

# Star BUSINESS

Wheat imports grew four times in the first quarter of this fiscal year as businesses showed an interest in tapping into reduced prices globally



Story on B4

## BGMEA seeks NBR support to make apparel competitive

STAR BUSINESS REPORT

Garment exporters yesterday urged the revenue authority to provide faster and hassle-free services so they can remain competitive in the global apparel market, according to a press statement by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Simplified and faster business procedures and services are imperative to maintaining the industry's global competitiveness, said BGMEA President Faruque Hassan.

He made the observations at a meeting with National Board of Revenue (NBR) Chairman Abu Hena Md Rahmatul Muneem at the NBR headquarters in Dhaka yesterday.

Hassan pointed out changing trends in the fashion industry, where shorter lead times for product deliveries are required, particularly for high-end garments.

The support and cooperation of the NBR is vital in the readymade garment (RMG) industry for realising its Sustainability Strategic Vision 2030, said the BGMEA, the trade body representing apparel makers, Bangladesh's largest export earners with earnings of around \$47 billion annually.

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### IMF's conditions for BB

- Allowing the market to determine interest rate and exchange rate
- Keeping minimum net forex reserves at \$24.46b as of June
- Disclosing distressed assets in its stability report
- Calculating forex reserve as per IMF manual and publishing in its website



### BB initiatives to meet IMF conditions

- Has withdrawn lending rate cap and introduced new interest rate formula
- Has allowed ABB & Bafeda to fix US dollar rate
- Has started to publish forex reserves as per IMF manual
- Has started to disclose distressed assets
- Failed to keep reserves as per IMF instruction

## Lending, exchange rates still not market-driven: IMF

MD MEHEDI HASAN and ASIFUR RAHMAN

Bangladesh Bank introduced a new formula in June to determine the lending interest rate and brought about a single exchange rate recently but both are yet to be determined by the open market, the International Monetary Fund (IMF) has said.

The exchange and interest rates are still being controlled, said a visiting IMF delegation to senior central bank officials yesterday. The Daily Star learnt of the development from BB officials involved in the matter.

Led by its mission chief for Bangladesh, Rahul Anand, the IMF delegation met with the officials as a part of its review initiated since October 4 on whether Bangladesh met conditions on its \$4.7 billion loan.

The delegation, which is in Bangladesh on a two-week visit,

will review the performance in achieving the targets set for the first half of 2023.

The team suggested that the BB officials take policy measures for the rates to be determined by the free market.

In response, the central bank officials said the new lending interest rate formula was "nearly" market driven.

Bangladesh Bank in June this year withdrew the lending rate cap at 9 percent which was

introduced in April 2020, as it was one of the IMF loan conditions.

As per the BB's new interest rate formula, banks can impose a 3 percent margin on the "six-month moving average rate of treasury bills", abbreviated as SMART.

The SMART was 7.20 percent in September and it will be applicable for October, up from 7.14 percent in August.

As a result, the highest lending rate would be at 10.20 percent for

October and in effect this is also an interest cap, the IMF mission explained to the BB officials.

On the other hand, the central bank announced a new monetary policy in June, declaring to implement a unified and market-driven single exchange rate regime.

This will enable the open market to determine the exchange rate between the local currency, taka, and the US dollar or any other foreign currency.

After that, the Association of Bankers, Bangladesh (ABB), a platform of CEOs of lenders in the country, and Bangladesh Foreign Exchange Dealers Association (BAFEDA) on August 31 fixed a single exchange rate.

The two bodies had been continually devaluing the local currency against the US dollar since last year as per unofficial directions of the central bank.

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## One country, two societies

### Debapriya says on income inequality

STAR BUSINESS REPORT

Income inequality has widened to such an extent in Bangladesh that now it has become one country with two societies – one a low-income group and the other a high-income one, said a noted economist yesterday.

Prior to the achievement of independence, it was one country with two economies, said Debapriya Bhattacharya, convener of the Citizen's Platform for SDGs, Bangladesh.

Since voices of the distressed could not be reached to the highest level of society, one part of society is lagging behind while the other is a lot more advanced, he said.

**If equality in development is not ensured, it cannot be called equitable development, says Debapriya Bhattacharya**

If equality in development is not ensured, it cannot be called equitable development, he said in reply to journalists' queries at a media briefing at Brac Centre Inn in Dhaka.

The platform organised the event to share its findings on 11 agendas on inclusive development and fairness.

In order to ensure real development and build a humanistic society imbued with the Liberation War's spirit, the share of people lagging behind in society should be ensured, he said.

"So, we are saying that return of fairness in equal development is the next challenge," said Bhattacharya, also a distinguished fellow of the Centre for Policy Dialogue (CPD).

And if there is no democratic accountability, such change will not take place and the vacuum will persist, he said.

Because only democratic accountability can give a space for strengthening the voices of those people and citizens who are lagging behind, he said.

The election is the main playground for expressing the democratic rights of the citizens, added Bhattacharya.

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