



B1
Budget should focus on decent jobs: survey



P11
Ancelotti's tactical acumen does the trick



P8
The fight against child marriage needs a new narrative



P7
Israel decides to shut down AI Jazeera's local operations

Taka to trade more freely by next month

BB to introduce crawling peg system to give more freedom to exchange rate

REJAUL KARIM BYRON

Bangladesh will introduce a crawling peg system by next month to make the exchange rate more flexible and improve the foreign currency reserves, a key prescription from the International Monetary Fund.

The crawling peg system is a method of exchange rate adjustments in which a currency with a fixed exchange rate is allowed to fluctuate to some extent. Typically, the system helps control currency swings, usually during threats of devaluation. Currency pegs are established by developing economies whose currencies are linked to the dollar or the euro.

Bangladesh Bank has already informed the IMF about the system being implemented for the taka.

Bangladesh entered an IMF loan programme for \$4.7 billion in January last year. An IMF mission has been in Dhaka since April 24 to review the economic health of the country and whether it is meeting the loan conditions before the third tranche is released. The mission will also finalise new or revised conditions, which could include a lower reserves target.

A central bank high official said they were hopeful of launching the crawling peg system by June, as preparations were at the final stages. Since November last year, the IMF has urged Bangladesh to go for the system.



Firefighters spraying water on a smouldering fire at the Amurbunia forest of eastern Sundarbans in Bagerhat yesterday. The fire was spotted Saturday afternoon but the firefighting was initially delayed due to a lack of water sources nearby.

PHOTO: TANJIR H RUBEL

SUNDARBANS FIRE Under control, not entirely doused yet

STAR REPORT

The fire in the Sundarbans was under control but not completely doused when the firefighters wrapped up their operation for the day late afternoon yesterday.

Speaking to The Daily Star at 11:15pm, Mamun Mahmud, deputy director of Khulna Fire Service and Civil Defence, said, "The efforts to douse the blaze suffered due to an absence of water sources nearby and the thick layer of leaves in the Sundarbans... From what we last saw, there were spots of flames and that is why we have to go back tomorrow [today] at 5:30am to continue the dousing operation."

Earlier, a press release by the Department of Fire Service and Civil Defence said, "It is a bushfire. It has affected a two square-kilometre area, and spots of flames could still be seen in different places. Necessary measures have been taken so that the fire cannot spread further."

SEE PAGE 2 COL 2

The crawling peg system would be linked to a carefully selected set of currencies and operate within a predefined exchange rate band. This strategy is aimed at tempering unusual fluctuations in the currency's value.

"I think where Bangladesh was struggling a little bit was the fact that while the current account was adjusting well, partly because they were restraints on imports and so on, the financial account wasn't doing very well," Krishna Srinivasan, IMF director of the Asia and Pacific, said on April 30 during a virtual briefing.

"You could see that in the bleeding of reserves and the taka coming under pressure. Now, it's important that the next stage of the reform agenda is to allow greater exchange rate flexibility, which would help you address the problems in the external sector in the financial account," he said. "Once you do that, you'll see a greater sense of stability coming back in the external accounts."

Although the central bank in its Monetary Policy Statement (MPS) in January mentioned introducing the crawling peg system, there had been no visible step in this regard.

The crawling peg system would be linked to a carefully selected set of currencies and operate within a predefined exchange rate band. This strategy is aimed at tempering unusual fluctuations in the currency's value.

"The central bank would establish a stable benchmark while retaining the flexibility to intervene in the market as necessary to maintain the currency within the designated boundaries," Bangladesh Bank said.

On paper, the central bank introduced the market-based exchange rate in July last year. In practice, however, the exchange rate is fixed by the Bangladesh Foreign Exchange Dealers' Association and the Association of Bankers, Bangladesh on unofficial instructions from the central bank.

The existing exchange rate was fixed about three months ago.

According to the central bank statistics, during the July-February period of the current fiscal year, the current account balance, a major

SEE PAGE 2 COL 5

Economy facing a 3-pronged challenge

Says Debapriya at CPD event; Bangladesh struggling to rein in high inflation in contrast to global trend

STAFF CORRESPONDENT

Persistent high inflation, high debt burden and slow economic growth are the three challenges facing the economy, noted economist Debapriya Bhattacharya said yesterday.

The inflation is pushing low-income and marginalised people against the wall and they are finding it extremely hard to afford food and health care, said the distinguished fellow of Centre for Policy Dialogue (CPD).

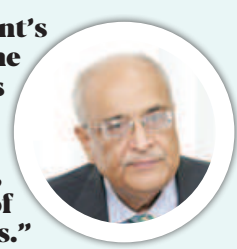
Inflation has come down globally, but Bangladesh has not been able to tame it, he told a discussion titled "New Government, National Budget and Citizens' Aspirations". The event was organised by the CPD in association with Citizen's Platform for SDGs, Bangladesh.

In March, consumer prices grew by 9.81 percent, up from 9.67 percent in the previous month, according to Bangladesh Bureau of Statistics (BBS).

Actual erosion of purchasing power of low- and fixed-income people may be much deeper than what the official statistics present, Debapriya said.

The country's reliance on borrowing for

"The government's loan from the domestic sources is almost double compared to the foreign debt, which is a sign of big problems."



DEBAPRIYA BHATTACHARYA
Distinguished fellow, Centre for Policy Dialogue

debt servicing and debt risk are increasing, and if the private sector debt is taken into account, Bangladesh's debt-to-GDP ratio is 42 percent, he said.

"The government's loan from the domestic sources is almost double compared to the foreign debt, which is a sign of big problems... The foreign debt has created pressure on the foreign currency exchange."

Bangladesh has never fallen behind on debt

SEE PAGE 2 COL 5

BB dissolves NBL board again

STAFF CORRESPONDENT

Bangladesh Bank has dissolved the board of directors of National Bank Ltd, just five months after restructuring it.

The central bank issued an order in this regard to the board and formed a new one yesterday.

Bangladesh Bank dissolved the board to protect the interests of depositors and banks and to ensure good governance, reads the order.

NBL chairman Syed Ferhat Anwar, a former teacher at the Institute of Business Administration of Dhaka University, whom the Bangladesh Bank appointed in December; director Parveen Haque Sikder, a director of the Sikder group; independent directors Md Serajul Islam, former executive director of Bangladesh Bank, and M Kamal Hossain, former managing director of Southeast Bank, were among those removed yesterday.

Bangladesh Bank made National Bank's sponsor director Khalilur Rahman the board's new chairman and kept two directors of the dissolved board in the new board.

Rezaul Karim, former managing director of Premier Bank; businessperson Arshad Mahmud; Ahsanul Karim, senior lawyer at the Supreme Court; and Prof AKM Tafazzal Haque of Chittagong University, were nominated directors.

The central bank also appointed three independent directors - Prof Md Helal Uddin Nizami, of Chittagong University; chartered accountant Ratna Dutta; and Bangladesh Bank former executive director ABM Zahurul Huda.

A former independent director of National Bank,

SEE PAGE 2 COL 1



BUSINESS

BB to loosen interest rate

Bangladesh Bank is going to introduce a flexible interest rate and exchange rate instead of fixed or band rates in line with the prescription of the International Monetary Fund.

"We are moving towards a fully market-based interest rate soon, which will allow banks to fix the interest rate as per demand and supply," BB Governor Abdur Rouf Talukder said yesterday.

STORY ON B1



Passengers travelling north from Dhaka wait for trains at the Kamalapur Railway Station yesterday. Train schedule is yet to become normal after it collapsed following a collision between two trains in Joydebpur, Gazipur, on Friday morning.

PHOTO: PALASH KHAN

Govt again moves to extend primary edn up to class-VIII

2 ministries to join hands to make it happen; similar move fell flat six years ago

MOHIUDDIN ALAMGIR and ARAFAT RAHAMAN

The government has made a fresh move to extend primary education up to class-VIII, six years after missing the original deadline set in the National Education Policy.

During a joint meeting yesterday, the education, and primary and mass education ministries decided that they would work together to make education up to class-VIII compulsory and free of cost.

Officials of the primary and mass education ministry in the meeting said they would start the initiative with 10,000 government primary schools in the next three years.

The Directorate of Primary Education asked all district primary education officers to send the names of such primary schools.

After the meeting, Farid Ahmed, secretary of primary and mass education ministry, told The Daily Star that they talked about coordination between the two ministries regarding the elevation of the elementary education up to class-VIII from class-V.

He said this extension was a recommendation of the National Education Policy-2010.

The National Education Commission-2010 recommended making

SEE PAGE 2 COL 2