

# Star BUSINESS



## Investors don't get clear picture as banks barely follow IFRS

AHSAN HABIB

Unlike other companies in Bangladesh, banks and non-bank financial institutions have not been fully adhering to the International Financial Reporting Standards (IFRS), so the real scenario of the financial sector is hidden from public view.

The IFRS is a set of accounting rules that determines how transactions and other accounting events are required to be reported in financial statements. It is followed by more than 100 countries, including those in the European Union. It is intended to make financial reports consistent, transparent and easily comparable around the world.

However, as banks have not been following the IFRS, their health appears better than it is in reality. Moreover, they are showing high profits and disbursing dividends, deteriorating their health further, according to financial analysts.

The Bangladesh Bank (BB) itself provides the opportunity for financial institutions to dodge some requirements of the IFRS by giving waivers through circulars. Banks then follow the central bank's circulars when preparing financial reports, artificially presenting themselves as healthier.

**As banks have not been following International Financial Reporting Standards, their health appears better than it is in reality**

However, while banks and NBFIs have not been following the IFRS fully, all other companies in the country adhere strictly to international standards to prepare their financial reports.

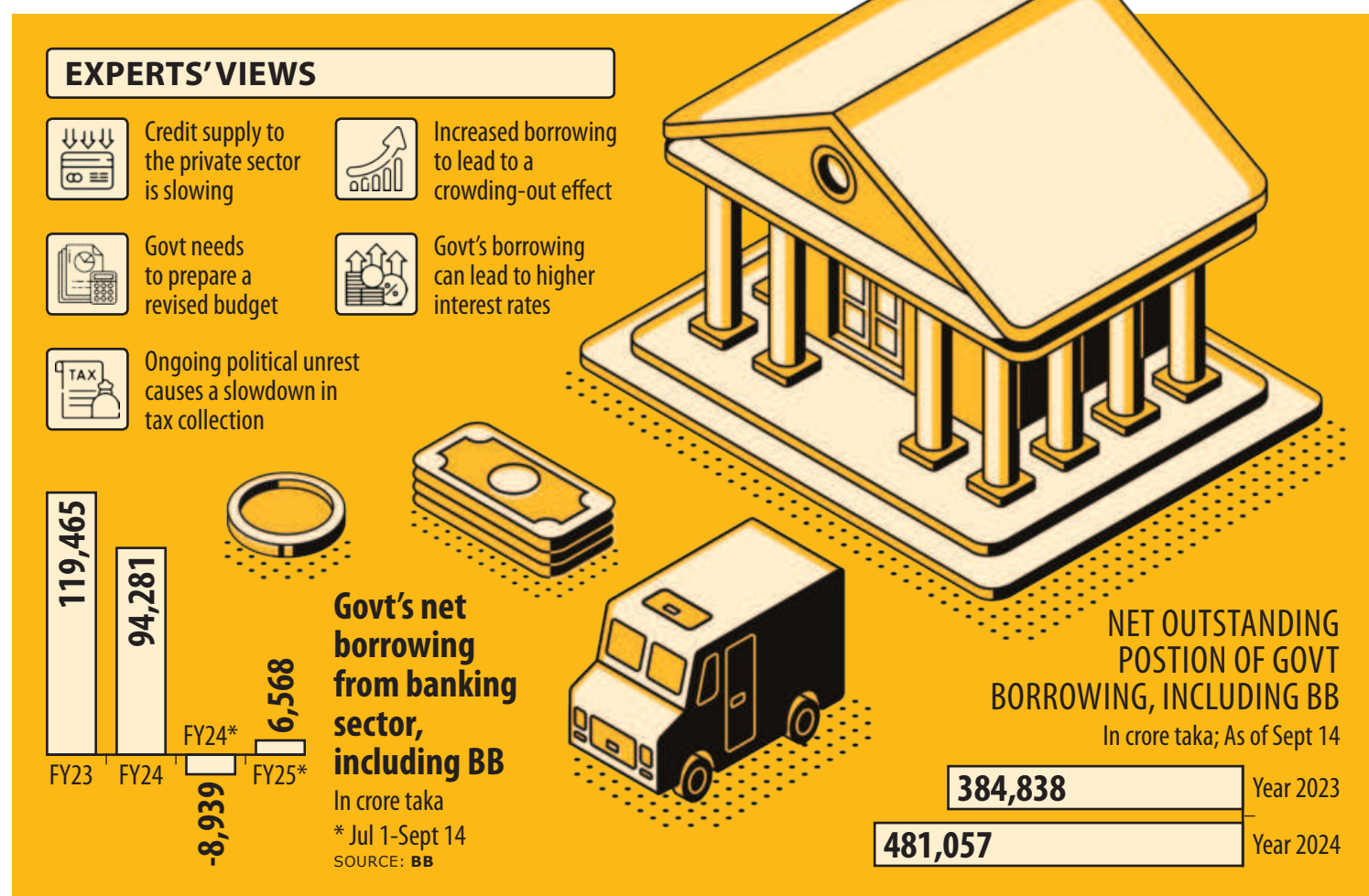
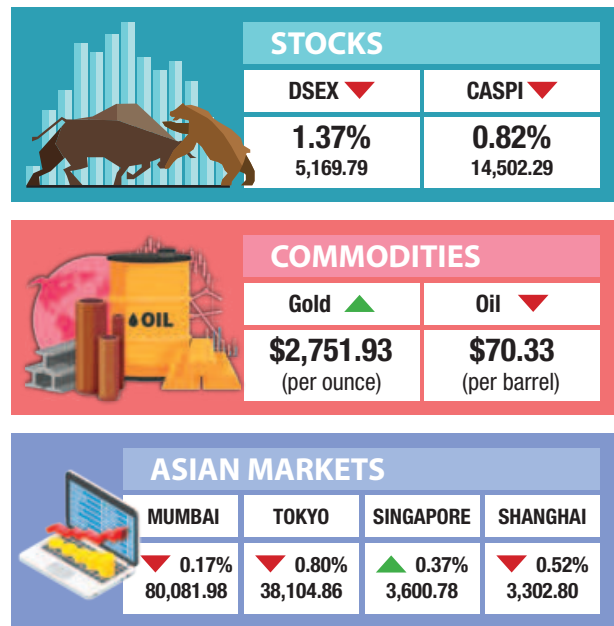
Shahadat Hossain, a former president of the Institute of Chartered Accountants of Bangladesh (ICAB), said that if the gap between the IFRS followed standard and local standards rises, it indicates that the true picture of the companies is not reflected in the reports.

Md Mahamud Hosain, a former vice-president of the ICAB, said the ground reality for most banks is very different from what is shown in their financial reports because of the deviation in accounting standards.

Sometimes, the central bank used to give waivers to serve political interests, he said, adding that a roadmap should be prepared for banks to get them to follow international standards within the next three years.

If they are suddenly forced to follow global standards, their situation may deteriorate so much that their credit rating may fall, which will impact the opening of letters of credit, he pointed out.

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## Govt borrowing from banks rises as unrest hits tax collection

SOHEL PARVEZ

The government's net borrowing from the banking system rose in the first two and half months of the current fiscal year in the face of falling tax collection and surging foreign debt servicing costs, raising concerns of a crowding out effect on private credit.

The government's borrowing from banks increased by Tk 6,568 crore during July 1 to September 15 of fiscal year (FY) 2024-25. During the same period a year ago, the net borrowing from banks fell by Tk 8,939 crore, according to the Bangladesh Bank (BB) data.

The spike in borrowing took place at a time when high inflation, rising interest rates and import contraction have caused a slowdown in businesses and investment.

Bangladesh's economic activities ground to a near-halt in July amid deadly protests and a mass uprising, which led to the fall of the Sheikh Hasina-led government on August 5.

The interim government took charge in the second week of August, the latter part of which saw devastating floods in the Eastern districts and crippled the Dhaka-Chattoagram Highway, the key economic corridor which carries most of the country's export and import cargo.

Tax collection by the National Board of Revenue (NBR), which collects more than 85 percent of total revenue, fell 6 percent year-on-year in the first quarter of FY25.

Disbursement of loans by bilateral and multilateral lenders fell by a third year-on-year to \$846 million in the July-September period of FY25. At the same time, Bangladesh's foreign debt servicing shot up 29 percent

year-on-year to \$1,126 million.

In net terms, the country spent more to repay foreign loans than it received during the period.

"The ongoing political unrest has triggered a slowdown in revenue growth between July-September and Annual Development Programme implementation," said Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh.

"The resulting economic uncertainties that we have witnessed have also motivated development partners like the World Bank to reduce our growth forecast for the current year to 4 percent," he said.

**The spike in borrowing took place at a time when high inflation, rising interest rates and import contraction have caused a slowdown in businesses**

"Moreover, the lack of coherence within the civil bureaucracy, and recurring strikes and unrest on various issues are keeping political uncertainties very much alive. As a result, the government is depending on commercial banks to meet its expenditure outlay.

"But this is unlikely to influence inflation as it does not involve the printing of high-powered money."

Central bank data showed that the government repaid Tk 29,272 crore from July 1 to September 15 this year, which was higher than the amount it repaid in the same period a year ago.

"Furthermore, given Bangladesh Bank has categorically stated that it is not willing to directly lend to the government through the creation of high-powered money, the inflationary pressure is expected to come down provided that the central bank remains committed to the tightened monetary regime," said Rahman.

However, Deen Islam, associate professor of economics at the University of Dhaka, was of a different opinion.

"Increased borrowing from the banking system often leads to higher liquidity in the market, which can contribute to inflationary pressures, especially when not offset by corresponding increases in productivity or supply," he said.

"With headline inflation already high, further borrowing by the government could worsen the inflationary environment. The increased availability of money in the economy, without a corresponding rise in the production of goods and services, can drive up prices, exacerbating inflation."

Additionally, the recent data on currency outside banks, which rose by 0.69 percent in August 2024, suggests that more money is circulating in the economy, potentially adding to inflationary pressures.

Islam said the net outstanding position of government borrowing from the banking sector, including the BB, rose 24 percent year-on-year to Tk 4.81 lakh crore as of September 14 this year.

"This is a significant increase, indicating the government's growing reliance on domestic bank financing to meet its fiscal demands," he said.

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## Flood-hit SMEs seek govt assistance

SUKANTA HALDER and ANWARUL HAIDER

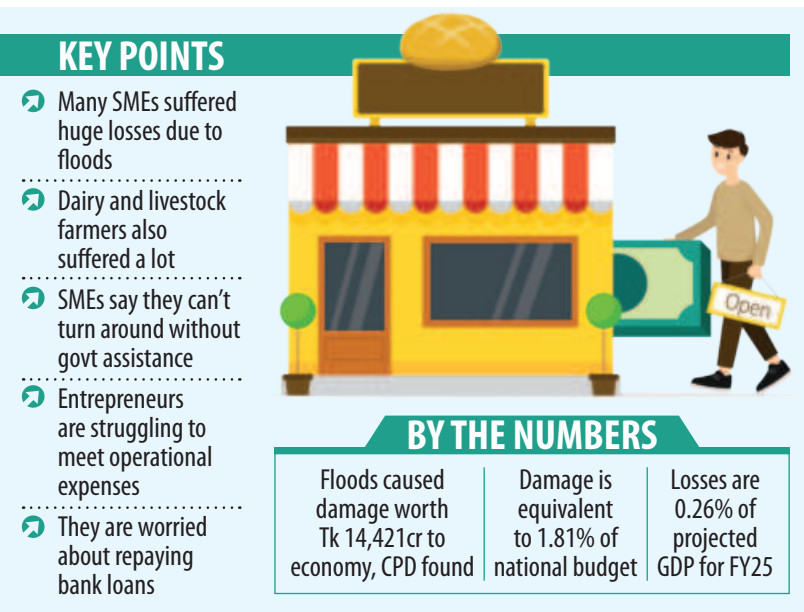
Devastating floods in August and the following months have made life miserable for dairy and livestock farmers as well as small entrepreneurs, who are now struggling to meet operational expenses and repay bank loans after losing most of their belongings.

Some businesses and homes have been directly damaged by the floods while others experienced a sharp decline in sales, according to various entrepreneurs and leaders of business associations.

Nazma Akhter, an entrepreneur from Begumganj upazila in Noakhali district, lost 10 of the 50 cows on her farm, which was submerged under three feet of water during the recent floods.

The businesswoman told The Daily Star that the floods have caused her over Tk 10 lakh in losses.

"I have been running the farm with loans from various banks and non-government organisations [NGO]. But I couldn't sell a single drop of milk in the past one month, which have compounded my financial



difficulties." "So far, there has been no government support. Without it, I may have to shut down the farm."

Similarly, Rahima Bibi, an entrepreneur from Noakhali sadar upazila, said the floods have washed away all the fishes and ducks of her

pond and farm, causing an estimated loss of Tk 1.25 crore.

The 55-year-old said she had plans to repay about Tk 1 crore in loans taken from Janata Bank, Mercantile Bank and 10 NGOs by selling fishes in November and December.

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## Why stocks on a downward curve

AHSAN HABIB

The stock market index has been on a downward trajectory for the past two months, as a brief surge following the August political changeover quickly fizzled out.

For the market plunge, analysts point the finger at a combination of factors, including higher interest rates in the banking sector, forced selling due to margin calls, a series of labour unrest slowing the manufacturing sector and low investor confidence.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), surged 786 points, or 15 percent, within just four days after August 5th of this

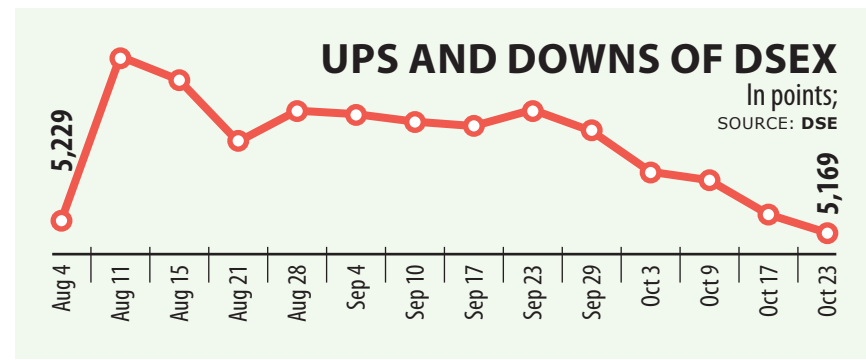
year. Since then, the main index has plummeted 846 points, or 14 percent, to 5,169 points as of yesterday.

One of the main reasons for the market's decline is the high interest rates offered by banks, according to Md Ashequr Rahman, managing director of Midway Securities.

He said good banks are now offering interest rates above 11 percent for deposits, while treasury rates have also reached historic highs. "This combined effect diverts funds away from stocks, impacting the market negatively."

Besides, the ready-made garment sector faced production disruptions due to labour unrest in September and early October.

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## No documents needed to file e-return

STAR BUSINESS REPORT

To ease online tax return submissions, taxpayers will not be required to submit any documents or soft copies when filing an e-return, according to the National Board of Revenue (NBR).

"We made the decision to ensure ease of doing business and encourage taxpayers. The taxpayers, however, will have to keep the required documents on hand," said Md Abdur Rahman Khan, chairman of the NBR.

"If the taxman finds any discrepancy, the taxpayers will be responsible for their declaration on the return," he said.

When filing taxes manually, taxpayers have to provide essential documents like copies of their e-TIN, national ID, address details, and the previous year's return.

Besides, employees have to provide salary certificates, bank statements, and other relevant documents. For different income sources, certificates or documents should be submitted, including investment details, property information, and tax-free income certificates.

"In this regard, the taxpayers will have to take the 'risk', but we believe taxpayers will endorse accurate information," the NBR chairman said.

Khan made the remarks while speaking to the reporters at the NBR headquarters in the capital's Agargaon yesterday.

"We want to reduce the manual connection with the taxpayers and taxmen," he said, adding that they have already created guidelines for taxpayers and were taking steps to publicise the initiative through videos and other methods.

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# Textile Series of Exhibitions to begin on Nov 6



Meherun N Islam, president and group managing director of CEMS Global USA and Asia-Pacific, speaks at a press conference regarding the 23rd Bangladesh edition of the Textile Series of Exhibitions at the Pan Pacific Sonargaon Dhaka yesterday.

PHOTO: CEMS GLOBAL

## STAR BUSINESS DESK

The 23rd Bangladesh edition of the "Textile Series of Exhibitions" is scheduled to kick off on November 6 at the Bangladesh-China Friendship Exhibition Centre in the capital's Purbachal area.

The four-day-long event, comprising three comprehensive shows under one roof, will exhibit textile garment machinery, yarn, fabric, accessories, dyestuff and chemicals.

CEMS-Global USA, who will host the exhibitions, made the disclosure at a press conference at the Pan Pacific Sonargaon Dhaka yesterday, according to a press release.

Meherun N Islam, president and group managing director of CEMS Global USA and Asia-Pacific, presided over the conference.

With more than two decades of success, these three expos will offer unmatched networking opportunities and cross-border collaborations with international manufacturers. They have been serving the Bangladesh textile and garment industry for the past 23 years, the press release added.

SS Sarwar, group chief executive officer of CEMS Global USA, Tanveer Qamrul Islam, executive director of CEMS-Global, and Mahmud Riyad Hassan, deputy general manager for marketing & sales at CEMS Bangladesh, among others, were also present.

# Mohammad Ali becomes Rakub chairman

## STAR BUSINESS DESK

Mohammad Ali joined Rajshahi Krishi Unnayan Bank (Rakub) as the chairman on Tuesday.

Ali was a renowned professor of economics at Rajshahi University, the bank said in a press release.

He started his professional career as a lecturer at Chittagong University in 1982.

During his long teaching career, he worked with different public and private universities and held different administrative positions.

He is the author of several books and has many publications and research.

Ali obtained his master's degree in economics from the University of Rajshahi.



Mohammad Ali

# 'Konka Shera Poribar' returns for season 3

## STAR BUSINESS DESK

The family reality game show "Konka Shera Poribar" is set to make a comeback with its third season.

Nurul Afsar, deputy managing director of Electro Mart Ltd, the authorised distributor, manufacturer and marketer of Konka products in Bangladesh, unveiled the logo for Season 3 at a press conference on Tuesday at the Holiday Inn Dhaka City Centre, according to a press release.

This season promises to be even more exciting with new segments added to the existing lineup of activities, which include puzzles, brain teasers, fun games, celebrity appearances and cooking competitions.

Commenting on the new season, Afsar said, "We are committed to supporting families across the country, especially those who use Konka products. 'Konka Shera Poribar' season 3 is part of this ongoing effort, which we plan to continue in the future."

Registrations for Konka Shera Poribar Season 3 opened on Tuesday and will continue until November 30, 2024.

During this period, any two members of the same family, aged between 18 and 60 years, can form a team and register for the show by visiting <https://www.ntvbd.com/registration>.

Registrations can also be made at Electro Mart showrooms across the country. Following the success of the first two seasons, Konka, a leading consumer electronics and home appliance brand in Bangladesh, is bringing back the show for a third season.

The show will be broadcast on the private television channel NTV.

Sajjad Un Newaz Rafi and Nurul Azim Sunny, directors of the company, Mahmudun Nabi Chowdhury, general manager of sales and marketing, Md Julhak Hossain, national sales manager of retail operations, Ajoy Kumar Kundu, chief executive office of Mediocom Limited, and Md Noor Uddin Ahmed, director of NTV, among other, were also present.



Nurul Afsar, deputy managing director of Electro Mart Ltd, unveils a logo of the family reality game show "Konka Shera Poribar" at a press meet at the Holiday Inn Dhaka City Centre in the capital on Tuesday.

PHOTO: ELECTRO MART

# Kamal Hossain made DMD of Trust Bank

## STAR BUSINESS DESK

Trust Bank PLC has promoted its senior executive vice-president Md Kamal Hossain Sarker to the post of deputy managing director (DMD) with effect from October 1.

Prior to his new assignment, Sarker was also serving as the bank's head of CRM division, according to a press release.

Sarker started his professional career with Arab Bangladesh Bank Ltd as a probationary officer in 1996. He joined Trust Bank on March 12, 2002, as a senior principal officer.

As a seasoned commercial banking professional, he possesses years of experience in corporate banking, relationship management, SME banking, credit risk management, anti-money laundering issues, and trade finance.



Md Kamal Hossain Sarker



Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, attends "A Quarter Century of Trust & Progress" organised by the bank as part of its 25th founding anniversary celebrations at the Samson H Chowdhury Auditorium of MTB Tower in the capital's Bangla Motor on Tuesday.

PHOTO: MUTUAL TRUST BANK

# MTB organises press meet to mark its 25th founding anniversary

## STAR BUSINESS DESK

Mutual Trust Bank (MTB) PLC organised a press meet, titled "A Quarter Century of Trust & Progress", to mark its 25th founding anniversary at the Samson H Chowdhury Auditorium of MTB Tower in the capital's Bangla Motor.

Syed Mahbubur Rahman, managing director and CEO of the bank, attended the programme as the chief guest, the bank said in a press release.

During the event, Rahman reflected

on the bank's 25-year-long journey, highlighting its role in strengthening Bangladesh's banking sector and economy as well.

"Mutual Trust Bank's success is built on mutual trust, and our progress over the last quarter century reflects the strong relationships we've formed with over 1.3 million customers," he said.

"Our commitment to innovation, from launching virtual debit cards to digital nano loans, will continue to guide our future," Rahman added.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (OCT 23, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 64-Tk 80	0	9.09 ↑
Coarse rice (kg)	Tk 50-Tk 55	-1.87 ↓	7.14 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-2.30 ↓
Lentil (kg)	Tk 105-Tk 110	0	0
Soybean (litre)	Tk 153-Tk 156	3.34 ↑	3.00 ↑
Potato (kg)	Tk 55-Tk 60	9.52 ↑	17.35 ↑
Onion (kg)	Tk 115-Tk 130	11.36 ↑	25.64 ↑
Egg (4 pcs)	Tk 48-Tk 52	-7.41 ↓	-2.91 ↓

SOURCE: TCB

# IMF raises Russia growth forecast

AFP, Moscow

The International Monetary Fund on Tuesday boosted its 2024 growth forecast for Russia, with massive government spending on the offensive in Ukraine providing a powerful economic stimulus.

The organisation also slashed its outlook for Ukraine, whose economy and infrastructure has

been battered by the two-and-a-half-year conflict.

Both countries are spending huge sums to fight the conflict, with Moscow's outlays having helped the economy grow strongly despite a barrage of Western sanctions.

In its latest set of forecasts, the IMF said it expects the Russian economy to expand by 3.6 percent in

2024, up from a previous forecast of 3.2 percent.

But it cut its prediction for next year's growth from 1.5 percent to 1.3 percent, amid signs of mounting economic problems.

Russia's central bank has repeatedly warned of the dangers of the government's military spending, saying the economy has been "overheating" for months.

# IMF lowers

FROM PAGE B4

Beijing has in recent weeks unveiled a slew of measures to reignite the economy, but has failed to offer more concrete details about the long-awaited "bazooka" stimulus.

The IMF on Tuesday pointed to recent policy measures by Chinese authorities as a factor that may provide a boost to "near-term growth".

But, it cautioned, a years-long crisis in the housing sector continued to pose a major risk to growth.

"Conditions for the real estate market could worsen, with further price corrections taking place amid a contraction in sales and investment," the fund said.

"This could cause domestic demand to falter, with negative spillovers to both advanced and emerging market economies given China's rising footprint in global trade," it added.

Recent weeks have seen Beijing unveil a raft of measures to funnel cash into the economy, including a string of rate cuts and loosened restrictions on home-buying.



Muhammad A (Rume) Ali, chairman of banking commission at ICC Bangladesh, attends a workshop on "Risk Management in Trade Financing" organised by ICC Bangladesh and sponsored by Eastern Bank PLC in Dhaka recently. Shah Md Ahsan Habib, professor of the Bangladesh Institute of Bank Management, and Ataur Rahman, secretary general of ICCB, were also present.

PHOTO: ICC BANGLADESH

**Office of the Madaripur Pourashava**  
Dist: Madaripur  
Phone: 0661-61884, PABX: 0661-62699; Fax: 0661-62244  
E-mail: [madaripur\\_pourashava@yahoo.com](mailto:madaripur_pourashava@yahoo.com)  
Website: [www.madaripurmunicipalitybd.org](http://www.madaripurmunicipalitybd.org)

Memo No. MP/Engg./LGCRRP/2024-25/1316 Date: 21-10-2024

**e-Tender Notice-01/2024-25 (OTM)**

e-Tender is invited in the National e-GP System Portal (<http://www.eprocure.gov.bd>) for the procurement of the following Packages:

Sl. No.	Tender/ Proposal ID	Package No. & name of the schemes	Last selling date & time	Closing & opening date & time
01	1028131	Package No. LGCRRP/Madaripur/2024-25/W-10 1. Maintenance (Overlay) of BC Road at Khan Bari Sarak starting from Four lane RHD main road to Thantoli Bazar, Ch. 0.00-550.00m) Ward #7 under Madaripur Pourashava. 2. Construction of RCC drain at Khan Bari Sarak starting from Four Lane RHD main road to Thantoli Bazar, Ch. 0.00-550.00m) Ward #7 under Madaripur Pourashava. 3. Environmental management works under Madaripur Pourashava (Package No. W-10).	11/11/2024, 5.00pm	12/11/2024, 1.00pm

Shaikh Abul Kalam  
Executive Engineer  
Madaripur Pourashava

GD-773

**গণপ্রজাতন্ত্রী বাংলাদেশ সরকার**  
**নির্বাহী প্রকৌশলী, সওজ এর কার্যালয়**  
**সড়ক বিভাগ, ঝালকাঠি।**  
**E-mail: [eejha@rhd.gov.bd](mailto:eejha@rhd.gov.bd)**

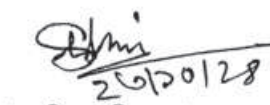
স্মারক নং-৩৫.০১.৪২৪০.৪৩২.০৪.০২২.২০২১-১৭৩৫ তারিখঃ ২৩/১০/২০২৪

**“সীমিত দরপত্র পদ্ধতিতে (LTM) ঠিকাদার তালিকাভুক্ত/লাইসেন্স নবায়ন সংক্রান্ত বিজ্ঞপ্তি (২য় পর্যায়)”**

এতদ্বারা সংশ্লিষ্ট সকলের অবগতির জন্য জানানো যাচ্ছে যে, সড়ক বিভাগ, ঝালকাঠি কর্তৃক পাবলিক প্রকিউরমেন্ট বিধিমালা-২০০৮ এর আলোকে সীমিত দরপত্র পদ্ধতির আওতায় ২০২৪-২০২৫ অর্থবছরের জন্য ঠিকাদার তালিকাভুক্ত করা হবে। সিপিটিইউ কর্তৃক নির্ধারিত আবেদন ফরম অত্র দপ্তর হতে অফিস চলাকালীন সময়ে সরবরাহ করা হবে। আত্মসি ব্যক্তি/ প্রতিষ্ঠান মানি রিসিট এর মাধ্যমে ১,০০০/- (একহাজার) টাকা পরিশোধ করতঃ নির্ধারিত আবেদনপত্র (ডকুমেন্ট) সংগ্রহ করতে পারবেন। উক্ত ডকুমেন্ট সঠিকভাবে পূরন করে প্রয়োজনীয় কাগজপত্রসহ আগামী ১৪/১১/২০২৪ইং তারিখ বিকাল ৩-০০ ঘটিকার মধ্যে অত্র দপ্তরে জমা প্রদান করার জন্য অনুরোধ করা হলো।

উল্লেখ্য যে, সীমিত দরপত্র পদ্ধতি প্রয়োগের ক্ষেত্রে পাবলিক প্রকিউরমেন্ট বিধিমালা-২০০৮ এর বিধি ৬৩ অনুসরণযোগ্য এবং এ তালিকাভুক্তিকরণ দরপত্র আহবান/কাজ প্রদানের নিশ্চয়তা বিধান করে না।

উল্লেখ্য যে, ইতোপূর্বে অত্র দপ্তরের তালিকাভুক্ত ঠিকাদারগণ ২০২৪-২০২৫ অর্থবছরের জন্য লাইসেন্স নবায়ন ফি বাবদ টাকা ২,০০০/- (দুইহাজার) + ১৫% ভ্যাটসহ বিনা জরিমানায় আগামী ২৮/১১/২০২৪ইং তারিখের মধ্যে অত্র দপ্তরে জমা প্রদানপূর্বক লাইসেন্স নবায়ন করার জন্য অনুরোধ করা হলো।

  
 (শাহরিয়ার শরীফ খান)  
 পরিচিতি নং-৬০২২৪৭  
 নির্বাহী প্রকৌশলী, সওজ, (চন্দাঃ)  
 সড়ক বিভাগ, ঝালকাঠি।

GD-769

# Fashion brands face criticism for 'failure' to protect labour rights in Bangladesh

STAR BUSINESS REPORT

Fashion brands, including H&M and Zara, are facing criticism over their lack of action to protect workers' basic rights in Bangladesh, according to Clean Clothes Campaign (CCC).

One year after a violent crackdown by state actors and employers against Bangladeshi garment workers protesting for higher wages, 40,000 workers remain at risk of arrest due to repressive legal charges brought against them through blank arrest warrants, it said in a recent statement.

Campaigners, labour rights advocates and trade union representatives have launched an international campaign condemning the inaction of fashion brands and are calling for the 36 legal cases against worker groups and protesters to be dropped.

Anne Bienias, a lead campaigner for the CCC, is urging brands to take swift action: "Brands such as H&M and Zara have a responsibility to ensure that complaints against unnamed protesters cannot be used to intimidate workers and their representatives".

"The refusal of brands to support union-backed wage demands despite extreme poverty and their lack of willingness to get these cases dropped illustrates who profits from the status quo and who doesn't. Brands clearly do," Bienias said in the statement.

The CCC has linked 45 fashion brands to suppliers who filed charges in 36 cases against garment workers in Bangladesh and has been pressuring these brands for the past year to ensure the cases are dropped.

While some brands have taken initial steps to ensure suppliers drop false allegations, one year on, all brands and suppliers have failed to follow through and not a single case has been cleared.



PHOTO: STAR/FILE

Many garment workers remain at risk of arrest due to repressive legal charges brought against them through blank arrest warrants, Clean Clothes Campaign said in a statement.

The CCC is launching a new action tracker to expose which brands are linked to the outstanding warrants, including H&M, Zara, Next, Matalan, Levi's, Bestseller, and more.

Campaigners hope this tool will shed light on the industry's complicity and ensure brands follow through with suppliers to get the charges fully dropped.

The launch of this new coordinated effort to apply pressure on brands coincides with the anniversary of last year's widespread wage protests in Bangladesh.

Police and the military cracked down on protesting workers who expressed dissatisfaction over the disappointing

outcome of the long-awaited minimum wage negotiations.

As a result of the violent police response, four workers lost their lives, hundreds were severely injured and 131 were arrested.

Kalpona Akter, president of the Bangladesh Garment and Industrial Workers Federation, said: "In an industry where union repression is rife, getting the cases dropped is just the first but very necessary step toward creating an industry where workers can live a decent life off their wages, and where barriers to freedom of association are removed. We won't live in fear. We are calling for living wages that support our families."

## Investors don't get clear picture

FROM PAGE B1

Both Shahadat and Mahamud recommended slowly adopting the IFRS fully.

Among the major waivers from the central bank, the waiver on provisioning against total loans has created a big difference.

According to the IFRS, provision on total loans and advances needs to be kept on the basis of expected credit loss for one year plus on the basis of the history of the banking industry and the reality of the economy on a lifetime basis.

Apart from this, if a bank identifies that a specific borrower is facing financial difficulties and the bank assesses that there is a higher probability that this borrower will default, the bank keeps additional specific provisions on this loan.

However, Bangladesh Bank allows much smaller provisions on unclassified loans, ranging from 0.25 percent to 5 percent. It prescribes that banks need to have 20 percent provision when loans become sub-standard, 50 percent when they turn doubtful and 100 percent if it becomes bad loans.

According to several veteran chartered accountants, if banks followed IFRS for provisioning, their provision requirement would increase by roughly 10 to 13 times, mainly because of the lifetime expected credit loss based provisioning.

As of the second quarter of fiscal year 2023-24, the required loan-loss provisioning of banks collectively was Tk 98,941 crore whereas they set aside Tk 79,679 crore to cover the bad debts.

A local regulator can modify some rules considering the context and it

is not violation of the IFRS, said AF Nesaruddin, a former president of the ICAB.

"As the economic and financial condition of the country is different from other countries, the adjustment is okay," he said.

However, by not fully following the IFRS, banks can show higher disbursed loans even if loans become classified. Interest income will also vary massively if they follow international standards.

Banks should follow the basic standards of the IFRS to improve financial reporting standards to the international level, said Syed Mahbubur Rahman, a former chairman of the Association of Bankers, Bangladesh.

Several strong banks are already following some IFRS stipulations that were waived by the central bank. If all the banks followed these standards, the standard of their financial reports would improve.

The central bank should analyse whether there is anything that is not applicable to Bangladesh considering its environment, added Rahman, who is also managing director and CEO of Mutual Trust Bank.

Sayed Ahmed, an executive director of the Financial Reporting Council, said his organisation has informed the central bank about the distortion of the reporting of the financial institutions.

"It will obviously impact the financial health of banks and NBFIs if they follow the IFRS. Even, some can drown into losses."

So, an empirical analysis should be done to gauge the impact that following international standard accounting rules would have on the sector.

To improve the standards of the banking sector, the central bank management."

Islam said the overall economy of Bangladesh is facing a slowdown, and the heavy government borrowing from the banking sector could exacerbate this issue.

Towfiqul Islam Khan, senior research fellow at the Centre for Policy Dialogue, said the government does not have much option beyond bank borrowing for budget deficit financing.

"External borrowing is tied to development project implications. Sales of national savings instruments has fallen due to drop in the disposable income of the middle class," Khan said borrowing from commercial banks should not be very high.

The government should revise the budget at the earliest, keeping in view a realistic revenue mobilisation target and a budget deficit that the economy can absorb, he added.

The previous Awami League government framed a nearly Tk 8 lakh crore budget with plans to borrow over Tk 2.51 lakh crore for the FY25.

"Essentially, it will inform the likely scope for public expenditure. The government indeed will be required to prioritise its public expenditure. And it should prioritise the interest of marginalised people."

should lift waivers it has provided in phases, he said.

Ahmed recommended forming a roadmap to follow the IFRS in the financial sector gradually so that no firm faces any adverse situation suddenly.

Usually, a tripartite meeting between the management of financial institutions, external auditors and a team of the central bank gives waivers on the basis of the health of financial institutions, according to an auditor.

"It is an uncommon practice worldwide. Accounting practices should be the same for all," he added.

Currently, Bangladesh Bank is following a rule-based classification and provisioning system, according to central bank Spokesperson Husne Ara Shikha.

"To increase the risk management capacity of the scheduled banks, Bangladesh Bank has prepared a draft plan to implement IFRS 9 for the banking sector."

The central bank plans to implement the loan classification and provisioning system based on Expected Credit Loss (ECL) under IFRS 9 by 2027, she said.

She added that instructions would be issued for banks as a preparatory measure to implement the same.

IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities and some contracts to buy or sell non-financial items.

## No documents

FROM PAGE B1

On top of that, the NBR on Tuesday issued an order to make the online filing of income tax returns mandatory for government employees under the jurisdiction of income tax circles located in Dhaka North, Dhaka South, Gazipur and Narayanganj city corporations.

Additionally, all scheduled banks and mobile telecom service providers now require employees to file income tax filings online.

They also brought some multinational companies under the rule, including Unilever Bangladesh Limited, British American Tobacco Bangladesh Limited, Marico Bangladesh Limited, Berger Paints Bangladesh Limited, Bata Shoe Company (Bangladesh) Limited, and Nestlé Bangladesh PLC.

"We have initially chosen the companies considered technologically sound," Khan said.

Although the NBR has focused on the e-return system, the tax administration will continue the tax week from November similar to previous years, he said.

"We won't provide services door-to-door. Rather, we will intensify our online services. If we get any specific request to educate someone about the return submission, we can serve them through volunteers."

Taxpayers can make payments through internet banking, debit and credit cards and mobile banking. Apart from this, copies of submitted returns, acknowledgment of receipt, income tax certificate, and tax identification number (TIN) can be downloaded and printed.

## Interim govt's economic initiatives yield positive results: ICCB

STAR BUSINESS DESK

The country is witnessing the impacts of initiatives taken by the interim government within two months of taking office, including increased flow of remittance, improved foreign exchange reserves, reduced fuel prices and accessible loans for export industry workers, according to the International Chamber of Commerce-Bangladesh (ICCB).

The chamber made the remarks in its editorial of the current News Bulletin (Jul-Sep. 2024) released yesterday.

"Within two months of taking office, our nation is already seeing the positive impacts of initiatives the interim government took. Key achievements include increased remittance flow, improved Bangladesh Bank reserves, reduced fuel prices, and accessible loans for export industry workers."

"Steps taken to stabilise bank operations and foster economic stability, forming a high-level task force to recover laundered money, creating six commissions, and taking the initiative to issue a White Paper on the economic condition are also notable," the ICCB said in its editorial.

"Bangladesh Bank's efforts to boost credit flow to the export sector and ease import restrictions are commendable," ICCB said. It mentioned that businesses emphasised the urgent need to address various issues, particularly the law and order situation in the country.

Despite government efforts, including deploying armed forces,

some miscreants continue to instigate unrest, affecting industries, especially the readymade garment (RMG) sector. Although all demands of RMG workers have recently been accepted, industrial areas still face disruptions due to outsiders causing disorder, said ICCB.

According to the chamber, these offenders have engaged in robbery, vandalism, arson, and looting, resulting in damages exceeding Tk 5,000 crores as estimated by the businesses.

Besides, according to BGMEA, the garment industry has suffered a collective production loss of around US\$400 million.

As the RMG sector is crucial to our export earnings, ensuring uninterrupted operations and taking comprehensive measures to stabilise the garment industry is vital, said ICCB.

It said the current law and order issues have led to adverse reactions from international brands and buyers, raising concerns about future orders. It is crucial to devise a strategy to rebuild relationships with key export markets and importers urgently.

The global business entity praised the Anti-discrimination Students' Movement, which ultimately contributed to the end of the 15-year Awami League regime and unfolded a new chapter of democracy and good governance.

This achievement, showcasing the solidarity, strength, and determination to uphold the rights of students and the people, serves as a testament to the enduring spirit of collective action, even in the face of significant challenges, it added.

## Why stocks on a downward curve

FROM PAGE B1

This impacted the apparel business and ultimately had a negative effect on the stock market, added Rahman.

According to the managing director of the securities house, the regulator's rush to implement stricter measures to discipline the highly sensitive market also contributed to the plunge amid fragile investor confidence.

He said the regulator should have implemented these measures gradually. For instance, Rahman believes that the Bangladesh Securities and Exchange Commission (BSEC) should have held dialogues with 27 companies before downgrading them to the Z category.

"If such discussions took place, many of these companies could have made necessary corrections. The number of junk downgradings and their subsequent impact could have been minimised," he commented.

After the fall of the Awami League government, many foreign and institutional investors purchased blue-chip shares at low prices, hoping for major improvements in governance and the overall stock market ecosystem, Rahman added.

Meanwhile, Saiful Islam, president of the DSE Brokers Association (DBA), said, "The primary cause of the recent

decline in stock market indices is trigger or forced selling."

Islam said that many margin accounts, a type of brokerage account where investors borrow money from the broker-dealer to purchase securities using the account as collateral, have become problematic in the stock market.

This issue began in 2011 when trigger sales were deferred, leading to financial distress for many lenders.

For the past 15 years, brokers and merchant banks were prevented from executing trigger sales. However, they are now clearing their books by selling shares, anticipating stricter provisioning requirements that were previously waived, he added. Islam said brokers should not be barred from executing trigger sales, as it negatively impacts both investors and intermediaries.

As of the end of 2023, the outstanding negative equity against margin loans in the country's capital market stood at Tk 6,630 crore. Around 87 organisations, including brokers and merchant banks, continue to bear this burden.

According to the regulations, negative equity should not have occurred, as lenders were obligated to sell assets in margin accounts before their market value fell below

the borrowed amount. However, after the market collapses of 2020 and 2011, the regulator verbally instructed lenders to refrain from conducting sales in margin accounts.

This incorrect regulatory guidance ultimately led to the accumulation of negative equity, initially exceeding Tk 15,000 crore and decreasing to Tk 8,100 crore by December 2020.

Consequently, the stock market index has suffered, as intermediaries are now unable to provide adequate support to the market. DBA President Islam said nearly 50 percent of stockbrokers and merchant banks are insolvent due to continuous losses.

Islam, who is also a director of Brac EPL Stock Brokerage, mentioned that foreign investors have been hesitant to invest in recent weeks, observing 7-8 banks are going through "a soft bankruptcy".

In this situation, foreign investors are waiting but not withdrawing fund as they have belief on the existing government that the economy will rebound, he said.

To attract more local investors to the market, Islam suggested that stock market leaders must instill confidence among general investors in the regulator's ability to make sound decisions and maintain consistency.

## Govt borrowing from banks

FROM PAGE B1

"While the government reduced its net borrowing from Bangladesh Bank itself, the broader banking sector has had to absorb a larger portion of the debt.

"Government borrowing from banks can lead to a crowding-out effect, where private businesses have less access to loans due to the government soaking up available funds," he said.

Islam added that the net credit to the private sector, which increased 0.09 percent in August 2024 compared to 9.84 percent in June 2024, suggests that credit expansion to the private sector is slowing, potentially due to the government's increased demand for funds.

Additionally, government borrowing can lead to higher interest rates as banks seek to compensate for the increased demand for funds.

"This might constrain private sector investment, which is crucial for stimulating economic growth."

He said the non bank borrowing of the government increased in July this year by Tk 4,360 crore compared to Tk 996 crore taka a year ago.

"Revenue collection continues to be a concern. The slower growth in tax revenues further exacerbates the need for borrowing, putting additional strain on fiscal

## Flood-hit SMEs seek

FROM PAGE B1

She had also planned to use her farm's earnings for her daughter's wedding.

"But the floods have put me in great danger. How can I now pay the instalments of bank and NGO loans? It is impossible to recover if the government does not cooperate," she said in a voice filled with distress.

To highlight the gravity of the damages, the disaster management ministry and the Centre for Policy Dialogue (CPD) have released separate reports.

In both reports, the amount of financial loss was mentioned to be above Tk 14,000 crore.

The sudden August floods have

claimed 74 lives and injured 68 others nationwide, according to the disaster management ministry.

The ministry calculated the financial toll based on damages to agriculture, housing, roads and overall infrastructure across 11 districts in the eastern part of the country, with Feni being the worst affected.

Some 9.43 lakh people were affected by floods and half of them were displaced from their homes and sought shelter elsewhere, it said.

In its study, the CPD said the government would need to increase its budget for relief distribution.

The think-tank said the damage was equivalent to 1.81 percent of the

national budget and 0.26 percent of the country's projected gross domestic product (GDP) for fiscal year 2024-25.

The floods, triggered by heavy rainfall and upstream hill runoff, began on August 20 this year and rapidly spread through districts such as Feni, Cumilla, Chattogram, Khagrachhari, Noakhali, Moulvibazar, Habiganj, Brahmanbaria, Sylhet, Lakshimpur and Cox's Bazar.

Despite the widespread damage, flood victims in Mymensingh, Sherpur and Netrokona are reportedly suffering from insufficient relief supplies and a lack of drinking water.

**WEST ZONE POWER DISTRIBUTION COMPANY LIMITED**  
(An Enterprise of Bangladesh Power Dev. Board)

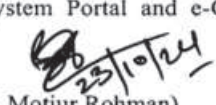
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সম্প্রসারণ প্রকল্প, ওজোপাতিকা, খুলনা। | e-mail: pd.miuepdsp@gmail.com

Memo no.27.22.4785.600.50.001.24.139 Date:23.10.2024

e-Tender for the Upgradation and Extension of Power Distribution System in Monpura Islands project is invited in the National e-GP system Portal ([www.eprocure.gov.bd](http://www.eprocure.gov.bd)) for the procurement of following goods:

Sl	Tender id	Name of Tender	Last Selling Date & Time	Closing Date & Time
1.	1011181	Supply and Delivery of Different type Line Accessories at Project Store Monpura Islands, Bhola for line construction of Kolatoli Char, Kazir Char and Dhal Char area under WZPDCL.	Date: 19.11.2024 Time: 16:00	Date: 20.11.2024 Time: 12:55

This is Online Tender, where only e-tenders will be accepted in the National e-GP System Portal and no offline/hard copies will be accepted.  
To submit e-Tenders, registration required in the National e-GP System Portal ([www.eprocure.gov.bd](http://www.eprocure.gov.bd)).  
The fees for downloading the e-Tender documents from the National e-GP System Portal have to be deposited online through any registered Bank.  
Further information and guidelines are available in the National e-GP System Portal and e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).

  
(Md. Motiur Rohman)  
Project Director,  
Upgradation and Extension of Power Distribution System  
Project in Monpura Islands  
WZPDCL, KHULNA

GD-770

# Trust distinguishes MTB from other banks

CEO says on the eve of its silver jubilee

AM JAHID

In the competitive local banking landscape, Mutual Trust Bank PLC (MTB) differentiates itself by offering trust to its customers, says Syed Mahbubur Rahman, managing director and chief executive officer (CEO) of the bank.

"We offer more than just financial products – we offer trust in our services and commitment to our customers," Rahman said.

"Trust remains the cornerstone of MTB's operations," the CEO told The Daily Star on the eve of the bank's 25th anniversary today.

Initially based on wholesale banking, Rahman said the bank has now moved towards inclusive banking by offering a diverse range of products and services to meet customer needs across all segments.

"Over the past 25 years, we have built



INTERVIEW

Syed Mahbubur Rahman

a strong and trusted brand through dynamic, innovative and inclusive services that have promoted mutual trust with our customers," he added.

"Our success lies in strong corporate governance, a visionary board and a skilled workforce."

He said there are dozens of banks in Bangladesh, all offering almost similar products.

"So, how do we differentiate ourselves? Apart from offering trust, we stand out through our processes and services and seek to elevate that distinction further. We are committed to continuous innovation, not only in technology but also in our operational processes."

According to the CEO, MTB takes pride in a strong governance system, an effective board of directors, and a skilled workforce. The board consistently strives to implement plans that benefit both the bank and its clients.

Rahman said that with over 300 application programming interfaces

(APIs), MTB is a leader in digital banking and enables customers to have seamless access to customised services.

He added that the bank has a robust network of automated teller machines (ATMs) and agent banking platforms to facilitate greater customer convenience.

Currently, MTB's deposit portfolio stands at over Tk 308 billion, with advances reaching Tk 290 billion. The bank maintains a capital adequacy ratio exceeding regulatory requirements.

Beyond the numbers, Rahman said the commercial lender's strength lies in its customer account base of over 1.3 million.

In 2024 alone, MTB became one of the top recipient banks for remittances and nearly doubled its foreign trade business while meeting regulatory standards. The bank's focus on cottage, micro, small and medium enterprises (CMSME), particularly women-run enterprises, is unmatched.

"We are proud to lead where it matters most," added the MTB CEO.

The bank's commitment to excellence was recognised with numerous local and global awards in 2024, spanning categories such as banking services, sustainability, digital innovation and corporate governance.

For Rahman, these awards affirm their achievements, but the bank views those as just the beginning of greater things to come.

Rahman also commented that a key component of MTB's strategy is its collaboration with fintech partners to build a cashless ecosystem. As part of this effort, the bank has launched a pilot project in Sirajganj to test cashless transactions in collaboration with a local fintech.

According to him, transitioning to a cashless economy is not without challenges, but it is essential for tackling issues like corruption and black money.

Customer service has been a priority throughout MTB's journey. The bank has been providing airport lounge services for almost a decade, showing its commitment to customer comfort.

Rahman said MTB's Visa card portfolio, including virtual debit cards and an enhanced mobile application, reflects the bank's drive to improve customer experiences.

Looking ahead, MTB wants to evolve its agent banking model beyond traditional transactions, creating a more integrated service structure that caters to diverse customer needs.

Regarding the current challenges faced by the banking sector, including rising non-performing loans (NPLs) and liquidity constraints, Rahman credited MTB's strong governance practices for the bank's resilience.

He said MTB has taken proactive measures such as building foreign currency reserves and providing interbank liquidity support to navigate these headwinds.

"As we move forward, MTB remains committed to our core values: trust, innovation and progress," Rahman concluded.

## Building a loyal customer base

SALEKEEN IBRAHIM

Talking about any industry from anywhere on the globe, customer loyalty stands as the foundation for a stable and long-term business venture. Considering Bangladesh, where market dynamics are very complex and rapidly evolving, nurturing customer loyalty is more crucial.

A loyal base of customers not only guarantees repeat business but also works as an influential promoter for the brand, driving new customers through word-of-mouth referrals. So, understanding why customer loyalty is essential for sustainable growth is important for every entrepreneur.

It is evident that a loyal customer base delivers a consistent cash flow. Unlike new customers, who might make one-time purchases, loyal customers return recurrently, subsidising to a stable income. Considering acquisition cost, reaching new customers is often more expensive than retaining existing ones. Promoting new customers involves higher costs for advertising, campaigns and incentives. On the other hand, loyal customers require zero convincing and are more likely to respond positively to low-cost or organic marketing efforts.

We have to acknowledge that a bunch of loyal customers are our best marketers. They share encouraging experiences with friends and family, post favourable reviews on social media and defend the brand against negative criticism.

This organic promotion is priceless and often more effective than traditional advertising. In a market with several substitutes, a loyal customer base stands as a buffer against competitors. Faithful customers are less likely to be influenced by competitors' offers, ensuring market share remains intact.

Well, how can we build this dreamlike loyal base? Firstly, we must ensure that our products or services consistently meet or exceed customer expectations. We must admit that different customers have different requirements.

Accordingly, we must segment our customer base into distinct groups based on purchasing behaviour, preferences and demographics. This will allow for more tailored and effective marketing strategies to establish enduring loyalty.

In addition, we must repeatedly solicit feedback through surveys, reviews and direct interactions to understand what our customers like and dislike.

Employees, especially customer service, are the face of our business. The team must be well-trained in customer service skills, including empathy, patience, problem-solving, and addressing customer inquiries and complaints promptly. Making a complaining customer satisfied can often create a true brand promoter of our business.

Implementing a loyalty program that rewards repeat customers with rebates, special offers or exclusive access to new products often works incredibly as well. This not only incentivises repeat business but also makes customers feel valued. We can also think to tailor these rewards to individual customer preferences. The use of data gathered over time to offer personalised discounts or products makes the reward more expressive and treasured. These small human touches through data analytics can make a huge impact on lifelong loyalty.

The use of social media platforms to interact with customers is also essential. We can share updates, host contests and encourage customers to share their experiences and thus build a sense of belonging and loyalty among them.

To embed customer loyalty into our business culture, the management must prioritise customer satisfaction and model this behaviour for the rest of the organisation.

Additionally, we must foster a positive work environment as happy employees often lead to happy customers. Yes, customer loyalty is not just a goal but a continuous journey. In the dynamic business landscape of Bangladesh, definitely a loyal customer base provides a competitive edge. So, following the basics with an innovative mind can create an enduring customer base.

The author is a banker



MUTUAL TRUST BANK AT A GLANCE	
PARTICULARS	AS OF SEPTEMBER 2024
Deposit	Tk 30,917cr
Outstanding loan	Tk 28,830cr
Branches	120
Sub-branches	41
ATMs	336 including 28 CRMs
POS terminals	3117
Agent banking points	182
Cash deposit machines (CDM)	3
Airport lounge	8
Foreign exchange booths	4

## Singer reports Tk 18.54cr loss in third quarter

STAR BUSINESS REPORT

Singer Bangladesh Ltd reported a loss of Tk 18.54 crore for the July-September quarter of 2024.

As a result, the company posted a loss per share of Tk 1.86 in the third quarter compared to positive earnings per share (EPS) of Tk 0.88 during the same quarter in 2023.

"While turnover increased by 8.4 percent during the year, the gross profit margin fell by 2.2 percent compared to Q3 of 2023," Singer said in its unaudited financial statements.

Singer attributed several factors to the decline, including a surge in the sales of lower-margin trade goods, impacted by the ongoing foreign exchange crisis and higher discounts and promotional expenses aimed at boosting sales.

The company also highlighted that changes in its product and sales channel mix further pressured margins.

Over the first nine months of 2024, Singer's EPS dropped by a staggering 92 percent year-on-year to Tk 0.51, according to a disclosure on the Dhaka Stock Exchange (DSE) website.

Singer also noted a sharp increase in advertising and promotional spending during the quarter, which it expects to deliver returns in Q4 and beyond.

Operating profit dropped 31.4 percent year-on-year in Q3 of 2024 as rising costs in several areas, such as shop operations, rent, bad debts and factory maintenance, weighed on earnings, the company mentioned in its unaudited financial statements.

A significant factor behind the company's increased financial strain was its soaring finance costs, which surged by 103 percent year-on-year in the third quarter, observed Singer in the disclosure.

## Square Textiles made Tk 116cr profit in FY24

STAR BUSINESS REPORT

Square Textiles' profit rose 1.3 percent year-on-year to Tk 116.18 crore for the fiscal year ending on June 30, 2024.

Its consolidated earnings per share (EPS) was Tk 5.89 in this period, up from Tk 5.81 in the same period in the previous year, according to a disclosure on the Dhaka Stock Exchange (DSE) website.

Square Textiles allocated Tk 35 crore for balancing, modernisation, rehabilitation and expansion (BMRE) projects during the period.

Its board has recommended a 32 percent cash dividend, up from 30 percent last year. Despite the profit growth, the company reported a negative net operating cash flow per share of Tk 12.59 for FY24.

Shares of the company declined by 0.78 percent to Tk 50.6 yesterday at the DSE.

With 29 years of industry experience, Square Textiles remains a leading producer of export-oriented viscose, Tencel, modal and cotton yarns in Bangladesh, according to its website.

## IMF lowers China growth forecast for 2024

AFP, Beijing

The International Monetary Fund (IMF) revised its forecast for China's growth this year down slightly to 4.8 percent on Tuesday, warning that a persistent downturn in the real estate sector could potentially worsen.

China's leaders are targeting annual growth of five percent this year – a goal challenged by weak consumption and a prolonged and debilitating debt crisis in the colossal property sector.

Last week, Beijing posted its slowest quarterly growth in a year and a half, and acknowledged "new problems" were hampering economic development.

The IMF on Tuesday said it had revised its growth estimate for China down from a five percent assessment in July. "Despite persisting weakness in the real estate sector and low consumer confidence, growth is projected to have slowed only



PHOTO: AFP

marginally to 4.8 percent in 2024," the fund said in its World Economic Outlook (WEO) report Tuesday.

The fund had initially predicted in April growth of 4.6 percent this year. Tuesday's projection remains below the official target set by Beijing, and well below the double-digit increases that drove China's rise to a global economic

powerhouse.

Last year, China logged 5.2 percent growth – one of its worst annual economic performances in more than three decades. Growth in the country's economy is expected to slow further in 2025, the IMF report said, leaving its July estimate of a 4.5 percent expansion next year unchanged.

READ MORE ON B2

## US 'very close' to soft landing

Says chief economist of International Monetary Fund

AFP, Washington

The United States is very close to achieving a soft landing, the rare feat of tackling inflation without spurring a long recession, the IMF's chief economist told AFP.

Pierre-Olivier Gourinchas spoke to AFP ahead of Tuesday's publication of the International Monetary Fund's flagship World Economic Outlook (WEO) report on the health of the world economy.

The WEO report predicts that global growth will be slightly slower this year and next amid a slowdown in both China and India, while the US will remain a bright spot and the eurozone will continue to grow more slowly.

At the same time as US growth has remained buoyant, inflation has continued to ease toward the Federal Reserve's long-term target of two percent, and the labor market has cooled – but remained pretty resilient.

"I think for the US, we're very close," Gourinchas said when asked if the Fed had successfully engineered a soft landing.

"Globally, what we're seeing is an inflation picture that is coming very close to central bank targets within the course of the next year," he added.

Gourinchas said that a number of supply-side factors had been supporting the US economy, including "very, very good" US productivity data, and a large

rise in the number of foreign-born workers, which helped spur growth without fueling inflation.

But while it may have been good for growth, this spike in immigration has been controversial in the United States, where the Republican former president Donald Trump has sought to make it a key campaign issue ahead of the US presidential election on November 5.

Gourinchas said the main issue for China's economy remained its ailing property sector, a key driver of growth in the world's second-largest economy.

"If you want to revive growth in China, you need to address the property sector," he said, adding that China must also find ways to "develop its domestic growth engines."

China has a very high level of

households savings which, Gourinchas said, was partly due to the lack of an effective safety net to support people.

"If we put in place these kind of safety nets...then they will reassure households," he said. "That will allow them to start spending more domestically, and that will help sustain medium term growth in China."

India's recent run of explosive growth is also showing signs of slowing, as the "pent-up demand accumulated during the pandemic" runs out, the IMF wrote in its WEO report.

"It's very important for them to try to grow as quickly as they can," Gourinchas said, adding that India should look to develop and deepening its domestic market integration and find ways to lift up its human capital.

"These are certainly vectors by which India could boost its growth," he said. Russia's economy has been surprisingly strong despite its costly ongoing war in Ukraine, now into its third year.

In October's WEO report, the IMF again upgraded its outlook for the Russian economy, and now predicts economic growth of 3.6 percent this year – up 0.4 percentage-points from July – and slower growth of 1.3 percent in 2025.

While Russia's economy "has been doing better than expected in the first half of the year," it is now facing rising price pressures, Gourinchas said.



PHOTO: AFP

International Monetary Fund (IMF) Chief Economist Pierre-Olivier Gourinchas (second from left) speaks during the IMF-World Bank meetings in Washington, DC, on October 22.