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BUSINESS

IMF, ADB  
loans to boost  
reserves by  
December  
Says BB

STAR BUSINESS REPORT

Bangladesh's foreign exchange reserves will increase in December as the country is set to receive \$1.31 billion in loans from various sources, including \$689 million from the second tranche of the International Monetary Fund (IMF), a central banker said yesterday.

The Washington-based lender on Tuesday approved the second tranche as part of the \$4.7 billion credit programme.

"The \$689 million will be added to the forex reserves by December 15," Bangladesh Bank Executive Director and Spokesperson Md Mezbaul Haque said at a press briefing at the central bank headquarters in Dhaka yesterday.

**The IMF on Tuesday approved the second tranche as part of the \$4.7 billion credit programme.**

Bangladesh is going to receive \$400 million from the Asian Development Bank next week.

Another \$90 million will come from South Korea and an additional \$130 million from other sources, Haque said.

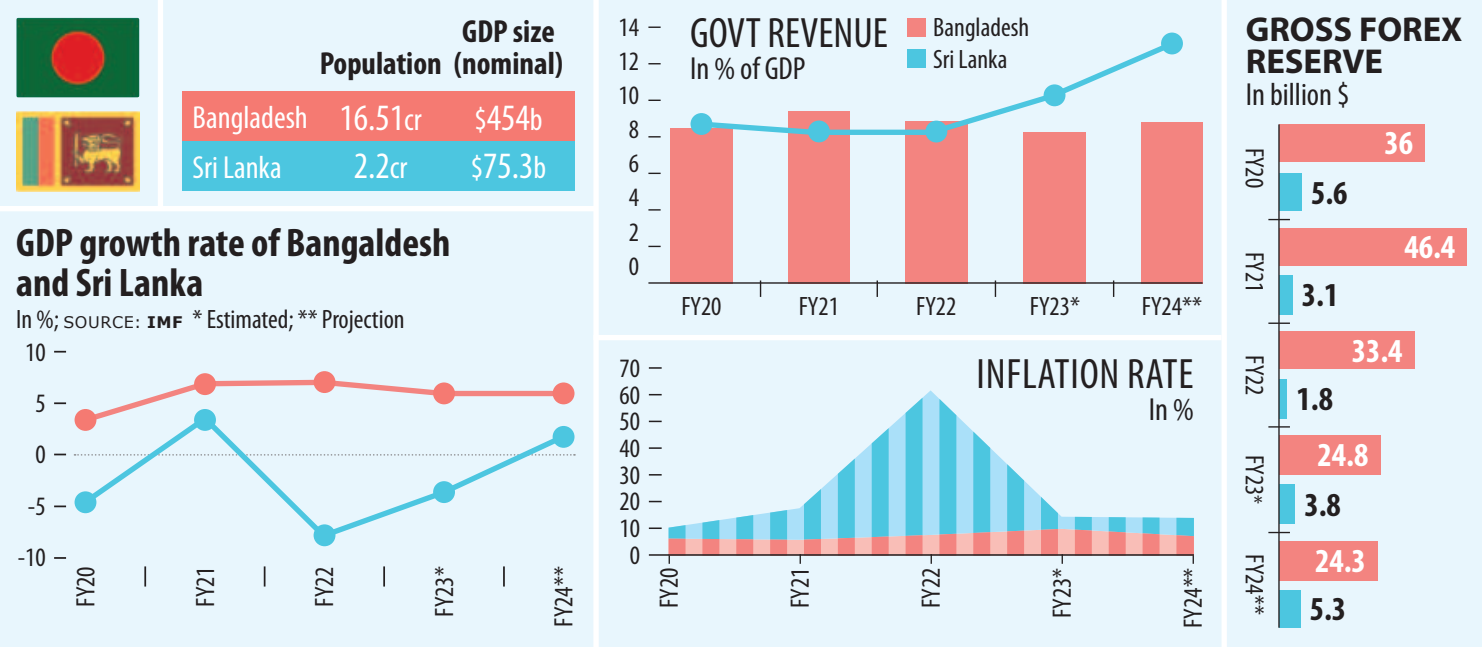
The reserve stood at \$19.13 billion on December 6, which was \$46.4 billion in 2020-21, the highest on record.

"We expect that the expenditure from reserves will be lower than the amounts we are receiving. This will help it accumulate. Therefore, the reserves will increase this month."

Seeking anonymity, a senior official of the BB said the central bank is aiming to keep the reserve level

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# IMF injected cash into Bangladesh, Sri Lanka. Are the two economies diverging?



REJAUL KARIM BYRON and  
AHSAN HABIB

Bangladesh and Sri Lanka have received loan payouts from the International Monetary Fund, strengthening their buffers against risks to foreign exchange reserves.

The IMF said its executive board completed the first review of Sri Lanka's rescue package, known as the extended fund facility, and released the second tranche of \$337 million.

This development revived the IMF's \$2.9 billion bailout for Sri Lanka as the island nation reached a debt structure plan with its largest official lender – China.

"Macroeconomic policy reforms are starting to bear fruit and the economy is showing tentative signs of stabilisation, with rapid disinflation, significant revenue-based fiscal adjustment, and reserves build-up," Kenji Okamura, deputy managing director of the IMF, said in a statement yesterday after the approval of the loan instalment.

The country of 22 million people defaulted on its \$46

billion external debt last year after running out of foreign currencies to import food and fuel.

Dhaka lent \$200 million to Colombo when the economic crisis unfolded. The nation has paid off the entire amount as reserves improved.

rebuild reserve buffers, while Bangladesh is still struggling to meet both criteria.

Bangladesh's economy has been buffeted by multiple shocks. Spillovers from Russia's war in Ukraine and global monetary tightening have interrupted a

Dhaka office, said Sri Lanka's inflation has been tamed and foreign exchange reserve is also rising as it raised the benchmark interest rate and made it flexible.

The country ended 2022 with an inflation rate of 54 percent. It is estimated at 4.8 percent for 2023. The reserve improved from \$1.8 billion last year to an estimated \$3.8 billion in 2023.

"To control the inflationary pressure, Sri Lanka has taken stronger steps whereas Bangladesh is moving slowly," Hussain said.

Once, Sri Lanka used to manage the exchange rate. Later, it left it to the market. Subsequently, the exchange rate has returned to normalcy.

The nation has also addressed the weaknesses in the financial sector. On the other hand, Bangladesh has framed rules for the sector but the implementation will start from March 2025 although the banking and the non-banking sectors are already in bad shape owing to scams, spooking depositors' confidence.

"Why is this wait to implement it?" asked Hussain.

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For its part, Bangladesh secured the final approval for the second tranche of \$689 million of a \$4.7 billion loan from the IMF, propping up the dwindling reserves – at least for now.

Both packages approved by the IMF's executive board on December 12 came ahead of the South Asian countries' national elections next year. Sri Lanka managed to raise revenue and

strong post-pandemic recovery. Due to strict import compression, the current account deficit narrowed considerably.

However, an unprecedented reversal of the financial account, driven by global uncertainties and inadequate policy response, has kept reserves and the taka under pressure.

Zahid Hussain, a former lead economist of the World Bank's

After launching in 2016, Sheba quickly captured the attention of urbanites by offering comprehensive solutions to common challenges associated with city living.

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BAY TERMINAL CONSTRUCTION

## CPA hopes to sign deals with 2 firms by June

DWAIPAYAN BARUA, Ctg

Chittagong Port Authority (CPA) is hopeful of signing agreements with two global firms by June next year for the construction of two of three container terminals under a mega Bay Terminal project on the Chattogram port's expansion.

Bay Terminal has been proposed to be set up on an around 6-kilometre stretch from the back of Chattogram Export Processing Zone to Rasmonighat on the Bay of Bengal.

On the ground, it will be comprised of three terminals which will be able to accommodate ships having a draft of up to 12 metres and with lengths of up to 260 metres.

There will be no need for berthing to depend on the high tide.

The CPA will build one multipurpose terminal and the remaining two will be set up by two global firms under a public-private partnership (PPP) model through government-to-government partnerships.

The project's master plan has been prepared by a South Korean joint venture firm and unveiled by Prime Minister Sheikh Hasina last month.

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## FBCCI seeks PM's attention to avoid being defaulters

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The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has sought attention from Prime Minister Sheikh Hasina for businessmen so that they don't become defaulters if they fail to repay loans.

Mahbubul Alam, president of the apex trade body of the country, said it is becoming difficult to repay loans on time due to the disruption in economic activities in the current situation.

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FOREIGN LENDERS' INTEREST INCOME

## NBR considers extension of tax exemption

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The National Board of Revenue (NBR) is planning to extend tax exemptions on interest income of foreign lenders who have lent to local firms.

The exemption may be extended until December 31, 2024, said a senior official of the NBR on condition of anonymity.

The tax authority is mulling the offer on conditionally exempting foreign lenders from paying a 20 percent withholding tax on their interest earnings until February 28 next year.

The borrowers will need to apply with the NBR mentioning their names, taxpayer identification numbers and details of the lenders to whom interest on loans are paid.

To ensure the exemption, businesses will also need to mention the principal amount and the amount of interest they pay to the lenders, according to the notification issued by the NBR last week.

The tax administration has been offering tax benefits on the interest income of foreign lenders for decades.

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STOCKS	
DSEX ▼	CASPI ▼
0.01% 6,262.86	0.01% 18,567.92

COMMODITIES	
Gold ▼	Oil ▼
\$1,981.84 (per ounce)	\$68.36 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.04% 69,584.60	▲ 0.25% 32,926.35	▲ 0.06% 3,104.26	▼ 1.15% 2,968.76



## CHATTOGRAM PORT IN FOCUS as Russian shipping giant expands in Asia

DWAIPAYAN BARUA, Chattogram

The Far-Eastern Shipping Company (Fesco) has introduced a container service in Bangladesh as a part of its push to facilitate direct shipping from the Indian subcontinent to Russia.

Russian news agency Interfax reported on Friday that Fesco Transport

Group, a concern of the Moscow-based logistics operator, is expanding the geography of its Indian Line West maritime transport service.

The Fesco Indian Line West, which links Russia's Novorossiysk with India's Nhava Sheva and Mundra ports, was launched as a deep-sea container service in February this year.

Later in August, Fesco deployed its own container vessel on the shipping line, which is now connected with Bangladesh and Pakistan by means of transshipment via Colombo in Sri Lanka.

Confirming the development, Anis Ud Dowla, senior executive director of Karnaphuli Group, said Fesco launched the liner service in Bangladesh in early

October with Regensea Lines as its local agent. Regensea Lines is a sister company of Karnaphuli Group.

According to shipping agents, Fesco initially shipped 20 TEUs (twenty-foot equivalent units) of empty containers in October. However, it is yet to operate any shipping services in the country, Anis said.

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