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Inflation outpaces wage growth for 34 months straight

MD ASADUZ ZAMAN

Many low-income and unskilled workers in Bangladesh's agriculture, industrial and service sectors are being compelled to reduce consumption as rising inflation eroded their real incomes over the past three years.

According to the Bangladesh Bureau of Statistics (BBS), inflation had outpaced wage growth for 34 months up till this November in spite of the latter increasing slowly since January 2021.

The wage growth rate was 8.10 percent in November, which was 3.28 percentage points below the inflation rate of 11.38 percent that month, showed the Wage Rate Index (WRI) of the BBS.

This gap was the second highest in at least a decade. The highest gap between the inflation and wage growth rates was 3.73 percentage points, coming about in July this year.

This widening gap is forcing low-income and unskilled workers to cut consumption amid falling real incomes, according to analysts.

"The gap has been persistently pushing low and limited-income groups to the extreme for years," said Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development.

"When high inflation persists for a long time, it will definitely impact peoples' purchasing power and food intake habits," he added.

High inflation, particularly food inflation, has affected the purchasing power of low-income people and forced them to cut back on nutritional foods, he said.

Mujeri expressed concern about the status of nutritional food intake by children and women.

"Due to the economic hardships of low-income groups, children and women become the worst victims," he said.

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UCB PERSONAL LOAN

A rush to heal exposed banking wounds

MAJOR DEVELOPMENTS IN 2024

2024 started with high inflation, forex volatility

BB injected fresh funds mainly into weak banks despite inflationary pressure

Faulty merger decision intensified liquidity crisis at weak banks

Market based interest rate was introduced after four years amid IMF push

Crawling peg exchange rate was launched

Bad loans reached new record at Tk 284,977 cr

Internet banking and remittance earning disrupted in July

Actual financial health of banks came to light after Hasina's fall

Record 11 banks' board of directors were restructured

Investigation began against influential borrowers

DEFAULT LOANS AT BANKS IN LAST 16 YEARS

In crore taka; \* As of Sept

SOURCE: BB

2008 22,480

2009 22,480

2010 22,710

2011 22,640

2012 52,730

2013 40,580

2014 50,160

2015 59,400

2016 62,172

2017 74,303

2018 93,911

2019 94,331

2020 88,734

2021 103,273

2022 120,656

2023 145,633

2024\* 284,977

MD MEHEDI HASAN

In October, a video on social media showed the manager of Social Islami Bank's Agargaon branch breaking down in tears after enduring harsh verbal abuse from frustrated customers seeking to withdraw cash.

It didn't take long to go viral.

The severe cash crunch at Social Islami Bank was far from an isolated incident. Throughout October and November, protests erupted inside the branches of several banks, with angry clients blocking branch

2024 THE YEAR THAT WAS

16434

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aib Al-Arafah Islami Bank PLC.

managers to recover their money.

The social media footage itself was a testament to the fragile state of the banking sector — a system teetering under the weight of corruption, mismanagement and a crisis of confidence.

At the heart of the turmoil were several Shariah-based banks heavily controlled by S Alam Group, a controversial business conglomerate whose governance failures and financial irregularities cast a shadow over the entire sector.

For years, the true state of Bangladesh's

banking system remained obscured by political interference and flawed policies during Sheikh Hasina's 15-year rule.

After her fall in early August, the extent of the dysfunction became painfully clear.

In 2024, the banking sector faced a perfect storm of challenges: liquidity shortages in Shariah-based lenders, foreign exchange instability, soaring inflation, ill-conceived mergers and a seismic increase in non-performing loans.

As part of its \$4.7 billion loan programme for Bangladesh, the International Monetary Fund (IMF) made financial sector reforms a key condition.

While the previous government had resisted the demands for reform, the interim

READ MORE ON B3

Eastern Bank PLC.

EBL WOMEN

উইমেন'স লোন

নারীর স্বপ্ন পূরণের যাত্রা আরো স্বচ্ছন্দ্যময় করতে "ইবিএল উইমেন'স লোন"।

সুবিধাসমূহ:

> সর্বোচ্চ ২০ লক্ষ টাকা পর্যন্ত জামানতবিহীন লোন

> সর্বোচ্চ ৬০ মাস পর্যন্ত মাসিক কিস্তিতে পরিশোধযোগ্য

> যে কোন মুহূর্তে আংশিক বা সম্পূর্ণ লোন পরিশোধের সুযোগ

> আকর্ষণীয় ইন্টারেস্ট রেট

16230

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Bottled soybean oil still in short supply

SUKANTA HALDER and MD NAZRUL ISLAM

Despite a decision by the interim government to hike soybean oil prices nearly three weeks back, many kitchen markets across Bangladesh, including the capital Dhaka, are missing an adequate supply of the key cooking ingredient.

On December 9, the government announced that soybean oil and palm oil prices would both be increased by Tk 8 per litre effective immediately as refiners demanded as much in face of mounting production costs.

And although the move showed promise, with retailers receiving fresh supplies of edible oil in the following days, the availability of bottled soybean oil has gradually declined to almost nil.

The supply chain for soybean oil has been disrupted by an ongoing nationwide strike called by water transport workers demanding a proper investigation of seven murders on a lighter vessel, according to refiners and retailers.

On the afternoon of December 23, seven crewmen of the MV Al-Bakhara were found dead under suspicious circumstances onboard the vessel after it had run aground on a char land alongside the Meghna river in Chandpur.

Following the price hike, the cost of bottled soybean oil was set at Tk 175 per litre while that of loose soybean oil and palm both rose to Tk 157.

The decision to increase these prices came amid a supply crunch for edible oil that stemmed from reduced imports and production despite recent tax cuts.

READ MORE ON B2

Western Marine plans to export eight ships by 2025



A 69-metre-long landing craft named Rayan. It is one of eight vessels that shipbuilder Western Marine Shipyard Ltd is planning to export to a buyer of the UAE within the next year.

PHOTO: RAJIB RAIHAN

DWAIPAYAN BARUA, Ctg

After a pause of five years, shipbuilder Western Marine Shipyard Ltd is planning to export eight ships to a buyer of the United Arab Emirates (UAE) by next year.

It was in January 2020 that the shipbuilder last exported two large bulk carriers to Indian Jindal Steel Works.

It has faced a financial crunch since 2014 for a fall in the global market for shipbuilding and shipping business.

The situation had worsened for the company due to conflicts among its directors and a massive amount of debt accruing with banks and financial institutions following the Covid pandemic.

The shipbuilder is now hoping to make a comeback.

The company signed a deal worth

\$7.3 million in 2023 with the UAE-based buyer, Marwan Shipping Ltd, for the construction of four landing craft vessels, two tugboats and two oil tankers.

Out of the eight vessels, the shipbuilder has completed building a 69-metre-long landing craft, named Rayan, said Western Marine Managing Director Captain Sohail Hasan.

It will be handed over to the buyer by January, he told a press briefing on the Western Cruise ship anchored at Chattogram Boat Club yesterday.

Of the rest, two high-powered tugboats named Khalid and Ghaya would be exported by April, said Hasan, adding that the remaining five vessels would be delivered gradually within 2025.

"The UAE firm is supplying all the raw materials for building these ships and

only paying us the making charges," Captain Hasan told The Daily Star.

"It means the whole of this \$7.3 million of foreign currency can be retained within the country as we don't need to purchase anything from abroad," he added.

The MD said in 2017, Western Marine exported a similar landing craft vessel to the same UAE-based buyer.

The return of this buyer in search of a new vessel is a testament to the fact that it is satisfied with ships built in Bangladesh, he said.

Western Marine entered into shipbuilding in 2000 and earned good reputation internationally. But the situation started to turn bad since 2014 following cancellation of several orders from foreign buyers.

READ MORE ON B3

Transport workers' strike hits importers hard

Work abstention ended last night

DWAIPAYAN BARUA, Ctg

Importers incurred massive losses as nearly 1.5 million tonnes of goods brought in from abroad had remained stuck at sea and river ports across the country for two days due to a water transport workers' strike that began at 12am on Friday.

Unloading of imported cargo at Chattogram port's outer anchorage and over 50 river points as well as countrywide transportation of cargo on inland water routes remained suspended for the second consecutive day yesterday.

Workers of lighter vessels, which carry 4.5 lakh tonnes of goods, refrained from unloading imported cargo from 20 bigger vessels at the outer anchorage of Chattogram port, according to shipping agents, ship handling operators and the Chittagong Port Authority (CPA).

However, the leaders of Bangladesh Water Transport Workers Federation (BWTWF) called off the work abstention after 45 hours following assurance from the government of meeting their demands.

Workers' leaders announced this at 9:20pm last night following a meeting between

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Image of a man in a suit looking at a tablet.



## Akij Ceramics wins Best Brand Award for sixth year in a row

STAR BUSINESS DESK

Akij Ceramics has been honoured with the Best Brand Award for the sixth consecutive year at the “Best Brand Awards 2024”.

Mohammad Khorshed Alam, chief operating officer of building materials at AkijBashir Group, received the award at the InterContinental Dhaka in the capital recently, said a press release.

This achievement solidifies Akij Ceramics as the industry leader, clearly showcasing that they are far ahead of any other competitor in the ceramic tiles industry of Bangladesh.

The award programme was organised by the Bangladesh Brand Forum to honour brands that have demonstrated exceptional dedication and success in their respective industries.

Since first receiving the Best Brand Award in 2019, Akij Ceramics has continuously won the hearts of consumers, reinforcing its position as a brand that epitomises quality and trust.

The company’s unwavering commitment to its guiding philosophy, “Promise of Perfection”, has been the cornerstone of its unparalleled success, inspiring loyalty and confidence among customers year after year.

In 2024, this accolade was awarded to 44 brands across various categories alongside the overall top 15 brands of Bangladesh.

The rigorous selection process, which involved detailed consumer surveys and expert evaluations, highlights the prestige and significance of this honour, and further elevates Akij Ceramics’ status as the leader in the industry, the press release added.

# Akij Board wins Best Brand Award in wooden board category



Mohammad Khorshed Alam, chief operating officer of Building Materials at AkijBashir Group, receives awards at a function organised by the Bangladesh Brand Forum at the InterContinental Dhaka in the capital recently.

PHOTO: AKIJBASHIR GROUP

STAR BUSINESS DESK

Akij Board, a subsidiary of AkijBashir Group, has won the Best Brand Award in the newly introduced Wooden Board category of the “Best Brand Awards 2024”.

Mohammad Khorshed Alam, chief operating officer of building materials at AkijBashir Group, received the award at the InterContinental Dhaka in the capital recently, said a press release.

This marks an achievement as it is the first time the category has been featured in the awards, and Akij Board is the first winner. This recognition highlights Akij

Board’s dedication to superior quality and innovation.

Guided by its empowering tagline, “Now You Can”, the brand has continually evolved to meet customer needs.

With a diverse product approach, Akij Board has advanced its innovation journey by adding revitalised premium surface solutions to its lineup.

From versatile designs to pioneering solutions, the company has redefined industry standards and solidified its position as a trusted leader.

The award programme was organised by the Bangladesh Brand Forum to

honour brands that have demonstrated exceptional dedication and success in their respective industries.

In 2024, this accolade was awarded to 44 brands across various categories, alongside the top 15 overall brands of Bangladesh.

Through a rigorous evaluation process, involving detailed consumer surveys and expert analysis, Akij Board emerged as the unanimous choice, the press release added.

This achievement not only strengthens the brand’s market leadership but also paves the way for future growth and innovation.



Shubhankar Shil, managing partner of Shubhankar and Co, and M Khorshed Anowar, deputy managing director and head of retail and SME banking of Eastern Bank PLC, pose for photographs after signing an agreement at the bank’s head office in the capital’s Gulshan recently.

PHOTO: EASTERN BANK

## Eastern Bank signs deal with Shubhankar and Co

STAR BUSINESS DESK

Eastern Bank PLC (EBL) has signed a business collaboration agreement with Shubhankar and Co, Chartered Accountants, a public accounting firm.

M Khorshed Anowar, deputy managing director and head of retail and SME banking of the bank, and Shubhankar Shil, managing partner of Shubhankar and Co, penned the deal at the bank’s head office in the capital’s Gulshan recently, the bank said in a press release.

Under the agreement, the accounting firm will provide management consulting and financial reporting services for SME and retail clients of EBL.

Among others, Syed Zulkar Nayan, head of business of the bank, and Mohammad Salekeen Ibrahim, head of asset, Khokan Chandra Das, senior partner of the accounting firm, and Nirmal Roy, partner, were also present.

## China revises up 2023 GDP to \$17.73tr

REUTERS, Beijing

China revised upwards its 2023 gross domestic product (GDP) by 2.7 percent to 129.4 trillion yuan (\$17.73 trillion), a top statistics official said on Thursday, while releasing the fifth national economic census.

Policy support late this year has set China’s economy on track to hit a growth target of “around 5 percent” as activity warmed slightly, but challenges such as potential US tariff hikes still weigh on prospects for next year.

Kang Yi, the head of the National Bureau of Statistics, made the remarks at a press conference in Beijing, the capital, adding that the bureau would publish further details of the revision on its website in the next few days.

China’s economy has “withstood the test of multiple internal and external risks over the past five years, and maintained a generally stable trend while progressing,” Kang said.

The fifth economic census carried out over the past five years encompassed the three years of the COVID-19 pandemic, which had a significant impact on the economy, he said.

The international environment had witnessed “profound and complex changes” since the previous such census, he added.

The revision of 2023 GDP would not have a significant impact on China’s 2024 GDP growth rate, Lin Tao, the bureau’s deputy head, told the same briefing, however.

On Thursday, the World Bank raised its forecast for China’s economic growth in 2024 and 2025, but warned that subdued household and business confidence, along with headwinds in the property sector, would keep weighing it down next year.

The economic census showed changes in China’s job market, with 25.6 percent more people employed in the tertiary industries at the end of 2023 than at the end of 2018, but secondary industries had 4.8 percent fewer employees.

As a severe property crisis hobbles a macroeconomic rebound, employees of property developers fell 27 percent to 2.71 million by the end of 2023 against the corresponding 2018 figure, the economic census data showed.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (DEC 28, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 70-Tk 80	1.35 ↑	11.11 ↑
Coarse rice (kg)	Tk 50-Tk 55	0	7.14 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-10.53 ↓
Lentil (kg)	Tk 105-Tk 110	0	0
Soybean (litre)	Tk 163-Tk 165	-1.50 ↓	4.13 ↑
Potato (kg)	Tk 50-Tk 70	-22.58 ↓	-4.00 ↓
Onion (kg)	Tk 50-Tk 75	-48.98 ↓	-34.21 ↓
Egg (4 pcs)	Tk 46-Tk 50	1.05 ↑	9.09 ↑
SOURCE: TCB			

## NCC Bank opens new branch in Gazipur

STAR BUSINESS DESK

NCC Bank PLC has opened a new branch in Kaliganj upazila of Gazipur recently.

This is the 129th branch of the bank, said a press release.

Md Nurun Newaz Salim, chairman of the bank, inaugurated the branch as the chief guest.

In his speech, Salim said that NCC Bank is working for modern and technology based banking to meet the increasing demand of customers.

“Considering the economic as well as overall development of different areas, the bank opened its Kaliganj branch in Gazipur for advancement of agriculture and trade of this locality,” he said.

He urged the local retail and small and cottage industries, agriculturists and traders, including professionals, to avail the facilities from the Kaliganj branch.

M Shamsul Arefin, managing director of the bank, presided over the ceremony, where Khairul

Alam Chaklader, chairman of the executive committee of the bank, was present as special guest.

Md Asaduzzaman, additional superintendent

of police of Kaliganj circle, Md Moinul Hasan, a businessman, and Lutfur Rahman, former mayor of Kaliganj, along with the manager of Kaliganj branch of the bank were also present.



Md Nurun Newaz Salim, chairman of NCC Bank, inaugurates a new branch of the bank in Kaliganj upazila of Gazipur recently.

PHOTO: NCC BANK

## Oil settles up over 1%

REUTERS, New York

Oil prices settled more than 1 percent higher on Friday and recorded a weekly gain in low trading volume ahead of year end, buoyed by a larger-than-expected drawdown from US crude inventories last week.

Brent crude futures rose 91 cents, or 1.2 percent, to settle at \$74.17 per barrel. US West Texas Intermediate

crude futures rose 98 cents, or 1.4 percent, to \$70.60 per barrel.

On a weekly basis, both Brent and WTI crude gained about 1.4 percent.

US crude oil inventories fell by 4.2 million barrels in the week ended Dec. 20 as refiners ramped up activity and the holiday season boosted fuel demand, data from the US Energy Information Administration showed on Friday.

## Big Oil backtracks

FROM PAGE B4

That summit yielded a global climate finance deal but disappointed climate advocates who had hoped governments would coalesce around a phase-out of oil, gas and coal.

The energy companies will be watching to see if Trump follows through on promises to repeal President Joe Biden’s landmark green energy policies, which have spurred investments in renewables across the United States.

Trump has vowed to remove the United States from global climate efforts, and has appointed another climate sceptic, oil executive Chris Wright, as his energy secretary.

There are potential pitfalls in the

energy majors’ renewed emphasis on oil and gas.

Demand growth in China, which has driven global prices for two decades, is slowing, with growing signs that its gasoline and diesel consumption is plateauing.

At the same time, OPEC and top oil producing allies have repeatedly delayed plans to unwind supply cuts as other countries, led by the United States, increase oil output.

As a result, analysts expect oil companies to face tighter financial constraints next year. Net debt for the top five western oil giants is expected to rise to \$148 billion in 2024 from \$92 billion in 2022, based on LSEG estimates.

## OpenAI plans

FROM PAGE B4

With the restructuring, the PBC will control OpenAI’s operations and business.

Its non-profit arm will build up a team to pursue charitable initiatives in areas like health care.

OpenAI is under high scrutiny as an artificial intelligence powerhouse, reaching a staggering \$157 billion valuation in recent times.

The company, led by Sam Altman, has become one of the most successful startups in Silicon Valley history – propelled to headlines in 2022 when it released ChatGPT, its

generative AI chatbot.

But its corporate set-up imploded in late 2023 when the board fired Altman out of the blue.

Staff rebelled and Altman was eventually reinstated, while those involved in his ouster left the company.

Alarmed by the situation, new investors have demanded that OpenAI become a more classic for-profit outfit within two years.

Its restructuring efforts will likely face obstacles, with Elon Musk reportedly asking a US court to stop OpenAI from converting into a for-profit enterprise.

## Bottled soybean oil still in short supply

FROM PAGE B1

The government had twice reduced the value added tax on imports of soybean and palm oil since October 17, with the charge having been lowered to 5 percent at present compared to 15 percent previously.

Mohammad Bablu, a retailer in Karwan Bazar, one of the largest kitchen markets in Dhaka, said his shop is facing demand for 400 litres of bottled soybean oil each day.

However, he is getting about 300 litres daily from refiners.

“I thought the supply would be normalised a few days after the price hike. But it did not,” he added.

Bablu informed that only two of the country’s top edible oil brands are maintaining supply as per demand while all the others have fallen behind.

Hazi Mohammad Mizan, another retailer of the same market, said the refiners are mainly failing to keep up with the demand for bottled soybean oil.

Echoing Bablu, he too informed that maybe just one or two of the big

brands are currently maintaining adequate supplies.

Seeking anonymity, a wholesaler at Karwan Bazar said refiners had urged for a Tk 20 price hike at the time when the new edible oil prices were announced as they would otherwise suffer severe losses.

“That is why some refiners are failing to supply products as per demand,” Mizan added.

Retailers in Chattogram said they are being supplied just a third of their demand, with many capitalising on the shortfall by charging exorbitant prices for different brands of soybean oil.

Mohammad Shahjahan, manager of Mahin Store at Riazuddin Bazar in Chattogram, said the Rupchanda brand soybean oil is available to some extent, but the supply from other companies is low.

Md Ismail Hossain, a retailer at Kazir Dewri Bazar in the port city, said although supplies of all bottled soybean oil brands had gradually started to normalise, they are still not

available as per demand.

There is high demand for one and three-litre bottles of soybean oil, but most refiners are mainly supplying the two and five-litre bottles, he added.

Mohammad Dabirul Islam Didar, general manager (finance and accounts) at Bangladesh Edible Oil Ltd, a major commodity importer and processor marketing the Rupchanda brand soybean oil, said they continued supplying the product as usual after the government raised its price.

He also informed that they were unable to move their imported crude degummed soybean oil from Chattogram to their refineries due to the ongoing strike called by water transport workers.

This situation caused disruptions in the supply chain, he said while adding that they have enough raw materials to continue operations for the time being.

The company operates one refinery in Mongla of Khulna and

another in Rupshi of Narayanganj.

“Hopefully the current problem will be resolved soon,” Didar said.

Unloading of goods and fuel from mother vessels and their supply through local river routes remained suspended at Chattogram port till yesterday amid the nationwide strike of water transport workers.

The strike, which began at midnight last Thursday, affected only cargo vessels, according to the Bangladesh Water Transport Workers’ Federation.

The Daily Star tried to contact Biswajit Saha, director of corporate and regulatory affairs at City Group, which markets the Teer brand of soybean oil, and Md Shafiul Ather Taslim, director for finance and operations at TK Group, a leading importer and commodity processor marketing the Pushti brand.

However, neither responded to our request for comments.

(Jahid Hasan, our district correspondent in Shariatpur, contributed to this report)



## US to hit new debt limit as soon as Jan 14: Yellen

AFP, Washington

The United States could come up against its debt ceiling as soon as in mid-January, Treasury Secretary Janet Yellen said Friday, urging Congress to “act to protect the full faith and credit” of the country.

Lawmakers have suspended the debt ceiling — a limit on government borrowing to pay for bills already incurred — until January 1 next year.

This means that on January 2, a new limit will be set matching the amount of debt issued by the Treasury Department.

But the path forward could prove to be contentious if the United States hits this new limit, given that the lifting of the ceiling has been a thorny partisan issue in recent years.

“Treasury currently expects to reach the new limit between January 14 and January 23, at which time it

**Lawmakers have suspended the debt ceiling — a limit on government borrowing to pay for bills already incurred — until January 1 next year**

will be necessary for Treasury to start taking extraordinary measures,” said Yellen in a letter addressed to Republican House Speaker Mike Johnson and other lawmakers.

Such extraordinary measures allow the Treasury Department to continue financing the government’s activities, preventing it from defaulting on its obligations.

The United States is not set to hit the debt limit once the suspension is over, as the country’s outstanding debt is projected to decrease by around \$54 billion on January 2, Yellen noted.

This is “mostly due to a scheduled redemption of nonmarketable securities held by a federal trust fund associated with Medicare payments,” she added.



**Bellal Hossain makes a comforter at the Katianangla Bazar in Khulna's Batiaghata upazila. He can make eight to 10 comforters in a day, each of which can sell for Tk 1,100 to Tk 1,600 depending on the size and quality of materials used. With winter well underway, sales are said to have picked up. The photo was taken recently.**

PHOTO: HABIBUR RAHMAN

# Economy can’t go forward without Islami Bank: BB governor

STAR BUSINESS REPORT

Bangladesh economy cannot go forward without Islami Bank and people of the country have confidence on the financial institution, Bangladesh Bank Governor Ahsan H Mansur said yesterday.

“Islami Bank is the number one bank of the country. The bank has turned around within the shortest time and is now going forward smoothly. This bank will not look back anymore,” he said.

The central bank governor made the comments while inaugurating a new branch of Islami Bank in Ghatail upazila of Tangail as the chief guest.

“One-fourth of the country’s population is closely connected with Islami Bank. The opening of the 400th branch is a significant achievement for the bank,” the governor said.

“We have been working to recover the banking sector from its previously devastating situation. Islami Bank has made remarkable progress compared to its condition five

months ago.”

Mansur said Islami Bank was established as an international bank with the involvement of foreign investors.

The governor hoped Islami Bank will come back as an international bank again, as the financial institution has the potential to be 10 times larger.

Islami Bank has a countrywide network of 400 branches, 265 sub-branches, 2,800 agent outlets and more than 3,000 automated teller machines/cash recycling machines, said Obayed Ullah Al Masud, chairman of Islami Bank.

“It is a symbol of its popularity. The employees of this bank work with honesty and sincerity. It is very rare to find so many honest and competent people under the same umbrella,” Masud said while presiding over the programme.

He also stated that Islami Bank has been contributing to the development of the rural economy through its rural development scheme, which operates across 34,000 villages in the country.

“We want to extend this service to 68,000 villages.”

Md Abdul Jalil, chairman of the executive committee of the bank; M Masud Rahman, chairman of the risk management committee; Md Abdus Salam, chairman of the audit committee, and Mohammad Khurshid Wahab, independent director, were present at the opening of the branch as special guests.

Mohammed Monirul Molla, managing director of the bank, delivered a welcome speech at the programme, where Mohammad Abdus Samad, member secretary of Shariah supervisory committee, presented a keynote speech on welfare-oriented banking.

Md Omar Faruk Khan, Md Altaf Hossain and Mohammad Jamal Uddin Mazumder, additional managing directors; Md Hosni Mobarak Babul, principal of AIM City Residential School and College; Md Russell Mia, owner of the bank’s Brahman Shasan Bazar agent outlet, and Md Rafiqul Islam, a local businessman, along with executives and officials of the bank, were also present.

## ERF elects new leaders



**Doulot Akter Mala**



**Abul Kashem**

STAR BUSINESS REPORT

Doulot Akter Mala, a special correspondent for The Financial Express, has been elected president of Economic Reporters’ Forum (ERF), an organisation for finance and business journalists.

Abul Kashem, a special correspondent for The Business Standard, was re-elected as the general secretary.

Mala bagged a total of 114 votes to secure victory, while her nearest rival, Refayet Ullah Mirdha, senior staff reporter of The Daily Star and the outgoing ERF president, got 82 votes.

Abul Kashem got 93 votes, with his closest rival Mizanur Rahman securing 48 votes.

The new leadership will guide the ERF through the 2025-26 term.

The elections, held during the ERF’s biennial meeting at its Purana Paltan office on Friday, were overseen by Hasan Hafiz, chairman of the board of directors and president of Jatiya Press Club.

The election board included Ayub Bhuiyan, general secretary of Jatiya Press Club, and Syed Abdal Ahmed, the former general secretary.

## India’s forex reserves fall to 7-month low

ANN/THE STATESMAN

The foreign exchange reserves fell for a third consecutive week as of December 20, data from the Reserve Bank of India said on Friday.

India’s foreign exchange reserves stood at a more-than-seven-month low of \$644.39 billion. As per the RBI data, the reserves declined by \$8.5 billion in the reporting week, logging their biggest weekly fall in over a month. They had declined by a total of \$5.2 billion in the prior two weeks.

Changes in foreign currency assets are caused by the central bank’s intervention in the forex market as well as the appreciation or depreciation of foreign assets held in the reserves. The RBI intervenes on both sides of the forex market to curb undue volatility in the rupee.

RBI further said that India’s current account deficit moderated slightly from a year earlier in the July-September quarter. The current account deficit stood at \$11.2 billion, or 1.2 percent of GDP in the reporting quarter, compared with a revised deficit of \$11.3 billion or 1.3 percent of GDP in the same quarter a year ago. The deficit stood at a \$9.7 billion or 1.1 percent of GDP in the preceding quarter.

## A rush to heal exposed banking wounds

FROM PAGE B1

administration that came after Hasina’s exit moved swiftly to address systemic irregularities and implement a broad reform agenda.

Towards the end of the year, a slew of steps had been taken, though the path to stability remained fraught with difficulty.

**A GLOOMY START**

The year began under a cloud of economic uncertainty.

Inflation surged to 11.66 percent in July — the highest in 13 years. The price pressure has been hovering above the 9 percent mark since March 2023.

Despite the government and the central bank’s efforts, including multiple policy rate hikes, inflationary pressures showed little sign of easing.

To make things worse, the foreign exchange market faced unrelenting volatility for months.

Over two years, the country’s dollar stocks had halved and local currency Taka had depreciated by about 28 percent.

These burdens further strained the banking sector, specially for Shariah-based lenders already wrestling with governance failures and liquidity shortfalls.

**BB’S LIQUIDITY SUPPORT ALL**

**THROUGH 2024**

To protect the banking sector from a collapse, the Bangladesh Bank (BB) injected fresh funds into struggling banks throughout the year.

The lack of securities tied to these liquidity supports fueled inflation and drew criticism for making things difficult in the long run.

Critics argued that such measures merely postponed the reckoning, without addressing the structural flaws undermining the sector.

At the end of 2023, the central bank provided Tk 22,000 crore in emergency funds to seven beleaguered banks, including five Islamic ones, to dress up their balance sheets before the year closed.

Then, in January, the banking regulator provided Tk 12,000 crore to six banks against the special purpose treasury bond issued by the government to settle outstanding payments for fertiliser and power.

Economists came down heavily on these fund injections, arguing that those fueled inflation by “printing money”.

Under the interim government, the central bank also extended Tk 22,500 crore as liquidity support to six crisis-hit banks in November.

**FAULTY MERGER MOVE**

As per the instruction of the previous government, Abdur Rouf Talukder, former governor of the central bank, took an initiative to merge five weak banks with sound ones.

The move prompted massive instability in the banking sector as depositors of the weak banks rushed to withdraw cash.

The decision to merge the weak and problematic Padma Bank with the EXIM Bank in March was the first merger initiative.

Later, names of a few more banks came to light for merger, which eventually caused the lenders to face a liquidity crisis due to massive deposit withdrawals.

However, after the political changeover, the merger decision was cancelled.

**THE RETURN OF MARKET-BASED INTERESTS**

In May this year, the BB was forced to reintroduce market-based interest rates after shelving it for four years.

The reintroduction was to meet the conditions of the IMF.

The central bank, in line with the government instruction in 2020, introduced a single digit lending rate which allowed banks to charge a maximum 9 percent interest rate on

lending.

Economists criticised the single-digit lending rate policy as it created an opportunity for bad borrowers to take funds at a cheap rate and launder it abroad. The single-digit lending rate also contributed to high inflation.

In July 2023, the central bank withdrew the 9 percent lending rate cap and introduced the Six-Months Moving Average Rate of Treasury bills (SMART) formula for setting the interest rate.

In May this year, the banking regulator scrapped the SMART formula to let the market decide interest rates on commercial lending.

At the same time, the BB introduced a crawling peg exchange rate system for buying and selling foreign currencies and allowed banks to buy and sell US dollars at around Tk 117.

**BAD LOANS REACHED RECORD HIGH**

At the end of September this year, non-performing loans (NPLs) in the banking sector reached Tk 284,977 crore.

The figure included a massive Tk 73,586 crore defaulted in just three months.

READ FULL STORY ONLINE

## Western Marine plans

FROM PAGE B1

In 2008, the shipbuilder signed a €94 million contract with German company Grona Shipping to build 12 ice class cargo vessels.

Only four out of these 12 ships were delivered smoothly at its original price.

Western Marine had to deliver four other ships at a discount, while the German buyer cancelled the order for the remaining four ships, citing global inflation and the eurozone crisis in 2012-2013.

An official of Western Marine said, “During that period shipping freight dropped drastically worldwide and global shipping and shipbuilding business faced a huge crisis which had led our European buyer towards insolvency and order cancellations.”

A Danish buyer also cancelled an order for two vessels when those were already half built, he said, adding that they later managed to sell one of those two ships to a company of Equador at a discount.

These order cancellations as well as global market fall in shipping and shipbuilding business led the company to face a financial crunch since 2014.

There was a lack of foreign orders

of high value commodity ships during the period from 2013 to 2020, he claimed.

And by this time, the company had gradually been burdened with a huge amount of debt with banks and financial institutions.

Western Marine’s loans with different banks and financial institutions reached Tk 1684 crore. Failure to pay those off on time led to the accumulation of interest of Tk 1,402 crore.

The company has so far paid off Tk 952 crore. Its current outstanding loan stands at Tk 2,134 crore.

Western Marine General Manager (Finance) Abul Mansur said they have regularised these loans with most of the financial institutions, while negotiations were ongoing with the rest.

They availed a grace period of two years from most of the financial institutions making required down payments.

Managing Director Hasan said though devastated with debts, they did not give up, rather tried to survive through the export of small support ships to a few African countries, India and other countries from 2013 to 2023.

## Inflation outpaces wage growth

FROM PAGE B1

“If once any infant falls into malnutrition, it can never be recovered. It may cause permanent damage to their body,” he added.

In November, food inflation in urban areas stood at 14.63 percent, which especially hit the urban poor.

Food inflation has been hovering above 9 percent since May 2023 and exceeded 9.5 percent in each month of FY24 except February and June.

The overall wage growth in the agriculture sector was 8.36 percent that month, up by 0.04 percentage points from August, while that of the industrial sector increased by 0.04 percentage points to 7.73 percent.

Likewise, wage growth in the service sector advanced by 0.03 percentage points to 8.40 percent.

The WRI considers the wages of informal workers, who get paid on a daily basis, across 63 occupations in the agriculture, industry and service sectors.

Regarding persisting inflation, Mujeri said the former government could not reduce inflation with its monetary policy as it failed to implement the right measures at the right time. “Implementing a contractionary monetary policy is not enough to fight inflation. There is a need to integrate multiple policies here,” he added.

Mujeri, a former chief economist of the Bangladesh Bank, said there was no alternative to ensuring sufficient production in order to stabilise the market.

“Still, the government has failed to

stabilise the kitchen market,” he said.

“In this situation, the month of Ramadan is coming, I don’t see any hope to cool the inflation,” he said.

“The recent nationwide indefinite strike (by water transport workers) may push prices further up in the kitchen market,” he added.

The water transport workers have called the strike demanding a proper investigation into Monday’s killing of seven crewmen onboard MV Al-Bakhera in Chandpur.

Real income reductions caused by ongoing inflationary pressure over the past two years have pushed at least 78 lakh people into poverty, according to a study by private think-tank Research and Policy Integration for Development (RAPID).

READ FULL STORY ONLINE

## Transport workers’ strike

FROM PAGE B1

Director General Commodore Md Maksud Alam of the Department of Shipping and leaders of the Bangladesh Water Transport Workers Federation and the Bangladesh Lighterage Workers Union at the office of DG Shipping in Agargaon, Dhaka.

The BWTWF announced the indefinite work abstention centring the brutal killing of seven crewmen of lighter vessel MV Al-Bakhera in Chandpur on December 23.

Seven workers of the lighter vessel, which was carrying 720 tonnes of urea from Chattogram to Baghabari, were found dead in the early hours of the day while it was anchored in the Chandpur area.

Abul Khair Group, a leading

commodity importer of Bangladesh, imported 45,103 tonnes of yellow peas from Canada on a mother vessel named MV One Shine, which reached Kutubdia anchorage on December 23.

After lightering 3,000 tonnes of imported cargo at Kutubdia, the ship reached the outer anchorage of the port last night and has remained idle since then due to the workers’ strike, Belayet Hossain, director of the ship’s local agent Litmond Shipping Ltd, told The Daily Star.

The ship had plans to complete the unloading at best in 6 days, but it looks like the work stoppage would delay the process, he said.

The operators of these kinds of vessels have to pay \$20,000 to \$25,000 every day as demurrage, he said.

Meanwhile, around 10.5 lakh

tonnes of imported cargo got stuck at 773 lighter vessels that were passing idle times at 56 river points, said officials of Bangladesh Water Transport Coordination Cell.

Some 120 lighter vessels out of the 773 got stranded at Noapara Ghat area of Jashore and 77 at Narayanganj’s Kanchpur.

These vessels are mostly carrying commodities such as wheat, sugar, lentils, yellow peas, salt, and edible oil, along with coal, stone, and industrial raw materials like cement clinker, slag, and fertiliser.

Workers were adamant on abstaining from work until their demands are met, said Alfar Hossain Chowdhury, general secretary of Bangladesh Lighterage Workers Union.





Furniture sales are far below expectations for this winter, traditionally a period of increased demand due to weddings and other occasions.

PHOTO: STAR/FILE

# Inflation, political uncertainty eat through furniture recovery

Overall sales decline 40% since August

JAGARAN CHAKMA

After two years of sluggish business, local furniture makers saw a slight improvement in sales in June, only to meet with nationwide student protests culminating in a fierce anti government campaign that ultimately ousted the Awami League regime in early August.

Since then, industry insiders said their overall sales have declined at least 40 percent, with businesses with government offices and corporate clients becoming the worst hit.

While households have somewhat recovered from the initial shock of stubbornly high inflation, they are now mainly purchasing essential furnishings. However, sales are far below expectations for this winter, traditionally a period of increased demand due to weddings and other occasions.

Although the political landscape shows some stability lately, price pressures still remain high, hovering above 9 percent since March 2023. Besides, the weakening Taka against the greenback has further eroded furniture sales, as rising raw material costs drive up product prices.

“Our overall sales have declined this year due to plummeting consumer purchasing power and their diminishing disposable incomes,” said Selim H Rahman, chairman and managing director of Hatil Furniture, one of the leading local brands established in 1989.

According to Rahman, government agencies and the corporate sector have reduced their purchases by at least 80 percent since the political changeover.

“Normally, the government procures



furniture worth Tk 120 crore annually, but there are no signs of new work orders anytime soon.”

The corporate sector has also halted purchases of office furniture over the past five months, Rahman added.

Although household furniture sales have increased recently due to the ongoing wedding season, the Hatil Furniture chairman said their overall sales in 2024 have declined by over 30 percent.

The impact of the dollar on furniture prices is another factor contributing to the sales decline.

As the US dollar gained against Taka, Rahman said they had to raise furniture prices to keep pace with rising raw material costs and duties.

Rahman, also the chairman of the

Bangladesh Furniture Industries Owners Association, added that their revenue in last year was around Tk 468 crore, but it may decrease to Tk 330 crore this year.

While Regal Furniture -- a sister company of the Pran-RFL Group -- did not experience a massive sales decline, it also did not achieve the anticipated growth for the outgoing year.

“Sales did not increase as much as we had expected. Especially in the last five months after the political changeover in August, sales have decreased,” said Touhiduzzaman, deputy general manager of public relations at the Pran-RFL Group.

After two years of sluggish demand, he claimed that their business was quite good before June, with increased sales of home furnishings.

The business of Regal Furniture has three segments: office furniture for corporate sectors, office furniture for public agencies and home furnishings for regular consumers.

Since August, sales to government and business institutions have declined sharply due to political instability and economic gloom, said Touhid.

He, however, said that sales of home furniture remained relatively strong because they cater to the middle-class market.

As a result, their household furniture sales have not fluctuated much, making the impact of the economic downturn less visible in this segment compared to others that have logged massive declines.

Despite the current market downturn, Touhid sounded optimistic about a rebound in the next six months as the economy and overall conditions have started to show some improvements.

Another leading brand Partex Furniture saw its sales falling by nearly half in the past five months following the political shift, according to its Head of Marketing Shohan Akon Sunny.

“We had just started to recover from a two-year slowdown, but office furniture sales have once again entered a dull period,” he said.

Sunny said the economic downturn has discouraged wealthy individuals from buying new furniture. Besides, last year's increase in furniture prices due to the rising US dollar discouraged consumer spending.

While Partex expected an industry growth in recent years, this has not materialised, Sunny added.

## Truth not to be told

MAHTAB UDDIN AHMED

A Moulana shared a viral story about his childhood friend, an eloquent speaker who became the Imam of a modern mosque in Dhaka. Excited, the Moulana visited the mosque but was shocked to find no Bangla discussion before the Khutba—just prayer and sermon. Disappointed, he asked, “Why waste your speaking talent?” The friend replied, “I learned the hard way not to speak on sensitive topics.”

On his first Friday, he preached against interest, only to be confronted by the furious mosque President, accusing him of personal attacks. The next week's topic, bribery, angered the Secretary. By the third Friday, the Imam decided to play it extra safe. No money-related topics, no sensitive issues—just a classic moral lesson on alcohol. Big mistake. This time, the mosque's Cashier confronted him. “You've gone too far! How did you find out I drink occasionally? Do you have spies following me? If I stop your salary for two months, and we'll see how long you keep this up!”. Frustrated by the constant backlash, he stopped speaking in Bangla. “Now I stick to Arabic,” he quipped. “No one understands me, but they all say ‘MashaAllah’. Problem solved!”

When the truth highlights a personal weakness, it threatens an individual's self-image and triggers a defence mechanism to protect their ego. This phenomenon, known as ego defence, often leads to denial, rationalisation, or anger to deflect the discomfort. In corporate or other environments, where reputation and perceived competence are crucial, people may feel exposed or vulnerable when confronted with uncomfortable truths. This reaction is amplified by the fear of judgment, loss of status, or accountability.

As a result, many struggle to accept constructive criticism or truths that challenge their self-perception or professional identity.

Studies show individuals prefer affirming their views (67%) over considering opposing ones (33%). Early experiences of criticism as rejection can create defensive reactions in adulthood. In workplaces, feedback acceptance depends on its credibility and the perceived intentions of the provider. Credible, learning-oriented feedback enhances receptivity and creativity, while less credible feedback diminishes motivation. Overall, resistance stems from self-preservation instincts, fear of judgment, and distrust in feedback sources, influencing behaviours in personal and professional settings.

In the corporate world, truth-telling is an art best served with diplomacy's generous help. Most of my bosses appreciated my finesse—except for that one time it backfired spectacularly. Turns out, if the boss on the receiving end is incompetent, even the most sugar-coated truth can taste bitter. This is why delivering truth is like tailoring a suit—it needs to fit the audience. But let's be honest, like the Moulana's friend, avoiding the truth isn't an option either, especially when your paycheck's at stake. The trick? Speak the truth—wrap it nicely and hope the wrapping doesn't offend!

Dealing with sensitive truths in the workplace requires tact without compromising integrity. First, understand your audience. Frame your message constructively, focusing on solutions rather than pointing out flaws. Timing is crucial—choose a private, calm moment to convey difficult truths. Offer data or examples to make your feedback objective. Finally, maintain a respectful tone and show empathy, reinforcing that your intent is to help, not criticise. Honesty delivered thoughtfully preserves both relationships and integrity.

In the end, whether in a mosque or a corporate boardroom, the truth is like spicy biryani—everyone claims to love it, but too much heat and someone's bound to choke. The real skill lies in serving it with just the right blend of flavors so it's hard to resist.

*The author is president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd*

## OpenAI plans to become for-profit company

AFP, Washington

ChatGPT-maker OpenAI laid out plans Friday for a new corporate structure shifting away from control by a non-profit—an issue of contention for the artificial intelligence trailblazer.

OpenAI was founded as a non-profit in 2015 and has since switched to a “capped” for-profit enterprise allowing for a limited level of money making.

But it has been seeking to become a for-profit public benefit corporation (PBC), which could attract more investment.

In a blog post, the company said it plans to restructure as a PBC, which “requires the company to balance shareholder interests, stakeholder interests, and a public benefit interest in its decision making.”

“It will enable us to raise the necessary capital with conventional terms like others in this space,” OpenAI added.

It said that it needs to raise more capital than imagined, citing the hundreds and billions of dollars that major firms are now putting into artificial intelligence development.

“Investors want to back us but, at this scale of capital, need conventional equity and less structural bespokeness,” OpenAI said.

Currently, its structure does not allow the board to directly consider the interests of those who would finance its mission.

The structure also “does not enable the non-profit to easily do more than control the for-profit,” the company said.

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## Big Oil backtracks on renewables push as climate agenda falters

REUTERS, London

Major European energy companies doubled down on oil and gas in 2024 to focus on near-term profits, slowing down—and at times reversing—climate commitments in a shift that they are likely to stick with in 2025.

The retrenchment by oil majors comes after governments around the world slowed the rollout of clean energy policies and delayed targets as energy costs soared following Russia's full-scale invasion of Ukraine in 2022.

Big European energy companies that had invested heavily in the clean energy transition found their share performance lagging US rivals Exxon and Chevron, which had kept their focus on oil and gas.

Against this backdrop, the likes of BP and Shell this year sharply slowed their plans to spend billions on wind and solar power projects and shifted spending to higher-margin oil and gas projects.

BP, which had aimed for a 20-fold growth in renewable power this decade to 50 gigawatts, announced in December it would spin off, opens new tab almost all its offshore wind projects into a joint venture with Japanese power generator JERA.

Shell, which once pledged to become the world's largest electricity company,

largely stopped investments in new offshore wind projects, exited power markets in Europe and China and weakened carbon reduction targets.

Norway's state-controlled Equinor also slowed spending on renewables.

“Geopolitical disruptions like the invasion of Ukraine have weakened CEO incentives to prioritise the low-carbon

transition amid high oil prices and evolving investor expectations,” Rohan Bowater, analyst at Accela Research, told Reuters. He said BP, Shell and Equinor reduced low-carbon spending by 8 percent in 2024.

Shell told Reuters it remained committed to becoming a net zero emissions energy business by 2050



An aerial view of an oil factory of Idemitsu Kosan Co in Ichihara, east of Tokyo. Governments around the world slowed the rollout of clean energy policies and delayed targets as energy costs soared following Russia's full-scale invasion of Ukraine in 2022.

PHOTO: REUTERS/FILE

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