

star BUSINESS

Make draft Bank Companies Act public

TIB urges govt

STAR BUSINESS REPORT

The Transparency International Bangladesh (TIB) has urged the government to publish the draft Bank Companies (Amendment) Act for the interest of the people.

"This is not a secret document, so it should be published," said the anti-graft organisation in a press release yesterday.

The cabinet approved the draft of the Act in order to reform the banking sector on March 28.

When the draft got the nod from the cabinet nearly one month ago, it was expected that the government would publish it in order to receive feedback and recommendations from stakeholders as usual practices of the current government, the TIB said.

"But the document has

As per the reform actions agreed with the IMF for the \$4.7 billion loan programme, the government is supposed to submit the draft to parliament by June

WHAT EXPERTS SAY...

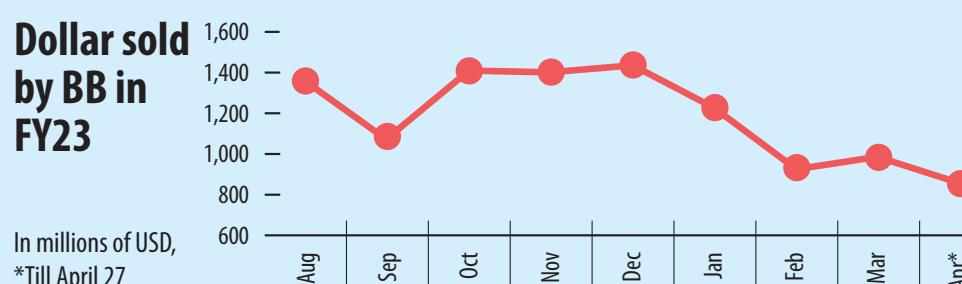
- BB efforts not enough to restore confidence in forex market
- Reserves will drop further if BB doesn't take effective policies
- Govt may fail to maintain reserves as per IMF recommendation
- Interest rate ceiling of 9pc on loans should be scrapped fully
- Market should be allowed to determine exchange rate

TOTAL SALE OF DOLLAR

In FY2022 : In FY2023 (Jul 1 and Apr 27)

\$7.62b : \$11.77b

Dollar sold by BB in FY23



FOREX RESERVES

In billions of \$, *Till Apr 26



Forex reserves keep falling amid dollar selling spree

AKM ZAMIR UDDIN and
MD FAZLUR RAHMAN

The central bank has kept injecting a hefty volume of US dollars into the market to help banks clear import bills, eroding the Bangladesh's foreign exchange reserves.

Between July 1 and April 27 of the ongoing financial year, the central bank supplied a record \$11.79 billion to banks in contrast to \$7.62 billion provided in the entire fiscal year of 2021-22, data from the Bangladesh Bank showed.

Persistently higher imports, driven by a spike in global commodity prices amid the Russia-Ukraine war and the dragging impacts of the coronavirus pandemic, have been contributing to the decline in the reserves for nearly a year.

Although import bills fell 10.27 per cent to \$48.79 billion in the first eight months of 2022-23, it was not enough to stop the depletion of the international currency reserves as earnings from exports and remittance, the two biggest sources of US dollars for Bangladesh, were inadequate to bring stability in the foreign exchange regime.

Export receipts stood at \$34.97

billion in July-February, up 9.45 per cent year-on-year, while money transferred by migrant workers rose 4.27 per cent to \$14.01 billion, BB data showed.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says that banks are

facing volatility since the war broke out in February last year.

"So, the reserves are falling continuously. And it will further deteriorate in the days ahead if the BB follows its ongoing stances," he said.

The reserves stood at \$31.06

said it would implement a market-based interest rate from July 1, scrapping the ceiling that has been put in place since April 2020.

But Mansur said: "The implementation of the floating exchange rate will not be possible if the 9 per cent ceiling of interest rate on loans is not scrapped."

"There is no scope to stop the decrease in reserves if the BB does not take effective measures."

And Mansur and Zahid Hussain, a former lead economist of the World Bank's Dhaka office, have long urged the central bank to withdraw the cap with a view to encouraging foreign investors to invest money in Bangladesh.

"If foreigners invest in the country, the erosion of the reserves will be tackled," Mansur said.

Foreign investors' reluctance to invest in Bangladesh was evidenced from the fast deterioration of the financial account of the balance of payments.

A financial account covers claims or liabilities to non-residents concerning financial assets. Its components include foreign direct investment, medium and long-term loans,

READ MORE ON B3



still facing a shortage of dollars as the inflow of the greenback is not adequate given the demand.

"We want to help businesses by providing the required dollars, but we are unable to do so. This has put a negative impact on the industrial sector."

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, says that the central bank has not taken any effective policy measure to restore confidence in the foreign exchange market, which has been

billion yesterday compared to \$44.01 billion on April 30 last year, a year-on-year decrease of about 30 per cent.

Although the BB has loosened its control over the foreign exchange rate in the face of an unprecedented hike in the US dollar rate, the taka has still been under pressure owing to the dragging crunch of the American greenback.

Another sticking point is the 9 per cent ceiling on loans.

The central bank has recently

not been published yet."

Quoting media reports, the press release said the TIB was astonished when it came to know that the banking division of the finance ministry declined to share the draft Act with a mission of the International Monetary Fund (IMF) recently, citing it as a classified document.

As per the reform actions agreed with the IMF for the \$4.7 billion loan programme, the government is supposed to submit the draft to parliament by June.

In any logic, the draft Act, which is directly linked with the public interests, can't be a classified document. But there might be a question of whether the amendment has given priority to the interest of vested groups rather than protecting the interest of the public.

READ MORE ON B3

EXPERIENCE
UNINTERRUPTED
BANKING HOUR
WITH MyPrime
more to you!

Prime Bank

Scan to download!

Summit signs \$2b MoU with Japan's Jera

Will collaborate on LNG, fuels, storage facilities for Bangladesh

STAR BUSINESS REPORT

Summit Corporation Ltd yesterday signed a memorandum of understanding with Japan's Jera Asia Pte Ltd to collaborate to supply liquefied natural gas and other fuels and develop on-shore and off-shore regasification and storage infrastructure for Bangladesh.

The primary deal was inked in Tokyo in the presence of Prime Minister Sheikh Hasina, according to a press release of Summit Group.

The MoU was signed by Toshiro Kudama, CEO of Jera Asia, and Ayesha Aziz Khan, a director of Summit Corporation. Summit Corporation is a

Jera looks forward to further contributing to Bangladesh's reliable energy supply in collaboration with Summit.

Toshiro Kudama
CEO of Jera Asia

subsidiary of Summit Power International while Jera Asia is a subsidiary of Jera, the largest energy company of Japan.

Valued around \$2 billion, the objective of the MoU is to collaborate in providing cost-effective and reliable long-term LNG and other fuels supply in addition to developing both on-shore and off-shore regasification and storage infrastructure for Bangladesh.

In the press release, Kudama said, "Jera is keen to assist Bangladesh's objective to secure a reliable energy supply and is pleased to be able to do that

READ MORE ON B3

PARTEX Cables
powering with safety

FIR Cables
FIGHTS IN FIRE SURVIVES IN 950°C

STOCKS

DSEX	CASPI
0.29%	0.29%
22,277.97	22,277.97

WEEK-ON WEEK

COMMODITIES

Gold	Oil
\$1,272.60 (per ounce)	\$71.79 (per barrel)

AS OF FRIDAY

ASIAN MARKETS

Mumbai	Tokyo	Singapore	Shanghai
Closed	▲ 0.29% 22,277.97	▼ 0.29% 22,277.97	▲ 0.29% 22,277.97

FRIDAY CLOSINGS



An employee sprays water on a pile of cotton at a cotton processing unit at Kadi town, in the western Indian state of Gujarat. Bangladesh imports nearly nine million bales of cotton from various countries every year at a cost of nearly \$3 billion for use in nearly 500 spinning mills.

PHOTO: REUTERS/FILE

Sudan conflict won't impact cotton import

Say Bangladeshi importers

REFAYET ULLAH MIRDHA

An ongoing conflict in Sudan will not have any major impact on Bangladesh's import of cotton from the country as it accounts for a very small part of the import and there are some alternative African sources for local importers, spinners and millers.

Dozens have been killed in armed clashes in the Sudanese capital Khartoum following months of tension between the military and the powerful paramilitary group Rapid Support Forces.

Behind the tensions is a disagreement over the integration of the paramilitary group into the armed forces - a key condition of a transition agreement that has never been signed but has been adhered to by both sides since 2021.

Some African countries, especially those in the west like Benin, Lesotho, Chad and Sudan, are important sources of cotton for traders in Bangladesh.

This is due to a long time ban on the use of their cotton by western clothing retailers and brands under the excuse of using child labour in the cotton industry.

Moreover, members of the Commonwealth of Independent States (CIS), especially Uzbekistan, have already

established their own spinning mills for using the cotton as climate change allowed the establishment of spinning mills across the country.

Because the melting of ice helped use cotton in the mills as ice does not prevail for a long time in the CIS countries because of climate change.

African countries provided 37.3 per cent of the total cotton required in fiscal year 2019-20, according to Bangladesh Cotton Mills Association. Now, the percentage has gone up to more than 40 per cent.

Following such developments, local spinners, traders, importers and millers started sourcing cotton from African countries.

The African countries provided 37.3 per cent of the total cotton required in fiscal year 2019-20, according to data from the Bangladesh Cotton Mills Association (BTMA).

READ MORE ON B2