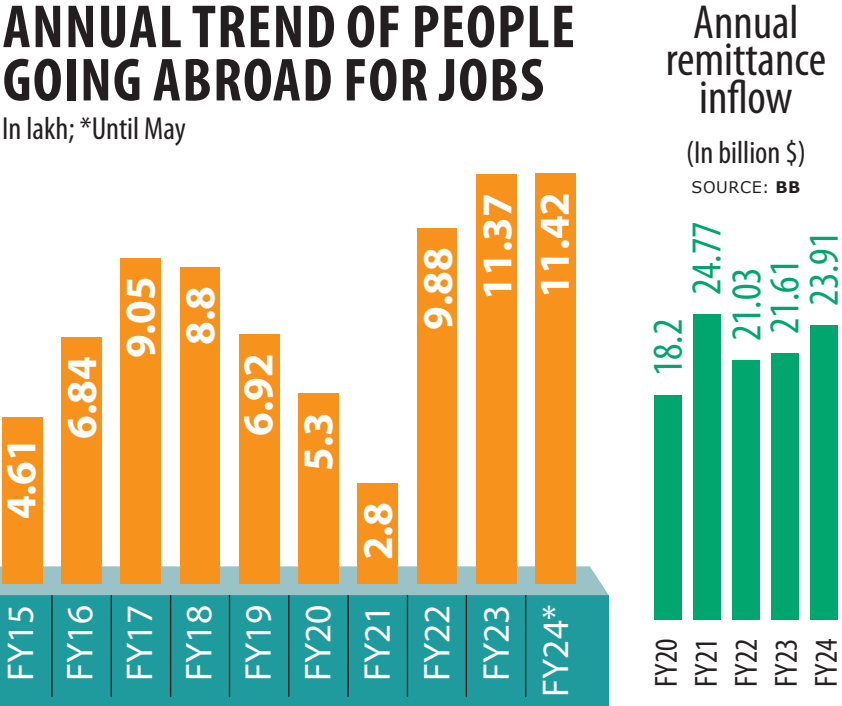
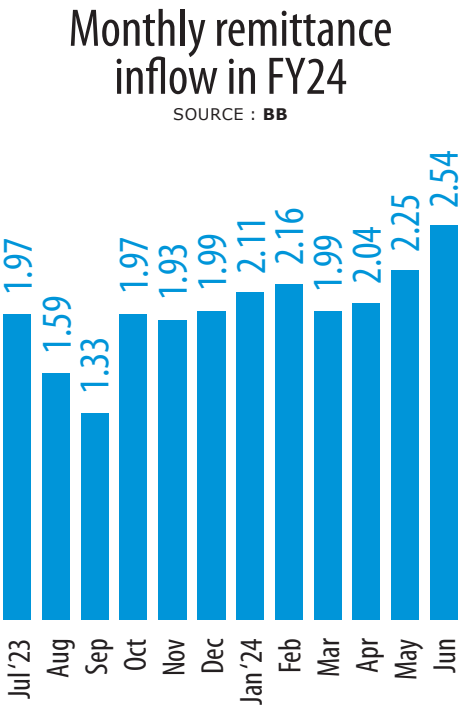


Star BUSINESS



BB halts daily repo facility to meet IMF condition

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has stopped the daily repo facility for banks in line with one of the conditions provided by the International Monetary Fund (IMF) for a \$4.7 billion loan programme.

The BB said the repo auctions, through which banks borrow funds from the central bank, will take place twice a week from now, according to a circular issued yesterday.

The BB said that auctions will take place on Monday and Wednesday every week. If there is a holiday, the auctions will be held on the next business day.

Repurchase agreements, or repos, are a form of short-term borrowing by banks.

The lenders keep government securities with the central bank with the condition of buying them back at a specific date, usually for a higher price, to get funds and meet their liquidity requirements.

Banks can generally borrow from the central bank through repo, assured liquidity support facility (ALSF), and

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MD MEHEDI HASAN

After hovering around the \$21-billion mark for the previous two fiscal years, total remittances sent home by Bangladesh's migrant workers reached nearly \$24 billion in the just concluded fiscal year of 2023-24, providing some breathing space amid the forex crunch.

As per the latest data from the Bangladesh Bank, remittance inflow stood at \$23.91 billion in FY24, rising by 10.66 percent compared to the year prior.

"We put all our efforts to collect remittance as banks were very thirsty for foreign currencies to pay import bills. This helped boost remittance earnings," said Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank.

Bangladesh's migrant workers sent home an increased amount of foreign currencies in the last two months of FY24 as the gap between the formal exchange rate and informal exchange rate narrowed due to the introduction of a flexible exchange rate, he added.

On May 8, the central bank introduced the crawling peg exchange rate system, allowing banks to buy and sell US dollars within a fixed band at around Tk 117.

The inter-bank exchange rate stood at Tk 118 per dollar yesterday.

In June, the last month of FY24, remittance

inflow stood at \$2.54 billion, up 15.59 percent year-on-year. Remittance inflow stood at \$2.25 billion in May and \$2.04 billion in April, BB data also showed.

Rahman, also a former chairman of the Association of Bankers Bangladesh (ABB), said remitters sent more money through banking channels in FY24 as the dollar rate was better than in previous years.

He added that some banks were providing incentives for their own fund, adding to the government incentives, which further boosted remittance inflow.

Rahman also attributed the increased remittance inflow to higher manpower exports.

Until May of FY24, around 11.42 lakh people left Bangladesh for work compared to 11.37 lakh in FY23, according to data from the Bureau of Manpower, Employment and Training (BMET).

In FY22, around 9.88 lakh individuals went abroad, the data also showed.

Rahman hoped the upward trend of remittance inflow would continue.

Bangladesh received a record \$24.77 billion as remittance in FY21 because of the disruption of the hundi system -- an illegal channel that facilitates cross-border transactions -- due to the halt of international travel amid the Covid-19 pandemic.

The amount fell to around \$21 billion in both FY22 and FY23 after the rules for

travelling were relaxed.

At the same time, the gap between the formal and informal exchange rates adversely impacted remittance inflow through banking channels.

Mohammad Ali, managing director and CEO of Pubali Bank, told The Daily Star that remittance inflow increased in FY24 due to policy initiatives, including the introduction of a flexible exchange rate.

He said the use of hundi had come down in the final months of FY24, which positively impacted remittance earnings.

Ali added that over-invoicing and under-invoicing had also been curbed by strict monitoring.

He also said that the country's forex market is liquid now because of the increased remittance earnings.

Industry insiders alleged that some banks were providing a higher rate for dollars than the official rate in case of collecting remittance, which the banking regulator was not addressing.

In the first 21 days of June, Islami Bank Bangladesh received the highest remittance, amounting to around \$441 million, BB data showed. Agrani Bank received \$171 million and Janata Bank \$127 million.

The growing trend of remittance will provide breathing space in the upcoming months as the country has been contending

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Hasina's visit may open FTA talks with China: Titu

A team from Exim Bank may visit Dhaka this week to discuss yuan-denominated loans

REFAYET ULLAH MIRDHA

Bangladesh is expecting a formal declaration of the beginning of a negotiation of a free trade agreement (FTA) with China during Prime Minister Sheikh Hasina's visit to China next week, State Minister for Commerce Ahasanul Islam Titu said.

The commerce ministry has already sent a proposal to the foreign ministry to include the FTA issue as part of the agenda for discussion during the premier's four-day visit to China starting on July 8, he said.

The first round of talks for advancing the FTA between the two nations is yet to take place, but a joint feasibility study has already been conducted on the possible deal, Titu told The Daily Star by phone yesterday.

Bangladesh has been trying to sign trade deals with major partners, including China, the largest import source for the country, mainly to retain the duty benefit even after graduation from the least developed country (LDC) category.

"A team from the Chinese Exim Bank is coming to Dhaka today or tomorrow to discuss a \$5 billion trade facility and this issue may also be discussed during the prime minister's visit to China," Titu said.

Under the \$5 billion worth of loans to be disbursed in yuan, the local importers will be allowed to pay the import bills to China with yuan.

Being the second largest apparel exporter worldwide after China, Bangladesh heavily relies on China for its raw materials like fabrics and chemicals at competitive prices.

China is the single largest trading partner of Bangladesh now.

Bangladesh imports nearly \$23 billion worth of raw materials, capital machinery, textile fabrics

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STOCKS		
DSEX	CASPI	
Closed	Closed	

COMMODITIES		
Gold ▲	Oil ▲	
\$2,328.84 (per ounce)	\$81.73 (per barrel)	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.56% 79,476.19	▲ 0.12% 39,631.06	▲ 0.17% 3,338.57	▲ 0.92% 2,994.73	

NBR abandons plans to cut tax for AC, fridge and bike makers

MD ASADUZ ZAMAN and SUKANTA HALDER

The tax administration backtracked from its decision to levy a 5 percent tax on incomes generated by manufacturers of motorcycles, air conditioners and refrigerators until 2032, raising it to the previous rate of 10 percent.

The 10 percent tax rate will be effective from July 1, the start of the 2024-25 fiscal year, according to a gazette notification issued by the National Board of Revenue (NBR) on Sunday.

Around a month prior, on May 29, the NBR issued a gazette announcing that the income tax rate for manufacturers of such products would be reduced to 5 percent for the next 12 years.

But within the span of a month, the revenue administration issued a new gazette, abolishing the statutory regulatory order issued at the end of May.

A senior official of the NBR said: "We had issued May's gazette mistakenly. But the NBR corrected the gazette before the effective start date of July 1."

The NBR began offering tax privileges to manufacturers of freezers, refrigerators and motorcycles in July, 2009, providing the benefit for 12 years at a rate of 5 percent.

The benefit continued thereafter, but the tax rate was raised to 10 percent from FY21 and air conditioners were also included.

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FY24: A brutal year that gutted stock investors

MD ABU TALHA SARKER and AHSAN HABIB

For stock investors in Bangladesh, the just-concluded fiscal year was the worst in four years, with the benchmark index of Dhaka Stock Exchange losing over 1,000 points.

The last time it was this bad was in fiscal year 2019-2020, when the key index, DSEX, lost 1,395 points to close at 3,989.

The DSE opens for trading today in a new fiscal year at 5,328. It had started off the last fiscal year at 6,343.

The flow of liquidity into the market has dropped too. Daily average turnover fell 22 percent year-on-year to Tk 621 crore. That means it was Tk 792 crore in fiscal year 2022-23.

The scenario was the same for market capitalisation, or the total value of shares of listed companies at the DSE.

On June 30, the last day of fiscal year 2023-24, market capitalisation stood at Tk 6,62,155 crore.

It was 14.24 percent lower than that on the last of fiscal year 2022-23.

Overall, these translate to a decrease in prices of shares, causing losses for

Daily average turnover of DSE		CHANGE IN MAJOR INDICES	
In crore taka; SOURCE : DSE		At the beginning of FY24	At the end of FY24
▲ 1,180 FY17	▲ 1,098 FY18	DSEX	6,344
▲ 848 FY19	▲ 530 FY20	DSES	1,377
▲ 1,031 FY21	▲ 1,328 FY22	DS30	2,192
▲ 793 FY23	▲ 621 FY24	Market capitalisation	772,028

investors who have long been waiting for the stock market to gain some vibrancy.

"It was a bad year for us," said investor Hedayetul Islam.

To him, the market performed well during the first quarter of last fiscal year. No good news came afterwards for most investors.

"Now, the market is in a bad condition... And the situation is deteriorating... I am doubtful whether even one out of 1,000 investors was able to make gains in the last three months," said Islam.

The Bangladesh Securities and Exchange Commission (BSEC) launched

the floor price, which is the lowest price at which a stock can be traded, for the second time in July of 2022.

The aim was to halt the free-fall of the indices amid uncertainties brought on by the lingering fallout of the coronavirus pandemic and the Russia-Ukraine war.

The price control could do little to provide investors some confidence, for which the market remained dull, prompting the regulator to lift the restriction in February 2024.

This caused prices to fall amidst persistent economic challenges.

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Cabinet approves new export policy

STAR BUSINESS REPORT

The cabinet yesterday approved the draft export policy for 2024-27, keeping in mind the challenges presented by Bangladesh's graduation from a least developed country (LDC) to a developing one in 2026.

Under the new policy, the government aims to export \$110 billion worth of goods by FY27, cabinet Secretary Mahub Hossain said after a cabinet meeting led by Prime Minister Sheikh Hasina at her office in Dhaka.

The government has devised strategies to enhance the competitiveness of local exporters in the global markets as Bangladesh will lose special trade preferences once it graduates from LDC status, Hossain added while briefing journalists at the secretariat in Dhaka.

The prime minister directed local exporters to promote not only software but also electronic devices, the cabinet secretary added.

She also suggested increasing exports to new markets and providing special facilities to female exporters and the pharmaceuticals and medical equipment sector.

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