

# star BUSINESS

## Forex reserve slips below \$21b

STAR BUSINESS REPORT

Bangladesh's foreign currency reserves have slipped below \$21 billion as the central bank has had to continue supporting banks to facilitate imports amid lower-than-expected remittance and export inflows.

The reserves stood at \$20.96 billion on Wednesday, down from \$21.05 billion on October 4, central bank figures showed.

The volatility in the global market driven by the Russia-Ukraine war has sent commodity prices higher internationally, hitting the reserve level of import-dependent countries such as Bangladesh.

The country 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

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International Monetary Fund (IMF).

The drop comes as banks, especially the state-run lenders, have kept borrowing US dollars from the central bank to settle import payments of the Bangladesh Petroleum Corporation, the Bangladesh Agricultural Development Corporation, and the Bangladesh Chemical Industries Corporation, among other agencies.

On the other hand, export and remittance receipts, the two biggest sources of US dollars for Bangladesh, have not picked up as expected.

Remittance inflows dropped to a 41-month low in September. Although export earnings were up 10.4 percent year-on-year in the month, the takings were the lowest in three months.

Yesterday, the IMF said continued global financial tightening, coupled with existing vulnerabilities, is making macroeconomic management challenging, putting pressure on the taka and the forex reserves.

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Residents of chars along the Jamuna river leave a ghat-based market (not in picture) in Gaibandha's Phulchari upazila on foot and by boat. Lakhs of people of the upazila have been coming to the market, which sits from 8:00am to 3:00pm every Thursday and Saturday, for around two decades. Hundreds of boats arrive on the days the market sits carrying produce of farmers who also make their own weekly purchases. The picture was taken a few days ago.

PHOTO: MOSTAFA SHABU

## Pressure on external sector of economy to persist

World Bank country chief says on Bangladesh

STAR BUSINESS REPORT

Pressure on the external sector of Bangladesh's economy is expected to persist in the current financial year, said a top official of the World Bank yesterday.

"We have already seen this forecast materialising in data from the past two months, which show weak performance in export earnings and remittance inflows," said Abdoulaye Seck, the country director of the Washington-based development lender.

He was speaking at a meeting of the American Chamber of Commerce (AmCham) in Bangladesh at the Sheraton Hotel in the capital's Banani.

As the post-pandemic recovery was disrupted in the last fiscal year, the WB lowered GDP growth projections to 5.6 percent for Bangladesh for FY24. It expects growth to gradually accelerate over the medium term.

"Inflation is likely to remain elevated in the near term and gradually subside, as import prices stabilise over the medium term," said Seck.

"To help contain inflation, the transmission of monetary policy can be strengthened, including phasing out the use of interest rate caps on lending."

He said in the near term, policy

adjustments can help stabilise macroeconomic conditions.

According to the WB official, additional exchange rate flexibility will incentivise migrants to send remittances using formal channels and will encourage repatriation of export earnings.

He said financial sector

needs to be strengthened to

urbanisation, with its positive agglomeration effects, have slowed because of high congestion costs and poor environmental conditions. "These challenges need to be immediately addressed."

"We have estimated that GDP growth under a business-as-usual scenario would naturally decline over time, amid headwinds from external vulnerabilities and declining population growth."

But if Bangladesh adopts key policy reforms, a high pace of growth can be sustained, he said, adding that a strong partnership between the private sector, civil society and the government will be needed in this process.

He said the economy needs a more diversified, competitive formal private sector to create more jobs.

Annual FDI inflow comprises only 1 percent of GDP. The agriculture sector is also undiversified, with a high concentration in rice, and the sector's productivity has remained low in the last decade.

At less than 10 percent of GDP, Bangladesh's domestic revenue is very low, according to Seck. "Weak domestic resource mobilisation is a key constraint that limits the ability of the public sector to support the

Third, according to the WB official, the benefits of



vulnerabilities need to be addressed through effective bank supervision.

"Recent monetary policy updates are a step in the right direction, but a faster pace of implementation is needed."

Seck highlighted three key constraints facing the economy.

Exports remain highly concentrated only in one product: garments. As a result, the share of exports in the gross domestic product has declined in recent

years, falling from 16.7 percent in 2010-11 to 14.1 percent in FY23.

## Renewable energy can create 9,300 jobs by 2030 CPD study finds

STAFF CORRESPONDENT

The nation's power sector will create at least 9,300 jobs in the renewable energy sector if the government can fulfil its target of renewable energy usage by 2030, a study conducted by the Centre for Policy Dialogue (CPD) found yesterday.

It said the country would need an integrated and comprehensive plan to enhance the skills of manpower through proper training and re-training alongside curriculum development in universities.

As such, the study, titled "Energy Transition in Bangladesh: Its Implication on Employment and Skills in the Power and Energy Sector", recommended investments in workforce development immediately.

It mentioned the target of the Mujib Climate Prosperity Plan, which aims to make the country capable of generating at least 6,000 megawatts (MW) of electricity from renewable sources, including solar power plants and wind farms, by 2030.

"If it is implemented, the number of employees will reach 13,778. It stands at around 4,500 now," read the study.

The CPD considered two "job function" groupings to calculate the figures. The first considered construction, installation, and manufacturing while the second considered operations, maintenance and processing.

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Mujib Climate Prosperity Plan aims to make the country capable of generating at least 6,000 megawatts of electricity from renewable sources, including solar power plants and wind farms, by 2030.

PHOTO: STAR/FILE

Shopping centres, fashion houses and other retail outlets in Dhaka found a reason to smile on the occasion of Durga Puja.

Story on B4



## Banks asked to disburse remittance in two days

STAR BUSINESS REPORT

Bangladesh Bank has asked banks to disburse remittances among beneficiaries within two days of receiving it from senders abroad.

The central bank framed rules in 2014 stipulating that the disbursement must be made within two days to encourage remittance transfers through formal channels.

"It has been noticed recently that it is not being complied with," said the BB in a notice directing banks to follow the rule.

**More than 11.30 lakh Bangladeshis, the highest on record, went abroad for jobs in fiscal year 2022-23**

The move comes at a time when Bangladesh is facing a shortage of foreign currencies for the smooth settlement of external payments, including import bills, while remittance inflows through banking channels have declined.

However, 11.37 lakh Bangladeshis, the highest on record, went abroad for jobs in the fiscal year 2022-23, according to data from the Bureau of Manpower, Employment and Training.

Remittance earnings slipped 13.34 percent year-on-year to \$4.9 billion in the July-September period of the current fiscal.

September was the third consecutive month to witness a fall in remittance inflow. Last month, migrant workers sent home \$1.34 billion, down 12.7 percent year-on-year and a 41-month low.

Until October 13, migrant workers and non-resident Bangladeshis transferred \$781 million through banks, showing an improvement in inflow over the previous two months.

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0.16% 6,289.00	0.02% 18,585.32

COMMODITIES	
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\$1,950.14 (per ounce)	\$86.96 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
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## Runner Auto incurs losses of Tk 88cr

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Runner Automobiles, one of the largest listed automobile companies, incurred losses of around Tk 88 crore in the fiscal year 2022-23, mainly due to lower sales as a consequence of the macroeconomic situation and the Ukraine-Russia war.

Due to the huge losses, the board of directors of the company, which was listed in 2019, recommended no dividend for shareholders.

The company provided a 10 percent cash dividend in each of the previous four years.

The company said in a price-sensitive disclosure that the country's overall economy had been impacted by the war and that those impacts were felt before the company could fully recover from Covid-19 related disruptions.

That caused negative growth in most industries.

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