

Star BUSINESS



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NBFIs' bad loans surge to record Tk 26,163cr

MD MEHEDI HASAN

Defaulted loans at the country's non-bank financial institutions (NBFIs) reached a record 36 percent of all loans disbursed by them as of September 2024, a level that sector people described as a reflection of "massive irregularities and scams" seven to eight years ago.

As of September 2024, the 35 NBFIs held Tk 26,163.19 crore in bad loans, which amounted to 35.52 percent of their total disbursed loans of Tk 73,662.77 crore, according to Bangladesh

Those non-bank commercial lenders are: People's Leasing, International Leasing, FAS Finance and Bangladesh Industrial Finance Company Limited (BIFC).

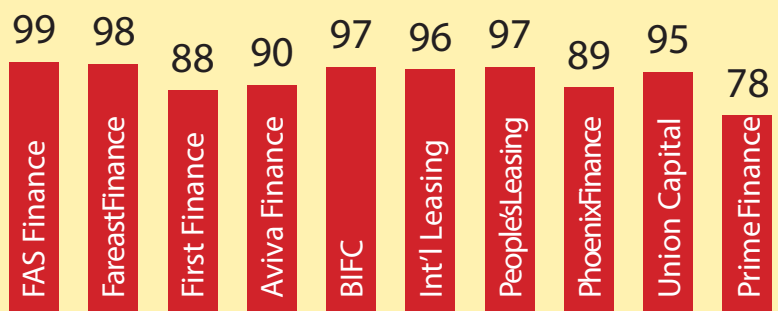
Consequently, these four NBFIs became ailing institutions with more than 90 percent of their loans turning bad.

Industry insiders said that the central bank bears responsibility for the current state of the NBFIs sector due to inadequate supervision.

Non-performing loans (NPLs) at the NBFIs sector stood at Tk

NBFIs with high NPL ratio

In % of total loans; SOURCE: BB



Bank (BB) data.

These bad loans in the sector are the "legacy of the massive irregularities and scams that took place seven to eight years ago", said industry insiders.

Referring to a BB probe report, they said former managing director of NRB Global Bank (later renamed Global Islami Bank) PK Halder swindled at least Tk 3,500 crore from four NBFIs.

21,658 crore, or 29.75 percent of their disbursed loans, at the end of September 2023. It rose by 21 percent, or Tk 4,505.04 crore, to Tk 26,163.19 crore by September 2024, BB data shows.

"The majority of the defaulted loans are legacy loans, which were disbursed without adequate security," said Kanti Kumar Saha, chief executive officer of Alliance Finance.

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Inflation eased slightly in Dec but still above 10%

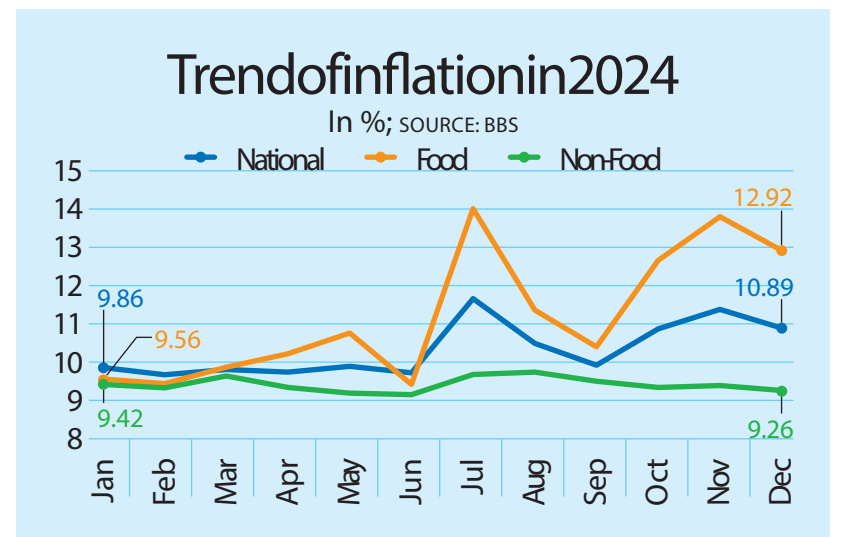
MD ASADUZ ZAMAN

Bangladesh concluded another year starting at prices of essential items taking a wild ride, the central bank scrambling to further tighten the money supply and penny-pinching among limited income people.

In December 2024, inflation eased slightly to 10.89 percent from 11.38 percent the month prior, but remained above the 10 percent threshold for the second consecutive month, according to the Bangladesh Bureau of Statistics (BBS).

This left the annual average inflation for 2024 at 10.32 percent.

The year began with inflation at 9.86 percent in January, reaching the double-digit mark in July and remaining above 10 percent for almost the remainder of the year.



Last year's inflationary trend resembles the price increases observed in 2023, when inflation exceeded 9 percent in March and continued to strain household budgets throughout the year.

The consumer price index (CPI), which measures price fluctuations in a basket of goods and services, declined to 10.89 percent in December from 11.38 percent the previous month, shows data of the national statistical agency.

Economists and policy analysts credited the arrival of winter vegetables and tariff cuts on essential commodities for the decline.

In December, food inflation decreased to 12.92 percent from 13.80 percent in November.

Non-food inflation also edged down to 9.26 percent in December from 9.39 percent the month prior.

To curb inflationary pressures, the Bangladesh Bank raised the policy rate -- the interest rate at which

READ MORE ON B3



RMG exports grew moderately in 2024 despite headwinds



PHOTO: STAR/FILE

Garment exports rose 7.23 percent year-on-year to \$38.48 billion in 2024.

REFAYET ULLAH MIRDHA

In spite of turbulent times prevailing both at home and abroad, garment exports from Bangladesh grew by 7.23 percent year-on-year to \$38.48 billion in 2024, according to the Export Promotion Bureau (EPB).

This is due to an increasing demand for clothing with the fall of inflation in major export destinations.

Last year, the local garment sector witnessed demonstrations, national election-related movements, factory closures and production halts amid massive labour unrest after the fall of the Sheikh Hasina-led administration on August 5.

Goods shipment was severely affected in July, August, September

and October due to a student-led mass movement culminating in Awami League's ouster and widespread labour unrest demanding wage hikes and an end to workplace discrimination.

On the international front, high inflation has persisted over the past few years because of far-reaching implications of the Russia-Ukraine war that began just after the pandemic, affecting consumer demand.

But Western economies have been rebounding gradually with rising demand, for which retail sales have also been growing with the clearance of inventories of previous years in Europe and the US.

Exports from the sector grew although many had thought that

READ MORE ON B3

Metro rail fares exempt from VAT for this year

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has exempted value-added tax on the fares of Dhaka metro rail, which has gained a lot of popularity since the beginning of its operations.

The tax administration announced the exception on metro rail fares through an order yesterday and the decision came more than six months after the benefit was discontinued.

The VAT exemption came into effect from yesterday and will be valid until December 31 this year.

Commuters of metro rail enjoyed VAT exemptions on their fares until June 30 last year. The NBR did not extend the benefit later, despite requests from Dhaka Mass Transit Company Ltd (DMTCL), the state-run operator of the metro rail.

Though the NBR did not exempt VAT, the DMTCL has not hiked the fares with a senior official of the NBR saying that the VAT would be calculated as inclusive in the ticket prices until the exemption.

"There will be no need to hike fares after we have exempted VAT," he said.

The much-talked-about Dhaka metro rail began commercial operations by the end of December 2022 and it became hugely popular among commuters especially office goers and students who got an escape from commuting on chaotic buses.

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.

Log on to our website www.ebl.com.bd for detailed submission guidelines.

Any queries related to submission, please contact us at submission@ebl-bd.com or 09666777325

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Int'l yarn and fabric show starts on Jan 15

STAR BUSINESS DESK

The 23rd Dhaka International Yarn and Fabric Show 2025 (Winter Edition), an event for the textile and garment industry of Bangladesh and South Asia, will be held at the International Convention City Bashundhara in Dhaka from January 15 to 18.

The four-day show was jointly organised by CEMS Global USA, a leading multinational exhibition organiser, and the Sub-Council of Textile Industry of the China Council for the Promotion of International Trade (CCPIT TEX).

Over 325 exhibitors from over 15 countries from across the world will showcase their products on yarn, fabric, trims, and accessories, said a press release.

Meherun N Islam, president and group managing director of CEMS Global, made the disclosure through a press conference at the Pan Pacific Sonargaon Dhaka in the capital yesterday.

As one of the world's largest apparel exporters, Bangladesh provides a dynamic setting for industry leaders to engage in meaningful collaboration and dialogue, enhancing the value of the show, she said.

The event will provide the Bangladesh and South Asian textile and garment industries to explore sourcing opportunities in one of the world's most dynamic textile markets, Islam added.

It is part of CEMS Global's widely acclaimed "Textile Series of Exhibitions", which spans three continents in



Meherun N Islam, president and group managing director of CEMS-Global, speaks at a press conference regarding "23rd Dhaka International Yarn and Fabric Show 2025" at the Pan Pacific Sonargaon Dhaka in the capital yesterday. PHOTO: CEMS-GLOBAL

Bangladesh, Brazil, Morocco, Sri Lanka and Thailand.

The event is an unparalleled platform for professionals in the textile and garment sector to explore innovations, foster partnerships and connect with hundreds of exhibitors showcasing yarn,

fabrics, trims, and accessories.

This event will mark the 8th anniversary of joint endeavours between CEMS Global USA and CCPIT TEX to promote textiles in Bangladesh, which is extremely helpful for increasing the country's exports from the industry.

The exhibitions will be open for business visitors upon registration every day from 10:00am to 7:00pm.

Chen Bo, deputy secretary general and director of the Sub-Council of Textile Industry at CCPIT TEX, joined the conference virtually from Beijing.

Bengal Commercial Bank gets new DMD

STAR BUSINESS DESK



Bengal Commercial Bank PLC has promoted Md Humayun Kabir to the post of deputy managing director.

Prior to his new role, Kabir was serving the bank as a senior executive vice-president and company secretary concurrently, the bank said in a press release.

He joined Bengal Commercial Bank as an executive vice-president and company secretary in 2018.

He played a vital role in the entire preliminary works in relation to formation of the bank as well as in the bank's overall development since its establishment.

Kabir started his banking career with Social Islami Bank PLC (SIBL) in 2000.

During his 24-year long professional career, he assumed various significant roles, including head of share department and company secretary of SIBL and chief executive officer of SIBL Securities Limited.

He obtained his bachelor's degree in law and master's degree in social science.

Kabir is a fellow member of the Institute of Chartered Secretaries of Bangladesh.

Oil resists dollar pressure

REUTERS, London

Oil prices eased on Monday, pressured by a strong dollar, but remained at their highest since mid-October as colder weather spurred buying while further support came from expectations of tighter sanctions on Iranian and Russian oil exports.

Brent crude futures lost 33 cents, or 0.4 percent, to \$76.18 a barrel by 0950 GMT, their highest since Oct. 14.

US West Texas Intermediate crude was down 35 cents, or 0.5 percent, at \$73.61, also the highest level since Oct. 14.

US-Bangla Airlines will be title sponsor of Dhaka Travel Mart 2025



PHOTO: THE BANGLADESH MONITOR

Md Shafiqul Islam, head of marketing and sales of US-Bangla Airlines, and Farhad Kamal, managing editor of The Bangladesh Monitor, pose for photographs after signing a memorandum of understanding at the latter's office in the capital yesterday.

STAR BUSINESS DESK

US Bangla Airlines, the country's leading private airline, signed a memorandum of understanding (MoU) with the Bangladesh Monitor to join the 20th edition of the international tourism fair "Dhaka Travel Mart 2025" as the title sponsor.

Md Shafiqul Islam, head of marketing and sales of the airline, and Farhad Kamal, managing editor of the publication, penned the MoU at the latter's office in the capital yesterday, said a press release.

Under the agreement, US Bangla Airlines will extend its all-out support to The Bangladesh Monitor in organising and promoting the Dhaka Travel Mart 2025 at home and abroad.

The airline will also offer attractive packages and discounts on airfares to various destinations across their network for visitors of the fair.

The Bangladesh Monitor, the country's

premier travel and tourism publication, organised the three-day fair to be held at the Pan Pacific Sonargaon Dhaka between February 6 and 8 this year.

This year, more than 45 public and private organisations from India, Jordan, Malaysia, Maldives, Nepal, Thailand, the UAE and hosts Bangladesh will showcase their products and services during the fair.

Participants include national tourism organisations, airlines, hotels, tour operators, financial institutions and other travel related service providers, among others.

The mart will be open for visitors from 10:00am to 8:00pm every day on payment of an entry fee of Tk 50 per person, the press release added.

Among others, Kazi Wahidul Alam, editor of The Bangladesh Monitor, and Md Kamrul Islam, general manager of public relations at the airline, were also present.

Al-Arafah Islami Bank donates bus to Chattogram Govt Women's College

STAR BUSINESS DESK

Al-Arafah Islami Bank PLC recently donated a bus to transport the students of Chattogram Government Women's College.

Farman R Chowdhury, managing director and CEO of the bank, handed over a dummy key of the bus to Tahmina Akhter Noor, principal of the college, at a function on the college premises in the port city, the bank said in a press release.

Mohammad Fazlur Rahman Chowdhury, deputy managing director of the bank, was present as special guest.

Md Habib Ullah, senior executive vice-president of the bank, Mohammad Azam, zonal head for Chattogram, and Jalal Ahmed, executive vice-president, along with branch managers of the Chattogram zone of the bank, and teachers and students of the college were also present.



Tahmina Akhter Noor, principal of Chattogram Government Women's College, receives a dummy key of a bus from Farman R Chowdhury, managing director and CEO of Al-Arafah Islami Bank, at a function on the college premises in Chattogram recently. PHOTO: AL-ARAFAH ISLAMI BANK

Southeast Bank unveils countdown clock for its 30th anniversary



PHOTO: SOUTHEAST BANK

MA Kashem, chairman of Southeast Bank, unveils a digital countdown timer at the bank's Banani office in Dhaka recently as part of the celebration of its 30th anniversary on May 25.

STAR BUSINESS DESK

Southeast Bank PLC recently launched a special digital countdown clock at its Banani office in the capital as a part of the celebration of its founding anniversary.

The bank will celebrate its 30th anniversary on May 25 this year, according to a press release.

MA Kashem, chairman of the bank, unveiled the digital countdown timer clock as the chief guest.

This initiative is considered as a milestone in honouring the bank's three decades of achievements and its unparalleled journey in banking services.

The digital timer, installed in the bank's own premises in Banani, symbolises the proud history, integrity, and innovative banking services of Southeast Bank.

Beyond counting down to May 25, the 30th anniversary, the timer aims to inspire all members of the Southeast Bank family to work together towards building a prosperous future. While delivering his speech at the inauguration ceremony, Kashem said: "Southeast Bank's 30-year journey reflects the unwavering trust and support of our customers, partners and employees."

Risk and resilience

FROM PAGE B4

Trying to anticipate the actions of such an unpredictable figure is a fool's errand. However, the ambiguity about Trump's direction will have tangible consequences. Start with the financing of US government debt, which the International Monetary Fund puts at 121 percent of GDP. The bond market will constrain the president's scope for running large budget deficits - especially if he seeks to undermine the Federal Reserve's inflation-fighting credentials.

Most other governments in the developed world already face debt constraints. An exception could be Germany, where a new chancellor could release the "debt brake" which has hobbled Europe's largest economy. The military threat from Russia may induce European countries to once again embrace joint borrowing, this time to fund defence spending. China looks set to respond to US technology restrictions by wielding export controls of its own. And the prospect of American tariffs may prompt the world's second-largest economy to take decisive action to halt its real estate slump.

Corporate chieftains will have to spend 2025 navigating around governments and regulators as well as more fundamental business

shifts. Elon Musk's role at the heart of Trump's administration - at least for the time being - should propel his SpaceX unit to new heights. The Tesla CEO may also help to speed up the arrival of self-driving cars in the United States. Looser antitrust restrictions could clear the way for a wave of big mergers. Insurance companies, meanwhile, will pile into the private credit boom.

In the next 12 months, tech companies will find out whether the tens of billions of dollars they have poured into AI are beginning to pay off. If the technology's applications expand then OpenAI, the inventor of the ChatGPT chatbot, could be the meme-stock initial public offering of the year. If not, Microsoft boss Satya Nadella may have to pen an apologetic letter to the software giant's shareholders. Technology trends will also pull in different directions, as Silicon Valley pursues smart glasses while smartphone-wary parents spark a revival of the brick phone.

As ever, the coming year will throw up surprises that did not feature in even the most elaborate scenarios. The hope must be that, when they arrive, the global economy and financial system display the same surprising resilience they have shown in the past five years.

Eurozone economy ended 2024

FROM PAGE B4

sharper increase in input costs. The composite output prices index rose to a four-month high of 52.5 from 51.9.

"At the (December) ECB press conference, President Lagarde reiterated that services inflation is still too high. December's PMI survey for the services sector confirm this," de la Rubia said.

"For monetary policy, this means the central bank should remain

cautious and make only small interest rate cuts in the first quarter of 2025."

The European Central Bank cut interest rates for a fourth time in December and kept the door open to more easing as the eurozone economy is dragged down by political instability at home and the threat of a US trade war.

It is expected to cut at least 100 basis points more this year, according to a Reuters poll.

Yunus asks Bepza to promote Bangladesh abroad

STAR BUSINESS REPORT

Chief Adviser Prof Muhammad Yunus yesterday asked Bangladesh Export Processing Zones Authority (Bepza) to promote the country abroad and attract more investments in the industrial sectors.

The directive came when Bepza submitted its annual report for fiscal year 2023-24 to him at his Tejgaon office. He suggested Bepza collaborate with the Ministry of Foreign Affairs and form a team for economic diplomacy.

Yunus also suggested engaging Bangladeshi students abroad, particularly in China and Japan, to assist investors in overcoming language barriers.

Bepza Executive Chairman Maj Gen Abul Kalam Mohammad

Yunus also suggested engaging Bangladeshi students abroad to assist investors in overcoming language barriers

Ziaur Rahman said they received positive responses following the July-August uprising in Bangladesh and the changing global political landscape.

"In the past three weeks, we have received investment proposals worth \$135 million from Chinese investors. Talks are underway for more investments," he told the chief adviser.

He said currently, eight export processing zones are operational in Bangladesh, housing 452 factories, with 136 more under construction. Of these, over 100 are locally owned, while the rest are mostly joint ventures.

About 52 percent of the factories produce garments, textiles, and accessories, while the rest manufacture various items, including coffins and toys.



Date palm sap being condensed through boiling under high heat to produce jaggery. This operation in Khulna's Doulatpur is run by Mazhar, Abu Bakkar and Matiur who move here from their Rajshahi residences every winter to tend to around 250 trees which they have taken on lease. They can produce around 40 to 50 kilogrammes of jaggery every day and each kilogramme sells for Tk 320 to Tk 400. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

Direct tax expenditure dropped to Tk 1.15 lakh crore in FY22

STAR BUSINESS REPORT

Bangladesh's direct tax expenditure, a tax subsidy that includes rebates, exemptions, and reduced rates offered by the revenue authorities, fell 8 percent year-on-year to Tk 1.15 lakh crore in fiscal 2021-22, according to the tax expenditure estimation report.

The National Board of Revenue (NBR) released the report yesterday, showing that tax expenditure amounted to 2.9 percent of Bangladesh's gross domestic product (GDP) in FY22, down from 3.56 percent of the GDP in the previous year.

Several proposals were made for rationalising tax expenditure, such as limiting tax benefits enjoyed by hi-tech parks, disallowing depletion of allowances in petroleum and mineral extraction industries, and revising capital gain taxes, said the NBR.

The tax authority, which collects more than 85 percent of total annual taxes, also mentioned the phasing out of ineffective tax breaks and enhanced monitoring and reporting mechanisms for reduced tax expenditure.

The NBR said corporate income tax accounted for 62 percent of the total direct

tax expenditures, followed by personal income tax expenditure at 38 percent.

The amount of tax benefits given to various sectors of the economy, including microcredit, power, and garments, stood at Tk 71,394 crore in FY22.

The NBR said 13 sectors accounted for 57 percent of the total tax expenditure, with seven sectors alone accounting for 49 percent of the total.

The highest tax expenditure or subsidy was given on capital gains at Tk 11,246 crore, followed by microcredit and social welfare at Tk 11,134 crore, and power and energy at Tk 7,611 crore.

In personal income tax, the highest exemption was given to remittance earners at Tk 11,709 crore. Tax benefits for salaried persons amounted to Tk 5,010 crore, while authorities gave Tk 2,414 crore worth of benefits to poultry and fisheries farmers.

Md Abdur Rahman Khan, secretary to the Internal Resources Division (IRD) and chairman of the NBR, said the tax expenditure report is expected to enhance fiscal transparency and budgetary accountability.

"This initiative is a significant step forward, not only strengthening policy design but also positioning the country to achieve its target

tax-to-GDP ratio," he said.

"It marks an important milestone in the ongoing improvement of Bangladesh's tax administration, bringing greater precision and effectiveness to the system," he said in the report's preface.

The NBR emphasised that tax revenue was vital for meeting both the government's operational and development expenditures.

The NBR added that while tax expenditure serves as a policy tool for socioeconomic welfare and market stability, excessive tax expenditures must be tailored to Bangladesh's context.

As tax expenditures represent a significant loss of potential revenue, especially in developing economies like Bangladesh, a clear understanding of revenue forgone due to these expenditures is necessary for effective tax administration and policymaking.

The NBR began estimating and publishing tax expenditure reports from 2023 as a part of its efforts to measure revenue forgone in promoting industrialisation, job creation, and economic growth.

This initiative aligns with the conditions set by the International Monetary Fund (IMF) for a \$4.7 billion loan approved for Bangladesh in January 2023.

Saudi oil giant hikes prices for Asia

REUTERS

Saudi Aramco, the world's top oil exporter, on Monday raised crude prices for Asian buyers in February for the first time in three months, after Opec+ extended production cuts for another three months and as Russian and Iranian supplies fell.

Aramco raised the official selling price (OSP) for flagship Arab Light crude by 60 cents to \$1.50 per barrel above the Oman/Dubai benchmark average, a pricing document from the producer showed.

This was up from a premium of 90 cents a barrel in January, which is a four-year low.

The company also hiked prices for other grades it sells to Asia.

Aramco raised February prices for buyers in northwest Europe and the Mediterranean by \$1.30 a barrel for all crude grades, but cut the OSPs for grades it sells to the US by

30-40 cents a barrel.

The hike in Arab Light price for Asia was slightly higher than the 20-50 cent increase forecast in a Reuters survey of six Asian refining sources.

Two traders attributed the larger-than-expected increase to the sharp rise in spot premiums during the last week of December.

Last month, spot premiums for February-loading Middle East grades recovered after hitting their lowest in a year in the previous month, driven by uncertainty over Iranian and Russian supplies.

The price of Iranian crude sold to China has risen to the highest in years as fresh US sanctions have tightened shipping capacity and driven up logistics costs. In India, state refiners such as Bharat Petroleum Corp are buying more Middle East crude to make up for lower supply of cheaper Russian oil.

NBFIs' bad loans surge

FROM PAGE B1

He said that while bad loans have not risen sharply in recent years, some new loans have defaulted due to the current macroeconomic challenges facing businesses.

"To discuss a way out, we had met with the central bank top officials in October last year. The banking regulator assured us they will sit with the sector people soon after the groundwork," Saha added.

'TO THE EDGE OF COLLAPSE'

Central bank data showed that 12 finance companies out of the total 35 hold nearly 73.5 percent of the sector's bad loans. At seven companies, bad loans crossed 90 percent of total disbursed loans.

For example, FAS Finance's bad loans stood at 99 percent of its outstanding loans, Fareast Finance

at 98 percent, Aviva Finance at 90 percent, BIFC at 97 percent, International Leasing at 96 percent, People's Leasing at 97 percent and Union Capital at 95 percent, according to BB data.

Anis A Khan, former chairman of the Association of Banks, Bangladesh (ABB), recently said that some banks and NBFIs have fallen victim to an "unholy nexus", which he described as a "serious threat" to the integrity of the overall financial system.

"Besides, several other NBFIs have been infiltrated by unscrupulous investors who have exploited their positions as chairpersons and directors for personal gain," Khan said, comparing these actions to "outright theft" that has pushed several NBFIs "to the edge of collapse".

Inflation eased slightly

FROM PAGE B1

commercial banks borrow from the central bank - several times over the past two years.

As such, the policy rate which stood at just 5 percent in May of 2022 gradually increased to 10 percent by the end of 2024.

However, Ashikur Rahman, principal economist at the Policy Research Institute (PRI) of Bangladesh, said the level of inflation in the country is still very high.

This is causing hardships for people with fixed incomes or those living below the poverty line, he added.

However, Mohammad Lutfor Rahman, a professor of economics at Jahangirnagar University, said this elevated inflation impacts all classes.

"People are struggling as their real income and wages have failed to keep pace with rising prices, eroding their purchasing power," he added. "Food prices in Bangladesh are higher than those in neighbouring countries."

According to private think-tank, Research and Policy Integration for Development (RAPID), inflation has pushed as many as 78 lakh people into poverty over the past two years.

Of them, around 38 lakh have fallen into extreme poverty while another 1 crore are at risk of becoming poor.

Regarding the slight decrease in price pressures in December, Lutfor credited seasonal factors, such as the abundant winter vegetables hitting the market.

He said tariff cuts on essential imported commodities may also have contributed to the decline.

In recent months, the revenue board has withdrawn import duties and other taxes on essential products, including onions, potatoes and eggs.

However, Ashikur said improvements in supply chain dynamics after the political changeover in August last year also contributed to reducing the food inflation.

The monthly point-to-point

inflation rate remained high in fiscal 2024-25, especially after the political turmoil in July, changeover in August and repeated flooding in the north-eastern regions that same month.

"These shocks have undermined the contractionary monetary policy," he added.

The PRI principal economist suggested the Bangladesh Bank should remain committed to implementing a contractionary monetary policy while the interim government must ensure that future supply chain disruptions are avoided.

Meanwhile, Lutfor expressed concern over the government's move to increase the value-added tax (VAT) on 43 goods and services as it could reignite overall inflation.

Although food inflation is declining, implementing the interim government's plan to hike VAT would likely fuel non-food inflation, he said.

The interim government's council of advisers approved a plan to impose a uniform 15 percent VAT on various items, including medicine, restaurant services, residential hotels, sweets, biscuits and branded clothing.

The VAT hike is said to be linked to the conditions of the International Monetary Fund for its ongoing \$4.7 billion loan programme for Bangladesh.

Besides, the National Board of Revenue needs to immediately increase its collection of taxes by an additional Tk 12,000 crore.

The revenue authority and Finance Adviser Salehuddin Ahmed justified the move arguing that it would not fuel inflation as tariffs on essential goods were already cut at the import stage.

Lutfor criticised this claim, saying that as an indirect tax, higher VAT would affect people from all walks of life.

He argued that the government's focus should be on expanding income tax collection rather than solely imposing a VAT hike.

Stocks rebound riding on large-cap shares

STAR BUSINESS REPORT

The stock market in Bangladesh rebounded yesterday after falling for two consecutive days riding mainly on the performance of the large-cap shares.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), went up by 33.67 points, or 0.65 percent from the previous day before closing at 5,198.

The shares of the companies like Beacon Pharmaceuticals, Pubali Bank, Robi Axiata, Beximco Pharmaceuticals, Power Grid Company of Bangladesh, Orion Infusion, Prime Bank, and Bangladesh Shipping Corporation drew most of the investors, according to the daily market update by LankaBangla Financial Portal.

Beacon Pharma was alone liable for 7.30 points, the highest among the gainers.

However, the shares of Islami Bank Bangladesh, BRAC Bank, Premier Bank, Unique Hotel and Resorts, Olympic Industries, MJI Bangladesh, Taufika Foods and Lovello Ice-cream, Bangladesh Steel Re-rolling Mills, Berger Paints Bangladesh, Keya Cosmetics suffered losses.

Likewise, the DSES index that represents the Shariah-compliant companies edged up by 13.47 points, or 1.17 percent, to 1,161.

In the blue-chip segments, the DS30 index increased by 14.00 points, or 0.73 percent, to 1,933. Out of the 398 scrips, prices of 223 rose, 101 closed lower while 74 did not see any price fluctuation.

The benchmark index of the premier bourse jumped yesterday after experiencing a technical glitch on Sunday, which delayed the beginning of the day's trading by one hour and a half.

However, turnover, an indicator of the cumulative value of share prices, stood at Tk 363 crore, posting an increase of 16.36 percent from the previous session.

The banking sector dominated the market activities, accounting for 18.56 percent of the total turnover. However, Fine Foods Limited emerged as the most-traded share, with a turnover of Tk 14.8 crore.

Large cap companies showcased positive performances, as per the daily market update of BRAC EPL Stock Brokerage.

STOCKS	
DSEX ▲	CASPI ▲
0.65%	0.04%
5,198.84	14,466.08

COMMODITIES	
Gold ▼	Oil ▲
\$2,642.29	\$74.08
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.59%	▼ 1.47%	▲ 0.53%	▼ 0.14%
77,964.99	39,307.05	3,821.84	3,206.92

Eurozone economy ended 2024 in fragile state: PMI

REUTERS, London

The eurozone economy ended 2024 in a fragile state, according to a survey which showed overall activity contracted for a second straight month in December as a modest recovery in the services industry failed to offset a deeper downturn in manufacturing.

HCOB's final composite Purchasing Managers' Index for the bloc, compiled by S&P Global and seen as a good gauge of overall economic health, rose to 49.6 in December from November's 48.3.

That was just above a 49.5 preliminary estimate but still below the 50 mark separating growth from contraction. Due to the holiday season the data were collected earlier than

Overall activity in the eurozone contracted for a second straight month in December

usual, with the survey conducted Dec. 5-18.

The headline index was boosted by the bloc's dominant services sector, whose PMI bounced back above breakeven to 51.6 from November's 49.5, but was weighed down by a sharper decline in factory activity.

"December PMI data doesn't exactly lay a fantastic foundation for a service sector boom in 2025, but at least incoming business has stopped falling and the decline in order backlogs has softened," said Cyrus de la Rubia, Chief Economist at Hamburg Commercial Bank.

"Service providers can count themselves lucky that, unlike manufacturers, they're not directly affected by the threat of US tariffs. Overall, they should help ensure that industrial weakness doesn't completely drag down the entire economy in 2025."

US President-elect Donald Trump, who returns to the White House later this month, has pledged to impose tariffs on goods across the board.

An index measuring new services business, a proxy for demand, nudged back into growth territory after three months of decline. It was 50.2 last month, up from 48.1 in November.

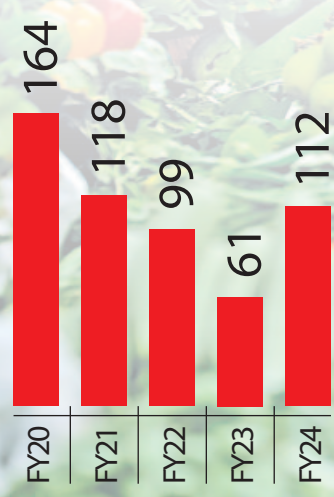
That was despite a rise in overall prices charged as firms tried to recoup a

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VEGETABLE EXPORTS

In million \$; SOURCE: EPB



High prices, freight costs take a toll on vegetable exports

SUKANTA HALDER

The exports of fresh vegetables decreased 57.93 percent year-on-year in the first six months of the current fiscal year, official figures showed.

Vegetables fetched \$70.36 million in the July-December period of fiscal year 2023-24, and in the same period of fiscal year 2024-25 it was \$29.60 million, according to data from the Export Promotion Bureau (EPB).

Exporters say that exports have declined mainly due to rising prices, increased freight costs, and a fall in government incentives.

Kawser Ahmed Rubel, chief executive officer of Global Trade Link, a vegetable exporting company, told The Daily Star that airfreight costs have increased significantly.

Now, it costs about Tk 400 to export one kilogramme (kg) of vegetables, and sometimes it even goes up to Tk 450.

In fiscal year 2023-24, the cost of exporting vegetables per kg in winter was around Tk 300. Sometimes it was Tk 270 or Tk 280, he said.

Another reason is that the price of vegetables is higher this year compared to last year, he said, adding that those from whom they source vegetables say that output has decreased while cultivation costs have increased.

"Last year, we bought each kg of Jara lemon for Tk 70 or Tk 80. This year, we have to buy it for Tk 120 to Tk 130," Rubel said.

This year, the price of beans or long beans has increased by Tk 20 to Tk 30 per kg compared to that last year. The same goes for other vegetables.

He also pointed to a reduction in the last budget on cash incentives on the export of agricultural products from 15 percent to 10 percent, negatively impacting their exports.

In the case of his company, if he compares the July-December period of 2024-25 with the same period of the previous fiscal year, his exports decreased by about 40 percent.

The exporter also mentioned that sometimes air cargo is unavailable for vegetable exports, which is another reason behind the decline in exports.

Mushtaq Ahmad Shah, proprietor of Shah Traders, another exporter, said when they exported products to the UK in December last year, the freight cost per kg of vegetables was Tk 300 to Tk 350.

Kawser Ahmed Rubel, chief executive officer of Global Trade Link, a vegetable exporting company, told The Daily Star that airfreight costs have increased significantly

By 2024, it had increased to Tk 580, he said.

In one instance, the freight cost was increased twice in a single week, he added.

On the other hand, it costs Tk 220 to send each kg of vegetables from India to the UK. Naturally, unless there is something exceptional, no one will buy such products from Bangladesh, he said.

Babul Chandra Dey, another vegetable exporter, said if they compare the July-December period of fiscal year 2024-25 with the same period of the previous fiscal year, exports have decreased quite a bit.

The main reason behind the decrease in exports is that air cargo fares are quite high, he added.

Now the prices of vegetables are also high in

Bangladesh. Due to this, exporters are having to do with low profits after buying products from farmers in Bangladesh, he added.

Due to this, when a buyer shifts sourcing from another country, it is very difficult to bring him back to Bangladesh, he said.

Babul also informed that they mainly export vegetables and betel leaves to Saudi Arabia.

SM Jahangir Hossain, president of the Bangladesh Fruits, Vegetables and Allied Products Exporters' Association, told The Daily Star: "Our airfreight costs are higher than those of our competitors."

Exports have decreased as cargo space is often unavailable, he said.

If a UK importer buys products from Bangladesh, they will have to pay Tk 100 more per kg. And if they import it from India, they will have to pay Tk 100 less, he said.

Similarly, in the case of those in the Middle East, if they import products from Bangladesh, they will have to pay Tk 50 more and if they import it from India, they will have to pay Tk 50 less, he added.

Hossain said once an importer finds a country with competitive prices, they would no longer buy products from Bangladesh.

Again, exporters not being able to fulfill commitments due to a shortage of space in air cargo is another reason behind the decline in exports, he added.

The EPB data showed that vegetable exports were worth \$164 million in fiscal year 2019-20.

Then, in the next fiscal year, it decreased to \$118.73 million and in the following fiscal year, it decreased further to \$99.91 million.

In fiscal year 2022-23, it decreased further to \$61.14 million, but in fiscal year 2023-24 it jumped to \$124.7 million, as per the EPB data.

Banglabandha port crippled by import disruptions

KONGKON KARMAKER

Banglabandha land port, the only cross-border trading hub in Panchagarh's Tetulia, connecting India, Bhutan and Nepal, has got severely disrupted due to protests by Indian truck operators over online slot-booking issues.

No imports have been recorded through the port for the past three days, port officials said.

Approximately 95 percent of the port's imports consist of hard rock, primarily sourced from India and Bhutan.

On November 18 last year, hard rock imports from India got halted due to protests by the Fulbari Border Truck Owners' Association over slot-booking procedures.

Indian trucks exporting goods to Bangladesh must pay fees of Rs 3,000 for six-wheelers and Rs 5,000 for 10 to 12-wheelers.

Bhutanese trucks, however, are exempt under existing agreements. This disparity has led Indian truckers to protest at the Fulbari land port in India.

The situation worsened on January 4, when Bhutan also stopped exporting hard rock due to similar fee-related disputes.

The protests have left Banglabandha's usually busy yard nearly empty, causing port activities to grind to a halt.



No imports were recorded through the port in the past three days. PHOTO: STAR

In December 2024, some 5,802 trucks transported 162,847 tonnes of goods through the port.

Most of this was hard rock, making the current halt particularly damaging.

During the same period, Bangladesh exported goods to India via 228 trucks and traded goods with Nepal using 226 trucks.

The port has already exceeded its annual revenue target of Tk 68.13 crore for FY25, collecting Tk 77.23 crore within December.

However, the ongoing disruptions are expected to impact future earnings.

Local businesses and over a thousand workers dependent on port activities are already facing difficulties.

Jahangir Alam, general secretary of the C&F Agents Association, said the halt began when Bhutan refused to comply with new slot-booking fees imposed by Indian authorities.

If Bhutan agrees to the fees, importers will face increased costs, pushing up stone prices, he warned.

Rezaul Karim Shahin, convener of the Banglabandha Import-Export Group, demanded swift resolution of the issue.

Brij Kishore Prosaad, general secretary of the North Bengal Exporters Association at Fulbari, also called on the Indian government to resolve the dispute.

However, exports through the port remain unaffected.

Rising yields dampen gold prices

REUTERS

Gold prices retreated on Monday as US Treasury yields firmed, while investors' attention turned to economic data for clues on the Federal Reserve's interest rate trajectory in 2025 after the central bank flagged a slower pace of rate cuts this year.

Spot gold fell 0.2 percent to \$2,633.03 per ounce by 0932 GMT. US gold futures eased 0.4 percent to \$2,645.20.

"Gold is trading with a slightly weak momentum as yields are trading higher and traders look ahead to a series of U.S. economic data releases this week to assess Fed's stance on rate cuts," said Jigar Trivedi, senior analyst at Reliance Securities.

The US jobs report on Friday will help shape expectations of the Fed's rate path this year after the US central bank rattled markets last month by reducing its projected cuts in the face of stubborn inflation.

Market watchers are also looking to job openings data on Tuesday, ADP employment numbers and the minutes from the Fed's most recent policy meeting on Wednesday for further insights.

Goldman Sachs pushed back its gold price forecast of \$3,000 per troy ounce to the second quarter of 2026 from December 2025, citing fewer Fed rate cuts.

"Opposing forces - lower speculative demand and structurally higher central bank buying - have effectively offset each other, keeping gold prices range-bound over the past few months," Goldman said, adding that ETF demand has also grown less than expected.

REUTERS, London

As the world rings in 2025, try to imagine what it would have looked like in 2019 if a visitor from the future appeared with a warning about what was going to happen next.

First, the world would be struck by a deadly pandemic that shut down most developed economies. Governments would splash out to support people and businesses, adding to their already hefty debt loads. Global supply chains would strain and splinter.

Then, just as the planet was staggering back to its feet, Russian President Vladimir Putin would invade Ukraine, upending global supplies of energy and food. To control rampant inflation, the US Federal Reserve would hike official interest rates from close to zero to over 5 percent in little more than a year. A new war in the Middle East would kill thousands and threaten to disrupt global shipping. And at the end of 2024, Donald Trump would win the US presidential election following a campaign promising blanket tariffs and mass deportation.

Presented with such a prognosis in 2019, most observers would probably have expected a recession, and a dire performance by global stock markets.

They would have been wrong. Western economies roared back from their brief Covid-induced slump and have so far avoided the often predicted "hard landing". The S&P 500 Index of leading US stocks has almost doubled in the past five years, fuelled by robust corporate profits and

excitement about the potential of artificial intelligence. The US stock market trades at a higher multiple of cyclically adjusted earnings than at any time outside the dotcom craze of the late 1990s.

That record reflects the surprising resilience of the global economy and



A container ship is docked next to cranes in Felixstowe, Britain. The global economy and financial system has shown a surprising resilience in the face of even severe shocks. PHOTO: REUTERS/FILE

financial system in the face of even severe shocks. It's also a sobering reminder of how hard it is to make predictions about the future.

This is the humbling backdrop against which Breakingviews columnists have once again embarked on their annual attempt to help readers think about what lies ahead in 2025. As in previous years, the objective is not to make forecasts which cling to the established consensus, but to identify some of the shocks and surprises that may confront business leaders, money managers and policymakers in the next 12 months. The only thing that is certain is that the range of conceivable outcomes is wider than ever.

Trump exemplifies that uncertainty. The returning president's agenda for his second term in office is a jumble of slogans and often contradictory ideas. Watching his administration convert these into policies will be a source of deep anxiety around the world. Will the man who inspired "Trump: The Art of the Deal" impose blanket tariffs on US imports, or use the threat of them as a negotiating tool? Will he actively abandon military alliances, or push US allies to buy more American armaments? Will he undermine the rule of law, or will the US Constitution restrain him? READ MORE ON B2

Risk and resilience are the watchwords for 2025