



Salehuddin blames extortion for persistent inflation

STAR BUSINESS REPORT

Finance Adviser Salehuddin Ahmed said yesterday that inflation is not slowing despite tariffs being reduced on many goods due to the prevalence of extortion across the supply chain.

“The big difference between production prices of goods and consumer prices is a major concern. This is because of extortion in many spheres,” the adviser said at an annual conference organised by the International Business Forum of Bangladesh (IBFB) at Gulshan Club.

“Middlemen are a part of the business cycle. However, transferring ownership of goods three to four times while the product remains in the same truck is not the work of middlemen. This is extortion,” Ahmed said.

It is difficult to reach a political compromise, but it is easy for extortionists to form a nexus, he said.

The central bank increased the policy

consolidated, effective and confidence-boosting medium-term plan.

Speaking as the chief guest, Finance Adviser Ahmed also said that the interim government is committed to separating the tax policy division from tax administration.

“We have decided in principle to separate the tax policy part from tax collection. This means people who make tax policies will not be responsible for collecting taxes. But it may take some time,” he added.

Ahmed further said that the interim government has inherited an economy that was corrupt to an unthinkable extent.

In the last 15 years, regulatory failures, including at the most well-known public institutions such as the Bangladesh Bank and National Board of Revenue, posed a major concern.

However, Ahmed said rules and norms were violated not only by regulatory bodies, but also by business communities

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Salehuddin Ahmed
Finance Adviser

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Even people who would love to see reforms may lose patience if the interim government cannot ensure economic relief and maintain a stable law-and-order situation.

Debapriya Bhattacharya
Head of white paper committee

rate in order to reduce inflation and that has been working on the demand side, but the main problem is on the supply side, which is difficult to resolve, he added.

At the same event, Debapriya Bhattacharya, a distinguished fellow at the Centre for Policy Dialogue, cautioned: “Even people who would love to see reforms may lose patience if the interim government cannot ensure economic relief and maintain a stable law-and-order situation.”

He stressed the importance of a

and financial institutions. So, the blame should not be squarely on policymakers.

He added that Bangladesh may be a unique country, where some businesspeople own everything.

“They own the media, they own industries, and they also occupy seats in parliament,” he said, adding: “How can they take good steps against people who are the same as them?”

The finance adviser also reminded that the interim government inherited a

READ MORE ON B3

Age limit for entry-level bank jobs now 32

STAR BUSINESS REPORT

The Bangladesh Bank has raised the maximum age limit for people seeking entry-level positions in the banking sector to 32 years from 30 in line with an identical shift for public service positions.

The central bank issued a notice yesterday in this regard, directing all banks in the country to raise the maximum age limit of all entry-level officers and other employees by two years.

The move follows a recent government order that mandated the same for public service jobs.

The order issued by President Mohammed Shahabuddin set the age limit for entry-level appointments in government, autonomous, semi-autonomous, statutory authorities, public non-financial corporations and self-governing bodies at 32 years.

And while the previous age limit was 30, children and grandchildren of the country's freedom fighters

READ MORE ON B3

Health spending falls substantially in Jul-Nov

REJAUUL KARIM BYRON and MD ASADUZ ZAMAN

The health ministry's development spending has dropped substantially year-on-year in the first five months of the current fiscal year, despite the interim government's move to raise its allocation in the revised budget.

During the July-November period of fiscal year (FY) 2024-25, the ministry managed to spend Tk 544 crore, according to data from the Implementation Monitoring and Evaluation Division (IMED).

This is one-third of what it spent in the same period last fiscal year.

In FY24, the health ministry, which is comprised of the health services division and family planning division, spent Tk 1,480 crore.

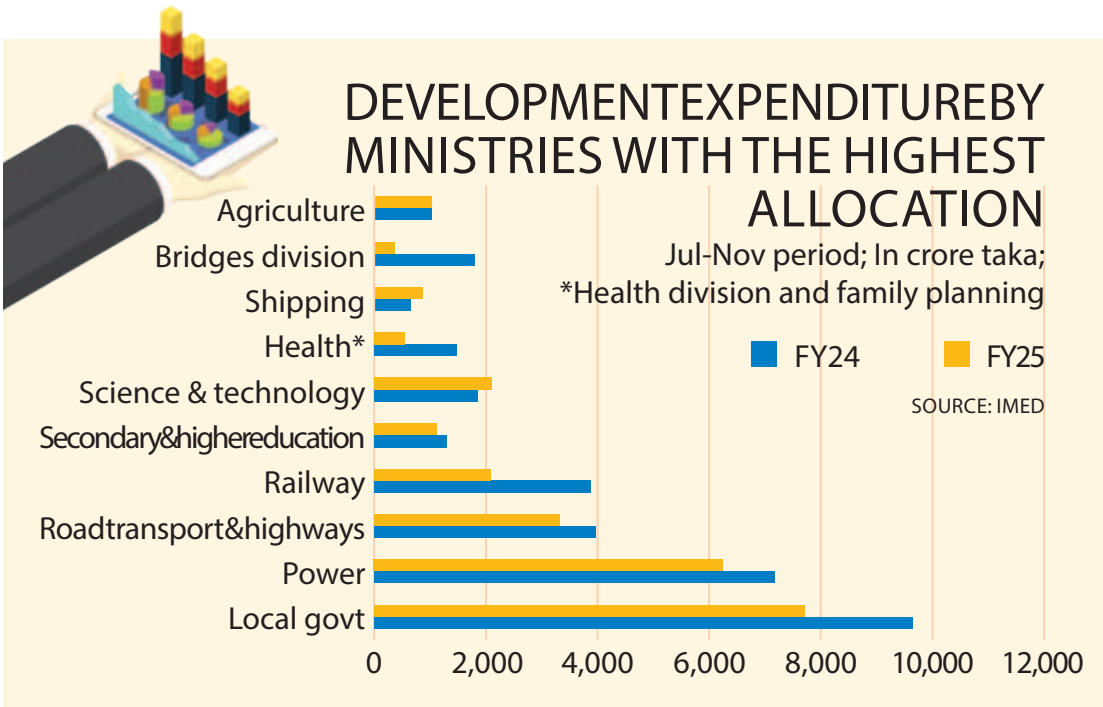
Of them, the health services division, which is one of the top recipients among 15 ministries and divisions, spent Tk 325 crore, which is only 2.91 percent of its allocation of Tk 11,153 crore.

Speaking to journalists after a meeting of the Executive Committee of the National Economic Council (Ecnc) on November 25, Planning Adviser Wahiduddin Mahmud said they were planning to raise the budget for the health and education sector in the revised budget.

“The health sector gets less than one percent of the budget. But they could not spend this trivial allocation,” Prof Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, told The Daily Star over the phone yesterday.

“Although the health sector is vital for the country, its (budget) implementation rate has been among the worse historically. The government should review why they have not been able to spend for years,” he said.

A large portion of the country's people are dependent on public health services. So, the



government must unearth the actual reasons, he added.

“The poor capacity of the health ministry is a very common factor behind the low project implementation rate,” acknowledged IMED Secretary Abul Kashem Md Mohiuddin during a conversation with this newspaper.

He also thinks that a lack of proper project selection was responsible for the poor implementation.

“The health sector is very crucial. We have to

remain careful about project selection,” he said.

Out of the 15 recipients with the highest allocations, the Local Government Division spent the highest amount, Tk 7,711 crore, 20 percent of its total allocation.

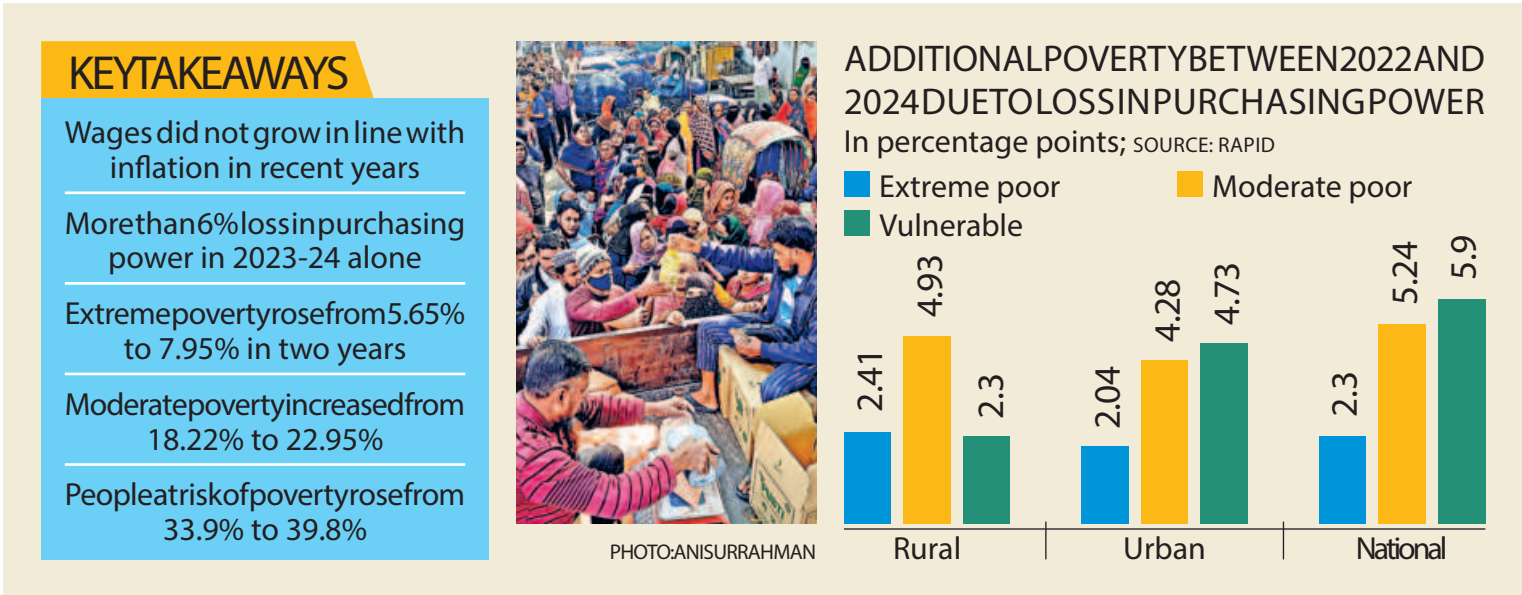
However, this is low compared to last fiscal year. About this division's progress, Prof Rahman said this has come about as local engineers are carrying out their work according to their past schedule.

In the first five months of FY25, the government's

READ MORE ON B3

High inflation sent another 78 lakh into poverty in past two years

Shows RAPID research, warns one crore more could slip into poverty if higher inflation persists



STAR BUSINESS REPORT

Over the past two years, real income reductions due to ongoing inflationary pressure have pushed at least 78 lakh people into poverty, shows the study by the Research and Policy Integration for Development (RAPID).

This includes 38 lakh people who have become extremely poor.

Besides, around 1 crore more are at risk of slipping below the poverty line due to continued inflationary pressures, said Md Deen Islam, research director of the RAPID.

At a workshop at CIRDAP auditorium in the capital yesterday, Islam said ongoing policy tightening should be complemented with contractionary fiscal adjustments to win the battle against the brutal price pressures weighing on Bangladesh for around two years.

The country has been experiencing over 9 percent inflation since March last year.

Price pressures rose to a three-month high of 11.38 percent in November, higher than 10.87 percent in October, owing to the soaring prices of foods, especially the staple rice and vegetables.

Annual average consumer prices stood at 10.22 percent in November, up from 10.04 percent a month ago, according to official data.

While presenting the keynote at the workshop titled “Macroeconomic Situation and LDC (least developed countries) Graduation”, Islam said the percentage of extreme poverty rate increased to 7.95 percent

from 5.65 percent in the last two years.

The World Bank (WB) defines extreme poverty based on an international poverty income of \$2.15 a day.

In April this year, the WB said weak private consumption growth and high inflation have halted poverty reduction in Bangladesh.

Islam said the percentage of people at risk of falling into poverty increased to 39.8 percent from 33.9 percent in the past two years, due mainly to ongoing high inflation.

printing of new money and limiting the flow of money to the market, as well as lowering the budget deficit.

Citing economic turbulence due to inflationary pressures in Sri Lanka and Pakistan, he advocated for a long-term monetary policy rather than short-term fluctuations.

Besides, the workshop discussed rearranging budget allocations to shore up the fight against poverty.

About revising the budget of the current fiscal year, M Abu Eusuf, executive director of the RAPID, said just a 2.3 percent reallocation of annual development spending could help double the funds required for three major food-based social protection programmes.

He also said given the current economic stress and past implementation records, slow development spending is not a surprise.

But a clear policy direction should be urgently provided to reallocate development spending to tackle the rising cost of living, he said.

According to him, an 8 percent reallocation of annual development programme (ADP) spending would help double the funds for nine critical social protection programmes for the vulnerable.

In another presentation on “LDC Graduation: Urgency of Preparation for a Smooth Transition, Regardless of Timeline Extension”, RAPID Chairman MA Razzaque stressed on the need for prioritisation of transition measures.

READ MORE ON B3

AIIB to give \$159m for power project

STAR BUSINESS REPORT

The interim government has signed an agreement with Asian Infrastructure Investment Bank (AIIB) to avail a \$158.89 million loan to implement a power transmission infrastructure project through Power Grid Bangladesh.

The loan has a maturity period of 32 years, including a seven-year grace period, and will come in several currencies. The lion's share, \$109.78 million, will be provided in the form of the greenback.

The interest rate will be the secured overnight financing rate (SOFR) plus variable spread for the US dollar, six-month euro interbank offered rate (EURIBOR) plus variable spread for the euro, and 3-month Shanghai interbank offered rate (SHIBOR) plus variable spread for the Chinese Renminbi.

A “variable spread” is a percentage added to a benchmark interest rate (like SOFR) that adjusts over time based on factors such as credit risk, market conditions, or predefined terms in a financial agreement.

In addition, the front end fee will be 0.25 percent of the loan amount (one-time) and commitment fee will be 0.25 percent of the undisbursed amount.

The front end fee on a loan means a charge levied by a lender when a loan is set up or when the first payment of the loan is taken. It may be a commitment fee, an establishment fee, or a documentation fee.

READ MORE ON B3

Midland Bank, Sheba Fintech strike MoU to drive digital financial inclusion

STAR BUSINESS DESK

Midland Bank recently signed a memorandum of understanding (MoU) with Sheba Fintech Limited to advance digital banking and financial inclusion.

Md Zahid Hossain, deputy managing director of the bank, and Ilmul Haque Sajib, managing director of Sheba Fintech, penned the MoU at the bank's head office in Dhaka, the bank said in a press release.

The collaboration seeks to leverage technology and innovation to deliver advanced and seamless financial services for underserved populations across the country.

Both organisations recognise the growing demand for accessible, tech-driven financial solutions that empower individuals, businesses, and the wider economy, the press release added.

By combining the bank's tradition in developing innovative technology-driven banking offerings with Sheba's fintech solutions, the two entities intend to work together to bring more enhanced digitally focused services.

Md Nazmul Huda Sarkar, chief technology officer of the bank, Md Rashed Akter, head of retail distribution division, and Mohammad Hassibur Rahman, head of cash management unit of institutional banking division, were present. In addition, several senior executives and representatives from both organisations were also present.



Ilmul Haque Sajib, managing director of Sheba Fintech, and Md Zahid Hossain, deputy managing director of Midland Bank, pose for photographs after signing a memorandum of understanding on payroll banking services at the bank's head office in Dhaka recently.

PHOTO: MIDLAND BANK

Eastern Bank organises 'Annual Risk Conference 2024'



ANM Moinul Kabir, director of the Department of Off-site Supervision at the Bangladesh Bank, and Ali Reza Iftekhar, managing director and CEO of Eastern Bank, pose for photographs with participants of an "Annual Risk Conference 2024" at the latter's head office in the capital's Gulshan yesterday.

PHOTO: EASTERN BANK

STAR BUSINESS DESK

Eastern Bank PLC (EBL) has organised an "Annual Risk Conference 2024" with an objective to navigate risk through vigorous risk assessment and ensure prudent risk management.

The daylong conference was held at the bank's head office in the capital's Gulshan yesterday to review the bank's liquidity risk, market risk, operational risk, credit risk, core risks, and as well as a way forward for overall risk management of the bank.

ANM Moinul Kabir, director of the Department of Off-site Supervision (DOS 2) at the Bangladesh Bank, Surabhi Ghosh, additional director, and Mahmuda Haque, Joint Director, were present.

Ali Reza Iftekhar, managing director and CEO of the EBL, presided over the programme, while M Khurshed Alam, chairman of the executive risk management committee, was the keynote speaker.

Deputy managing directors of the bank, heads of the divisions, senior executives and senior managers of EBL from across the country participated in the conference.

Britain joins trans-Pacific pact in biggest post-Brexit trade deal

REUTERS, London

Britain officially became the 12th member of a trans-Pacific trade pact which includes Japan, Australia and Canada on Sunday as it seeks to deepen ties in the region and build its global trade links after leaving the European Union.

Britain announced last year it would join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in its biggest trade deal since Brexit.

The accession means Britain will be able to apply CPTPP trade rules and lower tariffs with eight of the 11 existing members from Sunday - Brunei, Chile, Japan, Malaysia, New Zealand, Peru, Singapore, and Vietnam.

The agreement enters into force with Australia on December 24, and will apply with the final two members - Canada and Mexico - 60 days after they ratify it.

The pact represents Britain's first free trade deals with Malaysia and Brunei, but while it had agreements with the other countries, CPTPP provisions go further, especially in giving companies choices on how to use "rules of origin" provisions.

The CPTPP does not have a single market for goods or services, and so regulatory harmonisation is not required, unlike the EU, whose trading orbit Britain left at the end of 2020.

Britain estimates the pact may be worth 2 billion pounds (\$2.5 billion) a year in the long run - less than 0.1 percent of GDP.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (DEC 15, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 68-Tk 80	0	13.85 ↑
Coarse rice (kg)	Tk 50-Tk 55	-1.87 ↓	5.00 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-10.53 ↓
Lentil (kg)	Tk 105-Tk 110	0	0
Soybean (litre)	Tk 163-Tk 165	-4.09 ↓	4.13 ↑
Potato (kg)	Tk 65-Tk 80	3.57 ↑	45.00 ↑
Onion (kg)	Tk 80-Tk 125	-26.79 ↓	-18.00 ↓
Egg (4 pcs)	Tk 47-Tk 50	-1.02 ↓	11.49 ↑

SOURCE: TCB

NCC Bank signs payroll banking deal with General Pharmaceuticals



Mahbub Alam, deputy managing director of NCC Bank, and Md Shahin Hasan, manager of human resources of General Pharmaceuticals, pose for photographs while signing a payroll banking agreement at the bank's head office in the capital recently.

PHOTO: NCC BANK

STAR BUSINESS DESK

NCC Bank recently entered into a strategic agreement with General Pharmaceuticals Limited to provide payroll banking services as part of its cash management solutions.

This partnership aims to deliver customised and privileged financial services to the drug maker's employees.

Mahbub Alam, deputy managing director

of the bank, and Md Shahin Hasan, manager of human resources of the drug maker, penned a deal in this regard at the bank's head office in the capital, according to a press release.

M Shamsul Arefin, managing director of the bank, and Rafidul Haq and Sakibul Haq, directors of the drug maker, also attended.

Mohd Rafat Ullah Khan, Md Zakir Anam, Md Monirul Alam and Mohammed Mizanur Rahman, deputy managing directors of the

bank, and Mohammed Anisur Rahman, senior executive vice-president and chief information officer, were present.

Md Jashimuddin, senior vice-president and manager of Shyamoli branch of the bank, Shahin Akter Nuha, head of cash management department, and Alauddin Siddique, assistant manager of human resources division, along with other senior officials from both organisations were also present.

China eyes negotiations

FROM PAGE B4

While China's Huawei has heavily invested in its advanced chip-making capabilities, their commercial viability remains unclear, she added, incentivising China's negotiators to sit down with their US counterparts to strike a deal ensuring a steady supply of American-made chips.

ART OF THE DEAL

Beijing took two years before it agreed to buy an extra \$200 billion

in American goods and services, per the terms of the "Phase One" agreement which ended the first trade war.

This time, China has new carrots to dangle, such as increasing purchases of oil and liquefied natural gas, as the US is currently pumping out more than it can consume.

"Trump bragged on the campaign trail: 'Drill baby, drill,' so (he) will need the demand support," said Bo Zhengyuan, a

Shanghai-based partner at consultancy Plenum.

Given the increasing restrictions on the export of chips, agricultural goods, commodities and energy are among the items the US can still sell to China, Bo said.

China's commerce ministry said it was open to engaging and communicating with the economic and trade teams of the Trump administration, when asked for comment.



Bangladesh Bank
Head Office
Motijheel, Dhaka-1000
Website: www.bb.org.bd

Final Call for Establishment of Credit Bureau Application

'Guidelines on Licensing, Operation and Regulation of Credit Bureau' was issued through the PSD Circular No. 05/2024 dated June 5, 2024, and invitation for the establishment of Credit Bureau was subsequently published in different national dailies on June 13, 2024. Bangladesh Bank has been accepting online applications since July 1, 2024, and now it is a reminder to all interested individuals/ organizations that this is the **final call** for applications.

1. Bangladesh Bank accepts applications for establishing Credit Bureau through the License Application Portal, web link of the portal is <https://license.bb.org.bd>;
2. The amount of 500,000 (Taka Five Hundred Thousand) needs to be paid as a non-refundable application processing fee in favor of Bangladesh Bank;
3. The License Application Portal will remain open for accepting applications until **31 March 2025**.

For detailed terms and conditions for the establishment of Credit Bureau, please visit the '**Guidelines on Licensing, Operation and Regulation of Credit Bureau**' vide PSD Circular No. 05/2024 dated June 5, 2024, available on Bangladesh Bank website.
<<https://www.bb.org.bd/mediaroom/circulars/psd/jun052024psd05.pdf>>.

DCP: 48/2024-3253
Date: 15-12-2024

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GD-1194

STAR BUSINESS DESK

Shimanto Bank PLC recently arranged a "Branch Anti Money Laundering Compliance Officers (BAMLCO) and Departmental Anti Money Laundering Compliance Officers (DAMLCO) Conference 2024" at its head office in Dhaka.

AKM Ehsan, acting head of Bangladesh Financial Intelligence Unit (BFIU), attended the conference as the chief guest, the bank said in a press release. Rafiqul Islam, managing director and CEO of the bank, was present as special guest in the event.

Mohammad Azizul Hoque, chief anti money laundering compliance officer of the bank, Mohammad Main Uddin, joint director of BFIU, and Farzana Huq, deputy director, were present as resource persons in the conference.

Members of the management committee, along with all BAMLCOs and DAMLCOs of the bank participated in the conference.



AKM Ehsan, acting head of Bangladesh Financial Intelligence Unit, poses for photographs with participants of a "Branch Anti Money Laundering Compliance Officers and Departmental Anti Money Laundering Compliance Officers Conference 2024" arranged by Shimanto Bank at its head office in Dhaka recently.

PHOTO: SHIMANTO BANK



Workers take away raw clay, that have somewhat hardened under the sun, to be baked inside brick kilns. Bricks are primarily manufactured in the dry winter season and each worker can earn Tk 800 to Tk 1,000 for a day's work. The photo was taken at Satalori area in Jhalakathi district last week.

PHOTO: TITU DAS

South Korea vows to keep markets stable

REUTERS, Seoul

South Korea's finance ministry vowed on Sunday to continue to swiftly deploy market stabilising measures as needed to support the economy after President Yoon Suk Yeol was impeached over his brief imposition of martial law.

The ministry said it will actively communicate with the parliament to keep the economy stable, adding that it plans to announce its biannual policy plan before the end of this year.

The leader of the main opposition Democratic Party, Lee Jae-myung, called for a National Stability Council for Governance comprising the government and parliament to discuss finance, economy and public livelihoods.

The Bank of Korea said in a statement that it would use all available policy instruments in conjunction with the government to respond to and avert any escalation of volatility in financial and foreign exchange markets.

The bank said it is necessary to respond more actively to the economic impact than in past presidential impeachment periods due to heightened challenges in external conditions, such as increased uncertainty in the trading environment and intensified global competition in key industries.

South Korea's financial regulator said in a statement that financial markets are expected to stabilise as recent political events are considered temporary shocks, but it will expand market-stabilising funds if needed.

Iran currency slips to new lows amid US, Europe tensions

REUTERS, Dubai

The Iranian currency extended its fall on Saturday, hitting a new all-time low against the US dollar amid uncertainties about Donald Trump's imminent arrival in the White House and tensions with the West over Tehran's nuclear programme.

The rial plunged to 756,000 to the dollar on the unofficial market on Saturday, compared to 741,500 rials on Friday, according to Bonbast.com, which reports exchange rates. The bazar360.com website said the dollar was being sold for about 755,000 rials.

Facing an official inflation rate of about 35 percent, Iranians seeking safe havens for their savings have been buying dollars, other hard currencies, gold or cryptocurrencies, suggesting further headwinds for the rial.

The dollar has been gaining against the rial since trading around 690,000 rials in early November amid concerns that once inaugurated in January, Trump would re-impose his "maximum pressure" policy against Iran with tougher sanctions and empower Israel to strike Iranian nuclear sites.

Iran's currency again declined after the board of governors of the UN nuclear agency IAEA passed a European-proposed resolution against Tehran - increasing the risk of new sanctions - and following the downfall of Syria's President Bashar al Assad, a long-time ally of the Islamic Republic.

Trump in 2018 reneged on a nuclear deal struck by his predecessor Barack Obama in 2015 and re-imposed US economic sanctions on Iran that had been relaxed.

Saudi Arabia's inflation reaches 2% in November

REUTERS, Riyadh

Saudi Arabia's annual inflation rate continued to slowly accelerate, hitting 2 percent in November compared to 1.9 percent in October, according to government data released on Sunday, again driven by an increase in housing rents.

Rents for housing increased by 10.8 percent in November, with apartment rental prices increasing by 12.5 percent, the General Authority for Statistics said, pushing up prices for the combined housing, water, electricity, gas and other fuels category by 9.1 percent.

These classifications had a significant effect on the total acceleration of inflation, with the increasing expense of housing and rent driving price boosts for much of this year.

Rates in the food and beverage category increased by 0.3 percent

in November, while those for individual products and services were up 2.7 percent.

Rates in the dining establishments and hotels category rose by 1.5 percent, driven by a 5.9 percent increase in the prices for hotel and supplied apartment or condo services.

Transport prices continued to decrease, falling by 2.5 percent.

On a month-on-month basis, prices increased by 0.3 percent in November.

Inflation in Saudi Arabia has hovered in between 1.5 percent and 1.9 percent for the majority of the year, with it reaching 2 percent in November after it started inching up in July. Inflation in the nation has stayed relatively low compared with global levels, and the International Monetary Fund, expects Saudi inflation to remain stable at about 2 percent over the medium term.

Health spending falls

FROM PAGE B1
implementing agencies managed to spend Tk 34,214 crore from the overall fund provided in the annual development programme (ADP).

The implementation rate stood at 12.29 percent, which is the lowest in at least the past 14 years.

It was 17.06 percent or Tk 46,857 crore in the same period of fiscal year 2023-24.

However, the interim government has planned to accelerate the implementation of ongoing development projects, saying this would help avert a further economic slowdown.

"The private sector is not investing and if the government expenditure

too becomes stagnant, it will cause a further slowdown," the planning adviser had said after the Ecneec meeting.

However, the IMED secretary also cited ongoing austerity measures and the economic downturn centring the July-August unrest for the slow implementation.

Asked about overall low implementation, he said, "We just compiled the project execution data. We have nothing to do except strengthen our monitoring to ensure good quality and timely project implementation," he said.

"We are still doing (monitoring) it," he said.

STAR BUSINESS REPORT

Stocks in Bangladesh rebounded yesterday after lacklustre earnings disclosures from many listed companies for the first quarter of the fiscal year had seen the market trend down over the previous week.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose 73.43 points, or 1.44 percent, from the day prior to close at 5,178.

Led by Square Pharmaceuticals, one of the top five companies in terms of market capitalisation, the pharmaceuticals sector dominated market activities.

Shares of Square Pharma gained 4.94 percent to Tk 222.90 yesterday while prices of ACME Laboratories' shares increased 8.86 percent to Tk 77.40 yesterday.

"With the rise, the market recovered from last week's losing streak," Md Saiful Islam, president of the DSE Brokers Association of Bangladesh (DBA), said.

However, he said there was no specific reason for the gain.

Shares of Square Pharma gained 4.94 percent to Tk 222.90 yesterday

"Last week, the market fell consistently. It is normal for it to bounce back. That has happened," he added.

The DSES index for Shariah-based companies went up 12.40 points, or 1.09 percent, to 1,152, while the DS30 index, which represents blue-chip firms, grew 26.42 points, or 1.40

percent, to 1,908.

Of the issues that changed hands on the DSE, 232 closed higher, 89 fell and 69 remained unchanged.

However, turnover, a key indicator of liquidity flow in the market, fell 13.5 percent to Tk 304 crore on the DSE from the previous day.

The market movement was driven by positive changes in the market cap of travel and leisure, bank, and paper & printing scrips amid negative changes in the market cap of cement, Shanta Securities said in its daily market review.

BRAC EPL Stock Brokerage said the pharmaceuticals sector booked the highest gain of 2.67 percent followed by the non-bank financial institutions at 1.15 percent and food & allied at 1.13 percent and fuel and power at 1.06 percent.

Taskeen Ahmed elected Dhaka chamber president

STAR BUSINESS REPORT

Taskeen Ahmed, vice-chairman of IFAD Group, has been elected as the president of the Dhaka Chamber of Commerce & Industry (DCCI) for a year-term (2025).

Besides, Razeev H Chowdhury has been elected as the senior vice-president and Md Salem Sulaiman as the vice-president for the same term, according to a press release yesterday.

The new board of directors took overcharge at the 63rd annual general meeting (AGM) of the chamber held at the chamber's auditorium in the capital's Motijheel.

The newly elected directors for the term 2025-2027 are Enamul Haque Patwary, Mostafa Kamal, Minhaj Ahmed, Muhammad Zamsher Ali, Rasheed Mymunul Islam and Salman Bin Rashid Shah Sayeem.



Newly elected President Taskeen Ahmed is currently the vice-chairman of IFAD Group, one of the largest and renowned conglomerates in Bangladesh, engaged in operations across various industries like automotive, food processing and consumer goods sectors. Taskeen Ahmed joined his family business in 1999. In his 25-year career, he led several business units in his Group.

Newly elected senior vice-president Razeev H Chowdhury is the managing director of Defense Dynamics Enterprise Limited, Arco Cold Storage Limited, Watches World Limited, Microsec International Limited and Independent Director of GSP Investment Limited.

His ventures are actively engaged in trading, retail, government and defense indenting, cold storage, information technology and software development sectors.

Newly elected vice-president Md Salem Sulaiman is the managing director of Massons Polymer Corporation, Lalbagh Metal Industries Limited, Champion & Massons Limited and proprietor of SSamsons Corporation.

His businesses are involved in indenting and sourcing international procurement, imports and distribution of variety of chemicals especially petrochemicals, rubber chemicals, food products, metal industries and domestic trading.

STOCKS		
	DSEX ▲	CASPI ▲
	1.44% 5,178.87	0.91% 14,433.86

COMMODITIES			AS OF FRIDAY
	Gold ▼	Oil ▲	
	\$2,648.95 (per ounce)	\$70.78 (per barrel)	

High inflation sent another 78 lakh

FROM PAGE B1

Bangladesh is set to make the United Nations country status graduation from a least developed country (LDC) to a developing one in 2026.

According to Razzaque, Bangladesh has already fulfilled the three criteria for the LDC graduation and there is no specific benefit to delaying the graduation rather than finding alternative facilities for a smooth transition.

The government needs to apply for delaying the graduation to the United Nations (UN) with proper evidence, otherwise the UN will not accept the application, he said.

Regarding the middle-income trap, he said until now, only 19 countries could shift into becoming high-income countries from developing countries.

So, Bangladesh needs to find a way to increase its income and escape from the middle-income status, he said.

Razzaque said a country with a per capita income between \$4,000 and \$14,000 should consider moving to a high-income status.

AiIB to give \$159m for power project

FROM PAGE B1

Mirana Mahrukh, additional secretary to Economic Relations Division, and Rajat Misra, AiIB's acting vice-president for Investment Clients Region I and Financial Institutions and Funds, Global, signed the agreement on the "Southern Chattogram and Kaliakoir Transmission Infrastructure Development Project" on December 10.

Salehuddin blames

FROM PAGE B1

crippled banking sector, which has now improved.

On the other hand, Ahmed noted that corruption had been rampant in the capital market, but it was not able to correct itself naturally due to the imposition of artificial mechanisms such as floor prices.

"When the new commission began diagnosing the market and punishing culprits, stock indices started to fall. Now, the market is being corrected but people are crying," he said.

"Some people are blaming the commission now. But it is penalising offenders on the basis of past investigations, fines for which should have been imposed at least two years ago."

It may be painful, but it will ultimately be good for investors, he said, adding that the interim government is already trying to reduce the capital gains tax to provide a salve.

He also said tax exemptions would be curbed, saying: "We will be unable to give tax exemptions, but we will try to adjust taxes if they are high."

An industry cannot get benefits year after year, he said while adding that it is impossible to provide undue concessions or incentives.

In his address, Bhattacharya said fixing the data ecosystem was a looming challenge.

He said the white paper on the state

of the economy had demonstrated that export figures and GDP data were inflated.

"Not only that, but investment data, employment data and export data, all these things were quite screwed up. So how we can fix the data ecosystem is a major issue."

He also said that one of the fundamental failures of the development narrative of the past 10-15 years was that growth was achieved despite private investment stagnation.

"Private investment stood around 31-32 percent of the GDP, and that remained stagnant. At the same time, we were achieving a 7 percent growth rate. Have you ever seen that kind of growth happening without investment?"

"The problem is not only the investment issue. The problem is that the competitiveness of the economy as a whole was not really improving," he added.

Bhattacharya traced corruption as the main villain, saying it persisted in different forms.

Reed J Aeschliman, mission director of USAID, said trade, not aid is necessary for Bangladesh to grow from lower-middle income status to higher-middle income.

Humayun Rashid, president of the IBFB, and Mahmudul Islam Chowdhury, founding president of the IBFB, also spoke at the event.

Age limit for entry-level

FROM PAGE B1

public non-financial corporations and self-governing bodies at 32 years.

And while the previous age limit was 30, children and grandchildren of the country's freedom fighters were allowed an extra two years for such positions.

The advisory council of the interim government had decided to raise the maximum age limit for entry-level applicants of public service jobs on

October 24 this year.

For several years, graduates have been demanding that the age limit for entry-level government jobs be increased to 35 years. They even blocked Dhaka's Shahbagh intersection in demonstration numerous times.

The protests intensified after the government announced on September 22 that it was not planning to increase the age limit.

Maksons Spinning posts Tk 40cr loss in Q1

STAR BUSINESS REPORT

Maksons Spinning Mills PLC saw its losses surge in the first quarter of the current fiscal year due to escalating raw material costs and finance charges, according to the company's financial statement.

Maksons Spinning reported losses of Tk 40.75 crore for the first three months of fiscal 2024-25, up 61 percent year-on-year. Besides, the company's share value decreased 1.39 percent to Tk 7.1 at the Dhaka Stock Exchange yesterday.

The loss per share of Maksons Spinning stood at Tk 1.71 in the July-September period of the ongoing fiscal compared to Tk 1.06 during the corresponding months of FY24.

As per the company's financial statement for the first quarter, increased spending on raw materials, salaries and wages, utility bills and elevated interest payments were the main culprits that dragged down its earnings per share.

Sales of Maksons Spinning slipped by about 19 percent year-on-year to Tk 95.77 crore in the July-September period

Sales of Maksons Spinning slipped by about 19 percent year-on-year to Tk 95.77 crore in the July-September period, it said.

The company attributed the decline to lower sales in terms of both quantity and value.

Its net operating cash flow per share was Tk 3.51 in the negative for the first quarter of the year compared to Tk 0.74 in the negative during the same period last fiscal. Maksons Spinning attributed this rise to increased costs.

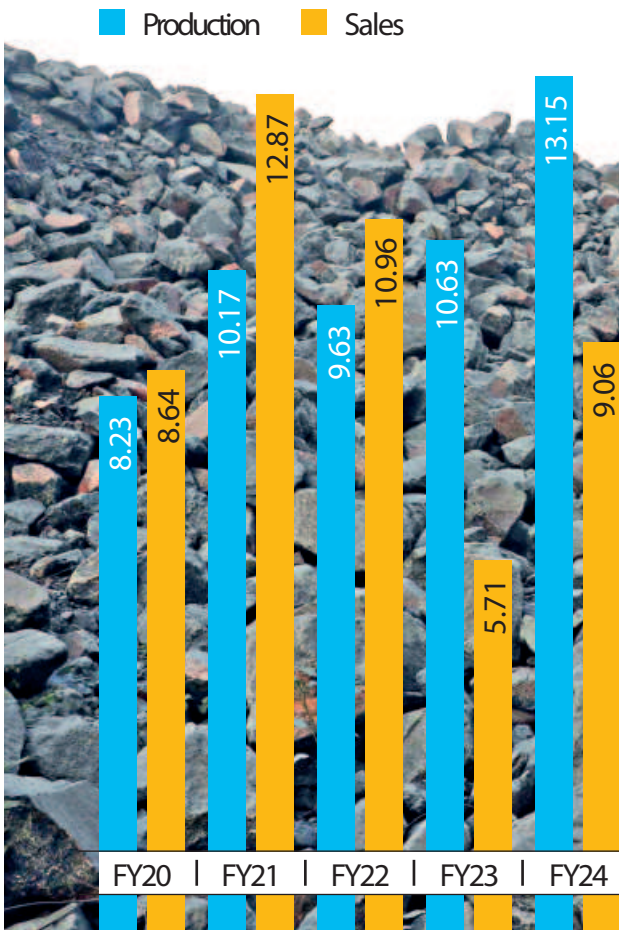
The company's net asset value (NAV) per share was Tk 10.62 on September 30 this year, down from Tk 12.29 on June 30 last year. It said that operational losses were behind the lower NAV.

Maksons Spinning, incorporated in 2003 and converted into a public limited company in 2005, operates with 100,680 spindles using machinery from Japan, China, India, Italy, the US, Germany, Switzerland, and Taiwan.

With an annual production capacity of about 21.25 million kilogrammes, the company makes quality yarn typically of the 20/1 to 80/1 thread counts for export from 100 percent cotton yarn, organic yarn, combed yarn, Supima cotton and high-quality compact yarn.

Yearly production and sales by Maddhapara Granite Mining Company

In lakh tonnes; SOURCE: ANNUAL REPORT OF MGMCL



Maddhapara Granite turns to borrowing to stay afloat

The mining company's struggle to find buyers for unsold stocks continues

KONGKON KARMAKER

The Maddhapara Granite Mining Company Ltd (MGMCL) finds itself in a dire financial situation as its sales continue to plummet throughout the current year.

Despite selling hard rock at Tk 500 lower than the average production cost per tonne, the country's lone underground hard rock mining company under Petrobangla has failed to clear its massive stockpile.

Now the company is relying on loans to continue operations.

Currently, the MGMCL has around Tk 430 crore worth of unsold hard rock stored in its yards, with production continuing to exceed demand.

Efforts to increase sales have been sluggish, and the company has resorted to borrowing funds to meet its financial obligations, including payments to contractors and employee salaries.

In September, Maddhapara Granite Mining secured a Tk 30 crore loan from the Barapukuria Coal Mining Company Limited (BCMCL), another company of Petrobangla, to pay its contracted production partner, Germania Trust Consortium (GTC).

However, the company has failed to repay the loan within the promised two-month period.

Recently, the MGMCL has sought an additional Tk 40 crore loan from Petrobangla to manage its escalating financial crisis.

Both MGMCL and BCMCL are located in Parbatipur upazila of Dinajpur.

Maddhapara Granite Mining produces about 15 lakh tonnes of hard rock annually, against a national demand of 2.16 crore tonnes.

Despite its efforts, only a fraction of the production is sold to various government and non-government developers.

As of now, nearly 11 lakh tonnes of stone remain unsold.

The company attributed its declining sales to an inability to compete with cheaper stone imports from India and Bhutan, as well as to inadequate marketing and high production costs.

The high production costs are driven by different factors, including a 100 percent value-added tax (VAT) on explosive imports, additional VAT on spare parts, consumables, and equipment, as well as new levies on materials like ammonium nitrate.

Furthermore, fluctuations in the US dollar exchange rate have increased costs, as payments to contractors are paid in dollars.

Md Fazlur Rahman, who joined MGMCL as managing director in September, said he has been trying to boost sales.

Over the past three and a half months, Rahman, who will remain in the post until December this year, has held meetings with various government and private organisations, including the Local Government Engineering Department, Roads and Highways Department, and Khulna Development Authority.

The Bangladesh Railway has agreed to purchase 250,000 tonnes of ballast on

credit, the proposal of which is still pending for ministry's approval, according to a close source at MGMCL.

However, Rahman's ambitious sales target of 1.06 lakh tonnes per month remains unmet, leaving the company to rely heavily on loans.

MGMCL's financial woes are compounded by the non-approval of new government construction projects, non-payment of funds for ongoing projects, and reduced tariffs for imported stone.

With a large stockpile and insufficient sales, production may face a shutdown if the situation does not improve soon.

For MGMCL, loans have become a short-term solution to a long-term problem, said an official of the company.

Without immediate intervention to boost sales and address the cost disparities between domestic and imported stones, the company risks facing deeper financial distress, which could potentially jeopardise its operations and workforce.

Stakeholders and industry experts are calling for policy adjustments, including higher tariff values on imported stone, to create a competitive market environment for MGMCL's products.

Accommodating hard rocks is now the biggest challenge for MGMCL as it does not have sufficient space to accommodate them.

During a recent visit, the correspondent found that MGMCL is making arrangements to store the produced hard rock in an area outside its boundary.

New loan classification policy a double-edged sword

SALEKEEN IBRAHIM

Starting from the pandemic in 2020, Bangladesh as a nation has gone through a number of incidents in the last five years followed by the Ukraine war, interest rate capping, dollar crisis, high inflation, sluggish GDP growth, banking sector exploitation, intense corruption in different layers and lastly the political changeover in August. In between this roller-coaster timeline, we have seen many different circulars and policies to regulate prevailing difficult situations. Sadly, some were driven by specific interests and some were prescribed. As a result of these inconsistencies and contradictory guidelines, the national economy has heavily been affected in the long run.

Nevertheless, after the appointment of the new governor of the central bank, Bangladesh is going through a transformative phase with a number of significant policy reforms in the last three months. Among these, the recent circular on tightening the loan classification policy has generated extensive attention. Experts foresee that this change will double the volume of classified (non-performing) loans by June 2025, intensifying both macroeconomic and microeconomic challenges. Banks especially will face immense pressure due to the sudden rise in NPL as they will need to take more provisions to reduce their ability to invest more among the entrepreneurs. This will also shrink liquidity in the market making things difficult.

Yes, the move is essential to restore financial discipline, but it will pose immediate challenges for businesses, particularly small and medium enterprises (SMEs). Many of the SMEs who have been trying to absorb shocks from the pandemic period to date due to various reasons stated above will find it difficult to survive. The rise of NPL volume will result in reduced credit availability and higher borrowing costs, while many may struggle to maintain operations or expand. Some might even be forced to downsize or shut down. Ultimately, SMEs may lead to increased defaults, as most of them operate on thin margins. Bigger companies might continue better but they will also face challenges as cash flow disruptions and restricted access to bank loans could slow their growth and investment plans as well.

Inflation, which is already a big headache for the interim government, may worsen even due to the rise of the country's NPL percentage. Considering less credit availability, production will certainly slow down and due to the supply chain disruption, the price of commodities and services might go up.

In addition, the rise of NPLs will increase distrust in the banking sector and create doubts in depositors' confidence, which might form a liquidity crisis. With such a financial strain on the face of entrepreneurs, layoffs will increase creating more unemployment with social unrest. The impact on employees and their families could exacerbate economic inequality more in the coming days.

Despite many challenges, this strict NPL policy will have definite long-term benefits, which will lead us to a stronger and more resilient economy. Banks for example will practice more prudent credit assessment exercises with a robust monitoring system, which will bring back the lost confidence among the depositors. Over time, this will result in improved banking operations, reduced systemic risks, and enhanced investor confidence in the sector.

Entrepreneurs on the other hand will also be cautious enough for stable growth and better financial governance rather than overleveraging. This might be a major cultural shift which will lead us to a more robust entrepreneurial ecosystem and a stronger economy.

The author is a banker

India's economy to grow from 6.5 to 7% this fiscal: CEA

ANN/THE STATESMAN

Even though the Indian economy slowed down to 5.4 percent in the second quarter, it will grow in the range of 6.5 to 7 percent this fiscal, voiced Chief Economic Advisor (CEA) Anantha Nageswaran on Thursday.

Speaking at the Global Economic Policy Forum 2024, organised by the Ministry of Finance and the Confederation of Indian Industry (CII), Nageswaran said, "We are on track for robust growth, but enduring global uncertainties pose significant challenges that will shape the trend growth in the years ahead."

The CEA attributed the deceleration in GDP growth to factors that could either be temporary or indicative of deeper issues.

He stressed on the need to double down on domestic efforts to tackle the global uncertainties, and highlighted the importance of innovation, wage growth, and quality consciousness in driving sustainable economic growth.

"We must focus on making 'Made in India' synonymous with quality and R&D. Without growth, there are no resources to invest in climate change management."

He also highlighted the global disruptions, and said the spike in energy costs has eroded European industrial competitiveness. "We must manage our energy transition carefully to avoid sacrificing economic growth in the name of sustainability."

He also said India's capital formation as a share of the GDP is expected to rise from 30.8 per cent to 35 percent over the next five years, with the private sector increasingly deploying funds.

China eyes negotiations as Trump threatens new tariffs



REUTERS, Beijing

As Donald Trump steps up his tariff threats against China, Beijing is moving to beat the next US president to the punch with its own restrictions and get Washington to the negotiating table ahead of a full-blown trade war, analysts say.

Armed with the lessons of the last trade war during Trump's first term, China is seeking to amass bargaining chips to kick off talks with a new US administration on contentious aspects of bilateral ties, including trade and investment, and science and technology. It is also concerned about the harmful effects of additional tariffs on its already fragile economy.

This week, China launched a probe into US chip giant Nvidia over what it claimed were suspected antitrust violations, which follows its ban on US-bound exports of rare minerals.

"We have to look at this as the opening bid in what will likely ultimately turn into

a negotiation with the US rather than just an imposition of tariffs and everyone walks away," HSBC's Chief Asia Economist Fred Neumann said.

China is better prepared to deal with almost any tariffs, short of an

"Armageddon announcement" of a 60 percent tariff on all Chinese goods, said George Magnus, research associate at Oxford University's China Centre.

The world's second-largest economy now globally dominates sectors such as



People walk near the building of Chinese real estate developer Vanke in the Tongzhou district in Beijing on December 5.

PHOTO: AFP

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