

Star BUSINESS



WHITEPAPER ON BANGLADESHECONOMY

Development narrative perhaps ended up as 'delusion'

STAR BUSINESS REPORT

The narrative of economic development that the ousted Awami League (AL) government tried to establish perhaps ended up being a delusion even to the wirepullers, according to the white paper on the state of the economy.

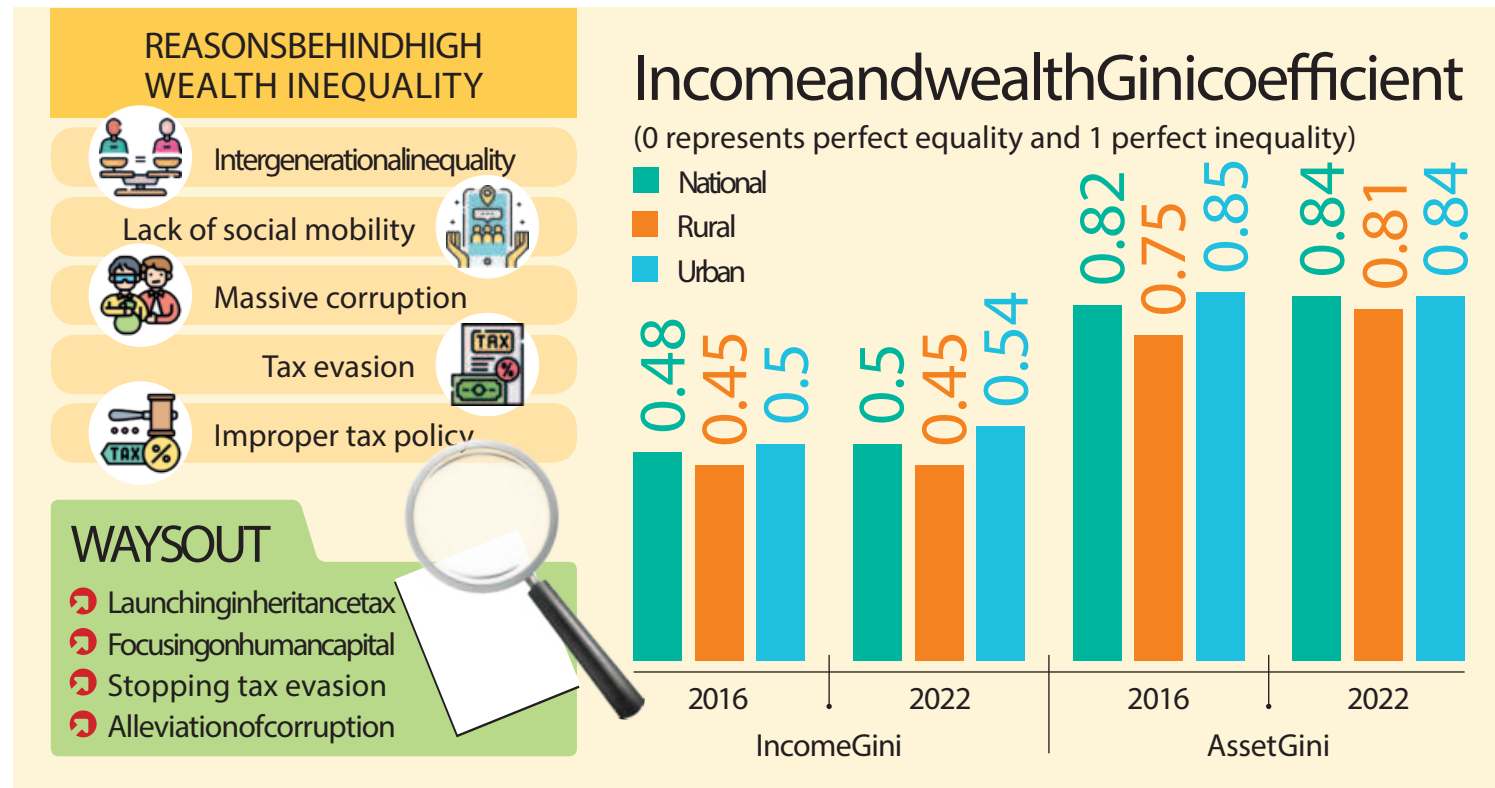
The interim government, which took over in early August following the ouster of the Sheikh Hasina government, formed a 12-member team the same month to prepare the white paper, which was submitted to Chief Adviser Prof Muhammad Yunus on Sunday.

The AL came to power in 2009 and during its 15-year tenure, independent experts and economists repeatedly questioned the quality and reliability of public data.

The white paper panel, based on analysis and consultations with stakeholders, found discrepancies in data prepared by state agencies relating to gross domestic product (GDP), inflation, poverty, population, and agricultural production.

The panel cited discussions with relevant data professionals of the Bangladesh Bureau of Statistics (BBS) and other organisations, saying political policymakers took a special interest in GDP figures and "surely had a strong influence" during the post-2013 period.

Wealth inequality way worse than income disparity



AHSAN HABIB

Bangladesh ranks among the countries with the highest income disparities globally, but there is another problem way worse than that: wealth inequality, which means a minuscule portion of the population owns a disproportionate amount of wealth compared to the majority.

The Gini coefficient, a way of measuring inequality in a population, increased from 0.48 in 2016 to 0.50 in 2022 for income inequality, according to the white paper.

Meanwhile, wealth inequality rose from 0.82 to 0.84 over the same period, said the "White Paper on the State of the Bangladesh Economy".

These figures were calculated using data from the Household Income and Expenditure Survey (HIES).

A Gini index ranges from 0 to 1, with 0 representing perfect equality and 1 representing perfect inequality. This provides a numerical representation of inequality. A score approaching 0.50, as in Bangladesh's case, indicates a severe level of inequality.

Citing World Bank data, the white paper said among the 72 countries with Gini coefficient data, only Colombia, Brazil and Panama reported values over 0.50 in 2021.

Prepared by a panel of economists and submitted to Chief Adviser Muhammad Yunus on Sunday, the report said, "Although there are issues with the comparability of the estimates across countries, Bangladesh's current income inequality is worryingly high."

The paper mentioned that even the high Gini figures likely underestimate the true extent of wealth inequality due to incomplete data, especially for wealthy households.

For example, the wealthiest 10 percent of income earners, according to the HIES 2022 data, reported owning assets worth only Tk 7.36 lakh.

But Wealth-X, a global financial intelligence and data company, reported in 2018 that Bangladesh has had the highest rise in ultra-wealthy population, surpassing any other country in the world.

The growth rate calculated by Wealth-X stood at a solid 17.3 percent that year.

However, the company didn't reveal how many ultra-rich — those who own at least \$30 million or Tk 25 billion — the country had.

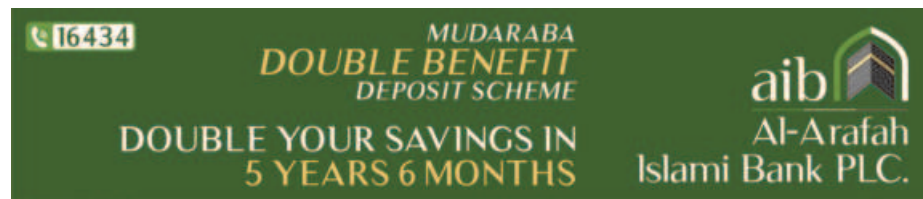
distribution of assets in the country.

"This inequality is perpetuated by intergenerational inheritance, where wealth accumulates among the upper-income class and is subsequently passed down to their children."

This pattern, according to Hussain, also extends to education and human capital, as these advantages are often concentrated within families.

Persistent income inequality is also a cause of asset inequality. This, in turn, reinforces income inequality. "As a result, social mobility is limited and poorer individuals struggle to accumulate assets," Hussain added.

He pointed to the absence of inheritance tax in Bangladesh. This is unlike those in Scandinavian countries and the US, where



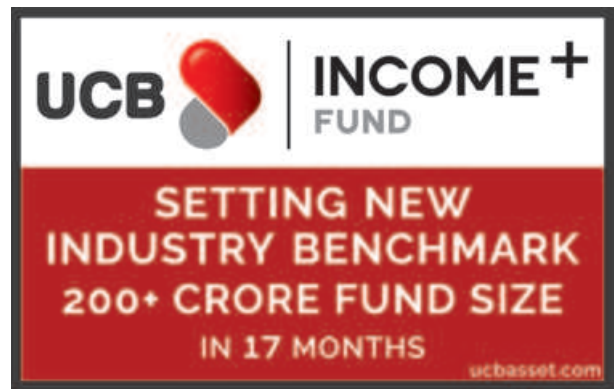
Referring to the HIES wealth data, the white paper said, "These figures may seem implausible when compared to casual observations of wealth ownership."

Zahid Hussain, a former lead economist of the World Bank's Dhaka office and also a member of the white paper panel, said the asset Gini coefficient reveals a highly unequal

such taxes play a key role in mitigating asset inequality.

While Bangladesh imposes a surcharge on wealth, its effectiveness is limited. The surcharge ranges from 0 percent for assets up to Tk 4 crore to 10-35 percent for higher asset brackets.

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The paper alleged that a collusive group within the BBS emerged to ensure the economic performance of the country was maintained against all odds, be it only on paper.

During the post-2019 period, this collusive group was largely maintaining the act.

"Data producers may have felt pressured to present an overly optimistic view of development, characterised by accelerated economic growth, especially since past estimates were repeatedly manipulated. Nevertheless, both data producers and users agreed that the urge to influence data on development indicators started from the GDP growth."

"It has been mentioned that the national accounts data releases for multiple years were subject to maintaining the level of satisfaction of key policymakers. To this end, in certain cases, past years' data for certain background data were also revised."

MYSTERY OF UNEXPLAINED GDP GROWTH

The panel said Bangladesh's GDP estimates have been under scrutiny for the past several

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Moody's told outdated story of Bangladesh

Says governor

STAR BUSINESS REPORT

Moody's Ratings is narrating an outdated story of Bangladesh, not the updated one, said Bangladesh Bank Governor Ahsan H Mansur in a webinar yesterday.

The central bank governor was responding to a question about Moody's recently downgrading its rating for Bangladesh.

Last month, Moody's downgraded Bangladesh's long term ratings to B2 from B1 and said the outlook has been changed to "negative" from "stable".

When the downgrade was announced, the depletion of forex reserves had been arrested, said Mansur at the webinar on the investment climate in Bangladesh.

Moreover, the central bank had suspended a US dollar selling spree, exchange rates had stabilised and balance of payments, especially the deficit current account balance, had narrowed, he said.

The webinar was hosted by Ashik Chowdhury, executive chairman of Bangladesh Investment Development Authority (Bida) and Bangladesh Economic Zones Authority (Beza).

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Labour market: A ticking time bomb

STAR BUSINESS REPORT

Bangladesh has an oversupply of tertiary graduates and the unemployment rate among the educated youth has grown 2.5 times since 2010 as they are 'incompatible' with the structure of the industries and the economy, according to the white paper on the state of the economy.

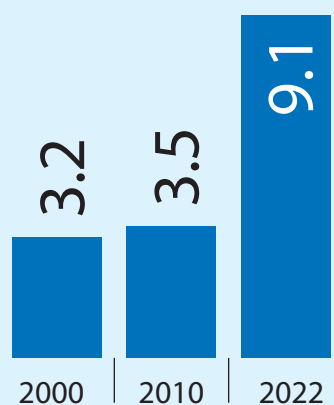
Not only that, despite having a tertiary-level education, these graduates are ill prepared for the market owing to low technical knowledge, the paper added.

Over the past 12 years, the number of tertiary graduates spiked by about 2.5-fold, accounting for about 9 percent of the total labour force in 2022. Hand in hand, the unemployment rate of this group increased from 4.9 percent in 2010 to 12 percent in 2022.

"This group consists of university and college graduates, including from the Madrasah stream, who are incompatible with the structure of industry and service sectors of the country. The graduates are not only oversupplied, they are ill-prepared for the market and have little skills, both hard and soft, to offer," according to the report.

About 60 percent of public university students are studying arts and social sciences, 24 percent commerce, and only 12 percent

Tertiary labour force by level of education
In %, SOURCE: BBS



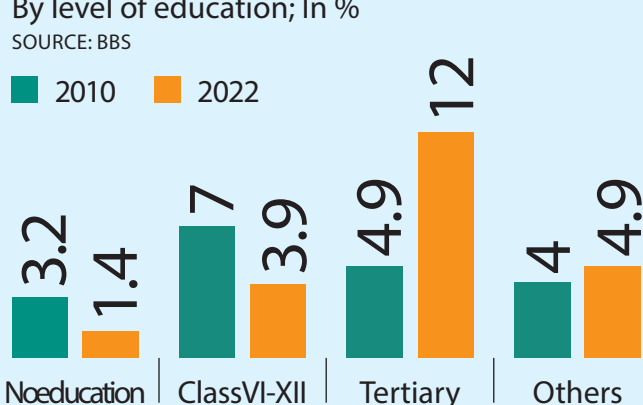
science, technology, engineering and mathematics (STEM).

However, enrolment in STEM fields is much lower in tertiary colleges.

The fact that the share of STEM graduates is low can merely reflect the structure of the economy with low demand for them, the paper read.

"That is, unless the economic growth is

UNEMPLOYMENT RATE: 2010 VS 2022
By level of education; In %
SOURCE: BBS



propelled by high tech industries and services including ICT, the demand for STEM graduates will remain low," it said. "It is a catch-22 situation, which is why integration of education policy with industrial policy is critical."

The 12-member white paper panel, led by economist Debapriya Bhattacharya, submitted the paper to Chief Adviser Professor

Muhammad Yunus on Sunday.

The white paper panel also termed the employability and labour market dynamics as a "ticking time bomb".

In the face of rising youth unemployment, there was a widespread student movement in July this year demanding reforms to the quota policy for government jobs.

This frustration ultimately boiled over after a series of retaliatory measures from the government, eventually climaxing in the ouster of the Awami League government and Prime Minister Sheikh Hasina, who fled to India.

The service and industry sector mostly rely more on professionals and technicians who have completed secondary or higher secondary education, i.e. technical graduates than university graduates, it observed.

White-collar jobs make up about 9 percent of employment opportunities in industries and 23 percent in the service sectors, according to the Labour Force Survey 2022.

Currently, about 10.5 lakh students, or about 68 percent of students, are studying in 55 public universities while the rest are enrolled in 116 private universities.

Additionally, there are about 1,941 tertiary-level colleges that award honours and master's degrees. These colleges have about 41.8 lakh enrolled students.

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Bank Asia signs deal with ShareTrip on booking discounts

STAR BUSINESS DESK

Bank Asia PLC recently signed an agreement with ShareTrip Limited, one of the leading online travel agencies of Bangladesh, offering cardholders discounts on different bookings. Zishan Ahammad, head of cards, alternative delivery channels and internet banking of the bank, and Arup Ratan Barua, chief finance officer of the online travel agency, penned the deal at the bank's card department office in the capital's Shukrabad, the lender said in a press release.

Under the agreement, Bank Asia credit cardholders will enjoy up to 12 percent discount on flight bookings and up to 70 percent discount on domestic hotel and resort bookings from ShareTrip's shops/outlets/website.

Cardholders will also enjoy 3-, 6-, 9- and 12-month instalment facilities.

Other senior officials from both organisations were also present.



PHOTO: BANK ASIA

Zishan Ahammad, head of cards, ADC and internet banking of Bank Asia, and Arup Ratan Barua, chief finance officer of ShareTrip, pose for photographs after signing an agreement at the bank's card department in the capital's Shukrabad recently.

Prime Bank partners with Footstep for clean water, solar energy



Shah Meem Rafayat Chowdhury, president of Footstep Bangladesh, and Md Ziaur Rahman, deputy managing director and chief risk officer of Prime Bank, shake hands and exchange signed documents of an agreement at the latter's head office in the capital's Gulshan recently.

PHOTO: PRIME BANK

STAR BUSINESS DESK

Prime Bank PLC recently signed a partnership agreement with Footstep Bangladesh, a non-governmental organisation in Dhaka, to install water filtration systems and solar panels.

Under this agreement, the bank will install water filtration systems in eight public schools in Chattogram and solar panels in 100 households of fishermen in Cox's Bazar as a part of its corporate social responsibility (CSR).

Md Ziaur Rahman, deputy managing director and chief risk officer of the bank, and Shah Meem Rafayat Chowdhury, president of Footstep Bangladesh, penned the deal at the former's head office in the capital's Gulshan, the commercial lender said in a press release.

Rahman said, "The bank is deeply committed to enhancing the well-being of underprivileged communities by ensuring their access to safe drinking water and renewable energy."

"Through its corporate social responsibility initiatives, the bank strives to promote sustainable development and support those in need, particularly in areas where these basic resources are scarce," he added.

Other senior officials from both the organisations were also present.

Mercantile Bank organises anti-money laundering conference

STAR BUSINESS DESK

Mercantile Bank PLC recently organised an "Anti Money Laundering Conference-2024" at FARS Hotel and Resorts in the capital's Purana Paltan.

Anti money laundering compliance officers from 152 branches, heads of different branches, senior management teams and divisional heads from the head office of the bank took part in the conference.

AKM Ehsan, executive director of the Bangladesh Bank and acting

head of Bangladesh Financial Intelligence Unit (BFIU), inaugurated the conference as the chief guest, the bank said in a press release.

Mati UI Hasan, managing director of Mercantile Bank, presided over the event, where Md Mostakur Rahman, director of BFIU, was present as the special guest.

Shamim Ahmed, deputy managing director and CAMLCO of the bank, Md Rayhanul Islam, additional director, and Md Mahbubur Rahman, joint director of BFIU, attended the programme as

resource persons.

Javed Tariq, principal of Mercantile Bank Training Institute, moderated the programme, where Lopita Mannan, senior vice-president and DCAMLCO and head of AML and CFT division of Mercantile Bank, was present.

Md Zakir Hossain, Adil Raihan and Ashim Kumar Saha, deputy managing directors, and Taposh Chandra Paul, chief financial officer, along with other senior officials and executives of the bank, were also present.



AKM Ehsan, executive director of Bangladesh Bank and head (acting) of Bangladesh Financial Intelligence Unit, attends the "Anti Money Laundering Conference-2024" organised by Mercantile Bank at the FARS Hotel and Resorts in the capital's Purana Paltan recently.

PHOTO: MERCANTILE BANK

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e-mail: ee_mgpr@pwd.gov.bd
Memo No. 25.36.8500.110.00.000.00 24.4491 Date: 02/12/2024

INVITATION FOR e-GP TENDER

SL. NO	e-GP Tender ID & Reference No	Name of work	Tender Proposal Closing Date and Time
1	1037891, PWD/Cancer/Rang/GD-6	Establishment of complete cancer, kidney and heart medical center in 8 divisional cities one at Rangpur Medical College Hospital (Sub Head: Intercom/PABX,CATV/Dish, Public Address (P/A, Digital Conference/Sound System), Digital Sign Board/Signage CCTV, computer Network (LAN & Wifi), tools & Plants, Ongrid Solar System, Drinking Water purifying mini system)	24-Dec-2024 12:02

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(মোঃ সাকিব আলম)
নির্বাহী প্রকৌশলী
পদপূর্ত বিভাগ, রংপুর।
ee_mgpr@pwd.gov.bd

GD-1099

Oil rises on upbeat China data

REUTERS

Oil prices rose on Monday, supported by strong factory activity in China, the world's second-largest oil consumer, and escalating tensions in the Middle East, where Israel resumed attacks on Lebanon despite a ceasefire deal.

Brent crude futures climbed 75 cents, or 1.04 percent, to \$72.59 a barrel by 1002 GMT while US West Texas Intermediate crude was at \$68.70 a barrel, up 70 cents, or 1.03 report.

Gold drops after four sessions of gains

REUTERS

Gold dropped 1 percent on Monday, ending a four-session winning streak, weighed down by a robust US dollar, as investors eyed upcoming economic data and remarks from Federal Reserve officials for clues on the future of US interest rates.

Spot gold was down 0.7 percent

to \$2,635.65 per ounce, as of 1059 GMT. It was down 1 percent earlier in the session. US gold futures fell 0.8 percent to \$2,658.60.

The dollar index gained 0.5 percent, on track for its best day in over a week, making greenback-priced bullion more expensive for holders of other currencies. "Some of the comments of President-elect Donald Trump

towards the BRICS countries not to move away from the US dollar are supporting the dollar and moderately weighing on the gold prices today," said UBS analyst Giovanni Staunovo.

Trump on Saturday called on BRICS nations to pledge not to establish or endorse an alternative currency to the US dollar, warning of 100 percent tariffs for non-compliance.

Manufacturing in Germany mired in downturn

REUTERS, Berlin

Germany's manufacturing sector remained firmly entrenched in contraction territory in November as firms struggle with weak demand and competitive pressure, highlighting ongoing challenges for Europe's largest economy, a survey showed on Monday.

The HCOB Germany Manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, held steady at 43.0, unchanged from October.

This final reading comes in slightly below a preliminary reading of 43.2 and remains well below the 50-point threshold separating growth from contraction.

While the rate of decline in output and new orders eased slightly, with the latter at its slowest rate in six months, employment, output prices and export sales quickened their fall.

"The situation for German industry is looking pretty grim. People are feeling the pinch as reports of companies in the manufacturing sector planning massive job cuts are coming in almost daily," said Hamburg Commercial Bank chief economist Cyrus de la Rubia.

Employment in the sector was scaled back for the 17th consecutive month, with the rate of job cuts accelerating close to September's 49-month record. Nearly 29 percent of businesses reported reducing staff, reflecting ongoing efforts to align employee levels with falling workloads.

Despite these challenges, there was a slight uptick in business confidence, which turned positive for the first time in three months, though it still remains low by historical standards.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (DEC 2, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 68-Tk 80	-1.33 ↓	8.03 ↑
Coarse rice (kg)	Tk 50-Tk 55	-1.87 ↓	2.94 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-10.53 ↓
Lentil (kg)	Tk 105-Tk 110	0	0
Soybean (litre)	Tk 165-Tk 168	4.72 ↑	9.18 ↑
Potato (kg)	Tk 75-Tk 80	29.17 ↑	78.16 ↑
Onion (kg)	Tk 115-Tk 130	-12.50 ↓	6.52 ↑
Egg (4 pcs)	Tk 48-Tk 50	-2.00 ↓	22.50 ↑

SOURCE: TCB

Zilla Parishad Office
Naogaon.
www.zp.naogaon.gov.bd
Memo No 46.00.6400.002.06.1597.21-63 Date 02-12-2024

e-Tendering Notice Number-08/2023-2024
Limited Tendering Method (LTM)

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

Sl No	Description of Works & Package No	Tender ID	Tender Last Selling (Date & Time)	Tender Opening (Date & Time)	Estimated Cost/Remarks
1.	Construction of B.F.S Road at Semolia Village Eidgah Field to Akram Aroj house at Vopara UP Upazila: Atrai Dist: Naogaon. (2) Construction of Boundary Wall at Tholunia Eidgah Field at Bisha UP Upazila: Atrai Dist: Naogaon. (3) Construction of C.C. Work at Boro Sawta Pucca Road To Boro Sawta School at Bisha U.P. Upazila: Atrai Dist: Naogaon. (4) Development of Domdottobaria Purbopara Jamei Mosque at Moniar U.P. Upazila: Atrai Dist: Naogaon. (zpn/adp/2023-2024/01)	1037971	18 Dec-2024 Time: 17:00	19 Dec-2024 Time: 12:00	LTM 10,50,000.00
2.	(1) Construction of H.B.B Road at Madoel- Aggradegun Boro Road To Lodipur Village Mohalot Para Mosque at Khalna UP Upazila: Dharmoirhat Dist: Naogaon (2) Construction of Box-Culvert ((0.750 mx 0.750 m) Hortokidanga Banidoer In Front of Montajur House at Dharmoirhat UP Upazila: Dharmoirhat Dist: Naogaon. (zpn/adp/2023-2024/02)	1037972	18 Dec-2024 Time: 17:00	19 Dec-2024 Time: 12:00	LTM 6,00,000.00
3.	Construction of H.B.B at Goungra Adibashipara Road at Raigan U.P Upazila: Mohadevpur Dist: Naogaon.(2) Construction of Guidewall at Belot (Ahmed Hajipara) Graveyard at Mohadevpur Raigan UP Upazila: Mohadevpur Dist: Naogaon. (zpn/adp/2023-2024/03)	1037973	18 Dec-2024 Time: 17:00	19 Dec-2024 Time: 12:00	LTM 8,50,000.00
4.	Construction of Slab Krisnapur Madrasha at Raigan U.P Upazila: Mohadevpur Dist: Naogaon. (zpn/adp/2023-2024/04)	1037974	18 Dec-2024 Time: 17:00	19 Dec-2024 Time: 12:00	LTM 10,00,000.00
5.	Construction of Slab at Bhanderpur High School Upazila: Badalgachi Dist: Naogaon. (zpn/adp/2023-2024/05)	1037975	18 Dec-2024 Time: 17:00	19 Dec-2024 Time: 12:00	LTM 10,00,000.00
6.	(1) Construction of Protective work Mollapara Balipukur at Ghatnagar UP Upazila: Porsha Dist: Naogaon. (2) Construction of H.B.B Road at Laowadanga Asraf House to Nabi House at Ganguria UP Upazila: Porsha Dist: Naogaon. (3) Construction of H.B.B Road at Mohorpara club more to Latif House at Moshidpur UP Road Upazila: Porsha Dist: Naogaon. (zpn/adp/2023-2024/06)	1037976	18 Dec-2024 Time: 17:00	19 Dec-2024 Time: 12:00	LTM 14,00,000.00
7.	(1) Construction Of H.B.B Road Tola Gainor Sabek Member Mr. Saidur Member House to Toia Gainor Road at Nithpur UP Upazila: Porsha Dist: Naogaon. (2) Construction of H.B.B Road Chaur South Para Mosque to Shaidul House Road at Chaor UP Upazila: Porsha Dist: Naogaon. (3) Construction of H.B.B Road Deghipara Mojjamal (Votha Member) House To Deghipara Near of Masque Road at Tetulia UP Upazila: Porsha Dist: Naogaon. (zpn/adp/2023-2024/07)	1037977	18 Dec-2024 Time: 17:00	19 Dec-2024 Time: 12:00	LTM 13,00,000.00
8.	(1) Construction of H.B.B Road Nishcentopur Dakhil Madrasha to in front of main Road at Sapahar UP Upazila: Sapahar Dist: Naogaon. (2) Construction of H.B.B Road Tajpur Village Mosque to South Side Road at Sapahar UP Upazila: Sapahar Dist: Naogaon. (3) Construction of Supplying Door & Window at Sapahar Soumi-Koumi Madrasha Upazila: Sapahar Dist: Naogaon. (zpn/adp/2023-2024/08)	1037978	18 Dec-2024 Time: 17:00	19 Dec-2024 Time: 12:00	LTM 11,50,000.00

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GD-1097

WHITEPAPER ON BANGLADESHE ECONOMY

Powerful lobbies, elites and corporate interests thwart tax reforms

STAR BUSINESS REPORT

A complex political economy that sees powerful lobbies, political elites and corporate interests oppose changes to the status quo has limited the mobilisation of domestic resources by slowing the pace of planned reforms, according to the white paper on the state of the economy.

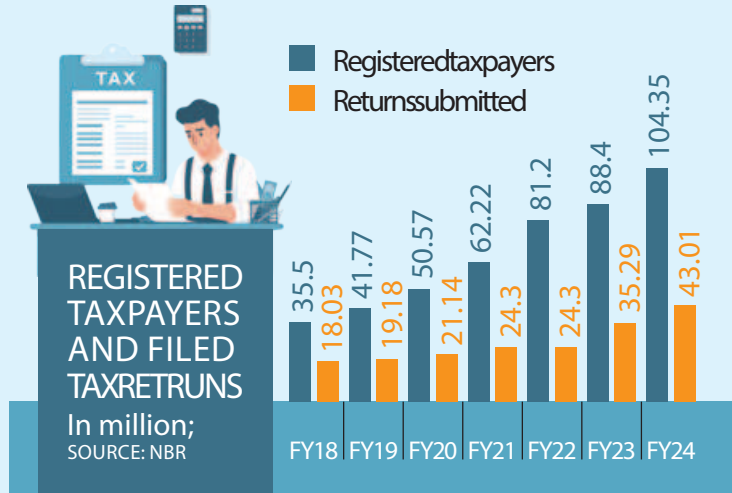
Although multiple documents have outlined various tax reforms and emphasised the need for the digitalisation of government services, these reforms have never been fully implemented.

Among the most pressing issues has been low tax collection, which the paper said was driven by weak governance, widespread corruption, and a lack of trust in how tax revenue is used.

According to the paper, it is worth noting that the 7th Five Year Plan had set a target of raising the revenue-GDP ratio from 10.9 percent to 16 percent by the end of the plan period.

However, the paper added it is abundantly evident that "corruption, especially in tax administration, leads to widespread tax evasion and poor compliance".

"The informal and discretionary tax system benefits these groups, making reform difficult," it said, adding that the



so-called push for digitalisation has stalled for the same reasons.

It stated that the 1991 VAT reform's success stands in contrast to subsequent failures, emphasising the necessity of substantial political backing, technical planning, and stakeholder ownership in order to accomplish significant tax reforms.

The half-hearted automation of the National Board of Revenue's (NBR) tax collection system is a major barrier to effective revenue generation, deepening inefficiencies and fostering a climate of non-compliance, the white paper pointed out.

Although the NBR has

implemented certain automated tax filing and payment systems, these initiatives are dispersed and not entirely integrated with other pertinent and vital organisations, including the Ministry of Finance, the Registrar of Joint Stock Companies, the Bangladesh Bank, and others, the paper alleged.

Because of this fragmented strategy, the NBR is unable to obtain up-to-date information on individuals and companies, which makes it more difficult to effectively track revenue, monitor corporate operations and stop tax evasion.

If the NBR does not have

a comprehensive picture of a taxpayer's financial transactions across several industries, it is exposed to fraud, false declarations, and underreporting, the paper added.

Additionally, weak local governance and limited fiscal decentralisation hinder public service delivery, discouraging citizens from paying taxes, it said.

While the 1991 VAT reform succeeded, subsequent attempts, such as customs duties reform and VAT expansions, faced opposition and were poorly implemented, it added.

According to the paper, efforts like the 2011 Tax Modernisation Plan and 2012 VAT Law failed to modernise the tax system, which is outdated and ineffective in generating sufficient revenue.

The paper also pointed out that personal income tax yields, which account for only 1 percent of the GDP, are still low although per capita income is rising. It attributed this to poor compliance, a disproportionate number of exemptions, and ineffective administration in the personal income tax system.

It also said tax evasion is common, especially among high earners, driven by corruption, political connections and informal deals with tax collectors.

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Trillions embezzled from stock market

STAR BUSINESS REPORT

Bangladesh's devastating 2010-11 stock market crash exposed the dark elements of a financial system riddled with manipulation, fraud and weak regulatory enforcement.

According to the white paper on the state of Bangladesh economy, share prices surged amid the influence of powerful business groups and regulatory lapses. Shares of some companies skyrocketed between 300 percent and 900 percent during 2009-10.

Within months, the benchmark index of Dhaka Stock Exchange (DSE) plummeted by nearly 50 percent, erasing \$27 billion in market capitalisation – a loss equivalent to about 22 percent of the country's gross domestic product (GDP), it said.

As such, trillions of taka were embezzled through fraud, manipulation of placement shares, and deceitful initial public offering (IPO) processes.

The white paper prepared by a government-formed panel of mostly economists was submitted to the Chief Adviser on Sunday.

It alleged that the collapse of the stock market triggered a wave of despair, with some investors resorting to suicide, as social discontent mounted across the nation. The roots of the crash mirrored the infamous 1996 stock market debacle.

The white paper panel observed that both the crashes were driven by collusion among institutional investors, high-net-worth individuals, and brokerage firms, who manipulated share prices to enrich themselves at the expense of retail investors.

It said an investigation team, formed by the government after the 2010-11

crash, flagged egregious irregularities, including placement trading, inflated IPO valuations, and suspicious transactions under omnibus accounts.

"Despite public outcry, many perpetrators avoided accountability, often shielded by political connections." A manipulation network involving entrepreneurs, auditors, and issue managers thrived, exploiting regulatory loopholes and public trust, the paper added.

According to the white paper on the state of Bangladesh economy, share prices surged amid the influence of powerful business groups and regulatory lapses

It said market intermediaries suffered massive losses, with merchant banks and brokerage firms collectively bearing around Tk 13,000 crore in negative equity.

The white paper also said development of the capital market has stagnated. The number of listed issues remains low, corporate debt securities are virtually non-existent, and market capitalisation lags behind regional peers.

A 2023 study by the Centre for Policy Dialogue revealed persistent distrust, with some 56.3 percent of businessmen blaming weak regulatory enforcement and around 50 percent citing suspicious trading in secondary markets.

While reforms such as the Demutualization Act of 2012 and the Financial Reporting Act of 2015 aimed to restore integrity, systemic weaknesses persisted, the paper said.

Dhaka Bank to issue Tk 400cr bond

STAR BUSINESS REPORT

Dhaka Bank has received approval from the Bangladesh Securities and Exchange Commission (BSEC) to issue its fourth subordinated bond worth Tk 400 crore.

The unsecured, non-convertible, floating-rate, and fully redeemable bond will be offered through private placement, with a minimum subscription price set at Tk 10 lakh, according to a disclosure on the Dhaka Stock Exchange website yesterday.

Proceeds from the issuance aim to bolster the bank's tier-2 capital in line with regulatory requirements, according to the disclosure.

Tier-2 is designated as the second or supplementary layer of a bank's capital and comprises items such as revaluation reserves, hybrid instruments, and subordinated term debt.

The announcement follows earlier disclosures made by Dhaka Bank on July 2, 2023, and October 3, 2024, regarding plans for the bond issuance.

Chinese firm to invest \$19.53m in Mongla EPZ

STAR BUSINESS REPORT

Chinese company Bangladesh BaoRui Textile Co Ltd will invest \$19.53 million in the Mongla Export Processing Zone (EPZ) to establish a composite textile manufacturing facility.

BaoRui Textile aims to produce 10 million pounds of raw yarn, 6 million pounds of knitted fabric and 1 million garment pieces annually under the project, which is expected to generate 1,505 jobs for Bangladeshi workers.

Huang Hua, managing director of Bangladesh BaoRui Textile, yesterday signed an agreement in this regard with Md Ashraf Kabir, a member for investment promotion of the Bangladesh Export Processing Zones Authority (Bepza), at a ceremony at the Bepza Complex in Dhaka.

At the event, Major General Abul Kalam Mohammad Ziaur Rahman, Bepza executive chairman, expressed optimism about the project, underscoring Bepza's commitment to fostering a secure and supportive environment for investors.

KEPZ decides to fast-track land registration

STAR BUSINESS REPORT

The governing body of the Korean Export Processing Zone (KEPZ) has decided to fast-track its land registration and ease its bond licensing procedures to turn the key industrial park into a hub for foreign direct investment.

Chief Adviser Professor Muhammad Yunus convened the governing body meeting for the KEPZ at his office in Dhaka's Tejgaon yesterday, according to a statement from the Chief Adviser's Office.

This was the first meeting of the KEPZ governing body presided over by a head of the state in nine years.

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India's slowdown flashes an early-warning signal



Workers sort out glass bangles at a factory in Firozabad. Weak factory production and consumer demand dinged the Reserve Bank of India's 7 percent headline estimate.

PHOTO: AFP/FILE

REUTERS, Mumbai

India's world-beating economic growth is getting a reality check. Output rose 5.4 percent during the three months to the end of September, its slowest pace in nearly two years, belying hopes that a good monsoon would boost spending. Perhaps it's a blip. But there are looming pressures that could all deal blows to rosy assumptions about the world's fifth-largest economy.

Weak factory production and consumer demand dinged the Reserve Bank of India's 7 percent headline estimate. Manufacturing crawled in at 2.2 percent in the country which aspires to assemble a quarter of all iPhones by 2028, up from 14 percent in the last financial year.

Earnings at top companies disappointed too: only around half the firms in the Nifty 50 index beat analysts' estimates, the lowest since March 2020, per data compiled by LSEG. Tight-fisted shoppers ate into profits of giants like Reliance Industries and Hindustan Unilever.

A national election in April and May caused New Delhi to hit the brakes on infrastructure spending, a heavy lifter of growth in recent years. Some of the country's 28 states have been cutting back capital expenditure to offer election-winning cash handouts. All that coincided with a clampdown on unsecured credit by

ANALYSIS

the central bank, which now finds itself squashed between inflation running at 6.2 percent, above the target range, and sliding economic growth. Its rate-setting panel is scheduled to meet this week.

Prime Minister Narendra Modi's administration calls the latest print a one-off and hopes festive spending and benign crude will lift the number in the second half of the financial year. A more sceptical view is that India

has returned to its pre-Covid slow lane after three years of revenge spending. Market shares are churning too, with some demand moving to smaller players in the informal economy which the data is less good at capturing.

Gautam Adani is one of India's biggest tycoons with interest in ports, telecoms and renewable energy.

More pain looms. US prosecutors' indictment of Gautam Adani on fraud charges, which he denies, is likely to curb expansion by his conglomerate, a rare private-sector contributor to investment spending. The threat of higher levies under the Trump administration could increase dumping of Chinese goods in India and hurt exports. Cooling growth might accelerate outflows of offshore funds in favour of the People's Republic, which is administering boosters to shore up its economy.

The shock data print will lead to questions about whether bets on the \$3.7 trillion economy are tracking the right indicators. India's moment is getting a bit of reckoning.

Eurozone factory activity falls sharply

REUTERS, London

Euro zone manufacturing activity fell sharply last month and a further decline in demand likely dashed any hopes for an imminent recovery after the sector had showed some signs of stabilisation in October, a survey showed.

HCOB's final euro zone manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, sank to 45.2 in November, matching a preliminary estimate and further below the 50 mark separating growth from contraction.

In October it was 46.0 and the headline reading has been sub-50 since mid-2022.

An index measuring output, which feeds into a composite PMI due on Wednesday and seen as a good gauge of economic health, dropped to 45.1 from 45.8 in October.

"These numbers look terrible. It's like the euro zone's manufacturing recession is never going to end. As new orders fell fast and at an accelerated pace, there's no sign of a recovery anytime soon," said Cyrus de

As new orders fell fast and at an accelerated pace, there's no sign of a recovery anytime soon, says an expert

la Rubia, chief economist at Hamburg Commercial Bank.

"The downturn is widespread, hitting all of the top three euro zone countries. Germany and France are faring the worst, and Italy is not doing much better."

With overall demand falling, despite manufacturers reducing their prices, factories cut headcount at the fastest rate since the COVID-19 pandemic was cementing its grip on the world. The employment index fell to 45.2 from 46.2, its lowest since August 2020.

Foreign demand - including trade between euro zone nations - also fell faster and is likely to worsen as US President-elect Donald Trump, who returns to the White House in January, has proposed a 10 percent tariff on all imports which would make European goods more expensive there and so less desirable.