

star BUSINESS

IT exports rose marginally in July but failed to live up to expectations as the sector is underperforming compared to other countries

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Banks devalue taka further

STAR BUSINESS REPORT

Bankers in Bangladesh yesterday decided to further devalue taka against the US dollar to increase the flow of foreign currencies through formal channels, according to a top official of a private bank.

As per the decision, banks will pay exporters Tk 110.50 per greenback and sell it to importers for Tk 111, up by about Tk 0.50 from the rates set by bankers at the end of September.

The decision came at a meeting of the Bangladesh Foreign Exchange Dealers' Association (Bafeda) and Association of Bankers, Bangladesh (ABB).

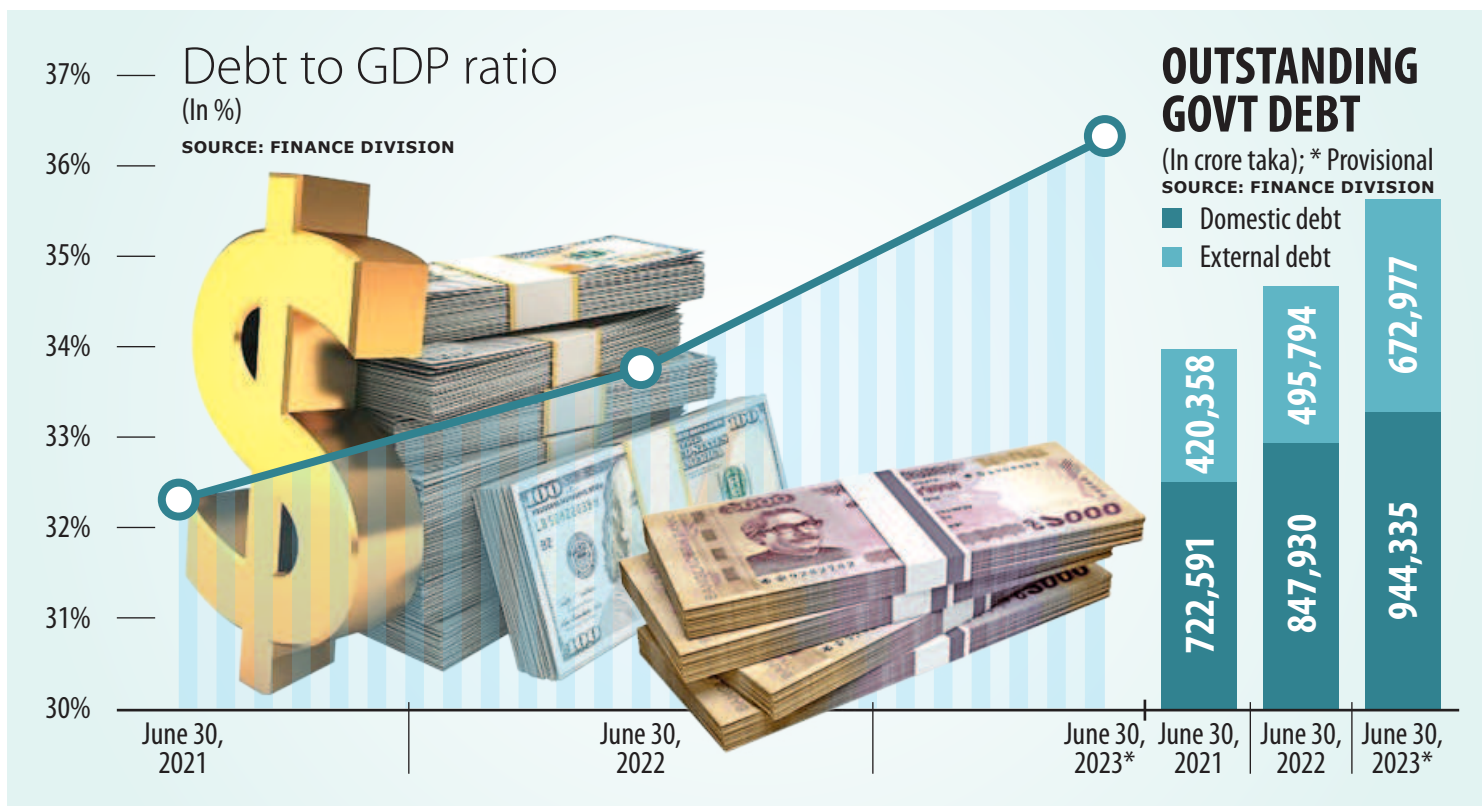
The development comes as the local currency remains under pressure in face of the country's falling forex reserves as exports and remittance have fallen below the requirement for import bills and other international payments.

Bangladesh's foreign exchange reserves decreased by \$60 million in a week to hit \$20.89 billion on October 25, according to Bangladesh Bank data.

Besides, the reserve has halved in a span of two years as it was around \$40.7 billion in August 2021 and \$33.4 billion by the end of June 2022, according to a document of the International Monetary Fund.

The Bafeda and ABB also decided that banks

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Govt's interest expenses jump

REJAUL KARIM BYRON and MD MEHEDI HASAN

The government's expenses on interest payments rose 22.14 percent year-on-year to Tk 92,538 crore in the last fiscal year due mainly to a higher cost of borrowing.

The expenditures were Tk 75,759 crore in 2021-22.

The outlay was higher than the annual target because of a spike in interest rates for government securities, according to the quarterly debt bulletin of the finance ministry.

At the end of 2022-23, the total outstanding debt of the government stood at Tk 16,17,312 crore. Domestic debt amounted

to Tk 944,335 crore and the outstanding external debt was Tk 672,977 crore.

Of the interest expenses, Tk 83,086 crore was paid against domestic debts and the rest Tk 9,452 crore to service the loans secured from the external sector, said the bulletin.

Among the local sources, the government repaid Tk 30,290 crore as interest against debts with the banking sector, Tk 44,800 crore against national saving certificates (NSCs), and Tk 7,996 crore against borrowing from provident funds.

Treasury bills and bonds

are one of the major tools the government uses when it comes to borrowing from the banking sector. The interest of government securities has gone up recently due to a liquidity shortage in the banking sector.

The ongoing volatility in the foreign exchange market, which saw the depletion of the reserve by about 25 percent and the taka lose its value by 28 percent against the US dollar since January last year, is also another major factor contributing to the liquidity shortage.

The average yield of treasury bills went past 7 percent in November compared to 6 percent to 7 percent previously.

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The owners' representative to the body has proposed Tk 10,400 as the minimum monthly salary for the apparel industry. Currently, the minimum wage is Tk 8,000, which came into effect in December 2018.

The board has until November 30 to unveil the new minimum wage.

In order to press home their demand for a significant spike in salaries, workers are staging demonstrations in apparel manufacturing hubs across the country.

Hassan said factories are getting closed almost every day because of the

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A truck carrying a container departs from the Chattogram port yesterday morning on the first day of the three-day blockade enforced by the BNP and Jamaat-e-Islami. Cargo delivery from port yards progressed slowly throughout the day as private ICDs halted transport activities until noon as a cautionary measure.