

Politics: Is Crack Between Interim Govt, Political Parties Widening?

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On Polythene
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Business Outlook

From the Editor

Reconsider crackdown on single-use plastic

The government has launched a drive against single-use plastic. Undoubtedly, if successful, it will help improve the environment. However, the success of any drive depends on many aspects. First of all, the timing of the drive is crucial, as it needs cooperation from various stakeholders. Both of these factors are lacking in the government's drive against single-use plastic. The rehabilitation of the affected people in any drive is another essential component for success. Social campaigns are another issue that cannot be ignored in achieving success. Above all, the question arises: is driving out single-use plastic a high priority for the interim government? The simple answer to this question is "No, absolutely not." It is clear that the situation with single-use plastic has reached its worst point due to over 15 years of misrule and autocracy under fascist Sheikh Hasina regime. However, the July-August movement did not focus on single-use plastic. The government's top priorities should be improving the economy, combating corruption, punishing perpetrators from the Hasina regime, and restoring democracy by holding free and fair elections. In addressing these issues, the government needs to implement reforms in various sectors. While single-use plastic is harmful to the environment, it is not directly linked to the government's priority tasks. Our report reveals that there are over 200 factories in Old Dhaka alone manufacturing polythene bags. Each factory has a daily production capacity of about 500-700 tonnes of polythene bags of various types. Additionally, there are about 350 factories in Old Dhaka that recycle polythene bags and other plastic products. The main customers of these polythene bags are kitchen market outlets, grocery shops and wholesale market traders. The country's plastic bag market was valued at around \$2.8 billion in 2023. Plastic product producers have already expressed concerns over the ban on single-use plastic. Without alternative products, the ban will affect exports, trade, the packaging industry and the medicine sector. They have pointed out that a large number of workers in this sector will become unemployed if the government restricts the use of 17 single-use plastic products. Around 1.3 million small traders are involved in selling plastic goods in the country. While no one can challenge the spirit of the Ministry of Environment, Forest and Climate Change, led by Adviser Syeda Rizwana Hasan, in strengthening the crackdown on single-use plastic, many have already raised questions about the timing of the initiative. This is especially concerning as the interim government struggles with inflation, unemployment, and falling private investment. We agree with these concerns and believe that a full-scale clampdown could lead businesses to express resentment, which may be a major concern when the overall economy is on an upward trajectory. ■

Happy New Year 2025

Best wishes to all...



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Japan Grants \$3.3m For Bangladesh

Japan has extended a grant of 500 million Japanese Yen (approximately \$3.3 million) to Bangladesh under the "Fourth Primary Education Development Programme" (PEDP4), aiming to enhance the quality of primary education in the country. The Exchange of Notes formalising the grant was signed on December 19 by IWAMA Kiminori, the Ambassador of Japan to Bangladesh, and Md Shahriar Kader Siddiky, Secretary of the Economic Relations Division (ERD) under the Ministry of Finance. A relevant Grant Agreement was then signed by JICA Bangladesh Office Chief Representative ICHIGUCHI Tomohide and Md Shahriar Kader Siddiky. Speaking at the signing ceremony, Ambassador IWAMA emphasised the pivotal role of education in national development. "Education, which develops human resources, is a crucial element for the future of any nation. Without education, there is no development of the nation," he said. He expressed optimism



that the support for PEDP4 would enable many children to access high-quality education. "It will be one element of numerous initiatives that will benefit both our nations." With this fifth grant, Japan has provided a total of JPY 2.5 billion (approximately \$16.7 million) for PEDP4, supporting various implementations to achieve the programme's objectives. ■

Panel Formed To Make Tax Expenditure Policy

The National Board of Revenue (NBR) on December 19 formed a nine-member committee to make a policy framework for tax expenditure. The tax expenditure is a form of tax subsidy that includes rebates, discounts, exemptions and reduced rates of taxation. The tax administrator has formed the committee to assess its overall direct and indirect tax exemptions as the International Monetary Fund has been asking to cut the existing tax expenditure since it approved a \$4.7 billion loan for Bangladesh. The committee has been asked to submit the report within seven days. Mirza Mohammad Mamun Sadat, first secretary of tax policy of the NBR, will chair the committee while Md Bodruzzaman Munshi, second secretary of the VAT policy, will serve the committee as member secretary. ■



Poultry Farmers Cancel Movement After Govt Assurance



Bangladesh Poultry Association (BPA) has withdrawn its movement to halt all chicken and egg production activities from 1 January after the government assured the small farmers of meeting their demand of curbing corporate influence. BPA announced the withdrawal of movement in a press release sent on December 17. Earlier, on Sunday, they demanded the government breakup the poultry market syndicate controlled by big corporate houses and ensure fair earnings for small holders in a 10-point demand. ■

Poultry Breeder Industry Incurs Tk750cr Losses This Year

Breeders Association of Bangladesh (BAB) President Mahabubur Rahman has stated that the poultry breeder industry has faced losses of approximately Tk750 crore this year. He made the remark during the annual general meeting of BAB on December 19. Rahman attributed the industry's losses to various factors, including rising prices of Grandparent Stock (GP) and Parent Stock (PS) chicks in the international market, a sharp increase in dollar rates, unexpected floods, heavy rainfall, heatwaves, disease outbreaks, natural disasters, and the government's decision to import eggs. "Many small, medium, and even large breeders and commercial farms have either shut down or been sold off. Most companies are now burdened with significant bank debts. Production has fluctuated between underproduction and overproduction, leading to losses for breeder farms and hatcheries, while middlemen have profited from the resulting instability," he said. ■



Market Players, Regulators Responsible For Unrest In Capital Market



Finance Adviser Salehuddin Ahmed has held the market players and regulators responsible for nagging unrest in the country's capital markets and called upon them to broaden publicity efforts to enhance public awareness. "It is not investors rather the market players and regulators are responsible for the persisting unrest in the country's capital markets," he made the remarks while addressing a programme held at the CIRDAP auditorium in Dhaka on December 21. Underscoring the need for broadening publicity efforts to create awareness among the investors, he said, "People enthusiastically buy Z-category shares without knowing. These shares eventually become worthless, leaving the investors frustrated and prompting protests. I don't support this trend." Salehuddin said he has instructed the Bangladesh Bureau of Statistics (BBS) to publish real information as there is no scope to manipulate the market here. "Our capital markets are grappling with the same challenges affecting the country's banking and financial sectors," said the finance adviser. ■

Govt Won't Raise Power Tariff Despite Pressure From IMF

The interim government will not increase power tariffs despite a recommendation from the International Monetary Fund (IMF), said Power and Energy Adviser Dr. Fouzul Kabir Khan on December 19. "We will not raise power tariff despite IMF's suggestion," Dr. Fouzul told reporters after a meeting with an IMF delegation at the Finance Ministry. The delegation, led by IMF Mission Chief to Bangladesh Chris Papageorgiou, held a meeting as part of the IMF's third review under the Extended Credit Facility (ECF), Extended Fund Facility (EFF), and Resilience and Sustainability Facility (RSF). Finance Adviser Dr. Salehuddin Ahmed and Dr. Fouzul were present during the discussions. The energy adviser explained that while the IMF recommended a tariff hike to ease the subsidy burden in the power sector, the government emphasized the adverse effects such a move would have on citizens already grappling with high inflation. The government is focusing on reducing



subsidies by cutting production costs in the energy sector, the adviser said. He also highlighted several reforms aimed at improving efficiency and transparency in the power sector. The government has repealed the Speedy Increase of Power and Energy Supply (Special Provision) Act, 2010, and removed bureaucrats from the boards of directors in various power companies, he noted. ■



Is Crack Between Interim Govt, Political Parties Widening

SMS Hasan

Neither the interim government nor political parties have reached a consensus on the pressing issues of reform, the trial of those responsible for the deaths of innocent people during the 2024 mass uprising and the national election. For the past few months, these issues have been the subject of heated debates, but no concrete solutions have emerged.

The Bangladesh Nationalist Party (BNP), the largest political party in the country, has prioritised the election, advocating for a clear electoral roadmap with a set timeline. However, it has also acknowledged the necessity for reforms in state institutions. Its

primary focus seems to be on the election, while reforms are secondary. The second largest party, Bangladesh Jamaat-e-Islami, has emphasised both reforms and the election, occasionally calling for a faster resolution on reforms. However, the party's exact priority remains unclear, as both issues seem equally important to them. Like the BNP, Jamaat agrees on the need for a fair trial to punish the perpetrators of the 2024 uprising massacre but does not consider it their immediate priority.

Meanwhile, the interim government has stressed the importance of both reforms and the trial, though it is still unclear which issue should take precedence. On another front, the

Anti-Discrimination Student Movement (ADSM) has been attempting to form a political party, launching a platform called the Jatiya Nagorik Committee (JNC) or National Citizens Committee. Already, local committees have been formed in over 200 upazilas out of 495. A BNP leader has alleged that a government intelligence agency assists the JNC in organising these local committees.

In this volatile situation, is it possible for political parties, student leaders and the government to reach a consensus on these three critical issues? The stance of the army remains unclear, even though the military played a significant role in the successful movement against the

autocratic rule of Sheikh Hasina. Army Chief General Waker-Uz-Zaman has stated that the general election should be held within 18 months of the interim government's tenure.

The formation of the JNC and the move towards creating a political party appears to stem from the student leaders' sense of insecurity and identity crisis. Many of these student leaders, having gained societal respect for their role in overthrowing the fascist regime of Sheikh Hasina, continue to hold influence within society for as long as the interim government remains in power. However, once an elected

parliament. Seat-sharing agreements could be made among political parties.

However, for this to work, Jamaat, other political groups and ADSM leaders must come forward and work towards breaking the current deadlock by setting clear priorities. If this impasse is not resolved, the situation may remain volatile, allowing the secret agents of the fallen autocrat to regain influence.

Unelected Govt Shouldn't Remain In Power For A Long Period: Fakhru

Reiterating the demand for an immediate election, BNP Secretary

they have the public mandate. "We must always remember this. We also strongly advocate for reforms. But we also believe that the unelected government should not remain in power for a long time," he said. He said the main task of the interim government is to arrange a credible election and hand over power to the elected representatives of the people. The BNP leader affirmed that his party still fully supports the interim government led by Prof Muhammad Yunus.

He also expressed a desire for the interim government to succeed and they are ready to offer all necessary cooperation to ensure its success. The BNP leader said they also want the interim government to succeed and are ready to offer all necessary cooperation to ensure its success. "My biggest request is to arrange the election swiftly. Otherwise, the ongoing crisis, problems, acts of sabotage, and border issues cannot be contained," Fakhru observed. He said reform is not a new concept, but rather a continuous process. "You (govt) have set up several commissions for reforms, and they are working. That's fine. But with whom are these commissions working? They have brought in some scholars... we know them well and respect them. However, at the same time, you must engage with the people to understand what they want." Earlier on December 27, BNP Secretary General Mirza Fakhru Islam Alamgir clarified that it is a misconception to believe that his party is solely focused on elections and not on reforms.

"We have been sincere about reforms from the very beginning. Unfortunately, we are now hearing statements that the BNP does not want reforms, but only elections. This is not correct," he said during a dialogue, titled "Unity, Reform, Election" and organized by the Forum for Bangladesh Studies, at the Krishibid Institution in the capital. Fakhru said the BNP is committed



BNP Secretary General Mirza Fakhru Islam Alamgir said the main task of the interim government is to arrange a credible election and hand over power to an elected government

government assumes office, its position and influence on the political scene could diminish. This uncertainty about their future role has driven them to form a political party, possibly fuelled by concerns over their security and recognition under a new government.

Political analysts suggest that negotiations among all stakeholders regarding these three issues – reforms, the trial of the killers and the election – are necessary. A package deal could be a possible solution, with the BNP leading the way in ensuring that some ADSM leaders secure seats in the future

General Mirza Fakhru Islam Alamgir on December 28 said an unelected government should not remain in power for a long period.

"We have no objection to carrying out reforms. But the biggest problem now is the chaos and instability in Bangladesh. These problems will be significantly alleviated if there is an elected government," he said while addressing a discussion. A faction of the Jatiya Ganatantrik Party (Jagpa) organised the programme at the Jatiya Press Club. Fakhru said an elected government can assert its power to deal with problems effectively as

to participating in the elections only after necessary reforms are carried out to ensure a free, fair and credible voting process. "We keep talking about elections because it is the main gateway to democracy and the democratic process," he added. Describing the BNP's sincerity regarding reforms, he mentioned that Chairperson Khaleda Zia presented Vision 2030 in 2016, outlining several reforms, including ensuring a balance of power between the president and the prime minister, limiting any individual to serving as prime minister for no more than two terms and introducing a bicameral parliament.

He said the BNP also unveiled a 31-point reform proposal after consulting with other democratic political parties, who had joined the movement against fascism, in 2022. "Our main problem is that there is no democratic practice here and no democratic culture has been developed. Without a democratic culture, there will be repeated calls for reform," the BNP leader Fakhrul said. He also pointed out that it will not be possible to achieve any meaningful progress by imposing changes from above without a democratic culture and structure in place. "The real problem is, who will implement these things (reforms)? Your administration and your government machinery are still completely under (the influence of) fascism," Fakhrul said.

He further said that democracy would only succeed in Bangladesh if proper structures are built and institutions are fixed and made suitable for democratic processes.

Jamaat Calls For Holding Public Dialogue On Reform Proposals

Jamaat-e-Islami Secretary General Mia Golam Parwar at the two-day national dialogue organised by the Forum for Bangladesh Studies expressed his opinion in favour of organising a public dialogue on all reform proposals. He said, "On the

question of reform, dialogue, national consensus, the reform commissions, formed by the government, have sought advice from political parties." The Jamaat secretary general said all parties are providing their proposals in this regard. Expressing the hope that the reform proposals may come by December next, he said the interim government, led by Chief Adviser Prof Muhammad Yunus, should shortlist those proposals and arrange another public dialogue on those issues which are common in the proposals of all political parties and stakeholders in the interest of creating a national unity. Parwar said,



Jamaat-e-Islami Secretary General Mia Golam Parwar said all parties should give a chance to the government to make minimum required reforms for a free, impartial, transparent election

"Reform is a lengthy process. All the organs of the state have been politicised and corrupted. It is not possible for the interim government to reform everything. It will take time." He said all parties should give a chance to the government to make minimum required reforms for holding a free, impartial, transparent and acceptable election. Jamaat is ready to provide logical time to the interim government to this end, he added.

'It Is Terrible To Go To The Polls In A Chaotic Situation'

Former caretaker government adviser Hossain Zillur Rahman

spoke about various uncertainties regarding the interim government. He said, "Have we been able to completely say goodbye to the politics of fascism that we rejected? There is also uncertainty about the ability to deal with the evil intentions of those who have fled. Going to the polls in such a chaotic situation would be a terrible thing. In this situation, the government will have to stand strong and work." However, as there are talks about the timing of the elections, this adviser to the former caretaker government does not think that there is so much uncertainty about the elections. He thinks that the government needs to

make some reforms now. And the reforms should be discussed and based on consensus.

Earlier, National Citizens Committee convener Nasiruddin Patwari mentioned the post-independence regime of disappearances, murders, torture, neglect and deprivation and commented that 'nothing has happened' in the country in the past 53 years.

Hossain Zillur Rahman said, "Someone said that nothing has happened in Bangladesh in 53 years, it is not correct to look at it that way. There is one aspect of Bangladesh's history. The energetic power of the

common people. This July–August, it was not done by famous people. Nameless people did it. This is how the energetic power of these nameless people has come to the fore at every juncture of 53 years.”

In this context, Hossain Zillur said one of the political transitions is elections. For example, efforts are being made to create new competitors in the political transition. It is very important to inform the students that in the final analysis, all competitors in the political arena have to earn the trust of the people but have to move forward. He commented that this is not just a matter of time, but of constantly earning trust.

‘Stability Will Not Come If We Back Down On The Reform Issue’

Syeda Rizwana Hasan, adviser to the Ministry of Environment, Forest and Climate Change, has commented that political stability will not come to the country if they back down on the reform issue this time. She said, there must be consensus on reforms. In this case, it is not right to consider anyone as an opponent.

Rizwana said, “We have to remember that if we try to change the politics that has been framed and if we talk about breaking inequality, this journey will never be easy. We have to go through a very difficult road. For that, we have to be patient.”

She said traditional issues cannot be broken in a day. Not only the government, but everyone has to take responsibility for change. The role of political leaders is very big there. Reforms cannot be done just on paper, they have to be practised so that people benefit.

Adviser Rizwana Hasan said not everything will change if the leadership changes unless there is a change in mentality. She said if democracy is not practised or if there is no change in the psyche, even the best law in the world cannot bring about any

change.

‘Unity Is Not Cracked, But Scratches Are Appearing’

Writer Prof Salimullah Khan said, “Unity is not cracked, but scratches are appearing. Unity has probably not been established yet on the issue of reform. There is no programme

opinion that voters should be allowed to vote at the age of 17 instead of 18. Referring to this, Salimullah Khan said there is no problem if the voting age is lowered to 16. However, the upper house cannot be elected without a vote. The voting system must be changed. He commented that the dynasty



Environment, forest and climate change affairs adviser Syeda Rizwana Hasan (C) addresses a national dialogue on “Unity in Which Way”, at the Krishibid Institution of Bangladesh in Dhaka on 27 December 2024

that everyone will agree on reform. So we say it is not possible to go to the elections without at least some reform.” He also said, “We all know that the core of democracy is that the elected representatives of the people will establish the rule of the people. We need to agree on two things. I see the field of reform as a two-story house, with two rooms on the top floor—the state and the national society. Whatever changes we are talking about now, a Constituent Assembly will be elected through elections. They will adopt a constitution or change the old constitution. That will be subject to our consensus.” Salimullah Khan said the second is the public opinion that has been formed to create this society. “All kinds of institutions, including schools and colleges, national religious organisations, trade unions, and business associations can be called the second chamber.” In the opening speech of the dialogue, Chief Adviser Yunus expressed the

system cannot be freed from if leaders are not democratically elected within each party.

‘Businessmen Have Been Used As A Ladder’

Former BKMEA President Md Fazlul Haque believes that the economy is not getting importance in the ongoing reform process. He said, “If we cannot unite relatively honest businessmen, then we may stumble economically.”

Business organisations have become places of looting. Being the leader of the organisation means that he will become an MP, a mayor or a bank owner. In other words, he has been used as a ladder of progress. There needs to be visible steps from the government to unite good businessmen in this place.”

Photographer Shahidul Alam said, “We are not very concerned about those whose bodies we are standing on here.” He said they need to show

a different Bangladesh, not just in speeches. President of the Gono Odhikar Parishad Nurul Haque Nur said many political parties talk one way on stage and another way inside. When there is a discussion among them on the policy label about power sharing, their tone is different. He said, "I would request everyone, let's keep the election chapter on the table for discussion. Don't bring it up too much in public or publicly. We did the movement a few days ago. Why do we need to have a movement like August 5 for the elections?"

Nasiruddin Patwari of the National Citizens Committee said, "We want a Bangladesh where there will be no room for two parties. There will be no politics centred on any individual or family."

Ambassador Mushfiqul Fazal Ansari called on political parties to be tolerant of each other.

Mahdi Amin, adviser to BNP acting Chairman Tarique Rahman, said the basic basis of reform is an elected government. BNP wants reforms as soon as possible for that election.

In his closing speech at the dialogue, Badiul Alam Majumdar called on the youth to play a role in ensuring fair and impartial elections by stopping the nomination trade. He said, "When there is a nomination trade, politics turns into business. If we want a democratic transition, a change in the situation, then there must be a change in the mentality and outlook of us and our politicians. Especially, if there is a change in our political culture, then this will change."

Efforts To Launch New Political Party

Anti-discrimination students and citizens, who spearheaded a historic mass uprising earlier this year, are preparing to launch a new political party within the next two months, according to those involved, with organisational activities having

already begun at the police station level. Even so, spokespersons for the Anti-Discrimination Student Movement and Jatiya Nagorik Committee have said both organisations will continue to function as non-political forums.

The political party will be launched under a new name, and individuals from these forums are welcome to join the new party if they wish.

Meanwhile, political leaders have expressed openness to welcoming the new party but warn that its formation under government influence could raise questions about the interim government's impartiality.

Leaders from the BNP and Jatiya Party believe any party established under government patronage would undermine the neutrality of the interim government.

Activities To Form New Party

In July and August, the Anti-Dis-

serve as advisers in the interim government.

The movement has since been restructured, and another organisation, the Jatiya Nagorik Committee, has been formed, comprising students and citizens involved in the uprising.

On December 16, Victory Day, the convener of the committee, Nasiruddin Patwary, announced that the new political party for students and citizens would be launched within two months.

"We are organising the spontaneous power of the uprising. So far we have established 100 police station-level committees. We aim to complete all such committees within the next 15–20 days. After that students will decide how quickly they can proceed with forming the party." Nasiruddin said both the Anti-Discrimination Student Movement and the Jatiya Nagorik Committee would remain non-political



File Photo: Students protest demanding the resignation of fascist Sheikh Hasina

crimination Student Movement led a mass uprising in Bangladesh. Following the fall of the Sheikh Hasina regime on August 5, an interim government took office under the leadership of Prof Muhammad Yunus.

Three leaders of the movement now

organisations, with the new political party to be launched by the students themselves.

These two organisations would act as pressure groups, but anyone from these forums could join the political party, he added. "We have individuals from revolutionary, civil society

and political backgrounds with us. Those who wish to engage in politics are free to join the new party if it aligns with their ideals," Nasiruddin said.

Progress

Abdul Hannan Masud, a key coordinator of the Anti-Discrimination Student Movement, said: "We expect the new political party to launch within two months. Preparations, including developing its constitution and manifesto, are underway."

Discussions were ongoing regarding the party's name, Masud said, adding that leadership roles were also being

Patwary mentioned that the movement had led a revolution, adding that the students and others involved could form a new political party or join another if they wanted. However, he warned that if a party was formed with the support and resources of the interim government, it would face criticism and jeopardize the government's neutrality, also raising questions about elections under such an administration.

BNP Vice Chairman Asaduzzaman Ripon echoed similar concerns. "Anyone has the right to form a political party in Bangladesh. However, it would be improper for the

with government patronage or assistance, Nasiruddin Patwary denied the claim categorically.

"The head of the interim government, Dr Yunus, has no intention of forming a political party, nor do the advisers. Those spreading such claims are doing so to create a crisis."

Meanwhile, the Anti-Discrimination Student Movement's Abdul Hannan Masud said neither the movement nor the Jatiya Nagorik Committee had any representation in the interim government.

Therefore, the question of forming a party or a "king's party" with government support was inapplicable, he added.

"If that were the case, the government would have accepted all our demands, which clearly has not happened."

Elections

The new student-led political party will call for swift elections. However, both of its spokespersons stressed the importance of ensuring reforms as well as justice for what had happened during the uprising before any elections.

"We want Bangladesh to quickly transition to a democratic process. However, we first demand those who killed 2,000 people and maimed 50,000 by taking away their eyes and limbs be brought to justice.

We did not get justice for 1971 and 1990; hence, we should not proceed with elections without addressing the injustices of 2024," Nasiruddin said.

Meanwhile, Masud said the new party would demand prompt elections but only after necessary reforms to ensure that no one could become a dictator again or undermine democracy. ■



Nasiruddin Patwari Convener of Jatiya Nagorik Committee

finalized. This would be a new political party, while the Anti-Discrimination Student Movement and the Jatiya Nagorik Committee would remain as non-political entities, he emphasized.

Reactions From Political Parties

The formation of a political party by the student movement has sparked widespread discussions. Political leaders caution that forming a party under the interim government's influence may compromise the latter's neutrality.

Jatiya Party Additional Secretary General Barrister Shameem Haider

government to provide unethical support to any individual or group in forming a party. Such actions would undermine the government's credibility."

In response to a question, he said if the government facilitated the formation of a party with state patronage, elections could not be held under them. "A non-partisan, neutral caretaker government will be required during the election period."

Denial Of Govt Patronage

When asked whether the new political party was being formed

- ▶ CIC describes it as “country’s largest TDS scandal” discovered so far
- ▶ A demand notice may be issued this week to recover the money
- ▶ The company can lodge appeal or go to tribunal paying 10pc tax for lingering the process of recovery

“ It is discriminatory tax privilege enjoyed by Summit as such benefits were not available to similar companies - **Tax Commissioner**

Revenue Intelligence Noses Out Enormous Evasion

Business Outlook Report

An investigation by the Central Intelligence Cell (CIC) in the revenue sector has uncovered that Summit Group has evaded payment of Tk 11.12 billion in taxes in the single-largest case of tax-dodging in Bangladesh, officials say.

The tax avoidance has occurred by way of not deducting withholding tax on dividend payments from two of its outfits, one opened in the trade entrepot of Singapore. It is the largest private-sector participant in the power sector during the previous government's tenure, when quick-rental power deals offered a sort of indemnity to certain private power producers. A CIC official described it as "the country's largest TDS (Tax

Deducted at Source) scandal" discovered so far. The tax demand has been unearthed by the CIC following cancellation of discriminatory tax privileges for the company not available for similar type of other power companies, officials said.

As per the CIC findings, Summit Corporation Limited failed to deduct 20-percent withholding tax while paying dividends to its shareholder Summit Power Limited. Similarly, Summit Corporation Limited did not deduct 15-percent withholding tax while transferring dividends to Summit Power International, a Singapore-listed company. Asked how this tax will be recovered or what actions the National Board of Revenue (NBR) will take, Dhaka Tax Zone-2

Commissioner Barrister Mutasim Billah Faruqui said, "We are now moving for collection from Summit. A demand notice might be issued in this regard this week." He said the NBR chairman directed them to proceed with recovery.

The Summit management has limited scope to contradict the tax demand as it has been settled by the NBR as central authority. However, the company can lodge appeal or go to tribunal paying 10-percent tax for lingering the process of tax recovery. "It was a discriminatory tax privilege enjoyed by Summit as such benefits were not available for similar companies," he added. "The revenue board is the central authority to interpret the tax evasion, so it's proved that the taxpayer has avoided or

evaded payment of taxes, not an allegation," he notes about the status of the tax case. The only way the conglomerate can now get away from the toils of tax law is to pay off the demanded taxes, the official categorically states.

Responding to a query, Summit Corporation Ltd has issued an official statement to clarify their position. "We are yet to receive any information from NBR or any of tax authorities. Summit has never evaded any tax. Upon receipt of any letter from NBR or tax authorities, we will do whatever is required to be done as per the laws of Bangladesh. We always did and shall always abide by the laws." The once-favoured corporate falls from grace after a change of guards on

the corridors of power. After the interim government assumed responsibility following the August changeover, the NBR's CIC began investigating large industrial groups. A single case from Summit Group revealed this massive tax evasion or avoidance, which taxmen describe as the tip of the iceberg in corporate cooking of books apparently to evade high-rated business taxes.

Findings from the investigation: Over a month and a half, the CIC had scrutinized all shareholder records, dividend declarations, and disbursement information of Summit Power Limited, leading to these findings. On August 20, investigations were initiated into several major industrial groups, including Beximco, Bashundhara, Summit, Orion, and Nassa, seeking transaction details of their owners and family members. Letters were sent to banks and financial institutions to gather information.

Initially, the investigation targeted personal tax evasion. However, suspicions of higher evasion at the corporate level led to an expanded inquiry, including assigning investigation officers for each company. So far, this remains the largest instance of tax evasion uncovered. Summit Power Limited's capital structure: Summit Power Limited has a paid-up capital of Tk 10.67 billion. Its shareholders include Summit Corporation Limited, holding 63.19 per cent, Eurohub Investments Limited (3.65 per cent), institutional investors (18.52 per cent), and general investors

(14.64 per cent). According to Section 117 of the Income Tax Act 2023, companies registered in Bangladesh are required to deduct withholding tax while paying dividends. However, Summit Power failed to deduct 20-percent withholding tax on

collecting the unpaid taxes. Based on requests from this tax zone, the NBR revoked its previous clarification, which had exempted Summit Power from deducting withholding tax. A new clarification was issued stating that a 20-percent withholding tax must apply

him and his 11 family members have been frozen by the Bangladesh Financial Intelligence Unit (BFIU), which issued directives to all banks and financial institutions to this effect. Various agencies continue to investigate allegations against Summit Group and his



dividends paid to Summit Corporation. In contrast, other entities and investors were subject to deducting the taxes. From the financial years 2017-18 to 2023-24, Summit Power Limited had not deducted Tk 3.18 billion in withholding tax on dividends paid to Summit Corporation. Including penalties, this amount has now ballooned Tk 4.65 billion.

A similar aberration occurred when Summit Corporation transferred dividends to Summit Power International.

NBR decisions on tax recovery: The duo of Summit Power Limited and Summit Corporation Limited are taxpayers under the jurisdiction of NBR's Tax Zone-2, which is responsible for

to dividends paid by Summit Power Limited to Summit Corporation Limited. A 15-percent withholding tax must apply to dividends paid by Summit Corporation Limited to the non-resident company Summit Power International Limited under the Bangladesh-Singapore double-taxation -avoidance agreement.

Commissioner Mutasim Billah Faruqui explains, "When a clarification is invalidated, any benefits derived from it become void. The previously obtained exemption is now deemed unlawful, and taxes will be imposed accordingly."

Summit Power International's chairman, Aziz Khan, is adjudged as one of Singapore's wealthiest individuals. Bank accounts belonging to

family members. Economist Dr Zahid Hussain, former lead economist of the World Bank Bangladesh, says it might be legally ambiguous to claim as tax evasion as the privilege has been availed as per a government gazette issued by the NBR.

"It can be said as tax evasion. It is horizontally discriminatory but they have legalized it through clarification. Similar companies were not entitled for the benefit," he added.

"It is clear that the deal has been signed through corruption or underhand dealings and it must be investigated why such discriminatory clarification has been issued," he added. ■



Govt Trying To Demolish Syndicates

Business Outlook Report

Despite government's sincere efforts to demolish syndicate, the unholy alliance is still active in the market to manipulate the price of essentials. Fisheries and livestock adviser Farida Akhter said this while inaugurating Indigenous Food and Crops Fair at Banoful Adhibashi Greenheart College premises on December 20. 'Syndicates still exist on the markets, causing price hike of essentials,' she said inaugurating the two-day fair.

Syndicates are controlling the market depriving the growers of getting fair price of their produces and compelling the consumers to pay more, she said. Active role of middlemen is creating a large gap in the price of commodities between producer and consumer levels, she added. Nagorik Uddyog and Maha Progha Education Trust jointly organised the fair to put on display different types of indigenous food crops and vegetables being produced in organic way without using

pesticide and chemical fertilizer aimed at making those items popular among commoners. Bhadanta Proghananda Mahathero, president of Maha Progha Education Trust, Dilip Kumar Barua, vice-chancellor of Bangabandhu Sheikh Mujibur Rahman University, Kishoreganj and Rubayet Ferdous of Dhaka University, among others, spoke on the occasion while chief executive of Nagorik Uddyog Zakir Hossen gave the welcome address.

Highlighting the government's roles to make the commodity market stable, the adviser said that the commodity market became unstable due to decline of production after devastating flood in August and September. However, the government's quick response helped bring the market under control. But, the syndicates are still active across the country, Farida said seeking media support against the groups. The adviser underscored the need for preserving the traditional organic foods produced in the hilly areas,

saying indigenous people were producing those healthy foods through maintaining agro ecology and nature. Large scale marketing of the indigenous foods and crops can play pivotal role in country's economic progress, she said. Farida Akhter said that the government was making stride to ensure supply of safe food to the people and preventing the producers from using antibiotic in fish, poultry and egg production.

Different indigenous vegetable, food and sweetmeat items like Narkel Pitha, Gurguri Pitha, Jinuk Pitha, Samuk Pitha, most popular dish of the indigenous people Bamboo chicken, Mungdi, a kind of noodles soup, Chicken Lackso, squid lackso, crab curry, duck meat, chapila fry and mushroom curry are being showcased at the fair. After the opening the adviser visited different stalls and talked with organisers of the fair which will remain open for visitors from 10:00am to 9:00pm. ■

Drug Sales Growth Slows Amid High Inflation

Business Outlook Report

Sales growth of drugs slowed down in fiscal year 2023-24 ending last June, which could be an effect of high inflationary pressure prevailing in the country over the last two years. Meanwhile, prices of drug products of several companies have increased. The Bangladesh pharmaceutical market recorded a moderate sales growth of 7.2 percent in the fiscal year. It was an exceptional 15.3 percent in the preceding fiscal year.

Last fiscal year's growth rate is lower than the average of 9 percent recorded by the industry in the past four years. The market sales amounted to Tk 32,870 crore in the year ending on June 30 this year, according to IQVIA, a leading global provider of advanced analytics, technology solutions, and clinical research services to the life

sciences industry. It was Tk 30,660 crore in the preceding fiscal year. Sales growth of drugs dropped mainly due to a reduction in the purchasing capacity of people amid high inflation for more than two years, said Jubayer Alam, company secretary at Renata PLC. Inflation rose to 11.38 percent in November, the highest in four months, owing to the soaring prices of food, especially the staple rice and vegetables, according to the state-run Bangladesh Bureau of Statistics. It has remained over 9 percent since March 2023.

Due to ongoing inflationary pressure, real income reductions have pushed at least 78 lakh people into poverty, according to a study of the Research and Policy Integration for Development (RAPID). This includes 38 lakh people who have become extremely poor.



Besides, around 1 crore more are at risk of slipping below the poverty line due to continued inflationary pressures, the private research firm said. If people, especially lower middle income and financially insolvent people, do not feel an extreme need for medicine, they avoid going to pharmacies, said Alam. They prioritise other basic needs, such as food, over medication, he said. Among the different drug groups, antibiotics witnessed a 10.16 percent growth. It was 11.20 percent in the previous fiscal year.

Rising awareness of self-care has driven the growth of certain medicines that currently require prescriptions but have the potential to become over-the-counter drugs. These include antihistamines and expectorants, which saw sales growths of 16.23 percent and 12.92



PHARMA SALES

FY23:

Tk **30,660**cr
(15.3% growth)

FY24:

Tk **32,870**cr
(7.2% growth)

percent respectively. A few therapeutic class drugs like proton-pump inhibitors (PPIs), calcium and vitamins saw minimum growths of 5.72 percent, 6.63 percent and 4.89 percent respectively. PPIs represent a class of drugs most prominently known for their use in acid-related disorders. The pharmaceutical sector usually grows at a handsome rate every year, but the growth might not be high, especially when the country's GDP growth rate is projected to fall, said MA Razzaque, chairman of the RAPID.

On the other hand, there is persistent inflationary pressure, for which people's purchasing power has dropped, he said. So, there is a possibility that people reduced their consumption of drugs. It is true that prices of drugs rose, so people are facing difficulties to afford

medicine, he added. A top official of a listed drug company said every company could not adjust prices in spite of a rise in raw material costs due to the depreciation of the local taka against the US dollar. Apart from raw material costs, energy costs also experienced a notable increase, driven by a 10 percent increase in electricity prices and a 2.3 percent average increase in diesel prices in FY24. Company-wise, Square Pharmaceuticals saw a sales growth of 15 percent to reach Tk 7,010 crore while Beximco Pharmaceuticals 13 percent to Tk 4,439 crore and Renata PLC 14.4 percent to Tk 3,771 crore, according to their financial reports.

Although the growth in consolidated sales, meaning sales including those of subsidiaries, was high, standalone sales growth of the companies were comparatively

low. Regarding the industry's lower growth rate, Beximco Pharmaceuticals, in its annual report, said it reflects the broader economic challenges of the year, including persistent inflationary pressures, macroeconomic instability, and reduced GDP growth. These factors have posed significant challenges for the pharmaceutical industry, and prolonged inflation coupled with subdued economic conditions may continue to constrain market expansion in the coming year, it added.

Bangladesh is largely self-sufficient in pharmaceuticals, producing 98 percent of the medicines needed for the domestic market. The industry is home to around 300 companies and has grown to become one of the country's top export sectors, supplying generic medicines to over 150 countries. ■

INDUSTRIAL SECTOR PLAGUED BY FIVE PROBLEMS



FUEL
CRISIS



DOLLAR
SHORTAGE



HIGH LOAN
INTEREST RATE



LABOUR
UNREST



The economy will be more fragile if we go to abide by the IMF rules right now

Abdul Awal Mintoo
Former president, FBCCI



Production declines if the interest is high. Loan classification rules have become really tough. Under the circumstances, businesses deserve some relief

M Hafizur Rahman
Administrator, FBCCI



LAW AND ORDER



Bank loan rate exceeds 15%



Change in loan classification rules



Rise in default loans feared

Industries Grapple With Multiple Challenges

Business Outlook Report

Bangladesh's major industrial conglomerates are struggling to navigate an increasingly difficult business environment, exacerbated by repeated shocks over the past few years, according to industry insiders. Key issues such as mounting bank loans, a persistent dollar shortage, rising energy scarcity amid higher fuel costs, and increasing wages have forced production units to operate well below capacity, they added.

The situation has worsened since the fall of Sheikh Hasina on 5 August, with labour unrest and public order breakdown further destabilising the industrial sector. Private sector leaders warn that the ongoing crises threaten the livelihoods of

millions of workers and have placed the country's industries, businesses and investments under severe pressure. Although the broader economy weathered the COVID-19 pandemic relatively well, it has struggled to cope with the global disruptions caused by the Ukraine war. A persistent dollar shortage, stemming from sanctions and counter-sanctions between Russia and the West, has significantly impacted critical imports.

In May 2022, the dollar exchange rate stood at Tk86, but it has now soared to Tk120. The shortage has limited the import of raw materials for the garment sector and other industries, while escalating costs for minimum production activities have eroded working capital. The energy

crisis, predating the Ukraine war and exacerbated by repeated price hikes under the previous administration, remains another significant hurdle.

Industries Face Many Problems

Ha-Meem Group Managing Director AK Azad recently stated that power usage costs nearly doubled during the Awami League government, yet industries faced daily outages of 5–6 hours. This power and fuel crisis has forced most factories in the country to operate at only 30–50% capacity.

The situation has worsened due to a post-Hasina crackdown on crony capitalists and willful bank loan defaulters, which some business leaders have criticized as “politically

motivated.” They argue that such actions could further hinder industrial growth during an already precarious time. New loan classification regulations have increased the likelihood of defaults, while higher interest rates intended to control inflation have deterred business investments.

BNP leader and businessman Abdul Awal Mintoo, speaking to Kaler Kantho, alleged that widespread misuse of bank loans during the 15-year Awami League regime was facilitated by corrupt pro-Awami League bank officials. However, he described the crackdown on defaulters as untimely, warning that it is preventing companies from sustaining their operations. Labour unrest, often attributed to alleged Indian conspiracies

and pro-Awami League sabotage, has resulted in the closure of over 50 garment factories since August 5. The turmoil has diverted significant import orders to India, reducing foreign purchasing orders by 20%. The ready-made garment (RMG) and textile sectors—key drivers of Bangladesh’s economy—have been particularly hard-hit.

The Bangladesh Textile Mills Association (BTMA) reports that prolonged fuel and gas shortages have reduced production capacity to 40–50% for more than three years. Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) Administrator Md Hafizur Rahman said there has been no official reaction from the business community yet regarding the stricter measures against loan defaulters. “However, the interest rate has indeed become high. If the interest rate is high, production comes down. It becomes difficult to invest. The terms of defaulted loans have also become harsher. This is a delicate time. As a result, business people can get some relief,” he said.

FBCCI former president Abdul Awal Mintoo also said, “The country’s economy may be fragile, if we follow all rules of International Monetary Fund (IMF) now.”

Millions Of Jobs At Risk

Thermax Group, which operates 17 factories, has been running many of them at reduced capacity due to raw material shortages. Despite these challenges, the company exported over Tk2,500 crore in 2022–23,

employing 22,500 workers and incurring significant monthly expenses on wages (Tk28 crore) and utilities (Tk17 crore). However, its debt, including compounded interest, has ballooned to Tk7,248 crore. Fakir Fashion Ltd, a major garment exporter employing 50,000



workers, has faced legal and reputational issues, damaging its credibility with international buyers. Noman Group, employing 80,000 workers and contributing \$1.3 billion annually to exports, has reported political targeting that has disrupted its operations and eroded foreign buyer confidence. In a letter, Managing Director Mohammad Abdullah Zubair stated, “We have been conducting business with hard work and honesty for a long time and are not involved in petty politics. But we have been targeted after the change in the political situation.”

RMG Exports Drop By 5.22% In FY24

The ready-made garment (RMG) sector, which contributes approximately 84% of Bangladesh’s total

export earnings, is facing significant challenges. With over 2,000 exporters and 4 million employees directly involved, the industry is grappling with a combination of issues, including political instability, labour unrest, letter of credit (LC) constraints, high lending

could drive both export and investment growth in the coming years.”

High Registration Costs Burden Real Estate Sector

Md Wahiduzzaman, president of the Real Estate and Housing Association of Bangladesh (REHAB),

rates, energy shortages, and banking sector disruptions.

Former BGMEA director Mohiuddin Rubel said, “The business community has not yet recovered from the impact of COVID. Since then, industries have been dealing with numerous challenges. Many factories are shutting down, and companies are struggling to survive. If the issue of bad loans is addressed strategically, it will benefit everyone.”

The RMG sector’s exports dropped by 5.22% in FY24, falling from \$38.14 billion in FY23 to \$36.15 billion. Rubel expressed hope for the future, stating, “Positive signs may emerge in 2025 if the business community receives solutions to policy gaps, banking issues, energy shortages, and political instability. These measures

highlighted the significant role of the real estate sector in the country’s economy. He noted that approximately 200 linkage industries are connected to the real estate sector, employing nearly 5 million workers and contributing 15% to Bangladesh’s GDP. “The industry faced significant challenges in 2024. Following the mass revolution, we are working to recover. However, high registration costs, increased VAT and taxes, and the delayed implementation of Asian Development Bank (ADB) programs due to the economic slowdown have further impacted our sector,” Wahiduzzaman explained. He expressed optimism for the future, stating, “The industry can overcome these challenges in 2025 if we receive proper policy support from the government.” ■



Rebuilding Bangladesh: The Economic Imperative

Apu Ahmed

The country welcomed the New Year with celebrated notes after the spectacular fall of the 15-year Awami League regime on August 5 in the face of a mass uprising that grabbed the headlines across the world and helped the nation earn the Best Country Award in 2024.

The Country Of The Year

Bangladesh has been named the 'Country of the Year' for 2024 by the influential British weekly magazine *The Economist* for the nation's incredible political and social transformation. 'The winner toppled a tyrant and seems headed for something better,' the magazine said in its report published on December 19. The recognition was based on the student-led mass uprising that ousted Sheikh Hasina, whose 15-year rule had been marked by authoritarianism, electoral manipulation and corruption. Describing

the political shift in Bangladesh as 'Delta Force', the UK-based magazine said the daughter of an independence hero, Sheikh Hasina, who once presided over swift economic growth became repressive, rigging elections, jailing opponents and ordering the security forces to shoot protesters. 'Huge sums of money were stolen on her watch,' it said.

Challenges In 2025

A temporary technocratic government, led by Prof Muhammad Yunus, a Nobel peace prize winner, and backed by students, the army, business and civil society has restored order and stabilised the economy, the magazine mentioned. The British weekly also said in 2025, Bangladesh would need to repair ties with India and decide when to hold elections — first ensuring that the courts are neutral and the opposition has time to organise. None of this

will be easy if the economic activities cannot be revived, if not fully but significantly in the new year. To many, the New Year will be the most challenging for the nation to meet the challenges both politically and economically.

The Right Strategy Imperative

Now the question is what challenges are to be met first or whether both should be met simultaneously. Whatever it is preferred, both are equally important and supplement each other. As expected, the interim government has strengthened reforms in the banking and financial sectors. It has also constituted a number of commissions to carry out reforms in judiciary, public administration, election and police. Economists think slightly differently. To them, no reform will bring any positive outcome unless the economic situation is improved. It has already been stated in the 'White

Paper on State of the Bangladesh Economy' that politicians, business-people and civil and military bureaucrats established the kleptocracy undermining the role of institutions during the AL regime.

Economy First Priority

Blaming the AL regime, the paper said almost all state institutions which maintained the responsibility given to them to check the irregularities by the government were made almost dysfunctional. The 12-member committee, led by Debapriya Bhattacharya, said the economic condition of the country would determine the pace and the extent of the reforms. It will be a mistake if anyone thinks that the interim government can proceed only with the electoral and institutional reforms by neglecting economic issues, he said, hoping that the economic policymakers would come up with a clear idea to remove uncertainties. Also a distinguished fellow of the Centre for Policy Dialogue, Debapriya observed that those in power should take calculative actions. He said they often heard demand for bans and added that the implementation of those for political reasons had serious economic implications. 'If anyone's political rights are infringed, his or her economic rights on future savings, investments, and job creation are affected,' he said.

Busting Oligarchs

Another economist Hossain Zillur Rahman also identified the economic issues to be tackled first. Containing inflation, reviving economic activities and breaking the oligarchs' dominance on markets remained major challenges for the interim government, he said. He lauded the interim government's efforts regarding reforms in the banking and financial sectors. He hoped that adequate measures would be taken to overcome the challenges in the new year. The thrust should be given to small and medium entre-

preneurs and law and order situation to revive economic activities, he said, adding that actions against oligarchs dominating markets were imperative to contain inflation which has been hovering at double-digit for the past two years.

Inflation

Despite a number of efforts by the interim government, inflation has remained at an elevated level. The interim government blamed the policy blunder by the AL regime for the protracted high inflation. Besides, it argues that Bangladesh Bureau of Statistics is calculating inflation without any instruction it used to receive from the previous regime. That's why inflation has remained at elevated levels. The high inflation will continue to torment the majority of people amid the slowdown in business activities as stated by Hossain Zillur Rahman. A fortnight mission concluded on

5 per cent in FY26. It is also expected that the growth will rebound to 6.7 per cent in FY26.

Lots Of Ifs And Buts

So, there are a lot of ifs and buts over the first half of the next year against the backdrop of dollar shortage hampering the supply situation. The supply shortage of essentials is still allowing the oligarch-centric cartel to play in the market and continue to reap benefits from the high inflation. Besides, the supply disruption of raw materials hampers the economic activities of small and medium entrepreneurs. Finance adviser Salehuddin Ahmed said they had overall sought \$6 billion from multilateral lenders for the current FY25 in connection with the reform programme for reviving the economic activities. Calling it a good move, Policy Exchange Bangladesh Chairman M Masrur Reaz said the availability of loans



December 18 in the capital by the International Monetary Fund hinted at a further slowdown in economic activities by the end of the current FY25. The IMF lowered Bangladesh's gross domestic product growth to 3.8 per cent for the current FY25 from 4.5 per cent due to output losses caused by the public uprising, floods and tighter policies and inflation at 11 per cent on average in FY25 before declining to

should be made in short duration so the forex reserves become strengthened and help further ease imports of essential goods.

Push Needed

The economy needs a push to overcome the uncertainties in the businesses. ■

We're Correcting 15 Years Of Inaccurate Data



Business Outlook Report

Finance Adviser Dr Salehuddin Ahmed said the interim government is trying to correct 15 years of inaccurate data. "We are not manipulating any data, rather we are trying to correct 15 years of inaccurate data. Data on export, GDP, and even inflation were manipulated during that time," he said on December 21.

He was speaking at the launching ceremony of the 6th edition of Banking Almanac. Regarding data manipulation during the Awami League regime and its consequences, he stated: "Now whenever we present any data, everyone asks

whether the data is correct or not." "Accurate data is necessary not only for banks, but also investors, since accurate data helps in proper decision-making," the former Bangladesh Bank governor added. He also mentioned the necessity of data management through the integration of all types of data in a single window for the convenience of businesses.

However, the renowned economist believed that not only data but also its proper analysis is important. "Data analysis is important because it helps in understanding the reasons behind it. However, for this, quality of data is important as well as real-time

data is needed. Many websites still show data from 15 years ago." Dr Hossain Zillur Rahman, acting chairman, board of editors, Banking Almanac and also chaired the event. He said: "Oligopolistic market power has gone to another level in the last 15 years."

Oligopolistic market power is the ability of a small number of large firms to control the market, including prices and output levels. The former adviser of the Caretaker Government also said: "Now, one of the two most important issues for us is to restore financial discipline to keep the wheels of the macroeconomy moving. Second, to maintain the

data's authenticity." Regarding the availability of data in the book, Hossain Zillur said that all the banks have provided data on their initiative. In addition to the data, the book also includes the changes that Bangladesh Bank has brought to its regulations.

Abdul Hai Sarker, chairman, Bangladesh Association of Banks (BAB); Nurun Nahar, spokesperson, Bangladesh Bank; Md Khairuzzaman Mozumder, secretary, Finance Division, Ministry of Finance, were also present at the event and thanked the people behind Banking Almanac. ■



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Clampdown On Polythene: Is It The Right Time?

Apu Ahmed

While the interim government's crackdown on single-use plastics is commendable, it has raised questions about its timing and potential impact. The move aimed at addressing environmental damage caused by the previous Awami League government faces challenges in an already fragile economy. The crackdown on the single-use plastics has no direct link to the spectacular July-August uprising, which led to the fall of Sheikh Hasina, who since then has fled to India.

AL's Anti-Environment Policy

The crackdown on the single-use plastic, especially pet bottles, polythene bags and others, has distant links with the uprising that mainly aimed at ousting the Awami League's 15-year rule featured by capital flight, plundering of banks, creation of oligarchs and destruction to the environment. As the appropriation of the public exchequer became the main focus during the unbroken rule, thanks

to fake elections since 2014, the protection of the environment, biodiversity and fight against pollution such as air, water and soil were put into the backburner by the AL. The construction of the coal-fired power plant – the Maitree Super Thermal Power Project – with a 50-50 share under the Bangladesh-India Friendship Power Company Ltd at Rampal in Khulna within the vicinity of the world's largest mangrove forest the Sunderbans is the prime example of the anti-environment policy of the AL regime. Despite criticisms at home and abroad as the power plant having the potential to harm the forest, home to the engendered Royal Bengal Tiger, the AL regime implemented the 1,234 MW plant.

Threats To The Sunderbans

Environmental Impact Assessments are mandatory under the Environment Rules 1997 to mitigate environmental pollution. The EIA for the Maitree Super Thermal Power Plant was revised several times before being

accepted due to the presence of an expert body formed by an advocacy group, according to the 'White Paper on State of the Bangladesh Economy'. The plant has been running without an effluent treatment plant since its operation in October 2022, releasing wastewater directly into the Maidara River, according to a finding of the state-owned Centre for Environmental and Geographic Information Services. The power plant is affecting the country's economy, ecologically and socially. The loss is far greater than the benefit from generating power in the plant. None should forget the super cyclone Sidr that hit the country in 2007 with the highest speed of 260 kilometres per hour. At least 3,447 deaths have been blamed on the super-cyclone, with some estimates reaching 15,000. However, the casualties could have been much higher had not the Sunderbans stood there as the shield.

Disasters In Haor

Like that of the Maitree Super Thermal Power Plant, a 29.73-km road

constructed to facilitate communication in three upazilas in the haor region of Kishoreganj (Itna, Mithamoin and Astagram) has been wreaking havoc in the area, causing untimely flooding and damaging paddy crops on thousands of hectares of land in both local and upstream regions. The road, constructed between 2016 and 2020 at a cost of Tk 874.08 crore, impeded the flow of upstream water into the rivers through the haor. Local road construction falls under the Orange-B category of the Environmental Rules 1997, which requires the completion of an Initial Environmental Examination. Yet, no Initial Environmental Examination was carried out for this construction, the Department of Environment officials

In fact, Bangladesh is the first country to ban the use of plastic shopping bags in 2002. However, the ban is limited to paper. In the past year, a study by the Environment and Social Development Organisation revealed that more than 2.5 crore polythene bags had been thrown away after being used only once in Dhaka city daily. There are over 200 factories manufacturing polythene bags alone in the city's old Dhaka. Each factory in operation has a daily production capacity of about 500-700 tonnes of polythene bags of different categories. Furthermore, there are about 350 factories in old Dhaka that recycle polythene bags and other plastic products. The factories are largely located in Shoari Ghat, Islam-

billion in 2023. Plastic product producers have already expressed concerns over banning single-use plastic. Without alternative products, the ban will affect export, trade, packaging industries and medicine sectors. They said that a large number of workers in this sector will become unemployed if the government restricts the use of 17 single-use plastic products. Around 13 lakh small traders are involved in selling plastic goods in the country. The government categorised 17 hazardous 'single-use plastics' to phase those out from the environment. They are cigarette filters, fast food wrap, plastic bottles and their caps, straws, stirrers, one-time utensils, cutlery (e.g. cups, plates, trays, spoons, forks), plastic sticks, styrofoam food packaging e.g. biryani packet etc, thin plastic films on fast food packaging plastic invitation card and melamine foam sponges-used for household cleaning.

Timing Matters

None can challenge the spirit of the Ministry of the Environment, Forest and Climate Change, led by Adviser Syeda Rizwana Hasan, in strengthening the crackdown on single-use plastic. With the polythene bags still available almost everywhere, Rizwana on December 22 said a list of polythene manufacturers would be prepared to initiate legal actions against them. She highlighted the necessity of mandatory barcodes on packaging and called for mobile court drives in markets and supermarkets. The environment adviser stressed intercepting trucks carrying polythene. Many have already raised questions regarding the time when the interim government is struggling to contain inflation, unemployment and falling private investment. It has been reported that inflation will remain high over the next six months while the scope for generating employment is bleak because of falling investments in both public and private sectors. A full-scale clampdown may lead businesses to express resentment which will not be a major concern when the overall economy is on the upward trend. ■



confirmed to the White Paper Committee, led by economist Debapriya Bhattacharya. Deposed Prime Minister Sheikh Hasina formally opened the Itna-Mithamoin-Astagram road, an all-weather road, to traffic. While exchanging views with local people, the former prime minister stated that the road was a gift from former President Abdul Hamid in Mujib Barsha (Mujib Year).

Plastic Pollution Increases

In the case of single-use plastic bags, it can be said that a proliferation of plastic waste disposal throughout the country completely disregards the national ban imposed on paper some 22 years ago.

bagh, Chawkbazar, Kamrangirchar, Kamalbagh and Sadarghat areas. The wholesale shops are scattered in different parts of the city, mainly in Old Dhaka and Karwan Bazar. The main customers of these polythene bags are kitchen market outlets, grocery shops and wholesale market traders.

Polythene Industry Grows Too

Polythene bags cause major environmental degradation and air pollution. Polybags in the soil disrupt the flow of nutrients and reduce the infiltration of sunlight and water. Bangladesh ranked 10th out of the top 20 plastic-polluting countries in the world. The country's plastic bag market stands at around \$2.8

ICT Trailblazers Honoured

Business Outlook Report

Five companies and two individuals were honoured on December 20 at the 9th BRAC Bank-The Daily Star ICT Awards in recognition of their exceptional contributions to the advancement of Bangladesh's information and communication technology sector.

Selim RF Hussain, managing director and chief executive officer of Brac Bank, along with Mahfuz Anam, editor and publisher of The Daily Star, handed over the awards to the winners at a ceremony held at Le Meridien Dhaka, the hospitality partner for the event. The event, which was organised in association with

Brac Bank and Bangladesh Association of Software and Information Services, began with a minute's silence paying tribute to the martyrs and injured of the mass uprising that led to the fall of the Awami League regime. Afeef Zaman, founder and CEO of ShopUp, was recognised as the ICT Business Person of the year, while Sadia Haque, co-founder and CEO of ShareTrip, was awarded as the ICT Woman of the year.

Logic Software won the ICT Solution Provider of the year award in the local market focus category and The Kow Company in the international market focus category. Software Shop (SSL Wireless) was awarded the Digital

Commerce of the year, while Shikho and Instasure were the ICT start-ups of the year. Although ICT has been regarded as the future, it has not been given due importance in Bangladesh, Anam said. "We haven't given the ICT sector enough support, enough importance, enough legal supportive environment, enough financial incentives for it to flourish."

Only through ICT can Bangladesh catch up with the developed world. "The application of ICT can advance our health to a much higher standard, provide access to global experts in Bangladesh and connect experts in Dhaka with patients in rural areas. Similarly, in the

education sector. Whatever we try, whatever money we spend, we cannot keep our education aligned with the evolution of education in the world except through technology." Besides, the digitisation of the government system could decrease corruption overnight, Anam added.

There are many who feel that the banking sector should be investing much more in ICT and perhaps there is something to be said about that, said BRAC Bank MD Selim RF Hussain. "The future does belong to ICT usage and we are confident that banks in Bangladesh will continue to invest in and expand their digital banking capabilities in areas such as artificial





credit, logistics and business management, he has transformed the country's e-commerce landscape. Founded in 2019, Shikho is transforming Bangladesh's edtech landscape by offering localised, interactive educational content in Bengali. With its mobile app, Shikho provides engaging learning tools for students, addressing education gaps and enabling better retention. The company has secured \$6.5 million in funding, expanding its reach and impact.

Founded in 2022, Instasure has pioneered Bangladesh's first embedded insurance platform. With strategic partnerships and an innovative approach, it offers insurance products at the point of purchase. By making insurance accessible, particularly for underserved communities, Instasure is reshaping the industry and addressing low penetration rates. SSL Wireless, founded in 1999, has become a leader in Bangladesh's ICT sector, specialising in digital commerce solutions. The company's flagship product, Hercules One, integrates over 250,000 merchants, improving business efficiency.

SSL Wireless is also driving Bangladesh's digital transformation and advancing a cashless economy through its innovative offerings. Ahmed Kamal Khan Chowdhury, group adviser of SSL Wireless; Shahir Chowdhury, founder and CEO of Shikho; Rafel Kabir, managing director of Instasure; Kowser Ahmed, MD and CEO of The KOW Company; Rumana Ahmed, director at Logic Software; Afeef Zaman and Sadia Haque received the award. ■

intelligence and machine learning to improve customer service, become cost-efficient and fraud detection and prevention." Going forward, banks will increasingly partner with fintech companies to gain access to new technologies and services to stay competitive in the rapidly changing digital landscape.

"Obviously, this is also an exciting time for banks and financial institutions -- many of them have already significantly upgraded themselves with their digital-first strategies to serve the customers." The adoption of digital banking channels, implementation of digital onboarding processes (eKYC), use of advanced analytics, develop-

ment of digital products and services and automation of back-office processes are taking place with great momentum, Hussain added. Founded in 2010, Logic Software is a leader in providing customised ERP solutions for industries like textiles, garments and leather.

By addressing inventory, production and financial challenges, the company helps businesses streamline operations. The company has processed more than \$15 billion in transactions, boosting Bangladesh's economy. The KOW Company excels in content post-production and 3D innovation. With over 500 professionals and AI-driven technology, the

company processes 32,000 to 35,000 assets daily. Partnering with global brands like Adidas, it delivers exceptional visual content across industries, setting new standards in media production and creative solutions. Under Sadia Haque's leadership, ShareTrip has revolutionised travel services in Bangladesh, generating more than \$100 million in gross merchandise value.

Her vision has made ShareTrip a leader in the travel industry and digital commerce. Under Afeef Zaman's leadership, ShopUp raised \$174 million in South Asia's largest Series B funding round, driving ShopUp's success. By focusing on digital



MTB recently organised its 'Service Champions Award 2024' to recognise officials who played the most significant roles in providing better services to its customers. The award ceremony was held in an event at MTB Centre in the capital. Syed Mahbubur Rahman, managing director and chief executive officer of MTB, handed over the certificates and monetary awards to the champions. ■



Southeast Bank recently held its last 'Business Review Meeting' for the year 2024. Nuruddin Md. Sadeque Hossain, managing director of the bank, presided over the meeting. Executives from the head office, branch heads, operation managers, and officials of other units participated in the meeting virtually. ■



The 403rd Board Meeting of Shari'ah-based Standard Bank PLC was held at its Head Office in Dhaka. Chairman of the Board of Directors Mohammed Abdul Aziz presided over the meeting. Director & Founder Chairman Kazi Akram Uddin Ahmed, Directors Ashok Kumar Saha, Ferozur Rahman, S.A.M. Hossain, Mohammed Shamsul Alam, Gulzar Ahmed, Md. Zahedul Hoque, Ferdous Ali Khan, A K M Abdul Alim, Md Abul Hossain and Independent Director Golam Hafiz Ahmed took part in the meeting. Md Habibur Rahman, Managing Director & CEO, Md Siddiqur Rahman, Deputy Managing Director & COO, and Md Mizanur Rahman, Company Secretary, were also present. ■



Officials and employees of Investment Corporation of Bangladesh (ICB), led by its Managing Director Md Abul Hossain, paid tribute to the Liberation War martyrs by placing a wreath at the National Memorial in Savar, marking the Victory Day. ■



Member (Investment Promotion) of BEPZA Md Ashrafal Kabir and Managing Director of Ding Yu (BD) Enterprise Ltd Zhuofan Cai signed an agreement in presence of BEPZA Executive Chairman Major General Abul Kalam Mohammad Ziaur Rahman at the BEPZA Complex in the city. ■



Pubali Bank has achieved the international standard ISO/IEC 27001:2022 certification in the field of information security management. The ceremony to hand over the certificate was held at the bank's head office on Tuesday. Neyamul Hasan, country managing director of Intertek Bangladesh, and Shams Zaman, country managing partner of PricewaterhouseCoopers Bangladesh, handed over the certificate to Mohammad Ali, managing director and chief executive officer of Pubali Bank. The certification testifies the bank's commitment to improving the quality of customer services. ■



UCB Stock Brokerage has recently won Quality Choice Prize Award 2024 from European Society for Quality Research. The award ceremony, held in Vienna, Austria, on December 9, honoured organisations from across the globe for their exceptional dedication to quality management, ethical practices, and innovation. Md. Hasib Reza, CFA, head of research, received the award on behalf of the brokerage firm. ■



The National Credit and Commerce (NCC) Bank and Visa recently signed a strategic partnership deal. M. Shamsul Arefin, managing director of NCC Bank, and Sabbir Ahmed, country manager for Visa in Bangladesh, Nepal, and Bhutan, inked the deal. Under this collaboration, both organisations will work together to launch innovative products and services, drive technological advancements, craft compelling campaigns and provide the best services of digital payments to the bank's Visa cardholders. ■



Sonali Bank PLC distributed blankets and mosquito-curtains among poor, helpless and homeless people at Sakhipur Tangail in under the bank's Corporate Social Responsibilities (CSR) activities. The bank's MD & CEO Md Shawkat Ali Khan handed over blankets among the destitute on the Takterchala Government Primary School premises. ■



Sonali Bank PLC introduced new online services for its corporate clients named 'Sonali Corporate iBanking'. MD & CEO of the bank Md Shawkat Ali Khan inaugurated the services at the head office of the bank on Thursday. From now on, Sonali bank corporate clients can conduct their transactions and access others service through Sonali Corporate iBanking. ■



Mercantile Bank on Saturday distributed blankets among the underprivileged in Baufal, Patuakhali to help them cope with the cold weather. A.S.M. Feroz Alam, chairman of Mercantile Bank Securities, took the initiative on behalf of the bank and distributed the blankets among 500 people at Shaheda-Gafur-Ibrahim General Hospital premises. ■



BRAC Bank has partnered with North South University (NSU) to deliver advanced cash management solutions. Through this innovative alliance, BRAC Bank will implement a cutting-edge tuition fee collection system for NSU via the Universal Collection Platform. This partnership was formalised at a signing ceremony at the university recently. The agreement was signed by Tareq Refat Ullah Khan, Deputy Managing Director and Head of Corporate & Institutional Banking at BRAC Bank, and Prof Abdul Hannan Chowdhury, Vice-Chancellor of NSU. ■



Reliable Data, Policy Reforms Needed To Boost Tech Sector

Business Outlook Report

The technology sector of Bangladesh is facing critical bottlenecks due to data inaccuracy, experts said at the 9th edition of the BRAC Bank–The Daily Star ICT Awards held last on December 20. Addressing a panel discussion during the event at the Le Méridien hotel in Dhaka, they emphasised that policy reforms and trust-building will be crucial for unlocking the sector's full potential.

Adnan Imtiaz Halim, founder and chief executive officer of Sheba Platform Limited, identified inaccurate data as the sector's primary hurdle. "The biggest problem for the country is that our data is not accurate," he said. Halim questioned that if previous stats placing the number of tech-savvy and device-equipped individuals in Bangladesh at around 50 million are to be believed, then how come the

country is still unable to monetise technology. Against this backdrop, he highlighted the need for precise data to avoid misguided forecasts and called for increasing the affordability of mobile devices and data. Also, he urged relevant regulatory authorities to replicate the rapid digital transformation seen in India by being bold in policymaking. Besides, there is the issue of highway elements, such as the lack of mobile phone penetration and availability of associated technologies, which represent a choking point in the technology sector.

"These need to be made completely accessible so that people in rural areas can afford them too," Halim said while stressing how data costs need to be made even cheaper. "In India, what was forecasted to take 40 years to achieve was unlocked in just six years because of some key policy decisions," he added. The discussion moderated by AKM Fahim Mashro-

or, cofounder and chief executive officer of Bdjobs.com Limited, explored peoples' trust issues with technology and healthcare as well. Sylvana Quader Sinha, founder chairperson and chief executive officer of Praava Health, stressed that technology alone cannot solve healthcare challenges. "The real problem is trust. Patients don't trust healthcare in Bangladesh even if technology improves the service quality," she said.

Sinha emphasised the importance of having well-trained doctors and reliable lab tests in building trust. Raisul Kabir, chief executive officer of Brain Station 23, said clients in Bangladesh are more willing to pay foreign companies higher fees for technology solutions instead of engaging local providers. "Local entrepreneurs must break through this reluctance in order to achieve sustainable growth," he said. ■

BD May Face Severe Challenges In Non-Traditional Markets

**HIGH DUTY OBLIGATION
LIKELY TO MAKE LOCAL
PRODUCTS LESS
COMPETITIVE**

Possible Duty Rates (%)

India	20
Japan	9.0
China	6.5
Australia	5.0-6.0



Business Outlook Report

Re a d y m a d e g a r m e n t exports to m a n y non-traditional markets, especially India and Japan, would face severe challenges due to high duty obligation to be applicable after the country's graduation from the least developed country status, industry insiders feared.

They thought Bangladesh should immediately

decide its post-graduation strategy and apply for the extension of the existing preferential trade regime.

They also urged the government to start negotiations on bilateral agreements with the non-traditional markets to maintain the existing trade concessions, and seek additional time to get prepared for the upcoming challenges. Like traditional EU and Canadian markets, the country's RMG exports

are supposed to face high import duties in some non-traditional markets too. According to a latest study finding, Bangladeshi made RMG would face as high as 20 per cent duty in India while the rate would be 9.0 per cent for Japan - two most growing markets for the country's apparel items.

Bangladesh would have to face a 6.5 per cent duty on garment exports to China and 5.0-6.0 per cent in

Australia, according to the study by the Research and Policy Integration for Development (RAPID).

DBL Group Vice Chairman MA Rahim Feroz said there would be serious implications on garment exports to India and Japan for high duty, and the business growth would decline initially in the post-graduation regime. Former Vice President of Bangladesh Garment Manufacturers

and Exporters Association (BGMEA) Asif Ashraf said the possibilities of graduation time deferment can be considered as economic indicators were inflated during the last decade, and the internal ecosystem has been affected.

Besides, the exception is that 84 per cent of foreign currency earned through garment exports where 72 per cent come from countries that offer duty-free market access. Also, the country needs further strengthening its

be high after the country's graduation. Bangladesh's official graduation from the LDC group is scheduled on 24 November 2026.

The government should first decide the time of LDC graduation and then can request for a deferment of the graduation or seek an extended (delayed) graduation timeline, he said. However, the ultimate outcome will be decided by the UN. A concrete smooth transition strategy and

added that firms in Bangladesh also face high costs of doing business stemming from inadequate infrastructure, administrative inefficiencies, slow customs processes, poor logistics, which collectively undermine competitiveness and hinder investment.

The timeline impacts the pace of capacity development initiatives, including trade negotiations, regulatory reforms while it would reduce uncertainty for global buyers as

Australia, Chile and China are among the major non-traditional markets that offer duty benefit to Bangladeshi made garments under the LDC category.

"Exports to India would severely be affected after graduation if measures are not taken to continue the benefit," he added.

Industry people said foreign direct investment (FDI) plays a major role in product innovation and enhancing a competitive advantage in global markets, and can ensure a smooth transition journey.

A fixed time could drive positive spillovers in technology transfer, expertise in sustainability, and responsible business conduct, they added.

According to Export Promotion Bureau revised data, in the last fiscal year (FY 2023-24), Bangladesh fetched US\$ 548.83 million from India, US\$1.08 billion from Japan and US\$800 million from Australia by exporting garment items.

The country's garment exports to India rose to US\$325.05 million, marking a 16.48-percent growth during the first five month of the current fiscal year (FY 2024-25).

RMG exports to Japan and Australia increased by 3.69 per cent and 7.74 per cent respectively to US\$496.20 million and US\$ 348.82 million during the July-November period of the current FY. ■



backward linkage industry, he noted. The duty-free market access is one of the main reasons for buyers' sourcing from Bangladesh, he said, adding that the government should apply for graduation time extension to help buyers to make their strategic plan.

When asked, RAPID Chairman Dr MA Razzaque said India and Japan are two important and big markets for Bangladesh and garment exports would face challenges as duty would

initiating its effective implementation could help secure a timeline extension. Irrespective of the graduation timeline, preparations for LDC graduation are most critical, he noted, adding that exporters and businesses need a definitive timeline to adapt to new trade rules and market dynamics, and transition to non-preferential market conditions.

A settled graduation date ensures timely implementation of necessary domestic reforms, he said. He

a settled timeline reduces uncertainty for buyers and investors, safeguarding trade relationships. Former president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Fazlul Hoque said the government's decision regarding LDC graduation time should be clear as it creates confusion among many.

To sustain the duty benefit after graduation, measures must be initiated immediately, he said, adding that India, Japan,



Rights Activists Urge Local Participation In National Budgeting Process

Business Outlook Report

Rights activists and economists called for the government to incorporate input from local government representatives in framing the national budget, emphasising the need to address local priorities and consider climate change. Speaking at a meeting organised by the Democratic Budget Movement (DBM) on December 21, a coalition of non-governmental organisations, participants highlighted that the lack of youth consultation and insufficient prioritisation of climate action were leading to inefficient use of development funds.

The event was held in a seminar hall in Mohammadpur, Dhaka. Dr Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue (CPD), criticised the budget formulation process for lacking democratic principles. He argued that budget proposals should originate from local representatives to better reflect community needs. “Although the government once

initiated district-wise budgets, the initiative was discontinued due to concerns about potential biases favoring powerful quarters,” Dr Moazzem noted. He also proposed establishing a commission to reform the budget process. DBM member Zakia Shishir highlighted that the budget follows a top-down approach, where decision-makers often overlook local priorities. “This leads to resource allocations in less pressing sectors while ignoring the actual needs of communities,” she said. Marium Nesa, an official from ActionAid Bangladesh, pointed to a disconnect between public demands and the approved budget.

Citing the controversial Arial Beel airport project, she said, “The government planned the airport without consulting locals dependent on the waterbody for farming. Resistance from residents led to violent clashes and the loss of lives.” Sekender Ali Mina, executive director of Safety and Rights, argued that discriminatory budget allocations

have exacerbated inequalities at the grassroots level. Mirza Shawkat Ali, director of the Department of Environment, revealed a significant reduction in climate-related budget allocations—from Tk700 crore to Tk100 crore—while climate priorities were often sidelined in development projects. Kazi Mokhlesur Rahman, joint secretary at the Ministry of Youth and Sports and chief guest of the program, defended the limited consultation at the local level. He argued that local involvement often delays implementation and that communities may lack the expertise to determine development priorities.

“When plans for road construction are shared, disputes often arise as no one wants it built on their land, leading to lawsuits. Additionally, local communities sometimes prioritize religious projects over critical sectors like education and healthcare,” he said. Other speakers included Aman Rahman, vice-president of DBM, and Khalid Pasha Joy, joint general secretary of DBM. ■

Domestic Tourism Heats Up This Winter

Business Outlook Report

If you call your friends and relatives, you may find that some are off in the hills of Sajek valley of Rangamati or the sandy beaches of Cox's Bazar and other tourist hotspots across Bangladesh.

This is because educational institutions in the country have all closed for winter vacation, signalling the start of the main holiday season as families rush to enjoy the rest of 2024 amid the winter weather. The local tourism industry was suffering from

apprehension over the loss of business amid a long recession stemming from mass unrest, which began in July. But business has been recovering since September and is now ongoing at full swing, industry people said, adding that India's recent visa ban on Bangladeshi nationals has helped bolster domestic tourism.

The return of tourists has enabled hospitality service providers, such as hotels and restaurants, to hope for the recovery of losses sustained due to political turmoil in the



third quarter of the current calendar year. "We are totally full of tourists now. The flow of tourists in December exceeded our expectations," said Abul Kashem Sikder, president of the Cox's Bazar Hotel Guest House Owners Association.

"However, the tourists' purchasing capacity seems to have been eroded by high inflation," he added. He informed that the overall occupancy rate of hotels, resorts and guest houses in Cox's Bazar, the country's most popular tourist spot, has

reached around 80 percent on weekdays and about 100 percent on weekends. "But the flow of tourists has not increased compared to the previous December," Sikder said.

This year, a number of events, including the national elections, unfavourable weather, recurrent floods, political turmoil centring the Awami League's ouster and deterioration of law and order, affected domestic tourism. "We had a dull period during July-September. But business started



picking up in October and is now good," said Abdul Awal, group director (sales and marketing) of the Sea Pearl Resorts and Spa in Cox's Bazar. "It appears that the limited visa issuance by India has had a positive effect on the tourist flow," he added.

Industry people say that around 2 lakh tourists are visiting Cox's Bazar each day now, leaving its beaches packed with thousands of visitors, who are enjoying the wind and waves. Mohammad Faruq, a member of Sea Safe Life Guard, estimated that

around 80,000 tourists are now on the beaches of Cox's Bazar during peak hours. In fact, the number of visitors is so high that some are struggling for accommodation. Hasan Mir, a tourist from Gopibag of Dhaka, said he and his family came to Cox's Bazar without booking a hotel and had to suffer before finding a suitable hotel.

Tayen Ullah, the owner of Mermaid Resort Saint Martin, said around 2,000 tourists are coming to Saint Martin every day. "But the

number is not enough for locals to run their families round the year. Many hotel owners could not find guests. However, beach side hotel and resort owners are doing good business," he added. Mirza Musfequr Salahin, chief executive officer of the Travel Together and Ruilui Resort at Sajek, said the tourist flow recently increased.

"You will find many tourists on the streets of Sajek looking for hotels," he added. However, he also said that it is normal for people to make

a mad dash for tourist spots every December. "We have not seen much of rush this year, particularly in the hills," he added. According to our correspondent in Patuakhali, the number of people visiting the seaside town of Kuakata has increased amid the ongoing winter vacation and typically peaks on Fridays and Saturdays.

Motaleb Sharif, president of the Kuakata Hotel Motel Owners Association, said they hope the seasonal traders will benefit from the current influx of tourists. ■



Foreign NGO Employees Evade Tax By Under-Reporting Salaries

Business Outlook Report

Foreign executives of NGOs operating in Bangladesh are using concealed salary structures to evade taxes and launder money abroad. This malpractice, uncovered by a Bangla daily 'Jugantor' on a report, raises concerns over regulatory lapses, particularly in NGOs overseen by the NGO Affairs Bureau. Among the cases uncovered, Pankaj Kumar, an Indian citizen serving as the Country Director of Germany-based NGO Welthungerhilfe, earns €7,500 monthly, revealed the media report.

However, his declared income to the National Board of Revenue (NBR) is only BDT 190,000 (€1,500), on which he pays Tk20,146 in tax. The remaining amount is reportedly remitted to his home country. Between 2019 and 2023, Kumar also worked for NGOs such as Swiss Solidarity, Saferworld, and Christian Aid, using similar practices. According to the report, out of 274 foreign NGOs currently operating in Bangladesh, their country directors, mostly foreign nationals, declare only a fraction of their actual salaries for tax purposes. This practice allows them to secure work permits while

transferring substantial portions of their salaries abroad. The NGO Affairs Bureau, despite being aware of these discrepancies, has taken no substantial action.

Regulatory Oversight And Challenges

When asked, Anwar Hossain, acting director-general of the NGO Affairs Bureau, said that foreign NGOs operate using their own funds, and salary declarations in work permit applications are not always consistent with international salary standards. He said the bureau primarily ensures taxes are paid on declared salaries.

However, instances of tax evasion indicate a lack of stringent verification mechanisms, he added. The issue extends beyond NGOs. Foreign professionals in the private sector are also implicated. In one instance, a Chinese executive working for a local company was found to have transferred significant funds abroad while underreporting his salary in the work permit. NBR Chairman Abdur Rahman Khan acknowledged these issues, noting plans for automation to strengthen tax compliance among foreign workers. Currently, tax clearance is

verified at airports for foreign nationals leaving the country. These revelations underscore the need for stricter oversight and collaboration among regulatory bodies to address tax evasion and ensure transparency in salary declarations.

Govt Has No Accurate Data Of Foreigners Working In Bangladesh

Bangladesh Investment Authority Board (BIDA) is responsible for granting work permits to foreigners in Bangladesh. Along with, the NGO Affairs Bureau and the Bangladesh Export Processing Zone Authority (BEPZA) issue work permits to foreigners.

Usually appointing institutions are given permission from the government agencies about the appointment of foreign employees. The accurate data or information of how many foreigners are working in Bangladesh is not available in the government agencies. NBR and government departments do not have updated information on how many foreigners are working in Bangladesh or submitting income tax returns. According to NBR's 2023 data, 1,04,565 people are registered as foreign taxpayers. ■

Onion Prices Drop As Local Varieties Hit Market



Business Outlook Report

Onion prices dropped in the retail market after a prolonged period of high rates, thanks to the arrival of locally grown “murikata” and other summer varieties. Officials of the Department of Agricultural Extension (DAE) said local onion production is expected to meet demand for the next three months.

They attribute the improved supply to increased cultivation of murikata onions, which will bring an abundant harvest in the coming months. The price of

imported onions dropped to Tk70–80 per kg from Tk80–100 per kg within a week, while the price of local onions fell to Tk90–120 per kg from Tk100–130 per kg over the same period. Newly harvested local onions were priced at Tk70 per kg in the capital on Wednesday.

Just a month and a half ago, the price of local onions had surged to Tk160–170 per kg, while imported onions were selling at Tk120 per kg. Trading Corporation of Bangladesh (TCB) data shows that prices of local onions declined by

10.87% in a week, 26.79% in a month, and 21.15% over the past year. Similarly, imported onion prices fell by 11.11% in a week, 23.81% in a month, and 36% in a year. Market insiders anticipate a further price decline as the country enters peak onion harvesting season.

Dr Mohammad Emdad Ullah Mian, secretary to the Ministry of Agriculture, said that the target for this season is to produce 39.663 lakh tonnes of onions from 2.602 lakh hectares of land. “Summer onion harvesting has already started, while 9.3 lakh

tonnes of murikata onions will be available in the market soon. Seasonal onion harvesting is expected to begin in March next year,” he said. “We are confident that local production will meet most of the demand,” added the secretary.

According to the DAE, the production target for murikata onions this season was 9.3 lakh tonnes from 0.606 lakh hectares of land. However, farmers exceeded this target by cultivating murikata onions on 67,771 hectares, achieving 111.83% of the goal. In the summer season, the DAE targeted

the production of 1.453 lakh tonnes of onions from 0.083 lakh hectares of land. However, summer onions were cultivated on only 0.061 lakh hectares during the Kharif-1 and Kharif-2 seasons. In the Kharif-1 season, onions were cultivated on 0.004 lakh hectares of land, yielding 0.044 lakh tonnes of onions.

During the Kharif-2 season, cultivation increased to 0.057 lakh hectares, with 18.11% of the harvest completed by December 15, resulting in 0.114 lakh tonnes of onions harvested so far,

according to the DAE. In the fiscal 2023-24, summer onions were cultivated on 0.077 lakh hectares of land, producing 1.212 lakh tonnes. This indicates a decline in summer onion cultivation in FY25.

According to officials, repeated floods and prolonged rainfall damaged significant portions of the summer onion crop, while unfavorable weather conditions also discouraged farmers from cultivating onions. Harvesting of seasonal onions in the country begins in March each

year. Onions grown from seeds during their main cultivation season can be stored for extended periods. The ministry estimates that around 27.420 lakh tonnes of onions can be harvested from 1.803 lakh hectares of land in the next season.

The country's annual onion requirement is approximately 25 lakh tonnes, as per the Bangladesh Trade and Tariff Commission. Official statistics indicate that the country produces a surplus of onions during the winter season. However, about 25% of the locally produced onions

perish due to inadequate storage facilities and ineffective post-harvest management, leading to shortages during the lean period. Nur Ali, a farmer from Satmail Bazar in Jashore Sadar, said he cultivated summer onions on 1.5 bighas of land this year and achieved a good yield.

"Once the harvesting of local onions began, the price at the grower's end dropped to Tk40 per kg. We spend Tk2,000 to produce one maund (40 kg) of summer onions. If we receive Tk60 per kg, we can earn a profit," he explained. ■

2nd Shipment Brings 699 Containers From Pakistan



The container ship Yuan Xiang Fa Zhan has made its second voyage on the Dubai-Karachi-Chatto-gram route, arriving at the outer anchorage of the Chattogram Port on December 21.

This time, the vessel carried an array of goods, including refined sugar, dolomite, soda ash, sugarcane molasses, cloth rolls, dates and other products, with 86 per cent of the

cargos originating from Pakistan. Anis Ud Daula, executive director of Regency Lines Limited, said that the ship arrived with 126 containers from Dubai's Jebel Ali Port and 699 containers from Karachi.

Among the imports, refined sugar dominated the shipment, with 285 containers carrying 7,500 tonnes (1,48,200 bags) sourced by buyers such as

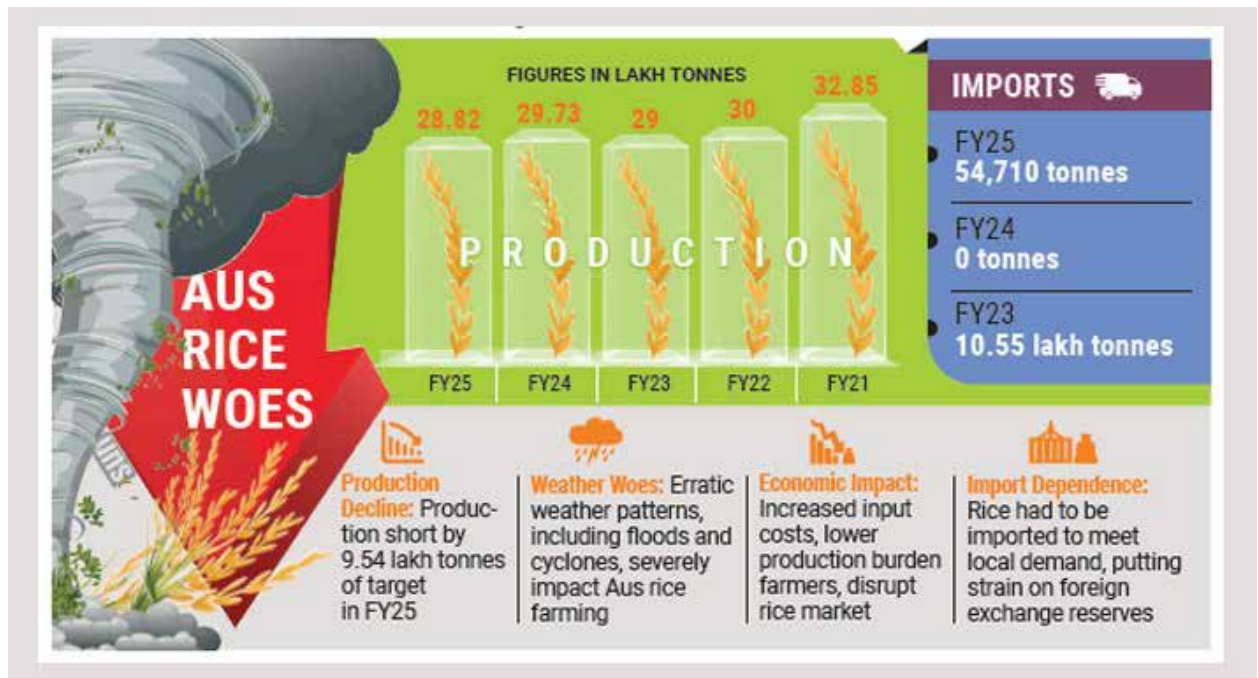
Pran-RFL, Shehzad Food Products, Savoy Ice Cream Factory and Broadway International.

Dolomite, a vital material for glass production, followed, with 171 containers imported by Nasir Float Glass and Akij Glass Industries. Soda ash, another essential industrial raw material, was imported in 138 containers. Additionally, 46 containers of cloth rolls for

export-oriented garment factories, 18 containers of potatoes, and 20 containers of sugarcane molasses were part of the shipment. The Yuan Xiang Fa Zhan, operated by Dubai-based Feeder Lines DMCC, has been pivotal in establishing a direct link on the Dubai-Karachi-Chatto-gram-Malaysia-Indonesia-India-Dubai route. Regency Lines Limited, a subsidiary of Karnaphuli Limited, acting as its local agent.

On November 11, the Panama-flagged MV Yuan Xiang Fa Zhan made its inaugural trip to Chattogram, carrying 370 TEUs of cargo. The shipment included 297 containers from Karachi and 73 containers from the UAE. ■

Decline In Aus Rice Production Sparks Food Security Concerns



Business Outlook Report

Aus rice production in Bangladesh has gradually declined over the past four consecutive years, increasing the need for imports to ensure food security amid concerns about depleting foreign exchange reserves. Erratic weather patterns, including floods in four phases, Cyclone Remal, and prolonged rainfall, have severely impacted Aus rice farming, which is highly dependent on favourable climate conditions.

According to the latest data from the Department of Agriculture Extension (DAE), Aus rice production in the fiscal year 2024–25 has fallen short of the government-set target by over 9.547 lakh tonnes. The total production reached 28.82 lakh tonnes, cultivated across 9.77 lakh hectares, below the target of 38.37 lakh tonnes from 13.07 lakh hectares. Additionally, around 65,000 hectares

of Aus crops were damaged during the season. Comparing previous years, Aus rice production stood at 29.73 lakh tonnes from 10.34 lakh hectares in FY 2024, 29 lakh tonnes from 10.61 lakh hectares in FY 2023, 30 lakh tonnes from 11.59 lakh hectares in FY 2022, and 32.85 lakh tonnes from 13.05 lakh hectares in FY 2021. Jahangir Alam Khan, an agro-economist and researcher, told Daily Sun that the lower production of rice during the Aus season has created a crisis in the rice market due to adverse weather conditions.

“The government recently reduced the import duty on rice from 62% to just 2%, but traders are not importing rice because international prices are higher than in Bangladesh,” Khan explained. He added that rice traders, millers, and wholesalers, who have already stocked paddy from the last Boro season, are not importing rice despite having import permits.

Increased input costs, such as fertilisers and pesticides, have further burdened farmers, making it difficult for them to maintain profitability. As a result of the lower Aus rice production (1 July 2024 to 17 December 2024), Bangladesh had to import 54,710 tonnes of rice to meet local demand. In contrast, no rice imports were necessary in FY 2024, but 10.55 lakh tonnes were imported in FY 2023.

The government authorized 277 private organisations to import a total of 14.41 lakh tonnes of rice between 7 and 17 November 2024, in four phases, according to the Ministry of Food. However, by 17 December, only 54,710 tonnes had been imported, which is far below the permitted amount. The rice imports, originally scheduled to be marketed between 10 and 22 December, have now been extended until 15 January 2025. ■

WEEKLY SELECTED ECONOMIC INDICATORS

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

	24 December 2023		30 June 2024		28 November 2024 ^R		24 December 2024	
1.	Foreign Exchange Reserve (in million US\$)	26225.54	20899.05(BPM6)	26714.20	24350.20	18611.40 (BPM6)	24967.98	20178.11 (BPM6)
2.	Interbank Taka-USD Exchange Rate (average)	110.0000	118.0000	118.0000	120.0000	120.0000	120.0000	120.0000
3.	Overnight Call Money Rate	9.16	9.01	9.01	10.02	10.10	10.10	10.10
	Weighted Average Rate (in Percent)							
	Broad/Overall Share Price Index							
4.		24 December 2023	30 June 2024	24 December 2024	Percentage change			
	a) Dhaka Stock Exchange (DSE)	6238.98	5328.40	5169.32	24 Dec:24 over Jun:24	24 Dec:23 over Jun:23		
	b) Chittagong Stock Exchange (CSE)	18507.88	15066.82	14489.24	-2.99	-1.66		
		November, 2023	July-November, FY24	November, 2024 ^P	-3.83	-1.04		
5.	a) Wage Earners' Remittances (in million US\$)	1930.04	8808.42	2199.51	July-November, FY25 ^P	FY24		
	b) Annual Percentage Change	20.99	0.17	13.96	11137.30	23912.22		
		October, 2023	July-October FY24	October, 2024 ^P	26.44	10.65		
	a) Import (C&F) (in million US\$)	5962.70	21872.10	6148.00	July-October FY25 ^P	FY24		
	b) Annual Percentage Change	5677.00	20738.00	3.11	22318.60	66725.10		
		October, 2023	July-October FY24	October, 2024 ^P	2.04	-11.11		
6.	a) Import (f.o.b) (in million US\$)	3145.00	13196.00	3743.00	July-October FY25 ^P	FY24		
	b) Annual Percentage Change	5677.00	20738.00	1.51	20953.00	63242.00		
		October, 2023	July-October FY24	October, 2024 ^P	1.04	-10.61		
	a) Export (f.o.b) (in million US\$)	3145.00	13196.00	19.01	July-October FY25 ^P	FY24		
	b) Annual Percentage Change	3145.00	13196.00	19.01	14295.00	40810.00		
		October, 2023	July-October FY24	October, 2024 ^P	8.33	-5.89		
8.	Current Account Balance (in million US\$)		July-October FY24	July-October FY25 ^P		FY24 ^P		
			-31600	-752.0	-6512.0			
9.	a) Tax Revenue (NBR) (BDT in crore)	26847.34	102336.45	27072.65	July-October, FY25 ^P	FY24		
	b) Annual Percentage Change	12.85	12.56	0.84	101281.53	382678.41		
		September, 2023	July-September FY24	September 2024 ^P	-1.03	15.44		
10.	Investment in National Savings Certificates (BDT in crore)				July-September FY25 ^P	FY24		
	a) Net Sale	-147.85	-1264.97	4109.09	8332.80	-21124.38		
	b) Total Outstanding	366128.48	366128.48	354601.85	354601.85	346269.05		
		October, 2023	June, 2024 ^R	October, 2024 ^P	Percentage change			
					Oct.'24 over Oct.'23	Oct.'23 over Jun'23	Oct.'24 over Jun'24	Oct.'23 over Jun'23
11.	a) Reserve Money (RM) (BDT in crore)	339958.40	413647.00	369255.30	8.62	-11.37	-10.73	7.84
	b) Broad Money (M2) (BDT in crore)	1882336.50	2033234.00	2033511.20	8.02	-0.25	0.01	7.74

	July-November FY24			July-November FY25 ^P			Percentage change over July-November FY24			
	Opening	Settlement	2130948.90	Opening	Settlement	1656202.40	Opening	Settlement	Settlement	Settlement
Total Domestic Credit (BDT in crore)	1944434.00	2115524.90	2130948.90	2130948.90	2130948.90	1656202.40	9.59	0.73	0.92	9.80
a) Net Credit to the Govt. Sector	368316.90	424877.10	427272.30	427272.30	427272.30	47474.20	16.01	0.56	-4.91	9.69
b) Credit to the Other Public Sector	46797.30	49419.10	47474.20	47474.20	47474.20	1656202.40	1.45	-3.94	3.61	9.42
c) Credit to the Private Sector	1529319.80	1641228.70	1656202.40	1656202.40	1656202.40		8.30	0.91	2.35	9.84
L/C Opening and Settlement (in million US\$)										
a) Consumer Goods	2653.20	2778.84	2406.51	2569.53	2406.51	-3.15	-3.15	-13.40	-13.56	
b) Capital Machinery	968.93	1107.31	864.77	712.63	864.77	-26.45	-26.45	-21.90	-23.86	
c) Intermediate Goods	1924.04	2207.81	1868.21	1702.37	1868.21	-11.52	-11.52	-15.38	-12.00	
d) Petroleum	4214.08	4220.24	4051.45	3662.33	4051.45	-13.09	-13.09	-4.00	-5.02	
e) Industrial Raw Materials	9368.54	8900.47	9534.86	9891.05	9534.86	5.58	5.58	7.13	-15.90	
f) Others	8978.37	8959.49	9213.76	9584.03	9213.76	6.75	6.75	2.84	5.80	
Total	28107.16	28174.16	27939.56	28121.94	27939.56	0.05	0.05	-0.83	-8.29	
Back to Back L/C	3941.68	3482.27	4179.10	4545.34	4179.10	15.31	15.31	20.01	-7.19	
Rate of Inflation on the basis of Consumer Price Index for National (Base:2021-22=100)	March, 2024	April, 2024	May, 2024	June, 2024	July, 2024	August, 2024	September, 2024	October, 2024	November, 2024	2024
a) Twelve Month Average Basis	9.69	9.73	9.73	9.73	9.90	9.95	9.97	10.05	10.22	
b) Point to Point Basis	9.81	9.74	9.89	9.72	11.66	10.49	9.92	10.87	11.38	
Corresponding Period	March, 2023	April, 2023	May, 2023	June, 2023	July, 2023	August, 2023	September, 2023	October, 2023	November, 2023	
a) Twelve Month Average Basis	8.39	8.64	8.84	9.02	9.90	9.24	9.29	9.37	9.42	
b) Point to Point Basis	9.33	9.24	9.94	9.74	9.69	9.92	9.63	9.93	9.49	
Classified Loan	September, 2022	December, 2022	March, 2023	June, 2023	September, 2023	December, 2023	March, 2024	June, 2024	September, 2024	
a) % of Classified Loan to Total Outstanding	9.36	8.16	8.80	10.11	9.93	9.00	11.11	12.56	16.93	
b) % of Net Classified Loan to Net Outstanding	0.90	-0.08	0.30	1.58	1.22	0.59	2.44	3.68	5.89	
Agricultural and Non-farm Rural Credit (BDT in crore)	October, 23	November, 23	July-November, FY24	October, 24	November, 24 ^P	July-Nov, FY25 ^P	July, 24 ^P	July, 23	July, 22	
a) Disbursement**	3135.87	3319.61	15280.12	2933.18	3689.79	13081.15	37153.90	32829.89	28834.21	
b) Recovery	2934.14	3470.00	14418.45	3112.45	3747.08	16069.50	35571.62	33010.09	27463.41	
c) Outstanding	54862.50	54590.56	54590.56	55084.42	54809.59	54809.59	58119.59	52704.45	49802.28	
SME Loan (BDT in crore)	Oct-Dec, FY23	Jan-Mar, FY23	Apr-Jun, FY23 ^P	Jul-Sept, FY24 ^P	Oct-Dec, FY24 ^P	Jan-Mar, FY24 ^P	Apr-Jun, FY24 ^P	July, 24 ^P	July, 23	
a) Disbursement	6061.61	49068.40	62747.05	52654.90	64841.99	53107.48	54526.41	225130.78	224103.87	
b) Outstanding	282896.54	283236.32	295842.02	298339.27	304241.45	303970.10	306119.87	306119.87	295842.02	
Industrial Term Loan (BDT in crore)	Oct-Dec, FY23	Jan-Mar, FY23 ^P	Apr-Jun, FY23 ^P	Jul-Sept, FY24 ^P	Oct-Dec, FY24 ^P	Jan-Mar, FY24 ^P	Apr-Jun, FY24 ^P	July, 24 ^P	July, 23	
a) Disbursement	29574.55	20907.66	26127.36	26194.00	33763.22	22015.37	24971.83	106944.42	95172.03	
b) Recovery	50593.69	17899.35	17290.02	22712.86	25062.93	23468.00	25345.17	96588.96	106393.23	
c) Outstanding	360051.14	383075.76	395317.82	399693.22	433807.76	428079.27	442485.79	442485.79	395317.82	
GDP Growth Rate (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	

Manipulation Alleged As Dollar Nears Tk 128



Business Outlook Report

The dollar price has surged to nearly Tk 128, fuelled by alleged market manipulation by some banks and money exchange houses, and an increased demand for the greenback ahead of Ramadan, the fasting month of the Muslims.

The massive surge in dollar prices would raise the prices of essential products like onions, dates, soya bean oil, lentils and spices ahead of Ramadan, nullifying the government's efforts to keep the commodity supply smooth and the prices stable in the month when the demand for these items usually surges.

The dollar price surge came at a time when the country is already grappling with severe inflationary pressures. Businesses warned that the dollar price

surge could disrupt the supply of essential commodities before Ramadan, likely to begin early March, as businesses might hesitate to import products at such high costs.

They noted that the benefits of value-added tax exemptions meant to encourage imports could be invalidated by the rising exchange rate, further straining supplies and increasing inflationary pressures.

Bank officials have alleged that some banks, despite not requiring large amounts of dollars for their own needs, are purchasing dollars from foreign exchange houses and local market at high rates and selling them to the other banks at even higher rates. Such activities, they said, have disrupted the market by creating an artificial

shortage of the greenback and pushing up the dollar price. Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, expressed concerns over such manipulation.

He stated that these banks and exchange houses were acting as major players on the market, taking advantage of the increased demand for dollars ahead of Ramadan. He noted that the Bangladesh Bank's dollar purchases were minimal and had little impact on the overall market.

Mahbubur suggested that the central bank should liberalise the dollar market in line with the International Monetary Fund recommendations while closely monitoring activities to prevent banks from exploiting the system.

Businesses said that higher dollar rates mean increased import costs, which, in turn, would raise production expenses and consumer prices. This could worsen the country's inflation crisis, affecting purchasing power and the overall consumer spending.

To ensure the availability of essential goods during Ramadan, the central bank has encouraged banks to open letters of credit for imports. However, the BB's steps of buying dollars from commercial banks to repay foreign debts and meet IMF-mandated reserve targets have further tightened the market.

The gap between the official exchange rate, capped at Tk 120 under the crawling peg system, and the rates offered by some banks and money exchange houses — ranging from Tk 125 to Tk 128 — highlighted regulatory discrepancies.

In a meeting with the Bangladesh Bank on December 18, the IMF stressed the importance of adopting a more flexible and market-driven exchange rate system. In response, the BB plans to introduce a reference rate for foreign currencies based on daily bidding rates provided by banks.

The dollar rate was Tk 94.7 in July 2022 and Tk 84.8 in July 2021. ■

IMF Sees Brighter Days For Bangladesh From FY26



Business Outlook Report

The International Monetary Fund (IMF) on December 19 said that the country's economic scenario may turn positive in fiscal year 2025–26 with the inflationary pressure easing and economic growth picking up. The multilateral lender attributed several government measures to their forecast of the positive outlook.

"We've seen this in many other countries with corrective measures in place... we expect a rebound," said IMF official Chris Papageorgiou at a press briefing at the finance ministry. He led a recent two-week mission to Dhaka. "We are expecting that we would see the inflation

decline finally in the next year," he said. Earlier on December 18, the IMF cut Bangladesh's growth outlook to 3.8 percent for FY25, which may rebound to 6.7 percent in FY26. It also said that inflation is anticipated to remain around 11 percent in FY25 before declining to 5 percent in FY26.

"This is a very important point, when we start seeing inflation coming down to single digits, hitting the target rate of five to six percent, then we'll see growth start to pick up," Papageorgiou said. He said disruptions caused by floods in the northeastern region in August and September, and other disruptions earlier slowed growth this year.

"Frankly, a lot of the growth reduction we see is because of the disruptions in the months of July and August, and also flooding, unprecedented flooding that we've seen." "From next fiscal year, we expect everything, the growth momentum, to start transitioning, rebounding to better days Bangladesh used to have in the past," he added.

"We do not see inflation coming down to rates we were expecting," he said. "Inflation remains in double digits. We have numbers [inflation] as of November, and the price pressures remaining very high comes from two parts," he added. He said that high inflation is driven by both supply-side and demand-side factors.

On the supply side, structural issues contribute to persistent food inflation. On the demand side, strong aggregate demand has also contributed to inflationary pressures. "So inflation remains much higher than our expectations," he said. He said this combination of low growth and high inflation has put additional strain on the balance of payments and foreign exchange reserves.

The IMF has long been vocal about the non-performing loans (NPLs) in the banking sector. Papageorgiou said that historical NPL measures have been biased and that the actual level of NPLs is likely much higher. The IMF appreciated the interim

government's efforts to prioritise the banking sector. "We applauded them for that. But with that, we see that the banking sector is still in distress," he said. He said the country has transitioned from a period of 7 percent growth with low inflation to a period of 3.8 percent growth with high inflation, putting pressure on reserves and the banking sector.

Regarding the IMF's programme evaluation, the mission chief said they started the programme with a clear request for stopping the decline in foreign exchange reserves. The reserves have decreased dramatically, from around \$50 billion three years ago to mere \$20 billion now, he said.

Papageorgiou said the IMF programme has coincided with a series of global shocks. When the programme began, the impact of the Russia-Ukraine war and subsequent commodity price increases was not fully anticipated. He said these shocks, coupled with domestic challenges such as the July-August unrest, have further complicated Bangladesh's economic situation.

The mission chief said the main objective of the IMF programme is to stabilise the economy and restore sustainable growth. "That is number one goal," he said, adding that Bangladesh would return to a path of healthy growth and low inflation. ■

Access To Finance Remains Challenging For Farmers, Agri-Business



Smallholder farmers and agri-businesses in Bangladesh continue to face significant challenges in accessing the financial resources essential for their growth, experts said at a workshop December 19.

USAID Feed the Future Bangladesh Inclusive Access to Finance (IAF) Activity, implemented by Palladium International in partnership with SAJIDA Foundation, successfully hosted the stakeholder consultation workshop in

Dhaka. The event brought together policymakers, high officials from financial institutions, and other key stakeholders to validate the preliminary findings of the assessment "Access to Finance Landscape and Inclusive Development in Bangladesh (AFLID)".

The IAF activity aims to address the challenges and enhance access to finance in the agriculture sector. The assessment examined the current state of agricultural financing, focusing on

barriers faced by the sector's micro-, small- and medium-scale enterprises as well as individual farmers, particularly women and youth, and the roles of financial institutions and government agencies in improving access to agricultural finance.

The preliminary findings from the assessment showed that lending institutions face different barriers to agriculture lending, including high operation costs, informa-

tion asymmetry among borrowing groups, lack of financial literacy among borrowers, and unpredictable weather. The workshop featured engaging discussions and valuable insights on the findings of the assessment.

The participants validated opportunities to improve agriculture financing through developing specialised credit products, improving operational efficiency, creating a stronger and digitised system for assessing and distributing loans, and improving collaboration between the regulators and lending institutions. Presiding as the chief guest at the event, Kazi Rafiqul Hassan, executive director of Bangladesh Bank, emphasised the government's commitment to addressing the barriers faced by the agriculture sector stakeholders. ■

Drought In Trade: Recession Persists, Raw Material Imports Fall



Business Outlook Report

In November 2024, raw material imports declined to \$527 crore from \$560 crore during the same period of the previous fiscal year, resulting in stagnation in Bangladesh's trade and commerce. Economists highlight that this reduction in imports contributes to rising inflation and escalating commodity prices, creating a challenging economic cycle that raises concerns among both Bangladesh's development partners and consumers. The decrease in imports is likely to intensify inflation, further affecting consumers directly. According to government data, the value of import transactions through letters of credit (LCs) decreased by 6% in November 2024, amounting to \$527 crore, down from \$560 crore in November 2023. For the July-Nov-

ember period of the current fiscal year, total LC openings for import trade also declined by around 1% to \$2797 crore. Data from Bangladesh Bank indicates that LC settlements during the same period dropped by 1% to \$2788 crore.

Bankers attribute this situation to businesses taking a temporary pause in investment planning due to ongoing uncertainties, resulting in slower credit growth in the private sector and a subsequent decrease in imports.

They further noted that political changes following the student and public protests in July-August, and the subsequent fall of Sheikh Hasina's government on 5 August, led to widespread attacks and vandalism on factories across the country, further paralyzing business opera-

tions.

Despite the challenges, experts remain optimistic that the situation will gradually normalize, allowing trade and commerce to resume full swing soon. This optimism is fueled by government measures such as removing taxes on essential imports and preparations for the high-consumption month of Ramadan. Bankers and experts expect import volumes to rise in the coming months.

M. Masrur Riaz, founder and chairman of the Policy Exchange of Bangladesh, expressed hope that the stabilization of the foreign exchange rate would help increase imports. Given Bangladesh's heavy reliance on imported goods, higher import volumes could help mitigate inflation. The Bangladesh Bureau of Statistics (BBS) reported

that inflation rose to 11.38% in November 2024, with food inflation reaching 12.8%. The reduction in imports has further strained the economy: Capital Machinery: Imports dropped by 29% to \$6.9 crore during July-November, indicating a slowdown in industrial investment.

Intermediate Goods: These imports, essential for production, fell by over 12% to \$169 crore. Consumer Goods: Consumer goods imports decreased by 3.34%, totaling \$260 crore. Industrial Raw Materials: In contrast, imports of raw materials for industries increased by 4.8% to \$980 crore, hinting at a slight recovery in industrial production activities. Bangladesh's reliance on imports underscores the need for stable foreign exchange rates and a conducive trade environment. Political stability and economic recovery are essential for reversing the downturn. Experts believe that as political and economic conditions stabilize, import activities will rise, supporting overall economic recovery.

The government's efforts, along with private sector initiatives, must focus on reducing inflation, enhancing investment confidence, and ensuring uninterrupted trade activities to steer the economy back toward sustainable growth. ■

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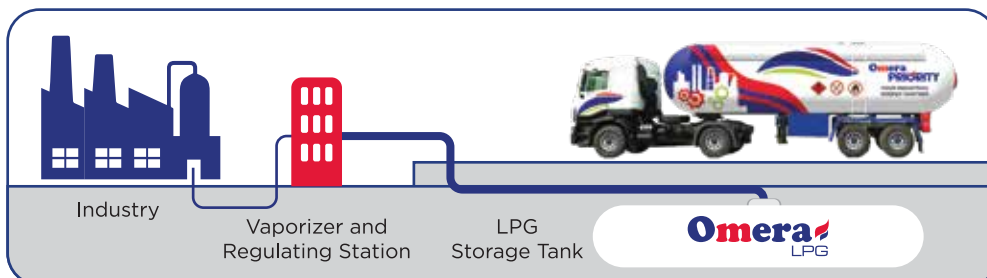


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