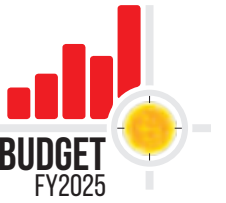


Star BUSINESS

It may not be possible to simultaneously achieve high growth and ensure macroeconomic stability as outlined in the proposed budget, an expert said yesterday.



Story on B4

Oceangoing vessels sail past 100 milestone

DWAIPAYAN BARUA, Ctg

The number of oceangoing vessels that are Bangladesh-flagged has already gone past 100, a milestone illustrating the country's noticeable expansion in cargo-carrying capacity.

A total of seven vessels received permanent or provisional registration so far this year, taking the total to 101, the highest since Bangladesh achieved independence in 1971.

Bangladesh-flagged refers to a commercial vessel which is registered, licensed and operated under the laws of Bangladesh.

Now, oceangoing ships owned by Bangladesh have a combined carrying capacity of nearly 50 lakh tonnes, according to Mercantile Marine Office (MMO).

In the latest developments, a vessel named MV Jahan-1 was recently purchased by one of the leading ship-owning firms, KSRM Group.

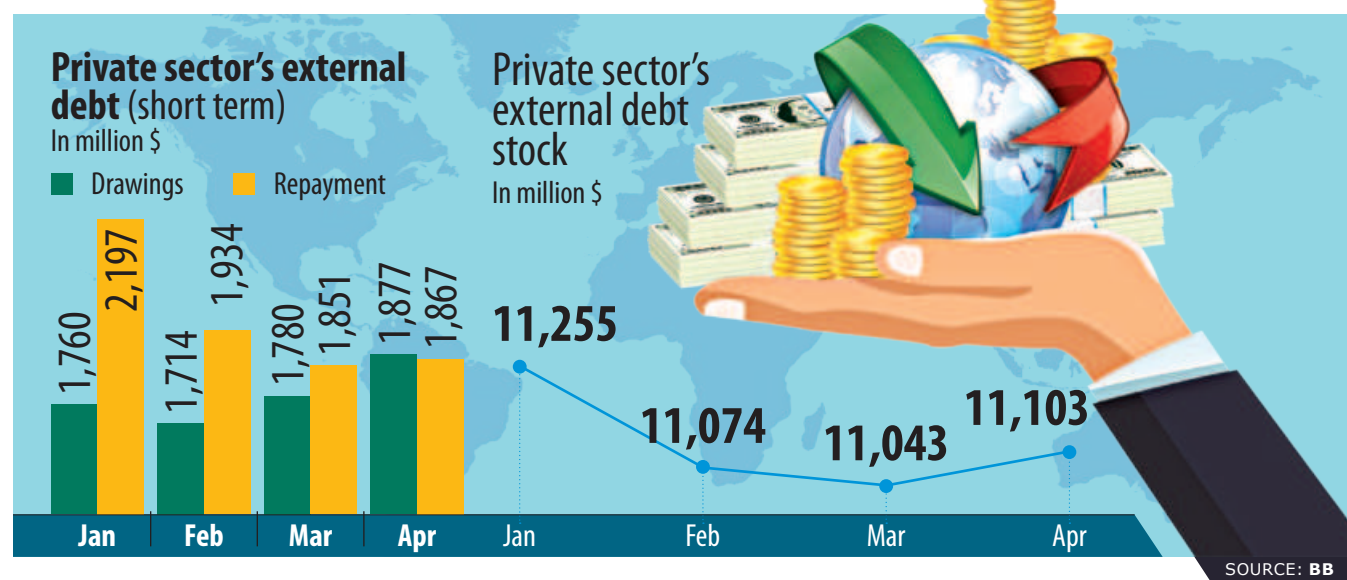
It arrived at the outer anchorage of the Chattogram port last week to get permanent registration. Officials of the MMO and customs inspected the ship on Wednesday.

MMO Principal Officer Captain Sabbir Mahmood said, including the latest one, seven vessels, of which six are bulk carriers, have received permanent and provisional registration so far this year.

Out of the seven vessels, MV Abdullah, MV Jahan Brothers-1 and MV Jahan-1 have been purchased by KSRM Group. With the latest additions, KSRM Group's fleet now boasts 24 vessels.

Additionally, the Meghna Group of Industries purchased two bulk carriers, the Meghna Pioneer and Meghna Century, in the last couple of months, taking the number of vessels in its fleet to 24.

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Private sector's foreign borrowing reverses downward trend

REJAUL KARIM BYRON

The private sector's short-term foreign debt in Bangladesh made a turnaround for the first time in more than a year in April, handing a much-needed fillip to the foreign currency reserves.

In April, the private sector's short-term foreign debts reached \$11.10 billion, an increase of \$60 million from \$11.04 billion in March, according to data from the Bangladesh Bank.

The private sector's foreign debt had been declining from the outset of 2023, and the trend continued into 2024.

The recent reversal came as the interest rate in the international markets began falling after central banks cut rates or held them steady following the easing of inflation. On the other hand, the lending rate in the domestic market has gone up sharply after the BB left the prices of loans in the hands of the market

to step up its fight against stubbornly higher inflation.

Thus, local firms and businesses are again showing their interest in securing funds from international sources.

"The turnaround is good news, and if the momentum persists, the pressure on the reserves will ease and it may go up eventually," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, a think-tank.

The recently introduced system for exchange rate management, known as crawling peg, and the market-based interest rate are widely credited for the improvement in the US dollar borrowing.

Before the recent change, banks used to set the rate in line with the instructions of the BB. Likewise, bank loans were capped at 9 percent between April 2020 and June last year before some flexibility was brought in from July through the scrapping of the ceiling. It was made fully

market-oriented on May 8.

"If the central bank can properly implement the reform initiatives, the huge deficit in the financial account will also decline. Eventually, it will have a positive impact on the reserves," said Mansur, also a former official of the International Monetary Fund (IMF).

The reserves amounted to \$19.21 billion on Wednesday as per the International Monetary Fund's calculation, less than half of the \$41 billion seen in August 2021.

The unprecedented fall was one of the key factors for the deeper hole in the financial account, a component of a country's balance of payments that covers liabilities to non-residents and includes direct investments, portfolio investment, and reserve assets.

The deficit in the financial account stood at \$9.26 billion in July-March of the outgoing fiscal year, BB data showed.

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Forex reserves to get \$2b boost

MD MEHEDI HASAN and REJAUL KARIM BYRON

Bangladesh's foreign currency reserves are set to receive as high as \$2 billion this month, which may send the total to nearly \$21 billion, handing a much-needed relief to the US dollar supply.

On Wednesday, the reserves went up by \$538 million to \$19.2 billion from a week ago, showed central bank figures prepared based on the formula of the International Monetary Fund (IMF). This is the highest level of forex reserve holdings in the past one month.

In a major boost, \$1.65 billion is expected to be added to the reserves from the IMF and the World Bank.

The IMF may release \$1.15 billion in the third instalment of its \$4.7 billion loan in the last week of June, said Finance Minister Abul Hassan Mahmood Ali last month.

The WB is going to provide \$500 million in budget support also by the end of June.

This means the IMF and the World Bank's support would lift the reserves to at least \$20.85 billion. It was above this level two months ago and at more than \$21 billion in March.

Last week's improvement comes a month after the central bank relinquished its control over the rate-setting mechanism and introduced a more flexible exchange rate regime.

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