

Fishermen in Gaznar Beel have turned to drying fish as it is quickly becoming a big business

Story on B4



## BLOCKADE Transporters cash in on delivery rush at Ctg port

DWAIPAYAN BARUA, Ctg

Importers rushed to the Chittagong port yesterday as they look to secure the delivery of imported goods on the last day of the week and during the weekend in order to avoid being caught in another spell of blockade.

But they had to count additional fares as vehicle owners are charging exorbitant rates amid a reduced number of transports available to move goods owing to the ongoing blockade.

The delivery of import consignments from the port dropped more than 19 percent on Wednesday, the first day of the 48-hour blockade as cargoes from 3,165 TEU (twenty-foot equivalent unit) of containers were delivered on the day compared to 3,924 TEUs on Tuesday.

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## Depreciate taka gradually Sri Lankan economist suggests



Dushni Weerakoon

MAHMUDUL HASAN

Allowing gradual depreciation of the currency should be a policy priority for Bangladesh and this is one of the lessons that the country could learn from Sri Lanka's worst economic crisis, said a top economist of the island nation.

"If you don't allow the exchange rate to adjust in line with the external sector pressure, once you start running down your reserve, you find yourself in a balance of payments crisis," said Dushni Weerakoon, executive director of the Institute of Policy Studies of Sri Lanka.

She spoke to The Daily Star on the sidelines of the 14th South Asia Economic Summit in Dhaka last week.

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Trucks and covered vans line up in front of Chittagong port yesterday as importers seek to take immediate delivery of their goods on the final day of a 48-hour blockade called by BNP and Jamaat-e-Islami.

PHOTO: RAJIB RATHAN

# Bangladesh vulnerable to BoP crisis: Moody's

REJAU KARIM BYRON and AHSAN HABIB

Bangladesh's balance of payments (BoP) faces moderate risk among four South Asian countries owing to a drastic fall in foreign currency reserves, according to global credit ratings agency Moody's Investors Service.

"Bangladesh has moderate susceptibility to balance of payments crises," said the American firm in a report.

Pakistan and Sri Lanka are the most vulnerable to BoP crises among the four South Asian countries, including India, the report said.

The BoP summarises the economic transactions of an economy with the rest of the world. A BoP crisis happens when a nation struggles to make international payments owing to a shortage of reserves.

Bangladesh's forex reserve plunged to \$19.5 billion on Tuesday from a record high of about \$40.7 billion in August 2021 because of the higher import payments driven by elevated commodity prices against lower remittance and export receipts in the past 18 months.

And there are no signs that the reserve will rebound in the short term as the factors behind the decline are still in play.

India's reserves were \$595 billion in the second quarter of 2023, while it stood at \$13.03 billion in October for Pakistan and \$3.5 billion on November 3 for Sri Lanka.

Moody's said the countries' low trade openness and weakly diversified export

baskets, combined with weak macroeconomic policy management and higher political risks, have contributed to the low foreign exchange reserves to buffer against shocks.

India is least vulnerable, reflecting its larger and more diversified export sector, as well

as better macroeconomic policy management which supports it having adequate foreign exchange reserves.

"Pakistan, Sri Lanka and Bangladesh would remain more vulnerable to the balance of payments crises with their small and concentrated export sectors."

India will be more resilient to external shocks, but in the absence of higher trade openness, it would likely continue to face challenges in raising longer-term growth potential and creating enough jobs for its young and growing population, it said.

Moody's said Bangladesh's better-established readymade garment sector means it has had a stronger export performance than Sri Lanka and Pakistan.

The country recorded current account surpluses in some years, which allowed it for a modest accumulation of foreign exchange reserves. Bangladesh also has better fiscal policy effectiveness and lower domestic political risk, the ratings agency said.

"Nonetheless, a small and concentrated export sector, combined with low FDI, will likely erode the competitiveness of its exports. As a result, Bangladesh may record structural current account deficits in the near to medium term."

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## Don't buy USD from remitters at over Tk 116 BB asks banks

STAR BUSINESS REPORT

Bangladesh Bank yesterday directed banks not to buy US dollars from remitters by paying more than Tk 116.

The directive came at a meeting with chief executives

of banks, a day after the Bangladesh Foreign Exchange Dealers' Association (BAFEDA) and the Association of Bankers' Bangladesh (ABB) asked bankers to avoid paying over Tk 115-Tk 116 to buy a dollar from migrant workers.

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## Dollar shoots up to Tk 127 in kerb market

STAR BUSINESS REPORT

The price of the US dollar surged to up to Tk 127 in the kerb market yesterday as demand far outpaced supply in currency exchanges, said industry insiders.

The exchange rate was around Tk 122 in the informal market until the first half of November 8 but it suddenly shot up in the second half, said an official of a currency exchange seeking to remain unnamed.

"It happened not only in the case of the US dollar. The exchange rate of other currencies also rose by Tk 4 to Tk 5 overnight," said the official.

The kerb market is the main source of cash of major currencies, including the US dollar.

The spike was registered just a day after media reports pointed out that some banks were offering as much as Tk 124 for a greenback to encourage remitters to use formal channels instead of informal money transfer systems like "hundi".

The reports prompted Bangladesh Foreign Exchange Dealers' Association and the Association of Bankers' Bangladesh to ask banks not to pay over Tk 115 for every dollar sourced from remitters.

There could be a correlation, said a top official of a private bank.

However, there are various other factors which can hike exchange rates in the kerb market, such as a demand spike for payments for smuggling or illegal money transfers abroad, he explained.

"The dollar market has heated up. There is an acute

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Workers fashion sacks out of jute at a factory. Jute goods makers received a three-year extension on their tax benefits from the National Board of Revenue, meaning they will continue to pay only 10 percent income tax until fiscal year 2025-26.

PHOTO: STAR/FILE

## Over 55% BGMEA member factories closed in four decades The trade body says

STAR BUSINESS REPORT

Nearly 4,000 member factories of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) have faced closure for various reasons since the country emerged as an apparel manufacturing nation in the late 1970s, data from the trade body showed.

This portrays the struggle the multi-billion-dollar industry, the second largest in the world, has gone through in the past four decades, said BGMEA President Faruque Hassan yesterday.

He shared the figures in a letter sent to the BGMEA members.

It comes at a time when the sector has been hit with a fall in export orders, labour unrest, factory closures, and the rejection of the new minimum wage by workers.

Hassan, however, did not cite anything about the ongoing labour unrest.

About 6,885 factories have been set up in Bangladesh since Nurul Kader Khan established Desh Garments in the port city in 1979, the first apparel factory in the country.

Of them, 3,964 were closed because of a slump in work orders, loan defaults, order cancellations, failure of management, and frauds by buyers, among other reasons, the letter said.



Of the remaining 2,921 industrial units, 2,339 had their membership renewed last year. Currently, 1,600 factories directly export garment items. The rest are running business on a subcontracting basis since they don't have the capacity to run in full swing.

In 2020 and 2021 when the country faced a severe form of the coronavirus pandemic, 317 garment factories went out of business, BGMEA data showed. Another 260 factories have been shut since Bangladesh overcame the pandemic.

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STOCKS	
DSEX ▼	CASPI ▲
0.03%	0.02%
6,271.83	18,593.60

COMMODITIES	
Gold ▼	Oil ▲
\$1,947.17 (per ounce)	\$75.97 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.24%	▲ 1.49%	▲ 0.18%	▲ 0.03%
64,819.20	32,646.46	3,135.32	3,053.28

## Jute goods makers' tax benefit extended

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has extended reduced tax benefits for jute goods makers for three years until fiscal year (FY) 2025-26, according to a notification issued recently.

The tax administrator said the corporate tax rate for jute goods makers will be 10 percent – almost one third of the 27.5 percent tax rate for non-listed companies – for three years beginning from the current fiscal.

This is yet another extension for jute goods makers, who, like garment and textile millers, have been paying taxes lower than the corporate tax for the last several years. The previous benefit expired in FY 2022-23.

The NBR extended the privilege to jute goods makers following an appeal from the Bangladesh Jute Mills Association (BJMA) in September, which cited that jute and jute goods export has been falling consistently amid declining demand in major destinations.

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