export receipts to blame

AKM ZAMIR UDDIN

Bangladesh's current account deficit widened further in October as imports continued to surge compared to the combined receipts from exports and remittances.

The current account records a nation's transactions with the rest of the world, specifically its net trade in goods and services.

For Bangladesh, it stood at \$4.5 billion in deficit at the end of October, data from the Bangladesh Bank showed. A year earlier, the current account had posted a deficit of \$3.83 billion, a reverse from the corresponding period in 2020 when it was a surplus of \$4.05 billion.

The widening of the deficit means the pressure on the foreign exchange market has continued to be high.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, says the lower inflow of remittances points to the ongoing capital flight.

But more than 7.84 lakh male and female workers went to various countries from Bangladesh between January and August in search of jobs, up 191 per cent year-on-year, data from the Bureau of Manpower Employment and Training showed.

The massive outflow of foreign workers was supposed to play a key role in giving a boost to remittance earnings. But money transferred by the workers was up only 2.03 per cent at \$7.2 billion

between July and October.

Some unscrupulous entities and people are now laundering money abroad through trade under and over-invoicing. They are now carrying out illegal transactions by persuading migrant workers to send money back home by offering them better rates for the US dollar compared to the rates offered by banks in Bangladesh.

some delinquent borrowers have recently siphoned off money from the banking sector," said Mansur. "The vested quarters might have laundered money abroad by embezzling funds from the banking sector."

Mansur warned that if the ongoing capital flight can't be stopped, it will be difficult to manage the deficit in the current account.



"If under- and over-invoicing can be tackled, the hundi cartel will weaken," said Mezbaut Haque, the spokesperson of the central bank, on Monday.

Over-invoicing takes place when exporters submit an inflated invoice to importers, generating a payment that exceeds the value of the shipped goods to launder money abroad.

Under-invoicing happens when the price of a good on an invoice is less than the price paid. It usually happens when either the importer or exporter wants to reduce a tariff or if the buyer or seller wants to lower their profits to pay fewer taxes.

"It is widely reported that

Exports grew 8 per cent year-on-year to \$15.92 billion in July-October.

On the other hand, imports grew 6.72 per cent year-on-year to \$25.51 billion in the four months to October, despite the central bank's move to discourage purchases of products and services from the international markets.

The current account deficit might reduce to some extent as the opening of letters of credit (LCs) has decreased in recent months as banks are not keen to facilitate non-essential and luxury imports amid a tightening of a dollar supply.

The BB has injected around

\$6.5 billion into the market so far in the current fiscal year to help banks clear import bills after pouring into a record \$7.62 in the last fiscal year, which ended in June.

The yawning current account deficit means the exchange rate and the foreign exchange reserves will come under further pressure.

As of November 30, gross foreign exchange reserves stood at \$33.78 billion in contrast to \$44.88 billion a year earlier, a fall of about 25 per cent.

Amid the shortage of the US dollar, the taka has lost its value by 25 per cent as of December 5 against the American greenback compared to a year earlier.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, says that policymakers had earlier predicted that the volatility in the foreign exchange market would ease soon.

"But the volatility has not eased."

Many economists have already suggested the central bank allow the market forces to determine the exchange rate of the taka against the dollar. But the central bank has not done so yet, he said.

"The central bank has taken a number of policy measures, but there is no visible output in the foreign exchange market. Policymakers should examine whether their policies have yielded any effective results."

Hussain urged the government to root out financial scams in order to reduce the deficit in the current account.

## BB injects Tk 4,000cr into 5 Islamic banks

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Five Islamic banks yesterday borrowed nearly Tk 4,000 crore from Bangladesh Bank right after a liquidity support arrangement was offered by the central bank to cash-strapped Shariah-based banks.

The five are Islami Bank Bangladesh, Social Islami Bank, First Security Islami Bank, Global Islami Bank and Union Bank, said a senior official of the central bank.

The boards of the five Shariah-based banks are controlled by S Alam Group, a Chattogram-based business conglomerate.

The BB on Monday announced that it would provide short-term loans for 14 days under an arrangement named "Islamic Bank Liquidity Facility".

This is the first such initiative of the central bank, coinciding with a liquidity stress being faced by a number of Shariah-based banks in Bangladesh stemming from deposit withdrawals amidst allegations of lending irregularities surfacing against the lenders.

**The five banks are: Islami Bank Bangladesh, Social Islami Bank, First Security Islami Bank, Global Islami Bank, and Union Bank**

The BB is now conducting a probe into Islami Bank Bangladesh disbursing Tk 7,246 crore in loans among nine companies this year by allegedly violating banking rules.

Bangladesh has 10 Shariah-based banks and, as of June 30 this year, they accounted for 26.19 per cent of the banking sector's deposits.

The Islamic banking segment's deposits stood at Tk 412,341 crore as of June this year, 12 per cent higher from that in the same month of the previous year.

The share of lending, which Islamic banks term "investment", was 28.52 per cent of the total loans and advances of the whole banking sector at the end of June this year.

The total investment of Islamic banks stood at Tk 381,829 crore, which was 16.43 per cent higher year-on-year. Disbursement of loans rose too in the April-June quarter from that in the previous quarter, according to the BB.

Apart from the 10 full-fledged Islamic banks, a number of conventional banks have opened Shariah-based banking services to attract deposits.

Nine conventional commercial banks have 45 Islamic banking branches while 13 conventional commercial banks have 480 Islamic banking windows to provide Islamic financial services in Bangladesh, said the BB.

STOCKS	
DSEX ▲	CASPI ▲
0.26%	0.22%
6,229.00	18,359.01

COMMODITIES	
Gold ▲	Oil ▼
\$1,779.84 (per ounce)	\$76.07 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.33%	▲ 0.24%	▼ 0.46%	▲ 0.02%
62,626.36	27,885.87	3,252.37	3,212.53

## Proper policies needed for 'Smart Bangladesh'

Experts tell discussion

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The main challenges towards building a "Smart Bangladesh" are formulating proper policies and integrating government and academic entities and service providers, said experts yesterday.

"There should be an integrated policymaking collaboration between telecom and ICT ministries, operators for a Smart Bangladesh," said Prof Satya Prasad Majumder, vice-chancellor of the Bangladesh University of Engineering and Technology (Buet).

"It's very important for us to have a smart nation," he told a discussion on "Actions should be taken to implement Smart Bangladesh" organised by the Telecom and Technology Reporters' Network Bangladesh (TRNB) and Robi Axiata at Brac Centre Inn.

Outdated traffic systems still

remain in Dhaka in spite of the technological advancements around the world, he said.

"If you can't even implement the technology in just normal transportation system in a

**"There should be an integrated policymaking collaboration between telecom and ICT ministries and operators for a Smart Bangladesh," said Prof Satya Prasad Majumder, vice-chancellor of Buet**

metropolitan city, how can you make it suitable for Smart city," he asked.

"While different countries of the world are developing 6G, we still couldn't enter 5G technology," added Majumder.

"All educational institutions should be transformed so that they can take the advantage of digital technology. Transformations are equally required in health, agriculture and industry," he said.

He recommended industries collaborate with academia for transforming into smart ones.

"If you want to make a Smart Bangladesh, I must go for robotic operations in the industries. But now I don't have that manpower," he said, stressing on the overhauling of the current education system to generate skilled manpower for technological changes.

When robotics takes over the operations of industries and other service sectors, the reskilling of people employed there to take up other jobs is very important, since many will lose jobs due to automation, he said.

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- \* নড়িয়া শাখা, শরীয়তপুর।
- \* মুন্সীগঞ্জ শাখা, মুন্সীগঞ্জ।

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