

Star BUSINESS



Taka keeps falling, forex reserves slip below \$31b

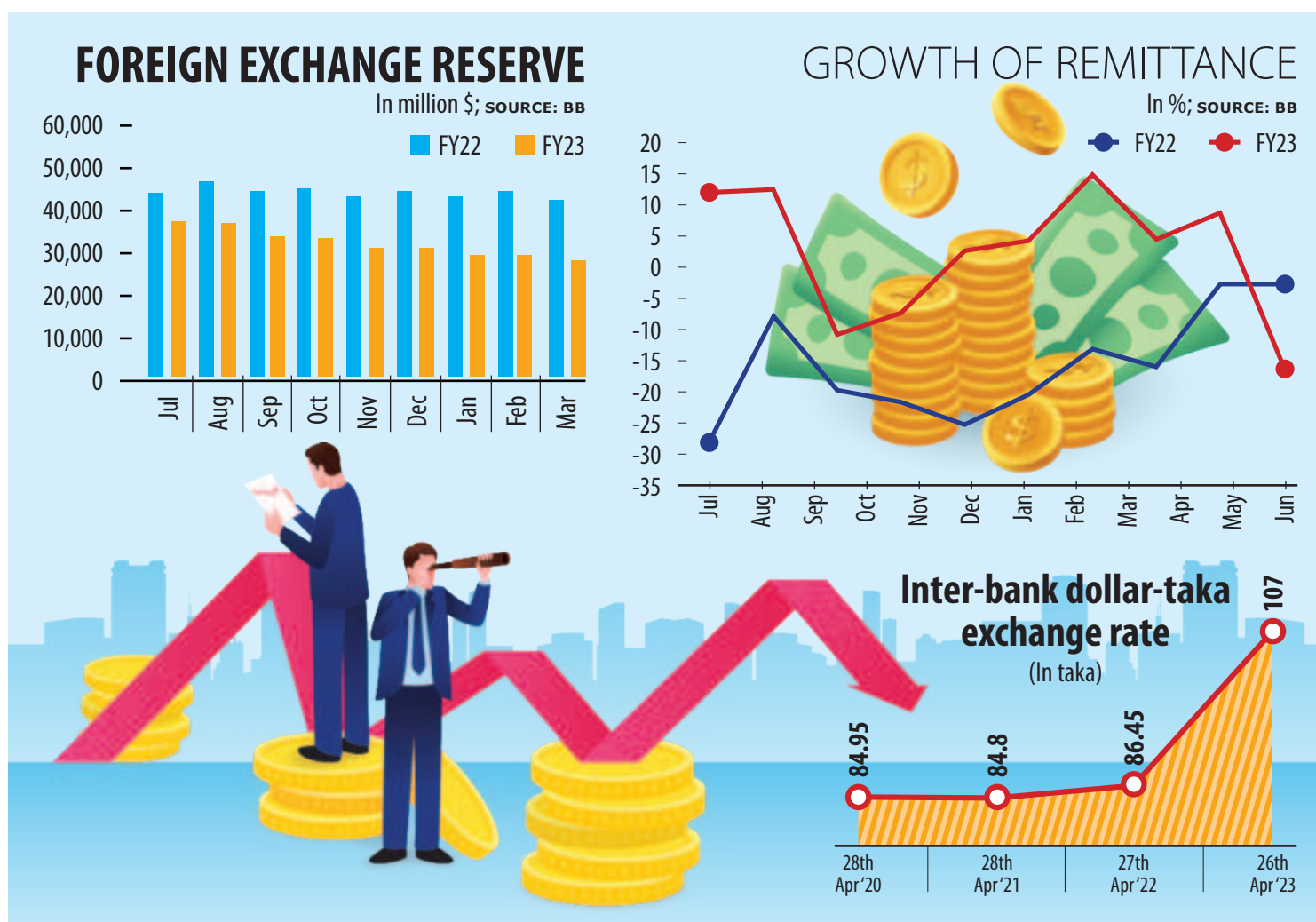
AKM ZAMIR UDDIN

The taka has lost its value further against the US dollar after the Bangladesh Bank sold the greenback at Tk 104.5 as the foreign exchange reserves keep falling.

The reserves stood at \$30.92 billion yesterday, down 29.7 per cent year-on-year, central bank data showed.

The taka has been under pressure for nearly a year after the Russia-Ukraine war-induced fallout deepened the volatility in the global commodity and energy markets as import-dependent nations such as Bangladesh were forced to pay more to clear import bills, which took a toll on the international currency reserve level.

The central bank began selling US dollars at Tk 103 in the first week of April from Tk 102 previously



Bangladesh's exports to India can go up by 300%: envoy

He stresses optimising multimodal connectivity

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Bangladesh's exports to India may increase by 300 per cent in a year if the multimodal transport connectivity, including roads and highways, waterways, coastal shipping and railway, can be optimally utilised, said Pranay Kumar Verma, Indian high commissioner to Bangladesh, yesterday.

"Better connectivity is indeed the centre for improving the ease of doing business and ease of living," he told a seminar on "Multimodal Connectivity between India and Bangladesh" organised by Unnayan Shamannay at Bishwo Shahitto Kendro in Dhaka.

Since 1972, there have been 10 protocol river routes in operation for transporting goods between the two countries and the quantity of goods transported have now increased 39 times since what was around two decades ago, he said.

The goods were transported on Bangladeshi vessels 90 per cent of the time, said Verma, adding that India has also offered Bangladesh use of select Indian airports and river ports for sending exports to third countries.

Bangladesh is India's largest trading partner in South Asia and fifth largest worldwide. Over the last five years, the bilateral trade reached \$15 billion from \$7 billion

Seven border haats are now in operation and there is demand for more, he said.

On the connectivity issue, Verma mentioned the inauguration of a "friendship" pipeline by the prime ministers of the two countries with a capacity for supplying Bangladesh one million tonnes of diesel a year.

The high commissioner also shared different facts of the bilateral trade and investment connectivity.

For instance, Bangladesh is India's largest trading partner in South Asia and fifth largest worldwide. Over the last five years, the bilateral trade reached \$15 billion from \$7 billion, he said.

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Economic pressure deepens as export, remittance dip

REFAYET ULLAH MIRDHA, AKM ZAMIR UDDIN and SOHEL PARVEZ

Exports and remittances, two major sources of foreign currencies for Bangladesh, plunged in April, a bad omen for the economy as it deals with multiple challenges, including a dollar crisis, an elevated level of import costs and falling reserves.

Export earnings slumped 16.5 per cent year-on-year to \$3.95 billion last month, according to the Export Promotion Bureau.

And despite a surge in the outflow of migrant workers in 2022, remittances sent by migrant workers and non-resident Bangladeshis living abroad dropped 16.2 per cent to \$1.68 billion, the sharpest fall in 14 months, data from the Bangladesh Bank showed.

Exporters blame the falling flow of orders from the western markets amid higher inflation while bankers say migrant workers preferred to send money through informal channels, popularly known as hundi, as the official rate for the greenback is lower than the kerb market.

"The decrease in export and remittances is bad for the economy. This is also bad for employment and investments. It is a signal that the risk in the economy continues," said Prof Mustafizur Rahman, a distinguished fellow of the Centre

for Policy Dialogue (CPD).

The latest data comes at a time when Bangladesh's foreign exchange reserves are falling as export and remittances earnings can't cover the cost of imports despite its slowdown.

The taka lost about 25 per cent in value against the greenback in the past one year, raising the

basket, declined 15.4 per cent year-on-year in April.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said the export of apparel items had been declining for the last few months, albeit slowly.

Recently, the export fall was

home textiles declined.

Hassan says if the bank interest rate in the western countries is not hiked further and the old stock of the unsold garment items finishes, there is a possibility that sales of garment items will go up from July.

REMITTANCE

BB data showed that remittances flow in April was lower than the overall inflow in March when migrants sent home \$2 billion, the third-highest in FY23, to enable their families and relatives to celebrate the Eid-ul-Fitr, the biggest religious festival in Muslim-majority Bangladesh.

Overall remittances flow grew 2 per cent year-on-year to \$17.7 billion between July and April.

CPD's Rahman said the flow of remittances through hundi cartels might have increased as the rate of the dollar is higher in the kerb market.

Hundi cartels, which operate illegal cross-boundary operations, accounted for half of the remittances that flowed to Bangladesh even before the coronavirus pandemic.

A central banker says the hundi carte is mainly responsible for the slide in remittance as the number of migrant workers going abroad for jobs grew substantially.

Bangladesh sent 8.4 lakh workers abroad in July-March, an increase of 21 per cent from

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as it is working to allow the exchange rate to be determined in line with demand and supply.

At a meeting on April 30, banks decided to pay Tk 110.70 per USD to migrant workers and non-resident Bangladeshis from May in order to encourage them to send money through formal channels.

Banks also decided to raise the buying rate to Tk 106 from Tk 105 for exporters to arrive at a single exchange rate gradually in place of the present multiple exchange rates.

As per the reform actions attached to the \$4.7 billion loan programme, the International Monetary Fund also suggested the government put in place a market-based interest rate mechanism by July this year.

A lower-than-expected flow of export and remittance receipts also

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National Bank saw Tk 3,200cr loss in 2022

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National Bank Ltd suffered more than Tk 3,200 crore in loss in 2022 owing to the waiver in interest and the decrease in interest incomes for rising non-performing loans.

Thus, the private commercial bank, which clocked more than Tk 300 crore in profit between 2015 and 2020, reported Tk 10.13 losses per share in the last financial year that ended on December 31 after making a profit of Tk 0.12 each share a year ago.

In a filing on the Dhaka Stock Exchange (DSE) yesterday, NBL blamed the waiver of interest and the fall in interest income for the fall in the EPS and the net asset value per share (NAVPS). The filing did not give any details.

Md Mehmood Husain, managing director of the bank, and Kaiser Rashid, company secretary, could not be reached for comments yesterday.

The loss of the bank continued into the first quarter of 2023 amid the rise in default loans and the liquidity crunch.

The lender incurred losses of Tk 312 crore from January to March, up from the Tk 57 crore loss it witnessed in the identical three-month period of 2022.

The private bank's losses per share rose 439 per cent to Tk 0.97 in the first quarter from Tk 0.18 a year ago.

The EPS decreased due to the liquidity crunch. Besides, borrowers failed to repay instalments on time and became classified while the interest on such loans and advances could not be taken to the income segment of the balance sheet, said NBL in another filing.

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Workers break stones on contract using hammers and crushing machines for Tk 300 to Tk 350 per day in Bholaganj of Companiganj upazila of Sylhet. Business was better a few years ago, when they earned Tk 1,000 to Tk 1,500, but now is going through a rough patch as there are lesser stones rolling down from upstream alongside a bar on stone collection from local rivers. The photo was taken recently.

PHOTO: SHEIKH NASIR

BBS to publish quarterly GDP data from next year

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The Bangladesh Bureau of Statistics (BBS) is taking necessary preparations to publish quarterly reports on the country's gross domestic product (GDP) from next year.

The state-run statistical agency's decision meets one of the conditions of International Monetary Fund's (IMF) recent \$4.7 billion loan for Bangladesh. The GDP data used to be made public annually.

In addition, the BBS has also completed compiling provisional and the final data of the country's GDP for the past 50 years since Bangladesh achieved independence.

Md Matiar Rahman, director general of the BBS, shared the information after a meeting with an IMF delegation in Dhaka yesterday.

The BBS is catering

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