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ECONOMY IN 2022

Time to hit the reset button

IMF programme provides perfect opportunity to do that

ZINA TASREEN

This year was always supposed to be a celebration of Bangladesh's economic progress with the opening of Padma bridge and Dhaka metro rail and 100 percent electrification.

And in the first half of the year, it appeared things were heading that way, particularly with exports roaring louder than ever before.

Then, Murphy's law struck the Bangladesh economy: everything that could go wrong, went wrong.

Remittance, which kept the economy hale and hearty even during the worst of the pandemic, dropped this year.

Foreign exchange reserves, a misplaced source of confidence in recent years, declined at a breathtaking pace, and in so doing, opened a big can of worms and set off a domino effect.

To begin with, it opened the dialogue on whether the country's reported reserves were ever as plentiful as it was made out to be. Turns out it was not.

The value of the taka has never been lower. To arrest the drop in reserves, import controls were put in place. Instead of suppressing the import bill, it ended up suppressing economic activities as factories cried out for energy supply.

And because of that, default loans hit a new record, and banks are now under liquidity stress.

The depreciating taka also tipped over inflation — which has largely been at a tolerable level in recent memory — to an excruciating territory and sparked off a cost of living crisis.

The perils of living with low tax revenue and a narrow fiscal space were also exposed — a development that necessitated austerity measures from the government and knocking at the doors of all development partners for budget support.

In short, 2022 saw the culmination of years of wrong policies, poor planning, inaction and negligence by policymakers.

It is all too tempting to dismiss the economic turmoil on the two-year-long global coronavirus pandemic and the fallout of the Ukraine war. But, these are all legacy issues that would have reared their ugly heads at some point. Coincidentally, they all did in 2022.

Had the Bangladesh Bank calculated its foreign currency reserves as per the International Monetary Fund's balance of payments and investment position manual (BPM6), which is followed faithfully by central banks around the world, would there be a false sense of confidence about the reserve position?

Had the central bank abandoned its policy to defend the exchange rate a few years back, would the reserves contract the way it has in such a short span of time?

Then the taka would not have gotten the hit that it did, this year — and add fuel to the inflationary fire started by the pandemic and Ukraine war. The remittance diversion to informal channels in such a big way would not have happened, too.

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HOW THE ECONOMY FARED IN 2022

- Import went up despite controls
- Taka depreciated to a new low
- Foreign reserves evaporated at breakneck speed
- Inflation hit a decade high
- Default loans hit a new record
- Remittance declined despite govt incentives
- Exports remain buoyant
- Stock market closed lower



Men and women wearing brightly-coloured outfits stand out among thousands of BNP supporters as they march through the Nightingale intersection in Bijoynagar yesterday. The organisers held a brief rally in front of BNP's Nayapaltan office before they started marching towards Moghbazar.

PHOTO: AMRAN HOSSAIN

Like-minded parties join BNP's showdown

Call for sit-ins at cities on Jan 11; cops clash with Jamaat men in Dhaka

STAFF CORRESPONDENT

The BNP and like-minded political parties have begun their simultaneous demonstrations with the former organising a large procession in the capital yesterday afternoon.

Activists of the like-minded parties also organised processions in different parts of the city.

The BNP and the other parties announced that they would hold a sit-in programme on January 11 in Dhaka and the other divisional cities to press home their 10-point demand that includes the government's resignation and the next general election under a non-partisan interim government.

In Mouchak and Paltan areas yesterday, police fired rubber bullets and tear gas shells to disperse Jamaat processions.

Police detained 11 people until the evening and said 10 policemen were injured in the clashes.

The BNP held a rally in Nayapaltan before the procession. BNP standing committee member Khandaker Mosharraf Hossain said the sit-in demonstrations would be held for four hours.

The programme in Dhaka will be held in front of the BNP's Nayapaltan headquarters.

BNP leaders said the programme was announced on January 11 keeping in mind the incident of January 11, 2007.

BNP's procession started around 3:30pm from Nayapaltan and ended at Moghbazar intersection around 5:30pm. The party's standing committee member Goyeshwar Chandra Roy delivered the windup speech at Moghbazar intersection.

The BNP also held a procession in Rangpur city.

"This government will be ousted through a mass uprising. It is not possible to stop our movement with attacks."

At the Nayapaltan rally, Mosharraf said BNP's peaceful demonstrations, joined by tens of thousands of people, were lauded locally and internationally.

"This government will be ousted through a mass uprising. It is not possible to stop our movement with attacks," he said, adding that programmes to unseat the government will be announced in phases.

Although the rally was scheduled to start at 2:00pm, BNP leaders and activists started gathering in Nayapaltan in the morning. By 12:00pm, the whole area was filled with the BNP supporters.

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AL holds rallies to show off strength in city

STAFF CORRESPONDENT

Activists and leaders of the ruling Awami League and its associate bodies yesterday took position in different places of the city "to prevent any untoward incident" centring the BNP's procession.

Since the morning, they were at nine key points, including Mirpur, Uttara, Shyamoli, Jatrabari and in front of AL Bangabandhu Avenue central office in Gulistan. They also held rallies there.

The AL men carried bamboo sticks and cricket stumps and were chanting anti-BNP slogans.

At Matsya Bhaban and the Jatiya Press Club areas, some were also seen checking mobile phones of people and asking queries like where they were going.

Their rallies were held simultaneously after Juma prayers. Thousands of activists joined them.

Speaking at a rally in Shyamoli, AL General Secretary Obaidul Quader said the BNP is now going to foreign diplomats for statements in its favour.

"Those who are issuing statements [in favour of the BNP] are supporting murder, torture, looting, money laundering and corrupt politics of Tarique Rahman. They are lodging complaints with embassies, but no one can help them assume power except the people."

Quader, also road transport and bridges minister, said, "The BNP destroyed the state, democracy and killed the spirit of the Liberation War."

He termed the BNP's procession a complete failure.

At another rally in front of AL central office on Bangabandhu Avenue, AL Joint General Secretary Hasan Mahmud, also information and broadcasting minister,

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