

Politics: Path To Democracy Finally Revealed

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Dollar Market Signs Of Stability

New Governor Plays A Pivotal Role

Kamal's Obsession With GDP Corrupts BBS



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RAIL LINK
PROJECT**

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BSRM STEEL: 90%



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TUNNEL**

Steel Standard:
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HRB 400E

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Business Outlook

From the Editor

Sustain change in monetary policy

It's definitely good news that the country's forex market is getting stable. According to our report, the gap between the US dollar price in the formal banking sector and the kerb market has been reduced to more than half in the past fortnight under the new Bangladesh Bank management led by its governor Ahsan H Mansur. Surpassing the odds in recent years the country's foreign market has been showing a reverse trend in recent days. Earlier, BB had been selling dollars from forex reserves in the past three fiscal years. In the 2021-22 fiscal year, \$7.62 billion was sold from reserves. The amount increased to \$13.58 billion in 2022-23. In 2023-24, around \$12.79 billion was sold causing depletion of forex reserves to around \$20 billion from \$48 billion in August 2021. But now the BB is buying surplus dollars from the market. The worst time the country had to pass in dealing with the foreign current reserve during the period of governor Abdur Rauf Talukder of Awami League regime. There was a huge gap between the dollar prices in the banks and the kerb market. On May 9, 2024, money changers sold greenback at Tk 125 in the kerb market compared to Tk 118 in the banking channel after taka saw its biggest single-day devaluation by Tk 7. On the same day, BB introduced a crawling peg system for buying and selling foreign currencies, setting the Crawling Peg Mid-Rate at Tk 117 per US dollar from the previous Tk 110 as per the suggestion of the International Monetary Fund under the \$4.7 billion loan programme. The immediate past political regime which fell with AL chief Sheikh Hasina fleeing to India amid a mass uprising on August 5 had to start borrowing from the IMF in 2023 to overcome the dollar crisis. Succeeding Abdur Rauf Talukder with the fall of one-and-a-half decades long autocratic regime of Awami League, the new governor restored some basic principles and norms for bringing about the positive signs which became an impossible task for the past two years. Each dollar is selling at Tk 118-120 on the interbank forex market while it was fetched at Tk 120 to Tk 121 in the kerb market. On September 9, finance adviser Salehuddin Ahmed said the release of printing money worth around Tk 60,000 crore by the ousted government was the major bar to bringing down the runaway inflation. There were many reasons for the current high inflation, but the money printing spree by the Bangladesh Bank in the past two years was the main one to be blamed.

We welcome this positive change. But all the success will depend on its sustainability. So, we will suggest the interim government should concentrate its efforts more on continuation of the policies in the banking sector. That's the key to sustainable development in the economy. ■



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Govt To Import 600,000 MT Of Rice, Wheat

The government will import 200,000 million tonnes of rice and 400,000 million tonnes of wheat within 15 days. Advisor Council Committee on Economic Affairs, in a meeting with Finance Advisor of the interim government Dr Salehuddin Ahmed in the chair, gave the approval in principle on September 18. Normally, suppliers are given 42 days to supply the products as per the public procurement law (PPA) 2006 and public procurement rules (PPR) 2008. But after the ACEA's approval, the supply tenure has been reduced to 15 days in order to facilitate the quick import so that there is no shortage of the food. About the proposed import, the Finance Advisor told reporters that the government initiated the move to import rice and wheat as the government does not want to see a shortage of the food supply. "These are not immediately required, but the government wants to keep our stock



ready for supply," he added. As per the proposal, placed by the Ministry of Food, the government will import 200,000 MT of rice in the current fiscal year 2024-25 and 400,000 MT of wheat through the G2G (Government to Government) system. In the financial year 2024-25, the government set a target to procure 350,000 MT of rice from international sources and 1.923 million MT) from domestic sources. ■

Adviser Instructs To Complete BRT Project By 2024

Road Transport and Bridges Adviser Muhammad Fouzul Kabir Khan on September 21 instructed the authorities concerned to complete the work of the Bus Rapid Transit (BRT) project by this year. He gave the directive at a view-exchange meeting held in the conference room of the BRT bus depot office in Gazipur, after inspecting the project's work with Marie Masdupuy, the ambassador of France to Bangladesh. The adviser said swift measures have to be taken to repair and restore the project properties damaged during the movement. He also instructed to enhance the security of the BRT project. Md Ehsanul Hoque, senior secretary of the Road Transport and Highways Division, and Prof Md Shamsul Hoque from the Department of Civil Engineering at Bangladesh University of Engineering and Technology were present among others. ■



Trade Through Sonamasjid Land Port Resumes After Six Days



Trade between Bangladesh and India through the Sonamasjid Land Port in Chapainawabganj has resumed after a six-day suspension. Import-export activities restarted on Saturday, according to Mamun ur Rashid, the general secretary of the Sonamasjid Land Port Import-Export Group. The resumption follows a meeting on September 19 at the Deputy Commissioner's office, attended by DC Abdus Samad, representatives from the private company Panama-Sonamasjid Port Link Limited (which manages the port), and members of the Import-Export Group. The discussions led to an agreement, enabling trade to resume on Saturday. Moinul Islam, the port manager of Panama-Sonamasjid Port Link Limited, confirmed that Indian trucks began entering the port with goods around 10:30 AM. On September 15, the Import-Export Group had halted activities at the port in protest, demanding an end to alleged irregularities and corruption by Panama-Sonamasjid Port Link Limited. ■

Dhaka, Jakarta Want Conclusion Of PTA, Boost Trade, Investment

Bangladesh and Indonesia on September 18 underscored the need for strengthening trade and investment relations, especially by concluding pending agreements like the Preferential Trade Agreement (PTA). The two countries also emphasized on the necessity of direct air connectivity between Dhaka and Jakarta to strengthen the people-to-people contacts. Ambassador of Indonesia to Bangladesh Heru Hartanto Subolo paid a courtesy call to Foreign Adviser Md Touhid Hossain at the Ministry of Foreign Affairs and discussed the issues. The Foreign Adviser flagged the importance of resuming "visa on arrival" for the Bangladeshi nationals in Indonesia, according to the MoFA. The Ambassador congratulated the Foreign Adviser on assuming the new responsibility. Referring to strong bilateral relations between Bangladesh and Indonesia, both discussed on the whole arrays of bilateral cooperation including trade and investment, renewable energy, connectivity and people to people contact. ■



Banks To Freeze Accounts Of Orion Chair, Five Others



The Bangladesh Financial Intelligence Unit (BFIU) has instructed banks to freeze accounts owned by Orion Group Chairman Obaidul Karim and its Managing Director Salman Obaidul Karim. Additionally, the bank accounts of Arzuda Karim and Zareen Karim, directors of Orion Group, as well as Mehadi Hasan and Rezaul Karim, relatives of the chairman with ties to the conglomerate, will be frozen. The anti-money laundering agency recently sent a letter to the banks in this regard, directing lenders to keep those accounts frozen for the next 30 days. The BFIU also instructed banks to block them from locker and credit card facilities for 30 days. The banks then asked the BFIU to provide updated information on the six individuals to find out if they are using any bank accounts under other names. Orion Group, founded by Obaidul Karim, is one of the largest conglomerates in Bangladesh, with business interests in the pharmaceutical, chemical, infrastructure development, agribusiness, hospitality, textile and aviation sectors alongside many others. ■

BSEC To Investigate Nafeez's SEML For Illicit Trading

The Bangladesh Securities and Exchange Commission (BSEC) will investigate all the activities of Strategic Equity Management Ltd (SEML) since its inception in 2007 to check for anomalies. Chowdhury Nafeez Sarafat, a former chairman of Padma Bank, and his family members own the asset management company. According to the findings of a primary investigation by the Criminal Investigation Department (CID) released at the start of this month, Sarafat manipulated the stock prices of many companies. The stock market regulator formed a three-member committee on September 18, led by Mohammad Amdadul Hoque, additional director of the BSEC. It was tasked with examining whether the "Alternative Investment Fund of Bangladesh" of SEML complied with the investment parameters of alternative investment rules. The committee was asked to submit its



report within 60 days. It will also examine valid evidence against all investments relating to the fund and whether any conflict of interests arose through investments in connection with the fund manager. Any illicit payment that benefited the fund manager and other parties will also be investigated. ■



US President Joe Biden holds a bilateral meeting with Bangladesh Chief Adviser Professor Muhammad Yunus on the sidelines on the UN General Assembly in New York on September 24, 2024

Path To Democracy Finally Revealed

SMS Hasan

Following pressure from politicians, students and civil society on the Dr Yunus-led interim government, Chief of Army Staff General Waker-Uz-Zaman has finally floated the idea that the country's next general election should be held within 18 months. When the Army chief expressed his opinion, interim government chief Dr Muhammad Yunus was not in the country as he was in New York to attend the United Nations General Assembly. However, Mr Zaman met Dr Yunus just before he left for the USA.

The pressure is for the trial of the perpetrators of the Sheikh Hasina government who killed more than 800 people during the anti-autocracy movement of 2024, carrying out reforms in state structures and institutions and holding a free and fair election. This deadline of 18 months has brought a sense of relief

among the political parties, especially the Bangladesh Nationalist Party (BNP) and some of its allies. Extending its support to the interim government for implementing reforms, BNP has been scaling up calls for holding a general election as soon as possible. There has been pressure on the interim government to set a specific timeframe for reforms as well as election.

It believes that there are so many problems that Sheikh Hasina's government has created in its more than 15 years of its misrule, which cannot be tackled without an elected government. Only elected representatives can handle the situation. Otherwise, day by day these problems will further intensify. Especially labour unrest in the garment sector and the law-and-order situation are among the important areas where only politicians and elected representatives can do a better deal. Regarding the reform,

the political parties have their own agenda and thoughts which are not similar to each other. So bringing all those agendas within a single fold and then creating an understanding among the political parties for some common goals is not an easy task. The students who led the anti-autocracy movement and the civil society are also two big stakeholders. They also have separate goals in this regard.

The interim government has already formed six separate commissions to chalk out the reforms for different sectors and place their recommendations within 90 days or three months. Then the interim government will sit with political parties and other stakeholders in dialogues to scrutinise and set a common agenda. But the biggest challenge for the government will be to hold a credible and internationally acceptable trial against the mass killings during the mass uprising of 2024.

Until such a trial is held, there will be both threat and risk for democracy. All are talking about uprooting the root cause of autocracy through reforms in the state structure. But so far this is not clear that this will be done. The political parties already shared their ideas with the interim

amid raging student-led protests against Hasina, sealing the fate of the veteran politician who resigned after 15 years in power and fled to neighbouring India. In a rare media interview that was published on September 24, Zaman told Reuters at his office that the interim adminis-

within three months of the interim government taking office in August. The BNP's secretary general, Mirza Fakhru Islam Alamgir, told Reuters on September 24 that the party would like elections to be held at the earliest opportunity. "I am not going to give any particular time period but I think the sooner the better," he said. "We are ready for elections. Even if they are held tomorrow, we are ready." Hasina's son and adviser Sajeeb Wazed did not immediately respond to a request for comment. Zaman said he meets Yunus every week and the two have "very good relations", with the military supporting the government's efforts to stabilise the country after a period of turmoil.

"I'm sure that if we work together, there is no reason why we should fail," he said. More than 1,000 people were killed in clashes that began as a movement against public-sector job quotas in July but escalated into a wider anti-government uprising - the bloodiest period in the country's independent history. Calm has returned to Dhaka, a densely packed metropolis that was at the heart of the rebellion, but some parts of the civil service are not yet properly functional. With much of Bangladesh's police force, numbering around 190,000 personnel, still in disarray, the army has stepped up to carry out law and order duties nationwide.

Punishments And Reforms

Born out of erstwhile East Pakistan in 1971 after a bloody independence war, Bangladesh came under military rule in 1975, following the assassination of its first president, Sheikh Mujibur Rahman, Hasina's father.

In 1990, military ruler Hossain Mohammad Ershad was toppled in a popular uprising, leading to the restoration of democracy. The military again staged a coup in 2007, backing a caretaker government that ruled until Hasina took power two



File Photo: Chief of Bangladesh Army General Waker-uz-Zaman

government. BNP had earlier been pressing for reforms and floated its ideas, especially the 30-point reform agenda, before the parliamentary elections in 2024. Still, it has been pursuing the same agenda. But the days to come will tell how the government, political parties and student leaders of the Anti-Discrimination Student Movement which led the mass uprising in 2024 will deal with each other's entire issues from holding a trial to an election including reforms.

Bangladesh Army Chief Strongly Backs Interim Government, Eyes Elections Within 18 Months

Bangladesh's army chief vowed to back the country's interim government "come what may" to help it complete key reforms after the ouster of Prime Minister Sheikh Hasina so that elections could be held within the next 18 months.

General Waker-Uz-Zaman and his troops stood aside in early August

tration, led by Nobel laureate Muhammad Yunus, has his full support and outlined a pathway to rid the military of political influence. "I will stand beside him. Come what may. So that he can accomplish his mission," Zaman, bespectacled and dressed in military fatigues, said of Yunus.

Yunus has promised essential reforms in the judiciary, police and financial institutions, paving the way for free and fair elections in the country of 170 million people. Following the reforms, Zaman said a transition to democracy should be made between a year and a year-and-a-half, but underlined the need for patience. "If you ask me, then I will say that should be the time frame by which we should enter into a democratic process," he said.

Bangladesh's main two political parties, Hasina's Awami League and its bitter rival BNP, had both previously called for elections to be held

years later. Zaman, a career infantry officer who served through these periods of turmoil, said that the army that he leads would not intervene politically. "I will not do anything which is detrimental to my organisation," he said, "I am a professional soldier. I would like to keep my army professional." In line with reforms proposed since Hasina's ouster, the army, too, is looking into allegations of wrongdoing by its personnel and has already punished some soldiers, Zaman said, without providing further details.

"If there is any serving member who is found guilty, of course, I will take action," he said, adding that some military officials may have acted out of line while working at agencies directly controlled by the former prime minister or interior minister. The interim government has formed a five-member commission to investigate reports of up to 600 people who may have been forcibly "disappeared" by Bangladesh's security forces since 2009. In the longer term, however, Zaman wanted to distance the political establishment from the army, which has more than 130,000 personnel and is a major contributor to U.N. peacekeeping missions. "It can only happen if there is some balance of power between the president and prime minister, where the armed forces can be placed directly under the president," he said.

Bangladesh's armed forces come under the defence ministry, which is typically controlled by the prime minister, an arrangement that Zaman said a constitutional reform process under the interim government could potentially look to amend. "The military as a whole must not be used for political purposes ever," he said. "A soldier must not indulge in politics."

Help Build A New Bangladesh

Chief Adviser Prof Muhammad Yunus has sought support from foreign friends for Bangladesh's new

journey towards a happy and prosperous future. "Our job is to clean it up and reform it. We need to make a good start. We need the support from all of you to make that happen," he said while addressing a reception on the sidelines of the UN General Assembly (UNGA) at the UN headquarters on September 24, reports UNB.

He said the interim government does not want to miss the opportunity to build a new Bangladesh. Around 200 representatives of countries and territories attending the UNGA were at the event hosted by Bangladesh marking the 50th anniversary of the country's UN



Millions of people gather in parliament area in Dhaka after the resignation of prime minister Sheikh Hasina on 6 August 2024

membership. Prof Yunus and renowned photographer Shahidul Alam jointly unveiled two books that depict events of the student-led mass uprising, which led to the fall of the Awami League regime after 15 years in power.

Recalling the sacrifices made by the students and people during the uprising, Prof Yunus said the people are united today. "We don't want to disappoint them." He said the students invited him to lead the interim government until the elections are held following reforms. "It is a very significant year for us ..." At an event of the Clinton

Global Initiative 2024, Prof Yunus shared the stage with former US president Bill Clinton where he introduced two young people, including his special assistant Mahfuj Alam, and lauded their role during the uprising.

With Clinton standing beside him, Prof Yunus said, "It is amazing...the way they speak, the language I have never heard. They speak about the world, they speak about the country, they want to build themselves, and they are ready to make that happen. "So, please help them, support them. So that their dreams come true. And, this is a responsibility we take together. And, you will be with us,"

he said, holding Clinton's hand. As the two young people went on the stage, Prof Yunus said they shook the entire country with their speeches and their commitment. "They said 'you can kill us, but we are not giving up'."

When they speak and the language they use inspires young people across the world, he said, adding, "Let's give them a big applause. They are the ones creating the new version of Bangladesh. Let's wish them all success." Pointing at Mahfuj Alam, Yunus said this young man is known to be the brain behind the uprising even though he repeatedly

denies it and says there were many others with him. The Nobel laureate said the young people should lead the way as the old are becoming old-fashioned. Clinton said, "A few people on this planet have done as much to change the lives of ordinary people who would never have had access to credit. "You're the only old guy I know who was ever drafted for this eminent position by the young people of a country," he said. "That's because he has succeeded in doing what we all must do: we all have to stay in the future business."

Yunus, in turn, thanked Clinton for believing in him in his early days, and for standing by him despite criticism at the time for promoting a Bangladeshi economist's ideas in America. Their friendship dates back to the 1980s, when Clinton, then governor of Arkansas, invited Yunus to visit and share his approach to alleviating poverty through small loans. Stating that he was very proud of Prof Yunus and grateful for his leadership, the former US president said all should wish Bangladesh well and do what they can to support them. The press wing of the Chief Adviser's Office said Italian Prime Minister Giorgia Meloni spoke of opening "a new page" on the Dhaka-Rome relationship. She made the remarks when she met Prof Yunus in New York on September 24.

Meloni said Italy would support the Yunus-led interim government in carrying out vital reforms in key sectors. "You can count on us...let's try to open a new page in our relationship," she added. Prof Yunus urged Meloni to formalise migration from Bangladesh, paving the way for the entry of more Bangladeshis into Italy through legal channels and cutting risky illegal migration. Meloni agreed, saying both nations should work together to stop illegal migration and conduct training for people planning to work in Italy.

Joe Biden Offers Full Support To

Yunus-led Interim Govt

US President Joe Biden has offered his country's full support to Prof Muhammad Yunus-led Interim Government of Bangladesh during his bilateral meeting with the Bangladesh Chief Adviser on the sidelines of the UN General Assembly in New York. Chief Adviser Prof Yunus held the meeting with the US President on September 24 morning (NY Time) which is seen as a "rare occasion" and will help take the existing good relations to a new level between the two countries. This is the first time in the history of Bangladesh a US President has met a head of the Bangladesh government on the sidelines of UNGA.

The meeting with the US President reflects growing relations between the two countries, Bangladesh said. "This is an important day. It is very rare (to see such a meeting) at the UNGA," Chief Adviser's Press

students stood up against the tyranny of the previous government and sacrificed their lives to create the opportunity to rebuild Bangladesh. Professor Yunus emphasised that his government must succeed in rebuilding the country and would require US cooperation.

President Biden remarked that if the students could make such sacrifices for their country, then they should also do more. Professor Yunus handed a copy of 'The Art of Triumph', a book on wall paintings drawn by the students and young students during the revolution, to President Biden during the meeting. Bangladesh and the US are working on a number of issues closely including labour sector reforms and the Rohingya crisis.

Although that gives them little time to discuss anything in depth, there is tremendous messaging and symbolism associated with it. By having this meeting at all, Washington is signal-



More than 800 people were killed by police and Awami League supporters during the mass uprising of 2024

Secretary Shafiqul Alam said. Alam said Bangladesh in any case maintains very good relations with the US and with this meeting the relationship will reach a new level. "It's good news that the US stands beside Bangladesh in this period of transition," he added. Professor Yunus apprised him about how the

ling not just bilaterally or regionally, but to the world at large that it is standing by Bangladesh during the period of upheaval it is going through. It is not usual for a US President to hold bilateral meetings during the UNGA and Dhaka hopes to see a new strategic partnership emerge from this meeting that will

strengthen the ties with the US on all fronts. Biden is visiting New York City to participate in the 79th session of the UNGA.

In addition to addressing the General Assembly on Tuesday, President Biden will meet with world leaders to discuss cooperation in tackling threats to international peace and security, advancing global prosperi-

ty, and protecting human rights, said Press Secretary Karine Jean-Pierre on President Biden's trip to New York City. The US has already affirmed their dedication to fostering inclusive economic growth, institution building, and development to benefit the people of Bangladesh.

As Bangladesh looks to chart a more equitable and inclusive future, the

US said it stands ready to support those efforts. This is Prof Yunus's first visit to the United States as a head of government, where he attended the 79th UNGA. Coincidentally, it is also his first visit abroad since the formation of the interim government on August 8. ■

ECNEC Approves 4 Projects Worth Tk 1,222.14cr



Business Outlook Report

The Executive Committee of the National Economic Council (ECNEC) approved a total of four development projects involving an overall estimated cost of Tk 1,222.14 crore.

The approval was given on September 18 at the 2nd meeting of the ECNEC in this fiscal year (FY25) and the 1st of the interim government after the fall of Sheikh Hasina led past Awami League government following the student-led mass uprising in July-August. Chief Adviser to the interim government Prof Dr Muhammad Yunus presided over the meeting held at the Chief Adviser's Office in the city's Tejgaon area. Briefing reporters after the

meeting at the NEC Conference Room in the city's Sher-e-Bangla Nagar area, Adviser to the Ministries of Planning and Education Dr Wahiduddin Mahmud said that out of the overall outlay of Tk 1,222.14 crore, Tk 963.82 crore will come from the government of Bangladesh portion, Tk 100.16 crore as project assistance while the rest of Tk 158.16 crore from the concerned organization's own fund.

The two new approved projects are "Two Appraisal Cum Development Wells (Sundalpur-4 & Srikail-5) and Two Exploratory Wells (Sundalpur South-1 & Jamalur-1)" with Taka 588.40 crore and "Sustainable Social Services Delivery in Chattogram Hill Tracts (2nd Phase)" Project

with Taka 400 crore. Besides, two other revised projects are "Bakhrabad-Meghnaghat-Haripur Gas Transmission Pipeline, 1st revised" with an additional cost of Tk 70.63 crore and "Tottho Apa: Empowering Women Through ICT Towards Digital Bangladesh Project, 2nd phase and 2nd revised" with an additional cost of Tk 163.11 crore with the project timeframe reducing to one year.

Besides, the Adviser said the title of the Tottho Apa project would be changed. Advisers and Secretaries concerned attended the meeting. Earlier, the last ECNEC meeting was held on July 2 under the previous Awami League government at the Planning Commission. ■



Bangladesh To Sign Tripartite Deal To Import Power From Nepal soon

Business Outlook Report

Bangladesh is poised to sign the tripartite agreement with Nepal and India soon to import hydropower from Nepal via Indian transmission lines, according to power, energy and mineral resources adviser Md Fouzul Kabir Khan.

‘A delegation of the interim government will visit Nepal soon to sign the agreement for import and export of power,’ he said while speaking as the chief guest at a reception programme marking Nepal’s National and Constitution Day at a city hotel on September 20.

Bangladesh, Nepal and India recently agreed to sign an agreement to import 40MW of electricity from Nepal via India six years after they

reached an understanding on energy cooperation, according to the official source. At the reception, hosted by Nepal Embassy in Dhaka, the power, energy and mineral resources adviser expressed satisfaction over the growing engagements between Bangladesh and Nepal.

Commending the friendship and cooperation of Nepal and Nepali people, he underscored the need to accelerate bilateral cooperation in areas of trade, energy, connectivity, and people-to-people contacts, among others.

In his welcome remarks, ambassador Ghanshyam Bhandari highlighted that the day marked the historic promulgation of a democratic and inclusive constitution in 2015. ‘The

day reminds us of the Nepali spirit of patriotism, democracy, and diversity, and is a testimony to the Nepali people’s ability to resolve their political issues and differences on their own,’ he said.

He said that as Bangladesh was passing through a transition period, Nepal was committed to stand by the interim government and its people with solidarity to provide all support and cooperation.

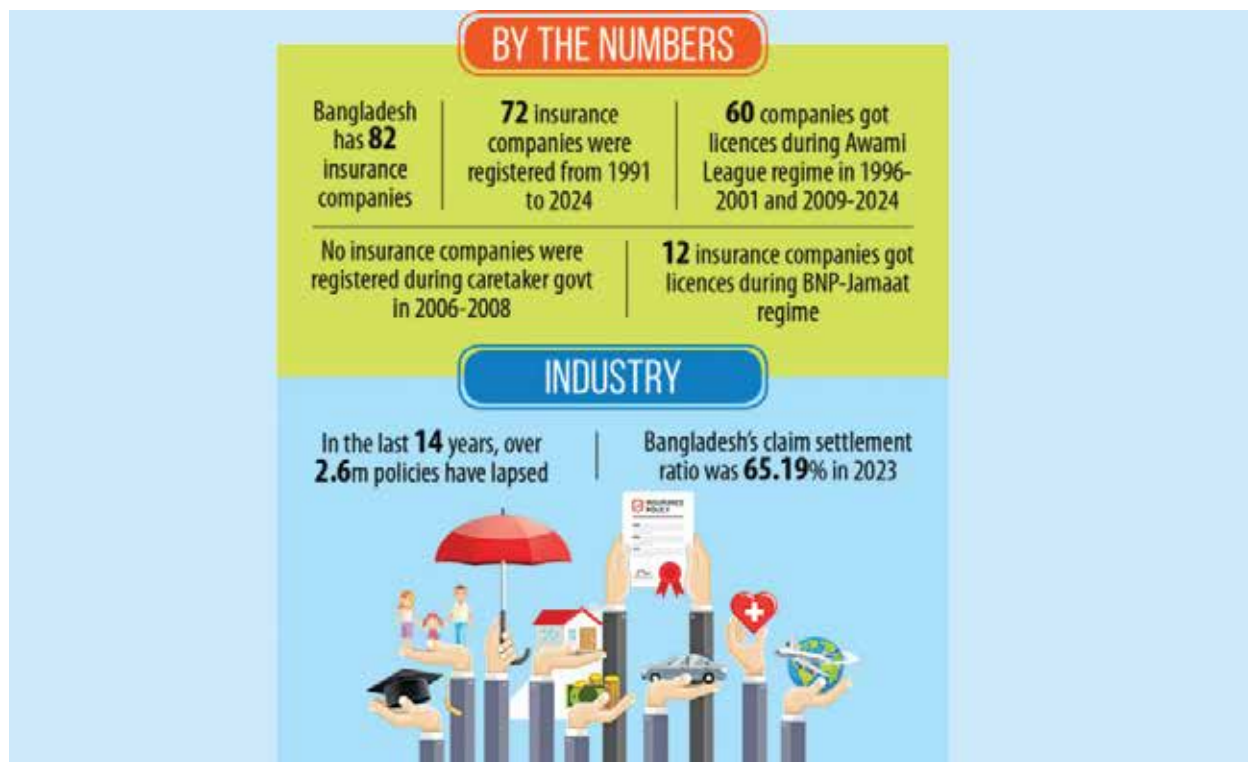
The envoy also mentioned that a tripartite deal on the export of 40 MW electricity from Nepal to Bangladesh through the Indian transmission line was expected to be concluded sometime soon. Shedding light on the relationship between Nepal and Bangladesh, he emphasised the need to

leverage the transformative power of solidarity and cooperation to boost connectivity and propel economic development and prosperity for the mutual benefit of the peoples of both countries.

A cultural programme showcasing Nepali folk-dance performances was held in the second half of the event.

The event was attended by political leaders of Bangladesh, high-level government officials, ambassadors, heads of missions and diplomats, representatives of international organizations, business leaders, media personnel, and members of the Nepali community living in Bangladesh. ■

Political Favouritism Eroded Confidence In Insurance Sector



Most insurers got licences during Awami League regimes

Business Outlook Report

More than two-thirds of the insurance companies registered in Bangladesh since 1990 were approved during the regimes of the Awami League government led by former prime minister Sheikh Hasina. However, these companies could hardly attract clients due to fragile customer confidence.

In Bangladesh, 72 insurance companies have been registered since 1991, according to the Insurance Development and Regulatory Authority (IDRA). The highest number of registrations, 60, occurred under Sheikh Hasina's governments. No insurance companies were regis-

tered under the caretaker government, which held power from 2006-2008, according to the data. Economists say political patronage in business licensing activities contributed to a market that is oversaturated relative to the size of the Bangladesh economy. This market lacks professionalism and public trust, as many companies were licensed simply based on political favours.

Given the poor record of claim settlement and growing liquidity concerns among companies in the sector, experts are now calling for drastic measures such as mergers and strengthening of the regulator. The four straight terms of the Awami

League led to the emergence of various interest groups seeking financial benefits, according to Md Main Uddin, a Banking and Insurance professor at Dhaka University. "These groups often prioritise making money while maintaining political power. Granting licences for banks, insurance, and financial institutions had become a tool for political patronage," he commented.

According to Main, both those who receive approval for these companies and those who grant it stand to benefit financially. He criticised the government's intention to license so many insurance companies without simultaneously strengthening the IDRA. Due to political interference

and weak regulatory oversight, public confidence in the sector has not improved, said the professor.

Licence Tally

Bangladesh has a total of 82 insurance companies, compared to neighbouring India's 57, Pakistan's 40 and Sri Lanka's 28. Among insur-

ance Association, said the excessive number of insurance companies prompted unhealthy market competition and instability. It also led to various unethical practices among many companies, he said. "Political connections often superseded qualifications when companies were granted licences under the Awami

director at an insurance company is considered prestigious. So, many politically powerful individuals registered companies but often failed to fulfil their responsibilities. Faced with a lack of professionalism, the authorities introduced bancassurance last December, allowing banks to sell insurance products. Industry insiders believe that bancassurance may help restore public confidence as banks are generally perceived as more professional. In 2013, the insurance regulator published a draft of the life insurer solvency margin regulations. But that is yet to be finalised.



ers currently operating in Bangladesh, MetLife is the sole foreign company. Besides, the Life Insurance Corporation of India (LIC) is conducting business in the country as LIC Bangladesh. During the Bangladesh Nationalist Party's tenure with Khaleda Zia as prime minister from 1991–1996, three life and eight non-life insurance companies were registered, according to IDRA data.

Under the AL's 1996–2001 regime, the highest number of registrations were recorded, with 13 life and 27 non-life insurance companies being formed. The BNP-Jamaat alliance, which ruled from 2001 to 2006, allowed only one non-life insurance company.

However, from 2009 to 2024, Sheikh Hasina's government approved 18 life and two non-life insurance companies, according to regulatory data.

Political Connections

Nasir Uddin Ahmed, acting president of the Bangladesh Insur-

League government," Ahmed said. "The insurance sector experienced its biggest loss in 2013 when 13 life insurance companies were approved," Ahmed added. "Despite promises of job creation at the time, the sector remains crippled, although some jobs have been created."

Regarding the boards of directors and management of struggling companies, he said the Idra must take decisive action. "Otherwise, customers of these companies may never get back their funds."

Too Many Players

The oversaturation of insurance firms in the market encouraged malpractice, according to an executive with 25 years of experience in the local insurance sector.

"With everyone competing in the same space, it has become difficult for the regulator to supervise so many companies," the officer told The Daily Star on condition of anonymity. The executive said holding the position of chairman or

The official believes that it is difficult for the regulator to assess a company's financial health without these regulations. "If implemented, some companies would likely become insolvent or be encouraged to go for merger," according to the official. Another insurance expert commented that many insurance companies were approved based on political considerations rather than economic necessity. "There was no need for so many companies," the expert said, requesting not to be named. He added that insurance companies are often used as tools for financial misconduct. "Insurance companies are one of the few ways to move money out of the country and they are used for looting. This is why the regulator has been weakened -- to serve political interests," the expert claimed.

Asifur Rahman, a chartered accountant and life insurance expert with over 22 years of experience in both multinational and local companies, believes there should be only 6 to 10 life insurance companies based on the country's economy and population. "However, with the number exceeding that, many companies engage in mis-selling their products," Rahman said. He said many entrepreneurs view the sector as a quick way to earn large premiums without considering repayment. The low paid-up capital

requirement of only Tk 18 crore for licences, coupled with corruption in the licensing process, exacerbates the problem. Highlighting the implementation of the solvency margin policy, the chartered accountant criticised the previous government for negligence in strengthening the insurance regulator.

Worst Claim Settlement

The insurance sector's contribution to GDP, measured by the penetra-

reports. In contrast, Bangladesh's claim settlement ratio was 65.19 percent in 2023, as per Idra.

As of March this year, claims worth Tk 3,050 crore from about one million policyholders were still pending, with 29 life insurance companies facing acute liquidity crises.

Over the past 14 years, more than 2.6 million insurance policies have lapsed due to factors such as the

settle claims severely damaged public confidence in the insurance sector. Of the troubled firms, the IDRA report named Fareast Islami Life, Padma Islami Life, Prime Islami Life, Golden Life, Homeland Life and Progressive Life.

There have been no further updates.

AB Mirza Azizul Islam, former finance adviser to the caretaker government, also believes the



tion rate, is only 0.46 percent in Bangladesh, compared to 4.2 percent in India and 0.91 percent in Pakistan. Approximately 17.11 million people in Bangladesh currently have insurance coverage, Idra data showed.

Despite the large number of insurers, Bangladesh's average claim settlement ratio lags significantly behind the global standard of 97-98 percent.

In India, the average claim settlement ratio was around 98.45 percent in fiscal year 2022-23, according to

worsening financial health of clients, lack of awareness, and agents bent to not explain product features properly. In 2009, the total number of policies was nearly 11.2 million. But by 2023 this had dropped to 8.58 million.

Are Mergers The Solution?

In December last year, the insurance regulator recommended liquidating or merging several insurance companies that have lost financial viability due to widespread irregularities and embezzlement. The report highlighted that a failure to

government may consider merging ailing companies.

He said that Bangladesh's financial sectors, including insurance, have more organisations than necessary, leading to unhealthy market competition. It also causes the regulator to struggle to monitor the sector effectively. ■

ACCOUNT
AS OF
JUNE 2024

DEPOSIT: Tk6,186cr
Tk2,850cr from govt
institutions, banks

Total
loans:
Tk5,694cr

Non-performing
loans:
Tk4,882cr

PADMA BANK IN ENDLESS DROUGHT



FRAUDULENT SINCE LAUNCH

Secured BB approval in 2012 for AL political backing

Top officials plundered deposits under guise of loans

Founding chair ex-home minister Muhiuddin Khan Alamgir, audit committee chairman Mahbulul Haque Chishti forced to leave in 2017 for embezzlement allegations

CURRENT STRUGGLES

- Income insufficient to cover interest payments on deposits
- Incurs heavy annual losses
- Suffers liquidity crisis
- Struggles to return depositors' money

Merger announcement prompted deposit withdrawals, discouraged new deposits

Manages daily operations with financial assistance through repo transactions from BB

- Seeks more BB support on 25 Aug 2024

Padma Bank Continues Epitomising AL's Hazardous Influence On Financial Sector

Business Outlook Report

The Padma Bank perfectly exemplifies the harm that politically biased decisions can do to the financial sector, and it remains a failure in spite of different measures taken by the authorities concerned. The bank has not made any progress despite repeatedly getting assistance from the Bangladesh Bank (BB). As a result, currently, 85% of the bank's loans are non-performing and it has recently sought further support from the central bank to continue operations.

The Bangladesh Bank approved the establishment of the Farmers Bank, which was later renamed as the Padma Bank, in 2012 due to political pressures during the autocratic Awami League rule. Even before obtaining approval to start operations, the bank began installing signboards and hiring staff. After starting operations, the bank engaged in irregularities like

plundering deposits under the guise of loans. However, it received political backing and managed to persist by abusing political power. At the time of its establishment, the bank's chairman was former home minister Muhiuddin Khan Alamgir. He, along with Mahbulul Haque Chishti, who was the chairman of the audit committee, was involved in the embezzlement at the bank.

Within a few days of starting operation, the bank faced criticism for various irregularities in loan distribution. As a result, depositors started withdrawing their money from the bank, putting it under pressure. Facing a severe cash shortage, the bank got on the brink of closure. In this situation, Muhiuddin Khan Alamgir and Mahbulul Haque Chishti were forced to leave the bank in November 2017. An inspection by the Bangladesh Bank revealed that the

loan recipients' money had been deposited into the accounts of the bank's chairman and the chairman of the audit committee. Currently, Mahbulul Haque Chishti, also known as Babul Chishti and his son Rashedul Haque Chishti are in jail. They were sentenced to 12 years of rigorous imprisonment for embezzlement of Tk160 crore in October last year.

Following the loan scandal, Chowdhury Nafeez Sarafat, a former banker and asset management firm head, took over as the chairman of the Padma Bank. To keep the bank afloat, the government decided to include Sonali Bank, Rupali Bank, Agrani Bank, Janata Bank, and the Investment Corporation of Bangladesh (ICB) in its ownership. As a result, 65% of the bank's shares came under these government financial institutions. The bank's name was changed from Farmers Bank to Padma Bank on 29

January 2019. The Bangladesh Bank provided various policy relaxations to the Padma Bank under the condition that it would secure foreign investments. However, the promised foreign investment did not materialise, and the faltering bank never regained the customers' trust. In such a situation, at the end of January this year, Padma Bank Chairman Chowdhury Nafeez Sarafat resigned. Since then, Afzal Karim, managing director of Sonali Bank, has been serving as the acting chairman of Padma Bank. He is also a director of Padma Bank as a representative of Sonali Bank.

What Will Happen To The Merger With Exim Bank?

During the previous government's tenure, several banks found themselves in a precarious situation amidst a deteriorating economy. In response, the government hurriedly initiated plans to merge these troubled banks with comparatively stronger ones. An announcement was made to merge ten banks, and agreements were reached between several banks for this purpose. However, many banks did not welcome this measure and criticised it as "coercive". On 14 March this year, the central bank announced initiatives to merge the Padma Bank with the Exim Bank, violating international standards and regulations for mergers. After the fall of the fascist government headed by Sheikh Hasina last month, eminent economist Ahsan H Mansur was appointed as the governor of the Bangladesh Bank, replacing Abdur Rouf Talukder. The central bank reconstituted the board of directors of the Exim Bank, bringing an end to the era of Nazrul Islam Mazumder, also the founder of Nassa Group, who had been occupying the post of the bank's chairman since 2007. However, the new interim government has adopted a cautious approach regarding bank mergers. As part of this shift, the new governor of the central bank has advocated for the cancellation of previous agreements. However, the government is not completely

abandoning the merger efforts. They suggest that while some bank mergers might still be necessary, these will not be "coercive". Instead, they will follow the central bank's recognised "Prompt Corrective Action (PCA) Framework", with potential new mergers possibly starting around June of the next year, Bangladesh Bank Executive Director Md Mezbaul Haque told the Daily Sun. Dr Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said, "The previous initiative for bank mergers was good. However, the haste was unnecessary. If they aim to complete the merger by the end of December 2024, it can be comfortably done around March 2025. However, we need to wait and see how things unfold in the future."

85% Padma Bank Loans Defaulting

According to the financial statements of the Padma Bank, the total deposits

attempts to convert the Tk2,850 crore deposits from the government sector into shares, the bank has not been able to recover its business.

Faltering bank seeks further liquidity assistance

The Padma Bank, which is suffering from severe liquidity issues, has requested additional support from the Bangladesh Bank on 25 August. The bank, facing a critical liquidity crisis, is managing its daily operations with financial assistance through repo transactions from the central bank. Following the agreement to merge with the Exim Bank, the pressure of deposit withdrawal from the bank has intensified. Many of its customers are withdrawing their long-term deposits and scheme funds before their maturity, said sources. In the letter to the Bangladesh Bank, the Padma Bank has highlighted that the ongoing merger



at the bank amounted to Tk6,186 crore as of June this year. Of this, Tk2,850 crore was from government institutions and banks. According to the central bank, the Padma Bank's total outstanding loans reached Tk5,694 crore, with non-performing loans accounting for Tk4,882 crore or 85% by that time. The income generated from the bank's loans is insufficient to cover the interest payments on deposits, resulting in significant annual losses for the Padma Bank. Additionally, due to its struggle over returning depositors' money, customer trust has plummeted. Despite

process has made it challenging for them to attract new deposits.

During the tenure of BB governor Abdur Rouf Talukder under the Awami League government, arrangements were made for banks in crisis to continue their transactions despite having deficits in statutory liquidity ratio (SLR) and cash reserve ratio (CRR), and current account. However, after the AL government fell, the new central bank governor discontinued this support. As a result, banks are now struggling to run their day-to-day operations. ■

FOREX MARKET

- » Daily interbank transaction \$30-\$90m
- » Interbank rate Tk 118-120 each dollar
- » Kerb market exchange rate Tk 120-121 each dollar
- » Difference between banking channel and kerb market - Tk 1-2

RESERVES

As per IMF calculation, reserves were \$19.3b as of September 18

REMITTANCE

- » In the first 14 days of Sept, remittances were \$1.16b
- » August's receipts \$2.22b
- » July's receipts \$1.9b

Remittance receipts

(In billion dollar)

SOURCE: BB



Forex Market On The Mend As Remittances Rebound

Business Outlook Report

After a prolonged period of crisis, the foreign exchange market in Bangladesh, especially the interbank forex market, is showing signs of recovery, driven by a rebound in remittance receipts and key policy interventions by the central bank.

The interbank forex market, which is crucial in facilitating international trade, had been under huge pressure lately owing to a crisis of US dollars, which was triggered by a combination of high import bills, lower-than-expected remittance inflows, and dwindling foreign

exchange reserves. However, the recent rebound in remittance inflows and some key policy decisions, such as the adoption of a crawling peg exchange rate system, are helping normalise the interbank forex trade.

"The interbank forex market is moving towards a stable phase riding on the strong rebound of remittance inflows," said Md Shaheen Iqbal, head of treasury and financial institutions at BRAC Bank Limited. He added that the foreign exchange crisis is easing and the interbank forex market is functioning more smoothly. Remittance inflows, a major source of foreign currency for

Bangladesh, fell to a 10-month low in July, when the Awami League government imposed a five-day internet blackout to quell protests centring the students' quota reform movement. However, receipts began to pick up again after former prime minister Sheikh Hasina fled to India on August 5 as many expatriates started campaigns to send money through formal channels to build the country.

Remittance receipts climbed 16.10 percent in August compared to the month prior, hitting \$2.2 billion. In the first 14 days of September, remittance receipts reached around \$1.17 billion, as per central bank data. Riding

on higher remittance inflows, the country's foreign exchange reserves are now showing signs of recovery. The foreign exchange reserves stood at nearly \$20 billion as of Tuesday, according to the BPM-6 calculation standard of the International Monetary Fund (IMF).

Another benefit of increased inflows is that banks can now trade among themselves smoothly in the interbank forex market, Husne Ara Shikha, spokesperson of the Bangladesh Bank, told the media last week. The price of the US dollar will also stabilise as the interbank forex transactions are active, she added.

Apart from rising remittances, some measures adopted by the central bank, including the introduction of the crawling peg, have also had a positive impact on the interbank forex market, said Mohammad Shams-Ul Islam, former managing director of Agrani Bank.

The Bangladesh Bank introduced the crawling peg, which allows the currency to adjust exchange rates based on demand and supply, on May 8 this year. This move has reduced volatility in the market and helped narrow the gap between the US dollar price in the formal bank-

ing sector and the kerb market, Islam said. Currently, the difference in US dollar prices between banking channels and the kerb market stands at about Tk 1 to Tk 2. Each dollar is sold for Tk 118-120 on the interbank forex market while it fetches Tk 120 to Tk 121 in the open market, according to market insiders.

Besides, after taking charge as the Bangladesh Bank governor, economist Ahsan H Mansur has taken some steps such as by reconstituting the boards of different crisis-hit banks. He also stopped providing liquidity support to banks from

the foreign exchange reserves. These moves have restored the confidence of depositors, remitters and businesses in the banking sector, thereby improving the overall flow of interbank foreign exchange within the country, said Islam, former managing director of Agrani Bank.

As an example, he said, banks like the Bangladesh Krishi Bank, which receive a good amount of remittance but do not face pressure to open letters of credit (LCs), are supplying dollars to the interbank market, reducing the pressure on banks that deal with dollar-based trading. As a result of

sufficient dollar flow to the interbank market, the pressure on LC openings has reduced drastically, he added. BRAC Bank's Shaheen Iqbal said now there is some surplus in the interbank market after meeting the demand for LCs.

"This is a significant positive trend," he said, estimating that daily transactions in the interbank forex market stood between \$30 million and \$90 million. The interbank market will be fully operational after the government clears its outstanding import bills, Iqbal added. ■

'AL Govt Prevented Officials From Publishing Correct Economic Data'



The autocratic Awami League (AL) government used threats and pressures to prevent government officials from publicising correct data on the state of the national economy, the officials have told the state-backed Whitepaper Committee.

On September 17, the committee's chief Dr Debapriya Bhattacharya revealed the past plights of the officials and announced the proce-

dures for calculating inflation, GDP and per capita income would be reviewed for addressing the inherent methodological weaknesses.

The original documents of all the international accords signed during the 15-year Awami League regime would also be reviewed, Dr Debapriya said. On September 17, Dr Debapriya Bhattacharya hosted a meeting with 24 government

agencies, tasked with preparing, publishing and estimating economic data, on the Planning Commission premises in the capital. Representatives from BBS, BIDS, NBR, BIDA, BEZA, BSEC, Agricultural Ministry and others took part in the meeting.

The whitepaper committee has found huge response to its open pleas for economic data from all concerned, Debapriya claimed adding that with the data collected process nearly completed his team would soon launch municipal and city-level meetings outside the capital.

Notably, the interim government has tasked a team of economists to prepare a whitepaper on the state of the national economy to determine the extent of the damage the corrupt Awami League government did until its ouster on 5 August in a student-led revolution. ■

Kamal's Obsession With GDP Corrupts BBS



Apu Ahmed

While launching a book titled 'Fifty Years of Bangladesh: Economy, Politics, Society and Culture' in the capital on April 18 this year, renowned economist Rehman Sobhan said there was no functioning institution in the country. He questioned whether the judiciary was functioning to ensure equal rights for everybody. "If A goes to court, he gets one result, and if B goes to court, he gets another judgment," he had said, adding that the same goes with the police, banking sector, Election Commission and Anti-Corruption Commission with the non-functioning institutions hurting the state of governance.

AL Makes Institutions Dysfunctional

It was implicit that the most respect-

ed economist blamed the Awami League-led regime for the abysmal state of the national institutions. In a parliamentary democracy like Bangladesh, the national intuitions under certain rules and regulations play a big role in checking the autocratic activities of the government. However, the public intuitions failed miserably to prevent the rise of autocratic rule by the AL. As such rule is not sustainable the autocratic regime has been ousted amid a mass uprising. The AL paid the penalty as its party chief and Prime Minister Sheikh Hasina had to flee to India on August 5 paving the way for the interim government to assume power.

AL Destroys Economy: Yunus

Nobel laureate Professor Muhammad Yunus who leads the interim government as the chief adviser told Deutsche Welle, a German news

agency, in an interview on September 12 that former Prime Minister Hasina 'destroyed almost all institutions' and 'the economy was shattered.' During the interview, Yunus also accused Hasina's administration of corruption, which he said shattered the nation's economy. "Money siphoned off from Bangladesh, through government channels to bank channels and so on. Contracts were signed not for the benefit of the people but for the benefit of a family or family members, and something like that. So, those ugly things that you see when a government goes in the wrong direction, things happen, terrible things happen in the economy and so on," he said.

BBS Doctors Data

Making public institutions dysfunctional one after another had been made possible by the AL-led

government through presenting a rosy picture of the economy based on projections of the gross domestic product and the national income.

Economists contested the projections prepared by the Bangladesh Bureau of Statistics (BBS) saying those were unsubstantiated. They alleged that the data manipulation by the BBS distorted economic reality. With the changes in regime, the allegation of data manipulation by BBS came to light as reports in the newspapers described how BBS officials were forced to do so to appease the policy makers, especially the then Planning Minister AHM Mustafa Kamal.

Mustafa Kamal Pollutes BBS

Appointed to the Planning Ministry after the one-sided general election in 2014, Mustafa Kamal established strong control over the BBS. A group of overenthusiastic bureau officials had maintained the wishes of the former planning minister to

tics such as inflation, gross domestic product, per capita income and population census. Mustafa Kamal said at the time that he took the decision to capture the inflation data more accurately which, he claimed, was not possible with monthly updates. Economists called the decision a bizarre one that, according to them, was taken deliberately to doctor the inflation data.

Inflation is directly linked with the gross domestic product and so high inflation affects the GDP growth adversely, they said. They observed that Mustafa Kamal took the ploy of releasing inflation data quarterly so that he got time to manipulate the data.

Opposition Victimised

The bureau officials who opposed such unethical practices faced harassment, said Director of its census wing Mohammad Abdul Kadir Miah. He said he was appointed to the current post on September

19 and academicians to know about the country's economy has gone into hiding since the change in regime.

Plenty of Evidence

As the interim government has decided to prepare a whitepaper to identify misdeeds carried out in different sectors, including distortion of public data, many statistical bureau officials have already informed the 12-member white paper preparation committee of how the immediate past policy makers influenced the bureau to produce manipulated data.

Debapriya Bhattacharya, head of the committee for preparing the 'White Paper on the State of Bangladesh Economy', remarked that the foundation of different projections made during the Awami League regime over the past 15 years was very weak. Those who made the projections were helpless, Debapriya said while updating activities of the committee on September 17.

They produced such projections under pressure, added Debapriya, also a distinguished fellow of local think tank Centre for Policy Dialogue. A committee member on condition of anonymity said the data manipulation became common during Mustafa Kamal's tenure as planning minister. He noted that Mustafa Kamal who was promoted as the finance minister in 2019 was obsessed with GDP and per capita income regardless of other indicators like private investment, agricultural outputs and unemployment.

"Obsessed with GDP and per capita income, Mustafa Kamal abused his power to pollute BBS," said the member.

The businessman-turned politician was successful in drumming up the GDP growth narrative which ultimately laid the foundation of the so-called narrative on development story harped by the ousted Awami regime for the most part of its



manipulate not only the inflation data but also the gross domestic product and per capita income data.

In 2017, Mustafa Kamal introduced the quarterly release of inflation data replacing the traditional and the best international practice of monthly update. The move not only sparked criticisms but also tarnished the image of BBS and its authenticity in calculating important national statis-

tics 5 after the move of a departmental action against him was dropped on August 20. He described the move as part of the harassment directed against him.

The process of data doctoring and harassment of the officials opposing the group loyal to the policy makers continued until the fall of the AL regime. Mustafa Kamal who once advised all not to listen to econo-

autocratic regime over the past 15 years.

WB Reports Doubtful Data

In 2018, the World Bank was censured by Mustafa Kamal for expressing doubt about the government's projection of 7.65 per cent GDP growth for FY2017-18. Having made a GDP growth projection for that year at 6.5 per cent, the WB, in a report titled 'Country Economic Memorandum: Change of Fabric' released in 2022, made an elaborate reflection on the statistical bureau's doubtful calculations. In that report, the bank said

Bangladesh's economic growth was reasonably well until the 2010s. It then identified unexplained growth of 3.7 percentage points between 2015 and 2019, describing this period as rather unusual. In 2022, the population census counting the country's total population at 16.98 crore also sparked controversy as economists questioned its accuracy.

Data Authenticity Imperative

Economists said business plans, commodity demand and supply, and financial products were highly linked to the population. They complained that the country was

facing a supply shortage of many essentials due to inaccurate data on output at the domestic level and imports amid doubts over the overall population. The BBS officials hardly applied its rules and regulations to maintain data. Not only the BBS but also the ousted political regime overlooked the rules and regulations of the national institutions such as the Bangladesh Bank, Bangladesh Security Exchange Commission, Election Commission and Anti-Corruption Commission to benefit certain quarters which helped it lengthen its autocratic regime. ■

External Debt Crosses \$100b Again



Bangladesh's external debt increased to \$103 billion at the end of June this year after falling slightly in March. The public sector's share of the external debt amounted to \$83.21 billion at the end of June while the private sector accounted for \$20.57 billion, central bank data showed.

The country's external debt crossed the \$100-billion mark for the first time in December last year before coming down to \$99.30 billion in March this year. Total external

debt increased by 4 percent in the April-June quarter compared to the January-March quarter, data showed. Although the debt build-up remains within the threshold recommended by the International Monetary Fund (IMF), it is becoming a headache for the country in light of unfavourable developments on various economic fronts.

In the April to June quarter, the public sector's share of external debt increased by 5.32 percent while the private sector's share

increased by only 1.37 percent, BB data showed. Industry insiders said private sector external debt slowed as borrowers are repaying existing loans due to the increased value of the US dollar against the taka and rising global interest rates.

A senior central bank official said interest rates for foreign loans stood at 1 to 2 percent around three years ago but had shot up to around 8 to 9 percent at present.

He highlighted that as the main reason for the slow growth of private sector external debt.

Economic experts said that if external debt continues to rise, repayment challenges will mount given the country's slowing earning capacity in terms of both revenue and foreign exchange.

They added that both external debt and debt servicing are growing.

Bangladesh's foreign debt servicing surged 25.73 percent in financial year 2023-24 compared to the year prior, when foreign debt servicing, including repayment of the principal amount as well as interest, rose to \$3.35 billion. ■



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New Governor Plays A Pivotal Role

Dollar Market: Signs Of Stability

Apu Ahmed

The dollar market in the country has shown some strong signs of stabilisation for the first time since April 2022. The gap between the US dollar price in the formal banking sector and the kerb market has been reduced to more than half in the past fortnight under the new Bangladesh Bank management, led by its governor Ahsan H Mansur.

Volatility in Dollar Prices

Replacing Abdur Rauf Talukder following the fall of the autocratic Awami League regime spanning over 15 years, the new governor restored some basic principles and norms for bringing about the positive signs which became an impossible task for the past two years. Each dollar is selling at Tk 118-Tk120 on the interbank forex market while it was fetched at Tk 120 to Tk 121 in the kerb market. On May 9, 2024, money changers sold the greenback at Tk 125 in the kerb market compared to Tk 118 in the banking channel after the local curren-

cy saw its biggest single-day devaluation by Tk 7. On the same day, the BB introduced a crawling peg system for buying and selling foreign currencies, setting the Crawling Peg Mid-Rate at Tk 117 per US dollar from the previous Tk 110 as per the suggestion of the International Monetary Fund under the \$4.7 billion loan programme. The immediate past political regime which fell with AL chief Sheikh Hasina fleeing to India amid a mass uprising on August 5 had to start borrowing from the IMF in 2023 to overcome the dollar crisis.

Record Devaluation

The fallen regime had given excuses for the Russian aggression in Ukraine in February 2022, subsequent price hikes of fuel oils in the international market and the country's high import bills for the prolonged dollar shortage. Economists, including the present BB governor, however, used to blame the flawed management of the previous regime for the economic downturn featured by the decade-high inflation

and the devaluation of the local currency. The devaluation of the local currency against the US dollar continued after losing its value by around 26 per cent at the end of the financial year 2022-23 as the dollar rate raced to Tk 108 from around Tk 85.5 at the beginning of the same financial year. The devaluation was the highest in 46 years as FY23 was the most inauspicious for the local currency in many years. The previous highest devaluation of 71 per cent took place in the financial year 1974-75 when the price of a dollar went up to Tk 15.95 from Tk 8.8 in the previous financial year. According to the Economic Review 2023, the taka also devalued by 23.44 per cent in 1980-1981, when the price of the dollar increased to Tk 20.06 from Tk 16.25. Devaluation of the local currency by a large margin also occurred in 1981-1982 (18.59 per cent), 1994-1985 (15.10) and 2010-2011 (11.8 per cent).

No Magic but Rules

Anyway, the signs of stabilisation of

the dollar market are not linked to any magic shown by the present governor. They have been linked to the application of the rules of law which totally vanished during the past two financial years while the breaches of rules hampering the macro-economy began in 2017-18. One of the major mistakes was holding back the depreciation of the local currency against the dollar while many countries did so. The introduction of a 9 per cent interest rate on lending was another mistake. Most of the credit under the controversial rate did not go to productive sectors as the oligarchs controlling the banking sector amassed those and resorted to capital flights. The cheap money was also distributed during the COVID-19 pandemic as part of the incentive. However, the loans were not returned to the bank because repeated rescheduling facilities sent the scam-hit banking sector into a tailspin. The non-performing loans were growing while many banks were facing liquidity shortages. The central bank under Abdur Rauf was resorting to printing money to provide liquidity support to the credit-crunched banks. On September 9, finance adviser Salehuddin Ahmed said the release of printing money worth around Tk 60,000 crore by the ousted government was the major bar to bringing down the runaway inflation. There were many reasons for the current high inflation, but the money printing spree by the Bangladesh Bank in the past two years was the main one to be blamed.

Major Decisions

The current BB management has suspended the printing of money. On August 19, BB also restricted S Alam Group which had been controlling more than half a dozen banks after taking over those one after another since 2017 through hostility from issuing new loans. The central bank also asked the banks -- Islami Bank Bangladesh, Social Islami Bank, First Security Islami Bank, Union Bank, Global Islami Bank and Bangladesh Commerce Bank -- not to open letters

of credit in favour of the companies of the business group and its sister concerns. The outcome of the decision has stopped the fund leakages by S Alam Group, one of the most recognised oligarchs of the AL regime. Besides, BB has reconstituted boards of the problematic banks controlled by oligarchs and replaced those with relatively professional bankers.

Curbing Hundi

The depth of the hundi has also been checked. This trend has emerged from the major labour markets within Bangladesh. The hundi market, which is linked to international gold smuggling operations, has been disrupted since the fall of the AL regime. The firm stance of border security forces has led to a decrease in gold smuggling through the borders, further reducing



the demand for dollars in the black market. The reduced number of import letters of credit has also contributed to the decreased demand for dollars in banks. BB data shows that in May last year, the country's imports totalled \$5.18 billion dollars. During the same month, exports amounted to \$3.67 billion, and the inflow of remittances was \$2.25 billion. This means that the country's foreign currency earnings exceeded its expenditures in that month. This trend has continued. In August, there was a nearly 39 per cent increase in remittance into the country. Last month, expatriates sent

\$2.22 billion dollars in remittances. Syed Mahbubur Rahman, managing director of Mutual Trust Bank (MTB), told a local business daily that the demand for dollars in the banking sector had decreased. There is no significant push to open LCs. Businesspeople and entrepreneurs are trying to understand the political and economic dynamics. Without new investments, there is no demand for capital machinery. The actual demand for dollars will be understood in the next one or two months. As long as supply remains normal, there is no immediate likelihood of the dollar's value increasing. Mahbubur Rahman also said the demand for dollars in the hundi market was declining. As a result, the dollar rate in the black market has fallen. In the present situation, expatriates receive more

money when they send remittances through banks.

A Reverse Trend

To maintain market stability, BB has been selling dollars from forex reserves in the past three fiscal years. In the 2021-22 fiscal year, \$7.62 billion was sold from reserves. The amount increased to \$13.58 billion in 2022-23. In 2023-24, around \$12.79 billion was sold causing depletion of forex reserves to around \$20 billion from \$48 billion in August 2021. But now the BB is buying surplus dollars from the market. ■

Forex Reserves \$19.38 Billion After ACU Payment



Business Outlook Report

The gross foreign exchange reserve in Bangladesh, according to the guideline of the International Monetary Fund, stood at \$19.38 billion on September 18, decreasing from \$20.8 billion on September 8.

This decline came due primarily to the payment of \$1.37 billion to the Asian Clearing Union (ACU) for import bills covering July and August, a settlement made every two months. The ACU facilitates payment settlements for intra-regional transactions among participating countries

through their central banks on a net multilateral basis. Additionally, the central bank cleared other payment obligations, further contributing to the reserve depletion. Bangladesh Bank officials stated that to ease pressure on reserves, most import payments were arranged through the interbank dollar market.

Approximately \$800 million in dues have already been paid. The BB is now sourcing dollars from the interbank market to support state-owned banks and these banks prioritise payments for essential imports, including energy, fertilisers and

petroleum, BB officials said. According to BB's conventional valuation, the reserves decreased to \$24.52 billion on September 18, down from \$25.56 billion at the end of August. Since the political changes in Bangladesh on August 5, the central bank has ceased selling dollars from its reserves, officials added.

Therefore, the decline would not affect the reserves as it would revive soon, they said. The reserves came down to the current level following continued sales of dollars in the past three years. The foreign exchange reserves were \$20.39

billion on July 31, which increased to \$20.8 billion on September 8 due to increased remittance inflows. The BB sold about \$34 billion from its reserves in the past three financial years, which contributed most to the depletion of reserves.

The Bangladeshi taka weakened against the US dollar, reaching Tk 120 for a dollar, driven by a dollar shortage and a pressure on banks to settle import payments. The exchange rate per dollar was Tk 84.81 in June 2021, Tk 93.45 in June 2022 and Tk 106 in June 2023. ■

4,205 Women Registered In BPPA'S e-GP System



Business Outlook Report

Only 4,205 women are registered as tenderers in the electronic Government Procurement (e-GP) system of the Bangladesh Public Procurement Authority (BPPA), said Mirza Ashfaqur Rahman, the Chief Executive Officer of the organization. Women across the world constitute only 40% of global entrepreneurs, he stated in his closing remarks.

“The percentage of women entrepreneurs is 26% in Thailand and 22% in India. However, in Bangladesh, the number of registered women tenderers is 4,205, or 7.3%,” said Mirza Ashfaqur Rahman. He further added that the total number of tenderers now registered in the e-GP system is 116,119. The Bangladesh Public Procurement Authority (BPPA) organized the workshop at the Bangladesh Planning Commission in Dhaka as part of their communication program on e-GP, under the

DIMAPP project. Around 40 women entrepreneurs, already registered in the e-GP system, participated in the workshop. This workshop, managed by the Bangladesh Center for Communication Programs (BCCP), is expected to play a significant role in creating new opportunities for women through e-GP and the public procurement process.

At the beginning of the workshop, BPPA Director Laboni Chakma delivered the welcome speech, followed by a presentation from BPPA Director Md. Sakhawat Hossain on BPPA functions, sustainable public procurement, e-GP progress, and women's participation in public procurement. After the presentation, participants engaged in an open discussion where they shared their experiences, challenges, and potential opportunities in e-GP and public procurement. They also provided suggestions for making public procure-

ment more accessible to women. Speaking as the chief guest, Abul Kashem Md. Mohiuddin, Secretary of the Implementation Monitoring and Evaluation Division (IMED) at the Ministry of Planning, assured the participants that their recommendations would be taken into consideration when amending the procurement act, rules, and e-GP guidelines. Previously, BPPA organized similar workshops aimed at increasing women's participation in public procurement, during which the IMED Secretary advised highlighting success stories of women tenderers. BPPA has since gathered several such success stories.

The active participation of women in the e-GP platform aligns with the country's economic progress, and this workshop was part of that ongoing effort. BPPA introduced e-GP in 2011, which has been widely accepted by both procuring entities and tenderers for its simplicity, speed, and reliability. ■



A day-long workshop on 'Prevention of money laundering and financing of terrorism' was held at Janata Bank Staff Collegewith the participation of executives of Janata Bank PLC. Managing Director of the bank Md Abdul Jabbar was present as the chief guest and delivered speech as the keynote speaker. ■



A meeting of the Board of Directors of Islami Bank Bangladesh PLC was held at Islami Bank Tower in Dhaka. Md Obayed Ullah Al Masud, chairman of the bank, presided over the meeting. ■



British-Irish Company Deltaport Limited will invest US\$36 million to set up a garment manufacturing industry in the BEPZA Economic Zone. ■



The 80th meeting of the board of directors of Modhumoti Bank was held. Humayun Kabir, the chairman of the board of directors, was present at the meeting. ■



The 30th Senior Management Team (SMT) meeting of Sonali Bank PLC was held at the bank's head office conference room. SMT Chairman and CEO & Managing Director (Current Charge) of Sonali Bank Sanchia Binte Ali presided over the meeting. Chairman of Board of Directors Mohammad Muslim Chowdhury was present as the chief guest. ■



A five-day long orientation programme was arranged for Pubali Bank's 146 newly recruited junior officers. The course is designed aiming to familiarise participants with the concepts, principles, rules, regulations, laws, and practices of the bank. Managing Director and Chief Executive Officer Mohammad Ali was present among other bank officials as the chief guest. ■



International Cotton Association (ICA) President Kim Hanna and its Managing Director Bill Kingdon met with BTMA President Showkat Aziz Russell at the BTMA's Gulshan office in Dhaka. BTMA Vice Presidents Md. Shamim Islam, Md. Abul Kalam, and Saleudh Zaman Khan, Director Shafiqul Islam Sarker and members of the BTMA Board of Directors from the yarn manufacturer category were present at the meeting. ■



BRAC Bank has recently been honoured with three prestigious awards from the SME Finance Forum of the World Bank Group, including two top accolades in SME product innovation. The awards are Product Innovation of the Year -- Best Commercial Bank in Platinum Award (Global Category), Product Innovation of the Year -- Best Commercial Bank in Asia in Platinum Award (Asia Category) and Best Financier for Women Entrepreneurs in Asia in Silver Award (Asia Category). Syed Abdul Momen, Deputy Managing Director and Head of SME Banking at BRAC Bank, received the awards from Qamar Saleem, Head of the SME Finance Forum, during the Global SME Finance Forum annual conference held in São Paulo, Brazil. ■



Planning and Education Adviser Dr Wahiduddin Mahmud chaired the meeting of the taskforce titled "Re-strategising the economy and mobilising resources for equitable and sustainable development" at the Nazia-Salma Conference Room at the Planning Commission in Dhaka. ■



The delegation of the Institute of Chartered Secretaries of Bangladesh (ICSB) led by its president Mohammad Asad Ullah called on Md Abdur Rahman Khan, Secretary, Internal Resources Division (IRD) and Chairman of National Board of Revenue (NBR) at his office. ■



The certificate award ceremony a five-day training on Islamic Banking Operation organised by Agrani Bank Training Institute (ABTI) was held in Dhaka. Agrani Bank PLC Deputy Managing Director Md Abul Bashar distributed certificates among 48 participants. ABTI Director and DMD Md Rezaul Karim presided over the programme. DMD of Islamic Banking Unit Md Nurul Islam was also present. ■



The Board of Directors of First Security Islami Bank held a meeting at the board room of FSIB Head Office in Dhaka. Mohammad Abdul Mannan, Chairman of the Board of Directors, presided over the meeting. ■



Environmental Protesters Block French Cruise Liner Port

Business Outlook Report

Environmental activists blocked the cruise ship port in the southern French city of Marseille on Saturday to protest against the sea, air and climate pollution generated by these huge vessels. About 20 members of Extinction Rebellion and Marseille-based Stop Croisieres (Stop Cruises) made a chain of canoes in the water across the entry to France's leading port for cruise liners, an AFP correspondent reported.

The demonstration forced one ship to turn back at 7:00 am and moor further down the coast. Others had to stay in stand-by outside the port until about 9:30 am. The port has since reopened, the maritime authorities told AFP cruise ships have docked. 'Nothing justifies the maintenance of these absurd, energy-intensive and toxic floating cities,' Stop Croisieres said on its website. 'Our air, our seas and our health are not up for negotiation,' it said. It criticised the noxious heavy fuel oil used by the vessels, the destruction of ocean and coastal wildlife, the ships'

impact on the climate and poor working conditions for employees on board. The protest prevented the Germany-owned Aidastella, which can carry around 2,000 people, from docking at around 7:00 am. The Costa Smeralda and the MSC World Europa also had to wait before entering the French port. The MSC World Europa is the sixth largest cruise liner in the world. It can carry 6,000 passengers and has more than 2,600 cabins, as well as 13 restaurants and a shopping centre. Marseille is the centre of a burgeoning cruise ship industry in France.

Between 2022 and 2023, the number of cruise passengers entering the port jumped from 1.5 million to 2.5 million, according to the Marseille tourism observatory. Advocates of cruise liners argue they provide revenue to stopover ports. Detractors say the ships encourage passengers to spend their money onboard, not on land, and that the industry promotes competition between reception ports to force down prices. There have been protests in

several European port cities against the damage caused by cruise liners, including in Venice and Amsterdam, which have banished them from docking in the city centre. Stop Croisieres was set up during the Covid pandemic. 'We saw videos of nature being restored all over France, little birds in towns and other bucolic scenes. 'Yet in some parts of Marseille, the air was even more polluted than before the pandemic because of all the cruise liners forced to stay in port with their engines running,' said Andrea, who declined to give her surname for fear of prosecution.

In March 2023, residents' associations in Marseille lodged a legal complaint over ocean traffic pollution in the port area, which regularly exceeded European Union limits. According to a study by NGO Transport and Environment, cruise ships sailing in European waters in 2022 emitted more than eight million tonnes of carbon dioxide — the equivalent of 50,000 Paris to New York flights. ■

Drastic Fall In Wheat Production Drives Up Imports



Business Outlook Report

A sharp decline in wheat production in the country over the last 25 years has augmented the country's import dependency to meet the local demand for the staple.

Farmers previously growing wheat have been shifting their investments to produce other crops like maize, mustard and vegetables as they find them economically more viable, said sector insiders. As a result, the country has to spend more foreign currency to import wheat

to meet the rising demand. The Bangladesh Bureau of Statistics (BBS) data shows that both the wheat field area and production have been declining in the country over the last two and half decades.

The production of wheat fell to 11.72 lakh tonnes on around 3.11 lakh hectares of land in FY24, from 19.08 lakh tonnes on 8.8 lakh hectares of land in fiscal year 1998-1999, according to the BBS data. Wheat is the second most significant staple food after rice in the country. Its local production currently

accounts for 15% of the total demand. The lack of improved varieties has led to a gradual decline in both the cultivation area and production of wheat over time, according to the Grain and Feed Annual Report of the US Department of Agriculture (USDA).

Besides, wheat blast disease – which reduces its yields significantly – has severely diminished its production. Due to these issues, farmers make higher profits by cultivating fruits and vegetables during the Robi season compared to that

they make by growing wheat.

Wheat Import Rises

Wheat import to the country has increased manifold over the years due to its higher demand from local food processors, lower international prices and declining domestic production.

Dr Jahangir Alam Khan, an agro-economist and researcher, said that due to lower international prices, local businessmen imported a higher amount of wheat last year to meet the domestic demand. The

country spent around \$2,032 million for importing wheat in FY24, while it spent about \$2,027 million for importing it in FY23, according to the Bangladesh Bank. In FY24, the country imported 66.29 lakh tonnes of wheat which was record high. In the previous fiscal it imported 38.76 lakh tonnes, according to the Ministry of Food.

In FY24, Bangladesh experienced a notable increase in wheat imports, a significant 71% rise from the previous year, according to a report from the ministry. Experts said despite the significant rise in wheat import, import cost increased by only around \$5 million in FY24 compared to the previous year, as wheat prices in the global market in FY23 were almost double that in the last fiscal. Wheat imports by the government increased by 15.4% and by the private sector importers climbed sharply by 82.9% in FY24, according to the report.

Tajul Islam Patwary, director general of the Department of Agriculture Extension (DAE), said that farmers are more interested in the cultivation of maize, mustard and vegetables than wheat since they are getting higher produce from those crops. "Wheat production has fallen after the blast disease spread in the country. Farmers get only around 3 tonnes of wheat on a hectare of land while they get 10-13 tonnes of maize in the same size of land. Farmers also get more by-products from

maize," he said. The wheat blast hit the country in 2015 for the first time. The outbreak discouraged the farmers in the country's south-western regions to continue wheat farming, according to the agricultural economists.

Due to the high international price, supply chain disruptions, and depreciation of the local currency



against the US dollar, the costs of importing wheat escalated in FY23, resulting in higher prices for all types of wheat flour in the local market, according to the US Department of Agriculture (USDA).

Wheat prices decreased gradually from January 2023 to October 2023 due to lower international prices and better supply chain logistics. From November 2023, the price of wheat flour has risen slightly with higher costs of milling, local transportation, and inflation. Climate change and changing weather patterns are also affecting wheat production negatively. Wheat cultiva-

tion in Bangladesh begins during the period between November and mid-January. Wheat is harvested between February and April.

Wheat mainly grows in Rangpur, Rajshahi, Khulna, Kushtia, Chuadanga, Jhenaidah and some parts of Dhaka division on a large scale where the winter season

dietary patterns among city dwellers, there has been a reduction in rice consumption and an increase in the consumption of wheat flour-based "roti" (flatbread).

Additionally, with the growing middle-class, the demand for bakery products has increased. People often dine out at hotels and restaurants

lasts for a long time.

Food, Seed, And Industrial Consumption Of Wheat

For FY25, the USDA forecasts a rise in food, seed, and industrial (FSI) wheat consumption to 7 million tonnes, 3% higher than the FY24 estimate, on higher imports and rebounding demand for aata and maida at the household level.

It maintains its FSI consumption estimate for FY24 at 6.8 million tonnes. Wheat flour has diverse uses at the household level, as well as in restaurants, bakeries, and the food industry. Due to changing

where a variety of wheat flour-based foods are served. The biscuit, noodle, and pasta making industry is also expanding, consuming significant amounts of wheat flour.

In addition to domestic consumption of these wheat-based products, Bangladesh is also exporting them.

In FY23, the total export value of wheat-based products from Bangladesh was \$200 million. Common wheat-based products exported from Bangladesh include bread, pastry, cakes, sweet biscuits, roasted cereals, and pasta. ■

3,000 Tonnes Of Hilsa Export To India Okayed



Business Outlook Report

The government has approved conditional export of 3,000 tonnes of hilsa to India citing the upcoming Durga Puja. Exporters who requested the permits have been advised to contact the relevant wing of the ministry to obtain permissions by September 24 noon, read a statement of the commerce ministry on September 21. The interim government earlier decided against exporting hilsa to India to improve domestic supply.

In the statement, the commerce ministry cited a foreign ministry letter seeking approval for exports. Usually, the decision of hilsa export is conveyed to the commerce ministry by the fisheries and livestock ministry. Advisers for fisheries and livestock and the commerce ministries could not be reached for comments. Adviser to fisheries and livestock ministry Farida

Akhtar over the last few days said the government will not allow hilsa export to India so that the local consumers get ample supply. The demand for Bangladeshi hilsa is high in India, especially in West Bengal, during Durga Puja. Usually, the government allows export of hilsa to India as a friendship gesture during the puja.

Kazi Belayet Hossain, president of the Bangladesh Frozen Foods Exporters Association (BFEEA), said he received a letter yesterday from the commerce ministry for dissemination among BFEEA members for seeking export permission. Hilsa export has been banned for many years but every year the government relaxes the ban during the puja on request of the Indian government, Hossain said adding perhaps this time too the government agreed to allow permission because of the diplomatic efforts between the two

countries. But, there is a possibility of price hike of hilsa in the local markets as the exporters will start procuring hilsa from the markets for exporting to India, Belayet said. Last week, a senior official of the commerce ministry said they received nearly 50 letters seeking export permission. India's Fish Importers Association yesterday termed the move a "positive development", reports our New Delhi correspondent.

The association's Secretary Syed Anwar Maqsood said, "We are happy that our efforts with the interim government of Bangladesh to bring hilsa bore fruit." In fiscal 2023-24, Bangladesh exported 664.86 tonnes of hilsa to India for \$7.71 million, according to data from the Department of Fisheries. In fiscal 2022-23, Bangladesh exported 1,376.42 tonnes of hilsa worth \$13.68 million. That year, Bangladesh produced 5,71,342 tonnes of hilsa. ■

Cement Demand Plummets As Public Projects Lie Dormant



Business Outlook Report

Sales of cement nearly halved in the last couple of months as real estate developers shelved construction plans while public projects came screeching to a halt in the face of nationwide unrest and the sudden political changeover.

According to industry insiders, dwindling sales of the major construction material have had a notable impact on the industry, with difficulties mounting for cement

producers. "Due to the student movement and sudden change in the political scenario, the demand for cement declined by nearly 50 percent compared to usual," remarked Iqbal Chowdhury, chief executive officer of LafargeHolcim Bangladesh Limited (LHBL).

He added that a lot of public projects were halted because contractors that were appointed to implement them had absconded after the Sheikh Hasina-led Awami

League government was ousted by a mass uprising on August 5. As such, demand for cement from the public sector, which accounts for 35 percent of annual cement consumption, has plummeted, Chowdhury said.

Demand from the real estate sector has also reduced since they are not undertaking new projects as sales have declined due to high interest rates for home loans. Similarly, individuals who were thinking of constructing buildings have also

postponed such plans due to the sudden change in the political situation. Chowdhury further said the demand for cement in public infrastructure projects would not increase as the interim government will not implement any new infrastructure projects.

So, the cement sector will witness a dull period for a long time although most big manufacturers expanded their production capacity, he said. Chowdhury added that cement companies were

owed huge sums by contractors, but they could not pay because they could not get their own bills cleared by the government. According to the Bangladesh Cement Manufacturers Association (BCMA), cement sales declined by over 3 percent to 25 million tonnes during January to August this year compared to 26 million tonnes in the same period last year.

The BCMA added that cement makers logged insignificant revenue in July and August, adding that it would take time for the business to return to normalcy. According to the association, local producers collectively churn out about 78 million tonnes of cement each year against demand

for around 40 million tonnes. Mohammed Amirul Haque, managing director of Premier Cement Mills, said sales had declined to 2.5 lakh tonnes at present from 4 lakh tonnes in a normal situation. As demand has fallen substantially, the company has scaled down production. Usually, it produces around 4.5 lakh tonnes of cement per month. But it has cut back to just 2.7 lakh tonnes at this moment.

However, Haque was optimistic that demand for cement would grow alongside remittance inflows as cement consumption is higher in rural areas than in urban areas due to rapid urbanisation. He believes sales will grow in the winter season, opining that

individuals will start constructing buildings when the overall political situation stabilises. Md Moshir Rahman, chief executive officer at Akij Cement Company Ltd, said sales had reduced as public projects remain halted. Many of the contractors that were hired for government projects had close links to the previous regime and fled the country after the political changeover, he said.

"Moreover, others are not working due to fear. Another reason is that there is no guarantee that they will be paid for any completed work," Rahman said. On the other hand, there are no plans at present to implement any more mega projects, so demand for

cement will not increase from the government's side, he added. He further said the interim government had put restrictions in place regarding lifting sand from sand quarries, which was also affecting the cement sector. "We reduced production to 1.45 lakh tonnes per month from 2.10 lakh tonnes due to slow demand," Rahman added.

According to Akij Cement's CEO, they now supply 4,200 tonnes per day compared to 6,500 tonnes in the past, which indicates that sales have declined by 35 percent. Against this backdrop, Akij Cement has been facing losses amounting to Tk 3.6 crore on average per month over the past few months, he said. ■

Bangladesh To Get \$4 Billion From IDB



The Islamic Development Bank (IDB) has agreed to provide Bangladesh with \$4-5 billion over the next three years for state reform efforts. IDB Regional Hub Manager Muhammad Nassis Bin Sulaiman has confirmed the funding, finance adviser Dr Salehuddin Ahmed told reporters at the Bangladesh Secretariat on September 17. The funding would be used

for repairing roads damaged during the recent floods in the country's east, other infrastructural development and for improving the power-energy sector. The Islamic Development Bank abbreviated as (IDB) is a multilateral development finance institution that is focused on Islamic finance for infrastructure development and located in Jeddah, Saudi Arabia.

There are 57 shareholding member states with the largest single shareholder being Saudi Arabia. It was founded in 1973 by the Finance Ministers at the first Organisation of the Islamic Conference (now called the Organisation of Islamic Cooperation) with the support of the King of Saudi Arabia at the time (Faisal), and began its activities on 3 April 1975.

On 22 May 2013, IDB tripled its authorized capital to \$150 billion to better serve Muslims in member and non-member countries. The Bank has received credit ratings of AAA from Standard & Poor's, Moody's, and Fitch. Saudi Arabia holds about one quarter of the bank's paid up capital. The IDB is an observer at the United Nations General Assembly. ■

MAJOR PLAYERS OTHER THAN GAZI

Mehgna Group, Pran-RFL Group, Apex Husain Tyres, Rupsha Tyres, Alam Tyre



DEMAND

- Bangladesh needs **1.20** lakh pieces of autorickshaw tyres a year
- The country also needs **35,000** pieces of motorcycle tyres every year
- The demand has been increasing as motorcycle market expands

KEY POINTS

Tyre manufacturers say they will be able to fill the gap left by Gazi Tyres

Other players are ramping up production to grab the market

Local products are cheaper than the imported ones

Local makers have to import some raw materials to ensure quality

GAZI VS OTHER MAKERS

- Gazi used to make all types of tyres including those for bus and truck
- Other players make tyres only for light commercial vehicle, autorickshaw, motorcycle, rickshaw



Tyre Makers Gear Up To Fill Void Left By Gazi

Business Outlook Report

Tyre makers in Bangladesh are ramping up production in a bid to expand their market share by catering to a potential supply shortage that may arise from the recent destruction of the Gazi Tyres factory in Rupganj upazila of Narayanganj.

Gazi Tyres met up to 70 percent of the country's overall demand for tyres used by rickshaws, three-wheelers and small commercial vehicles. It had also captured between 15 percent to 20 percent of the market for bus and truck tyres, and 65

percent in the minibus segment. However, its production unit faced repeated attacks from looters and arsonists since the fall of the Sheikh Hasina-led Awami League government on August 5 because the company is owned by former Textile and Jute Minister Golam Dastagir Gazi.

With the factory now reduced to a pile of rubble, other tyre makers are looking to fill any supply shortages that may materialise within the next three months. Industry people said their collective production

capacity is capable of catering to more than double the country's annual demand. Heavyweights in the sector include the Meghna Group of Industries, Pran-RFL Group, Apex Hussain Tyre, Rupsha Tyres and Chemicals Ltd, and Alam Tyre.

"We will utilise our maximum capacity to increase our market share in different tyre segments. We will be able to cater to about 70-80 percent of the total demand for small tyres," said Luthful Bari, director of operations at Meghna Group. As such, they can easily cover the

supply gap left by Gazi Tyres, he said, especially since MTF Tyres, a concern of Meghna Group, has been running below capacity. "We previously used just 50-60 percent of our production capacity. Now, we will utilise 100 percent as it is the perfect time considering current market conditions," he added, informing that they can produce about 30 lakh rickshaw tyres each year at full capacity.

According to him, MTF Tyre already caters to 60 percent of the demand for motorcycle tubes and tyres. But now, the

company's market share in this segment could expand to 80 percent. Bari further said MTF Tyre alone is enough to meet most of the demand in the market. Market insiders said Bangladesh needs roughly 1.20 lakh CNG tyres and 35,000 motorcycle tyres each year, with demand consistently on the rise due to the increasing use of two and three-wheelers.

Bari believes that like MTF Tyre, all other manufacturers in the industry will increase their production to capitalise on Gazi Tyres' absence. Shafiqur Rahman, managing director of Rupsha Tyres, also

said they would increase production capacity for the next three months to offset any supply shortage. As a part of their efforts, he will soon open a letter of credit to import machinery to this end. "After that, I will import the necessary raw materials as well," he added.

Rahman said they can cater to about 40 percent of the demand for CNG, motorcycle and easy bike tyres, with the company capable of meeting roughly 20 percent of the market's overall demand, excluding bus and truck tyres. Rahman also said local manufacturers can now produce international standard tyres for two

and three-wheelers. However, they have to import some raw materials to ensure the quality of those products. "We import high-quality rubber sheets for motorcycle tyres to ensure their quality," he added. Regarding the price of locally made tyres, he said domestic products are cheaper than imported ones, but they are of similar quality.

Kamruzzamn Kamal, marketing director of Pran-RFL group, said they entered the tyre industry just three years ago, which is why their market share is very low. He explained that a vacuum is created in the

market whenever any major player suddenly suffers a shock, providing others with the scope to expand their business. "However, we are yet to make any decision about increasing production as a crisis is yet to emerge. It will take at least three months for a supply shortage to affect the market," he said.

"If we see that more products are required in the market, then we will increase production as we have unused capacity." Kamal also said they are capable of catering to about 50 percent of the total demand for tyres with their existing production capacity. ■

Central Banks Face 'Difficult Balancing Act'



Business Outlook Report

Central banks face a "difficult balancing act" as they start lowering interest rates around the world in the face of falling inflation, the head of the IMF said on September 20. Central banks on both sides of the Atlantic have cut rates this year, with the US Federal Reserve reducing its benchmark lending rate by half a percentage point on Wednesday in a

bid to boost demand, a few months after the European Central Bank (ECB) began lowering its key rate. But as they do so they must tread carefully, International Monetary Fund Managing Director Kristalina Georgieva said at an event with ECB President Christine Lagarde in Washington. "Central banks face a difficult balancing act," Georgieva said. "They must ensure that inflation

sustainably returns to target and remains there, while avoiding the risk of excessively tight policies." Google News LinkFor all latest news, follow The Daily Star's Google News channel. "While clearly weaker than we would have wanted, economic activity has been remarkably resilient," she added. "While inflation is retreating, rates are going down. Recession appears to be unlikely." The ECB has cut rates by a quarter percentage-point twice already this year, while the Bank of England voted on Thursday to leave rates unchanged after just one cut, as UK inflation remained above-target.

Lagarde said Friday that the ECB's "determined policy actions have successfully kept inflation expectations anchored," adding that inflation remains on track to hit its two percent target in the middle of next year. "But is the uncertainty gone? No, there is still plenty of that around," she said. ■

Tyre Prices Soar On Rising Costs For Raw Materials



Business Outlook Report

Global hikes in tyre and tube-making raw materials rates and a factory rampage at local key manufacturer Gazi Tyres have caused a shortage and price hikes for the auto item used in lightweight two- and three-wheelers like motorbikes and auto-rickshaws. According to market insiders, this could lead to drivers increasing their transport fares.

After the change of government on August 5, Gazi Tyres, owned by Awami League minister Golam Dastagir Gazi, faced repeated arson attacks and looting at its factory in Narayanganj. Following the abrupt shutdown of Gazi Tyres, which held more than half of the local market share, tyre prices of other brands

have increased by Tk 200 to Tk 800 per piece in the past week, depending on the segment. Imported tyre prices have also risen by Tk 300 to Tk 500 for rickshaws, auto-rickshaws, light commercial vehicles, motorcycles and battery-powered easy bikes, according to market insiders. However, other tyre manufacturers have ruled out that the suspension of Gazi's production alone is responsible for the price increases.

They attribute the overall price hike to increased costs of imported raw materials, freight charges and bank interest. According to Mustafizur Rahman, assistant general manager (commercial marketing) of the Gazi Auto Tyres factory, they used to manufacture and supply more than

70 percent of rickshaw tyres and around 55 percent of auto-rickshaw, rickshaw van and CNG-run three-wheeler tyres. "The retailers were shocked by the sudden closure of the factory," he said, adding that supply to the local market may decrease further in the coming months. This could cause a huge disruption in the supply chain, he said.

Tyre and tube traders and importers in the Kadamtoli area of the port city of Chattogram said tyre prices for both two- and three-wheelers, as well as heavier segments, have been increasing over the past year. However, the average price per tyre of various brands has increased by Tk 200 to Tk 500 in the past 15 days, forcing many drivers to raise trans-



port fares. Tyre manufacturers increased prices following the supply stoppage by Gazi Tyres, according to Jasim Uddin, a retailer at the Kadamtoli market. "Previously, I sold CNG auto-rickshaw tyres for Tk 1,900," he said. "Now they have risen to Tk 2,100-Tk 2,200 depending on brands."

Meanwhile, Rashid Ahmed, former general secretary of the Chattogram Tyre Tube Importers and Dealers Association, said the increase in the price of rubber on the international market has led to higher prices for imported tyres. Similar to Chattogram retailer Jasim Uddin, Sanjay Saha, owner of Niloy Machinery Store in Patuakhali, said Gazi currently does not have tyre tubes available. As a result, prices of other

company's motorcycle tyres have increased by Tk 200 to Tk 300 per piece. Mohammad Jiban, owner of Hawk Stores in Patuakhali, said prices of easy-bike tyres have increased by Tk 500 to Tk 600, and truck tyres by Tk 2,000 to Tk 3,000 recently, depending on brands.

Luthful Bari, director (operations) of Meghna Group, said there is no possibility of an acute shortage of tyres in the market, except for truck and bus tyres, as other players do not specialise in large tyres. He said MTF Tyre, a concern of Meghna Group, has expanded its capacity to fill the market gap created by the absence of Gazi Tyres. He said there are five players manufacturing tyres for rickshaws, motorcycles, cycles, and CNG-powered auto-rickshaws.

He dismissed allegations that the price increase of tyres in the market was solely due to the fire at the Gazi Tyre factory. According to him, the price increase was primarily driven by the surge in the price of major raw materials like rubber sheets, which jumped to Tk 326 per kg foot from Tk 160 per kg in the last three months.

Shafiqur Rahman, managing director of Rupsha Tyres & Chemicals Limited, said the increase in tyre prices was not solely due to the incident in Narayanganj but was also influenced by rising raw material prices, bank interest and freight costs. However, he said the increase in tyre prices was insignificant compared to the rise in production costs over the past three months. ■

WEEKLY SELECTED ECONOMIC INDICATORS

Chief Economist's Unit
(Policy Support Wing)
26 September 2024

	25 September 2023	30 June 2024	29 August 2024 ^R	25 September 2024
1. Foreign Exchange Reserve (in million US\$)	27123.08	26714.20	25566.89	24678.48
	25 September 2023	30 June 2024	29 August 2024	25 September 2024
2. Interbank Taka-USD Exchange Rate (average)	110.0000	118.0000	120.0000	120.0000
	25 September 2023	30 June 2024	29 August 2024	25 September 2024
3. Overnight Call Money Rate	6.55	9.01	9.09	9.53
	25 September 2023	30 June 2024	25 September 2024	Percentage change
				25 Sep 24 over Jun 24
4. Broad/Overall Share Price Index	6282.78	5328.40	5736.51	7.66
a) Dhaka Stock Exchange (DSE) [@]	18580.28	15066.82	16001.40	6.20
b) Chittagong Stock Exchange (CSE)	August, 2023	July-August, FY24	August, 2024 ^P	July-August, FY25 ^P
5. a) Wage Earners' Remittances (in million US\$)	1599.45	3572.60	2215.88	4129.65
b) Annual Percentage Change	-21.48	-13.56	38.54	15.59
	July, 2023	July FY24	July, 2024 ^P	July FY25 ^P
6. a) Import (c&f) (in million US\$)	5384.60	5384.60	5247.80	5247.80
b) Annual Percentage Change	July, 2023	July FY24	July, 2024 ^P	July FY25 ^P
7. a) Import (f.o.b) (in million US\$)	5076.00	5076.00	4942.00	4942.00
b) Annual Percentage Change	July, 2023	July FY24	July, 2024 ^P	July FY25 ^P
8. a) Export (f.o.b) (in million US\$)	3472.00	3472.00	3484.00	3484.00
b) Annual Percentage Change	July FY24	July FY24	July FY25 ^P	July FY24 ^P
8. Current Account Balance (in million US\$)	-295.0	-193.0	-6512.0	-6512.0
	June, 2023	June, 2024 ^P	July FY25 ^P	FY24 ^P
9. a) Tax Revenue (NBR) (BDT in crore)	49037.94	331454.89	57918.34	382296.54
b) Annual Percentage Change	0.56	9.89	18.11	15.34
Investment in National Savings Certificates (BDT in crore)	July, 2023	July FY24	July, 2024 ^P	July FY25 ^P
10. a) Net sale	-347.60	-347.60	2187.56	2187.56
b) Total Outstanding	360357.43	360357.43	348456.61	348456.61
	July, 2023	June, 2024 ^R	July, 2024 ^P	Percentage change
				July 24 over July 23
11. a) Reserve Money (RM) (BDT in crore)	365659.60	413644.60	389317.10	6.47
b) Broad Money (M2) (BDT in crore)	1874249.70	2033231.60	2026224.60	8.11
	July, 2023	June, 2024 ^R	July, 2024 ^P	Percentage change
				July 24 over Jun 24
				July 23 over Jun 23
				FY23
				10.49
				10.48

12.	Total Domestic Credit (BDT in crore) a) Net Credit to the Govt. Sector b) Credit to the Other Public Sector c) Credit to the Private Sector	July-August FY24			July-August FY25 ^P			Percentage change		
		July-August FY24		July-August FY25 ^P		July-August FY25		July-August FY25		FY24
		Opening	Settlement	Opening	Settlement	Opening	Settlement	Settlement		
		1920170.10	2115535.70	2123440.70	10.59	0.37	-0.34	15.25		
		389687.30	424877.10	437588.40	12.29	2.99	0.60	36.72		
		45037.40	49419.10	49936.60	10.88	1.05	-0.28	21.41		
		1485445.40	1641239.50	1635915.70	10.13	-0.32	-0.59	10.58		
13.	L/C Opening and Settlement (in million US\$)									
	a) Consumer Goods	935.74	1237.23	836.42	891.17	836.42	-4.76	-32.40	-13.56	
	b) Capital Machinery	507.31	505.51	337.83	285.56	337.83	-43.71	-33.17	-23.86	
	c) Intermediate Goods	815.64	890.23	695.93	735.63	695.93	-9.81	-21.83	-12.00	
	d) Petroleum	1954.55	1662.67	1327.80	1246.91	1327.80	-36.20	-20.14	-5.02	
	e) Industrial Raw Materials	3557.14	3827.92	3654.38	3610.41	3654.38	1.50	-4.53	-15.90	
	f) Others	3745.21	3774.30	3489.63	3253.99	3489.63	-13.12	-7.54	5.80	
	Total	11515.59	11897.86	10341.99	10023.67	10341.99	-12.96	-13.08	-8.29	
	Rate of Inflation on the basis of Consumer Price Index for National (Base:2005-06=100)	December, 2022	June, 2023 [#]	March, 2024 [#]	December, 2023 [#]	April, 2024 [#]	May, 2024 [#]	June, 2024 [#]	July, 2024 [#]	August, 2024 [#]
	a) Twelve Month Average Basis	7.70	9.02	9.69	9.48	9.73	9.73	9.73	9.90	9.95
	b) Point to Point Basis	8.71	9.74	9.81	9.41	9.74	9.89	9.72	11.66	10.49
14.	Corresponding Period	December, 2021	June, 2022	March, 2023	December, 2022	April, 2023 [#]	May, 2023 [#]	June, 2023 [#]	July, 2023 [#]	August, 2023 [#]
	a) Twelve Month Average Basis	5.55	6.15	8.39	7.70	8.64	8.84	9.02	9.90	9.24
	b) Point to Point Basis	6.05	7.56	9.33	8.71	9.24	9.94	9.74	9.69	9.92
	Classified Loan	June, 2021	December, 2021	December, 2022	June, 2022	June, 2023	September, 2023	December, 2023	March, 2024	June, 2024
15.	a) % of Classified Loan on Total Outstanding	8.18	7.93	8.16	8.96	10.11	9.93	9.00	11.11	12.56
	b) % of Net Classified Loan on Net Outstanding	-0.47	-0.43	-0.08	0.49	1.58	1.22	0.59	2.44	3.68
	Agricultural and Non-farm Rural Credit (BDT in crore)	June, 23	July, 23	June, 24	July, FY24	July, 24 ^P	July, FY25 ^P	FY24 ^P	FY23	FY22
16.	a) Disbursement**	3532.09	1991.27	3857.81	1991.27	1790.71	1790.71	37153.90	32829.89	28834.21
	b) Recovery	2909.36	2710.32	3196.01	2710.32	2533.79	2533.79	35571.62	33010.09	27463.41
	c) Outstanding	52704.45	52361.91	58119.59	52361.91	56894.54	56894.54	58119.59	52704.45	49802.28
17.	SME Loan (BDT in crore)	Jul-Sept, FY23	Oct-Dec, FY23	Apr-Jun, FY23 ^P	Jan-Mar, FY23 ^P	Jul-Sept, FY24 ^P	Oct-Dec, FY24 ^P	Jan-Mar, FY24 ^P	FY23	FY22
	a) Disbursement	51676.81	60611.61	62747.05	49068.40	52654.90	64841.99	53107.48	224103.87	207395.04
	b) Outstanding	273906.60	282896.54	295842.02	283236.32	298339.27	304241.45	303970.10	295842.02	283236.32
	Industrial Term Loan (BDT in crore)	Jul-Sept, FY23	Oct-Dec, FY23	Apr-Jun, FY23 ^P	Jan-Mar, FY23 ^P	Jul-Sept, FY24 ^P	Oct-Dec, FY24 ^P	Jan-Mar, FY24 ^P	FY23	FY22
18.	a) Disbursement	18562.45	29574.55	26127.36	20907.66	26194.00	33763.22	22015.37	95172.03	72360.96
	b) Recovery	20610.17	50593.69	17290.02	17899.35	22712.86	25062.93	23468.00	106395.23	64862.58
	c) Outstanding	328742.50	360051.14	395317.82	383075.76	399693.22	433807.76	428079.27	395317.82	320410.22
19.	GDP Growth Rate (in percent, Base: 2015-16)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23 ^R	FY24 ^P
		7.27	6.59	7.32	7.88	3.45	6.94	7.10	5.78	5.82



Seven Foreign Ventures Confirm Participation, Deadline Extended

Business Outlook Report

Seven foreign ventures have so far bought tender documents for oil and gas exploration in the Bay of Bengal. To make the tender process more competitive, Petrobangla has extended the bid submission period by three months to 9 December this year.

This extension is aimed at addressing the insufficient response and applications from multinational companies, according to sources at Petrobangla. The foreign companies that have so far participated in the tender include US giants ExxonMobil and Chevron, Malaysia's Petronas, the Norway-France joint venture TGS and Schlumberger, Japan's Inpex Corporation and Jorgmac, China's

Sinuc, and Italy's Eni SPA. Despite these expressions of interest, the number of formal submissions has not met expectations, so the authorities concerned extended the deadline. Experts say it is necessary to start exploration in the sea to meet the country's demand for gas.

They have also suggested reforms in several clauses of the Production Sharing Agreement (PSC) to protect the country's interests. The initial tender invitation, issued on 10 March 2024, sought proposals from 55 of the world's leading oil and gas companies. Although seven major multinational companies have purchased the tender documents, the response has been lower than anticipated. At present, the

total demand for gas in the country is 4 billion cubic feet. In contrast, the supply is 270 million cubic feet. Of this, local extraction accounts for 210 million cubic feet, and LNG for 60 million cubic feet. The surface gas extraction in the country may drop below 180 million cubic feet by the end of 2030. Meanwhile, another 200 million cubic feet of gas can be found in the shallow sea.

By that time, local demand for gas will rise to 5 billion cubic feet, 60% of which will have to be met through imported LNG. Experts say that the competitive bidding process for offshore gas exploration should be taken forward. The sooner the country can start local gas extraction the better. If imports are reduced, the

pressure on the foreign currency reserves will also drop. Energy expert Prof M Shamsul Alam has expressed concerns over the profit sharing method mentioned in the tender process. He said the country prefers gas to cash.

“We have objections to this point. Whether they (foreign companies) pay lower corporate taxes or not, their share of gas prices should drop. All the cost recovery clauses should be revised,” said Alam, energy adviser of Consumer Association of Bangladesh (CAB). Bangladesh's maritime boundary disputes with India and Myanmar were settled in 2012 and 2014, respectively. Both the neighbouring countries have already started extracting gas in the sea. ■

Gas Extraction And Supply Deals With 4 Foreign Companies Halted



Business Outlook Report

The interim government has decided against the proceeding with gas extraction and supply agreements with four foreign companies. The companies are—India's H Energy, Russia's Gazprom, China's Sinopec, and Uzbekistan's Ariel, according to Energy and Mineral Resources Division officials.

Previous Awami League government selected these companies to make deals for gas extraction and supply, which had been developed and were nearing completion. The officials said that the contracts will not be signed since the Quick Energy Supply Act, under which they were being processed, has been

repealed by the interim government. The present government will review the agreements and proceed with those it considers necessary, they added. "The contracts will be awarded to interested companies through an open tender process," Energy Secretary Md Nurul Alam said.

According to Energy Division officials, the agreements with Russia's Gazprom to drill five gas wells in Bhola, with H Energy to import liquefied natural gas (LNG) via pipeline from India, and with Dipon Gas, a Bangladesh-based company, to build a pipeline from Bhomra to Khulna to supply the imported LNG were nearly finalised. Additionally, discussions were

ongoing with China's Sinopec to drill five gas wells in Sylhet and with Uzbekistan's Ariel to drill six wells and perform a workover on another.

Plans were underway to work on 17 onshore wells with Gazprom, Sinopec, and Ariel, and the Energy Division was in the final stages of approving the proposals after reviewing their financial details, they added.

Agreements Under Questions

Gazprom has drilled 20 wells in Bangladesh, including seven in Bhola under the Quick Energy Supply Act. The Russian company is currently drilling four more wells in Bhola under the same act. The



Hasina government had planned to award them the contract to drill five additional wells in Bhola using the same approach. Of the five wells, one is an exploration well and the remaining four are development wells. Gazprom proposed a budget of \$120 million for the project. The Energy Division and Gazprom were negotiating this cost.

The deal with India's H Energy Limited involved importing 0.8 to 1 MTPA (million tonnes per annum) of LNG to Bangladesh. After nearly four years of discussions, the agreement was in its final stages. The LNG was intended to be supplied to the power plants in Khulna and western regions of the country. An

official from Petrobangla, speaking on condition of anonymity, said discussions were ongoing with a company called Dipon Gas to establish a 65 km pipeline from Satkhira to Khulna for importing LNG from India.

Dipon Gas is a Bangladesh-based company with operations in India and Singapore, according to its website. The company has previously worked on installing the pipeline for importing fuel oil from Numaligarh in India and was involved in the construction of Excelerate Energy's LNG terminal and pipeline at Maheshkhali. Discussions were also ongoing with the Chinese company Sinopec regarding the drilling of five

wells under Sylhet Gas Fields Company Limited. The wells include Rashidpur-11 and 13, Kailash Tila-9, Dupi Tila-1, and the only development well, Sylhet-11. These projects were estimated to cost around Tk1,200 crore.

Meanwhile, Uzbek company Ariel was in the final stages of negotiations to drill seven wells under Bangladesh Gas Fields Company Limited across various districts. The Energy Division had completed the evaluation of Ariel's proposal to drill and renovate these wells. The proposal included drilling four new wells and performing workovers on three existing ones, with a proposed cost of \$131 million. ■



New Ctg–China Direct Shipping Route Launched

Business Outlook Report

A vessel carrying 935 Twenty Equivalent Unit (TEU) containers arrived at Chattogram Port directly from China under a new shipping service, ushering in hope for expediting the much-anticipated direct shipping in one of the important sea routes.

The vessel “Kota Anggun” docked at the jetty of Chattogram Port around 10:45am on September 16. It sailed carrying the containers from the busiest Ningbo–Zhoushan port of China on 7 September and reached the outer anchorage of the Chattogram port on Sunday, spending only eight days against the usual service of 20–25 days. Concerned

sources said a consortium of ships owned by several organisations has been formed to introduce the service named “China–Chittagong Express (CCE) earlier. Under this service, the vessel arrived at the Chattogram Port and took a berth at the jetty on Monday with the imported goods.

The vessel’s shipping line Pacific International Line (PIL) Head of Operation Ahsan Habib said the ship carrying 935 TEU containers reached the port in eight days. It made the voyage via Shanghai and Shekou and will depart Chattogram with around 1,100 TEUs export containers on Thursday, he said. The other service providers sometimes touch

the transshipment ports in this route, but the CCE will provide the direct service, Ahsan stated. Sources said vessels used to take 20 to 25 days to arrive at Chattogram Port from China after loading containers from transshipment ports in Colombo, Singapore and Malaysia.

Now, the China–Chattogram direct route will help the ships to move with less time, they said. Mentionable, various types of machinery and raw materials for garment manufacturing and export sector in Bangladesh are imported from China. Besides, several products are exported to China from Bangladesh. The import and export activities usually took

place through the transshipment ports. Due to the use of feeder vessels to carry goods from the mother vessels and use of the transshipment ports, both the time and cost increase. Bangladesh Shipping Agents’ Association Director Khairul Alam Suzan hailed the initiative and said Bangladesh imports a number of goods from China.

So, operating a direct ship on the China–Chattogram route has immense potential, said Suzan. Moreover, due to the Red Sea crisis, the mother vessels take a huge time increasing the cost of doing business, he remarked. The initiative will bring benefits for the businesses and the country as well, he added. ■

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