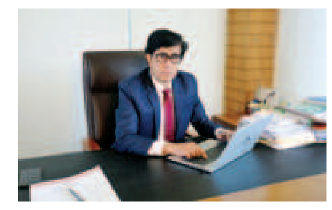
DHAKA WEDNESDAY JULY 3, 2024, ASHAR 19, 1431 BS ● starbusiness@thedailystar.net

Star BUSINESS

Citizens Bank, the 61st commercial bank of Bangladesh, has successfully expanded its footprint and has kept growing.

Interview on B4

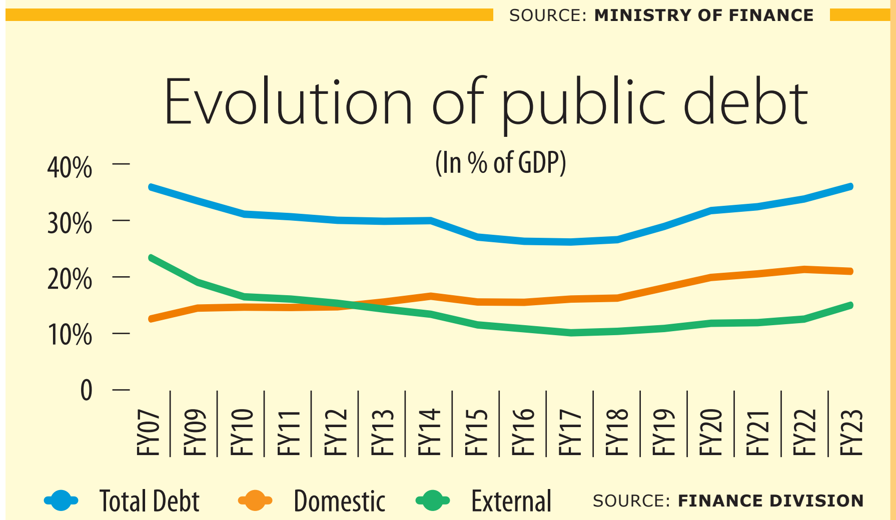


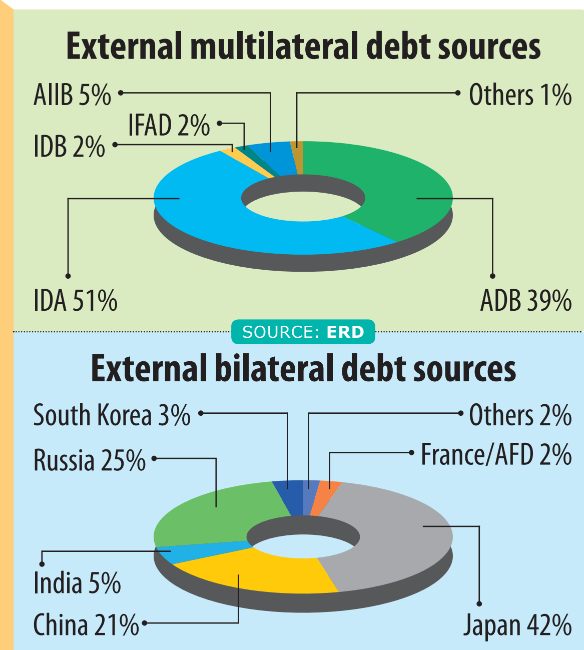
Bangladesh eyes longer-term loans at fixed rates to manage debt better

EXISTING DEBT (As of June 30, 2024)

	External debt	Domestic debt	Total debt
Amount (In millions of taka)	7,995,058	10,355,298	18,350,356
Amount (In millions of USD)	68,333	88,506	156,840

SOURCE: MINISTRY OF FINANCE





REJAUL KARIM BYRON

The government aims to borrow more from the domestic sector at fixed rates and for longer periods and cut reliance on Treasury bills with a view to keeping debt risks lower and avoiding exchange rate volatility.

Although the risk posed by the ballooning debt is still moderate for Bangladesh, the exchange rate risk has heightened over time owing to its growing reliance on foreign loans, a government paper said.

This has prompted the government to rethink about its borrowing strategy.

According to the government's Medium Term Debt Management Strategy, the risk emanating from the existing debt portfolio is moderate primarily because most loans are denominated in the local currency while external loans have a long maturity period.

The domestic debt is, however, more expensive than external loans, it said.

The data on Bangladesh's debt portfolio from the fiscal year of 2006-07 to 2022-23 highlights the shift in the composition of the total debt and the factors influencing it.

The total debt as a percentage of gross domestic product decreased from 35.9 percent in FY07 to 26.2 percent in FY17.

There has been an upward trend since then, reaching 36 percent in FY23.

At the end of the just-concluded fiscal year, domestic debt is projected at 56 percent while the remaining is external debt.

The higher refinancing risk associated with domestic debts due to its shorter average time to maturity (ATM) and a higher percentage of debt maturing within a year (30.7 percent) indicates the necessity to further extend the maturity profile.

ATM is defined as the average remaining time to maturity for each security or contract composing a debt instrument, a commonly used measure for assessing interest rate sensitivity.

While a substantial portion of the debt has been secured at fixed rates, the shorter average time to refixing is 3.8 years for domestic debts compared to 8.8 years for external debts.

"This suggests that domestic debt is more vulnerable to interest rate fluctuations," said the document. The average time to refixing is a measure of weighted average time until all the principal payments in the debt portfolio become subject to a new interest rate.

"Strategies should, therefore, aim to increase the proportion of longer-term fixed-rate domestic debt."

Bangladesh's economy has grown at a faster pace over the past decade and a half, and the government plans to accelerate it.

In order to achieve the goal, the pace of investment in soft and physical infrastructure needs to pick up. Since revenue collections are not enough to cover the much-needed investments, Bangladesh has resorted to deficit financing, in line with standard practices around the world.

Sourcing this necessary financing through external as well as domestic sources is always competitive, the document said.

It said due to the terms of trade deterioration because of the war in Ukraine, Bangladesh's foreign currency reserve has come under severe pressure.

The gross reserves stood at $21.99 billion on Thursday, down from $41.7 billion in August 2021.

"The need to keep financing the growth-inducing investments and continue the reform in the fiscal sector with a keen focus on maintaining the debt sustainability is an imperative now," the document said.

The government has identified four alternative financing strategies, and they are being considered to cover the financing needs from FY24-25 to FY26-27.

Strategy 3 is the most preferred considering the cost and risk of new debt as it puts more emphasis on domestic market development, it said.

It examines an expansion in the issuance of medium-term and long-term T-bonds, consistent to support the development of the securities market.

The government has targeted to bring down the external debt to 16.7 percent of the total loan in FY27 from 22.9 percent in FY25. On the other hand, it aims to raise

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Net reserves now $16.77b, BB releases data for the first time

STAR BUSINESS REPORT

The central bank has shared data of the net international reserves (NIR) of Bangladesh for the first time.

The NIR now stands at $16.77 billion, Bangladesh Bank Spokesperson Md Mezbaul Haque told reporters yesterday.

The net reserves represent readily available cash derived from gross reserves.

It is calculated by excluding short-term liabilities from the gross reserves in line with the International Monetary Fund's BPM6 formula.

The central bank usually calculates the foreign exchange reserves using two methods.

One is as per the Balance of Payments and International Investment Position Manual (BPM6), the method used by the IMF, while the other is produced using the central bank's own calculation method.

As per the BPM6 method, the gross reserves stood at $21.83 billion on June 30, up from $19.4 billion on June 26, the spokesperson said.

As per the central bank's own method, gross reserves stood at $26.88 billion on June 30.

Bangladesh's monthly import bill is around $5 billion, which means Bangladesh will be able to cover at least three months of import bills using the NIR.

Bangladesh also achieved the targeted foreign exchange reserves set by the IMF for the first time since agreeing to a $4.7 billion loan programme, which has also played a big role in tackling the forex crunch.

The target was set at $14.7 billion for June.

The reserves also received a boost on June 24, when the IMF approved $1.15 billion in the third tranche of the loan.

The country's foreign exchange market has been volatile because of higher dollar outflow despite the government's austerity measures, including controlling import payments.

Since August 2021, the forex reserves have fallen by $24 billion.

BB injected $12.79b into banks in FY24

MD MEHEDI HASAN

The Bangladesh Bank injected $12.79 billion into banks from its reserves in the just-concluded 2023-24 fiscal year as banks combatted a severe US dollar crisis which hampered import payments.

In exchange, the banking regulator mopped up the equivalent amount of local currency against the US dollar, which is a major reason for the liquidity crisis in terms of the local currency in banks, said a senior official of the central bank.

Since FY22, the central bank has continued to pump dollars into banks from the forex reserves, which caused the reserves to come down to risky levels.

The central bank pumped $7.62 billion into banks in FY22, a record $13.58 billion in FY23 and $12.79 billion in FY24, central bank data showed.

As per the IMF calculation method (BPM6), gross forex reserves stood at $21.83 billion as of June 30 while net international reserves stood at $16.03 billion, according to BB data.

The forex reserves stood at $33.38 billion (BPM6) at the end of FY22.

> **The central bank pumped $7.62 billion into banks in FY22, a record $13.58 billion in FY23 and $12.79 billion in FY24**

However, the central bank is still injecting dollars into banks despite the decline in import payments due to various import control measures that have been introduced since April 2022.

As a result of those measures, the settlement of letters of credit (LCs), which reflects actual import payment, stood at $49.34 billion during July to March of FY24, down 12.59 percent year-on-year, BB data showed.

Banks, especially state-run lenders, are taking dollar support from the central bank to pay import bills owed by government institutions like the Bangladesh Petroleum Corporation, Bangladesh Agricultural Development Corporation and Bangladesh Chemical Industries Corporation, among others.

Md Mezbaul Haque, executive director and spokesperson of the central bank, told The Daily Star that the central bank has now reduced dollar support for banks.

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STOCKS

DSEX ▲	CASPI ▲
0.22%	0.03%
5,340.18	15,072.08

COMMODITIES

Gold ▼	Oil ▲
$2,324.63 (per ounce)	$84.02 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.09%	▲ 0.12%	▲ 0.88%	▲ 0.07%
79,403.17	40,074.69	3,367.90	2,997.01

Rangs e-Mart brings nine new TV models of LG

STAR BUSINESS REPORT

Rangs e-Mart is going to introduce nine new models of televisions from LG's latest series in Dhaka today.

The TVs will be launched at a grand event at the Gulshan-2 showroom of Rangs e-Mart, a sister concern of Rancon Holdings Ltd.

LG Electronics Regional CEO Jae Seung Kim, its Managing Director in Singapore Sung Hoo Chung, Managing Director in Bangladesh Yongil Ko, and Divisional Director of Rangs e-Mart Yamin Sharif Chowdhury are expected to be present at the launch.

The new lineup spans four series, featuring two televisions from the OLEDC3 series, one from the QNED80 series, five from the NANO75 series, and one from the UR8050 series.

These include the 65OLEDC3, 55OLEDC3, 55QNED80, 75NANO75, 65NANO75, 55NANO75, 50NANO75, 43NANO75, and 43UR8050, according to a press release.

Rangs e-Mart said it was excited to bring these state-of-the-art LG TVs to the Bangladeshi market, continuing its commitment to providing high-quality, advanced technology products to its customers.

The new OLED series includes 65OLEDC3 and 55OLEDC3 models, which offer advanced features such as OLED display technology, Alpha Nine Generation Five AI processor, webOS smart TV platform, Think AI, voice control, HDMI port with gaming features, USB port, Bluetooth, and Wi-Fi.

The QNED series, represented by the 55QNED80 model, utilises a quantum nanoshell display technology and LED backlighting technology. It also incorporates the Alpha Seven Generation Four AI Processor, enhancing sharpness, clarity, and picture colour.

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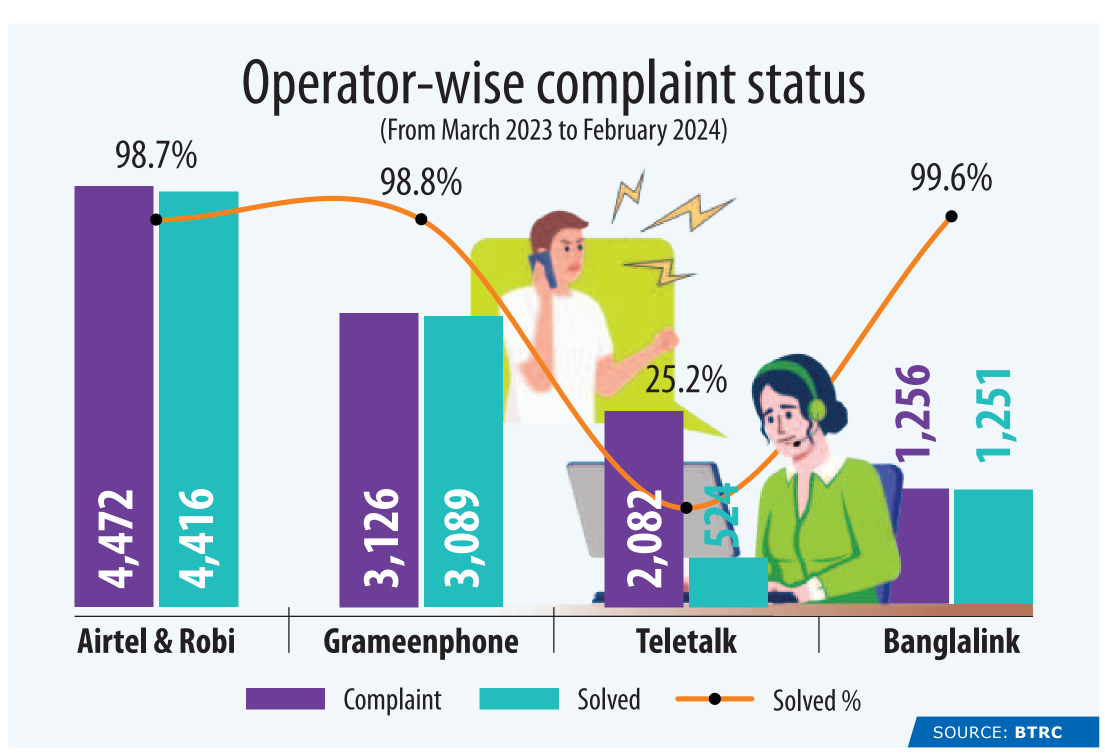
Complaints bring no solutions for most Teletalk users

MAHMUDUL HASAN



A staggering majority of customers of state-run telecom operator Teletalk are getting no solutions even after logging complaints through the call centre of the Bangladesh Telecommunication Regulatory Commission (BTRC).

During March 2023 to February 2024, just under 75 percent of the complaints logged through the BTRC's call centre, known as 100 (shortcode), were not resolved or are still pending a solution, according to BTRC's documents.

In other words, of the 2,085 complaints logged through the call centre, only 524 or 25.2 percent were resolved.

In the same period, private telecom operators have resolved more than 98 percent of customers' grievances.

There were 4,472 complaints filed against Robi Axiata (including Airtel), of which 4,416 or 98.7 percent were resolved.

A total of 3,126 complaints were filed against Grameenphone, of which 3,089 or 98.8 percent were resolved.

Customers logged 1,256 complaints against Banglalink, of which 1,251 or 99.6 percent, were resolved -- the highest in the industry.

The grim scenario unfolded against the backdrop of Teletalk losing customers in spite of the government spending public money amounting to thousands of crores behind its network.

In fact, Teletalk was the only operator in 2023 to lose customers. Its subscriber base narrowed by 2.3 lakh year-on-year to 64.6 lakh last year.

It now has 65.5 lakh customers.

On the contrary, the overall subscriber base in Bangladesh grew by 1.05 crore in 2023 on the back of solid performances by the other three operators.

Considering overall complaints relative to customer base, Teletalk users disproportionately filed more complaints.

From March 2023 to February 2024, 10,936 complaints were lodged through BTRC's customer centre.

Teletalk, which has 65.5 lakh customers out of a total of 193.7 million mobile subscribers in the country, holds a market share of only 3.38 percent.

However, the share of complaints against the state-run operator stood at 11.49 percent.

On the other hand, Grameenphone, which has a market share of 43.33 percent, accounted for 28.58 percent of total complaints.

Robi, with a market share of 30.21 percent, accounted for 40.89 percent while Banglalink, with a market share of 23.09 percent, accounted for 19.04 percent.

"Most customer complaints are about the lack of network coverage. We don't have enough base transceiver stations (BTS), this is why they experience this issue," said Nurul Mabud Chowdhury, managing director

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