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Banks asked to settle inward remittances in a day

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has instructed banks to credit inward remittances to beneficiaries' accounts on the same day or the next business day in order to reduce delays and improve efficiency in cross-border payment processing.

The central bank issued a circular in this regard yesterday, which took effect immediately. However, banks have been given a transition period until March 31, 2026, to fully comply with the new instructions.

Under the circular, banks must promptly notify customers through secure electronic channels once an inward remittance message is received.

Remittances received during banking hours must be credited on the same business day, while those received after banking hours must be credited on the next business day.

To speed up processing, banks have been advised to adopt straight-through processing (STP) or risk-based expedited processing methods.

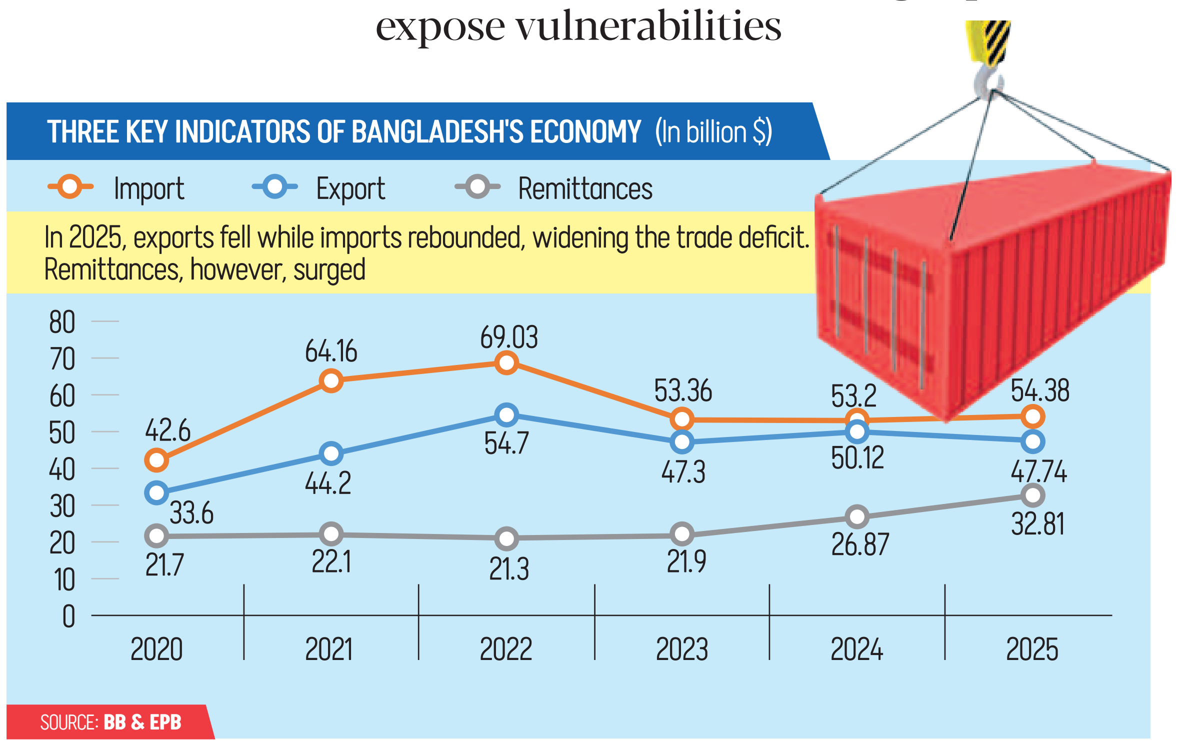
Where essential information is available, beneficiary accounts may be credited even if some documentation or compliance checks are pending, with the remaining requirements to be completed afterwards, according to the circular.

If post-credit review is not feasible, banks will be required to complete pre-credit verification and settle the transactions within three business days.

The banking regulator has also directed banks to reduce reliance on end-of-day nostro account statements and instead use intraday credit confirmations to accelerate settlement.

Uneasy recovery: strong reserves, weak exports

Record remittances and recovering foreign-exchange reserves offer a rare cushion, but weakening exports expose vulnerabilities



SOHEL PARVEZ

For Bangladesh's economy, the year 2025 closed not with a definitive verdict, but with a mixed bag that has left economists in more than the usual anxiety. On one side of the ledger, the news was almost jubilant: remittances surged to an all-time high of $32.8 billion. The foreign-exchange reserves, which were over $21 billion a year ago, have staged a reassuring recovery. As the new year dawned, readily usable reserves stood at $28.5 billion, enough to cover five months of import bills. This is a cushion comfortably above the International Monetary Fund's three-month threshold, a statistic that, in simpler times, might have been cause for a victory lap.

While some indicators are brightening, the factory floors are telling a gloomier story. Exports that have driven Bangladesh's economic growth for decades stumbled in the final months of 2025. The downturn exposes a structural fragility that has long worried economists: the country's overwhelming reliance on the readymade garment industry. Garment exports managed only a tepid one percent year-on-year increase, bringing in $38.82 billion. This stagnation in the primary sector was compounded by a collapse in others; shipments of frozen fish, agricultural products, and various manufactured items all fell, dragging the overall export figures down with them.

"Falling exports are deeply concerning and point to a structural weakness that remittances alone cannot offset", said Mohammad Abdur Razzaque, chairman of Research and Policy Integration for Development, a research organisation, cautioning

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Khaleda Zia strengthened stock market foundation

Say sector leaders

STAR BUSINESS REPORT

Former prime minister Khaleda Zia made a significant contribution to building the institutional foundation of Bangladesh's capital market by introducing supportive policies and establishing regulatory bodies, according to market leaders.

The Dhaka Stock Exchange (DSE) and the DSE Brokers Association of Bangladesh (DBA) jointly organised a doa mahfil yesterday to mark her departure on December 30.

DSE Managing Director Nuzhat Anwar said, "Khaleda Zia was a resolute and visionary leader whose contributions to the country's economic development remain particularly memorable."

She added that during her tenure, the Bangladesh Securities and Exchange Commission (BSEC) was established in 1993, playing a key role in strengthening the institutional foundation of the capital market.

"Her presence at the award ceremony on March 2, 1994, where the top ten listed companies of DSE were honoured with national awards, is an important example of state recognition of the industrial and corporate sector," Anwar said.

"Khaleda Zia was a humane politician who always respected opposing views," said Saiful Islam, president of DBA.

By opening the capital market to foreign investors in 1991, she ushered in a new chapter for the sector. "It was her visionary decision that paved the way for the modern capital market of today," he added.

Although challenges

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BB buys over half a billion dollars within a week to shore up reserves

STAR BUSINESS REPORT

The Bangladesh Bank (BB) purchased $617 million from commercial banks in the first seven days of January as part of its ongoing intervention in the foreign exchange market.

The move comes as the central bank seeks to rebuild reserves and keep the market stable. With the latest purchase, BB has bought a total of $3.75 billion from the banking sector so far in the current fiscal year (FY) 2025-26.

"We are purchasing dollars with two objectives in mind: rebuilding reserves and keeping the foreign exchange market stable," said Md Habibur Rahman, deputy governor of the Bangladesh Bank. "As foreign currencies are available in the market, we are buying," he added.

Reserves have been recovering since last year, supported by higher remittance inflows, stronger export earnings, and slower import growth.

After years of selling greenbacks, the central bank now aims to raise gross foreign exchange reserves to $35 billion in the near term.

Yesterday, BB made an Asian Clearing Union (ACU) payment of $1.535 billion. Following that, foreign exchange reserves stood at $27.85 billion under the IMF's calculation method, while BB's own calculation showed reserves at $32.44 billion.

According to BB data, reserves have increased by more than $8 billion over the past year.

After selling more than $25 billion from reserves between FY21 and FY25 to finance imports of fuel, fertiliser, and food, the central bank began purchasing dollars again at the start of the current fiscal year as foreign currency supply improved.

A senior BB official said the intervention aims to prevent sharp volatility in the exchange rate.

Despite adopting a floating exchange rate in May last year under a $5.5 billion IMF loan programme, the central bank continues to intervene if the dollar rises above Tk 123 or falls below Tk 121 to maintain stability.

Following the fall of the Awami League-led government in August 2024 amid a mass uprising, BB had suspended dollar support for government imports due to depleted reserves.

Subsequent increases in remittances and export earnings provided relief to the interim government, allowing the central bank to resume dollar purchases in March 2025.

Dhaka eateries hit by LPG supply crunch, price hike

SUKANTA HALDER

Restaurant owners in Dhaka are grappling with a deepening liquefied petroleum gas (LPG) crisis, marked by soaring prices and constrained supply despite official data showing steady imports and adequate stock levels.

Importers and government officials allege that some wholesalers are trying to create an artificial shortage by disrupting supply.

Restaurants across the capital say they are facing limited deliveries and steep price hikes, driving up food production costs and threatening daily operations.

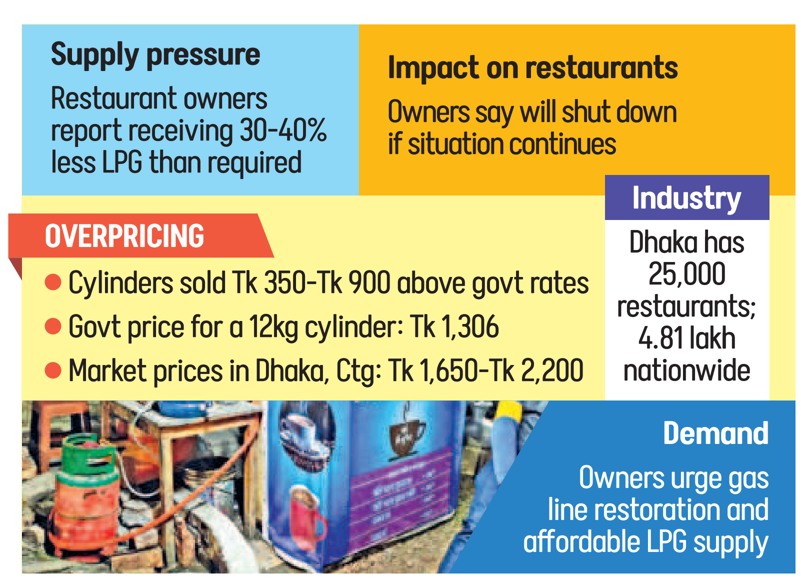
At wholesale and retail levels, suppliers are selling 12kg LPG cylinders at Tk 350 to Tk 900 above the government-fixed rate, even as data from the National Board of Revenue (NBR) indicates no major disruption in imports.

The Bangladesh Energy Regulatory Commission (BERC) set the January retail price of a 12 kg LPG cylinder at Tk 1,306. However, in markets across Dhaka and Chattogram, cylinders are selling between Tk 1,650 and Tk 2,200.

Restaurant owners say the situation on the ground is worsening by the day. Many report receiving only 30 to 40 percent of their daily LPG requirements, forcing them to pay inflated prices just to keep kitchens running.

At Sky Lounge in Mirpur-1, operators say they typically require around 10 cylinders a day but are often supplied only two or three.

"We need 10 LPG cylinders per day, but we are getting only two or three, that too not at the government-fixed price," said Saad Bin Siraj, assistant manager of the restaurant.



Siraj said they are paying roughly Tk 400 more per cylinder than the official rate. "The situation is so severe that we are willing to pay the higher price just to keep our operations running."

Despite rising costs, food prices have not yet been raised. "Prices cannot be changed suddenly because menus are already printed. For now, we are continuing operations in the hope that the gas crisis will be resolved."

Only four cylinders remained at the restaurant yesterday, Siraj added. "These may last until today or tomorrow. If no further supply is received, the restaurant will be forced to shut down."

Similar accounts are emerging from other parts of the city. At Old Terrace in Dhanmondi, restricted LPG deliveries are disrupting daily operations.

"If we need three or four cylinders per day, we are barely getting one," said Rakib Mia, supervisor of the restaurant.

He said inflated prices have compounded the problem, while printed menus prevent immediate price revisions. The restaurant's gas line is also operating at minimal capacity, making it difficult to provide normal service. "If the supply does not improve soon, the restaurant may be forced to shut down."

The restaurant sector includes an estimated 25,000 eateries in Dhaka and about 4.81 lakh nationwide, employing roughly 30 lakh people, according to the Bangladesh Restaurant Owners' Association (BROA).

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Talks on extra duty on yarn imports end without consensus

Decision now heads to commerce ministry

REFAYET ULLAH MIRDHA

The garment exporters, textile millers and senior officials of the Bangladesh Trade and Tariff Commission (BTTC) could not reach a consensus on a proposal to impose a 20 percent safeguard duty on yarn imports, pushing the issue to the commerce ministry for a final decision.

At a meeting held at the BTTC office in Dhaka yesterday, leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) opposed the extra duty proposal by local spinners.

The apparel makers and knitwear manufacturers said it would increase production costs and hurt the global competitiveness of local garment items.

During the meeting, chaired by BTTC Chairman Md Abdul Gafur, three alternatives were discussed. Those are imposing a 20 percent safeguard duty on yarn imports, providing a 5 percent incentive to garment exporters for using locally spun yarn, or withdrawing the bonded warehouse facility for importing 20 to 30 count yarn, which local mills say they can adequately supply.

On condition of anonymity, a businessman present at the meeting said BGMEA and BKMEA leaders agreed only to the incentive option and rejected the other two proposals.

They argued that a safeguard duty would raise yarn prices, while withdrawal of the bond facility would disrupt exporters' operations and lead to loss of business.

The businessman said a segment of the Bangladesh Textile Mills Association (BTMA) leaders also agreed to the 5 percent incentive proposal. As no consensus could be reached among the stakeholders, the issue will now be sent to the commerce ministry for a decision.

A spinner present at the meeting said many importers misuse the bonded facility by selling imported yarn in the local market illegally, which he said was damaging domestic producers.

He said the domestic yarn market for fabric and garment production is worth around $12 billion and is mainly supplied by local spinners. However, around $5 billion worth of locally produced yarn remained unsold last year as demand was met through imported yarn.

Meanwhile, a knitwear exporter said sales of yarn from local textile mills had declined to some extent, but this was not due to yarn imports.

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