

# Star BUSINESS



## Economy to see muted recovery in 2025

AHSAN HABIB

Will smaller rotis at roadside eateries return to their previous regular size next year? Will a Tk 500 note again fill up the shopping bag holding kitchen items? Or, will several lakh graduates, who have been poring over newspaper recruitment advertisements, finally get their jobs in 2025?

Unfortunately, economists cannot say for sure whether 2025 will be better than the previous year, or worse than the current state.

Rather, they turn to politicians for answers about the extent of political certainty in the new year.

But why are economists unable to answer questions relating to their

**ECONOMIC OUTLOOK FOR 2025**

Muted recovery expected as political uncertainty clouds investment climate

**SUGGESTIONS**

- Introduce market mechanisms in order to cool inflation
- Ensure better climate for attracting more investments

**KEY CHALLENGES**

- High food inflation
- Reduced private investment
- Slow economic recovery



lender overseeing reforms and subsequent corrections to the country's macroeconomic gauges since the approval of its \$4.7 billion package in January 2023, sees a brighter future for Bangladesh.

From next fiscal year [FY 2025-26], we expect everything, the growth momentum, to start transitioning, rebounding to better days Bangladesh used to have in the past," said IMF mission chief Chris Papageorgiou in the third week of December 2024.

Despite having several disagreements, both the IMF and Bangladeshi economists agree on the need for political stability to drive recovery.

But the reality differs. The latter part of 2024 saw various political parties and groups take to the streets with different demands.

Against this backdrop, Chief Adviser of the interim government Professor Muhammad Yunus hinted in a speech that the next national elections might be held at the end of 2025 or the beginning of 2026, albeit after essential reforms are carried out.

Although the government has taken several reform initiatives for the economy, consolidated steps are yet to be seen, according to economists.

And, these efforts are not bearing any effective result, they said.

For instance, the central bank raised policy rates five times in 2024 to curb inflationary pressure, but there is no concrete initiative to sort out issues plaguing the kitchen market supply chain.

The Awami League government has left power, but extortion still remains a cause of rising goods costs, admitted Finance Adviser Salehuddin Ahmed. "The long time powerful government is no longer in

own field?

One reason, they say, is that the interim government's reform spirit has somewhat lost steam in the economic arena.

As political agendas now occupy a large chunk of reform efforts, economists believe the economic recovery in 2025 could be muted compared to what was expected after the political changeover in August 2024.

However, the International Monetary Fund (IMF), a multilateral

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## 3 banks get Tk 12,500cr in emergency funds

MD MEHEDI HASAN

Bangladesh Bank (BB) has extended a total of Tk 12,500 crore in emergency funds to three beleaguered banks to dress up their balance sheet ahead of the year's end.

On December 30, National Bank, Islami Bank Bangladesh and AB Bank took the fund on an overnight basis at the standing lending facility rate of 11.50 percent, The Daily Star has learnt from central bank officials.

National Bank took Tk 6,000 crore,

Islami Bank Bangladesh received Tk 5,500 crore and AB Bank received Tk 1,000 crore against "demand promissory note" as the banks have no securities to offer as collateral.

Apart from the overnight Tk 1,000 crore, AB Bank also received Tk 200 crore as long-term liquidity support.

A demand promissory note is a legally binding document between a borrower and a lender. With this agreement, the borrower promises to repay the money whenever the lender demands it.

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## EBL CLIMATE CHANGE ACTION AWARDS 2025

The EBL Climate Change Action Awards 2025, initiated in partnership with the US, German, French, and Danish embassies, aims to recognize and celebrate outstanding contributions towards tackling the most pressing challenges of climate change and promoting sustainability in Bangladesh. The awards will honor individuals, businesses, and organizations excelling in five different categories, thereby fostering innovation and leadership in addressing climate challenges.

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## Maria Howlader becomes new president of ICAB

STAR BUSINESS DESK

Maria Howlader, managing partner and founder of Howlader Maria and Co, Chartered Accountants, has been elected as president of the Institute of Chartered Accountants of Bangladesh (ICAB).



**Maria Howlader**

Maria will replace Mohammed Forkan Uddin, who has completed his tenure as the ICAB president.

Md Johirul Islam, partner of A Qasem and Co, Chartered Accountants, was elected as vice-president of the institute.

They will take over the charges from today.

Maria is also serving as the secretary general to the Japan-Bangladesh Chamber of Commerce and Industry (JBCCI) and as a board director of the chamber for two consecutive terms, covering 2022-2024 and 2024-2026.

She was the vice-president (operations and members' services) of ICAB in 2021 and 2024, and was also the chairperson of a number of automation projects of ICAB in 2021.

Before founding her own professional practice and consultancy work, she was a partner of A Qasem and Co, Chartered Accountants, and practiced there for many years.

# ACI Formulations declares 20% cash dividend



**M Anis Ud Dowla, chairman of ACI Formulations Limited, presides over the company's 28th annual general meeting, which was held virtually recently. The meeting announced a 20 percent cash dividend for 2024.**  
PHOTO: ACI FORMULATIONS

STAR BUSINESS DESK

ACI Formulations Limited has announced a 20 percent cash dividend for the year that ended on June 30, 2024.

The announcement came at the company's 28th annual general meeting (AGM), which was held virtually recently, ACI Formulations said in a press release.

M Anis Ud Dowla, chairman of the company, presided over the meeting.

The audited financial statements together with reports of the directors and auditors of the company were also approved by the shareholders at the meeting.

Shusmita Anis, managing director of the company, highlighted a few of the salient features of the business

and addressed the issues raised by the shareholders.

She expressed gratitude and acknowledged the cooperation of all stakeholders.

Shusmita particularly acknowledged the contribution and efforts of employees of the company and thanked them.

## MTB elects Elahi as chairman

STAR BUSINESS DESK

Syed Manzur Elahi, founding chairman of MTB and Pioneer Insurance Company Limited, has been elected as the chairman of Mutual Trust Bank PLC (MTB).



**Syed Manzur Elahi**

He served the bank as vice-chairman and chairman of the board executive committee for the last two years, said a press release. Elahi is the chairman of Apex Group, Grey Advertising (Bangladesh) Ltd, Quantum Consumer Solutions Ltd, Manusher Jonno Foundation and Sunbeams School Ltd.

He is also managing director of International Publications Limited, a director of the Credit Rating Agency of Bangladesh Limited and Central Depository Bangladesh Limited, and chairman of the Board of Trustees of East West University.

Elahi obtained his master's degree in economics from the University of Dhaka.

Meanwhile, MTB's newly elected Vice Chairman Rashed Ahmed Chowdhury served as chairman of the bank's board risk management committee prior to assuming his current role.

## Mercantile Bank gets new DMD

STAR BUSINESS DESK

Mercantile Bank PLC has appointed Md Zahid Hossain as a deputy managing director (DMD) and chief business officer (CBO).



**Md Zahid Hossain**

Hossain previously served Bank Asia PLC as the senior executive vice president and divisional head, the bank said in a press release.

With over 29 years of experience in the banking sector, he has developed expertise in business development with a significant focus on corporate banking, asset quality and risk management, operations management, compliance and control, mentoring and people development, and market expansion into unexplored territories.

He began his banking career at Eastern Bank as a probationary officer in 1996.

Later, he joined Bank Asia and worked in different capacities for over 21 years of service.

# Midland Bank signs MoU with Easy to Europe, Tripzik for cash management solution



**Mohd Javed Tarek Khan, head of institutional banking division of Midland Bank, and Fazley Rabbi, chairman of Tripzik Limited, pose for photographs after signing a memorandum of understanding at the bank's head office in the capital's Gulshan recently.**  
PHOTO: MIDLAND BANK

STAR BUSINESS DESK

Midland Bank PLC has signed a memorandum of understanding (MoU) with Easy to Europe, a consultancy firm based in Germany, and Tripzik Limited, a travel company, for an online cash management solution.

Mohd Javed Tarek Khan, head of the bank's institutional banking division, Md Zahid Hasan, proprietor of the educational consultant company, and Fazley Rabbi, chairman of the travel company, penned the MoU at the bank's head office in the capital's Gulshan recently, said a press release.

Under the agreement, Easy to Europe and Tripzik Limited will use the robust online cash management solution of "Midland Cash Management (MCM)" for conducting their daily business banking and cash management activities nationwide.

Among others, Mohammad Hassibur Rahman, head of cash management of the bank, Mohammed Rashadul Anwar, head of public relations division, and Ashrafur Rahman, relationship manager, were also present.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (DEC 31, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 70-Tk 84	4.05 ↑	14.07 ↑
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 166	-1.20 ↓	4.44 ↑
Potato (kg)	Tk 50-Tk 65	-23.33 ↓	-4.17 ↓
Onion (kg)	Tk 60-Tk 85	-40.82 ↓	-19.44 ↓
Egg (4 pcs)	Tk 45-Tk 50	-3.06 ↓	9.20 ↑

SOURCE: TCB

## IFIC Bank opens branch in Jagannathpur

STAR BUSINESS DESK

IFIC Bank has expanded its operations to Jagannathpur upazila of Sunamganj with a new branch.

Md Rafiqul Islam, deputy managing director and chief of branch business of the bank, inaugurated the branch as the chief guest, said a press release.

During the inauguration, Islam said IFIC Bank, with the largest

branch and sub-branch network in the country, has been ensuring banking services for the past 48 years.

"This new branch has been launched to provide superior services closer to the customers of Jagannathpur," he added.

With this new branch, the total number of branches and sub-branches of the bank has reached 189 and 1,221, respectively.

Md Abdul Quayum Chowdhury, manager for Sylhet of the bank, presided over the event.

Among others, Suranjit Kumar Sen, acting principal of Jagannathpur Government Degree College, Ruhul Amin, officer-in-charge of Jagannathpur Police Station, Tajuddin Ahmed, acting president of Jagannathpur Press Club, and Jamal Uddin Belal, a businessman, were also present.



**Md Rafiqul Islam, deputy managing director and chief of branch business of IFIC Bank, inaugurates a new branch of the bank in Jagannathpur upazila of Sunamganj recently.**  
PHOTO: IFIC BANK



**Md Rabiul Islam, managing director and CEO (current charge) of NRBC Bank, poses for group photographs with participants of a "BAMLCO Conference 2024" at a hotel in Cox's Bazar recently.**  
PHOTO: NRBC BANK

## NRBC Bank organises BAMLCO Conference 2024

STAR BUSINESS DESK

NRBC Bank PLC has organised the BAMLCO Conference 2024 at a hotel in Cox's Bazar recently.

Around 300 officials, comprising all of the bank's branch heads and branch anti-money laundering compliance officers, participated in the event.

Md Rabiul Islam, managing director and CEO (current charge) of the bank, inaugurated the conference as chief

guest, the bank said in a press release.

Mohd Humayun Kabir, deputy managing director and CAMLO of the bank, and Md Rayhanul Islam, additional director of the Bangladesh Financial Intelligence Unit (BFIU), were present as special guests.

Md Kamrul Islam and Mohammad Main Uddin, joint directors of the BFIU, conducted two sessions regarding anti-money laundering (AML) and counter-terrorist financing (CTF).

Md Shaiful Alam Chowdhury, executive vice-president and zonal head for Chattogram of the bank, presided over the branch anti-money laundering compliance officer (BAMLCO) conference.

Md Limon Sikder, deputy chief anti-money laundering compliance officer and head of AML and CFT division of the bank, along with other officials of its operations in Chattogram were also present.

## Chinese stocks post first annual gain since 2020

REUTERS, Hong Kong

Chinese stocks registered their first annual gain following an unprecedented three-year decline despite a dip on the final trading day of 2024, while Hong Kong shares ended the year higher, supported by optimism over policy support.

The blue-chip CSI 300, tracking the biggest companies listed in Shanghai and Shenzhen, rose 14.7 percent this year, breaking a losing streak since 2021 set off by the COVID-19 pandemic, property sector woes and weak consumer confidence.

The Shanghai Composite Index gained 12.8 percent in 2024, ending a two-year decline. Hong Kong's benchmark Hang Seng Index closed the year's final session up 0.1 percent, for an annual gain of 17.7 percent that ended four consecutive years of losses.

"Within the equities markets, China's performance came as a positive surprise to many investors," analysts at Value Partners said in a note this week.

"Various supportive measures announced during the second half of the year, which targeted monetary

policy, the property market, and capital markets, largely surpassed expectations and overshadowed ongoing economic concerns," the analysts said. Chinese authorities have implemented some of the boldest measures since September, including interest rate cuts, home purchase incentives and funding schemes for stock buying, to bolster the struggling economy and restore domestic confidence.

Stabilising the capital market has become a policy requirement, and the general consensus is that the market is bottoming out, China

Asset Management said in a note.

With an advance of 34.7 percent, banking stocks led the onshore market gains this year, as the four largest state banks reached multi-year highs. The chip sector surged 53.9 percent as domestic investors boosted holdings in local semiconductor makers amid tightening US chip restrictions.

However, mainland stocks weakened on the year's final trading day, with the CSI benchmark falling 1.6 percent after data showed China's factory activity grew at a slower pace in December amid rising trade risks.

## Oil set for annual loss

REUTERS, London

Oil prices were on track to end 2024 with a second consecutive year of losses, although rising on Tuesday after data showed China's manufacturing activity expanded in December.

Brent crude futures rose by 54 cents, or 0.73 percent, to \$74.53 a barrel as of 1107 GMT. US West Texas Intermediate crude gained 57 cents, or 0.8 percent, to \$71.56 a barrel.

At those levels, Brent was down around 3.3 percent from its final 2023 close price of \$77.04, while WTI was little changed from where it

settled on Dec. 29 last year at \$71.65.

In September, Brent futures closed below \$70 a barrel for the first time since December 2021, while their highest closing price of 2024 at \$91.17 was also the lowest since 2021, as the impacts of a post-pandemic rebound in demand and price shocks from Russia's 2022 invasion of Ukraine began to fade.

A weaker demand outlook in China in particular forced both the Organisation of Petroleum Exporting Countries (OPEC) and the International Energy Agency (IEA) to cut their oil demand growth expectations for 2024 and 2025.



## Hasanat new president of power producers' assoc

### STAR BUSINESS REPORT

KM Rezaul Hasanat, chairman of Viyellatex Group, has been elected as the president of the Bangladesh Independent Power Producers' Association (BIPPA) for a two-year term (2025-2026). Gulam Rabbani Chowdhury, Abu Bakar Siddique Ali Chowdhury, and Navidul Haq were elected as vice-presidents of the association.

The newly elected directors of the BIPPA include ANM Tariqur Rashid, Faisal Ahmed Chowdhury Md Reaz Uddin, Mostafa Moin, Md Rubyet Tanvir, Mohammad Shamim Reza Khan, and Anika Haque.



## Alim new vice-chairman of Standard Bank

### STAR BUSINESS DESK

AKM Abdul Alim has been elected as the vice-chairman of Standard Bank PLC.

The election was held at the 404th meeting of the board of directors of the bank in the capital recently, said a press release.

He is a member of the audit committee and observer of the Shariah Supervisory Committee of the bank.



Workers use moulds to shape rectangular cubes out of clay to dry under the sun before those are baked inside kilns to be hardened into bricks. These brickworks in Sanyashgachha village of Jashore's Keshabpur upazila pay wages of Tk 250 per 1,000 bricks and a worker can end up making anywhere from 1,500 to 1,800 in a day. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

# Experts divided over importance of SMP for telecom competition

### STAR BUSINESS REPORT

Experts are divided over the implementation of significant market player (SMP) guidelines in the telecommunications sector.

Some argue that broad implementation is essential for fair competition and investment, while others believe expanding network coverage and creating value for customers can help smaller operators thrive.

Rashna Imam, a Supreme Court advocate, said while the SMP guidelines in telecom sector include 20 clauses, only three have been implemented so far.

These limited measures have not significantly contributed to promoting fair competition in the market, she said.

"Although Bangladesh Telecommunication Regulatory Commission (BTRC) is empowered by law, its authority is often not utilised effectively," she added.

Rashna emphasized the importance of fostering healthy competition in the telecommunications sector.

She was speaking at a discussion titled "Telecommunications Sector: Stalled Investment and Unequal Competition" organized by the Telecom and Technology Reporters Network Bangladesh at a hotel in Dhaka.

BTRC Chairman Maj Gen (ret) Md Emdad Ul Bari said Grameenphone availed a jumpstart in telecommunications as it began operations using the existing railway optical fibre network.

This initial advantage remains unmatched by any other operator to this day, he said.

"Other operators are demanding the implementation of SMP regulations and raising other demands, but what have they done regarding network coverage?" he asked.

"You are trying to offset (Grameenphone's advantage) with different things. Where have you expanded your network coverage, which remains the major advantage of the SMP operator (Grameenphone) to this day?" he asked.

He said he studied the SMP issue in depth during the 2016-2017 period when he was a director general at the BTRC, with the aim of formulating a fair policy to enhance competitiveness.

"Trust me, we couldn't come up with any idea where Grameenphone was not the biggest gainer and the least loser," he said.

Grameenphone continues to benefit from its ability to set prices based on scale and scope, Bari said.

He said the BTRC would not hesitate to implement other clauses of the SMP regulations if the necessity arises. Grameenphone was officially declared an SMP in 2019 after its market share in terms of subscribers and revenue surpassed 40 percent.

Now, Grameenphone is required to obtain the BTRC's approval before launching new services, packages, or offers. It has reduced the lock-in period for subscribers and pays an additional 3 paisa per minute to non-SMP

operators for off-network calls.

Despite these regulatory interventions, Grameenphone's market share still stands at 44.79 percent of the 18.87 crore customers.

Shahed Alam, chief corporate and regulatory officer at Robi, said competition was a fundamental driver of economic growth. "But the fact is competition does not really exist in the telecom sector. One of our operators is making huge profit every year," he said.

"It is because the telecom regulations are somehow benefitting the large operators while hampering the growth of the smaller operators. Our competition commission needs to be made more effective to overcome this problem," he said.

"It is necessary to implement the existing regulations," said Taimur Rahman, chief corporate and regulatory affairs officer at Banglalink.

"For example, to accelerate the process of infrastructure sharing among operators, there should be mandate in the existing or new laws to be enacted in future," he said.

TIM Nurul Kabir, executive director at The Foreign Investors' Chamber of Commerce & Industry, said there should be a unified licensing model in the telecom sector.

He also said the BTRC should establish a "Research and Development Wing".

He said consistency in the regulations and policies was very important to lure in more investments in country.

# 2024: A year of economic turmoil and transformation

### MD DEEN ISLAM

The year 2024 stands out as one of the most eventful and challenging periods in Bangladesh's economic history. The nation grappled with an unprecedented banking crisis, soaring inflation, and several persistent macroeconomic challenges. These included low foreign exchange reserves, high youth unemployment, restricted imports, and sluggish export growth.

The convergence of these issues posed a significant test for policymakers and the resilience of the country's economy.

Amid these difficulties, the interim government undertook a series of crucial reforms to stabilise the economic situation. Key measures included reorganising the boards of directors of problem banks to address inefficiencies and corruption within the financial sector, adopting a contractionary monetary policy to curb inflation, and introducing greater flexibility in the foreign exchange market.

These steps represent a strategic shift towards strengthening economic governance and addressing structural inefficiencies that have long hindered Bangladesh's economic potential.

While the immediate effects of these measures were still unfolding in 2024, they have laid the groundwork for potential improvements in inflation control, employment generation, and export growth in the years ahead.

However, for the poor and vulnerable populations, 2024 was an especially difficult year. Rising prices of essential commodities, such as food and fuel, disproportionately affected those with limited financial resilience.

Price hikes of basic necessities, including rice, wheat, and edible oil, placed a significant strain on household budgets, exacerbating poverty and inequality. The economic pain was further compounded by two devastating floods, which disrupted agricultural production and threatened local food security.

Looking ahead to 2025, global market trends suggest that the prices of essential commodities like rice, wheat, and edible oil are likely to rise further, driven by supply chain disruptions and climatic challenges. To prevent a deepening crisis, the interim government must adopt proactive policies to safeguard the food supply and protect vulnerable populations.

The reforms initiated in 2024, combined with proactive policies in 2025, could lay the foundation for a more resilient and inclusive economy. While the challenges of 2024 exposed the vulnerabilities in Bangladesh's economic framework, they also provided an opportunity for transformative change. By prioritising the welfare of its most vulnerable citizens and addressing structural weaknesses, Bangladesh can emerge stronger and more prepared for future economic uncertainties.

The writer is an associate professor of economics at the University of Dhaka.



## 3 banks get Tk 12,500cr

### FROM PAGE B1

The BB accepts a demand promissory note when a bank does not have available bills and bonds to provide as collateral.

The central bank officials said the extraordinary facility was extended to help the banks meet the shortfall in their mandatory cash and liquidity holdings and show a tidy balance sheet for the year.

If the banks show a shortfall in their regulatory cash and liquidity holdings in their balance sheets at the year's end, depositor confidence may take a big hit, they added.

After making the balance sheet for the year's end, the central bank deducted the fund from their accounts which were maintained with the central bank.

National Bank, the country's first private sector commercial lender with a prosperous past, became a losing concern due to massive loan irregularities, lack of good governance and conflict among directors.

During the 16-year tenure of the previous Awami League government, business conglomerate Sikder Group dominated the bank's board of directors.

After the August 5 political changeover, Abdul Awal Minto, a businessman and vice-chairman of Bangladesh Nationalist Party (BNP), became the bank's new chairman.

National Bank has the highest bad loans among private commercial lenders. As of September 2024, its defaulted loans stood at Tk 23,722 crore, which is 55.81 percent of its total disbursed loans.

The Daily Star approached Touhidul Alam Khan, managing director of National Bank, over phone, but he was not available for comments.

Islami Bank Bangladesh is one of the worst victims of controversial business conglomerate S Alam Group, which dominated the board of the largest Shariah-based lender until mid-August of 2024.

The Chattogram-based conglomerate and its associated companies took out more than 50 percent of the lender's total Tk 163,863.78 crore loans, documents

showed.

The central bank formed a new board of directors at the bank after the August 5 political changeover. Islami Bank officials said the lender is now trying to recover from its liquidity crisis.

Despite repeated phone calls, Mohammed Monirul Mouta, managing director of Islami Bank, could not be reached for comment.

AB Bank has been facing a tight liquidity situation as it faced a huge deposit withdrawal pressure.

Till September 2024, the bank's deposits totalled around Tk 32,633 crore, down from Tk 35,438 crore at the end of December in the previous year, according to AB Bank's financial statement.

Contacted, Syed Mizanur Rahman, acting managing director of AB Bank, told the newspaper that the bank took the emergency fund for three days which would be repaid today.

This is not the first time the central bank provided emergency funds to dress up the balance sheets of some weak lenders at the year's end.

Last year, BB provided a total of Tk 22,000 crore in emergency funds to seven beleaguered banks, including five Shariah-based lenders.

The lenders were Islami Bank Bangladesh, Social Islami Bank, First Security Islami Bank, Global Islami Bank, Union Bank, Padma Bank and National Bank.

Economists and industry experts criticised such practices by the banking regulator, saying that such fresh fund injections to weak banks are not good for the economy when high inflation has been persisting for around two years.

Mustafa K Mujeri, executive director at the Institute for Inclusive Finance and Development, said there was no merit of such window dressing of the weak banks.

"These things have happened before, but now such practices are not acceptable," he told The Daily Star.

The lenders need to correct themselves by revealing their actual conditions, said Mujeri, a former chief economist of the central bank, adding that the recent political changeover would be meaningless otherwise.

## Economy to see

### FROM PAGE B1

power, but unnecessary middlemen in the market are still there."

Therefore, raising interest rates and reducing duties on imported goods is not effectively reducing current double-digit inflation, which has been hovering above 9 percent since March 2023.

Central bank Governor Ahsan H Mansur expressed hope that the inflation rate would decrease to 7 percent by June 2025, and 5 percent by fiscal year 2025-26.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said reducing food inflation is a key challenge, while non-food inflation has already started to decline due to the Bangladesh Bank's contractionary policy.

Inflation rose to 11.38 percent in November, the highest in four months. Food inflation soared to 13.80 percent, up from 12.66 percent a month ago.

Non-food prices edged up to 9.39 percent from 9.34 percent the previous month, according to the Bangladesh Bureau of Statistics (BBS).

If Boro production and other agricultural production met expectations, import activities were not disrupted, and big conglomerates did not create problems, food inflation could decrease, Hossain said.

However, there is little hope for a good macroeconomic situation in the coming year, according to the economist. "The political situation remains uncertain."

Besides, the bureaucracy is not fully functional yet. Normalcy has not returned to many institutions, even though top bosses have been changed, he said.

Hossain said there is a positive sign in the foreign exchange reserve outlook as remittances have increased following reforms in the exchange rate and controls on capital flight.

In the July-November period of FY25, remittance earnings stood at \$113 billion, a 26.4 percent increase from \$8.80 billion in the same period of the last fiscal year, according to the Bangladesh Bank.

He said that there is some relief

as the current account deficit has reduced and the financial account surplus has improved due to higher exports and remittances.

"However, the overall balance still has a significant deficit, but it is expected to see some improvement in the balance of payments as the SOFR [Secured Overnight Financing Rate] has dropped."

According to Hossain, external challenges remain, as a potential increase in tariffs by the US could impact exports.

Regarding GDP growth, he said that achieving a growth rate above 3-4 percent may not be possible. If this can be achieved, it would be a good outcome.

"A political resolution, which does not necessarily indicate holding an election, could improve the GDP growth rate," said the economist.

He believes that without a political resolution, political uncertainty will drag on, creating an unfavourable environment for private investment.

Professor Selim Raihan, executive director at the South Asian Network on Economic Modeling (SANEM), said uncertainty prevails in economic management. Besides, an uncertain political atmosphere and a slack law and order situation is leading to confusion among businesses.

Overall, a rapid economic recovery is uncertain as the business climate has not improved remarkably. Besides, the cost of finance has risen due to the central bank's reduction in money supply to control inflation, said Prof Raihan.

He said other measures to reduce inflation, such as kitchen market management, are not appropriate.

Meanwhile, the government's focus on economic recovery has somewhat fizzled out, with attention shifting towards political stability, even though the interim government has taken several steps to address the economy's primary crisis.

"I don't see the economy recovering soon, nor will inflation be tamed. Political priorities are taking precedence over economic ones," he added.

## Revenue collection

### FROM PAGE B4

this year could be lower than that forecasted by the World Bank.

Bangladesh's imports stagnated over the past three or four years, with its total imports decreasing to \$70 billion in 2023 from \$90 billion in 2021.

"So, the NBR is not going to get enough tariffs from imports alone," he added.

Citing recent moves by the interim government to reduce inflationary pressures by providing higher subsidies for various essential commodities, he said this could be another reason for lower revenue collection.

"Still though, I firmly believe that imports should not be considered as a key source of revenue collection," Razzaque added.

NBR data shows that receipts from international trade declined 0.94 percent to Tk 41,155 crore.

Meanwhile, income tax receipts reduced by 0.94 percent to Tk 40,293 crore and the collection of value-added tax (VAT), the largest revenue source, fell 5.45 percent to Tk 48,082 crore.

Razzaque also said most businesses are registering lower sales as inflation has reduced the peoples' purchasing power, and this translated to less

## USDA forecasts

### FROM PAGE B4

"Farmers in the northern districts of Bangladesh reported a good harvest of Aman season rice despite the higher cost of production," it said.

As the US agency lowers its forecast regarding overall rice output for the MY25, Bangladesh's rice imports may rise as per government plans and for a reduction in import tariff.

Farmers Make Little To No Profit The US agency said the average price of coarse rice in November hit a 12-year high at Tk 53.3 per kilogramme.

The price was 5.2 percent higher in November from that a year ago, it said, citing retail prices data recorded by the Trading Corporation of Bangladesh.

revenue from VAT.

In this situation, lower revenue mobilisation has resulted in a tighter fiscal space that may force the interim government to curtail its development spending to avert a further economic downturn.

"Lower development spending also contributed to the decreased revenue collection."

The implementation rate of the annual development programme (ADP) stood at 12 percent in the first five of FY25, as per data of the Implementation Monitoring and Evaluation Division (IMED).

Seeking anonymity, an NBR official acknowledged the reason for slow economic growth.

"We are currently facing hurdles in collecting revenue amid the government's lower public spending, higher inflation and slow private sector credit growth," the official said.

Meanwhile, the interim government has not slashed the revenue collection target set by its predecessor, the official added.

Finance Adviser Salehuddin Ahmed said in September that the FY25 revenue target would remain unchanged.

"The existing target is unrealistic. It is unlikely to be achievable this year," Razzaque said.

The USDA said various factors, including a higher cost of rice production, processing, transportation, and an inefficient supply chain, are contributing to the rising price of rice.

"Like many other agricultural commodities in Bangladesh, the rice supply chain involves multiple market actors, which ultimately leads to higher costs for consumers," it said.

Yet, due to the increased costs of fertiliser, labour, and irrigation, farmers are earning little to no profit from rice cultivation, with profits only coming from selling rice straw, it said.

"Rice straw is widely used as feed for dairy cows by smallholder farmers," it added.

## Dollar stood tall in 2024

REUTERS, Singapore

The dollar slipped on the last trading day of the year on Tuesday but was poised to clock strong gains in 2024 against almost all currencies as investors prepared for fewer US rate cuts and the incoming Trump administration.

The dollar's ascent, buoyed by rising Treasury yields, pushed the yen toward its lowest levels since July on Monday at around 158 per dollar.

The US currency fell against the yen on Tuesday, however, and was last down 0.14 percent at 156.65 yen. Nonetheless, the yen was on course for a 10 percent drop in 2024, its fourth straight year of decline against the dollar.

Japanese markets are closed for the rest of the week, and with most markets closed on Wednesday for the New Year's Day holiday, volumes are likely to be razor thin.

The dollar index, which measures the US currency versus six other major units, was down 0.12 percent at 107.92, just off a two-year high.

READ FULL STORY ONLINE

# Revenue collection falls in Nov though business climate improves

MD ASADUZ ZAMAN

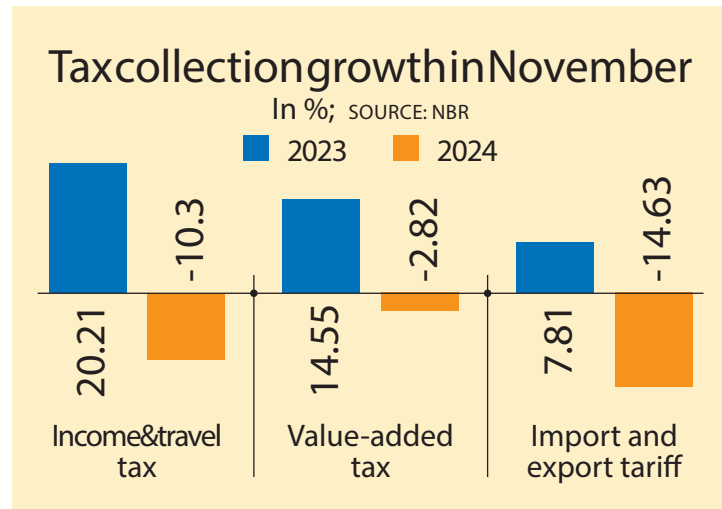
Bangladesh's revenue collection fell in November this year even though the country saw improvement in its business climate that month thanks to the alleviation of political uncertainties stemming from the nationwide mass uprising in July-August.

Revenue collection amounted to Tk 25,360 crore in November, down 8.95 percent compared to the same month the year prior, shows provisional data of the National Board of Revenue (NBR).

On top of that, overall revenue collection declined 2.62 percent year-on-year to Tk 130,185 crore in the July-November period of the current fiscal year (FY).

Besides, the tax administrator was Tk 38,830 crore behind its collection target of Tk 169,015 crore for the first five months of FY25, with its end goal set at Tk 480,000 crore for the year.

Bangladesh underwent



political upheaval in the July-August period as a student movement culminated in an uprising that ended the 15-year reign of the Awami League government led by Sheikh Hasina.

In the lead up and even long after the political changeover in early August, businesses

in the country were seriously hampered by internet outages, lack of law-and-order and labour unrest, resulting in lower revenue collection.

And although the situation started stabilising from September, government revenue collection has remained below what was registered during the

same period of the previous year.

Regarding the lower revenue collection, some NBR officials and financial analysts are blaming the ongoing economic slowdown, including reduced imports, increased subsidies for various sectors and persistent higher inflationary pressure.

"The deceleration in revenue collection is closely linked to the current economic slowdown," said MA Razzaque, research director of the Policy Research Institute of Bangladesh.

Reduced imports, higher exemptions and inflationary pressure also contributed to the overall shortfall, he added.

The World Bank slashed its forecast for Bangladesh's economic growth by 1.7 percentage points to 4 percent for FY25 due to "significant uncertainties following recent political turmoil" and "data unavailability".

However, Razzaque said the country's actual GDP growth

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## Challenges and priorities for 2025

ABDUR RAZZAQUE

Macroeconomic management will remain a formidable challenge for Bangladesh in the coming year. Containing inflation, bolstering foreign exchange reserves and dealing with overstretched banks will be critical priorities. Many financial institutions are grappling with liquidity crises, operational inefficiencies, and weakened public confidence, necessitating decisive interventions to restore stability in the banking sector.

Despite making a commitment not to provide liquidity support to ailing banks by printing money, the central bank had to backtrack. If such a measure has to be repeated, policy credibility will be called into question, let alone the objective of tackling inflation with a contractionary monetary policy.

Prolonged inflationary pressure for more than two years now has eroded purchasing power, intensifying socioeconomic vulnerabilities. If the most recent official poverty incidence data from the BBS Household Income and Expenditure Survey (HIES) 2022 acts as the benchmark, it can be estimated that, accounting for both rising price levels and nominal wage increases, nearly 7.9 million additional individuals have been pushed into poverty over the past two years. Furthermore, the size of the vulnerable population—defined as those living above the poverty line but by no more than 25 per cent of it—has increased by approximately 10 million.

Undoubtedly, the misgovernance of the previous regime has brought us to this dire situation, leaving people desperately seeking relief. A clear policy direction on expanding social protection support for the poor and vulnerable is still lacking.

It is with this backdrop that Ramadan will be a litmus test for the government's ability to stabilise prices effectively.

While protecting the most vulnerable remains a priority, the middle class also expects robust measures to counter potential price hikes during the month of fasting for Muslims.

How to improve the supply side to complement contractionary approaches in addressing inflation remains largely a subject of discussion, with little concrete action apart from lowering import taxes on essential items. This alone cannot check prices during Ramadan.

Improving revenue mobilisation constitutes another urgent issue. Without significant progress in this area, the already limited fiscal space will shrink further, potentially jeopardising macroeconomic stabilisation efforts. Weak revenue collection, widespread corruption and persistent reform inertia have long been entrenched in fiscal management. Compounding these issues are slowing economic activities, sluggish import growth—partly driven by the reserve crisis—and inflation-induced reductions in purchasing power, all of which have adversely affected government revenue sources.

The preparation of the next national budget may prove to be a formidable task. Questions surrounding past GDP data and other information in national income accounting pose serious challenges to reconciling discrepancies and delivering a credible budget with clear policy directions.

There are also other fundamental budgetary challenges. Can the government avoid inflating social protection spending figures while reallocating resources to critical social sectors such as education and health? Given weak government revenue collection, how can public spending be managed without excessive reliance on borrowing from both domestic and external sources?

Under the interim government, the public expects responsible, innovative and accountable approaches to budget preparation and fiscal management. In line with the spirit of the July movement, it is imperative to link revenue collection and government expenditure to the broader goal of addressing growing inequality.

Global trade and geopolitical uncertainty are most likely to be additional external challenges. Tariff wars involving China, the US and EU are already a major concern for the world economy. The return of Donald Trump to office is likely to heighten trade conflicts, affect trade and investment flows and complicate the task of macroeconomic management. Combined with inflation and weak foreign reserves, such dynamics would further hinder Bangladesh's macroeconomic stabilisation.

So, the new year should mark the beginning of tangible and effectively implemented reform measures. Decisive action in this area is crucial to restoring public trust. Establishing reform commissions and gathering their recommendations are relatively straightforward tasks. However, the government, and as a nation, we must urgently address a far more critical question: why previous reform efforts failed and what will ensure their success this time.

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# USDA forecasts drop in rice harvest for floods

STAR BUSINESS REPORT

Rice production in Bangladesh may fall in the current marketing year of 2024-25, which began last May, for a reduction in the acreage of Aman season paddy due to repeated floods.

In a report on the third week of December, the US Department of Agriculture (USDA) said two consecutive floods in August and October damaged around 3 lakh hectares of cropland.

Transplanted in the July-September period and harvested in the December-January period, the Aman season paddy ended up being cultivated on 56 lakh hectares of land.

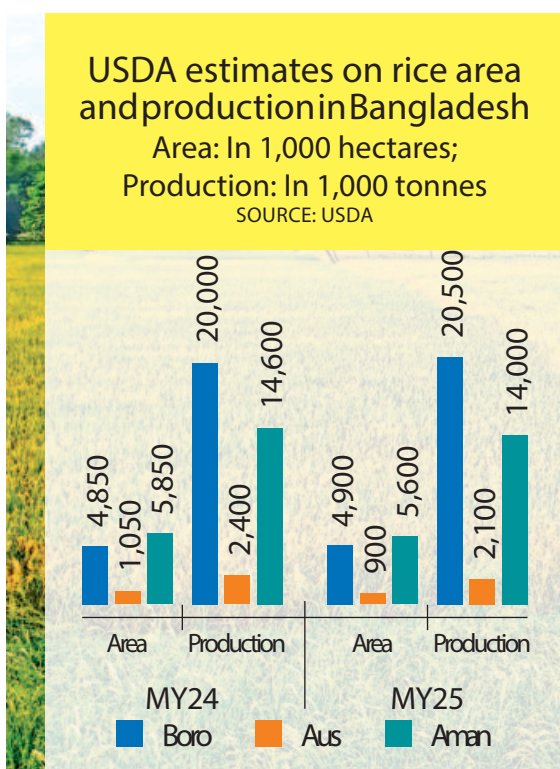
Consequently, overall yield of the monsoon-fed Aman rice crop would drop 4.1 percent year-on-year to 1.4 crore tonnes, said the US agency in its latest grain and feed update on Bangladesh.

Around 1.46 crore tonnes were harvested in the same season of the previous year.

And as a result of the fall in the yield of Aman, total rice production may decline to 3.66 crore tonnes in the marketing year 2024-25 ending in April this year.

Aman season paddy accounts for the second-biggest amount of rice harvested in a year, or roughly 40 percent of the country's annual rice production.

The USDA report said



a devastating flood struck the southeastern part of the country, damaging around 2 lakh hectares of Aman rice fields in the third week of August.

From August 18-21, several districts in Chattogram, Barishal, and Sylhet divisions experienced heavy rainfall, leading to widespread flooding in Feni, Noakhali, Cumilla, Lakshimpur, Moulvibazar, Habiganj, and Brahmanbaria

districts, as well as landslides in Cox's Bazar district.

Another flash flood occurred in the first week of October in Sherpur and Mymensingh districts, inundating around 1 lakh hectares of Aman rice fields, it added.

However, the Department of Agricultural Extension (DAE) says the recurrent floods affected 1.62 lakh hectares of Aman acreage.

As such, farmers could harvest Aman from 56.71 lakh hectares of land, said DAE Director (in-charge) of Field Services Sarker Shafi Uddin Ahmed.

Until yesterday, farmers harvested roughly 95 percent of the crop.

"Even after the area reduction, we have found that the average yield of Aman rice has increased this year," he said.

Overall production rose to 3.1 tonnes per hectare this year from 2.9 tonnes a hectare a year ago, he said.

The USDA said the Aman rice harvest has been completed in the northern, northwestern, and central parts of the country, while the southern regions are expected to complete their harvest by the end of December.

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## Gold set for brightest year since 2010

REUTERS

Gold prices were set to end a record-breaking year on a positive note on Tuesday as robust central bank buying, geopolitical uncertainties and monetary policy easing fuelled the safe-haven metal's strongest annual performance since 2010.

Spot gold rose 0.4 percent to \$2,615.00 per ounce as of 0927 GMT, while US gold futures gained 0.4 percent to \$2,627.30.

As one of the best-performing assets of 2024, bullion has gained more than 26 percent year-to-date, the biggest annual jump since 2010, and last scaled a record high of \$2,790.15 on Oct. 31 after a series of record-breaking rallies throughout the year.

"Rising geopolitical risks, demand from central banks, easing of monetary policy by central banks globally, and the resumption of inflows into gold-linked Exchange Traded Commodities (ETC) were the primary drivers of gold's rally in 2024," said Aneeka Gupta, director of macroeconomic research at WisdomTree.

The metal is likely to remain supported in 2025 despite some



headwinds from a stronger US dollar and a slower pace of easing by the Federal Reserve, Gupta added. The US Fed delivered a third consecutive interest rate cut this month but flagged fewer rate cuts for 2025.

Donald Trump's incoming administration was also poised to significantly impact global economic policies, encompassing tariffs, deregulation, and tax amendments.

"Bullion bulls may enjoy another stellar year ahead if global geopolitical tensions are ramped up under Trump 2.0, potentially pushing investors towards this time-tested safe haven," said Exinity Group Chief Market Analyst Han Tan.

# Thai tourism rebounds strongly, exceeds arrival goals

ANN/THE NATION

The Tourism Authority of Thailand (TAT) announces that international tourist arrivals have surpassed the target of 35 million visitors in 2024, generating over 1.8 trillion Baht in tourism revenue.

This landmark achievement highlights Thailand's strong tourism rebound and sets the foundation for an even greater year ahead, as 2025 has been declared the 'Amazing Thailand Grand Tourism and Sports Year.'

With targets for 2025 to welcome between 36 and 39 million international visitors and generate 1.98-2.23 trillion baht in tourism revenue, Thailand is poised to strengthen its position as a premier global Tourism Hub, offering exceptional experiences and fostering sustainable growth across the sector.

TAT Governor Thapanee Kiatphaibool credited this remarkable achievement to strategic government initiatives that enhanced Thailand's appeal as a world-class destination. From 1 January to 27 December

2024, Thailand welcomed 35,047,501 visitors, a testament to these efforts.

Key policies included the visa exemption for citizens of 93 countries, allowing stays of up to 60 days, and

the elimination of TM.6 immigration forms at 16 key border crossings, streamlining entry processes. These measures significantly improved travel convenience, encouraging more

visitors to choose Thailand.

The aviation sector also played a vital role, with international airlines resuming routes and introducing new ones from primary and secondary cities worldwide. This expansion increased total airline seat capacity into Thailand to 47 million in 2024—a 26 percent rise compared to 2023. Over 311 additional flights were scheduled during the December high season, adding over 70,000 seats.

Adding to Thailand's appeal were high-profile events and festivals, such as the Amazing Thailand Countdown 2024, the Maha Songkran World Water Festival 2024, and fan meet concerts featuring Thai and international artists. Attractions inspired by popular TV series, music videos, and movie filming locations further captivated global audiences, expanding the market for quality tourists from short-haul and long-haul regions.

Enhanced Connectivity for the High Season

Expanded flight routes significantly improved accessibility to Thailand during the high season.



Tourists take photos in front of the Patong Beach sign by the seafront on the southern Thai island of Phuket.

PHOTO: AFP/FILE