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WEEKLY

INTERVIEW

Shahed Alam

‘Data package bars to restrict customer choice’

MAHMUDUL HASAN

There is no compelling reason to reduce the number of internet packages to 40 or discontinue three-day and seven-day packages and such a move would restrict customer choice, said a top official of a mobile operator.

“Regulations typically reflect the demands and concerns of customers,” said Shahed Alam, Robi’s chief corporate and regulatory officer, in an interview with The Daily Star.

Operators say consumers should be given the freedom to choose from a variety of options as different users have different needs

“After establishing a package limit of 95 last year, there have been no complaints from customers regarding an excessive number of packages. Even when we offered 300 packages, customers did not express dissatisfaction with the variety,” he said.

He said they design products to cater to over 55 million customers, considering the specific requirements of customers of diverse segments.

“We leverage artificial intelligence and data analytics to tailor our offerings to meet customer

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Farmers tend to seedbeds made out of water hyacinths that float on water, enabling cultivation of different varieties of seasonal vegetables in places prone to flooding. The business centring saplings continues for over six months beginning from June. The photo was taken from Moluhar village of Barishal’s Banaripara upazila recently.

PHOTO: KM HABIBUR RAHMAN

Growing debt servicing now puts pressure on forex reserves

REJAUUL KARIM BYRON and AHSAN HABIB

The cost of debt servicing has risen significantly amid a higher flow of loans from development partners and an elevated level of interest payments, compounding pressure on the foreign currency reserve of Bangladesh, official figures showed.

Owing to higher import bills and lower-than-expected remittance and export earnings, the reserve has been falling since July 2022.

At that time, it stood at \$31.17 billion and has fallen to \$21.71 billion this month as per the new calculation adopted by the Bangladesh Bank in line with the formula of the International Monetary Fund (IMF).

In July, the first month of the current fiscal year of 2023-24, the debt servicing repayment climbed 41 percent to \$253 million. It was \$179 million in the same month in 2022-23, data from the Economic Relations Division (ERD) showed.

Interest payments on the debt almost doubled to \$106 million from \$64 million. In FY23, debt servicing repayment rose 32 percent to \$2.67 billion, which included \$928 million in interest payments.

Although the foreign debt of Bangladesh is still below the debt sustainability threshold of the IMF, it is rising.

The country’s outstanding foreign debt stood at \$95.71 billion in March this year, according to the BB. Of the sum, the public sector owes \$73.53 billion to their foreign lenders that also includes \$61.89 billion in government debt.

According to the IMF’s sustainability threshold, foreign debt should be less than 40 percent of the gross domestic product (GDP). It is still below 20 percent for Bangladesh.

A World Bank-IMF debt sustainability analysis in January assessed that Bangladesh remained at low risk of debt distress.

The country’s forex reserves are still in good shape owing to the disbursement of funds for the foreign assistance-backed mega projects.



A document of the ERD showed the fund release for mega projects such as the Dhaka Metro Rail, Matarbari Coal Power Plant, and Rooppur Nuclear Power Plant has increased in recent times as their implementation is now in the last phase.

Besides, the government has received sizeable budgetary support in the last three years as development partners accelerated lending to help the economy make a turnaround from the impacts of the coronavirus pandemic and the Russia-Ukraine war.

Of the lenders that collectively disbursed \$405.79 million in July, Japan lent \$251.89 million, the World Bank provided \$57.53 million, and the Asian Development Bank

released \$70.43 million.

The repayment of the principal amount of the funds begins after the maturity of the loans, whose tenure ranges from 20 years to 30 years. However, the interest repayment starts after the disbursement is made.

So, the interest payment costs for Bangladesh are rising, the ERD document said.

Another factor for the higher interest expenses has been the elevated cost of funds from the external sector, driven by a spike in the interest rate for Libor and SOFR-linked loans.

The London Interbank Offered Rate (Libor) was the global reference rate for unsecured short-term borrowing in the interbank market before it was replaced in June by the Secured Overnight Financing Rate (SOFR) amid scandals and crises.

Meanwhile, the utilisation of foreign loans is not increasing despite a ballooning of such funding in the pipeline and a rise in foreign loans.

In July, the foreign loan disbursement declined 17 percent to \$405 million. It was \$9.25 billion in FY23 and \$10 billion in FY22.

The lower release of funds prompted the government to order ministries to accelerate the use of loans with a view to giving a much-needed fillip to the forex reserves.

A top official of the ERD says it always holds meetings with line ministries and development partners to raise the use of foreign loans.

“But the situation has not improved.”

The unused foreign assistance stood at \$48 billion in July.

Cotton import likely to drop

USDA revises down forecast on Bangladesh

STAR BUSINESS REPORT

Bangladesh’s cotton imports are likely to drop in the marketing year 2023-24 beginning from August because of lower consumption, said the US Department of Agriculture (USDA) last week.

Cotton imports by mills may decline to 77 lakh bales in the current marketing year, down by nearly 4 percent from last month’s forecast of 80 lakh bales, said the agency in its latest report on world markets and trade of cotton.

The reduced consumption of cotton by Bangladesh, the second largest garment exporter after China, is forecasted to cause a decline in global trade.

The USDA said global cotton trade may drop roughly 600,000 bales from the previous month to 4.33 crore tonnes as consumption was lower in most major importing countries, especially Bangladesh and Vietnam.

Bangladesh’s cotton use may fall to 77 lakh bales in the current marketing year.

“We cannot operate our mills fully due to energy problem. For example, factories in Gazipur area run at 60 percent of their capacity,” said Mohammad Ali Khokon, president of Bangladesh Textile Mills Association (BTMA).

The USDA said global cotton trade may drop as consumption was lower in most major importing countries, especially Bangladesh and Vietnam

“Dollar crisis is another factor to blame. Because of dollar shortage, many cannot import required amount of cotton due to problems in opening letters of credit. The rate of dollar is also high,” he said.

Last month, the USDA projected that Bangladesh’s cotton consumption would rise 10 percent year-on-year to 80 lakh bales due to burgeoning apparel exports in fiscal year 2023-24. It said Bangladesh was close to surpassing China as the world’s largest cotton apparel exporter and stronger demand prospects were expected to drive cotton consumption higher.

Bangladesh’s factories mostly make cotton-based garments and more than 70 percent of export shipments are comprised of cotton items, according to industry operators.

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STOCKS		
	DSEX ▼	CASPI ▼
	0.08%	0.13%
	6,302.03	18,626.59

COMMODITIES		
	Gold ▲	Oil ▲
	\$1,923.78	\$91.23
	(per ounce)	(per barrel)

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▲ 0.47%	▲ 1.10%	▲ 0.96%	▼ 0.28%
	67,838.63	33,533.09	3,280.69	3,117.74

Pharma exports up 15% in Jul-Aug

JAGARAN CHAKMA

Pharmaceutical exports from Bangladesh grew nearly 15 percent year-on-year in the first two months of the current fiscal year as drug-makers secured international tenders, according to industry people.

The manufacturers also said to have set a target to ship products by this month against the orders placed for the year in order to avoid disruptions stemming from any possible political unrest centring the upcoming general elections.

Buyers have also started to place higher orders as economies gradually recover from the impacts of global economic crises brought on by the Russia-Ukraine war.

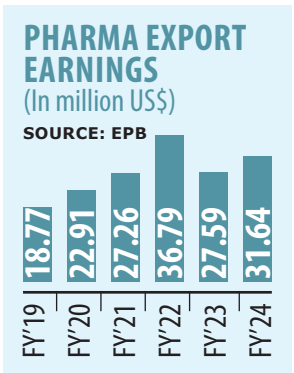
Thus, medicine shipment fetched \$31.64 million in July and August of 2023-24, data from the Export Promotion Bureau showed.

It came after exports declined in the last fiscal year.

Pharmaceutical exports from Bangladesh fell 7 percent year-on-year to \$175.42 million in 2022-23 due to the impacts of global economic crises and subsequent US dollar shortage in most underdeveloped countries.

“Drug manufacturers have secured tenders in the importing countries while economic volatility is easing. This sent drug exports higher in the last two months,” said Monjurul Alam, chief executive officer of Beacon

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Traders attempt to clear the debris and salvage products after a fire blazed through 300-plus shops in Mohammadpur’s Krishi Market on Friday. Vendors are selling half-burnt products at greatly reduced prices to make up for a portion of their losses. The photo was taken yesterday.

PHOTO: RASHED SHUMON

Krishi Market traders left clutching at straws

MD ASADUZ ZAMAN

If you had visited the Krishi Market in the capital’s Mohammadpur during the first half of yesterday, you might have noticed two young men trying to sell half-burnt soaps, packets of detergent and several containers containing cleaning agents on a rickshaw-van.

They were asking for prices well below the market rate in an effort to get some cash by selling the few burnt items they managed to recover from their shop, Satata Enterprise, which was among over 300 stores devastated by a fire on Thursday.

The blaze destroyed products worth almost Tk 80 lakh at the shop where the two young men worked. After recovering some items, they began selling salvaged goods in order to stand by their owner

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