

Bangladesh pays first foreign bill in taka

- A Monitor Desk Report

Date: 08 June, 2023



Dhaka: Bangladesh has made the first payment for a foreign loan-funded project in taka, in an effort to preserve foreign currency reserves.

The project is on constructing a 24-kilometre elevated expressway connecting Dhaka to Ashulia at a cost of BDT 17,653 crore, or USD 1.2 billion.

China is providing 85 per cent of the cost as a loan at 2 per cent interest, payable in 20 years, including a grace period of five years. The remaining 15 per cent is being borne by the Bangladesh government.

The Export-Import Bank of China is paying the loan part in US dollars to the Chinese contractor, China National Machinery Import and Export Corporation, who is implementing the project. The Bangladesh government will reimburse the bank.

As for the 15 per cent of the Bangladesh government, as per report, Shahabuddin Khan, Project Director, said, "We convinced them (the contractor) to accept the bill in the taka as they will have some spending to

do in Bangladesh."

"They accepted our proposal taking into consideration the present context," he said.

To address a demand-supply gap in the foreign exchange market, the Bangladesh Bank has sold foreign currencies and allowed the depreciation of the taka.

Owing to higher import bills compared to combined receipts from export and remittance, the foreign exchange reserves plunged to USD 29.92 billion on May 31 from USD 42.20 billion on the same day last year, data from the central bank showed.

Prime Minister Sheikh Hasina inaugurated the construction in November 2022 and the first payment of BDT 1,339 crore, or USD 130 million, was made in October 2022. Of the sum, the Bangladesh government's portion amounted to BDT 34 crore.

The next payment of BDT 600 crore, or USD 58.25 million, will be made in June 2023 and of it, the Bangladesh government will pay BDT 90 crore.

"This will continue until the situation pertaining to the foreign currency reserves improves," said Khan.

Once completed, the expressway will connect Hazrat Shahjalal International Airport with Abdullahpur, Ashulia, Baipail and Dhaka Export Processing Zone on the Nabinagar-Chandra highway and ensure quick entry and exit from and to the capital. It will connect up to Kutubkhali under Jatrabari Police Station in Dhaka.

- T