



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

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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

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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

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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

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.

USDA forecasts

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"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.

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.