

BB officials seek resignation of two deputy governors

STAR BUSINESS REPORT

A group of officials of Bangladesh Bank (BB) demonstrated on the central bank premises yesterday demanding the resignation of two deputy governors—Nurun Nahar and Habibur Rahman.

Earlier on the day, the demonstrating officials met BB Governor Ahsan H Mansur, informing that they would continue with their demonstrations until the demand was met.

The demonstrators alleged that the past government and its affiliated businesses looted several banks with the assistance of some officials of the central bank, including four deputy governors.

After the fall of the Sheikh Hasina-led government in early August, deputy governors Khurshid Alam and Kazi Sayedur Rahman, policy advisor Abu Farah Md Nasser and head of Bangladesh Financial Intelligence Unit Md Masud Biswas were forced to resign amidst protests.

The demonstrators alleged that deputy governors Nahar and Rahman were involved in the looting of banks and should resign.

Contacted by The Daily Star yesterday, Habibur Rahman said he would rather not talk about the matter. Nahar did not pick up phone calls for comment.



A fisher family casts their net on the Bhadra river during high tide. The day's catch is drawn out during low tide and can fetch anywhere from Tk 600 to Tk 700 in nearby markets. The photo was taken at Surkhali union in Khulna's Dakop upazila recently.

PHOTO: HABIBUR RAHMAN

Dollar climbs, euro weakens

REUTERS, New York

The euro slumped to a two-year low while the dollar gained on Friday after gauges of business activity were released in each region, while bitcoin again hit a record high as it continued its march toward the \$100,000 mark.

HCOB's preliminary composite euro zone Purchasing Managers' Index, compiled by S&P Global, sank to a 10-month low of 48.1 in November, below the 50 level that marks expansion from contraction, and the 50.0 estimate.

In addition, Britain's PMI fell to 49.9 in November, from 51.8 in October. The government's plan to increase taxes on businesses contributed to the first contraction in private sector activity in over a year, adding to recent indications the economy was losing steam.

But in contrast, S&P Global said its flash US Composite PMI Output Index, which tracks the manufacturing and services sectors, increased to 55.3 this month, the highest level since April 2022, after a 54.1 reading in October, with the services sector proving the bulk of the increase.

"It highlights the two-track world. It's US versus the rest, but even within the US it's services versus manufacturing," said Brian Jacobsen, chief economist at Annex Wealth Management in Menomonee Falls, Wisconsin.

"How long can US services make up for the drag from everything else?"

The dollar index, which measures the greenback against a basket of currencies, rose 0.41 percent to 107.50, with the euro down 0.54 percent at \$1.0416 after falling to \$1.0333, its lowest since Nov. 30, 2022. The greenback was on track for its third straight weekly advance.

Efficient cross-border trade a boon for LDC graduation: ICCB

STAR BUSINESS REPORT

With the increase in international trade of Bangladesh, efficient cross-border trade will have notable implications for the country's status graduation from the least developed country (LDC) to a developing one, said Mahbubur Rahman, president of the International Chamber of Commerce Bangladesh (ICCB).

"Therefore, understanding the foreign business partners is crucial," he told a workshop on "Trade Finance Legal Challenges and International Sanctions Regime & Requirements" on Saturday.

The ICCB, credit rating agency Moody's and ICC United Arab Emirates (UAE) jointly hosted the event at Renaissance Dhaka Gulshan Hotel in the capital.

Financing of international trade transactions plays a crucial role in facilitating global commerce, said Rahman.

However, the whole process operates within a complex legal framework shaped by regulatory requirements, including sanctions, presenting significant challenges for financial institutions and businesses dealing with international trade, he said.

"Therefore, financial institutions and businesses must navigate a labyrinth of sanctions imposed by various jurisdictions," he said.

"These sanctions can target specific countries, entities, or individuals, and often differ between regions, leading to complexities in ensuring compliance," Rahman said.

Banks are obligated to conduct thorough due diligence to prevent money laundering and terrorist financing, he said.

This involves verifying the identities of clients and understanding the nature of their business activities, which can be

resource-intensive and legally complex, he added.

The ICCB president highlighted the recent trades in the global economic and political arena and added that the evolving geopolitical landscape has increased the compliance requirements for banks and businesses engaged in international trade.

To navigate these challenges, financial institutions and businesses should establish comprehensive policies follow regulatory requirements and educate employees on the latest developments in sanctions, laws and compliance obligations, he added.

ICCB Secretary General Ataur Rahman moderated the workshop.

Mohamed Daoud, director and industry practice lead for Moody's Financial Crime Compliance across the Middle East and India, and Vincent O'Brien, director of ICC-UAE, were present.

Stocks fall for second day

STAR BUSINESS REPORT

Stocks in Bangladesh yesterday stretched their losing streak to two days consecutively as investors grappled with the fallout of Moody's recent downgrade of the country's foreign credit rating.

The US-based credit rating agency also revised its long-term economic outlook for Bangladesh from stable to negative.

As a result, the market saw thin participation of investors, who cautiously traded on selective shares to make short-term gains amid price fluctuations.

Like the previous trading session, both the Dhaka and Chattogram bourses witnessed massive sale requests as the investment climate has remained unresponsive.

The DSEX, the broad index of the Dhaka Stock Exchange (DSE), plunged by 0.98 percent from the day prior to close at 5,146 points, indicating a downtrend in the market.

The other two indexes of the country's premier bourse saw the same as the DSES, which represents the performance of Shariah-compliant companies, receded by 0.18 percent to 1,149 points.

The market saw thin participation of investors, who cautiously traded selective shares to make short-term gains

Similarly, the DS30, which reflects the condition of blue-chip stocks, fell by 0.99 percent to 1,899 points.

Out of the 392 issues traded at the DSE yesterday, 110 saw their prices rise while that of 228 closed lower and 54 did not see any movement.

The DSE's daily turnover, which indicates the collective value of shares traded, stood at Tk 302 crore, down 16.97 percent compared to the previous day. The banking sector dominated the turnover chart, accounting for 17.84 percent.

Block trades, meaning high-volume securities transactions that are privately negotiated and executed outside the open market, contributed another 4.6 percent to the turnover.

NRB Bank Limited was the most-traded stock, registering turnover of Tk 15.0 crore.

All the sectors that comprise companies with high market capitalisation, which refer to the value of their outstanding shares, posted negative performances, according to BRAC EPL Stock Brokerage.

The pharmaceuticals sector experienced the largest loss of 1.79 percent followed by Food and Allied (0.76 percent), banking (0.54 percent), non-bank financial institutions (0.52 percent), telecommunication (0.37 percent), engineering (0.26 percent), and fuel and power (0.14 percent).

STOCKS		
DSEX ▼	CASPI ▼	
0.98%	1.13%	
5,146.49	14,419.10	

COMMODITIES			AS OF FRIDAY
Gold ▲	Oil ▲		
\$2,715.28	\$71.18		
(per ounce)	(per barrel)		

ADP spending hits record low

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However, Hossain is hopeful that the ADP implementation would gain pace in the third quarter of the fiscal year as the interim government would by then identify ways to expedite implementation of the development work.

Among the 56 ministries and divisions that received a portion of the ADP allocation, the Cabinet Division, foreign affairs ministry, law and justice division, and parliament secretariat were unable to spend a single paisa.

Another seven agencies spent less than one percent of their allocations.

Among the 15 agencies that received the largest allocations, the local government division performed the best, managing to spend 13.90 percent of its total allocation followed by the Ministry of Science and Technology at 13.63 percent.

Additionally, the Ministry of Agriculture managed 11.58 percent and the Ministry of Railways 12.90 percent.

The IMED officials said the government is currently reviewing projects on a priority basis.

They added that some projects, which were taken up on political consideration and which caused the implementation rate to slow, would be scrapped.

However, the officials opined that implementation would gather momentum after the decisions were finalised.

Meanwhile, steelmakers demanded that the government accelerate the implementation of development projects to provide relief to the industry, which has seen sales decline by 40 percent due to low public sector demand.

According to Bangladesh Steel Manufacturers Association, the government accounts for 67 percent of the country's total steel consumption.

Targeted cash transfers can cut poverty

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percent of the GDP. Programmes for climate-vulnerable and highly poverty-prone areas would cost 0.67 percent and 0.27 percent of GDP, respectively," Khan said.

"The people of Bangladesh have a right to a minimum income as citizens. While there may be challenges, this is the government's responsibility, not the people's," said Debapriya Bhattacharya, a distinguished fellow at the CPD who also moderated the event.

In his speech, Professor Rehman Sobhan said the Universal Basic Income (UBI) could be a serious policy option for Bangladesh.

He said that the UBI concept has been discussed globally since the 1980s, originating from an International Labour Organization official.

Sobhan appreciated the CPD for producing a comprehensive paper, saying that it has moved beyond academic discussion and now holds the possibility for a real-world impact.

"This is no longer an academic paper... it has the possibility of being taken seriously," Prof Sobhan said, calling to include the UBI in the upcoming national budget.

The renowned economist also cautioned against potential implementation issues, especially the risk of UBI being used as a tool for political patronage.

"Every single government in my living memory has used cash transfer programmes as an instrument of patronage," he said.

Social safety net needs overhaul. Taskforce head Murshid said Bangladesh has around 120 social protection programmes.

"Bringing them under a single umbrella would improve their effectiveness. Now is the opportune moment to consider this approach," he said.

He elaborated on the inconsistency in defining poverty and the poor, saying that targeting errors, omissions and inclusions continue to dent progress.

"We haven't overcome these issues. In fact, our performance has deteriorated over the years."

Besides, Murshid mentioned that social protection programmes remain largely focused on rural areas despite the shift towards urbanisation, with nearly 40 percent of the population now residing in urban areas.

Given the current economic slowdown, Murshid emphasised the importance of expanding the safety net to include those just above the poverty line who are at risk of slipping into poverty. Identifying vulnerable populations is important to prevent further deterioration, he added.

Former commerce minister Khasru said the mindset of people in Bangladesh has undergone a significant shift since the deposal of the "autocratic regime".

"The way people's attitudes, expectations and values have changed aligns with today's presentation," he said, warning that political leaders who fail to recognise this change have no future.

He stressed the need for Bangladesh to become an egalitarian society, identifying over-exploitation, wealth concentration and corruption as major issues draining the economy and depriving people of their share.

Advocating good governance and efficient delivery systems, especially at the local government level, Khasru discussed the need for sustainable programmes, noting that a basic income or wage alone is not a viable solution.

Prof Mustafizur Rahman, a distinguished fellow of the CPD, called for public-private partnerships to address economic challenges, stressing the importance of viewing the issue from an anti-oppression perspective.

"Nothing is as strong as an idea whose time has come," he said.

"Everyone should have a minimum income... this is not about means-testing," he said.

Mostafa Kamal, additional secretary of the social welfare ministry, said social safety net programmes were not as successful as expected due to flaws in planning and weaknesses in implementation.

"These issues have to be looked into before any new programmes are launched," he added.

Rizwan Rahman, former president of Dhaka Chamber of Commerce and Industry, said he had seen news of 300 people receiving incentive assistance from the same mobile number during the Covid-19 pandemic.

"This should not happen under new programmes."

He also suggested ensuring that social security allowances do not go above the minimum wage. "Otherwise, the tendency to remain unemployed may increase."

Imran Matin, executive director of the BRAC Institute of Governance and Development, said transparency and accountability are key to the success of any government programme and must be ensured.

Most SMEs

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"However, there is a need to simplify the rules. Introducing one-stop services, collateral-free loans and increasing the benefits of doing business in compliance with the law are also necessary," she said.

To do business in accordance with the law in India, seven certificates are needed from different government departments, Mehjabeen said.

But permission from around 34 departments is required in Bangladesh, she added. She added that as most SMEs are informal, they remain outside the tax net.

So, Mehjabeen suggested the government prepare a comprehensive strategy paper to bring these organisations under existing structures, formalise them step by step and provide monetary and non-monetary incentives to entrepreneurs.

SMEs accounted for almost 25 percent of Bangladesh's gross domestic product in 2018, according to a Planning Division report.

SMEs account for about 90 percent of businesses and more than 50 percent of employment around the globe, according to a 2022 World Bank report.

The contribution of SMEs in the formal sector is up to 40 percent of the GDP in emerging economies, it added.

US consumers to bargain hunt in annual 'Black Friday' spree

AFP, New York

US shoppers are coming out in force this holiday season, but the festiveness is being tempered by inflationary pressures that have abated but not completely faded.

After the sticker shock during the latter stages of the pandemic, a familiar frustration has settled in towards consumer prices that remain broadly elevated even if they have stopped rising rapidly.

Americans are "ready to open their wallets this holiday season," said the Conference Board ahead of Black Friday -- the day after Thanksgiving, which this year, falls on November 28 -- that traditionally sees US stores kick off the Christmas shopping season with steep discounts.

"US consumers plan to spend more than last year, but inflation reduces how far their dollars can go."

In this environment, nobody expects to pay the full price for items.

"Holiday shoppers are likely to increase their budgets this year versus last year but remain selective and are looking for discounts," said a note from Morgan Stanley.

The investment bank's survey found that 35 percent planned to spend more this holiday season. But nearly two-thirds would skip a purchase if an item is not adequately discounted, meaning a price cut of more than 20 percent.

"It's gonna be a good year, but I don't think that growth is going to be spectacular because consumers are still under pressure," predicted Neil Saunders of GlobalData.

Panel to address

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The administrator of the Bangladesh Garment Manufacturers and Exporters Association will also support the committee.

The fresh move comes after the government decided to lend Beximco Tk 60 crore from the national budget to help clear wages for October in the face of continued demonstrations by workers inside the industrial park in Dhaka's Gazipur.

The industrial conglomerate, which employs roughly 40,000 people, fell into trouble after the arrest of its vice-chairman, Salman F Rahman, who served as private sector adviser to former prime minister Sheikh Hasina before the ouster of the Awami League administration by a mass uprising on August 5 this year.

Production at 24 units inside the industrial park came to a halt due

to a liquidity crisis, which meant the company contended with raw material shortages and outstanding wages owed to workers.

The group has faced difficulties securing new letters of credit for raw material imports as banks are reluctant to extend fresh funds to the conglomerate.

Most of the loans given to the group have soured, causing its main lender, Janata Bank, to put a halt on disbursing fresh funds.

Of the Tk 23,000 crore that Beximco borrowed from Janata Bank, Tk 19,000 crore turned sour by the July-September quarter of this year, according to the bankers.

On November 10 this year, Bangladesh Bank, based on a High Court directive, appointed a receiver to Beximco Group to manage its financial affairs and assets.