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Star BUSINESS

Deferring LDC graduation not an option

Education and Planning Adviser Wahiduddin Mahmud says

Planning Adviser Wahiduddin Mahmud speaks at the inaugural session of a four-day "Annual BIDS Conference on Development 2024" in Dhaka yesterday. PHOTO: STAR

STAR BUSINESS REPORT

Education and Planning Adviser Wahiduddin Mahmud said Bangladesh has no option to defer its graduation from the least developed country (LDC) club.

"Even if we want to, we may not be able to remain in the group of LDCs. Many people don't know that," he said.

The eminent economist made the remarks yesterday in Dhaka at a four-day conference organised by the Bangladesh Institute of Development Studies (BIDS).

As per the United Nations schedule, Bangladesh is set to graduate from the LDC status in November 2026.

However, owing to the economic crisis that has been prevalent for nearly two years, the issue of deferring graduation has been coming to the spotlight in recent months, particularly by local businesses.

With the economy in a fragile state due to the fallouts of global inflationary pressure, the Covid-19 pandemic, the Russia-Ukraine war as well as political turmoil and energy shocks on the domestic front, a section of exporters has been putting pressure on the government to shelve any graduation plans.

> **Although there is a lot of money in the balance sheets of some big industrial companies, it does not exist in reality. Workers have to be paid. But where will the money come from?**
>
> **Wahiduddin Mahmud**
> Education and planning adviser

According to a UN report, trade preferences accorded to Bangladesh as an LDC have played a crucial role in the development of its economy and achievements in trade and social sectors. The loss of these benefits following graduation is expected to dent a lot of businesses by costing the country its trade

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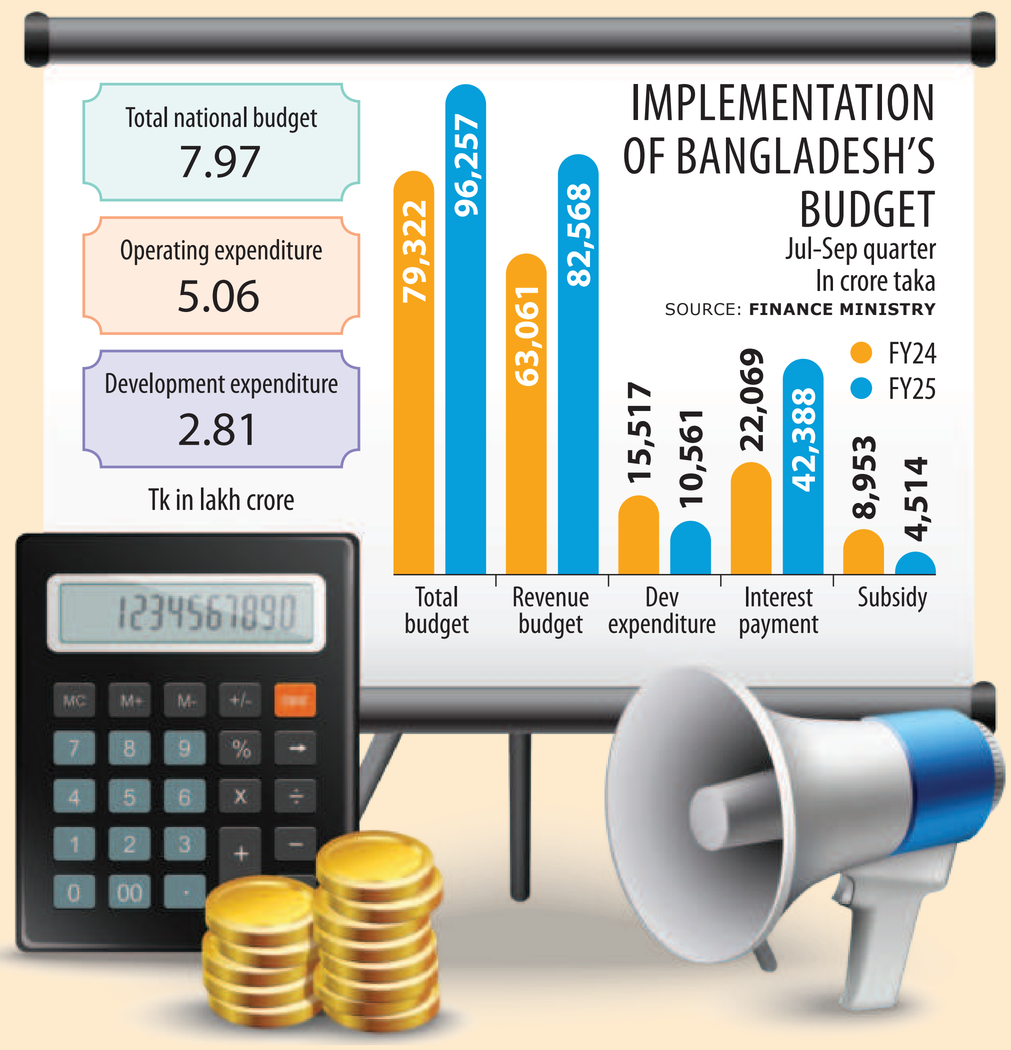
Revised budget may be Tk 50,000cr smaller



REJAUL KARIM BYRON *and* AM JAHID

Bangladesh's national budget for fiscal year 2024-25 is likely to be reduced by more than Tk 50,000 crore, with the entire cut expected to be made in funds meant for the annual development programme (ADP).

However, this budgetary revision will depend on several factors, including conditions that the International Monetary Fund (IMF) may set for a fresh loan, the availability of budgetary support and the government's ability to generate revenue through tax collections.

A Fiscal Coordination Council held a meeting chaired by the finance adviser on Monday and discussed the reduction, according to officials from the Ministry of Finance.

In June, the government had passed a national budget of Tk 797,000 crore for fiscal year 2024-25, which included an allocation of Tk 265,000 crore for the ADP.

After the expected revision, the overall size of the budget may be reduced to Tk 747,000 crore, with the ADP allocation likely falling to Tk 216,000 crore, a senior official of the ministry said.

These figures are only preliminary estimates, and the final size of the revised budget will be determined during a meeting set for March or April next year, he said.

A significant portion of the cuts is expected to come from the ADP as the implementation of development projects has slowed due to political instability and the change in government.

Besides, the interim government has also decided to adopt a more cautious approach to spending.

In the first four months of fiscal year 2024-25, ADP

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Economic census to begin this week

STAR BUSINESS REPORT

A fresh national economic census is set to begin this week after more than a decade, promising to provide an updated picture of economic activities in the country.

The Bangladesh Bureau of Statistics (BBS) will start nationwide data collection on December 10 and continue until December 26.

The national statistical agency will collect information related to activities, manpower, resources and basic facilities of all types of economic units, according to a Bangladesh Bank circular that asked banks to provide information to the data collectors.

The data will provide a detailed picture of the country's economic condition, which will play an important role in building a new Bangladesh, the circular added.

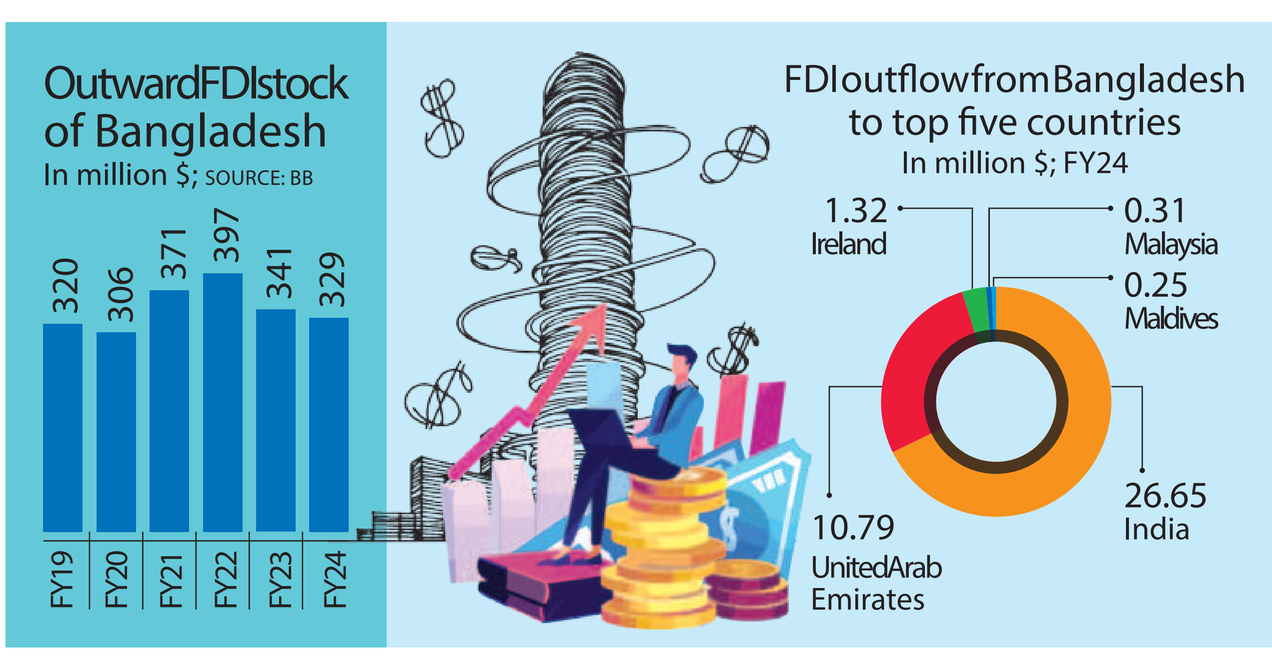
SM Shakil Akhter, director of the economic census project at the BBS, said it was supposed to be carried out in 2023. However, the project was only approved in September 2023, which is why it is being initiated so late, he said.

He elaborated that data would be collected through a computer-assisted

READ MORE ON B3

Investment abroad hits $2b in 6 years

JAGARAN CHAKMA



Bangladesh has long been hungry for foreign direct investments (FDI) but that has also been coupled with the outflow of funds through local companies seeking to generate business abroad.

Initially, outbound FDI came about through some Bangladeshi bank branches and exchange houses operating abroad. Over time, businesses also took the initiative to invest overseas, subject to government approval.

In September 2015, the government amended The Foreign Exchange Regulation Act, 1947 by adding a "conditional provision" that permitted export-related enterprises to invest abroad.

This helped Bangladeshi firms expand their enterprises to more than 18 countries to date.

According to data released by Bangladesh Bank (BB) recently, outbound FDI from Bangladesh in the past six years till fiscal year (FY) 2023-24 stood at $2.07 billion.

During the first six months of this year, total FDI outflows amounted to $13.02 million.

This was $24.82 million lower compared to the July-December period of 2023 and $9.1 million lower than in the January-June period of 2023.

In FY24, it amounted to $328.89 million, 3.65 percent lower than in FY23.

On the other hand, FDI inflow into Bangladesh in FY24 stood at $1.47 billion, a year-on-year decrease of 8.8 percent.

"Bangladesh is walking very carefully for investing abroad," states a biannual report titled "Foreign Direct Investment and External Debt" of the central bank for the January-June period this year.

Interestingly, among the countries receiving FDI from Bangladesh, India took the top position with $31.51 million in FY2023-24.

It was followed by the United Arab Emirates ($10.81 million), Ireland ($1.32 million), Malaysia ($0.97 million) and the Maldives ($0.25 million).

Sector-wise, financial intermediaries received the highest amount of $70 million, followed by chemical and pharmaceuticals ($15.24 million) and mining and quarrying ($9.39 million).

Moreover, $0.58 million went to manufacturing, $0.31 million to trading, $0.18 million to textile and apparel, $0.03 million to metal and machinery products and $0.02 million to service and others.

The outflow of FDI proves that local companies are building up their capacity, which is allowing them to invest outside the country, said M Masrur Reaz, chairman and chief executive officer of the Policy Exchange of Bangladesh.

Some companies have made adequate improvements to expand investments globally, Masrur added.

There is no scope to view the outflow of FDI in an unfavourable light since it is helping to build the country's image, he said.

Without a window to make investments offshore, there can never be a global Bangladeshi brand, said Ashraf Ahmed, president of the Dhaka Chamber of Commerce & Industry.

"We will be stuck as an OEM (original equipment manufacturer) for big brands and sell t-shirts for $4 while they sell for $40 at a branded store in the US," he said.

EBL provides Tk 60 lakh to SOS Children's Villages to develop youth skills

STAR BUSINESS DESK

Eastern Bank Limited (EBL) recently entered into a partnership agreement with SOS Children's Villages International in Bangladesh (SOSCV) and provided a total of over Tk 60 lakh for the initiative.

This collaboration will see EBL fund the total medical expenses for children living in the villages and provide vocational training to 100 youths at the local SOS Vocational Training Centre (VTC) in 2025.

Ahmed Shaheen, additional managing director of the bank, handed over a cheque to Md Enamul Haque, national director of SOSCV, at a ceremony at the bank's head office in the capital's Gulshan, according to a press release.

Haque said: "We are eagerly anticipating this collaboration with Eastern Bank. Their generous contribution will greatly impact the lives of the children and youth. We are deeply grateful to EBL for their dedication to aiding our most vulnerable communities."

Shaheen added: "This partnership aims at enhancing the quality of life and prospects of our youth population served by SOSCV."

Thoralf Mueller, portfolio manager (Asia) and programme development and strategy at SOSCV, Rajneesh Jain, representative of Asia, Rashal Mia, deputy director of fund development and communications, and Md Arman Kabir, corporate fundraising representative, attended the programme.

Ziaul Karim, head of EBL's communications and external affairs, Md Abdus Salam, head of administration, Md Abdullah Al Mamun, company secretary, and Md Maskur Reza, head of business information systems, were also present.

PHOTO: EASTERN BANK

Ahmed Shaheen, additional managing director of Eastern Bank, hands over cheques worth Tk 60 lakh to Md Enamul Haque, national director of SOS Children's Villages International in Bangladesh, at the bank's head office in Dhaka recently.

Prime Bank Investment honoured with global award

STAR BUSINESS DESK

Prime Bank Investment Limited (PBIL) was awarded the "Excellence in Mergers & Acquisitions Advisory – Bangladesh" by Boston Brand Research & Media (BBRM), a globally recognised consulting and media organisation, at the Global Brand Frontier Awards 2024.

Supported by renowned institutions such as Harvard University, the Massachusetts Institute of Technology, and Boston University, the award highlights PBIL's dedication to delivering impactful and transformative investment banking solutions.

"We are deeply honoured to receive this global recognition," said Syed M Omar Tayub, managing director and CEO of PBIL.

PBIL Prime Bank Investment Ltd.
Powering Business Solutions
(A Subsidiary of Prime Bank Limited)

"This achievement reflects our unwavering commitment to excellence, innovation, and creating value for our clients."

PBIL, a wholly owned subsidiary of Prime Bank, offers a comprehensive range of services, including equity, debt, corporate advisory and portfolio management, setting new benchmarks in Bangladesh's financial industry.

PBIL earned this recognition for its pivotal role in facilitating landmark mergers for leading Bangladeshi conglomerates.

By navigating complex regulatory landscapes, structuring seamless transactions and fostering corporate growth, PBIL has cemented its reputation as a trusted merger and acquisition advisor across the 360-degree spectrum of investment banking.

These strategic mergers not only enhanced operational efficiency and compliance but also fostered client growth and contributed to Bangladesh's progress toward achieving Sustainable Development Goals.

NCC Bank organises conference on prevention of money laundering

STAR BUSINESS DESK

NCC Bank organised a daylong conference on "Prevention of Money Laundering & Combating the Financing of Terrorism" for branch anti-money laundering compliance officers (BAMLCOs) at the bank's head office in Dhaka yesterday.

A total of 128 BAMLCOs of the bank from across the country participated in the conference.

Mohammad Anisur Rahman, director of Bangladesh Financial Intelligence Unit (BFIU), inaugurated the conference as the chief guest, the commercial lender said in a press release.

Rahman highlighted the importance of the prevention of money laundering and combating the financing of terrorism in the banking sector and instructed the participants to play a proper role in the implementation of the "Anti Money Laundering Act and Anti-Terrorism Act" by utilising knowledge gained at the conference.

While presiding over the programme, M Shamsul Arefin, managing director of NCC Bank, instructed the BAMLCOs to learn all tactical issues properly to prevent money laundering and terror financing and uphold the image of the bank.

Md Mosharraf Hossain and Md Hafizur Rahman Khan, joint director of BFIU, Mohd Rafat Ullah Khan, deputy managing director and CAMLCO of NCC Bank, Md Mahbub Alam, Md Zakir Anam and Mohammed Mizanur Rahman, deputy managing directors, attended the event.

Among others, Mohammed Anisur Rahman, senior executive vice-president and chief information officer of NCC Bank, and Md Baker Hossain, senior vice-president and deputy CAMLCO, were also present.

Mohammad Anisur Rahman, director of the Bangladesh Financial Intelligence Unit, poses for group photographs with participants of a conference on "Prevention of Money Laundering & Combating the Financing of Terrorism" organised by NCC Bank for its branch anti-money laundering compliance officers at the latter's head office in Dhaka yesterday. PHOTO: NCC BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY

	PRICE (DEC 7, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 68-Tk 80	0	8.03 ↑
Coarse rice (kg)	Tk 50-Tk 55	-1.87 ↓	1.94 ↑
Loose flour (kg)	Tk 40-Tk 45	-2.30 ↓	-10.53 ↓
Lentil (kg)	Tk 105-Tk 110	0	0
Soybean (litre)	Tk 165-Tk 168	1.52 ↑	9.18 ↑
Potato (kg)	Tk 75-Tk 80	14.81 ↑	55.00 ↑
Onion (kg)	Tk 115-Tk 130	-12.50 ↓	-3.92 ↓
Egg (4 pcs)	Tk 48-Tk 50	0	19.51 ↑

SOURCE: TCB

Mercantile Bank arranges 'Risk Conference'

STAR BUSINESS DESK

Mercantile Bank PLC organised "Risk Conference 2024" at the bank's head office in Dhaka yesterday.

A total of 421 officials took part in the conference, the bank said in a press release.

Md Mezbaul Haque, executive director of the Bangladesh Bank, inaugurated the conference as the chief guest.

Md Anwarul Haq, chairman of Mercantile Bank, and Mohammad Abdul Awal, chairman of the risk management committee, MA Khan Belal, chairman of the executive committee, M Amanullah, sponsor director, and Mati Ul Hasan, managing director of the bank, attended the event.

Mahmuda Haque, joint director of the central bank, and Robin Chandra Paul, deputy director of the department of off-site supervision (division-2), conducted the session as resource persons.

Md Zakir Hossain, deputy managing director and acting chief risk officer of the bank, and Md Nasim Alam, senior vice-president and acting DCRO, Adil Raihan, Shamim Ahmed and Ashim Kumar Saha, deputy managing directors, Shah Md Sohel Khurshid and Mohammad Iqbal Rezwan, senior executive vice-presidents, attended the conference.

All heads of divisions, departments, units, the principal of Mercantile Bank Training Institute, heads of regional offices, branches, manager operations and credit in-charge of the branches and sub-branch in-charges were also present.

PHOTO: MERCANTILE BANK

Md Mezbaul Haque, executive director of Bangladesh Bank, and Md Anwarul Haq, chairman of Mercantile Bank, pose for photographs with participants of the "Risk Conference 2024" organised by the latter at its head office in Dhaka yesterday.

SBAC Bank holds 'Annual Risk Conference'

STAR BUSINESS DESK

SBAC Bank PLC held the "Annual Risk Conference 2024" at its training institute in the capital yesterday.

Mohammad Nazmul Huq, chairman of the risk management committee and director of the bank, inaugurated the daylong conference as chief guest, according to a press release.

Habibur Rahman, managing director and CEO of the bank, presided over the event.

ANM Moinul Kabir, director of the Department of Off-site Supervision (division-2) of the Bangladesh Bank, attended the programme as a special guest.

Md Nurul Azim, additional managing director of SBAC Bank, Md Altaf Hossain Bhuyan and Md Nazimuddoula, deputy managing directors of the bank, and Nazmin Nahar, joint director of Bangladesh Bank, were present.

Divisional heads of the bank, branch managers and sub-branch in-charges across the country also joined the conference on virtual platform.

Mohammad Nazmul Huq, chairman of risk management committee and director of SBAC Bank, and Habibur Rahman, managing director and CEO, pose for photographs at the "Annual Risk Conference 2024" at the bank's training institute in the capital yesterday. PHOTO: SBAC BANK

National Bank holds 'Regional Business Conference'

STAR BUSINESS DESK

National Bank Limited organised a "Regional Business Conference" at the Surjodip Convention Centre in Mymensingh yesterday.

Abdul Awal Mintoo, chairman of the bank, inaugurated the conference as the chief guest, the commercial lender said in a press release.

During the event, Mintoo called upon the employees to work with renewed vigour to restore the bank's esteemed legacy.

He stressed the importance of recovering classified loans and increasing deposits, urging everyone to prioritise loan recovery with maximum dedication.

Md Touhidul Alam Khan, managing director and CEO, provided strategic directives to meet the targets for 2025.

He emphasised expanding business operations, improving customer service quality, recovering classified loans, and committing to the bank's business plans to ensure sustained growth and success.

PHOTO: NATIONAL BANK

Abdul Awal Mintoo, chairman of National Bank, attends a "Regional Business Conference" at the Surjodip Convention Centre in Mymensingh yesterday.

Why are farmers protesting

FROM PAGE B4

They hope this will reduce the perception that they might disrupt law and order, and increase the chances that they will be allowed to reach the capital.

HOW HAVE AUTHORITIES REACTED?

Around 100 farmers were stopped again by police barricades and security personnel using pepper spray and tear gas.

Police officers said "sufficient force" had been deployed to prevent the farmers from entering Haryana state from Punjab and marching further to Delhi.

Haryana's state government suspended mobile internet and bulk messaging services until Dec. 9 to prevent the "spread of misinformation and rumours".

Oil prices fall on supply glut fears despite OPEC+ output cut extension

REUTERS, *New York*

Oil prices fell by more than 1 percent on Friday and cemented weekly losses as analysts projected a supply surplus next year on weak demand despite an Opec+ decision to delay output hikes and extend deep production cuts to the end of 2026.

Brent crude futures settled at $71.12 a barrel, shedding 97 cents, or 1.4 percent. US West Texas Intermediate crude futures settled at $67.20 a barrel, falling $1.10, or 1.6 percent.

For the week, Brent prices lost more than 2.5 percent, while WTI saw a drop of 1.2 percent.

Weak global oil demand and the prospect of Opec+ ramping up production as soon as prices rise have weighed on trading, said Bob Yawger, director of energy futures at Mizuho in New York

A rising number oil and gas rigs deployed in the United States this week, pointing to rising production from the world's biggest crude producer, also pushed prices lower.

On Thursday, the Organization of the Petroleum Exporting Countries and its allies, a group known as Opec+, pushed back the start of oil output rises by three months until April and extended the full unwinding of cuts by a year until the end of 2026.

Weak global oil demand and the prospect of Opec+ ramping up production as soon as prices rise have weighed on trading, said Bob Yawger, director of energy futures at Mizuho in New York.

Edible oil being sold at a subsidised rate by the Trading Corporation of Bangladesh (TCB) at Kalyanpur in the capital. The state-agency also sells lentils, sugar and sometimes rice among low-income families. About one in five non-poor households remain at high risk of being poor, according to a World Bank study based on the Household Income and Expenditure Survey 2022 of the Bangladesh Bureau of Statistics. The photo was taken last week.

PHOTO: RASHED SHUMON

One in five non-poor families at risk of becoming poor: WB

STAR BUSINESS REPORT

Despite the significant progress in reducing poverty in Bangladesh, about one in five of the non-poor households remain at high risk of falling below the poverty line, according to a study by the World Bank.

The study was presented during a session on "Poverty in Bangladesh based on HIES 2022" at an annual conference of the Bangladesh Institute of Development Studies (BIDS), which began at Lakeshore Hotel in Dhaka yesterday.

While presenting the paper, World Bank Senior Economist Sergio Olivieri said enhancing access to basic services contributed the most to reducing household vulnerability to poverty.

Still, nearly half of all households in the country remain vulnerable to slipping back into poverty as unavoidable natural shocks threaten their income, he added.

This includes severe illnesses or accidents affecting non-income earning members, reduced income of earning members due to job losses and natural disasters such as flooding.

A majority of 63 percent of the vulnerable households used their savings to cope with these shocks while about 21 percent reduced consumption to redirect funds.

But poor households were the worst affected as they had to seek additional sources of income while also reducing consumption. Some 53 percent of poor households reported using their savings to cope with shocks while 31.4 percent had reduced consumption.

Defining vulnerability as the propensity or predisposition to be adversely affected or unable to cope with natural shocks, the study said overall poverty vulnerability remained stagnant between 2010 and 2022.

However, survey results from urban and rural areas at the divisional level revealed significant changes in poverty vulnerability, it added.

Extreme poverty vulnerability fell faster in rural areas but remains above that seen in urban areas around a decade ago. Still, four out of five of the extremely poor households belong to rural areas, it said.

"Despite improvements in reducing physical propensity to severe losses, the inability to cope and high volatility of consumption pose major challenges to policymakers," it added.

The findings of the study suggested that investing in education to improve its quality is fundamental to increasing incomes and preparing for or coping with shocks.

Also, enhancing infrastructure increases access to markets and supports risk management and resilience, it said.

Furthermore, the World Bank stressed the need for expanding insurance and increasing financial literacy, access to credit, formal insurance, other financial products such as mobile money, and safety nets, which are the last resort for chronically or extremely poor households.

NBR unfreezes accounts of UCB chairman Sharif Zahir & family

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has asked banks to unfreeze the accounts of United Commercial Bank (UCB) Chairman and Ananta Group Managing Director Sharif Zahir and his family.

The Central Intelligence Cell (CIC) of the revenue board lifted the restriction on money withdrawal or transfer from the accounts of Sharif on Thursday, along with his mother Qamrun Nahar Zahir and his brother Asif Zahir.

The development came four days after the CIC blocked withdrawals and transfers from the accounts.

Qamrun Nahar is the chairperson of leading garment exporter Ananta Group and Asif Zahir is deputy managing director of the same business house.

The NBR, however, maintained restrictions on the access to lockers maintained by Sharif and his family members.

China automakers pivot to hybrids to counter EV tariffs

REUTERS, *Shanghai*

Automakers in China are ramping up exports of hybrid vehicles to Europe and planning more models for the key market, exposing the limits of the European Union's electric vehicle tariff scheme.

The bloc's latest EV tariffs to protect its auto industry from a flood of cheap Chinese imports do not apply to hybrid cars. That could see major brands such as China's top EV maker BYD continue expansion in the region, analysts say.

Some manufacturers are also shifting production and assembly to Europe to lower the cost around tariffs.

"The increase is driven by Chinese OEMs shifting toward PHEVs (plug-in hybrids) as a way to sidestep the new EU tariffs on BEV (battery-powered EVs) imports from China," said Murtuza Ali, an analyst at Counterpoint Research.

He expects China's hybrid exports to Europe to grow 20 percent this year and even faster next year. EU tariffs of up to 45.3 percent on Chinese EV imports came into effect in late October to counter what the European Commission says are unfair subsidies that helped create spare production capacity of 3 million EVs per year in China, twice the size of the EU market.

The anti-subsidy investigations on Chinese EV imports, which began in October 2023, and slowing car sales in China from an economic slowdown, have led some automakers to change their European strategy to focus more on hybrid exports, the data shows.

Hybrid cars, which run on a combination of gasoline and electricity, are gaining in popularity as buyers consider them an affordable compromise between all-combustion and all-electric.

Gold edges higher

REUTERS

Gold prices inched up on Friday after the November US job growth report suggested the labor market continues to ease gradually, leaving room for the Federal Reserve to cut interest rates again.

Spot gold gained 0.2 percent to $2,636.31 per ounce by 01:41 p.m. ET (1841 GMT). US gold futures settled 0.4 percent higher at $2,659.60.

US job growth surged in November, but this probably does not signal a material shift in labor market conditions that continue to ease steadily and allows the Fed to cut interest rates again this month.

"The data was somewhere in between. We see the nonfarm payroll higher than the forecast, which could be a little bit of a bearish sentiment on gold in the short term, but the private payroll is slightly below the forecast almost by 9,000, this reaffirms the potential Fed cuts in the next couple of weeks," said Alex Ebkarian, chief operating officer at Allegiance Gold.

Economic census

FROM PAGE B1

personal interviewing method, adding that there would be 25 questions focusing on three areas -- industry, services, and non-agriculture.

There will be 95,000 people out in the field working for this census, he said.

The mapping work has already been completed. According to that, there are 1.22 crore small, large and medium-sized businesses across the country, he said.

The BBS conducted the first economic census in 1986, the second in 2001-2003 and the third in 2013.

The census is usually carried out every 10 years and is a costly exercise as well.

This time around, the census project will cost the government Tk 579.52 crore.

Deferring LDC graduation

FROM PAGE B1

competitiveness, especially if it fails to secure bilateral agreements with major export destinations.

In November, Finance Adviser Salehuddin Ahmed told the media that they are yet to make a decision on the scheduled graduation.

The United Nations Committee for Development Policy (CDP) reviews the LDC category every three years, assessing the progress of countries across three criteria, namely income, human assets, and vulnerability.

Based on these reviews, the CDP recommends which countries should be classified as LDCs to the United Nations Economic and Social Council (ECOSOC). The final decision is made by the UN General Assembly.

To graduate, a country must meet the threshold for two of the three criteria in two consecutive reviews.

"We have already qualified twice," Prof Mahmud said, referring to the previous reviews in 2018 and 2021.

If any country files a petition to the CDP's hearing committee saying that they are unable to graduate or asking to stay in the group of LDCs, it is considered degrading, he added.

"The Maldives and some tiny island nations applied for it, but it was unsuccessful."

When a country qualifies, it graduates automatically, the adviser explained.

"We need to continue discussions on unilateral concessions with different nations. Japan, Canada and the European Union can be favourable options," he added.

He also underscored the need for export diversification and economic diplomacy to negotiate in the global market.

Earlier, members of a panel that recently prepared a white paper on the state of the economy also advised the government not to defer graduation.

"Based on the committee's assessment of data and information, Bangladesh meets the requirements for LDC graduation despite the challenging economic situation," Debapriya Bhattacharya, who led the panel, said last week.

"So, we don't see any reason to hold back the graduation process."

In its report, the white paper committee said recent concerns about inflated economic indicators under the previous Awami League government would have little relevance in the case of LDC graduation.

The UN bodies will only revisit their calculations when a revised data set, including gross national income estimates, is available from government sources.

"Notwithstanding the reservations expressed by certain exporters' groups, there is hardly any plausible reason, as of now, for Bangladesh to request a deferment of the exit date from the LDC group," it said.

"Under these circumstances, Bangladesh will be well advised to pursue a substantive and effective LDC graduation strategy. This will require putting forward a transition plan to counteract the negative fallouts of Bangladesh's graduation out of the LDC group and enable the required structural transformation of the economy."

The white paper added that postposing graduation will invite political backlash.

According to a triennial review by the CDP in February this year, the current situation remains comfortable despite recent economic and political challenges.

Even the dampened economic performance during the current fiscal year is not expected to bring the country below the stipulated thresholds, it said.

Illusory wealth in big industry balance sheets

Speaking of how Bangladesh can build an egalitarian society after a mass uprising toppled the Sheikh Hasina regime on August 5, Mahmud said that the interim government is facing a huge shortage of resources.

This has made it difficult to increase investment in education, health and human resource development.

"A lot of money has been smuggled out of the country. People's money is in the banks, but the money has gone out," he said.

Although there is a lot of money in the balance sheets of some big industrial companies, it does not exist in reality, he said, mentioning the example of Beximco.

"Workers have to be paid. But where will the money come from?" he asked.

It is difficult to build an egalitarian society when contending with such realities.

"Now it has become a moral issue whether to buy dialysis machines or invest in public health," he said, adding that even seasoned economists and philosophers like Amartya Sen and John Rawls may not be able to come up with a solution for such a moral dilemma.

Indermit S Gill, the chief economist of the World Bank Group, said during a presentation at the event that middle-income countries, which are home to 6 billion people, were caught in a race against time.

"The external environment is making things harder, not easier. To escape the middle-income trap, countries need to undergo two transitions, not one. The transitions are between investment, infusion and innovation.

"To grow quickly, they have to discipline incumbents, reward merit, and capitalise on crises," Indermit said.

Binayak Sen, director general of the BIDS, delivered the opening remarks.

A total of 30 papers, two keynote addresses and 12 public lectures from Bangladesh and abroad will be presented and delivered at the conference, said Sen.

Revised budget

FROM PAGE B1

implementation fell by 31 percent year-on-year.

Officials of the Implementation Monitoring and Evaluation Division (IMED) point out that many ADP projects were currently on hold due to contractors fleeing following the ousting of the previous government, and few had returned.

Additionally, the government is reevaluating projects that may not be deemed essential or were initiated based on political decisions, further contributing to the delays in project implementation.

As a result, the government has decided to reduce the ADP allocation by a big margin.

However, changes could come about in the revenue as the allocation for interest payments and subsidies is expected to rise.

But this has not been decided yet because a big portion of the revenue budget is spent on interest payments, a financial ministry official said, adding that increasing interest payments were exceeding previous projections.

In the budget for the current fiscal year, Tk 113,500 crore was allocated for interest payments and Tk 42,388 crore had already been spent in the first quarter.

This is a 92 percent increase compared to the same period last year.

That is why the allocation for interest payments may increase further in the revised budget.

Besides, subsidy spending has also been rising in recent years, with the government initially allocating Tk 88,015 crore for it.

By the end of the first three months of the current fiscal year, Tk 4,514 crore had been spent on subsidies, which is nearly half of what was spent during the same period last year.

The finance ministry official said the payments for subsidies have not been cleared due to the political unrest. Besides, there are arrears on bills of the fertiliser, energy and power sectors, he said.

Meanwhile, the IMF may impose a condition for the government to settle a substantial portion of these arrears to be eligible for a fresh loan, the finance ministry official said.

This could increase the allocation for subsidies in the revised budget.

As of June, arrears for bills of the power, energy, and fertiliser sectors had accumulated to about Tk 60,000 crore, and these arrears continue to grow.

The interim government, after taking charge, sought budgetary support from multilateral and development partners. The government is expecting to get commitments for $6 billion in loan support by next June.

However, a confirmation on the amount of money will be available by next March or April. And the size of the revenue budget is depending on it.

Selim Raihan, executive director of the South Asian Network on Economic Modeling (SANEM), suggested that the government's decision to revise the budget could be linked to efforts to control inflation by reducing expenditure.

He noted that government revenues were under pressure, and there were challenges involving the development projects initiated by the previous government.

To stabilise the economy, Raihan recommended that the government prioritise key projects while addressing irregularities and mismanagement from past administrations.

However, he emphasised that there is no room to reduce the operating budget as interest payments on loans continue to rise.

Raihan, also a professor of economics at the University of Dhaka, said the fiscal year would unfold with these constraints in place, but stressed the importance of developing a mid-term plan for the future.

The potential loan from the development partners would provide some relief to the government, but it is crucial to align this funding with the country's development priorities, he said.

WB declares record $100b support for poorest countries

AFP, *Washington*

The World Bank announced Thursday that it had raised close to $24 billion to provide loans and grants for some of the world's poorest nations, which it can leverage to generate a record $100 billion in total spending power.

Donor countries committed $23.7 billion to replenish the bank's concessional lending arm, known as the International Development Association (IDA), a World Bank spokesperson told AFP, marking a slight increase from the roughly $23.5 billion pledged during the last fundraising round three years ago.

The bank can use this money to borrow on financial markets, allowing it to leverage the amount raised by around four times, unlocking around $100 billion in new loans and grants, up from $93 billion in 2021.

"We believe the historic success of this IDA21 replenishment is a vote of confidence and support from donors and clients," a World Bank statement read, referring to the current IDA funding round.

It will help provide resources to invest in health, education, infrastructure, and climate resilience as well as helping to stabilise economies and create jobs

"This funding will be deployed to support the 78 countries that need it most," World Bank President Ajay Banga said in a separate statement, referring to the developing countries that are eligible for IDA support. It would, he added, help provide "resources to invest in health, education, infrastructure, and climate resilience," as well as helping to stabilize economies and create jobs.

The World Bank's announcement follows two days of talks in the South Korean capital, Seoul, a city still reeling after President Yoon Suk Yeol declared martial law late on Tuesday local time, before backtracking under pressure from lawmakers.

IDA has become the single largest source of concessional, or below-market, climate finance, and around two-thirds of all IDA funding over the past decade has gone to support countries in Africa, according to the World Bank.

Businesses call to curb red tape, corruption to spur investment

JAGARAN CHAKMA

Investment barriers at the National Board of Revenue (NBR) and the Office of the Registrar of Joint Stock Companies and Firms (RJSC) must be addressed immediately to bolster investor confidence and increase investment growth, according to experts and top business leaders.

The laws concerned must be amended right away in order to end the culture of bribery and establish corruption-free service organisations, they suggested.

"Facilitation of trade and investment must be a priority. A trade and investment commission with active participation from the private sector is required," Ashraf Ahmed, president of the Dhaka Chamber of Commerce and Industry (DCCI), said while speaking with The Daily Star recently.

He added that many reforms could be implemented immediately, such as those that can be initiated through executive orders or require changes in the rules rather than the law.

However, some major reforms will require changes to existing laws. So, they will require approval from parliament.

According to Ahmed, numerous laws must be updated to reflect changing global circumstances and business needs. This includes the Companies Act 2014, Export Import Control Act 1950, Foreign Exchange Regulation Act 1947, Competition Act, Income Tax Act, Customs Act, and VAT Act.

Ahmed said amending and updating these laws is required to create a conducive environment for investment.

However, many reform opportunities which will not require changes in the law also exist, such as automation of filing procedures for the RJSC, Chief Controller of Import and Export or customs.

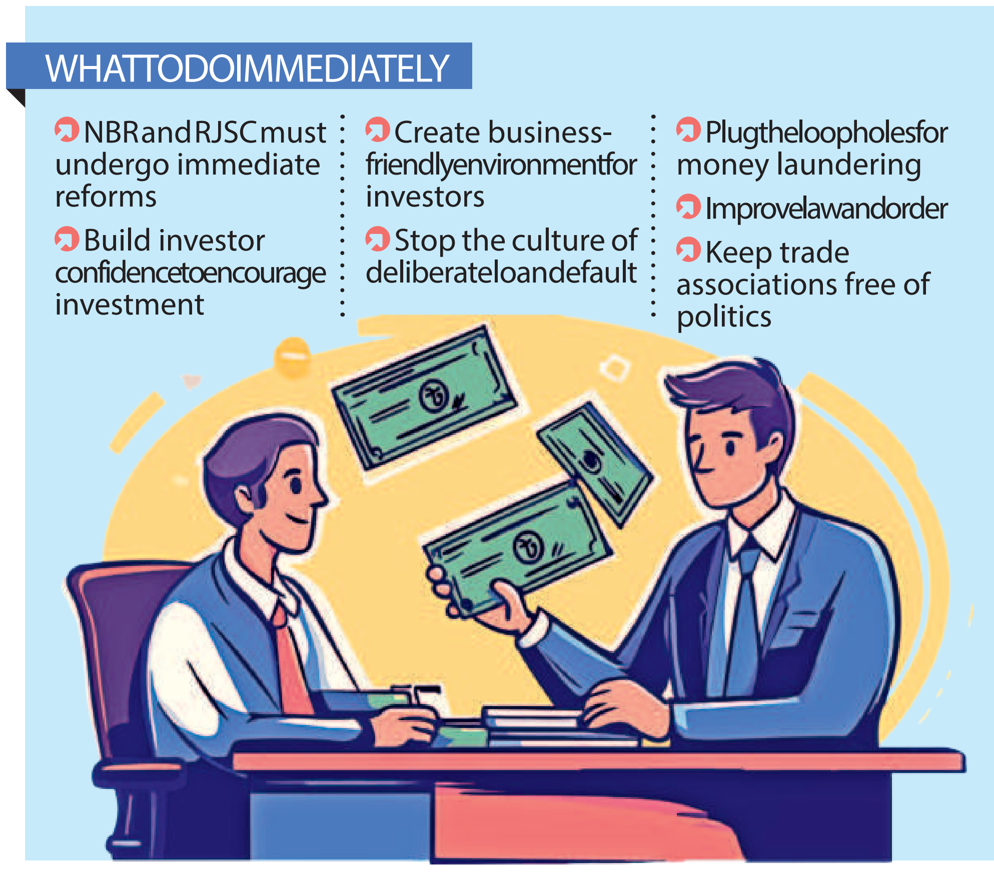
Mohammed Amirul Haque, managing director of Premier Cement Mills, stressed the need for a platform that will focus on trade and investment as well as address problems and bottlenecks faced by entrepreneurs.

He alleged that the inconsistent policy governing the adjustable advance income tax of investors was discouraging investment by increasing the business cost by around 10 percent.

Haque added that entrepreneurs would have to keep a 35 percent profit margin to sustain the businesses in line with the existing income tax law.

This type of bottleneck indirectly encourages the siphoning of money, he alleged.

Asif Ibrahim, former president of DCCI, said the business community hopes the burning issues in the private sector of Bangladesh will now get due priority from the interim government.



Ashik Chowdhury, executive chairman of the Bangladesh Investment Development Authority (Bida), said he met over 300 chief executive officers over the past 50 days to identify the challenges faced by businesses and was focusing on addressing the barriers.

"Basically, I am doing this to bring necessary changes and reforms to create a business-friendly environment," he said.

According to Chowdhury, everybody acknowledges that corruption occurs at the NBR, posing a major obstacle to doing business transparently and smoothly.

Zaved Akhter, president of the Foreign Investors' Chamber of Commerce and Industry (FICCI), said although no reform commission has been formed regarding investment, all the reforms that have been taken will ultimately support investment and business.

Bangladesh is the only country in the world where investors raise capital for investment from the money market, he said, while investors in other countries raise capital from the stock market. Reforms are needed in this area, he suggested.

However, he said initiatives taken to change the structure of the stock market would undoubtedly support the investment.

Investment reforms should come mainly from the Bida, where everything can be done under one umbrella, he said, adding: "If the initiatives taken by the BIDA can be implemented, the confidence of investors will increase."

He added: "I am extremely confident that these changes will help create an environment for doing business."

Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association, said a zero-tolerance policy must be formulated immediately and implemented to improve the state of law and order.

Additionally, he advocated for trade associations to be free of politics.

M Masrur Reaz, chairman and chief executive officer of the Policy Exchange of Bangladesh, said think tanks have already conducted a lot of research on how to build an investment-friendly environment and attract FDI.

"All the barriers have been detected. We just need the Bida or another high-powered government entity to address the issues by implementing the recommendations," he said.

In order to boost the confidence of foreign investors, he emphasised the importance of improving the ease of doing business.

Building generational wealth through startups

ADNAN IMTIAZ HALIM

For too long, Dhaka's high-earning professionals, non-resident Bangladeshis, prominent businessmen, and corporate leaders have been watching the startup revolution from the sidelines. To many, the word "startup" still sounds unsustainable—a playground for inflated valuations, unproven founders, and a high risk of losing money. It's no surprise—fraudsters exist, and not every opportunity is a good one. But what if I told you there's a way to navigate this ecosystem smartly, mitigate risks, and make investments that could redefine your legacy?

The problem isn't startups—it's the lack of understanding about how to choose the right one. Many in Dhaka's financially strong circles hesitate because they don't trust the valuations or the people behind the ventures. But let's look at it this way: isn't it more risky to sit on the sidelines while global investors start recognising the potential in Bangladesh and take the lion's share of opportunities right in our backyard?

Startups don't have to be a risky venture if you approach them strategically. The key is learning how to identify the right ones—those with a strong product-market fit, ethical leadership, and scalable models. It's not about blindly trusting valuations or pitches; it's about doing your homework, leveraging local networks, and partnering with founders who are building solutions that matter.

Investing in startups doesn't mean diving in recklessly. It means making informed decisions, spreading your investments to minimise risk, and focusing on businesses that are not just hyped but backed by fundamentals. Remember, even with some losses, one successful investment can yield exponential returns that far outweigh the risks.

Here's how you can identify the right opportunities while ensuring resilience and alignment with your goals:

Find founders who love what they do

Look for founders who are deeply passionate about their product or solution. These are the individuals who are driven by a sense of purpose, who believe in their idea so strongly that they're willing to endure sleepless nights and personal sacrifices to see it succeed. When tough times come—and they always do—these are the seasoned sailors who will navigate the storm, not abandon ship.

Focus on doers, not dreamers

A good idea is worthless without execution. Choose founders who are already delivering results—those with traction, not just talk. Look for startups that have moved beyond the ideation phase and have tangible proof of their product's market fit, even if it's just in its early stages.

Align with your interests

Consider startups that align with your personal interests or learning goals. The investment journey should be intellectually and emotionally rewarding. Ask yourself: Is this a solution you wish you could build yourself but haven't had the opportunity? If the answer is yes, then investing allows you to be a part of that journey as a passenger on the bus.

Transformational partnerships for businesses

If you're a business leader, think beyond financial returns. Consider how the startup can complement or transform your business. Could their product or solution give you a competitive edge, improve efficiency, or open new markets? Partnering with the right startup can be a strategic move that accelerates your own growth while supporting innovation.

Redefine ROI

Returns on investment (ROI) aren't always about valuations, exits, or dividends. The true ROI could be multifaceted. The impact you create can extend far beyond your balance sheet.

With the right approach, investing in startups can be a strategic move—not just for wealth creation, but for fostering innovation, building Bangladesh's economy, and leaving a legacy that extends beyond profit.

The writer is the founder and CEO of Sheba Platform Limited

Why are farmers protesting again in India?

REUTERS, *New Delhi*

Indian police used tear gas and pepper spray on Friday to stop dozens of farmers who were trying to reach Delhi from the northern breadbasket state of Punjab to press a series of demands.

Here is a look at why farmers are marching to the capital again.

WHAT ARE FARMERS DEMANDING?

Farmers are seeking legally-backed guarantees of more state support or a minimum purchase price for crops.

Prime Minister Narendra Modi's government, following a year-long protest, repealed some farm reform laws in 2021 and committed to setting up a panel to find ways to ensure support prices for all produce.

Farmers now accuse the government of going slow on that commitment.

Protesters also want the government to ensure at least a 50 percent profit margin and waive their debts, as well as to honour a promise to double their incomes.

HAVE THE SAME DEMANDS BEEN MADE BEFORE?

Thousands of farmers launched a "Delhi Chalo" (Let's go to Delhi) protest convoy in February to make the same demands but were stopped by security forces about 200 km (125 miles) north of the capital, where a number have remained since.

Farmers at the time said at least one protester had died in clashes with police, who used tear gas and water cannon.

Farmers' leaders and the government had held multiple rounds of talks but failed to reach an agreement.

HOW IS THIS PROTEST DIFFERENT?

While in February thousands sought to head for Delhi simultaneously, many on trucks and tractors, farmers' leaders said this protest would be on foot, and initially involve only 100 farmers.

READ MORE ON B2

India central bank holds rates despite growth dip

AFP, *Mumbai*

India's central bank left interest rates unchanged Friday after judging inflation risks to outweighed concerns over a growth slowdown in the world's fifth-largest economy.

The Reserve Bank of India said the benchmark repo rate, the level at which it lends to commercial banks, would stay at 6.50 percent, where it has been since February 2023.

Major central banks around the world have kicked off a global easing cycle in response to lower inflation -- including the US Federal Reserve, which in September cut rates for the first time in four years.

Retail inflation has stubbornly remained above monetary policymakers' four percent target, reaching a 14-month high of 6.21 percent in October.

RBI governor Shatikanta Das said the bank's monetary policy committee had taken note of the "recent slowdown in the growth momentum" but judged India's outlook to be "resilient". "The increasing incidence of adverse weather events, heightened geopolitical uncertainties and financial market volatility pose upside risks to inflation," Das said.

The RBI did cut its minimum cash reserve ratio for lenders to deposit with the central bank from 4.5 to four percent. A lower cash reserve ratio is a liquidity-boosting measure as it gives banks more money on hand to lend.

The central bank's decision to hold interest rates steady comes despite signs of a slowdown in economic growth.

India's GDP growth came in at 5.4 percent in the September quarter, hurt by a sluggish manufacturing sector and muted urban consumption.

US Fed officials warn of ongoing risks from elevated inflation

AFP, *Washington*

The United States continues to face risks from underlying inflation despite recent progress in stabilizing prices, two senior Federal Reserve officials said Friday, with one indicating support for just one interest rate cut over the next two rate decisions.

The Federal Reserve has a dual mandate from Congress to keep both inflation and unemployment under control, and recently began rolling back high interest rates in order to better support the labor market.

After two rate cuts since September totalling three quarters of a percentage-point, the Fed's benchmark lending rate now sits between 4.50 and 4.75 percent.

At least one policymaker on the Fed's rate-setting committee has suggested cautious support for a quarter-point rate cut later this month, while others have maintained a wait-and-see approach, refusing to show their hand ahead of time.

"I continue to see greater risks to the price stability side of our mandate, especially when the labor market continues to be near full employment," Fed governor Michelle Bowman told a virtual event hosted by the Missouri Bankers Association.

"I think we're still seeing that the US economy is strong," added Bowman, a permanent voting member of the Fed's rate-setting committee.

"But core inflation continues to be elevated," she said, referring to the underlying measure of inflation which strips out volatile food and energy costs.

The Fed's favored inflation gauge ticked up slightly in October to 2.3 percent, slightly above the Fed's long-term target of two percent.

But the so-called core inflation figure remained stubbornly high at 2.8 percent, indicating that underlying price pressures remain.

A customer shops at a Safeway store in San Francisco, California. After two rate cuts since September totalling three quarters of a percentage-point, the Fed's benchmark lending rate now sits between 4.50 and 4.75 percent. PHOTO: AFP/FILE

"In my view, upside risks to inflation remain prominent due to possible disruptions in supply chains from labor strikes and from geopolitical tensions that we're seeing more frequently around the world," Bowman said.

She added that "increased trade tensions and expansionary government spending," were also putting pressure on prices, and that fresh inflation data published next week would help support her decision at the rate decision on December 17 and 18.

Speaking in Cleveland, Ohio, later on Friday, Cleveland Fed President Beth Hammack said resilient growth, a healthy labor market, and elevated inflation suggested it "remains appropriate to maintain a modestly restrictive stance for monetary policy for some time."

Her comments indicate a cautious approach to rate cuts, underscoring the division of opinions about the best path forward among members of Fed's rate-setting committee.

Hammack, who has a vote on the Fed's rate decision later this month, added that the bank "may not be too far from a neutral setting today," referring to the short-term rate that ensures both full employment and stable prices.