

For the second year in a row, the Chattogram seaport may face a drop in annual container throughput

Story on B4



Trade in rupee had a lofty aim. But data paints a different picture

MD MEHEDI HASAN

Bangladesh and India on July 11 rolled out the cross-border trade settlement in the rupee to cut the dependence on the US dollar, but transaction figures illustrate a dearth of interest in carrying out businesses in the Indian currency.

Subsequently, five banks – Sonali Bank, Eastern Bank, State Bank of India (SBI), Standard Chartered Bangladesh (SCB), and Islami Bank Bangladesh PLC

rupees.

Since then, the bank has not made any further transactions in the rupee.

Bankers say the lack of interest in using the Indian currency in bilateral trade was due to a high demand for US dollars, a dearth of rupee earnings and a lack of competitiveness.

Ahmed Shaheen, additional managing director of Eastern Bank, said bilateral trade in the Indian rupee had just started and it had huge potential.



received approval from the Bangladesh Bank to perform bilateral trade with the neighbouring country using its currency.

Under the mechanism, Indian exports and imports with Bangladesh amounting to about \$16 billion can be invoiced, paid for, and settled in the rupee.

But between July 11 and December 26, only two banks – Eastern Bank and SCB – settled export and import trades worth 3.51 million rupees.

In October, the Dhaka office of the SBI opened a letter of credit (LC) of 147,000 rupees for Navana Welding Electrode Ltd, BB data showed.

A month earlier, Eastern Bank celebrated the first successful trade settlement in the Indian currency.

Habiganj Agro Ltd, a concern of Pran-RFL Group, was the beneficiary of the import and export settlement involving about 2.4 million rupees. Of the sum, imports accounted for 1.31 million

Some exporters are discussing to settle trades in the rupee through the private commercial bank, he said.

However, another senior official of the bank, seeking anonymity, said there is a challenge to trade in the rupee because exporters demand US dollars due to its competitive edge.

"Importers want to buy products using the rupee. But they have no earnings in the currency."

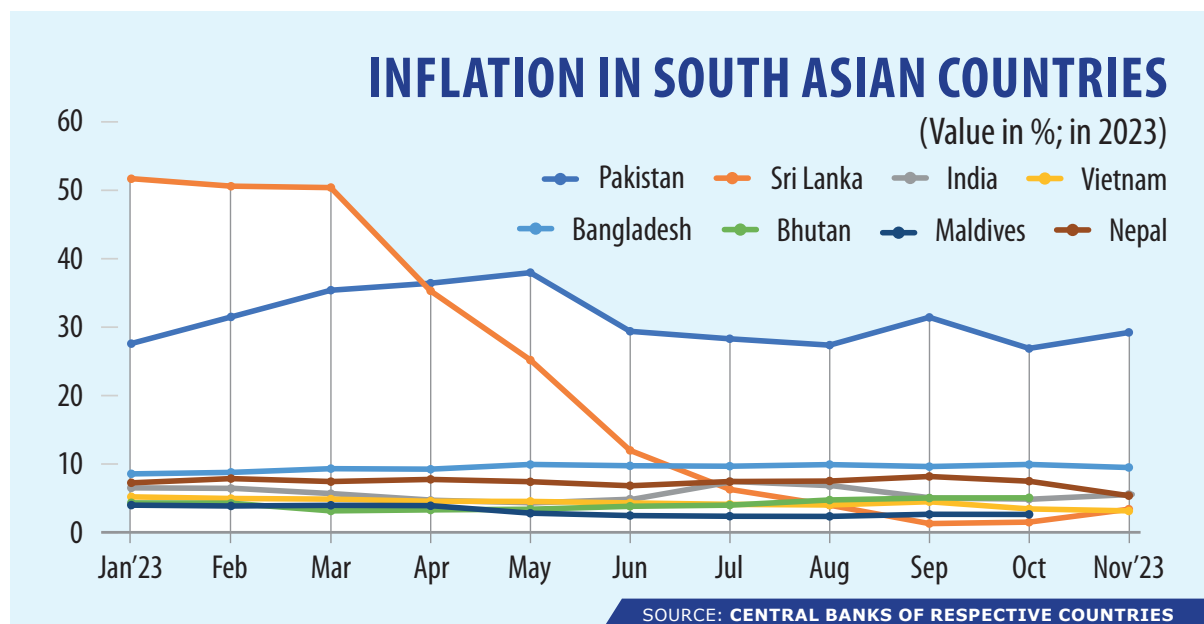
SCB received an inflow of 1.07 million rupees thanks to exports by Walton Hi-Tech Industries PLC.

Naser Ezaz Bijoy, chief executive officer of SCB, told The Daily Star that the demand for the US dollar was very high and that every exporter wanted to ship products using American greenback.

"Local traders will be able to finance imports through the rupee when they have earnings in the same currency," he

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South Asian nations succeeded in taming inflation. Bangladesh, not so much



MD ASADUZ ZAMAN

Most South Asian countries succeeded in reining inflation in 2023 in a major relief for their populations who struggled after prices spiralled owing to the shocks stemming from the lingering impacts of the coronavirus pandemic and the Russia-Ukraine war.

Even, Sri Lanka that witnessed its worst economic crisis since its Independence brought down consumer prices following an unprecedented spike.

However, Bangladesh, like Pakistan, is still finding it difficult to contain higher inflation. The country witnessed an average increase in the Consumer Price Index



(CPI) of 9.42 percent in November, highlighting the challenges experienced by most of the population in the lower-middle-income nation.

And the higher level of inflation

persists although the global price of various commodities has fallen in recent months.

In Bangladesh, inflation has accelerated in the past one and a half years owing to a mixture of external and internal factors.

The external factors include supply chain disruptions following Russia's invasion of Ukraine and higher commodity prices. Domestic factors

include a 28 percent depreciation of the taka against the US dollar since February last year, and persistent foreign currency shortages, driven by a 30 percent drop in the reserves, leading to import restrictions.

Several economists and analysts blame the central bank for not using

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BB asks Islami Bank to explain why it buys dollars at higher rate

STAR BUSINESS REPORT

The Bangladesh Bank has asked Islami Bank Bangladesh to explain why it is buying US dollars from foreign exchange houses at a rate that is higher than the fixed price.

On December 14, the central bank sent a letter to the managing director of the Shariah-based bank to this effect, seeking an explanation.

Banks are allowed to give a maximum of 2.5 percent in incentives to foreign exchange houses.

As per the rates announced in November and December this year by the Bangladesh Foreign Exchange Dealers Association (BAFEDA) and the Association of Bankers, Bangladesh (ABB), banks can buy each dollar from remitters and exporters at Tk 109.75 and sell them to importers at Tk 110.25.

Banks are allowed to give a maximum of 2.5 percent in incentives to foreign exchange houses. They, however, are not eligible for the 2.5 percent incentives provided by the government to remitters.

"Your bank is buying foreign currencies from

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Pubali Bank Limited and IDCOL Financed Paramount Group Solar Unit

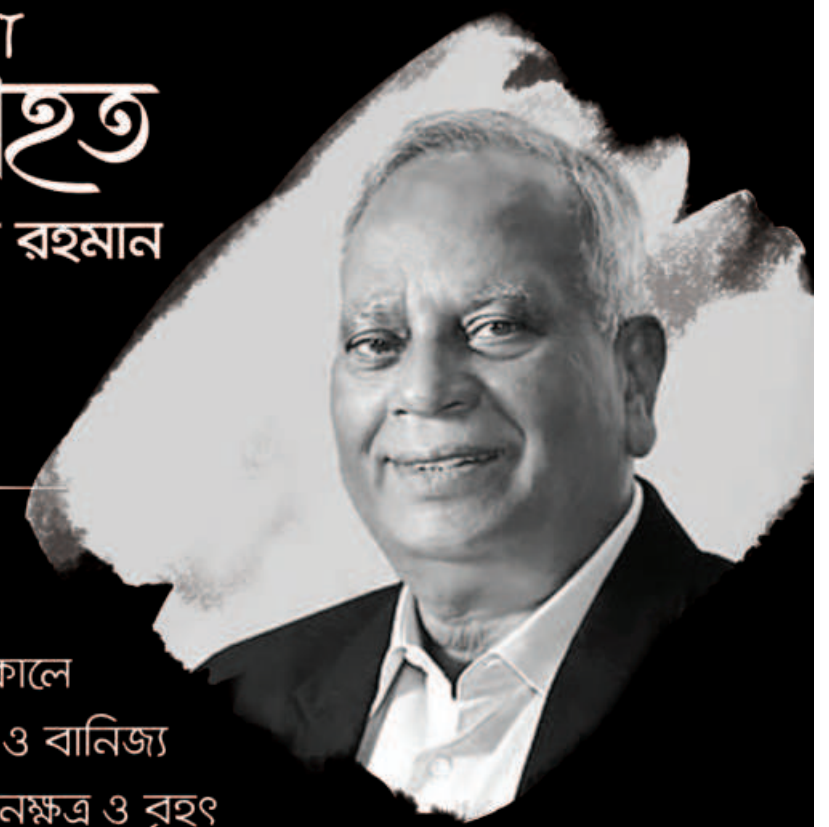


Recently, in presence of Mr. Mohammed Ali, MD & CEO of Pubali Bank Limited, Mr. Alamgir Morshed, ED & CEO of IDCOL and Mr. Kazi Zahir, CEO, NDB Capital Limited held a 'Syndication Loan Closing Ceremony' with Intraco Solar Power Limited (a sister concern of Paramount Textile).

We would like to express our heartfelt gratitude for their support.



আমরা শোকাহত জনাব ফজলুর রহমান



স্বাধীনতা পরবর্তীকালে বাংলাদেশের শিল্প ও বানিজ্য জগতের অন্যতম নক্ষত্র ও বৃহৎ শিল্পগোষ্ঠী সিটি গ্রুপের চেয়ারম্যান ও ব্যবস্থাপনা পরিচালক জনাব ফজলুর রহমানের আকস্মিক প্রয়াণে আমরা গভীরভাবে শোকাহত। দেশের শিল্প বিকাশে ও এক্ষেত্রে স্বাবলম্বিতা অর্জনে তাঁর ভূমিকা চিরস্মরণীয় হয়ে থাকবে। এই মহান কর্মবীরের অবদান আমরা কৃতজ্ঞতার সাথে স্মরণ করছি।

তাঁর মৃত্যুতে ঢাকা ব্যাংক পরিবারের পক্ষ থেকে আমরা গভীর শ্রদ্ধা এবং সমবেদনা জ্ঞাপন করছি।