

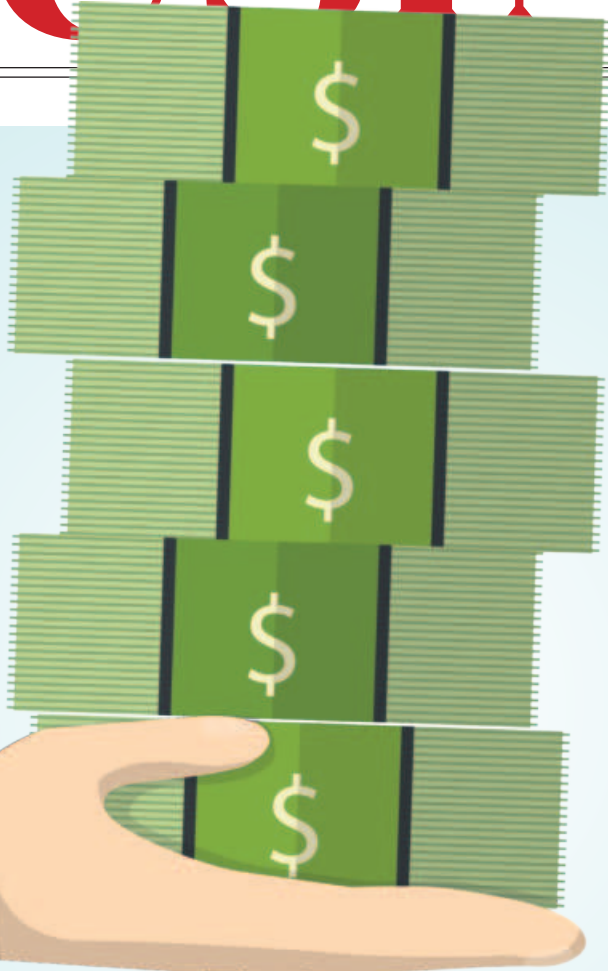
Star BUSINESS

Prime Bank
EXPERIENCE UNINTERRUPTED BANKING HOUR WITH MyPrime more to you!

DOLLAR RATES FOR VARIOUS PURPOSES

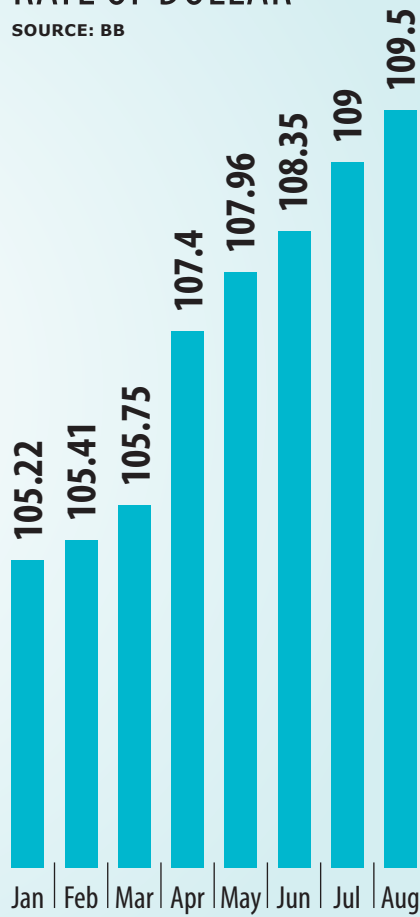
(Per dollar, Source: Bafeda)

- USD rate for remittance: Tk 109
- BC selling rate: Tk 109.5
- Export bill: Tk 108.5
- USD buying rate (cash) by banks: Tk 108.5
- USD selling rate (cash) by banks: Tk 109.5
- USD rate in kerb market: Tk 116.95 to Tk 117



MONTH-WISE AVERAGE INTER-BANK EXCHANGE RATE OF DOLLAR

SOURCE: BB



WHY KERB MARKET VOLATILE

- USD supply in banking channel slows
- Fixed USD rate in banking channels
- Number of students going abroad increases
- Rising use of hundi channels

Worker outflow to Saudi Arabia climbs but remittance falls

AHSAN HABIB

The outflow of migrant workers from Bangladesh to Saudi Arabia surged around four times in the last three years but remittance earnings from the country have kept falling, official figures showed.

In 2020, some 161,726 Bangladeshis found jobs in the Gulf nation and it rose to 457,227 in 2021 and 612,418 in 2022, according to data from the Bureau of Manpower, Employment and Training (BMET).

However, remittance earnings from Saudi Arabia stood at \$5.7 billion in 2020-21. It dropped to \$4.5 billion in 2021-22 and \$3.7 billion in 2022-23, Bangladesh Bank data showed.

Towfiqul Islam Khan, an economist, blamed the growing use of hundi in recent years for the fall in remittances.

Hundi, a cross-border illegal money transfer system, is a demand-driven business and its popularity has shot up recently, he said.

Khan, a senior research fellow at the Centre for Policy Dialogue, said some of the people who went abroad left the country without any knowledge about the jobs they were going to be employed in.

"Many of them didn't get any jobs while

some faced cheating. As a result, we are not getting the expected amount of remittance."

Since a large number of people are going abroad for low-paid jobs, per person remittance inflow is quite low in Bangladesh compared to that of India and the Philippines, Khan added.

Towfiqul Islam Khan, an economist, blamed the growing use of hundi in recent years for the fall in remittances.

In FY23, the second-highest remittance came from the United States at \$3.5 billion, but the number of Bangladeshis who found jobs in the largest economy in the world could not be found.

Overseas employment in the United Arab Emirates was 101,775 in 2022 and the workers remitted \$3.03 billion in FY22.

The global economic uncertainty and higher inflation adversely affected migrants' real incomes and their remittance flow, said the BB in its quarterly report on remittance inflows.

READ MORE ON B3

Dollar kerb market heats up again

Rate gap in formal-informal markets widening

MD MEHEDI HASAN

The exchange rate gap in the official and unofficial channels in Bangladesh has started to widen after a few months of lull as the US dollar is getting costlier in the informal market, a development that may adversely impact the remittance flow.

Whereas the US dollar was selling at Tk 109 to Tk 109.50 at banks, it has hit Tk 116.95 to Tk 117 in the informal market, also known as the kerb market.

The gap between the formal and informal exchange rates was low in the last few months.

Industry people blame the lower deposits of the USD in the banking system, the fixed dollar rate, the rising number of students going abroad, and the higher illegal cross-border transactions for the growing gap.

Most commercial banks are also not selling cash US dollars to travellers, forcing them to turn to the kerb market to avail foreign currencies, they said.

Half a dozen money changers in the capital's Motijheel area told The Daily Star yesterday that they were selling the USD at Tk 116.96 to Tk 117.

Travellers and visitors planning

to go to other countries for medical purposes are struggling to carry out transactions as per fixed rates.

Money changers are displaying a foreign currency price list where the USD selling rate was cited to be Tk 112 and the buying rate was

quoted as Tk 110.50, but the rates are hardly followed.

Helal Uddin, secretary of the Money Changers Association of Bangladesh, however, said the trade body will take action against any business if they are found to be not complying with the declared rates.

The fresh volatility in the forex market comes although the Bangladesh Foreign Exchange Dealers Association (BAFEDA) and the Association of Bankers,

will avoid sending remittances through the formal channel.

"The central bank should introduce a market-based exchange rate as per conditions agreed with the International Monetary Fund."

The global lender advised the central bank to introduce a market-based USD exchange rate to replace the fixed rate regime when it approved a \$4.7 billion loan for Bangladesh.

The volatility was also driven by the slower inflow of remittances in August.

Between August 1 and August 25, Bangladeshi expatriates sent home \$1.32 billion, which was lower than the same period last month.

Hussain said students and travellers are not getting adequate US dollars from banks and were forced to buy the currency from the money changers and other informal channels, pushing up the rates.

Banks are allowed to open files for students who are planning to go abroad to study. But most banks are not opening any files for the shortage of the currency.

BAFEDA Chairman and Sonali Bank Managing Director Md

will avoid sending remittances through the formal channel.

"The central bank should introduce a market-based exchange rate as per conditions agreed with the International Monetary Fund."

The global lender advised the central bank to introduce a market-based USD exchange rate to replace the fixed rate regime when it approved a \$4.7 billion loan for Bangladesh.

The volatility was also driven by the slower inflow of remittances in August.

Between August 1 and August 25, Bangladeshi expatriates sent home \$1.32 billion, which was lower than the same period last month.

Hussain said students and travellers are not getting adequate US dollars from banks and were forced to buy the currency from the money changers and other informal channels, pushing up the rates.

Banks are allowed to open files for students who are planning to go abroad to study. But most banks are not opening any files for the shortage of the currency.

BAFEDA Chairman and Sonali Bank Managing Director Md

Bangladesh (ABB) have agreed to carry out transactions as per fixed rates.

They determine the rates of the US dollar every month as per an informal directive of the Bangladesh Bank.

On August 1, they fixed an

exchange rate of Tk 109 per dollar for remittances. A rate of Tk 109.50 was fixed for importers and Tk 108.50 was set for exporters.

"The fixed USD rate in the banking channel has helped create an additional demand in the kerb market," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

He said when Bangladeshi expatriates get Tk 117 per dollar in the informal market, they

will avoid sending remittances through the formal channel.

"The central bank should introduce a market-based exchange rate as per conditions agreed with the International Monetary Fund."

The global lender advised the central bank to introduce a market-based USD exchange rate to replace the fixed rate regime when it approved a \$4.7 billion loan for Bangladesh.

The volatility was also driven by the slower inflow of remittances in August.

Between August 1 and August 25, Bangladeshi expatriates sent home \$1.32 billion, which was lower than the same period last month.

Hussain said students and travellers are not getting adequate US dollars from banks and were forced to buy the currency from the money changers and other informal channels, pushing up the rates.

Banks are allowed to open files for students who are planning to go abroad to study. But most banks are not opening any files for the shortage of the currency.

BAFEDA Chairman and Sonali Bank Managing Director Md

will avoid sending remittances through the formal channel.

"The central bank should introduce a market-based exchange rate as per conditions agreed with the International Monetary Fund."

The global lender advised the central bank to introduce a market-based USD exchange rate to replace the fixed rate regime when it approved a \$4.7 billion loan for Bangladesh.

The volatility was also driven by the slower inflow of remittances in August.

Between August 1 and August 25, Bangladeshi expatriates sent home \$1.32 billion, which was lower than the same period last month.

Hussain said students and travellers are not getting adequate US dollars from banks and were forced to buy the currency from the money changers and other informal channels, pushing up the rates.

Banks are allowed to open files for students who are planning to go abroad to study. But most banks are not opening any files for the shortage of the currency.

BAFEDA Chairman and Sonali Bank Managing Director Md



Consumption of wheat to rise

USDA says on Bangladesh

STAR BUSINESS REPORT

Wheat consumption for food, seed and industrial use is likely to increase from higher imports and a rebound in demand for flour for a fall in its prices, forecasts the US Department of Agriculture (USDA).

Overall consumption may reach 68 lakh tonnes in the marketing year of 2023-24 beginning in July, up 5 percent from its previous forecast, said the agency in a report on Bangladesh last week.

The USDA said its wheat consumption estimates for Bangladesh in fiscal year 2022-23 was 16 percent lower year-on-year as high local prices and lower imports affected household consumption of flour, called "aata" and "maida" in Bangla.

"Due to the high price of wheat, Bangladesh's feed industry reduced rations last marketing year," it said, adding that all types of wheat flour prices have declined gradually since last February, after reaching a record high in the preceding month.

The agency revised upward its forecasts regarding wheat production in Bangladesh to 11 lakh tonnes, anticipating that farmers would retain their acreage in marketing year 2023-24 for receiving good prices in the previous year.



Overall wheat consumption in Bangladesh may reach 68 lakh tonnes in the marketing year of 2023-24, the US Department of Agriculture said.

PHOTO: STAR

PENSION SCHEME MFS service charge set at 0.7% for payment

STAR BUSINESS REPORT

The mobile financial service providers can charge a maximum of Tk 0.7 for every Tk 100 deposited by the policyholders of the Universal Pension Scheme (UPS) as subscription fees to the pension authority.

The Bangladesh Bank (BB) shared the information through a directive yesterday.

The move comes after the government rolled out the much-anticipated universal pension scheme on August 17 as part of an effort to bring the growing elderly population of the country under a well-organised social safety net.

The policyholders will get a monthly stipend after 60 years of age subject to consistent payment of instalment for 10 years.

The central bank, referring to a circular of the finance division issued on August 16, said the government earlier fixed the cash out charge at 0.7 percent for withdrawal of funds by the beneficiaries under social safety net schemes.

READ MORE ON B3

ADB to give \$300m for skills development

STAR BUSINESS REPORT

The Asian Development Bank (ADB) has agreed to provide \$300 million loans to strengthen skills of workforce in Bangladesh.

With the funding, a scheme titled "Skills for Industry Competitiveness and Innovation Programme" will be initiated to increase the technology-oriented skilled workforce across emerging and priority sectors, and promote inclusive skilling and upskilling opportunities for women and socially disadvantaged groups.

It will also incentivise industry-university partnerships to nurture innovation capacity and improve industry competitiveness, and foster skills for climate-resilient manufacturing processes and green technologies, the lender said in a press release.

The programme will help increase technology-oriented skilled workforce across emerging and priority sectors, and promote inclusive skilling and upskilling opportunities

ADB Deputy Country Director for Bangladesh Jiangbo Ning and Economic Relations Division's Secretary Shariifa Khan signed an agreement to this end yesterday.

"Improving skills is a key priority of Bangladesh for becoming a middle-income country in 2030 and a developed nation by 2041," Ning said while addressing the event.

Building on ADB's vast experience in skills development, this new programme will further enhance technology-oriented advanced skills and productivity, boost industry competitiveness, and help attain demographic dividend, he added.

The ADB will support the government in expanding training partnerships with industries, universities, and training institutions to provide industry-aligned skills training for priority and emerging sectors, such as the automotive, light engineering, and pharmaceutical industries.

The programme will build the institutional capacity of training institutions to deliver advanced skills training with technology applications, such as smart textile technologies and green technologies.

STOCKS	
DSEX ▲	CASPI ▲
0.02% 6,299.65	0.06% 18,628.97

COMMODITIES	
Gold ▼	Oil ▼
\$1,914.51 (per ounce)	\$79.90 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.17% 64,996.60	▲ 1.73% 32,169.99	▲ 0.75% 3,213.68	▲ 1.13% 3,098.64