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Star BUSINESS

BB buys nearly $1b from market as dollar falls

MD MEHEDI HASAN

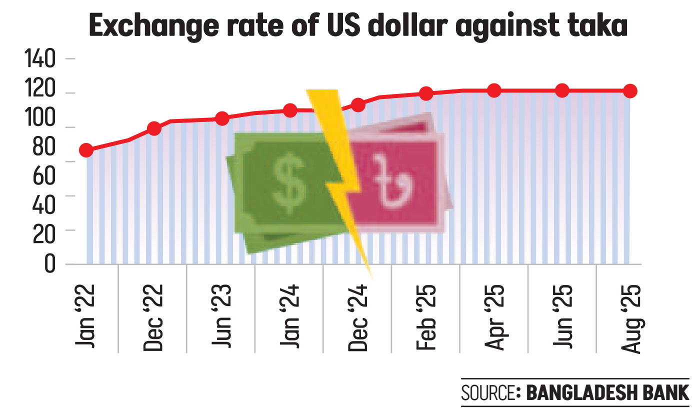
The Bangladesh Bank (BB) has purchased around $1 billion in just one and a half months as the dollar weakened against taka amid steady inflows and subdued import demand.

Between 13 July and August, the central bank bought $948 million from commercial banks through seven auctions, reversing its earlier approach of selling dollars to contain the rapid depreciation of local currency taka and support state agencies in paying import bills.

Over the past three years until fiscal year 2024-25, the BB sold more than $25 billion from its foreign exchange reserves, largely to cover import bills for fuel, fertiliser and food.

KEY POINTS

- BB buys USD to maintain band
- Dollar purchase boosts reserves
- Forex reserves rose to $**26.16**b on Aug 28 (BPM**6**)
- USD trades at Tk **121** to Tk **122**



According to economists, a weaker dollar could hurt remittances and exports, and the recent purchases by the BB are intended to maintain a steady supply of the greenback.

After the fall of the Awami League-led government in August last year in a mass uprising, the BB suspended dollar support for government imports amid low foreign currency reserves.

Subsequently, a larger-than-usual inflow of remittances and improved export earnings provided the interim government with some much-needed relief.

In March this year, as foreign exchange reserves began to rebound and the decline of taka slowed, the central bank began to purchase dollars.

A senior BB official said the dollar purchase is to stabilise the forex market, since sharp upward or downward movements are not good for the market.

Earlier, in May, the BB adopted a floating exchange rate regime to meet conditions tied to a $5.5 billion International Monetary Fund (IMF) loan programme, a year after introducing a crawling peg system under which the exchange rate moved within a band.

Central bank officials said that despite the market-based exchange rate, they would intervene if the rate rose above Tk 123 per dollar or fell below Tk 121, maintaining the exchange rate band.

Yesterday, the dollar traded at Tk 121.72, according to central bank data.

The purchases are also part of a plan to rebuild foreign exchange reserves, which had fallen below $20 billion, raising concerns about the country's ability to pay for imports, according to officials.

Reserves began to recover this calendar year thanks to higher remittances, export earnings and a slow import growth. It reached $26.19 billion by August 28, according to the IMF's calculation method.

At the same time last year, reserves stood at $20.59 billion, BB data show.

Areif Hussain Khan, executive director and spokesperson for the BB, said the central bank intervenes to prevent excessive market volatility.

"We want to keep the forex market stable because neither a big rise nor a steep fall is a good indicator. If the dollar weakens too much, exporters and remitters feel discouraged and suffer losses," said Khan.

Ashikur Rahman, principal economist at the Policy Research Institute, said low investment and reduced imports of capital machinery have lowered demand for dollars.

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Bangladesh enters 5G era with limited rollout

MAHMUDUL HASAN

Bangladesh has finally entered the 5G era, as the country's top two mobile operators yesterday announced the limited launch of the technology, aiming to provide ultra-fast internet, low latency, improved connectivity, and support for smart services and digital innovation.

Unlike previous generations, 5G, or the fifth generation of global wireless technology, can handle far more devices simultaneously, making it crucial for the Internet of Things (IoT), smart cities, autonomous vehicles, and advanced healthcare applications.

Robi Axiata, the country's second-largest operator, became the first to launch the service in seven areas across Dhaka, Chattogram, and Sylhet yesterday afternoon.

The areas include Fakirapul (Paltan), parts of Dhaka University, Moghbazar Chowrasta, Khulshi in Chattogram, and Sagor Dighir Par.

Grameenphone (GP), the country's largest telecom operator, followed suit within less than two hours. In a surprise move, the company's CEO Yasir Azman announced the launch of its 5G service in all divisional cities in a post on GP's Facebook page.

Although GP claimed coverage in all divisional cities, users in Kawran Bazar, Dhaka, reported not receiving a 5G connection.

Company officials said the rollout is initially limited to certain areas and will gradually expand.

Robi has not disclosed the number of towers initially connected, but Shahed Alam, chief corporate and regulatory affairs officer, said the operator aims to connect 200 towers by November 2025.

Bangladesh's mobile journey began with 2G in the mid-1990s, when Grameenphone and Robi introduced GSM services, making voice calls and SMS widely accessible.

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Remittance rises 9% in August

STAR BUSINESS REPORT

Remittance inflow to Bangladesh grew 9 percent year-on-year in August, the second month of the current fiscal year.

Expatriates sent home $2.42 billion during the month, up from $2.22 billion in the same period a year earlier, according to the latest Bangladesh Bank data.

The increase has been attributed to a narrowing gap between official and informal exchange rates, a crackdown on money laundering, and a renewed sense of patriotism among expatriates following last year's political changeover, industry insiders said.

However, August's inflow was 2.22 percent lower than the previous month. In July, Bangladesh received $2.47 billion in remittances.

Growth in August was also weaker compared to recent months: 30 percent in July, 11 percent in June, 32 percent in May, and 34.6 percent in April, the data showed.

Areif Hossain Khan, executive director and spokesperson of the central bank, said the latest figure reflects sustainable growth.

"If we want higher growth in remittance earnings, then we will have to increase manpower exports," he added.

Between July and August of this fiscal year, Bangladesh received $4.9 billion in remittances, up 18.4 percent from $4.13 billion in the same period last year.

In fiscal year 2024-25, remittance flow crossed $30 billion for the first time and rose by a record $6.4 billion. Before this, Bangladesh received the highest volume of remittance at $24.8 billion in fiscal year 2020-21.

Have missing containers shaken Ctg port's credibility?

ANALYSIS

MOHAMMAD SUMAN, *Ctg*

Chattogram port, Bangladesh's busiest maritime gateway, plays a central role in the country's trade, handling nearly 95 percent of imports and exports. Its smooth operation is critical not only for the $100 billion maritime trade it facilitates annually but also for the broader competitiveness of Bangladesh's economy as it prepares to graduate from Least Developed Country status.

In recent months, however, three goods-laden containers have reportedly gone unaccounted for within the port's secured premises, prompting concern among traders, logistics operators and analysts.

While the port authority maintains that the missing containers are likely still on site, the incidents have highlighted the operational and oversight challenges that accompany the rapid growth of Bangladesh's trade volumes.

Of the missing containers, two, containing 51 tonnes of fabric, had already been auctioned by customs in February after importers failed to clear them. The third one, a 40-foot container, was found missing in April. In each case, the goods had entered the port and passed into official custody. In each case, they could not be traced.

"I had personally inspected the goods before winning the auction but was told by port officials on February 25 that the containers could not be found," Mohammad Selim Reza, buyer of one of the containers, said.

The container that went missing in April was declared to hold 25 tonnes of fabric.

The container, which arrived at the port on December 29 last year aboard MV Maersk Songkhla from Ningbo Port, was stored at the New Mooring Container Terminal (NCT). It was declared under the Import General Manifest (IGM) by shipping agent CMX (Pvt) Ltd, listing Seasons Dresses Ltd of Tongi, Gazipur as the importer.

However, Md Bahauddin Chowdhury, managing director of Seasons Dresses Ltd, denied any knowledge of the shipment. "My company has been shut down for 11 months."

The port authority maintains that the containers are likely still inside the premises. But with six months having passed since the first disappearance, importers and analysts see the incidents as evidence of weaknesses in Bangladesh's most critical trade hub.

This is not without precedent. In 2018, customs authorities reported that 295 consignments had gone missing from Chattogram's restricted area. They were supposed to be auctioned after importers failed to claim them. A high-level probe committee was formed, but no clear explanation was ever made public.

The recurrence has revived long-standing questions about how such losses can happen in a system designed to leave little room for irregularities.

HOW THE SYSTEM WORKS

Normally, before cargo arrives, shipping agents must file an Import General Manifest with the revenue authority. Clearing and forwarding (C&F) agents then lodge a Bill of Entry, which contains the relevant banking details and a full description of the goods on the server.

They also submit all related documents to customs officials in person, initiating the assessment process of the goods. After all the duties are paid and the paperwork is submitted, the importer becomes eligible to take delivery.

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Wahiduddin Mahmud

'Universal social protection more urgent than ever'

STAR BUSINESS REPORT

The urgency to establish a universal social protection system has never been greater for Bangladesh, Planning Adviser Wahiduddin Mahmud said yesterday, as the country moves towards upper-middle-income status.

The country must secure minimum protections for all citizens before its planned graduation from least developed country (LDC) status next year, he said at the National Conference on Social Protection 2025 at the Bangladesh-China Friendship Conference Centre in Dhaka.

The Cabinet Division and General Economics Division, in association with Australian Aid and the UNDP, organised the event.

"As a student of economics, I firmly believe that no country, no matter how poor, can be so destitute that it cannot provide its people with at least the essentials for survival.

"Bangladesh is no longer at that stage. It is set to graduate from the LDC category and gain lower-middle-income status. There is now no excuse not to establish universal social protection for all," he said.

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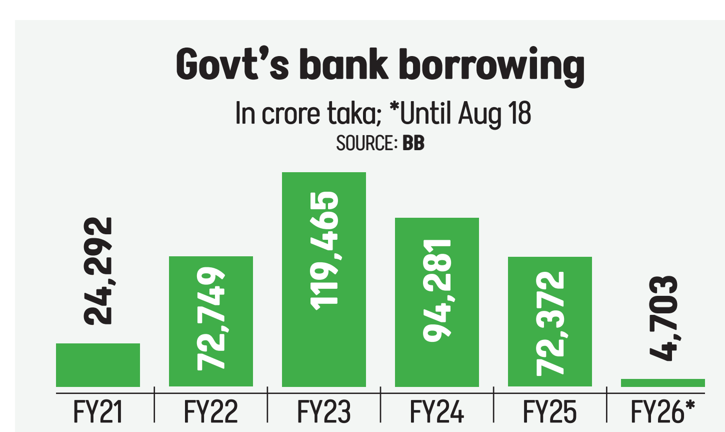
Govt's bank borrowing falls amid weak ADP spending



MD MEHEDI HASAN

Government borrowing from banks has slowed in the first weeks of the current fiscal year thanks to sluggish development spending curbing the appetite for funds.

From July to August 18 of the current fiscal year, the government took out Tk 4,703 crore from the banking system, a 77 percent drop compared with the same period a year earlier, according to the latest Bangladesh Bank data.

In the corresponding period last year, borrowing stood at Tk 20,180 crore.

In the first seven weeks of the current fiscal year, the government took Tk 6,495 crore from the Bangladesh Bank, mainly through ways and means advances. This allows the government to secure short-term loans from the central bank to manage temporary cash flow mismatches between its receipts and payments.

During the period, the government repaid Tk 1,792 crore to scheduled banks.

The national budget for the current fiscal year set a target of Tk 104,000 crore for government borrowing from the banking sector.

According to central bank data, government bank borrowing amounted to Tk 72,372 crore in the fiscal year 2024-25, down from Tk 94,282 crore in FY 2023-24.

"Development project implementations are progressing very slowly, mainly because the interim government is being extremely cautious, thoroughly reviewing projects to assess their

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