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Why firms
switching to
'PLC' suffix

AHSAN HABIB

Delta Brac Housing Finance Corporation, a listed non-bank financial institution in Bangladesh, recently announced that it has decided to change its name by adding PLC as a suffix.

DBH is not alone. Many other companies listed on the stock markets in the country have announced to ditch the suffix "Limited" or "Ltd" in order to assume "PLC" or "Public Limited Company" in the last few months.

They include Crown Cement, Runner Automobiles, Premier Cement Mills, Taufika Foods and Lovello Ice-cream, Citizens Bank, United Commercial Bank, Unique Hotel & Resorts, and Walton Hi-Tech Industries.

A PLC is a public company and is the equivalent of a US publicly traded company that carries the Inc. or

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TCB to buy
lentils, soybean
oil ahead of
Ramadan

STAR BUSINESS REPORT

The Trading Corporation of Bangladesh will purchase 8,000 tonnes of lentils and 1.1 crore litres of soybean oil ahead of Ramadan, the month of fasting for Muslims scheduled to begin in late March.

The cabinet committee on government purchase yesterday approved proposals at a meeting presided over by Finance Minister AHM Mustafa Kamal.

The lentils will be purchased from Export Trading Bd, Dhaka, a local agent of Indian company ETC Agro Processing Pvt, which was selected through an open tender method.

At a briefing after the meeting, Additional Secretary Sayeed Mahub Khan of the cabinet division said each kilogramme of lentils would cost Tk 92.46, which was previously bought at Tk 101.97.

Besides, the TCB will purchase the soybean oil from local supplier Shun Shing Edible Oil under a direct purchase method at a cost of Tk 182 per litre.

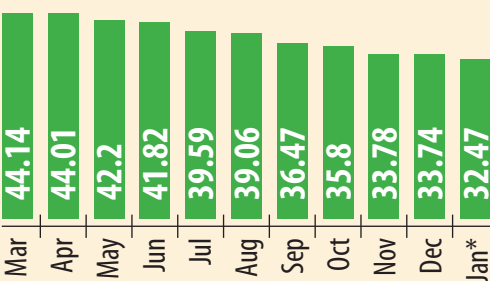
The committee also

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FOREX RESERVES

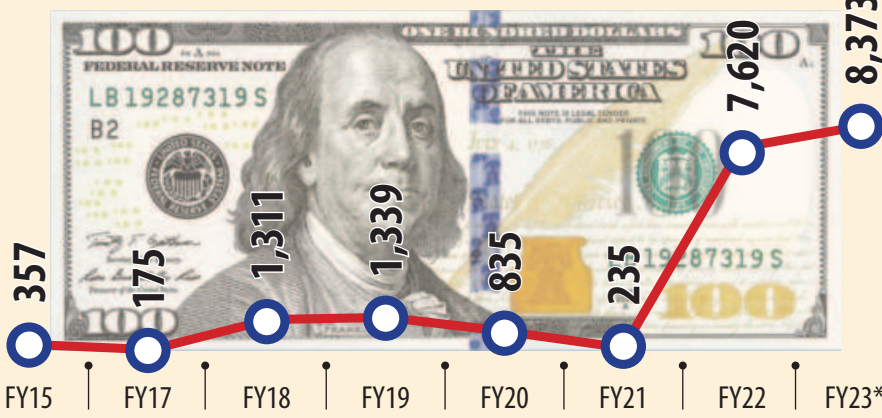
In billions of \$, (Till Jan 19)

SOURCE: BB



SALES OF DOLLAR BY BB

In millions of \$, *Till Jan 17;
No dollar was sold in FY13, FY14 and FY16



WHAT EXPERTS SAY



Volatility in forex market may worsen further



Market should be allowed to determine exchange rate



Interest rate cap should be withdrawn



Strict measures should be taken to stop money laundering

SOURCE: BB

BB injects record \$8.37b
in less than 7 months

AKM ZAMIR UDDIN

The Bangladesh Bank has injected a record \$8.37 billion into the banking system in just less than seven months of the current fiscal year in order to restore stability in the foreign exchange market.

The sales of the American greenback to local banks have already surpassed the \$7.62 billion, an all-time high, that the central bank supplied in the entire financial year of 2021-22.

And the US dollar sales are expected to continue at the current pace or even accelerate if the central bank's stance on the exchange rate and the lending rate cap continues, warn a number of economists.

The record injection of US dollars, however, has hardly contributed to watering down the ongoing volatility in the forex regime, which has stemmed from the fast depletion of the foreign currency reserves amid a surge in import bills fuelled by escalated commodity prices globally.

The reserves stood at \$32.47 billion yesterday, down 28.16 per cent from a year earlier.

The reserves might shrink further if the central bank does not allow the market to determine the exchange rate of

the taka against the dollar and remove the interest rate cap of 9 per cent on loans, said a number of economists.

"The stance that has been taken by the central bank will deepen the volatility. If it does not allow the floating exchange rate, there will be no other option but to inject a large amount of dollars into the market," said Ahsan H

the floating exchange is allowed, the local currency will depreciate further, which will go on to suppress the demand," he said.

The exchange rate of the taka yesterday stood at Tk 107 for each dollar, down 24.41 per cent year-on-year, data from the central bank showed.

But Mansur disagreed. "The rate is already

to control the exchange rate but it did not work after banks witnessed shortage of US dollars to settle import bills. As a result, the taka has lost its value by at least 20 per cent in the past several months.

But it could have avoided such a sharp depreciation and the erosion of the reserve had the market been allowed to fix the rate.

A higher export and remittance receipts can emerge as saviour.

"The flexibility in the exchange rate will also help the central bank tackle money laundering."

Withdrawing the 9-per cent interest rate on loans could be another tool for the BB to make funds dearer and could attract investments from abroad.

When the central bank imposed the cap in April 2020, the interest rates in the major developed countries were around 1 per cent, according to Mansur.

But the rates in developed countries have recently gone past 7 per cent, but the rate is still 9 per cent in Bangladesh.

"This is thoroughly illogical," he said.

"The central bank should adjust the rates in line with global trends. Otherwise, why

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Mansur, executive director of the Policy Research Institute of Bangladesh.

The former economist of the International Monetary Fund raised the alarm as the demand for consumption among both borrowers and a section of people has still been high despite higher inflation in the past 10 months.

"There is a pent-up demand as imports have decreased in recent months to some extent. But if

depreciating in the forex market and banks are buying the US dollars at as high as Tk 115 each. It is not Tk 106 or Tk 107 in the market. The pressure is building up."

"The taka may depreciate suddenly. That risk is very much there because the current exchange rate can't be maintained at some point. This is the reality."

Earlier, the central bank tried

Bangladesh
wants MIGA-
backed loans
at 4% max

REFAYET ULLAH MIRDHA

Bangladesh plans to pay a maximum of 4 per cent in the interest rate and commissions against the loans to be guaranteed by the Multilateral Investment Guarantee Agency (MIGA), said officials of the commerce ministry yesterday.

Recently, the MIGA in a letter to the Bangladesh Bank and the finance ministry offered to become a guarantor for the import of essential commodities worth \$500 million to \$1 billion.

The MIGA is a member of the World Bank Group and its mandate is to promote cross-border investment in developing countries by providing guarantees (political risk insurance and credit enhancement) to investors and lenders.

The MIGA has sought 6 per cent in the interest rate and commissions.

A number of officials from the MIGA and the World Bank discussed the issue at a meeting with Senior Commerce Secretary Tapan Kanti Ghosh at his secretariat office in Dhaka yesterday.

After the meeting, Ghosh told The Daily Star that Bangladesh wants the MIGA-guaranteed loan at 2 per cent or 4 per cent.

The MIGA itself will not provide any loans to Bangladesh. Rather, it will manage the fund from international financial institutions to provide the amount to Bangladesh, he said.

The MIGA will be the guarantor of the loan.

The World Bank arm has had to step in as international financial institutions may decline to provide loans to Bangladesh given the volatile global economic situation and the dollar crisis in the banking sector of the country.

The MIGA wants the central bank of Bangladesh to mobilise the fund, Ghosh said.

So, the final decision regarding availing the

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STOCKS			
DSEX ▲		CASPI ▼	
0.11%		0.04%	
6,265.44		18,476.17	

COMMODITIES			
Gold ▲		Oil ▼	
\$1,910.29		\$78.93	
(per ounce)		(per barrel)	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.31%	▼ 1.44%	▼ 0.41%	▲ 0.49%	
60,858.43	26,405.32	3,276.18	3,240.28	



Workers are seen inspecting the chassis of Hyundai SUVs being produced at a local manufacturing facility operated by Fair Technology. With this, the South Korean automobile company becomes the third multinational carmaker to have its vehicles manufactured in the country.

PHOTO: MAHMUDUL HASAN

Locally made Hyundai cars
to hit the streets next week

STAR BUSINESS REPORT

"Made in Bangladesh" Hyundai motor vehicles will hit the streets next week as Fair Technology yesterday commenced production at the country's first manufacturing facility for cars designed by the South Korean automobile brand.

Set up on two industrial plots at the Bangabandhu Hi-Tech Park in Kaliakoir of Gazipur, the factory has already produced 100 units of Hyundai Creta, a highly popular subcompact crossover SUV.

Each Hyundai Creta was manufactured using more than 1,000 parts imported from nine different countries, according to company officials.

Other designs of Hyundai SUVs and sedans will be gradually produced as well, they said.

Mutassim Daiaan, director and CEO of Fair Technology, said they believe this is a highly significant milestone in Bangladesh's economic progress.

"We humbly express our pride at proving the country's ability to produce the world's best Hyundai cars," he added.

Daiaan then informed that the vehicles will hit markets at highly competitive and affordable prices.

Besides, world-standard after sales service and the availability of all spare parts has also been ensured, he said.

Initially, the factory will produce 3,000 Hyundai Creta SUVs each year. However, the number will gradually increase to some 10,000 units annually.

"We are proud that the world's third largest automotive company has chosen Bangladesh to set up a manufacturing plant," said Zunaed Ahmed Palak, the state minister for ICT.

"It is also a stamp of approval showing that the country's capabilities have grown," he added.

Palak went on to say that the plant currently employs about 300 people but is expected to create about 5,000 jobs in the future.

The factory's inauguration is a strong step towards implementing the national vision, "Smart Bangladesh", said Industries Minister Nurul Majid Mahmud Humayun.

"Made in Bangladesh Hyundai SUVs will now run on the streets as a symbol of fast-moving Bangladesh," he added.

Ruhul Alam Al Mahub, chairman of Fair Group, said setting up this factory is just the beginning of their efforts in the automobile industry.

"With the help of the government, we will grow further and ultimately realise the dream of one family, one car," he added.

Lee Jang-keun, the South Korean ambassador to Bangladesh, said this year

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