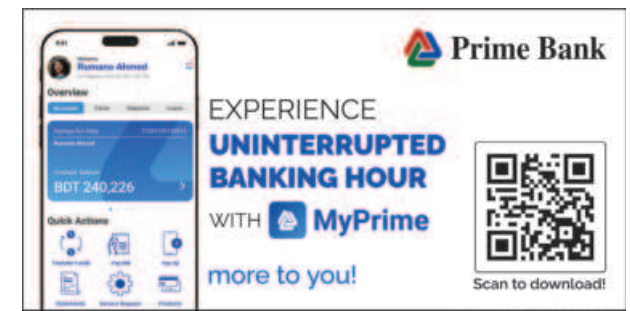


# Star BUSINESS



## PARTNERSHIP DEAL

### Japanese minister to arrive next week for discussion

REFAYET ULLAH MIRDHA

Bangladesh and Japan will soon discuss the findings of a joint study on signing the proposed Economic Partnership Agreement (EPA) for furthering trade and investment between the two countries.

Yasutoshi Nishimura, the minister for economy, trade and industry of Japan, is scheduled to visit Dhaka on July 23, according to Yuji Ando, country representative of the Japan External Trade Organization (Jetro).

During his visit, Nishimura will participate in a business summit on Bangladesh-Japan trade, to be held at the Sonargaon Hotel in Dhaka.

Besides, he will meet Commerce Minister Tipu

During his visit, Nishimura will participate in a business summit on Bangladesh-Japan trade to be held in Dhaka

Munshi to hold talks on the joint study, which was launched in December last year, Ando said.

The EPA covers not only tariff rates, but also trade and investment components.

In April, the two countries signed a memorandum of understanding on the proposed EPA during the visit of Prime Minister Sheikh Hasina to Japan.

Formal negotiations on the EPA will start after finalisation of the joint study.

Nishimura is also scheduled to hold meetings with members of the Japanese Commerce and Industry Association in

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## AT A GLANCE

Bangladesh's exports to India stood at \$2b in FY23

Official import from India was \$18b in FY23

Bangladesh, India began trade in rupee from July 11

Bangladesh is the 19th country to trade in rupee

## RECOMMENDATIONS

Reduce trade imbalance by increasing export to India

New line of credit from India should be made available in rupee

## LIMITATIONS

Trade in rupee would be equivalent to only Bangladesh's export amount

## BANKS IN BANGLADESH PART

Sonali Bank, Eastern Bank, SBI Bangladesh

## BENEFITS FOR BANGLADESH

Trade settlement time will come down

Exchange conversion cost will be lower

Export to India may rise

Pressure on forex reserve may ease slightly in the long run

## PROCESS OF TRANSACTION

Bangladeshi banks will open nostro accounts with Indian banks

Proceeds from Bangladesh's exports will be deposited in the nostro accounts in rupee

For import from India, LCs will be opened in Bangladeshi banks

Import payment will be made in rupee from the balance amount in the nostro accounts

## BANKS IN INDIAN PART

ICICI Bank, SBI

## BENEFITS FOR INDIA

Net demand for US dollar will fall

Rupee's acceptability will expand

Trade with Bangladesh will be easier

## TRADE WITH INDIA IN RUPEE

# How much will Bangladesh benefit?

AHSAN HABIB

Bangladesh and India began settling cross-border trades in the Indian rupee (INR) last week, a development that has been hailed as a landmark for the growing bilateral commerce in general and for Bangladesh in particular.

Initially, the scope of making import payments would be limited to the equivalent of Bangladesh's export earnings of around \$2 billion from India.

This means it might not immediately give a boost to Bangladesh's foreign currency reserve, whose level fell by about 30 per cent in the past one year owing to higher import bills against lower-than-expected export and remittance earnings.

As per new arrangements, Bangladeshi exporters will receive their proceeds in the rupee in the

nostro accounts opened with ICICI Bank and State Bank of India (SBI). The proceeds will be used to facilitate Bangladesh's import transactions with India.

Trade analysts describe the move as a welcome step, saying it would deepen trade ties between the two neighbours, reduce dependency on the US dollar, and cut the cost of business.

"Bangladesh has found a new currency to settle international

trades and this will bring benefit in the future," said Ahsan H Mansur, a noted economist.

Before the addition of the rupee to the list of currencies used to carry out cross-border trades, Bangladesh settled trades in the US dollar, the pound sterling, and the euro, with the American greenback dominating.

Mansur said the addition of the rupee will bring no major benefits immediately, especially

when it comes to alleviating the pressure on the reserve.

"This is because Bangladesh will receive rupees instead of US dollars against export proceeds since India will make payments in their currency to settle imports as well."

The trading arrangement will be beneficial for the businesses that import from India and export to the country. Besides, trade costs will be lower for them, said Mansur.

Mansur, also the executive director of the Policy Research Institute of Bangladesh, a private think-tank, however, says local businesses may attract more customers which will raise Bangladesh's exports to India.

Bangladesh's scope to open letters of credit has been squeezed to some extent owing to the fall in the forex reserve.

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# Internet banking transactions hit nearly Tk 50,000cr

SOHEL PARVEZ

Internet banking transactions reached a record high amount of nearly Tk 50,000 crore in May, signifying the enhanced cost and time savings and convenience enabled over visits to brick-and-mortar branches for a growing number of bank account holders.

The transactions soared 142 per cent year-on-year to Tk 49,930 crore, showed the latest Bangladesh Bank (BB) data.

On a month-on-month basis, it was a growth of 12 per cent.

This is also threefold the amount recorded in the whole of fiscal year 2014-15.

The all-time high also reflects customers increasingly switching to electronic fund transfers and banks focusing investments on developing technology to provide faster and hassle-free services.

"We see a spectacular increase in internet banking because it helps people do banking staying at home," said Md Mezbaul Haque, executive director of the BB.

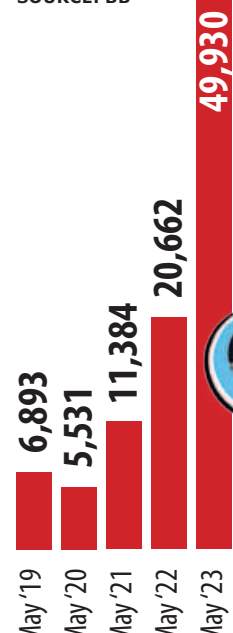
"We are promoting digital transactions and banks are also showing interest as going electronic is cheaper than conducting transactions through ATMs," he said.

"Many banks did not have any mobile app. Now more than 40 banks have apps to facilitate customers in carrying out banking digitally," he added.

## TREND OF INTERNET BANKING TRANSACTION

In crore taka;

SOURCE: BB



Now customer literacy and awareness are needed as people are showing interest and banks are promoting electronic banking, said Haque.

To encourage digital banking, the central bank has extended regulatory support from time to time by increasing transaction limits for clients.

The rollout of Bangladesh Real Time Gross Settlement (BD-RTGS) and Bangladesh Electronic Funds Transfer Network (BEFTN) by the BB and increased use of smartphones also helped popularise digital banking, said bankers earlier.

There has been a massive growth in utility bill payments and

mobile top-ups through digital banking, said Mohammad Ali, managing director and CEO of Pubali Bank Ltd.

"Paying utility bills was a hassle. Now many people pay bills through mobile financial services by transferring money from their bank accounts," he said.

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## Bad news for wheat market as Russia pulls out of grain deal

SUKANTA HALDER and MOHAMMAD SUMAN

Bangladesh's wheat market may see fresh volatility after Russia pulled out of a United Nations and Turkey-brokered deal that could turn the global grain market unstable, importers warn.

Yesterday, importers called the development a matter of concern for Bangladesh. Russia and Ukraine meet 40 per cent of the country's wheat demand.

Russia has informed the UN, Turkey and Ukraine that it will not renew the deal, which allowed Ukraine to export grain through the Black Sea.

**Abul Bashar Chowdhury, chairman of BSM Group, said the market condition will worsen in the coming days**

The deal, which was reached in July and was renewed every two months, aimed to alleviate a global food crisis by allowing Ukrainian grain blocked by the Russia-Ukraine conflict to be exported safely. The deal expired on Monday.

The latest move comes after Russia had been saying for months that conditions for its extension had not been fulfilled.

"In fact, the Black Sea agreements ceased to be valid today (Monday)," said Kremlin spokesman Dmitry Peskov, according to Reuters.

"Unfortunately, the part of these Black Sea agreements concerning Russia has not been implemented so far, so its effect is terminated."

Due to the suspension of the deal, the price of wheat increased by \$10 to \$15 per tonne in international markets yesterday, said Md Aminul Islam, managing director of Nabil Group, one of the largest importers of wheat.

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STOCKS	
DSEX ▼	CASPI ▼
0.09%	0.03%
6,361.16	18,784.66

COMMODITIES	
Gold ▼	Oil ▼
\$1,951.77	\$75.00
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.80%	▼ 0.08%	▲ 0.18%	▼ 0.87%
66,589.93	32,391.26	3,254.43	3,209.63

# 18

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