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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 overhauling 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

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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