

star

BUSINESS

Who will be the next BB governor?

MD MEHEDI HASAN

Abdur Rouf Talukder resigned from the post of governor of the Bangladesh Bank on Friday, four days after Sheikh Hasina stepped down as prime minister and fled the country in the face of a mass uprising.

A former secretary of the finance ministry, Talukder was the 12th governor of the country's central bank.

Now, the question on everyone's mind is who will be the next person assigned to the post at a time when the economy is facing numerous challenges.

An interim government, led by Dr Muhammad Yunus, was sworn in last Thursday, with Salehuddin Ahmed, a former governor of the Bangladesh Bank, taking charge of the finance and planning ministries.

After a meeting at the finance ministry yesterday, Ahmed told journalists that they had received Talukder's resignation letter but it was not yet finalised.

Industry people said Ahmed must play a key role in finding and recommending a suitable governor of the central bank, which will be approved by Yunus.

They also said people with vast knowledge of the country's economy and banking sector as well as work experience at the central bank or another financial institution should be prioritised as replacements.

READ MORE ON B2



PHOTO: ANISUR RAHMAN

Businesses have opened their shops and stalls at the Dhaka New Market as economic activities are slowly regaining momentum following weeks of unrest. However, the presence of customers remains very thin due to security concerns. The photo was taken on Thursday.

Businesses pick up the pieces

JAGARAN CHAKMA

Economic activities are finally returning to normal after three weeks of upheaval as both garment and non garment factories started operations in full swing yesterday, according to industry insiders.

However, the transport of products from factories to different parts of the country has not regained momentum yet.

Businesses are now hoping for better days in the future instead of focusing on the losses incurred during the past three weeks, they said.

"Although our factory is operating in full swing, sales fell drastically as patients are not going to the hospital due to panic," said Monjurul Alam, chief executive officer at Beacon Medicare Limited, a concern of Beacon Pharmaceuticals.

He lamented that they could not even make

any shipments over the past three weeks due to the volatile situation. "At the same time, we are unable to release raw materials from the port as port activities are yet to resume in full swing," he added.

"Until the situation becomes normal, business activities will not get momentum," Alam said, adding that other sectors were being similarly impacted by the unstable situation.

The streets of Bangladesh convulsed with violence and death over the last three weeks, leaving over 551 dead as of August 7, including students who were protesting for reforms.

The movement, which has been raging since July, climaxed on August 5 with Sheikh Hasina handing in her resignation from the post of prime minister and fleeing the country.

However, many incidents of violence and arson were reported in the aftermath.

Nurul Afsar, deputy managing director of Electromart Ltd, said they started factory operations in full swing from Thursday.

He urged the interim government to restore law and order so that customer confidence is buoyed.

He added that they had opened all 55 of their showrooms across the country on Thursday but no customer had entered during the past three days.

Apart from their own showroom, they have over 1,000 dealers in the entire country. "But none of them reported any sales," he said.

According to Afsar, people do not want to spend money against such an unstable backdrop. Consequently, sales came down to nil.

He also said business and politics should be kept separate to ensure economic growth.

READ MORE ON B3

Economists outline top priorities for new finance adviser

REJAUL KARIM BYRON and REFAYET ULLAH MIRDHA

The priorities of newly appointed finance adviser Salehuddin Ahmed should be to make key financial institutions functional immediately, control inflation, and present accurate data on exports, imports, GDP and important economic indicators, economists said.

They added that the finance adviser must also concentrate on streamlining major institutions and formulating a proper economic policy.

However, immediate restoration of law and order is the top priority, they stressed.

There have been scenes of chaos around the country since Sheikh Hasina resigned from her post as prime minister and fled the country on August 5.

They called for making key financial institutions functional immediately, controlling inflation, and presenting accurate data on economic indicators

An interim government, headed by Nobel Peace Prize laureate Dr Muhammad Yunus, was sworn in on August 8 and Ahmed, a former central bank governor, was appointed as the finance and planning adviser.

Economists said Ahmed should immediately address vacancies in the banking sector, including the appointment of a governor and deputy governors in the Bangladesh Bank (BB), who resigned in recent days.

Although the economy has virtually come to a standstill given the state of affairs in recent times, it was expected that problems would begin to be resolved following the installation of an interim government.

For instance, the banking sector has been encumbered with bad loans while a majority of non-bank financial institutions are struggling to survive owing to the greed of their owners.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue (CPD), said the finance adviser's first job would be to control

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অভিনন্দন

অন্তর্বর্তীকালীন সরকারের মাননীয় প্রধান উপদেষ্টা, বিশ্ববরেণ্য অর্থনীতিবিদ ও নোবেল বিজয়ী অধ্যাপক **ড. মুহাম্মদ ইউনুস** এবং নবনিযুক্ত সন্মানিত উপদেষ্টামণ্ডলীকে মার্কেটাইল ব্যাংকের পক্ষ থেকে প্রাণঢালা অভিনন্দন ও শুভেচ্ছা।

একই সাথে আমরা ছাত্র আন্দোলনে শহীদ সকল শিক্ষার্থী, নিরপরাধ শিশু সাধারণ জনতা, আইনশৃঙ্খলা রক্ষাকারী বাহিনীর সদস্য এবং ব্যাংকারসহ আত্মোৎসর্গকারী সকলের রুহের মাগফিরাত কামনা করছি এবং তাঁদের শোকসন্তপ্ত পরিবারের প্রতি গভীর সমবেদনা প্রকাশ করছি।

আমরা বিশ্বাস করি সমৃদ্ধশালী বৈষম্যহীন আগামীর বাংলাদেশ বিনির্মাণে আপনাদের বলিষ্ঠ ও গতিশীল নেতৃত্বে আমরা এগিয়ে যাবো।

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BSEC lifts floor prices of 3 companies

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has lifted the floor price mechanism for Beximco Ltd, Khulna Power Generation and Shahjibazar Power effective today, according to an order from the market regulator issued last Thursday.

And although BSEC Chairman Shibli Rubayat-Ul Islam has not attended office since Sheikh Hasina resigned from her post as prime minister on August 5, he signed the order at an undisclosed location.

The BSEC had introduced the floor price mechanism, which set the lowest trading price for each stock, in July 2022 to halt the freefall of market indices amid economic uncertainties brought on by the aftereffects of Covid-19 and Russia-Ukraine war.

Later, the market regulator lifted the floor prices of all but six companies whose investors were waiting to sell their shares as it feared that doing so could cause a sharp decline in the benchmark index of the Dhaka Stock Exchange (DSE).

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Bangladeshis consume only 155 grammes of fruits and vegetables per day, far below the global recommendation of 400 grammes, according to data from the Food and Agriculture Organization. PHOTO: STAR/FILE

Bangladesh fares poorly in South Asia in consumption of fruits and vegetables

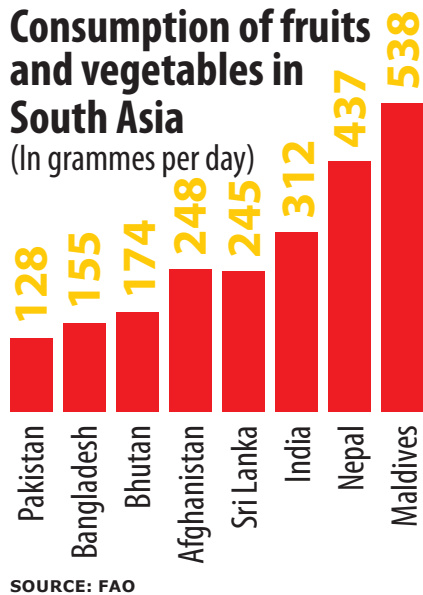
MD ASADUZ ZAMAN

Bangladesh ranks among the lowest in South Asia regarding the availability of fruits and vegetables, resulting in poor nutrition outcomes for its 170 million people. Avinash Kishore, a senior research fellow at the International Food Policy Research Institute (IFPRI), shared the findings at an international event in Kathmandu on Thursday. The research organisation hosted a two-day event in Nepal to unveil its “Global Food Policy Report 2024”. Bangladeshis consume only 155 grammes of fruits and vegetables per day, far below the global recommendation of 400 grammes, according to data from the Food and Agriculture Organization (FAO). Of this, only 29 grammes come from fruits and 126 grammes from vegetables.

“The malnutrition rates remain high, and non-communicable diseases (NCDs) are rising in South Asia, where poor diet quality is a major contributor to poor nutrition outcomes,” said Kishore. He identified four key factors: poor crop diversity, low affordability due to the high cost of nutrient dense foods, inefficiencies in market value chains, and easy access to highly processed foods. Six out of the eight South Asian countries do not meet the global standard of 400 grammes. Pakistan ranked the lowest with only 128 grammes, while the Maldives, an independent island nation, achieved the highest position. “Nearly half of the more than 2 billion people worldwide who cannot afford a healthy diet live in South Asia,” Kishore said, quoting data from the FAO’s Food System Dashboard as of August 2024.

In another presentation, Purnima Menon, senior director of food and nutrition policy at IFPRI, noted that low incomes and the high costs of safe and diverse foods, especially fruits, vegetables, and animal-source foods, make healthy diets unaffordable for at least 2 billion people worldwide. She added that the dual burden of malnutrition, combined with climate change, has brought global attention to the urgent need to transform food systems to support sustainable and healthy diets. Commenting on the low availability of fruits and vegetables, Malay Kanti Mridha, a professor of the BRAC James P Grant School of Public Health at the BRAC University, highlighted the need for more research across life cycles, as food choices change at different life stages. “There is a need for focused interventions to improve diets in urban

areas, as the proportion of the urban population is increasing,” he said. Speaking at the event, Shahidur Rashid, director for South Asia at IFPRI, emphasised that achieving sustainable healthy diets will require substantial investment in high-impact food system action. “Global commitments to nutrition are strong, but the world is not moving fast enough to finance and implement effective strategies to meet our nutrition and sustainability goals,” he said. He also stressed the importance of integrating economic growth with diet and nutrition improvements. Johan Swinnen, director general of IFPRI, Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh, and Pradip Poudel, health and population minister of Nepal, among others, also spoke on the occasion.



Russian economic growth dips in Q2, inflation rises

AFP, Moscow

The pace of Russia's economic growth slowed in the second quarter of 2024, official data showed Friday, amid concerns over stubborn inflation and warnings of “overheating”. Gross domestic product (GDP) dipped from 5.4 percent in the first quarter to four percent from April to June, the lowest quarterly result since the start of 2023 but still a sign the economy is expanding. Inflation meanwhile showed no signs of easing, with consumer prices rising 9.13 percent year-on-year in July – up from 8.59 percent in June and the highest figure since February 2023, according to data from the Rosstat statistics agency. The Kremlin has heavily militarised Russia's economy since sending troops into Ukraine in February 2022, spending huge sums on arms production and on military salaries. That spending boom has fuelled economic growth, helping the Kremlin buck initial predictions of a recession when it was hit with unprecedented Western sanctions in 2022. But it has sent inflation surging at home, forcing the central bank to raise borrowing costs. The central bank has aggressively raised interest rates in a bid to cool what it has warned is an economy growing at unsustainable rates due to the massive increase in government spending on the Ukraine offensive. The bank raised its key interest rate to 18 percent last month – the highest level since an emergency hike in February 2022 took it to 20 percent. The bank's governor Elvira Nabiullina said the economy was showing signs of “overheating” and pointed to difficulties with international payments – an effect of Western sanctions – as another factor driving up inflation. Russia is set to spend almost nine percent of its GDP on defence and security this year, a figure unprecedented since the Soviet era, according to President Vladimir Putin. Moscow's federal budget has meanwhile jumped almost 50 percent over the last three years – from 24.8 trillion rubles in 2021, before the Ukraine offensive, to a planned 36.6 trillion rubles (\$427 billion) this year.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (AUG 10, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 78	0	2.22 ↑
Coarse rice (kg)	Tk 50-Tk 54	4.00 ↑	4.00 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-16.67 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 155	0 ↑	-7.69 ↓
Potato (kg)	Tk 55-Tk 60	0 ↑	0
Onion (kg)	Tk 110-Tk 120	4.55 ↑	53.33 ↑
Egg (4 pcs)	Tk 48-Tk 52	5.26 ↑	-4.76 ↓

SOURCE: TCB



Monzurur Rahman, chairman of Pubali Bank, attends the bank's 2nd Business Conference-2024 organised for managers of regional and corporate branches at its head office in Dhaka yesterday. PHOTO: PUBALI BANK

Pubali Bank holds ‘Business Conference-2024’

STAR BUSINESS DESK

Pubali Bank organised its “2nd Business Conference-2024” for managers of regional and corporate branches. At the meeting, necessary strategies and plans were framed to achieve the targets set for the year. Monzurur Rahman, chairman of the bank, attended the conference at the bank's head office in Dhaka yesterday as chief guest, according to a press release. Rahman instructed managers to conduct banking services in the current situation following the rules

and regulations of Bangladesh Bank and the regulatory body. He called upon the people to pay special attention to ensure that there is no deviation from the banking policy. Moniruddin Ahmed, Azizur Rahman and Mustafa Ahmed, directors of the bank, and Mohammad Naushad Ali Chowdhury, independent director, were present as special guests. Mohammad Ali, managing director and CEO, presided over the conference. In his speech, Ali emphasised the need for the banking sector to speed up economic activities given the

current state of the global economy. He hoped that everyone would work together and deal with situations through honesty, dedication and efficiency. The bank's MD highlighted business acquisition and analysis at the conference and what needs to be done. Mohammad Esha, Mohammad Shahadat Hossain, Ahmed Enayet Manzur, Md Shahnewaz Khan, Mohammad Anisuzzaman and Mohammed Jamal Uddin Mazumder, deputy managing directors of the bank, along with all regional managers, corporate branch managers and division heads and executives were present.

Trump says US president should have say over monetary policy

AFP, Palm Beach

Donald Trump on Thursday voiced frustration at the independence of the Federal Reserve and suggested that the US president should have “at least a say” over the course of monetary policy. Trump, who is running against Kamala Harris in November's presidential election, has frequently criticized the actions of Fed Chair Jerome Powell – whom he nominated to lead the independent US central bank – and suggested he may not look to renominate him once his current term expires in 2026. The Fed has “sort of gotten it wrong a lot,” Trump told reporters

Trump frequently criticized the actions of Fed Chair Jerome Powell and suggested he may not renominate Powell once his current term expires

Thursday during a press conference in Palm Beach, Florida. “I feel the president should have at least a say” about monetary policy, he said, adding he had “fought him very hard” on some occasions – an apparent reference to Powell. “I made a lot of money, I was very successful, and I think I have a better instinct than, in many cases, people

that would be on the Federal Reserve, or the chairman,” he added. Congress has given the Fed a dual mandate to tackle inflation and unemployment through monetary policy, and the independence to set interest rates without input from politicians in the White House or on Capitol Hill. Trump's remarks follow a series of similar comments about Powell and the Fed in recent years that have highlighted his unhappiness with some of the decisions the bank has taken. He has previously accused Powell – without evidence – of displaying favoritism toward the Democratic party – something the Fed chair has repeatedly denied.

Who will be the next BB governor?

FROM PAGE B1

So far, names of top economists, former chief economists of Bangladesh Bank, economic experts and professors, and economists who worked at global organisations like the World Bank and the International Monetary Fund have come up. This means that no bureaucrats like former governors Talukder and Fazle Kabir will be recommended for the post by the interim government, said a finance ministry official seeking anonymity. Talukder was appointed as the central bank governor in July 2022, when Bangladesh was facing rising inflation, falling foreign currency reserves and depreciation of the taka. However, he was unable to properly address these issues during his tenure, with the banking sector suffering from a high value of bad loans and other irregularities amid increased inflationary pressures and the deterioration of corporate governance at banks.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, told The Daily Star that the government will have to prioritise three characteristics in finding a new governor for the central bank. First, the new governor must be honest. Second, they must have vast knowledge of the country's financial sector. They will also have to learn about the private sector, capital market and insurance sector as these are vital for the economy, Hussain said. Emphasising that the banking sector is the main pillar of the financial sector, he said the third trait the next governor must possess is the bravery to tackle unwanted interference from different quarters, including political influence. Additionally, they must know the different owners of banks and their balance sheets. “The autonomy of the central bank is largely dependent on the head of the institution. So, the new governor will also have to work independently,”

Hussain added. However, he also said finding such a qualified governor would be difficult and suggested that a young, enthusiastic individual be nominated to lead the banking sector. Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said: “We need a professional governor who will speak the truth.” Rahman also said the banking sector should be helmed by someone who is vigilant and brave enough to help prop up the financial sector. “The new governor will have to show some bravery after joining to get quick acceptance,” he added, citing that the country needs someone who will work for long-term economic betterment in this position. Rahman, also a former chairman of the Association of Bankers Bangladesh, said it is not necessary to select the new governor from within the country, stating that they could be hired from abroad, as is the case in other countries.



Sellers wait for customers at book stalls in Nilkhet of Dhaka. Many retail outlets in the capital started reopening on August 7 but sales have fallen drastically as most customers are staying home due to the country's volatile situation.

PHOTO: ANISUR RAHMAN

Retail outlets witness sharp decline in sales

SUKANTA HALDER

Sales at retail outlets and brand shops in Dhaka are yet to gain momentum as most customers are staying home in the face of uncertainty following Sheikh Hasina's resignation from the post of prime minister on August 5.

Sales at different stores have declined by at least 50 percent to as high as 80 percent, and now they fear it may take another month or two to return to normalcy because of the changed political scenario.

The outlets started reopening on August 7 after a monthlong student movement seeking reforms to the quota system for government jobs. At the time, businesses were hit by an internet outage and curfew that restricted their operations until the fall of Hasina and her cabinet.

Popular lifestyle brand Apex reopened its outlet on Mazar Road in Dhaka's

Mirpur 1 on August 7, but sales are still nearly 30 percent less compared to any regular day, said Mohammad Monirul Islam, the manager of the showroom.

"We normally sell goods worth Tk 2 lakh every day. But since August 7, our average daily sales have hovered between Tk 1.2 lakh to Tk 1.4 lakh," he added while pointing out that many people are refraining from purchases amid the ongoing economic uncertainty.

Islam also said the managers of several Apex outlets had closed their shops by 6:00pm on August 9 due to security concerns.

Rasel Ahmed, who operates a sari retail outlet at the Mukto Bangla Shopping Complex in Mirpur, said his store is seeing just 30 percent of its previous customer turnout.

"I think it will take more than two weeks for sales to spike," he added.

An official of retail clothing brand Miclo said the average customer turnout

at their Science Laboratory outlet has reached just 20 percent of its previous level since reopening on August 7.

The Science Laboratory area in Dhaka was one of the major places hit hard by the student movement.

Sales at different stores have declined by at least 50 percent to as high as 80 percent, and now they fear it may take another month or two to return to normalcy

"So, buyers are still suffering from some sort of fear. However, the eventual return of the police should ease the situation by helping buyers regain their confidence," the official added.

A salesperson of the Science Laboratory outlet of popular lifestyle brand Aarong said the number of customers is 60 percent less compared to normal times.

Mohammad Akash, the manager of retail clothing brand Giordano, also pointed out the thin presence of buyers since the reopening of their outlet at the Bashundhara City shopping mall on August 9.

"Our sales have seen a drastic 90 percent fall," he added.

Shafiqur Rahman, a salesman at a baby clothing and toy retail outlet at the same mall, said his shop has seen a 50 percent decline in customers over the past two days.

Bashir Ahmed, a buyer at Aarong's Science Laboratory outlet, said he decided to venture out to the shop as the situation has become quite normal now.

But shopkeepers across the country are getting only 30 percent of their regular sales now, said Helal Uddin, president of the Bangladesh Shop Owners' Association.

"We hope the situation will improve from next week," he added.

From PepsiCo to P&G, India becomes next big growth bet as China lags

REUTERS

India has become the next big bet for PepsiCo, Unilever and other packaged goods giants looking to fill the growth vacuum left by an uneven recovery in China.

With India's economy expanding at the fastest pace among major emerging markets, companies are trying to serve its diverse palate by launching new flavors and size variants aimed at attracting the country's vast population and untapped rural market.

"While the last decade had companies focused on selling into China, the next decade is about selling into India," said Brian Jacobsen, chief economist at Annex Wealth Management. "You have to go where the demographic and economic tailwinds are at your back."

Major consumer goods companies based in India, the world's most populous country, are expecting higher government spending, a better monsoon season and a resurgence in private consumption to help consumer spending recover in the coming quarters.

That is expected to boost the combined market share of the top five multinational companies - Coca-Cola, P&G, PepsiCo, Unilever and Reckitt - to 20.53 percent in 2023 from 19.27 percent in 2022, mainly in the baby care, consumer health, cosmetics, beverage and household categories, according to research firm GlobalData.

Their total market share in China is forecast to shrink to 4.30 percent in 2023 from 4.37 percent in 2022, the data showed.

US stocks finished higher Friday, led by gains in the technology sector after a turbulent week for markets.

"China went through a long and extended COVID ... they even went through a brief period of negative growth, and after this, growth has been very sluggish. In comparison to that, the growth rate in India hovering around 4 percent seems like a healthy growth for total fast-moving consumer goods," said K Ramakrishnan, Managing Director, South Asia, at Kantar's Worldpanel Division.

Both the urban and rural segments in India have seen growth, but rural has fared a little better, he said.

Consumer goods companies have also been pumping money into India with launches like PepsiCo's Kurkure Chaat Fills, Coca-Cola's packaging upgrades to increase the shelf-life of its products and Nestle's plans to introduce its premium coffee brand Nespresso at year-end.

As a result, Coca-Cola's household penetration in India increased by 24 percent for the 12 months ended June, PepsiCo's by 12.7 percent, Nestle's by 6.7 percent and Reckitt's about 3.8 percent, data from Kantar showed.

Mondelez International is partnering with the Lotus Biscoff cookie brand to sell its products, and plans to launch new Oreo pack sizes this month. The company reported a mid-single-digit percentage growth in the chocolate category in India in the second quarter.

Coca-Cola also posted double-digit volume growth in India, while Unilever recorded sequential improvement in the country. PepsiCo's Africa, Middle East and South Asia region reported a rise, with the company expecting India to be the "big growth space" there.

The results contrast muted volume growth in the region last year for most of these companies.

BSEC lifts floor prices

FROM PAGE B1

But after seeing a huge rise in the key market index after the fall of the Awami League government, the BSEC withdrew the floor prices for three companies.

The remaining three companies - BSRM Ltd, Islami Bank and Meghna Petroleum - will also have their floor prices removed from August 14, as per the BSEC order.

Minhaz Mannan Emon, a former director of the DSE, said the BSEC chairman issued the order while remaining absent from work to prove that he is still in the country.

With this order, the BSEC chairman is trying to stop the market's rise by allowing shares of Beximco, which did not see any buyers amid the recent gaining streak, to sell at lower prices, he added.

Emon elaborated that it will negatively impact the market if the shares of companies with large paid-up capital, such as Beximco, start falling as their price fluctuations heavily influence the main index.

"So, as the BSEC chairman wants to dent investor confidence by lowering the index, he lifted the floor price on

this company even though its shares have no buyers," he said.

Moreover, the BSEC chairman is giving Beximco's owners the chance to sell their shares at a lower price even if they were bought under someone else's name.

Against this backdrop, Emon questioned how the BSEC could lift the company's floor price even though its chairman is absent, and no commission meetings are being held.

BSEC Chairman Islam did not respond to requests for a comment by the time this report was filed.

However, BSEC Spokesperson and Executive Director Mohammad Rezaul Karim said the floor prices were lifted following the same process used previously and it was not a decision of any commission meeting. "As the market is now bullish, the BSEC decided to lift the floor price," he added.

Karim also said company sponsors need to give a declaration if they want to sell shares.

"But Beximco's owners will not face any legal obligation in this regard if they make the sales announcement after the floor price is lifted," he added.

Businesses pick up

FROM PAGE B1

A senior official of a top steel manufacturer said their manufacturing unit was operating in full swing, adding that deliveries had started on a limited scale.

He further said that the steel sector had been affected greatly during the past three weeks as they could not earn any revenue but had to meet their fixed costs such as utility charges, salaries and interest payments.

"How will we recover from these financial and non-financial losses?" he questioned.

According to him, investors will need a long time to make up for losses, but it is possible. "If the situation is stable for a long time, then it will be possible to offset the losses."

A senior official of Apex Footwear Limited said they resumed operations at their factories, but not in full swing.

"We will start operations in full swing considering the situation," he said.

However, business at their retail outlets had started partially.

Rezwan Habib, head of business operations at DBL. Lifestyles, which retails German and USA brand sportswear, said: "As the situation has improved a little, we opened outlets in Gulshan, Banani and Dhanmondi from Thursday. But sales as well as the number of customers are very low."

He opined that business would not return to normal any time soon.

"Basically, people are not yet relaxed. Due to that, their attention towards shopping is still low," he said.

Economists outline

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inflation with strong monetary and fiscal policies as well as improved market management.

The formation of a banking commission is long overdue, he said, adding that the job of such a commission will be to segregate wilful defaulters and normal defaulters.

He also said that presenting correct data is very important to ensuring accuracy in the calculation of economic indicators such as economic growth, exports and imports, and inflation.

According to Rahman, another priority is to stop money laundering by empowering financial intelligence agencies, which will in turn augment the inflow of remittances through formal channels. Additionally, the government should stabilise the foreign exchange market and check under- and over-invoicing so that the central bank's foreign currency reserves increase, he also said.

The finance adviser should also streamline the stock markets and ensure quality implementation of projects under the annual development programme (ADP).

Debt management and publishing a whitepaper on the banking sector are two other important priorities for the new finance adviser, Rahman added.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh (PRI), echoed Rahman's sentiments.

Mansur said the finance adviser's first task should be bringing stability to the banking sector and immediately appointing a governor and deputy governors at the central bank.

A 100-day priority work plan should also be outlined, detailing the reforms that the finance adviser wants to bring and how much time he will take to implement them, Mansur said.

"The action plan should be like an index of a book. Financial reforms should include reforms in the revenue sector, including taxation, VAT and customs, as well as restructuring for trade facilitation and LDC graduation," Mansur said.

Such reforms will also increase revenue generation, which will enable

greater spending on education and health.

Mansur suggested creating two separate commissions or taskforces: one for the banking sector and another for stock market, bond market and the insurance sector.

The banking commission will monitor the balance sheets and audit reports of every bank, he added.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said filling vacancies in key financial institutions such as the central bank should be the finance adviser's first priority.

Removing inefficient and corrupt individuals alongside those who were recruited through political considerations is another priority, he added. He further said preventing extortion in the essential commodities market could lower prices of goods. Hussain also suggested prioritising the introduction of the proposed prompt corrective action (PCA) framework.

Selim Raihan, executive director of the South Asian Network on Economic Modelling (Sanem), said: "From a broader perspective, restoring law and order is the immediate challenge, which is the job of not only the finance adviser but of the entire government."

Restoring the supply chain, boosting economic recovery and controlling inflation are other priorities, he said.

Bringing back confidence among private sector entrepreneurs is also very important as investment, exports and imports were severely dented by the latest spell of unrest.

The finance adviser needs to hold regular meetings with private sector entrepreneurs because foreign investors are very concerned, Raihan added.

He also said the finance adviser should be given charge of the commerce ministry as it plays a big role in stabilising commodity markets.

Lastly, he said the proposed budget needed to be overhauled. "This is the golden time for an objective budget and to take realistic steps as the budget was given with some unrealistic figures."

US retailers rush holiday imports

REUTERS, New York

Retailers are fueling a summer rush of imports to the United States this year as companies guard against a potential strike by port workers and ongoing shipping disruptions from attacks in the Red Sea ahead of a shortened holiday shopping season.

Container imports and freight rates surged in July, signaling an earlier than usual peak season for an ocean shipping industry that handles about 80 percent of global trade.

July is expected to be the peak for US retailers, which account for about half of that trade, and August is expected to be almost as robust, analysts said.

Companies that import toys, home goods and consumer electronics have brought forward holiday promotions to capture customers who are shopping earlier each season. "Retailers don't want to be caught back-footed," said Jonathan Gold, the National Retail Federation's (NRF) vice president for supply chain and customs policy.

July is expected to be the peak for US retailers, which account for about half of that trade, and August is expected to be almost as robust, analysts said

Many shippers expedited holiday goods orders, with some putting Christmas items on the water as early as May, said Peter Sand, chief analyst at pricing platform Xeneta.

The influx is not a result of consumer spending, which has been tethered by stubborn inflation and high interest rates, experts said. Rather, it is a precaution against a potential US port strike and the late Nov. 28 date for Thanksgiving this year, squeezing the peak shopping and delivery season running to Christmas Eve.

In July US container imports registered the third-highest monthly volume on record with 2.6 million 20-foot equivalent units (TEUs), up 16.8 percent from a year earlier, in part owing to record imports from China, according to supply chain software provider Descartes Systems Group.

The NRF, which is chaired by the CEO of Walmart's US business and includes the CEOs of Target, Macy's and Saks on its executive committee, said it also expects strong August imports. Walmart, the nation's largest container shipping importer, reports second-quarter earnings on August 15.

STOCKS		WEEK-ON-WEEK
DSEX	CASPI	
11.08%	11.11%	
5,924.81	16,799.76	

COMMODITIES		AS OF FRIDAY
Gold	Oil	
\$2,431.1	\$76.99	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
1.04%	0.56%	0.37%	0.27%	
79,705.91	35,025.00	3,261.83	2,862.19	



The photo taken yesterday from Ramna area in the capital shows two ATMs have their shutters drawn half-way as the booths have run out cash. As banks and security providers are not taking the risk to transport money in the current volatile situation, a cash crunch has emerged.

PHOTO: PALASH KHAN

Cash crunch intensifies as ATMs run dry

AM JAHID

People's sufferings due to cash shortages have intensified as most ATM booths started running dry nearly a week ago in Bangladesh.

Most booths were either closed or without money as of yesterday as banks could not inject fresh cash amid security concerns in the absence of police and other law enforcers. Only some army personnel were patrolling various areas across the country.

As a result, long queues were seen in front of booths with readily available cash. This correspondent found cash at only two out of 15 booths spread across Dhanmondi, Farmgate and Karwan Bazar. Of them, seven were closed while five were half-shuttered as they had run out of cash.

Anisur Rahman, a resident of the capital's Tejaon area, said he needed

to withdraw money urgently to buy necessities for his family. However, he had to wander around at least 10 ATMs before finding one that had cash to dispense.

Unlike Rahman, multiple clients of different banks shared experiences of failing to withdraw money as all the ATMs they visited had run out of cash.

Looting of some state houses and offices alongside shops began after Sheikh Hasina resigned from her post as prime minister on August 5 and fled the country in the face of countrywide protests.

Security concerns deepened the following day, when police officials began a work abstention, citing fears for their safety amid reports of deadly attacks on policemen the previous night.

Bankers said some banks were not taking the risk of transporting cash to ATMs in the current situation, fearing looters and thieves, leading to a cash crisis

among the clients.

At the same time, security agencies that carry cash have decided not to provide services in the current climate.

Most booths were either closed or without money yesterday as banks could not inject fresh cash amid security concerns in the absence of police and other law enforcers

On August 7, the central bank asked banks not to allow cash withdrawals of more than Tk 1 lakh amid the ongoing situation.

The BB also asked banks to stop feeding money to branches if possible given the absence of police on the streets.

A top official of a private bank said

that although there is no cash crisis in the banking sector, the security companies that transport money have halted services. As a result, branches, especially remote branches, were running out of money.

Other bankers also indicated ATM operations have been reduced primarily due to security concerns rather than a cash shortage.

On Thursday, Mohammad Ali, managing director and chief executive officer of Pubali Bank, said the security measures provided by the banks' armed guards were inadequate given the current situation.

As a result, there is a heightened risk of potential incidents.

He suggested that a reliable money supply could be maintained if security was provided by the army, the Border Guard Bangladesh, or the Rapid Action Battalion.

China launches appeal at WTO over EU electric vehicle tariffs

AFP, Beijing

Beijing said Friday it had filed an appeal with the World Trade Organization over the European Union's imposition of additional tariffs on imports of electric vehicles from China.

In July, the EU slapped extra provisional duties of up to 38 percent on Chinese EVs after its executive arm concluded in an investigation that they were unfairly undermining European rivals.

"On August 9, China appealed to the World Trade Organization's dispute settlement mechanism over the EU's temporary anti-subsidy measures on EVs," a spokesperson for the country's commerce ministry said in a statement.

The ministry said the appeal aimed to "safeguard the development rights and interests of the electric vehicle industry and cooperation over the global green transformation".

"The EU's preliminary ruling lacks a factual and legal basis, seriously violates WTO rules, and undermines the overall situation of global cooperation in addressing climate change," it said.

"We urge the EU to immediately correct its wrong practices and jointly maintain the stability of China-EU economic and trade cooperation as well as EV industrial and supply chains."

In July, the EU slapped extra provisional duties of up to 38 percent on Chinese EVs after its executive arm concluded that they were unfairly undermining European rivals

Brussels said it took note of Beijing's move but was "confident" its probe and provisional measures were WTO-compatible.

"The EU is carefully studying all the details of this request and will react to the Chinese authorities in due course according to the WTO procedures," a European Commission spokesperson told AFP.

In Geneva, WTO spokesman Ismaila Dieng said the organization had received the Chinese request.

"Further information will be made available once the request has been circulated to WTO members," Dieng added in a statement.

Definitive duties are due to take effect by November for a five-year period, pending a vote by the EU's 27 states.

China and the EU have butted heads in recent years on a range of issues relating to trade, technology, human rights and national security.

But Brussels faces a delicate balancing act as it tries to defend Europe's crucial auto industry and pivot towards green growth while also averting a showdown with Beijing.

The EU has launched a raft of probes targeting Chinese subsidies for solar panels, wind turbines and trains, while Beijing has begun its own investigations into imported European brandy and pork.

The United States has already hiked customs duties on Chinese electric cars to 100 percent, while Canada is considering similar action.

Politics as usual will waste the victory



ZAHID HUSSAIN

We are currently living a critical juncture in Bangladesh's history. The students, whose lives, blood, and sweat brought the change, have made it abundantly clear that the change of players is just the first step towards changing the game, not the final or even the penultimate step. They cannot be gamed into thinking that the game is changing. The question now is what exactly needs to change and how.

A broken political model

Let's take a step back to reflect on what led to the historic July 2024, including its five days extension.

The previous government offered an alternative model to liberal democracy without a coherent political ideology. Their political practice monopolised most of the country's wealth while vesting political power in one person. This system had the outward appearance of an orderly state with a functioning bureaucracy. It was easily gamed by well-connected elites. Knowledge of kinship connections was more useful than the knowledge of the Bangladesh and the global economy. The government blamed all their failures on others and diverted attention to real or imaginary external and internal threats whenever voices were raised against their malpractices.

Politics at the grassroots was criminalised using muscle and money. Voters' voices were never counted despite regular elections. The elections were held under abysmally low rule of law and freedom of speech. The "robber barons" invested

in economic expansion to build unparalleled fortunes by routinely abusing their economic and political connections. The rulers used laws in a way the former Brazilian president Getolo Vegas reportedly expressed: "For my friends, everything; for my enemies, the law". We learnt the hard way that the mechanics of democracy such as regular national and local elections are meaningless indicators of democratic health.

The ability to benefit from the discretionary use of law encouraged state incapacity and disorganisation. The ruling regime overestimated that a few mega infrastructures could mobilise society and transform the political agenda by creating a national community and public loyalty. The refusal to accept constraints on the exercise of political power and compromise made them incapable of redressing social imbalances. Not only did the regime bother to know how the people feel, but it wanted people to feel whatever it wants.

The government patronised an oligopolistic industrial structure within which a corrupt bureaucracy flourished. Corruption became a tool for the intimidation and harassment of those outside the power structures. It infiltrated almost every sphere of the nation's life. We slid into a blackhole where leaders and citizens found it advantageous to heap more abuse on norms and accountability rather than work to make it work.

The dictatorial regime wanted people to love them and hate their opponents. They preached belief in representative bodies, political parties, universal suffrage, and human rights. They combined a willful ignorance of history with unabashed political discrimination. They conflated truth with belief. Endemic corruption, lawlessness by law makers and enforcers, malfunctioning services, and staggering inequality intensified disenchantments.

The meager possessions of the poor are their very breath. Extortions

by party cadres plugged their nostrils. Reaction to the consequent suffocation was inevitable because it is biochemical, not to speak of emotional trepidations. All it needed was a trigger. This came as students' protests against the court order restoring quota in public service gained a life of its own in July 2024.

The government used fear and state violence to tackle the situation. It lost its temper and reacted far too arrogantly with unspeakably disproportionate force. History will

remember Abu Sayeed and Mugdho as signatures of state brutality against its own people. Political history shows a seemingly invincible regime can collapse due to a minor problem if that is seen as undermining its legitimacy. The prime minister's tagging the student protestors as "Razakars" and unleashing her party's muscle power against the students brought the cat out of the bag for good.

Some preliminary lessons

It is awfully hard to know the truth when you are holding absolute power.

Worse, such power distorts the truth. The one-party autocracy lost touch with the ground because they locked themselves inside an echo chamber of like-minded network and self-confirming newsfeeds. Their beliefs were seldom challenged. The power of such groupthink was so pervasive that it became increasingly difficult to break its hold even when the views seemed obviously arbitrary. Plenty of advisers and intelligence agencies did not make things better.

The rule of thumb from history

says no "sultans" should ever trust underlings to tell the truth. Great power warps the very space around it. The closer you get to it, the more twisted everything becomes. Each person the sultan sees tries to flatter, appease, and get something. They know the sultan can only spare them so much time. So, they fear saying something improper or muddled, thus ending up mouthing either empty slogans or the greatest but most boring clichés of all.

The cascading economic crisis

destabilised institutions and eviscerated trust in them to begin with. The autocrat relaxed the institutional checks because they stand in the way of implementing "my way or no way" model of governance. That's where the ethical and moral imperatives of the government went completely asunder.

It is hard to set priorities in real time and all too easy to second guess them with hindsight. When confronted by the mess of brutal dictatorships, as we did, the outsider political parties often put their unquestioning faith in the ritual of general elections as if holding general elections will turn the country into a tropical version of Denmark. What we need at this juncture is to build safeguards against the return of authoritarian regime and protect all citizens from the worst consequences of disruption, violence, and deprivation.

The inhabitants in any economy flourish when social norms foster morality, trust and long-term cooperation. The best intentions, policy and technology disappoint endlessly without such a broad compass. As we find ways of getting out of the political abyss, it will serve us well to constantly keep in mind an ancient Chinese philosophical treatise that says: "The ruler is a boat; people are the water. The water can carry the boat; the water can sink the boat."

This is a lesson our conventional political leaders are apparently unable to digest despite several historical reminders, the most salient being August 8, 2024. They do so at the nation's peril and their own. We hope the conventional political culture will change under the watch of the new student leadership and the guidance of a dreamer, doer, mobiliser and communicator like Professor Muhammad Yunus.

We cannot bring back the same model

Power is all about changing reality rather than seeing it for what it is. They say when you have a hammer,

everything looks like a nail. When you have great power, everything looks like an invitation to meddle. Even if you somehow overcome this urge, the people surrounding you will never let you forget about the giant hammer you are holding.

All wealth and power are concentrated in the hands of a tiny elite, while a vast majority of people are suffering from irrelevance which is worse than exploitation. We are suffering simultaneously from high underemployment and a shortage of skilled labour. Inequality skyrockets when common people lose their economic value.

The ultra rich only invested in Bangladesh under carefully secured insider knowledge and favourable regulatory treatment. Else, they laundered their money overseas. It became rational for everyone to suck the water out of the ground before others could do so. With no stake in Bangladesh's education, the elites could bother little about its rot. We have to change this model.

During every storm, as the nation is currently weathering, many unforeseen things happen. Mistakes are made, atrocities are committed, public opinion wavers, neutrals change their stance, and the balance of power shifts. The theatre of violence generates visceral fears of anarchy, making people feel as if the social order is about to collapse.

If we are not careful this time, we might end up with the same old game with a revolving set of players wreaking havoc on the country. This is what the Anti-Discrimination Movement is striving to change. After a month-long bloody struggle, we have crawled out of the blackhole of despotism and tyranny. But the blackhole is still there, patiently waiting to swallow us once again. The nation must not let its guard down.

The writer is the former lead economist of the World Bank's Dhaka office.



Nobel Peace Prize winner Dr Muhammad Yunus takes the oath of office to lead Bangladesh's interim government as its chief adviser, days after a student-led uprising ended the 15-year rule of Sheikh Hasina, in Dhaka on August 8.

PHOTO: AFP