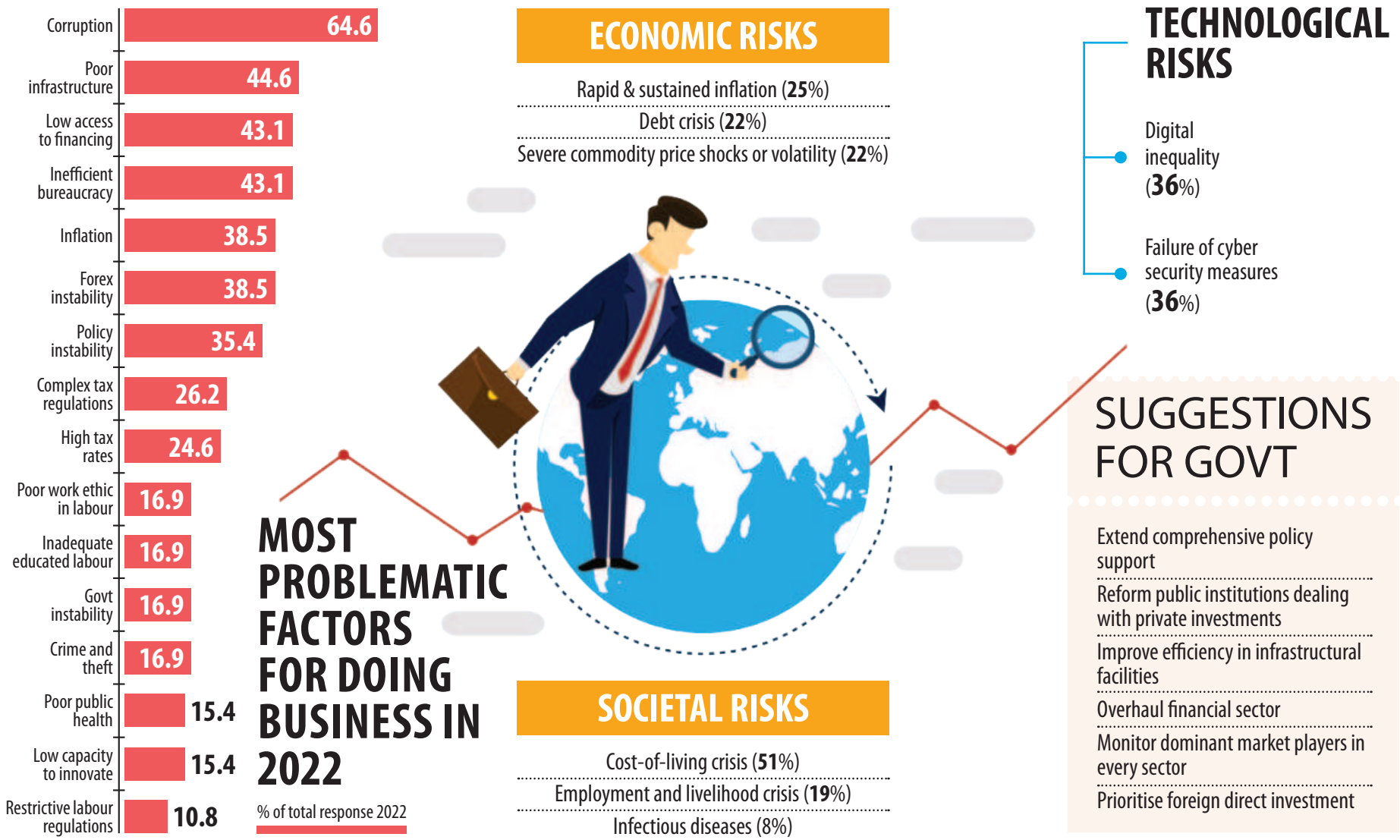


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Banking sector needs comprehensive reforms: ADB

STAR BUSINESS REPORT

Bangladesh's banking sector now requires comprehensive reforms for the financial sector to become strong enough to augment a transition to an upper middle-income country by 2031, said Edimon Ginting, country director of Asian Development Bank (ADB), yesterday.

The South Asian country also needs to raise foreign currency inflow, develop human capital and expand the private sector's role, he told a luncheon meeting of the American Chamber of Commerce in Bangladesh (AmCham) at The Westin Dhaka.

"Comprehensive and holistic reforms in the banking sector, including an NPL (non-performing loan) resolution mechanism, are necessary," he said.

He also suggested for stronger policies and strengthening governance and regulatory oversight of banks and other financial institutions.

Speaking on "Bangladesh macro-

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THREE RISKS AHEAD
Businesspeople cite higher inflation, debt crisis and commodity price shocks in a survey by World Economic Forum

STAR BUSINESS REPORT

Higher inflation, debt crisis and severe commodity price shocks are some of the major economic risks Bangladesh may face in the upcoming years, a new survey of executives warned.

Other challenges include asset bubble burst and proliferation of illicit economic activity, said the "Executive Opinion Survey" of the World Economic Forum (WEF).

The study was as part a global survey carried out by the WEF on 11,800 respondents from 121 economies from April to July of 2022. In Bangladesh, the Centre for Policy Dialogue (CPD) conducted the survey and the number of respondents was 74.

The respondents represented private companies in the agriculture, manufacturing and services sectors and they are based in Dhaka, Chattogram, Narayanganj and Gazipur.

The top three societal risks for the upcoming years for Bangladesh are the cost-of-living crisis, employment and livelihood crisis, and infectious diseases, said the report.

According to the survey, most of the indicators in the financial sector showed lower scores in 2022 compared to 2021.

"Overall, the level of performance of the financial

sector remained negative, indicating a struggling situation as in previous years."

"A negative perception was observed in the case of the soundness of banks, accessing start-up capital, and financial and auditing reporting standards."

"The financial sector needs

Commission, and the Insurance Development and Regulatory Authority.

The country's business environment deteriorated in 2022 compared to the previous year mainly due to corruption, said the report.

Corruption was one of the



major overhauling," said CPD Research Director Khondaker Golam Moazzem while making a presentation on the findings of the survey at an event at the CPD office in Dhaka yesterday.

The overhauling could be initiated as part of meeting the loan conditionality of the International Monetary Fund and amending to the Bank Company Act and by way of lifting the cap on lending rates and ensuring an effective oversight role of the central bank, the Bangladesh Securities and Exchange

major barriers to doing business in Bangladesh as 64.6 per cent of the respondents complained about the high level of corruption.

Weak institutions are the most challenging components for doing business in Bangladesh, said the report.

Improvement of institutions is sluggish and most importantly, their performance deteriorated in 2022. Public entities dealing with taxes, licences, public utilities, judicial system, export, and import performed poorly last year.

Forex volatility costs large firms Tk 65,000cr

Says economist Ahsan H Mansur

STAR BUSINESS REPORT

Bangladesh's conglomerates have lost Tk 65,000 crore over the past one year because of the fluctuation of the value of the taka against the US dollar as loans have become costlier due to the volatile global economy, said a noted economist yesterday.

Previously, conglomerates used to buy \$100 at Tk 8,200, but over the last one year, they have bought the same \$100 for Tk 10,500, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Since the taka depreciated sharply, corporates have had to pay more to purchase the American greenback, he said.

The noted economist made the remarks while speaking at a roundtable styled "Monetary policy 2022-2023" organised by the Institute of Chartered Accountants of Bangladesh (ICAB) at its office in the capital.

The taka has lost its value by about 25 per cent against the American greenback since Russia's war in Ukraine began in February last year and nearly 14 per cent in July-December, data from the central bank showed.

So, many conglomerates lost Tk 400 crore and Tk 500 crore in the first and second quarters of the current fiscal year, said Mansur.

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Disbursement of foreign aid slows

STAR BUSINESS REPORT

The disbursement of foreign assistance for development projects in Bangladesh fell by 9.48 per cent in the first half of the current fiscal year due to sluggish implementation and a lack of budgetary support.

As per statistics of the Economic Relations Division (ERD), the total disbursement of foreign assistance amounted to \$3.78 billion in the July-December period of fiscal 2022-23 while it was \$4.4 billion at the same time the year before.

An ERD official said although the implementation of foreign-funded projects accelerated during the period, it failed to hit the government target.

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STOCKS		
	DSEX ▼	CASPI ▲
	0.12% 6,288.33	0.02% 18,570.93

COMMODITIES			AS OF FRIDAY
	Gold ▼	Oil ▲	
	\$1,927.60 (per ounce)	\$86.66 (per barrel)	

ASIAN MARKETS					FRIDAY CLOSINGS
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
	▼ 1.45% 59,330.90	▲ 0.07% 27,382.56	▲ 0.76% 3,264.81	▲ 0.05% 3,394.21	

Graft directly affects 74pc SMEs: study

STAR BUSINESS REPORT

Seventy four per cent of entrepreneurs of small and medium enterprises (SME) across eight divisions of Bangladesh were directly affected by corruption while doing business.

This was revealed at a discussion hosted by the Centre for Governance Studies (CGS) in partnership with the Center for International Private Enterprise at a city hotel yesterday.

The programme unveiled the findings of a two-year study conducted by the CGS on the nature of corruption in the SME sector of Bangladesh.

According to the study's respondents, the use of bribes and political influence to gain favours were the two most common forms of corruption in Bangladesh.

Economist Dr Debapriya Bhattacharya, distinguished fellow at the Centre for Policy Dialogue, thinks that the role of business leaders was questionable in many cases, besides the irregularities of government officials.

Instead of being accountable to businesspeople, they came into office and remained loyal to the rulers. It started with the nomination, not election, of the merchant organisation leaders, he said as chief guest.

He believes that if the situation does not improve, corruption would not decrease in the overall environment of business and commerce in the country.

Bhattacharya said all the research of the world shows that corruption obviously makes poverty permanent, creates discrimination, curtails rights, foils skills and investments and destroy relationships of trust.

According to the study's respondents, the use of bribes and political influence to gain favours were the two most common forms of corruption in Bangladesh

The prime minister increased salaries and allowances of government employees with a view to reduce corruption but it has not gone down, he said.

So, it is not correct that corruption goes down when incomes increase, he added.

He said in some cases corruption has reduced due to digitalisation but corruption in purchase systems of the government has not reduced even after the introduction of e-procurement.

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Workers are seen preparing sugarcane molasses from nearby stalks of the plant in Fulchhari upazila of Gaibandha. With the nearest state-run sugar mill currently shuttered, locals have taken it upon themselves to process the natural sweetener, which sells for about Tk 70 per kilogramme. The photo was taken recently.

PHOTO: MOSTAFA SHABUJ