

Star BUSINESS

Businesspeople called for improving connectivity between Dhaka and Chattogram to get the expected benefits of Bangabandhu Sheikh Mujibur Rahman Tunnel.



Story on B4

WEEKLY INTERVIEW



Syed Mohammad Arif

'Middle East conflict may affect global shipping'

STAR BUSINESS REPORT

The Israel-Hamas conflict has not had any immediate effect on global shipping, but it may impact ocean freight if the conflict lingers.

Still, the situation has not reached that level and it cannot be said right now whether there will be any effect on global shipping and freight rates.

If the conflict persists, it may have such an impact, said Syed Mohammad Arif, chairman of Bangladesh Shipping Agents' Association (BSAA), in an interview with The Daily Star yesterday.

Israel's attacks on Gaza, in retaliation to an attack on Israel from Hamas, have killed more than 4,100 Palestinians and injured thousands, largely civilians. Last week, The Straits Times said there were reports of congestion and a backlog of cargo at the Israeli ports of Haifa and Ashdod, as well as the closure of smaller ports around the coastal Gaza enclave.

Citing shipping and maritime officials, it said the conflict could introduce risks to two vital shipping chokepoints in the Middle East if it spreads beyond Israel and Gaza and turns out to be long and drawn out.

The two chokepoints are the Suez Canal in Egypt, a critical maritime trade route connecting Europe and the Middle East to Asia, and the Strait of Hormuz between Oman and Iran, the only waterway enabling oil to be transported from the Gulf region to the

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BB STEPS FOR ECONOMY

Who will come to the government or who will not come is linked with the democratic process. However, the administration will have to ensure that the economy functions properly, moves forward, and reduces stress.

Zahid Hussain
Former lead economist of WB's Dhaka office

Withdrawn lending rate cap in June

Implemented unified exchange rate in September

Hiked policy rate by 75 basis points to 7.25% in October

Raised interest rate for lending

EXPERTS' SUGGESTIONS

Focus on stabilising macroeconomy

Introduce market-based interest rate, exchange rate

Take measures to bring remittance through official channels

The central bank is planning to take measures after the elections. In the present economic condition, the economic cycle and the political cycle should not be mixed up. We don't have time to wait for a political cycle.

Mustafizur Rahman
Distinguished fellow of CPD

Delaying key measures may prove costly for economy

ANALYSIS

REJAUUL KARIM BYRON and AHSAN HABIB

In the past 18 months, Bangladesh has largely failed to take appropriate measures to curb higher inflation and reverse the fall of foreign currency reserves, both at the heart of the country's persisting economic plight.

Some measures, under pressure from the International Monetary Fund (IMF), have been introduced, but they have fallen short of meeting the needs of the time and thus bringing in expected outcomes.

The current stance on the part of the policy-makers and the central bank will continue until the national elections, due in January, take place as they don't want to initiate any steps that may put short-term strain on the economy.

But economists say the delay may worsen macroeconomic conditions further, warning that waiting until the elections for key measures might be costly for the country, which has been reeling under pressure stemming from external factors such as the Russia-Ukraine war and higher

commodity prices, and internal factors such as persistently high consumer prices and falling forex reserves.

They called for immediate interventions to stop the erosion of the reserve, whose level has halved since August 2021.

An IMF mission, which

forward, and reduces stress," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

He warned that as the reserve is dropping by around \$1 billion each month, if the government waits further when it comes to taking required measures, it

the WB.

Inaction over making the exchange rate market-based is also hurting the economy. Although the taka has fallen nearly 28 percent against the US dollar since February last year, making imports expensive, effective steps are still absent.

"If the exchange rate becomes market-based after three to four months and any turmoil surfaces, the government will not have enough scope to stabilise it. So, it is risky to wait," Hussain said.

"In order to increase foreign currency supply, the exchange rate should be market-oriented. Further delay will increase the risks. They are taking more risk by waiting."

"But if the central bank takes the right steps now and the problems ease, it will benefit the government and give them satisfaction. So, why wait?"

Currently, the exchange rates are being set by the Association of Bankers, Bangladesh (ABB) and the Bangladesh Foreign Exchange Dealer's Association (BAFEDA) at the unofficial directive of the central bank. This means the rates are still regulated.

"This system is not working well," Hussain said.

"The central bank is planning

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Freshwater prawns put up for sale at wholesale at the Foltita market in Bagerhat's Fakirhat upazila. The market sits from very early in the morning every day with farmers from surrounding areas bringing their catch for sale at anywhere from Tk 600 to up to Tk 1,200 per kilogramme depending on the size and quality. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

BB nod likely today for setting up digital banks

MD MEHEDI HASAN

Bangladesh Bank is likely to give primary approval today for the formation of digital banks in the country.

The central bank has already created a shortlist from applications who have sought permission to set up 52 digital banks.

The shortlist will be placed at a meeting of the BB's board of directors at its headquarters in the capital today.

The meeting may approve of anywhere from two to five digital banks and subsequently provide them a letter of intent, The Daily Star learned from officials involved in the process.

The letter of intent will contain a timeframe for the digital banks to prepare their infrastructure while being monitored by the central bank.

However, the shortlist contains applications of firms that did not meet the criteria, such as having people with expertise in the field of digital banking, said the officials.

Moreover, firms that do fit the bill have been excluded from the shortlist, they added.

The 52 applications came from either individuals or groups of a total of around 500 companies from diverse sectors, including commercial banks,

The central bank may give a go-ahead for setting up two to five digital banks

mobile financial service providers, food delivery and ride-sharing platforms, IT service providers and pharmaceutical companies.

The deadline for applying for the digital bank licence ended on August 17, after it was extended by 16 days.

Digital banks are online-only banks that offer customers a range of financial services through digital channels, such as mobile apps and websites – and without any traditional physical branch networks.

The development is coming about at a time when the banking sector is plagued by a number of challenges, including record non-performing loans (NPLs), distressed assets, capital shortfalls and foreign currency shortages.

The NPLs hit a new record of Tk 1,56,039 crore as of June this year, showed central bank figures. The distressed assets amounted to Tk 3,77,922 crore at the end of last year.

And the country's gross foreign exchange reserves stood at \$20.95 billion as of October 18.

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STOCKS		WEEK-ON-WEEK
DSEX ▲	CASPI ▲	
0.31%	0.21%	
6,289.01	18,585.32	

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▼	
\$1,981.22	\$88.30	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.35%	▼ 0.54%	▼ 0.74%	▼ 0.74%	
65,397.62	31,259.36	3,076.69	2,983.06	

Dird Group lays off 300 workers for lack of work orders

OUR CORRESPONDENT, Savar

Dird Washing Limited has laid off around 300 workers owing to a lack of work orders, becoming the fourth unit of its parent Dird Group to have closed operations this year.

The authorities of the factory located in Savar's Rajfulbaria hung up the layoff notice, signed October 19, on the factory gate yesterday.

Due to a lack of orders, the layoff has been announced in line with the Bangladesh Labour Act 2006, it said. "The issue of lay-off will be resolved later after talks with workers."

"Due to zero order, we have declared the lay-off," Uzzwal Hayder, head of human resources at Dird Group, told The Daily Star in a WhatsApp message.

"Management are very positive about ensuring payments for the workers."

The washing unit employed about 300 workers and they also worked on Thursday. When they returned yesterday morning, they found out the lay-off notice, said a number of workers.

A mid-level worker says mid-level workers have salary arrears ranging from five to 11 months whereas it is one month for many other workers.

"Under such circumstances, the authorities have announced the lay-off without any prior announcement or clearing dues. What will we do now?"

Rafiqul Islam Sujon, president of the Bangladesh Garment and Shilpa Shromik Federation, said the workers have become unemployed due to the lay-off.

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Investment expo on Nov 8-9

STAR BUSINESS REPORT

The Foreign Investors' Chamber of Commerce and Industry (FICCI) is set to host a two-day investment exposition from November 8 at Radisson Blu Dhaka Water Garden marking its 60th anniversary.

Prime Minister Sheikh Hasina is expected to inaugurate the event as the chief guest, announced the FICCI at a press briefing at Pan Pacific Sonargaon Dhaka yesterday.

The chamber says the key objective was to highlight its contributions, including policy support, since inception towards developing the country's economy to ensure an enabling business environment.

There will be two plenary sessions on "Green Value Chain" and "Investment Climate: Current Landscape and Mission 2041" where industry

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