

# Star BUSINESS

Rice production may decline slightly in the marketing year 2023-24 as a result of partial damage to Aman crop, the USDA said.



Story on B4

## Forex reserves rise to \$21.45b

STAR BUSINESS REPORT

Bangladesh's gross foreign exchange reserves rose to \$21.45 billion as the central bank has stepped up efforts to ensure a stock of international currencies in line with the prescription of the International Monetary Fund (IMF).

The boost to the reserves stems mainly from the purchase of US dollars from Islami Bank Bangladesh as well as the release of the installments of the loans from the IMF and the Asian Development Bank (ADB).

On Wednesday, the Bangladesh Bank bought \$200 million from Islami Bank, said a central bank source.

Earlier, Bangladesh received \$689 million from the IMF and \$400 million from the ADB in loans.

"We are buying US dollars from the banks that have a surplus. At the same time, we are selling American greenback to facilitate the imports of the public sector," said BB Spokesperson Md Mezbaul Haque.

The latest push to improve the forex reserve condition came after Bangladesh missed the related IMF condition to secure the second tranche of the \$4.7 billion loan from the Washington-based lender.

When the IMF approved the loan in January, one of the conditions was to maintain a minimum net international reserves (NIR) of \$24.46 billion at the end of June of the last financial year.

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## BB suspends Phoenix Finance MD over loan irregularities

STAR BUSINESS REPORT

Bangladesh Bank yesterday suspended Intekhab Alam, managing director of Phoenix Finance and Investments Ltd, over allegations of being involved in loan irregularities and activities that go against the interest of depositors.

The central bank on the day sent a letter to the chairman of the non-bank financial institution (NBF) stating that an inspection report on the organisation revealed loan irregularities committed by officials at various levels, including the managing director.

As a result, the banking regulator has taken the decision under the Finance Companies Act 2023.

The central bank instructed to suspend the MD and attach him with the human resources department and appoint a new chief executive for the company.

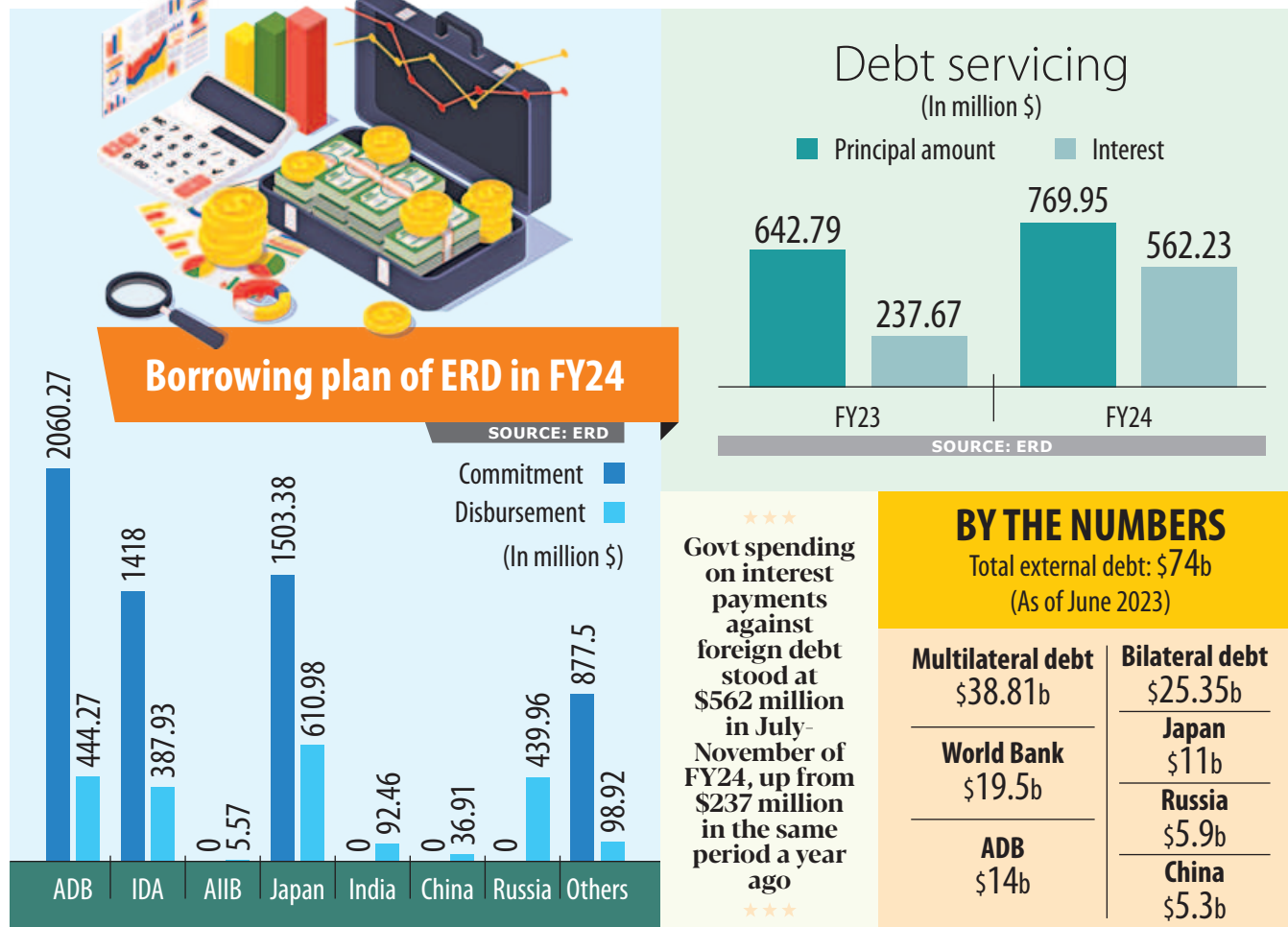
The central bank also instructed to take administrative and legal action against officials involved in loan irregularities on identifying them through an internal audit.

The NBF will have to suspend the foreign trips of officials concerned when the administrative and legal action are taken, said the BB letter.

Alam could not be reached for

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## New worries as interest payment for debt doubles in 5 months



REJAUL KARIM BYRON

The government's spending on interest payments against the mounting foreign debt surged 136.70 percent year-on-year to \$562 million in the first five months of the current fiscal year as disbursements surged in recent years.

The interest payment stood at \$237 million in July-November of the previous financial year of 2022-23, data from the Economic Relations Division (ERD) showed.

The fund release for the mega projects such as the Dhaka Metro Rail, Matarbari Coal Power Plant, and Rooppur Nuclear Power Plant has increased in recent times as their implementation has entered the last phase.

Besides, the government has received sizeable budgetary support in the last three years after development partners accelerated lending to help the economy make a turnaround from the impacts of the coronavirus pandemic and the Russia-Ukraine war.

The repayment of the principal amount of the funds begins after the maturity of the loans, whose tenure range from 20 years to 30 years. The interest repayment

starts after the disbursement is made. So, interest expenses for Bangladesh are rising.

Another factor for the higher interest expenses has been the elevated cost of funds from the international sector, driven by a spike in the interest rate for Libor and SOFR-linked loans.

The London Interbank

has soared.

In July-November of 2023-24, the government spent Tk 14,644 crore for servicing debts, which is 74 percent higher than the Tk 8,430 crore paid in the identical period of FY23.

The higher interest payments pushed up the external debt payment by 51

of foreign loans is not rising despite a ballooning of such funding in the pipeline. Rather, disbursement declined 14 percent to \$2.12 billion in July-November.

This prompted the Bangladesh Bank and the finance ministry to continuously pursue ministries and divisions to use external funds so that it helps the government maintain a healthy foreign currency reserve.

The net reserves stood at \$21.45 billion on December 27, way lower than the record high of \$46.4 billion in 2020-21, central bank data showed.

An ERD official said the use of funds is witnessing a slow pace due to the parliamentary elections slated for January 7. "The pace will accelerate after the polls."

However, he said, one of the positive sides in FY24 is commitments made by development partners increased significantly. They have pledged to lend \$5.86 billion so far in the financial year, which is 12 times higher than in the same period of FY23 when commitments totalled \$461 million.

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## Bangladesh to become 20th largest economy by 2038

London-based research group CEBR forecasts

REFAYET ULLAH MIRDHA

Bangladesh is set to become the world's 20th largest economy by 2038 owing to continued economic growth, according to a forecast by the London-based Centre for Economics and Business Research (CEBR) on Wednesday.

The CEBR forecasts that annual gross domestic product (GDP) growth would accelerate to an average of 6.8 percent between 2023-24 and 2027-28, before slowing to an average of 6.2 percent per year over the subsequent decade.

The next 15 years will see Bangladesh climb rapidly up the rankings of the World Economic League Table (WELT).

The CEBR forecasts that Bangladesh will register a sizeable jump of 17 spots in the table by 2038, up from its current position in the 37th place. Bangladesh will climb three spots by next year and reach 23rd place by 2033, it added.

The CEBR forecast economic growth in 192 countries.

As of 2023, Bangladesh is estimated to have a purchasing power parity (PPP)-adjusted GDP per capita of \$8,673 and is classified as a lower-middle-income country.

Following the expansion of the economy by 7.1 percent in 2021-22, growth is expected to have moderated to 6.0 percent in the last fiscal year, leaving output at 25.6 percent above pre-pandemic levels.

The deceleration in growth in 2022-23 was driven by a contraction in industrial activities, primarily driven by subdued export demand from advanced economies.

Sharp depreciation in the local currency, taka, coupled with upward revisions in fuel and energy

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**STOCKS**

DSEX	CASPI
0.04% 6,246.49	0.01% 18,520.13

**COMMODITIES**

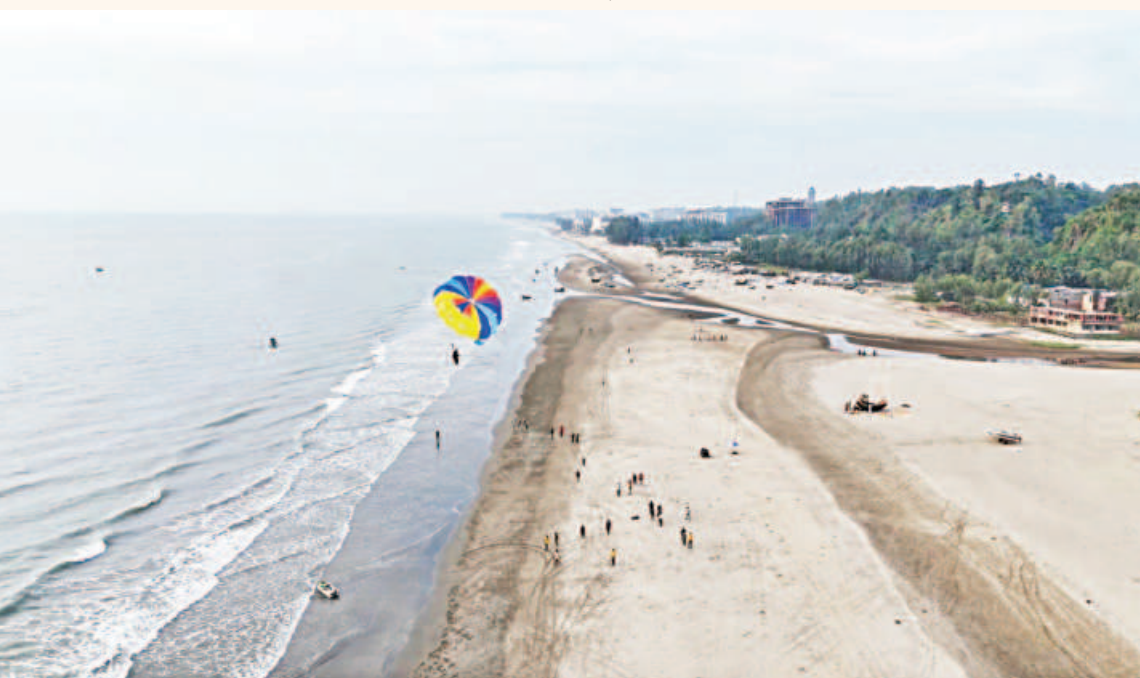
Gold	Oil
\$2,076.2 (per ounce)	\$73.30 (per barrel)

**ASIAN MARKETS**

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
0.52% 72,410.38	0.42% 33,539.02	1.38% 3,214.40	1.38% 2,954.70

## Tourism fared well in 2023 despite jitters

Sylhet, Kuakata still starved of visitors



Although the number of people visiting Cox's Bazar amid the ongoing peak tourism season has declined this year, local hotels and resorts are registering adequate occupancy rates thanks to an increase in young travellers.

PHOTO: NAIMUR RAHMAN



JAGARAN CHAKMA and SOHRAB HOSSAIN

The overall tourism industry in Bangladesh performed well throughout the outgoing calendar year despite facing adversity in the final quarter due to ongoing political unrest, according to industry people.

This is because there has been significant growth in the number of young travellers while better security at tourist spots helped build people's confidence in being able to go on safe and enjoyable journeys, they said.

The local tourism industry usually sees peak business from September till March each year as the cooler and dryer weather during these months make them more suitable for outdoor recreation.

The beach town of Cox's Bazar and the Chittagong Hill Tracts,

which typically draw in the largest crowds, accounted for about 70 percent of all domestic tourism in 2023 despite facing some adversities in the final quarter.

On the other hand, Sylhet and Kuakata did not get the expected number of travellers.

Royal Tulip, one of the luxury hotels in Cox's Bazar, achieved an average occupancy rate of 60 percent this past year, much like it had in 2022.

"We were frightened that business may be dull this season due to political unrest ahead of the general election," said Abdul Awal, the director of marketing and sales at Royal Tulip.

Also, ongoing inflationary pressure brought on by global crises, such as the Russia-Ukraine war, and a US dollar crunch in the country is forcing people to limit their spending in face of financial uncertainty.

"So, we are astonished to have performed so well even amid the economic turbulence," he added.

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## Dutch-Bangla Bank plans to raise Tk 1,200cr thru bonds

STAR BUSINESS REPORT

Dutch-Bangla Bank PLC, a private bank in Bangladesh, plans to raise Tk 1,200 crore through the sale of subordinated bonds, according to a company disclosure posted on the Dhaka Stock Exchange yesterday.

The objective of this move is to increase the bank's capital in compliance with Basel-III, a global regulatory framework for improving the resilience of banking systems.

Subordinated bonds are a type of debt instrument that ranks below other financial liabilities in terms of repayment priority. They can come in the form of unsecured loans or bonds that have no collateral.

This means that if the issuer goes into liquidation or bankruptcy, subordinated bond holders will be paid back only after the owners of other, more senior bonds or securities get their dues.

Additionally, subordinated bonds are non-convertible.

The plan, subject to approval from Bangladesh Bank and the Bangladesh

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