

## Rupee logs worst week in seven

REUTERS, Bengaluru

The Indian rupee ended at an over one-month low against the US dollar on Friday, and logged its worst week in seven on worries that the Federal Reserve will raise interest rates more than expected this year.

The rupee ended down 0.28 per cent at 82.74 to the dollar compared with 82.51 in the previous session, after hitting its lowest level since May 30 earlier in the session at 82.75. The currency also logged its fourth straight session of losses.

For the week, the rupee fell 0.8 per cent, its biggest weekly decline since May 19.

Data in the US bolstered the bullish undertone in the dollar index, with the rupee also depreciating amid rising demand for dollars from importers, said Jigar Trivedi, senior research analyst - currencies & commodities at Reliance Securities.



Workers at a farm in Ikhari village in Terokhada upazila of Khulna are seen picking Hira paddy seedlings. Farmers prefer planting the Hira variety even amid the ongoing Aman paddy season as the former is comparatively more profitable.

PHOTO: HABIBUR RAHMAN

# Strong industry-academia linkage will plug skills gap

Experts say at DCCI seminar

### STAR BUSINESS REPORT

Around \$8 billion to \$10 billion is remitted from Bangladesh each year as salaries paid to foreign workers in absence of skilled manpower resulting from the lack of a quality education system in the country.

Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry (DCCI), made this comment while speaking at a seminar, styled "Industry-Academia Linkage: Employability of Graduates in the Changing Global Context".

The event was organised by the DCCI at its office in Dhaka yesterday.

Sattar stressed on creating skilled manpower in the country so that Bangladesh can save this valuable outward remittance.

"Industry-academia linkage is instrumental in creating a skilled and vocational-oriented workforce," he said.

"It makes a workforce ready with a specialised skillset for relevant industries, but the linkage has still not been fully developed due to our conventional educational system," Sattar added.

He also said the absence of industry-academia harmony results in an

increasing skills gap in the workforce.

Besides, it is very important to focus on the industry-academia linkage in order to take full advantage of Bangladesh's demographic dividend, he added.

The DCCI president called for conducting joint research and development activities, developing education infrastructure, creating a national employment database, arranging need-based curriculum design and skills training as well as strengthening technical and vocational education systems.

Education Minister Dipu Moni stressed the need for soft skills, re-skilling and up-skilling, teamwork development, technology adaptation, changing mindset, demand mapping and expediting technical and vocational education and training.

She informed that the present enrolment rate in the technical and vocational education system is 17 per cent.

"The diversification of education is more important, it will not be the right decision to attract our students only to the medical or engineering education system," the minister said.

Prof Satya Prasad Majumder, vice-chancellor of the Bangladesh University



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**Sameer Sattar**  
President of DCCI

of Engineering and Technology, said industries should come forward with more research and development with their own investment.

Nasreen Afroz, executive chairman of the National Skills Development Authority (NSDA), said they are keen on creating skilled manpower for export.

A "Skills Qualification Framework" has been formed under the chairmanship of the education minister. A total of 14 skills development councils have been formed already, she added.

Afroz expressed hopes that the relation

between industry and academia will be developed in future.

She also requested industry leaders to arrange such workshops and seminars incorporating relevant stakeholders.

The NSDA has been arranging funding from the Human Resource Development Fund of the finance ministry for those involved in conducting skills development training, Afroz said.

During the keynote presentation, Sayema Haque Bidisha, a professor of economics at the University of Dhaka, highlighted that one of the challenges of the domestic labour market is the absence of strong linkage between supply and demand, primarily between academia and industry.

To address the skills mismatch, strong industry-academia linkage is needed, she said. Prof Mohammad A Momen, director of the Institute of Business Administration at the University of Dhaka, stressed on developing need-based curriculum, enhancing IT infrastructure, offering skills training and adopting industry-specific programmes.

The participation of women in the country's industrial sector is very low, he added.

## Yellen criticises China's 'punitive' actions against US companies

REUTERS, Beijing

US Treasury Secretary Janet Yellen called on Friday for market reforms in China and criticised its recent tough actions against US companies and mineral export controls, while China's premier called on her to "meet China halfway" and put bilateral relations back on track.



Yellen met with Premier Li Qiang on Friday during a visit to Beijing aimed at repairing fractious US-Chinese economic relations, but made clear in her public remarks that Washington and its Western allies will continue to hit back at what she called China's "unfair economic practices."

Despite talk of US-China economic decoupling, recent data show that the world's two largest economies remain deeply linked, with two-way trade hitting a record \$690 billion last year.

"We seek healthy economic competition that is not winner-take-all but that, with a fair set of rules, can benefit both countries over time," Yellen told Chinese Premier Li Qiang in a meeting on Friday that the Treasury said was "candid and constructive."

China released a statement from Li calling for strengthened communication, consensus on economic issues and "candid in-depth and pragmatic exchanges, so as to inject stability and positive energy into Sino-US economic ties."

## A new era dawns

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market emanating from the shortage of the US dollar has prompted the BB to settle bilateral trade by using the currency of the neighbouring country.

The new arrangement will allow Bangladesh to perform foreign trades with India to the tune of \$2 billion, equivalent to its current annual export receipts from the country.

Last month, BB Governor Abdur Rouf Talukder said Bangladesh is looking to carry out trade with India in the rupee up to the level that is covered by the export earnings from the country.

Bangladesh's imports from India far outweigh exports to the country. Its exports stand at \$2 billion against imports of \$18 billion through official channels.

If the trades through the unofficial channel are added, imports would go up to \$27 billion, Talukder had said.

### HOW RUPEE SETTLEMENT WILL WORK

As per plans, ICICI Bank and SBI will settle imports with Bangladesh in the rupee. And the amount will be deposited with the Bangladeshi banks'

nostro accounts with the two.

In the second phase, the Bangladeshi banks will settle the import payments on behalf of the local importers by using the rupee deposited with the counterparts.

The central banker, however, says that the dependency on the dollar will not reduce immediately as only \$2 billion will be converted to the Indian rupee.

Bangladesh's imports stood at \$75.60 billion in 2021-22.

But local businesses will be able to avoid an exchange rate loss of around 1 per cent if they trade in the INR as they would not require to convert US dollars into the rupee, the central banker said.

A high official of a commercial bank in Dhaka says that some new windows to settle import payments and other foreign exchange-related transactions in the INR will open in the future.

For instance, if Bangladesh can manage credit lines from India in the INR, such loans may be used to carry out bilateral trades, including for the payments of credits.

Besides, local banks will be able to

take loans in INR with prior approval from the BB, and the amount can be used to perform bilateral trade as well.

"Such windows will help reduce the dependency on the dollar during the difficult time like we are going through now," he said.

India started to allow to settle its foreign trade in the INR in July last year when the Reserve Bank of India (RBI) decided to facilitate international trade in the rupee.

### MOVE AWAY FROM DOLLAR

Other nations are also exploring ways to cut reliance on the American currency, which was involved in nearly 90 per cent of global forex transactions in 2022, making it the single most traded currency in the FX market.

The move accelerated after the United States moved to hike policy rates aggressively to tame a record surge in inflation stemming from the impacts of the dragging pandemic and the Russia-Ukraine war.

Monetary tightening in the US has led to investors pulling their money out of Asian economies, triggering currency depreciation in most of the economies, according to a blog

published on the website of the Asian Development Bank.

Sharp currency depreciation generally increases inflationary pressures through higher import prices of food and energy, worsens the current account balance, and may thus result in countries having difficulty with paying for their essential imports or servicing external debts.

Countries such as Bangladesh are facing exactly the situation predicted by the blog writers.

More and more countries — from Brazil to Southeast Asian nations — are calling for trade to be carried out in other currencies besides the US dollar, reported CNBC in April.

China is one of the most active players in this push given its dominant position in global trade right now and as the world's second-largest economy.

Based on CNBC's calculation of the International Monetary Fund's data for 2022, China was the largest trading partner to 61 countries when combining both imports and exports. In comparison, the US was the largest trading partner to 30 countries.

In April, Brazilian President Luiz

Inácio Lula da Silva made a state visit to Beijing where he reportedly called for reduced reliance on the US dollar for global trade.

India and Malaysia have already agreed to settle trade in the Indian rupees, said the Hindu newspaper.

In March, India said banks from 18 countries were allowed by the RBI to open special rupee vostro accounts to settle payments in Indian rupees.

During a recent visit to China, Malaysia's Prime Minister Anwar Ibrahim was said to have suggested setting up an "Asian Monetary Fund" to reduce reliance on the US dollar.

At the ASEAN finance ministers and central banks meeting in Indonesia in March, policymakers also discussed the idea of cutting their reliance on the USD, the Japanese yen and the euro and "moving to settlements in local currencies" instead.

The dominance of the dollar has gradually declined in the last few decades. The dollar accounted for more than 70 per cent of global reserves at the turn of the century. The share declined to 58 per cent last year, IMF data showed.

dollar will not decline overnight.

"It is a journey and it will build slowly," he said. "It is a new future. Various countries have started and they are also under trial and correction."

India has already signed up with some other countries, such as Malaysia, for trading in INR. China is now suggesting payments through renminbi while Malaysia wants payment in rouble.

"All these have started. Let us start [to reduce dependence on dollars]," Ittekkhar said.

However, success of the initiative will depend on the efforts of banks and business chambers.

"We have to do marketing. We have to make customers understand the benefits. And it may not be limited to four banks, maybe after some months, Bangladesh Bank will allow more banks to do so," he added.

## India's fuel demand slips

REUTERS

India's fuel demand eased 3.7 per cent in June month-on-month, government data showed on Friday, as monsoon rains restricted mobility in the world's third-biggest oil consumer.

Consumption of fuel, a proxy for oil demand, totalled 19.31 million tonnes in June, down from 20.06 million tonnes in May, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed.

Sales of diesel, mainly used by trucks and commercially run passenger vehicles, decreased about 3.7 per cent in June to 7.91 million tonnes from a month earlier.

In May, diesel sales hit an all-time high of 8.22 million tonnes, as per PPAC data going back until 1998.

"Seasonality is starting to kick in as the monsoon season-driven demand decline starts to transpire ... compared to June, we expect oil demand to come in only marginally lower in July," said Viktor Katona, lead crude analyst at Kpler.

Fuel demand in India, the world's third biggest oil importer and consumer, typically falls during the four-month monsoon season beginning in June as parts of the country are hit by heavy floods.

"Cyclone Biparjoy also adversely impacted bunkering operations across the country as ports in Gujarat were forced to shut for several days, adding to the seasonal downside," Katona said.

This year, the monsoon arrived on the coast of southern Kerala state on June 8, more than a week later than normal, and its progress was later stalled by severe cyclone Biparjoy.

Gasoil, or diesel, accounts for about two-fifths of refined fuel consumption in India and is directly linked to industrial activity.

Sales of gasoline, or petrol, were about 5.9 per cent lower than the previous month at 3.15 million tonnes.

Cooking gas or liquefied petroleum gas (LPG) sales fell 4.9 per cent to 2.23 million tonnes and naphtha sales dropped 15 per cent to 976,000 tonnes.

Sales of bitumen, used for making roads, ticked up 0.8 per cent, and fuel oil use fell 9.8 per cent in June.

STOCKS		WEEK-ON-WEEK
DSEX ▲	CASPI ▲	
0.25%	0.09%	
6,334.79	18,720.80	

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▲	
\$1,925.89 (per ounce)	\$73.75 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.77%	▼ 1.17%	▼ 0.28%	▼ 0.35%	
65,280.45	32,388.42	3,196.61	3,139.47	