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Countries, including Bangladesh, should open up and liberalise their economies as it is beneficial, says Maria Fernanda Garza, chairperson of ICC

Story on B4



### Concerns rise as India extends ban on sugar export

STAR BUSINESS REPORT

Sugar supply will remain tight in the global market as India yesterday extended its ban on the export of the sweetener beyond October this year in an effort to increase domestic availability and contain prices, said officials of two local refiners

The restriction is likely to fuel prices of sugar international market further, affecting Bangladesh as the country meets 98 percent of its required 20 lakh tonnes through sugar imports.

"There will be extra pressure on the global market India because is a major player in the international market. If the world market is short on sugar, there will be a domino effect which may affect us," said ASM Mohiuddin Monem, additional managing director of Abdul Monem



Ltd, which runs a sugar

In a disclosure, India's Directorate General of Foreign Trade (DGFT) said restrictions on the export of raw sugar, white sugar, refined sugar, and organic sugar would be extended beyond October 31, 2023.

India is the largest producer and secondlargest exporter of sugar in the world.

Reuters yesterday said India's curb on exports would be likely to increase benchmark prices in New York and London, where markets are already trading around multi-year highs, triggering fears of further inflation in food prices globally.

Globally, sugar prices soared further to US\$0.58 kilogramme September from \$0.53 a month ago, according to World Bank Commodities Prices data.

The price of sugar was 35 percent higher year-onyear compared to \$0.40 per kg in July-September of 2022. READ MORE ON B3

#### The BB **MEETING** governor has **HIGHLIGHTS** asked banks to collect remittance at the Bafeda-Banks called declared for freeing the exchange rate exchange rate Md Mezbaul Haque BB says reining BB spokesperson in inflation its top priority **AVERAGE** Banks asked to **INTER-BANK** bring exports proceeds soon **EXCHANGE RATE OF DOLLAR** BB wants to meet financial account deficit through foreign loans **FOREIGN EXCHANGE** RESERVE As per IMF formula (In billion \$) Jul | Aug | Sep | Oct SOURCE: BB

# Market-driven exchange rate not before national polls

Central bank governor tells bankers

STAR BUSINESS REPORT

The exchange rate volatility and its strain on the foreign currency reserves would not disappear anytime soon after Bangladesh Bank Governor Abdur Rouf Talukder yesterday said a floating US dollar rate would not be materalised before the upcoming national election.

The delay in introducing a market-based exchange rate is aimed at bringing down consumer prices as the central bank thinks a free-floating regime might stoke inflationary pressures further.

So, the BB governor asked banks to step up their efforts to bring export proceeds to the country in order to give a muchneeded fillip to the flow of the American greenback.

The instruction came at a meeting between the BB and a delegation of the Association of Bankers, Bangladesh (ABB) at the central bank headquarters. Talukder presided over the meeting where chief executives of 13 lenders were present.

The meeting discussed the state of the financial sector, the forex market, the new interest formula, rate-setting

initiated by the central bank, the balance of payments, remittance flow, and non-performing loans

exchange rate, inflation, policy initiatives to float the exchange measures that have already been rate before the election, due in January, because it might fuel inflation.

> Average inflation rose 9.63 percent in September, way above



not to take action against them if they attract remittance at a rate that is higher than the fixed rate because it will help boost remittance earnings, a key pillar of the economy.

The CEOs also informed the governor that they were facing liquidity shortages both in the local and foreign currencies, requesting him to float the exchange rate.

Against their request, the central bank chief said the regulator would not take any

Bankers urged the governor the government's target of 6 percent for the current fiscal year. It has been at an elevated level since June last year as the volatility in the global market driven by the Russia-Ukraine war sent commodity prices higher, hitting the reserve level of import-dependent countries

such as Bangladesh. Bangladesh had forex reserves of about \$40.7 billion in August 2021 and \$33.4 billion at the end of 2021-22, according to a document of the International Monetary Fund (IMF). It plummeted to \$21.07

billion on October 11, central bank figures showed.

Owing to the fast-depletion of the reserves, the taka has lost its value by about 28 percent against the US dollar in the past

18 months. The ABB and the Bangladesh Foreign Exchange Dealers Association (BAFEDA) have been fixing the exchange rate since last year as per the informal directive of the central bank. The two platforms implemented a uniform exchange in September.

However, the visiting IMF elegation has recently told central bankers that the exchange rate is yet to be market-driven and is still controlled.

The banking regulator is now focused on reining inflation and meeting the deficit in the financial account by securing foreign loans from countries such as India and Saudi Arabia.

After the meeting, Selim RF Hussain, chairman of the ABB, told reporters that the governor asked banks to bring the export proceeds as early as possible.

'We also discussed the policy issues that the central bank has already introduced to rein in

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## No reforms before elections

#### Govt tells IMF; a loan release proposal may be placed before its board in December

STAR BUSINESS REPORT

The government has informed the International Monetary Fund (IMF) that it would not initiate any major reforms to enhance foreign exchange reserves and revenue earnings and reduce subsidies before the upcoming parliamentary elections.

However, the government promised that drastic reforms would be undertaken after the polls scheduled in January.

The IMF also agreed that it would not be possible to bring about any key reforms before the polls. So, it is going to set new targets for the \$4.7 billion loan and the goals will have to be adopted after the new government comes to office, said an official of the finance ministry.

A two-week review mission of an IMF delegation in this regard is going to end today.

Yesterday, the mission worked to finalise the next course of action and prepare various programme documents.

#### A two-week review mission of the IMF delegation is going to end today

Finance ministry officials said the delegation informed that the issue of releasing the second instalment of the loan would be placed at an IMF board meeting in the middle of December.

If the board gives its consent, the second tranche of the credit support will be disbursed within a couple of days of the approval, they said.

The officials expect the board to approve the second instalment although the country could not fulfil two conditions involving enhancing the foreign exchange reserve and the tax-to-GDP ratio.

"We have shared the reasons for the failure and they received it well," said one official.

One of the conditions to get the second instalment was keeping a minimum gross forex reserve of \$24.46 billion at the end of the last fiscal year. It stood at around \$21 billion.

Officials of the Bangladesh Bank and the finance ministry informed the IMF delegation why it was not possible to keep the reserve at that level.

The BB informed that it would take several steps to make the foreign exchange reserve sustainable after the national election next year.

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Oil 📤
<b>\$89.33</b> (per barrel)

	ASIAN MARKETS			
	MUMBAI	ТОКУО	SINGAPORE	SHANGHAI
	0.83% 65,877.02	Flat 32,042.25	1.11% 3,136.62	0.80% 3,058.71
	03,077.02	32,042.23	3,130.02	3,030.71



#### Workers unload coal from a flat-bottomed barge on the Buriganga river near the Gabtoli bridge in the capital. The coal is primarily used to fuel fires of brick kilns. A day's work can earn the workers around Tk 600 to Tk 700. The photo was taken recently. PHOTO: PALASH KHAN

# NBR plans Tk 532cr infrastructure project

## Wants to construct six buildings in six regions

MD ASADUZ ZAMAN

The National Board of Revenue (NBR) plans to undertake a Tk 532 crore project for infrastructure development outside the capital in order to safeguard taxpayers' files and expand the tax net to collect more revenue.

The NBR recently sent a proposal to the Planning Commission to construct six buildings in three divisions -- Sylhet, Barishal and Rangpur -- and three districts Dinajpur, Noakhali and Brahmanbaria.

The project aims to centralise 86 offices including circle offices, appeal offices and commissionerate offices -- from four tax zones in those six buildings to ensure smooth tax collection activities, according to documents.

The move comes at a time when the tax administration is failing to meet its annual revenue generation target, something economists and businesses have long been blaming on the weak tax net across the country.

Although Dhaka and Chattogram account for the lion's share of taxes, a significant portion is collected from Sylhet, Barishal, Rangpur and Cumilla, according to NBR officials.

The project has been taken up to increase revenue collection by speeding up work, creating a conducive environment and providing more services to taxpayers, they said.

The three year project will be implemented jointly by the NBR and Public Works Department (PWD) and is expected to be completed by June 2026.

Although Dhaka and **Chattogram account for** the lion's share of taxes, a significant portion is collected from Sylhet, Barishal, Rangpur and Cumilla, according to NBR officials

Currently, the NBR is mostly operating in rented buildings outside Dhaka. As it is facing difficulty in providing services in rented buildings, it has moved to construct the offices, according to officials.

"We want to protect taxpayers' documents, provide better services to taxpayers and put in a place a better working condition for our officials," said Niaz