

# star BUSINESS



## ADB projects slower growth amid political uncertainty

REJAUL KARIM BYRON

The Asian Development Bank (ADB) has projected Bangladesh's GDP growth rate to slow to 4.3 percent in fiscal year (FY) 2025, reflecting a subdued outlook amid political uncertainty, supply disruptions and tight monetary policy.

This marks a decline from its earlier projection of 5.1 percent in September last year.

"The country is facing significant challenges, including tight global financial conditions and rising commodity prices," Takeo Konishi, director general of ADB's South Asia Department, said in an interview with The Daily Star.

"These external pressures will likely aggravate Bangladesh's structural issues, such as limited economic diversification, heavy reliance on imported energy, a large informal sector, climate vulnerabilities, and weak governance and accountability," he said.

The ADB's revised projection aligns closely with the government's plans to lower its GDP growth target for the current fiscal year to 5.25 percent in the revised budget.

This adjustment accounts for

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Takeo Konishi  
ADB's DG for South Asia



SOHEL PARVEZ and JAGARAN CHAKMA

Over the last several years, Ahsan, a rickshaw puller in his 50s, has been eagerly waiting for relief from the high prices of food and other essentials. Days and months have passed, but his pursuit of a better living by escaping the curse of elevated inflation has remained a distant dream.

By this time, the previous Sheikh Hasina government was toppled in a popular mass uprising in August last year and an interim administration took charge in the same month.

But Ahsan's struggle continues, and so does the erosion of his family's living standards, even though inflation eased for the second consecutive month in January.

"I have not seen any real change in my life," he said, while making an assessment of the interim government's six months in power.

"The only thing that has become cheaper is potatoes, but the prices of all other essentials have gone up," said the father of four children.

Ahsan, who does not have a second name, is the sole breadwinner for his six-member family. He earns roughly Tk 700 a day, which is insufficient to cover all essential expenses, including house rent.

"How am I supposed to provide three meals a day for my family with my meagre income?"

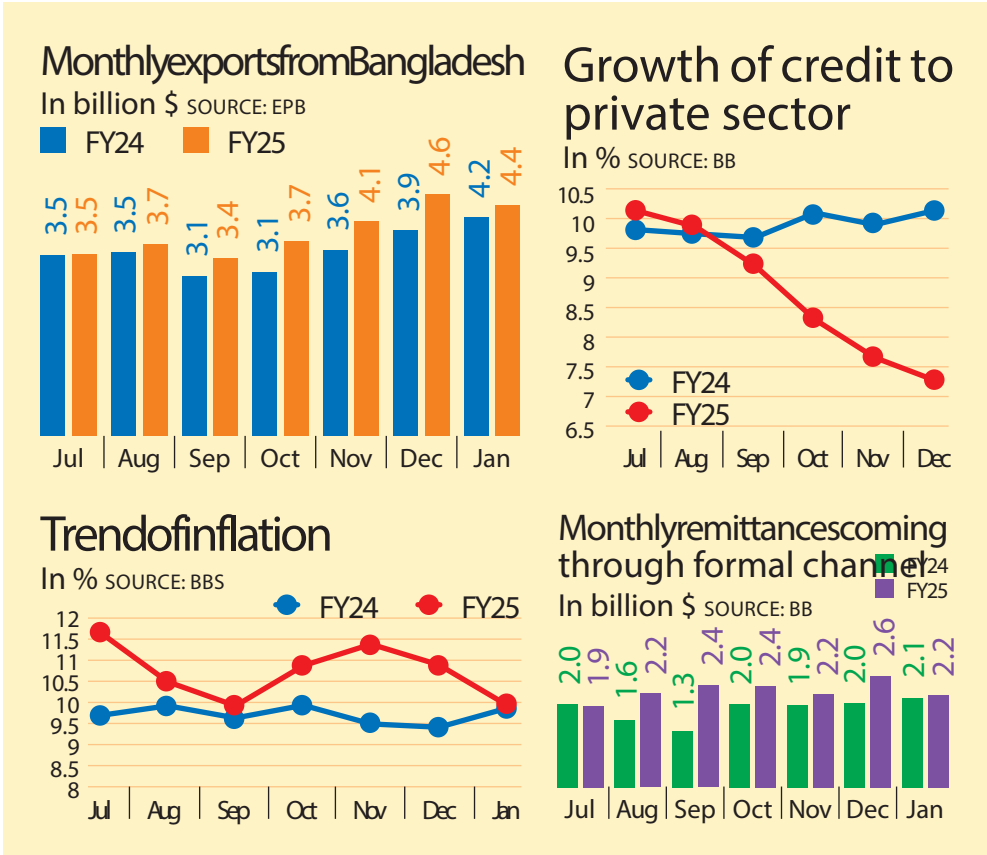
The rickshaw puller lives in Kamrangirchar, home to thousands of low-income people reliant on Dhaka, the metropolis that serves as the major engine of Bangladesh's economy.

He said he used to buy rice for less than Tk 50 per kilogramme. Now, like millions of Bangladeshis, he has to pay more than Tk 50 for the food staple.

Besides, people like Ahsan have to pay more for edible oil recently amid reduced supply from refiners. This further deepens the

SIX MONTHS OF INTERIM GOVT

## In fragile trust, economy falters



hardships of commoners who have endured over 9 percent inflation for 23 consecutive months till January this year.

Moving on to the bigger macro picture, economists and businesspeople also see uncertainty heavily clouding the economic outlook.

"The economy is yet to emerge from the risks it faced six months ago, though there has been some relief in the form of improvements in certain indicators and containment from further deterioration," said Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue (CPD).

Although inflation eased slightly in December and January, consumer prices still remained elevated. There has been a slowdown in investment and the generation of new jobs.

Over the past several years, private investment has remained stagnant at 23-24 percent of gross domestic product (GDP).

Besides, the recent trend of private sector credit growth offers no light at the end of the tunnel.

For the fifth consecutive month, loan flows to private firms have slowed due to uncertainty in the investment environment following the August political changeover.

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## Janata Bank crippled by record default loans

Bad loans rose to Tk 67,300cr at the end of 2024

MD MEHEDI HASAN

Janata Bank's defaulted loans surged to a record Tk 67,300 crore by the end of last year, as politically exposed persons and business conglomerates became defaulters following the recent political changeover, reflecting the fragile condition of the state-run bank.

Janata Bank now holds the highest amount of defaulted loans in the banking sector.

As of December 2024, the bank's total outstanding loans stood at Tk 1,00,800 crore, with 66.8 percent, or Tk 67,300 crore, classified as defaulted, according to internal data from the bank.

Just three months earlier, in September 2024, Janata Bank's defaulted loans stood at Tk 60,345.30 crore.

The bank's bad loans have escalated sharply since the political shift in August 2024, as loans granted to politically exposed individuals and industrial conglomerates affiliated with the former Awami League-led government became classified as defaults—loans that had previously remained concealed, bank officials said.

In June 2024, defaulted loans stood at Tk 48,000 crore, but by December, they had risen by Tk 19,300 crore in just six months.

A significant portion of Janata Bank's defaulted loans is concentrated among a few large borrowers, with the top five defaulters accounting for around 70 percent of the total bad loans.

Among them, Beximco Group, led by Salman F Rahman, who was the private industry and investment affairs adviser to former prime minister Sheikh Hasina, has the highest amount of defaulted loans.

Janata Bank's total exposure to Beximco stood at Tk 23,000 crore, which

became fully defaulted in the October-December quarter of 2024.

S Alam Group is another major defaulter, with its defaulted loans at Janata Bank reaching Tk 10,200 crore.

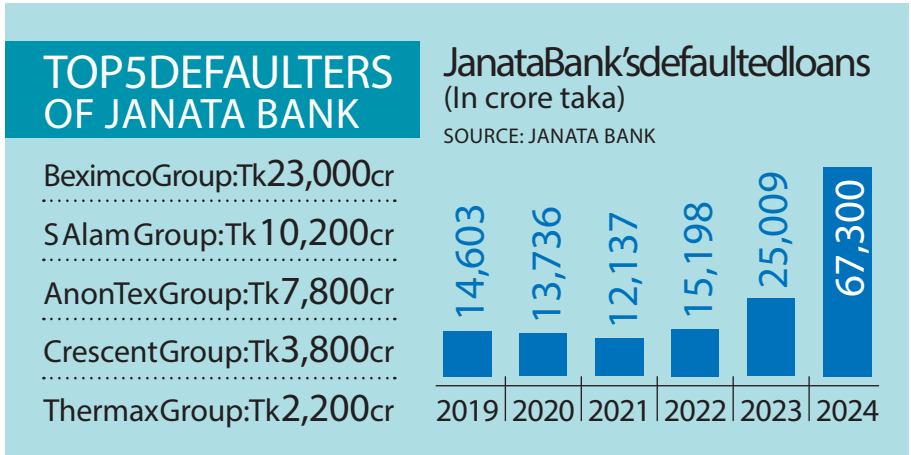
AnonTex Group followed with a default of Tk 7,800 crore, while Crescent Group had Tk 3,800 crore in bad loans.

Thermax Group defaulted on Tk 2,200

As of December, Bashundhara Group's total loan exposure at Janata Bank stood at Tk 1,700 crore.

Orion Group, another top borrower of the bank, had a total funded and non-funded exposure of Tk 3,500 crore at the end of last year.

Industry insiders pointed out that the bank was in deep financial trouble due to



core, and Sikder Group's defaulted loans stood at Tk 850 crore at the end of 2024.

A senior Janata Bank official, speaking on condition of anonymity, confirmed that the total defaulted loans at the bank rose sharply due to the full default of loans taken by Beximco Group and S Alam Group in the October-December quarter.

Additionally, some borrowers who were previously regular in loan repayments have now defaulted.

For example, a small portion of Bashundhara Group's loans became classified as defaulted in December 2024, although the conglomerate is reportedly working to reschedule them.

its high exposure to large conglomerates. Beximco Group's loans at Janata Bank saw a steep increase over the years: from Tk 2,045 crore in 2015 to Tk 6,400 crore in 2020.

By June 2024, the figure had reached Tk 25,000 crore. This exposure is nearly 950 percent of the bank's paid-up capital, far exceeding the legal limit of 25 percent for a single borrower.

Between July 2021 and July 2022, Beximco opened nine new companies, and in just one month of 2022, it created eight more companies to secure additional loans.

Documents indicate that Salman F Rahman leveraged his influence within

the former Sheikh Hasina administration to obtain special approval from the central bank for these large loans, Janata Bank officials alleged.

Janata Bank was once regarded as one of Bangladesh's most reputable banks, but its financial health deteriorated following a series of loan scams involving AnonTex Group and Crescent Group.

Between 2010 and 2015, the bank disbursed Tk 3,527.9 crore in loans to 22 companies under AnonTex Group. Later investigations by Bangladesh Bank uncovered massive irregularities in loan approvals.

In 2017, Janata Bank's total defaulted loans stood at Tk 5,818 crore. In just seven years, that figure has now skyrocketed to Tk 67,300 crore.

Financial analysts and industry experts are urging a forensic audit of Janata Bank to identify the officials and board members involved in the massive loan irregularities.

Due to its deteriorating financial health, Janata Bank is facing a severe liquidity crisis and recently requested Tk 20,000 crore in emergency funds from the interim government and the central bank.

The funds are needed to maintain normal cash flow and restore depositor confidence, the bank stated.

Bank officials warned that Janata's ability to borrow from the money market has weakened due to a lack of sufficient securities, raising concerns about a potential cash reserve ratio (CRR) and statutory liquidity ratio (SLR) shortfall.

Md Mazibur Rahman, the newly appointed managing director of Janata Bank, recently stated that the bank was making all possible efforts to recover the bad loans.

He also confirmed that legal action would be taken against major defaulters to retrieve the funds.

## Rice bran oil export may face 25% regulatory duty

MD ASADUZ ZAMAN

The National Board of Revenue (NBR) is set to impose a fresh 25 percent regulatory duty on the export of crude and refined rice bran oil to discourage shipments and increase domestic supply.

The tax administration is likely to issue a notification this week, an official of the NBR said, asking not to be named.

"We hope this move will somewhat contribute to stabilising the kitchen market."

The NBR plans to impose the duty following a recommendation made by the Bangladesh Trade and Tariff Commission (BTTC) in December last year.

The commission's recommendation comes in response to soaring cooking oil prices in the local market over the past few months, driven by rising international prices due to a reduction in palm oil production and Indonesia's increased focus on using palm oil for biodiesel.

Bangladesh requires around 23 lakh tonnes of edible oil annually, and more than one-fourth of this demand is met by rice bran oil.

At present, 20 local mills produce 2.86 lakh tonnes of rice bran oil a year in Bangladesh.

The country produces 5.5 crore tonnes of paddy annually, from which up to 7 lakh tonnes of rice bran oil can be extracted.

The government earlier imposed a 25 percent export duty on rice bran, which reduced its shipments.

However, the country has continued exporting around 70,000 tonnes of crude rice bran oil annually, as there is currently no duty discouraging its shipment, according to the BTTC.

A regulatory duty controls trade for stability, while an export duty taxes goods leaving a country.

The Trading Corporation of Bangladesh (TCB), the state-owned entity under the commerce ministry that sells essential commodities at subsidised rates, had earlier also requested the government to discourage exports of rice bran oil.

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# BRAC Bank, WaterAid to bring clean water to over 10,000 people in Satkhira

STAR BUSINESS DESK

BRAC Bank recently signed an agreement with WaterAid Bangladesh, a non-profit organisation, to support more than 10,000 individuals living in the coastal region of Satkhira in gaining access to safe drinking water, improved sanitation, and better hygiene.

Md Sabbir Hossain, deputy managing director and chief operating officer at the bank, and Hasin Jahan, country director of the NGO, signed the deal at the latter's office in Dhaka, according to a press release.

Hossain said, "Aporajeyo WE is not just about providing water—it's about building healthier communities, empowering women, and promoting long-term resilience against climate issues."

"We aim to create lasting improvements in people's lives for years," he added.

Hasin Jahan said, "This partnership is crucial for ensuring that those who need safe water and sanitation the most receive it."

"By combining our expertise with BRAC Bank's dedication to social good, we can develop solutions that enhance public health, empower communities—especially women—and uplift local economies through promoting women-led enterprises," she added.

This initiative is part of BRAC Bank's corporate social responsibility



Hasin Jahan, country director of WaterAid Bangladesh, and Md Sabbir Hossain, deputy managing director and chief operating officer at BRAC Bank, pose for photographs after signing an agreement at the former's office in Dhaka recently.

PHOTO: BRAC BANK

programme, Aporajeyo Water Entrepreneur (WE), which aims to mitigate and adapt to climate change, aligning with Bangladesh Bank guidelines.

Under the agreement, they will set up five water purification plants in the water-scarce areas of Gabura and Padma Pukur unions of Shyamnagar, Satkhira, to

enhance access to clean water.

Additionally, the programme will improve sanitation facilities and implement a rainwater collection system at three local health clinics, fostering improved health and well-being for the community.

By introducing reverse osmosis

water filtration systems and conducting awareness workshops on hygiene practices, the initiative seeks to significantly reduce the incidence of waterborne diseases such as cholera and dysentery, which are often worsened by saline water sources.

Other senior officials from both the bank and the NGO were also present.

# Meghna Bank strikes deal with PriyoShop to enhance payment solutions



PHOTO: MEGHNA BANK

Asikul Alam Khan, founder and CEO of PriyoShop, and Kimiwa Saddat, deputy managing director of Meghna Bank, pose for photographs after signing an agreement at the bank's head office in the capital's Gulshan recently.

STAR BUSINESS DESK

Meghna Bank PLC recently signed an agreement with PriyoShop, a business-to-business marketplace in Bangladesh.

Kimiwa Saddat, deputy managing director of the bank, and Asikul Alam Khan, founder and CEO of the B2B marketplace, signed the deal at the bank's head office in the capital's Gulshan, the bank said in a press release.

The collaborative agreement signifies Meghna Bank's commitment to providing innovative corporate solutions to facilitate seamless payment collection for PriyoShop.

It also aims to transcend geographical barriers and ensure swift, secure transactions through its cutting-edge digital platform, including virtual accounts and MeghnaPay.

Nazia Khair, head of the structured finance and relationship unit of the corporate banking division at the bank, Muhammad Pavel Akhter, head of technology operations, Md Kaium Hossain, in-charge of the digital financial services division, were present.

Romel D Rozario, senior vice-president of the B2B marketplace, and Md Arafath Ashraf, deputy manager, along with other officials from both the organisations, were also present.

# Fed rate cuts 'may be on pause': senior official

AFP, Washington

The Federal Reserve may be in a position to pause rate cuts and take stock, a senior official said Friday, as the US central bank continues its fight against inflation.

The Fed voted last month to leave its key lending rate unchanged following three consecutive cuts, holding it at between 4.25 and 4.50 percent.

Policy makers have since indicated they are in no hurry to continue lowering rates as the Fed grapples with a recent uptick in inflation, and uncertainty about US trade policy under President Donald Trump.

"My hope is that we don't see a rebound of inflation," Chicago Fed President Austan Goolsbee said in an interview with Yahoo Finance, adding it would be "a foggy, dustier kind of environment" for the US central bank if such a scenario came to pass.

"We may be on hold," added Goolsbee, who has a vote on the Fed's rate-setting committee this year.

**Policymakers have indicated they are in no hurry to continue lowering rates as the Fed grapples with a recent uptick in inflation**

"But I see over the next 12 to 18 months, if we can get out of the uncertainty coming from policy, or from geopolitics and commodities, I view the long-run settling rate for the fed funds rate to be (a) fair bit below where it is today," he said.

Financial markets currently see an almost 95 percent chance that the Fed will remain on hold at its next interest rate decision in March, according to data from CME Group.

Goolsbee also addressed the uncertainty about US trade policy following President Trump's recent moves to impose sweeping tariffs on US trading partners including China, Canada and Mexico.

Trump settled for a 30-day pause on tariffs against Canada and Mexico, but went ahead with a 10 percent levy on Chinese goods, leading Beijing to respond with retaliatory duties against the United States.

An escalating tariff war could act like a "wrench" in the global supply chain, Goolsbee said, adding he hoped that the ongoing tariff discussions did not end up causing a "big impediment" to actual trade.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (FEB 8, 2025)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 70-Tk 85	-0.65 ↓	13.14 ↑
Coarse rice (kg)	Tk 52-Tk 55	4.46 ↑	7.00 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-13.27 ↓
Lentil (kg)	Tk 105-Tk 110	0	0
Soybean (litre)	Tk 180-Tk 182	10.37 ↑	12.07 ↑
Potato (kg)	Tk 20-Tk 25	-50.00 ↓	-35.71 ↓
Onion (kg)	Tk 40-Tk 50	-25.00 ↓	-52.63 ↓
Egg (4 pcs)	Tk 44-Tk 46	-5.26 ↓	-4.26 ↓
SOURCE: TCB			

# UCB signs MoU with DGePay to drive digital banking forward

STAR BUSINESS DESK

United Commercial Bank (UCB) PLC recently signed a memorandum of understanding (MoU) with DGePay, a leading payment gateway service provider and a concern of Dipon Group.

Md Abdullah Al Mamoon, deputy managing director and chief operating officer of the bank, and Rashed Mahmud, chief executive officer of Dipon Group, signed the MoU at the bank's corporate office in Dhaka, according to a press release.

The collaboration will facilitate advanced payment gateway services, enabling smoother and more secure digital transactions for UCB customers.

Notably, UCB's payment gateway is already processing online ticket purchases for major events such as the Bangladesh Premier League and the Dhaka International Trade Fair.

Additionally, the integration of UPAY further enhances the platform's versatility and user



Rashed Mahmud, chief executive officer of Dipon Group, and Md Abdullah Al Mamoon, deputy managing director and chief operating officer of United Commercial Bank, shake hands and exchange signed documents of a memorandum of understanding at the bank's corporate office in Dhaka recently.

PHOTO: UNITED COMMERCIAL BANK

convenience.

The strategic alliance between UCB and DGePay is expected to set new benchmarks in the digital payment

landscape, fostering financial inclusion and empowering customers with cutting-edge banking solutions, the press release added.

Zeeshan Kingshuk Huq, chief communication officer of the bank, along with other senior officials from both organisations, was also present.

# Putin hails Russia's strong economic growth in 2024

AFP, Moscow

Russia reported strong economic growth for 2024 on Friday as record spending on the military offensive against Ukraine outweighed the impact of Western sanctions.

Moscow's massive ramp-up in outlays on soldiers and weapons has helped it defy predictions of a deep recession after it launched its military campaign in February 2022.

But fast growth has triggered high inflation and deep labour shortages

at home, worrying the Kremlin.

The economy expanded by 4.1 percent in 2024, Prime Minister Mikhail Mishustin told Russian President Vladimir Putin in a televised meeting, citing data from the Rosstat statistics agency.

That was the same as the pace of growth in 2023, Mishustin said — revising up the previous figure of a 3.6 percent expansion for that year.

Putin hailed the economic performance, but ordered Mishustin to get a grip on rising prices.

"Overall, the result is good," Putin said.

"The task for the current year is to reach a more balanced growth trajectory and achieve a reduction in inflation," he said.

Mishustin said it was "absolutely clear that the main challenge is inflation", which came in at 9.5 percent last year.

Surging prices for staple goods have become headline news in state media — usually uncritical of the Kremlin — in recent months.

The cost of butter rose 36 percent in 2024, the Rosstat statistics agency said, with overall food prices more than 11 percent higher.

Prices have been pushed higher by a rapid increase in state spending amid the Ukraine offensive.

State expenditure is set to be two-thirds higher in 2025 compared to 2021, before Russia's military offensive.

Putin said last year that Moscow is spending almost nine percent of its GDP on defence and security.

AFP, Frankfurt

Germany logged a record trade surplus with the United States last year, data showed Friday, news that could stoke tensions with US President Donald Trump as he threatens the EU with tariffs.

The United States also returned as the top trading partner for Europe's biggest economy in 2024, overtaking China which had been in the number one spot since 2016.

Germany's surplus with the world's top economy came in at 71.4 billion euros (\$74.1 billion), according to the figures from statistics agency Destatis, with the United States the destination for over 10 percent of all German exports.

Germany has the largest trade surplus with the United States of any European Union member state, according to the bloc's most recent data, with the EU's overall surplus angering Trump.

The US president has threatened to hit the EU with tariffs soon, saying the bloc has treated Washington "very badly".

Trump hit China with 10-percent tariffs this week and delayed duties on Canada and Mexico for one month after last-ditch talks with his North American neighbours.

Klaus Juergen Gern, from the IIFW Kiel economic institute, said that any US tariffs could deal a heavy blow to the Germany's ailing economy which has barely grown since 2019.

"It would be particularly problematic if tariffs were to be imposed only on some products from Europe... that play a particularly important role for German exports, such as cars, pharmaceuticals and medical technology," he told AFP.

The German central bank has previously warned that US tariffs on German imports could knock one percent off the country's GDP, while

some economists say they could lead to substantial job losses.

The country's total exports worldwide amounted to nearly 1.6 trillion euros in 2024, down one percent year-on-year, highlighting the challenges for an economy long dependent on overseas demand for "made in Germany" products.

Imports also dropped by 2.8 percent, giving a positive trade balance for the year of 241.2 billion euros.

In a further sign of the difficulties for the traditional eurozone powerhouse, industrial production dropped 2.4 percent in December, more steeply than expected, from the previous month, Destatis said Friday.

The poor performance was driven by a heavy drop in the flagship auto industry, which is in deep crisis as it faces high costs, slowing sales and fierce competition in key market China.

"Structural headwinds affecting the (industrial) sector leave little hope for a sustained recovery this year," said Andrew Kenningham, chief Europe economist from Capital Economics.

Total trade between the United States and Germany last year amounted to about 255 billion euros, above the 247 billion euros in trade between China and Germany, according to AFP calculations based on official data.

For years, China's booming economy was the key export market for Germany's traditional manufacturers.

But a slowdown in China has dampened demand while Chinese companies are increasingly competing with German firms when it comes to making products, from cars to factory equipment, that in the past would have been shipped from overseas.





Martin Raiser

## World Bank VP for South Asia in Dhaka

STAR BUSINESS REPORT

Martin Raiser, vice president of the World Bank (WB) for South Asia, arrived in Dhaka on a four-day visit yesterday, which the global financial institution stated was aimed at reinforcing its longstanding partnership with Bangladesh.

Raiser is scheduled to meet high-ups of the government, including the chief adviser of the interim government, finance adviser, energy adviser, the governor of Bangladesh Bank, and other senior government officials, according to a press release.

His visit aims to strengthen the country's partnership with the global institution and advance discussions on key development initiatives.

His meetings will focus on Bangladesh's ongoing development priorities and future collaborations with the WB.

Raiser will be accompanied by Pablo Saavedra, the WB's vice president for prosperity, who leads the institution's work on economic policy, poverty reduction, finance, institutional development, competition, and investment.

The WB has been a key partner in Bangladesh's development journey since the country gained independence, said the statement.

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# Potato prices will not cross Tk 40 per kg this year

Cold storage owners make advance claim



A large quantity of potatoes will remain outside cold storage in the current season, which may put farmers at risk of losses, said Bangladesh Cold Storage Association.

PHOTO: STAR

STAR BUSINESS REPORT

Cold storage owners have claimed that retail prices of potatoes will not cross Tk 40 per kilogramme this year, citing that this year's potato production is set to surpass local demand.

This claim follows the sharp price increases last year when retail prices of the starchy vegetable soared to as high as Tk 80 per kg, according to government data.

In 2024, the country's potato production was 1.19 crore tonnes, against an annual demand of 90 lakh tonnes, according to government data. However, cold storage owners argued that production was lower than that.

At a press conference in Dhaka yesterday, the Bangladesh Cold Storage Association (BCSA) said this year's production is likely to reach 1.2 crore tonnes.

"No force will be able to manipulate the market and push potato prices above Tk 40 per kg this year," said Mostafa Azad Chowdhury Babu, president of the association.

"I am making this claim in advance. If I am proven wrong, you can hold me accountable," he said. "If potato prices cross Tk 40 per kg in retail, we will offer a reward from the BCSA."

At the association's office in Dhaka's

Purana Paltan area, Babu claimed that potato cultivation has increased by 40 percent this season compared to the previous one.

Data from the Department of Agricultural Extension (DAE) shows that about 4.65 lakh hectares of land have been brought under potato cultivation this season—up from 4.50 lakh hectares last year.

Although production exceeded demand last year, potatoes were selling for Tk 80 per kg in November, according to the Trading Corporation of Bangladesh (TCB).

In the last season, some 1.19 crore tonnes of potatoes were produced locally, while in the current season, the DAE has set a production target of 1.13 crore tonnes.

The potato planting season in Bangladesh is from October to November, while harvesting takes place between February and April.

At the press conference, the association said a large quantity of potatoes will remain outside cold storage in the current season, which may put farmers at risk of losses.

Babu said the country's cold storages have a capacity of around 45 lakh tonnes for potatoes. The association's president said that in such a situation, initiatives are needed to export surplus potatoes.

Last year, the storage fee for potatoes in cold storage was raised from Tk 7 to Tk 8 per

kg to adjust for rising operational costs.

Certain groups in some parts of the country have been protesting recently, claiming that cold storage rental fees have doubled.

Babu said these groups are ignoring the rising operational costs of running cold storage facilities and are instead spreading misleading narratives to confuse stakeholders.

"We are requesting the Ministry of Commerce to verify the rent we have set for cold storage," he added.

The association's president said that government assistance is essential to reducing cold storage rents.

At the event, cold storage owners made five demands to the government to lower cold storage rents for preserving potatoes.

These include reducing the bank loan interest rate from 17 percent (including penalty interest) to 7 percent, lowering the electricity bill per unit to Tk 5, withdrawing VAT on various cold storage-related expenses, removing the source tax, and changing the loan installment payment frequency from quarterly to annual.

Additionally, the association said that to bring potato preservation rents to a manageable level for farmers, the government must declare the cold storage industry as an agriculture-based one.

## Traffic congestion, waterlogging main problems of Old Dhaka: DCCI

STAR BUSINESS REPORT

Traffic congestion, waterlogging, and weak infrastructure are taking a huge toll on small businesses in Old Dhaka, said Abdus Salam, former senior vice-president of the Dhaka Chamber of Commerce and Industry (DCCI).

Moreover, inadequate access to finance, deteriorating law and order, rising dollar prices, delays in import and export procedures, high loan interest and tax rates, and a complex revenue structure are making the situation difficult, he said.

At a DCCI-organised meeting with Old Dhaka businessmen yesterday, Salam highlighted the major problems traders in the oldest part of the capital are facing, which are causing their sales to decline gradually.

In his speech, Dhaka Chamber President Taskeen Ahmed stressed the need to simplify the system according to the size, nature, and capacity of businesses, remove complexities in import-export procedures, and set a realistic VAT rate.

### DCCI leaders urged the government to introduce package VAT on essential commodities in order to control inflation

Joint initiatives from both the government and the private sector are needed to solve the problems of one of the country's oldest business hubs for trade and commerce, he said.

Establishing a business-friendly environment and improving the law and order situation are now essential, the DCCI president said.

The leaders of the leading trade body also said that the government could consider introducing package value-added tax (VAT) on essential commodities in order to control inflation.

At the event, Manash Kumar Barman, additional commissioner of customs, excise, and VAT Commissionerate for Dhaka South at the National Board of Revenue, urged businesses not to pay VAT without obtaining a receipt.

The government has taken initiatives to automate the VAT online registration process to ease VAT payment and protect businesses from harassment, he said.

To ease traffic congestion in Old Dhaka, traffic police will be deployed at eight key points in the area, said Md Jashim Uddin, deputy commissioner of police of the Lalbagh Division of Dhaka Metropolitan Police.

At the same time, he also urged local traders to come forward and recruit volunteers to help manage the situation.

## ADB projects slower growth

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for the damage caused by multiple floods and the impact of contractionary monetary policies by the interim government to curb inflation.

Konishi said that inflation is expected to remain high at around 10 percent in FY25, compounding fiscal pressures due to arrears in the domestic energy sector and large subsidy commitments.

His recent visit to Bangladesh from January 23 to January 27 focused on these economic issues, as well as the need for critical reforms.

"These challenges will impact foreign exchange reserves, inflation, revenue mobilisation, investment and banking sector stability," said Konishi.

"Against this backdrop, my conversations with the government focused on speeding up critical reforms to diversify the economy, create jobs, improve revenue collection, reform the banking sector and attract foreign investment," Konishi said.

He said, "These discussions are also well aligned with key findings of the White Paper on the State of the Economy, which aims to find actionable solutions to stabilise the economy and ensure sustainable growth."

**ADB's support for Bangladesh**

The Manila-based multilateral lender has pledged significant financial support for Bangladesh. In 2024, ADB committed more than \$1.2 billion in combined sovereign and non-sovereign operations and plans to allocate around \$2 billion in 2025.

The funding will prioritise projects such as railway upgrades, gas pipeline expansions, banking sector stabilisation, social protection programmes and human capital development.

"We are aligning key projects with the IC's [interim government] goals, emphasising high project readiness and effective management of ongoing and upcoming projects,"

Konishi said.

He said that discussions also explored reforms in the energy and financial sectors, operationalising the Bangladesh Climate and Development Partnership (BCDP) and transitioning to a green economy.

According to ADB, Bangladesh remains highly vulnerable to climate change, with potential gross domestic product (GDP) losses of up to 30.5 percent by 2070 under high-emission scenarios.

Konishi highlighted ADB's commitment to climate-focused initiatives.

"In 2025, ADB aims to commit about \$1 billion in climate finance for policy and institutional reforms, climate-resilient infrastructure development, renewable energy, decarbonisation, nature-based solutions and disaster risk reduction," he said.

Besides, ADB is providing technical assistance for the development of a National Adaptation Plan (NAP) roadmap and operationalising the BCDP. Ongoing discussions include a river restoration project and capacity-building initiatives to integrate climate considerations into national planning and budgeting, he added.

Within the energy sector, Konishi said that ADB has been a key partner for Bangladesh, financing \$5.2 billion for power projects and \$1.2 billion for the gas sector since 1973. Currently, nine projects worth \$2.36 billion are underway, with a new initiative to improve power transmission and renewable energy expected to be approved this year.

"We are also in discussion with the IG for planning and prioritising multiple energy sector projects for ADB financing over the next several years, focusing on transmission, distribution, renewables, efficiency and sectoral reforms," Konishi said.

As Bangladesh prepares for its transition from least-developed country (LDC) status, Konishi emphasised

a smooth economic shift.

"Several strategic actions were discussed with the IG to ensure a smooth economic transition," he said, including an economic stabilisation programme, a framework for the 2025–26 national budget and expediting sustainable development goals (SDG) realisation.

**Private sector as growth engine**

ADB has identified the private sector as a critical driver of economic recovery and job creation in Bangladesh.

In 2024, the bank committed over \$70 million to private sector projects, including utility-scale solar, rooftop solar and specialised textiles.

"The private sector plays a crucial role in driving economic growth in Bangladesh by diversifying the economy, generating more jobs, fostering innovation and boosting productivity," Konishi said.

He said that ADB's initiatives include policy reforms, SME financing and support for public-private partnership (PPP) projects, such as a recently signed agreement for a green data centre.

Efficiency in project implementation is also key to maximising economic returns, according to Konishi.

"Enhancing project implementation efficiency is critical for minimising costs and maximising both economic and financial returns, leading to the optimal use of resources," he said.

To address delays caused by procurement issues, institutional capacity gaps and land acquisition challenges, ADB is collaborating with the government to strengthen project screening processes and prioritise readiness.

"We emphasise enhancing institutional setup with strong project ownership from the very beginning, improving procedural efficiency, and ensuring high-quality projects with value addition," Konishi added.

## In fragile trust, economy falters

FROM PAGE B1

In December, private sector credit growth decelerated to 7.28 percent year-on-year – the slowest since at least 2015, according to data from the Bangladesh Bank.

Rahman, an economist who has closely followed Bangladesh's economy for decades, said the sluggishness drags on. "It appears that the economy has fallen into a vicious cycle," he said.

He cited the authorities' pursuit of a contractionary monetary policy, which has increased the cost of funds, inhibiting private investment.

The government's decision to raise value-added tax (VAT) on nearly 100 goods and services has stoked inflation and further eroded the purchasing power of ordinary citizens. Meanwhile, in the financial sector, default loans have continued to pile up, according to Rahman.

Taskeen Ahmed, president of the Dhaka Chamber of Commerce and Industry (DCCI), said the interim government took up key measures, including easing import restrictions and initiating reforms in critical areas such as banking, taxation and administration, in

response to pressing economic challenges.

According to Ahmed, the economy has shown signs of turning around over the past six months, largely because of the resilience of people and the private sector.

"Despite these efforts, persistent challenges hinder progress," he said, citing GDP growth dropping to 1.81 percent in the first quarter of FY25, the lowest in four years, due to slowed investment and industrial stagnation.

Fiscal pressures, including a Tk 58,000 crore revenue shortfall from the target and weak credit growth further strain recovery, he said, adding that high inflation, supply chain disruptions, limited foreign direct investment (FDI) and a rising trend in non-performing loans continue to uncertainties.

"Business confidence is low," said the DCCI president.

Selim Raihan, executive director of the South Asian Network on Economic Modelling (Sanem), said the interim government inherited many economic challenges, including stubbornly high inflation and stagnation in investment.

"We hoped for a recovery.

## Rice bran oil export

FROM PAGE B1

The plea came as exporters were reportedly reluctant to supply the oil to the corporation due to the product's high global prices.

In the domestic market, the supply of edible oil is decreasing, and prices are increasing due to the export of rice bran oil, welcomed by the tariff commission.

In Dhaka, the average price of unpackaged super palm oil, the most consumed edible oil, rose by 16 percent year-on-year to Tk 159 per litre today, according to market price data compiled by the TCB.

Soybean oil prices have also increased, with supply still falling short of

demand.

Kitchen markets are facing a shortage of branded bottled and non-branded loose soybean oil as well.

Meanwhile, Chitta Majumder, managing director of Majumder Group of Industries, which exports rice bran oil, welcomed the possible regulatory duty on rice bran oil.

He said prices of edible oil, including rice bran oil, rose in India after the neighbouring country imposed import duties on cooking oil.

The newly imposed duty on rice bran oil exports will make shipments less attractive, but consumers will be able to buy it at lower prices, he added.

Except for some areas, we have not seen that," he said, noting increased export receipts, remittances and the containment of reserves.

However, he added, "Because of the government's failure to ensure law and order, there is a confidence deficit across the economy. The confidence crisis prevails among both investors and consumers."

He emphasised coordination among government agencies and coherence among advisers to steer the troubled economy and overall socio-political situation towards stabilisation.

"We have rather seen contradictory comments and positions among advisers," he said.

The recent vandalism at Dhanmondi-32 and across the country has had a negative impact, said Raihan.

"There are concerns

that the fault lines in the economy may widen if the law and order situation does not improve. Given the current situation, I do not see any prospect for the economy to significantly turn around during the rest of the fiscal year," he concluded.

Mohammad Zaved Akhtar, president of the Foreign Investors' Chamber of Commerce & Industry (FICCI), said the business environment over the past few months has remained challenging due to sustained high inflation, deteriorating law and order and rising energy costs.

He said the devaluation of the local currency has further compounded the situation, increasing cost pressures for companies with foreign currency exposure.

Meanwhile, micro, small, and medium enterprises (MSMEs) are struggling to operate as the cost of funds continues to rise amid

climbing interest rates.

"While the reform initiatives undertaken so far offer some hope, what remains missing is any tangible change on the ground," said Akhtar, who is also the chairman and managing director of Unilever Bangladesh, the largest consumer goods maker in the country.

"If we fail to bring about necessary changes, the existing inadequacies will lead to a huge loss of investor confidence in the country," he noted.

To Asif Ibrahim, former president of the DCCI, major economic indicators over the past six months have been somewhat "bittersweet."

He cited improvements in some indicators, such as the current account balance, which turned positive, reaching \$1.93 billion by the end of December last year – an encouraging return from earlier deficits.

## বিজ্ঞপ্তি

এ মর্মে সংশ্লিষ্ট সকলের অবগতির জন্য জানানো যাচ্ছে যে, জাতীয় এবং আন্তর্জাতিক পর্যায়ে কনফারেন্স ও এক্সিবিশন আয়োজক এবং তদসংশ্লিষ্ট ব্যবসায়ীসহ সেবা প্রদানকারী সংস্থাগুলোর সমন্বয়ে "Meeting, Incentives, Conference, and Exhibition (MICE) Association of Bangladesh" নামে একটি বাণিজ্য সংগঠন/গ্র্যাসোসিয়েশন গঠনের সিদ্ধান্ত গ্রহণ করা হয়েছে।

আগামী ২৩/২/২০২৫ তারিখ, রবিবার, সন্ধ্যা ৬টায়, হোটেল প্যান প্যাসিফিক সোনারগাঁও ঢাকায় MICE গ্র্যাসোসিয়েশন-এর সাধারণ সভা আয়োজন করা হয়েছে। উক্ত সাধারণ সভায় গ্র্যাসোসিয়েশন-এর সকল সম্মানিত সদস্যগণকে উপস্থিত থাকার জন্য বিনীত অনুরোধ জানানো যাচ্ছে।

উক্ত সাধারণ সভায় অংশগ্রহণ করতে ইচ্ছুক সদস্যগণকে আগামী ১৮/০২/২০২৫ তারিখের মধ্যে নির্ধারিত প্রক্রিয়ায় নিবন্ধন করার জন্য অনুরোধ করা যাচ্ছে।

বর্ণিত গ্র্যাসোসিয়েশন বা সংগঠন প্রতিষ্ঠার বিরুদ্ধে কারো কোন আপত্তি বা অভিযোগ থাকলে মহাপরিচালক, বাণিজ্য সংগঠন অনুবিভাগ, বাণিজ্য মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা কিংবা নিম্নস্বাক্ষরকারী বরাবর আগামী ১৫/২/২০২৫ তারিখের মধ্যে লিখিত আকারে দাখিল করার জন্য বা সরাসরি যোগাযোগ করার জন্য অনুরোধ করা যাচ্ছে।

ধন্যবাদান্তে,

মেম্বার নেসা ইসলাম

আব্বাসিক, মাইস গ্র্যাসোসিয়েশন অফ বাংলাদেশ (প্রস্তাবিত)

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## United Power's profit up 5% in Q2

STAR BUSINESS REPORT

United Power Generation & Distribution Company (UPGDCL) saw its profit grow in the second quarter of the fiscal year 2024-25, driven by higher electricity tariffs and steady production.

The power producer's profit grew 5 percent year-on-year to Tk 292.59 crore in the October-December quarter of FY25.

The company's revenue rose 12 percent to Tk 953.53 crore in the same period.

Its consolidated earnings per share (EPS) stood at Tk 4.98 for October-December 2024, up from Tk 4.71 in the same period a year ago, according to a recent disclosure on the Dhaka Stock Exchange website.

The company attributed the increase to higher bulk electricity tariffs, stable production levels, and consistent foreign exchange rates.

For the first half of the fiscal year, its consolidated EPS surged to Tk 12.11 from Tk 7.84 a year earlier.

**Its consolidated EPS stood at Tk 4.98 in October-December of 2024, up from Tk 4.71 in the same period a year ago**

Meanwhile, its consolidated net operating cash flow per share (NOCFPS) jumped to Tk 7.55 from Tk 2.74.

The company said substantial collections of previous receivables from customers drove the NOCFPS growth.

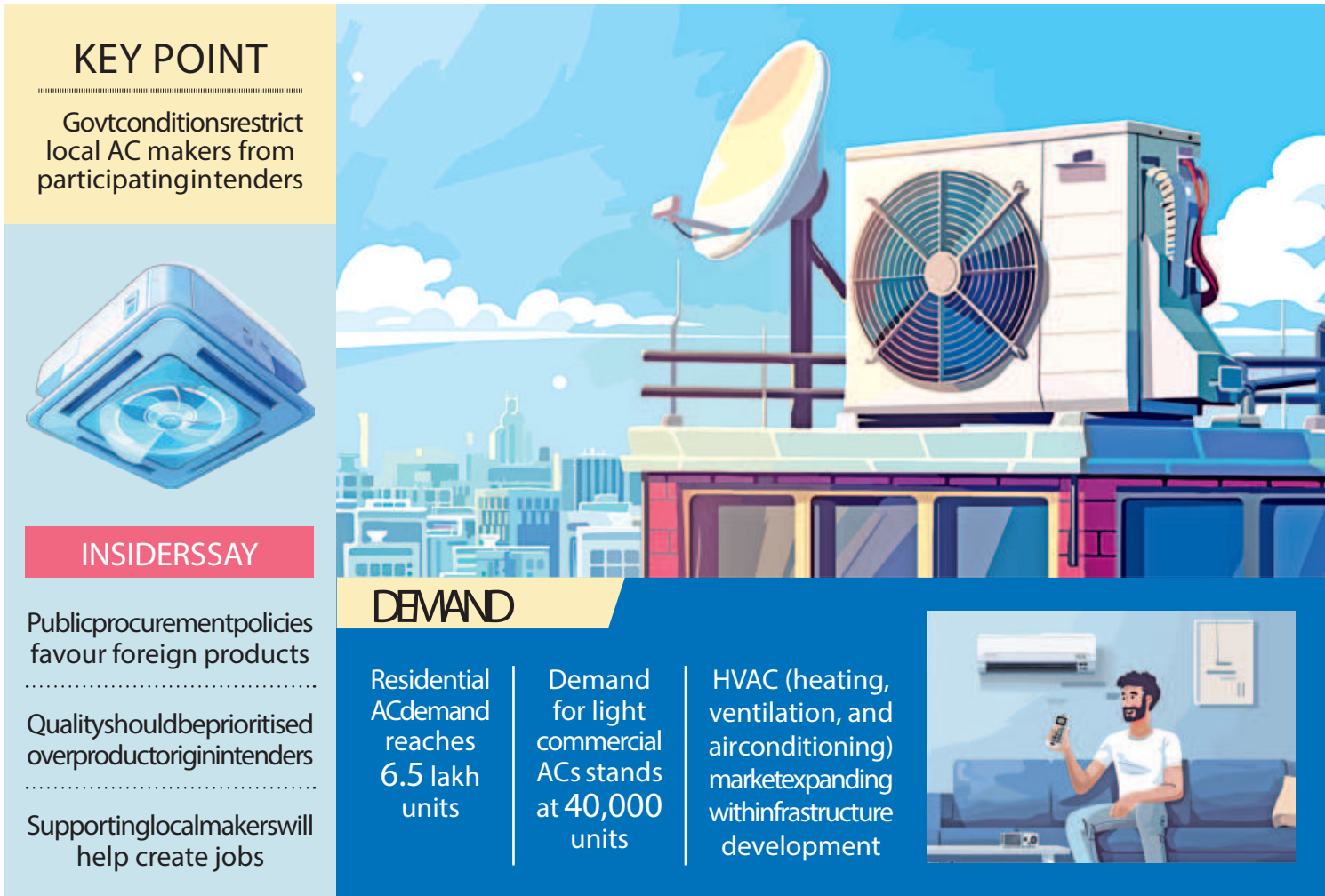
UPGDCL, formerly known as Malancha Holdings, is the country's first commercially independent power producer under the 2008 policy for private sector participation, according to its website.

Incorporated in 2007 as a private company and converted to a public company in 2010, UPGDCL was established to ensure uninterrupted power for industries in Bangladesh's export processing zones (EPZs).

It initially operated a 41 MW unit in DEPZ and a 44 MW unit in the Chittagong Export Processing Zone (CEPZ).

With World Bank funding, its capacity has expanded to 160 MW—86 MW in the Dhaka Export Processing Zone and 72 MW in CEPZ.

# Local AC industry seeks 'fair' govt procurement policy



SOHEL PARVEZ and JAGARAN CHAKMA

Local air conditioner (AC) manufacturers in Bangladesh are pushing for "fair" government procurement policies, arguing that existing rules favour foreign brands despite local companies meeting global standards.

They urge the authorities to prioritise quality over origin.

According to industry insiders, around 6 to 6.5 lakh residential ACs are sold every year. Moreover, there is a demand for around 40,000 units of light commercial ACs, including cassette and ceiling-type units.

Meanwhile, there is also significant demand for heating, ventilation, and air conditioning (HVAC) solutions, comprising variable refrigerant flow and chiller systems, for large spaces.

Generally, pricing for government purchases is determined based on the Harmonised System code, a standardised international numerical method of classifying products. However, industry insiders argue that this system does not always provide a level playing field for local companies.

Currently, the government procures products through various policies that align with international standards, following the schedule of rates set by the Public Works Department.

According to industry insiders, many local manufacturers, including Walton, Transtec, Gree, Singer, and Media, adhere to these standards and have acquired the necessary certifications.

Some have even secured international quality certifications, ensuring their products are competitive with imported alternatives.

Despite these achievements, local manufacturers face hurdles due to procurement policies that sometimes specify the country of origin rather than focusing solely on product quality and specifications.

"If the government provides clear and specific guidelines, we will be able to manufacture products accordingly," said Md Tanvir Rahman, chief business officer of Walton Air Conditioner.

"However, if procurement decisions are made solely based on the country of origin, it

creates an unnecessary barrier for domestic producers," Rahman said.

He said public procurement in Bangladesh was governed by the Public Procurement Act, which mandates that purchases be made based on quality rather than specifying particular countries.

However, in practice, he said, many tenders still include specific country requirements, contradicting the intent of the law. This restriction prevents local manufacturers from competing fairly in government projects, he added. Despite controlling around 90 percent of the local AC market, domestic manufacturers struggle to secure government contracts, he said.

"We are not asking for undue preference. We only seek fair participation in government tenders," said Rahman.

**"If the government provides clear and specific guidelines, we will be able to manufacture products accordingly," said Md Tanvir Rahman, chief business officer of Walton Air Conditioner**

He also stressed that prioritising high-quality domestic products over foreign alternatives would not only strengthen the local industry but also boost employment and economic growth.

Salim Ullah, director (marketing) of Jamuna Electronics, said government entities impose certain conditions that prevent local manufacturers from participating in government tenders.

He stated that these entities specify certain product requirements that local electronic manufacturers cannot fulfil under the open tender method.

He claimed that local manufacturers have already met global standards for TVs, air conditioners, refrigerators, and other electronic appliances.

"We, the local manufacturers, cater to 80 percent of the demand for electronic home appliances across the country, while the remaining 20 percent is met by multinational

companies," he pointed out.

However, he said, local manufacturers rarely supply government entities, as these entities follow the direct procurement method.

Md Nurul Afser, deputy managing director of Electro Mart, said government procurement entities usually do not prefer locally manufactured electronic items, as they explicitly mention the country of origin.

For this reason, there is limited opportunity to participate in government tenders, he said.

He emphasised the need to prioritise local manufacturers by ensuring they meet the required standards, as this would be cost-effective and help save foreign exchange.

With Bangladesh's AC industry reaching new heights, ensuring fair procurement policies will be crucial in maintaining growth and sustaining local manufacturing capabilities, Afser suggested.

Md Nasim Khan, additional chief engineer of the Public Works Department (PWD), Dhaka Metropolitan Zone, said the allegations made by local electronics manufacturers do not apply to all government entities, as procurement criteria vary from one entity to another.

According to him, there is no mandatory requirement to follow the PWD criteria. Rather, most public procurement entities set their own criteria based on public procurement rules (PPR).

He also stated that PPR 2008 emphasises supporting local manufacturers to protect domestic companies.

Md Aynal Haque, professor of the electronics and electrical engineering department at the Bangladesh University of Engineering and Technology (Buet), stated that local electronic manufacturers have achieved a certain level of standard.

Therefore, the government should allow them to participate in government tenders, he said.

He also suggested that the time has come to revise the conditions of the rate schedule of the PWD so that local electronic manufacturers can take part in tenders.

If there is a requirement for standard and quality checks, the procurement entities can have them tested at the Buet lab, he noted.

## Why so many problems with FDI?

MAMUN RASHID

Bangladesh has mostly failed to achieve its targeted level of foreign direct investments (FDIs), with investment inflow amounting to only 0.75 percent of GDP in 2023, according to UNCTAD. Efforts to attract foreign investors by developing economic zones and adopting one-stop services have not yielded much results, raising the question: what's the country doing wrong? A recent report by the US administration has identified precisely what's holding the country back—corruption, bureaucracy, an anti-competitive procurement system, violation of intellectual property rights, unreliable logistics, and lack of skilled labour, among others.

The United States Trade Representative (USTR) in its 2024 National Trade Estimate Report on Foreign Trade Barriers showed corruption to be deeply ingrained in Bangladesh's commercial environment. This is partly laxity in enforcement of relevant legislative measures. US investors have voiced concerns over the undue delays and bureaucratic hurdles they face.

Efforts to undermine the independence of the Anti-Corruption Commission (ACC) through legislation such as the Sarkari Chakori Ain Bill—which limits its ability to investigate corruption allegations against government officials effectively—only accentuate the problem. Adding to that is the backlog of unresolved corruption cases and systematic attempts to dilute anti-government safeguards in procurement processes. The Daily Star reported a backlog of 3,300 cases in 2024 alone. Adding to the burden, the conviction rate hit a record low of 47% in the same year.

Despite building the central procurement and technical unit (CPTU) and then the Public Procurement Company, the US report also highlights the lack of transparency and fairness in public procurement. It also points out deficiencies in our legislative and rule-making processes, particularly concerning patent law, copyright amendments, and the enactment of the Industrial Design Act. Meanwhile, the proposed Personal Data Protection Act and regulations for digital, social media, and the top platforms pose potential threats to privacy and freedom of expression, raising apprehensions among the international investment community.

Another significant hurdle is the country's infrastructure deficit and logistical inefficiencies. While the country has made strides in power generation and connectivity, gaps in transport networks, port congestion, and inconsistent energy supply remain persistent challenges. The World Bank's Ease of Doing Business Index previously highlighted delays in land acquisition, customs clearance, and business registration as major obstacles. Foreign investors often cite the high logistics cost and unreliable utility services as deterrents. Without improving these fundamentals, the country will struggle to compete with regional peers like Vietnam and India in attracting high-value foreign investments.

Beyond infrastructure, Bangladesh must focus on building a skilled workforce to attract knowledge-intensive FDI. While the country enjoys a large, young labour pool, gaps in technical expertise and vocational training hinder its competitiveness in IT, manufacturing, and R&D. According to the World Economic Forum, automation and AI are reshaping global industries, making skill development more critical than ever. To stay ahead, Bangladesh must invest in STEM education, industry-driven training programmes, and stronger university-industry collaboration.

These challenges need to be taken seriously by our policymakers, as cosmetic incentives to foreign investors can only work for a limited time. For Bangladesh to unlock its full economic potential and foster a conducive environment for foreign investment and sustainable growth, it must address the longstanding problems discouraging investors. This will require a concerted effort from the government, but first, there must be the political will to tackle entrenched corruption and bureaucratic inefficiencies. Meanwhile, the government needs to make serious improvements to the country's Intellectual Property (IP) regime, ensuring better coordination among enforcement authorities and government institutions and moving away from repressive regulatory frameworks for data protection and online content regulation.

The author is the chairman of Financial Excellence Limited.

## Stocks gain for second week

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) extended its gains for the second consecutive week, driven by positive movements in the shares of banks, pharmaceuticals, chemical companies, and financial institutions.

The benchmark DSEX index rose by 66.28 points, or 1.30 percent, to close at 5,179.18 on Thursday, the last trading day of the week.

Investor participation grew as the daily average turnover surged 25.84 percent from the previous week to Tk 426.59 crore, according to data from the DSE.

However, the market capitalisation of the food and allied, general insurance, and tannery industries declined, Shanta Securities said in its weekly market review.

Among the key indices, the DS30, which represents blue-chip stocks, rose 0.48 percent to 1,912.9 points on Thursday.

The Shariah-based DSES also posted gains, increasing 1.22 percent to 1,147.8 points.

In terms of turnover, Beach Hatchery topped the list with an 8.93 percent gain, followed by Grameenphone (0.72 percent) and City Bank (0.00 percent).

Energypac Power Generation was the week's top gainer, soaring 59.12 percent to Tk 21.8 per share, while Renwick Jajneswar & Co suffered the biggest loss, dropping 17.49 percent to Tk 550.

The services and real estate sectors posted the highest gain of 6.86 percent, while the jute industry saw the steepest decline of 3.14 percent.

AFP, San Francisco

E-commerce giant Amazon reported strong earnings Thursday but, like its big tech peers Microsoft and Google, saw its stock price fall on concerns over high AI investment costs.

The mounting expenses of data-intensive artificial intelligence and its infrastructure have cast a shadow over this earnings season, with only Facebook owner Meta winning Wall Street's approval.

Meta's stock surged 18 percent in January as investors endorsed its AI strategy.

Amazon's AWS cloud division, along with rivals Microsoft and Google, are investing heavily in AI data centers while meaningful returns remain uncertain.

Amazon CEO Andy Jassy defended the spending, saying the company was on track to spend \$100 billion on capital expenditure in 2025, with the "vast majority" on AI.

On a call with analysts, he dubbed AI a "once in a lifetime" business opportunity that couldn't be missed.

The emergence of China's lower-cost DeepSeek model has raised questions about such massive spending.

Despite US government efforts to maintain AI dominance through export

controls on advanced chips, DeepSeek has achieved comparable results using authorized, less sophisticated Nvidia semiconductors. Microsoft, leading the generative AI revolution through its OpenAI partnership, plans to invest about \$80 billion in AI this fiscal year.

And while it has rapidly deployed AI features under its Gemini brand, Google's

Cloud revenue missed expectations, despite growing 30 percent to \$12 billion.

Google also announced plans for \$75 billion in capital expenditures for 2025, surprising analysts.

Amazon on Thursday reported its fourth-quarter net income doubled to \$20 billion, with net sales rising 10 percent to \$187.8 billion.



A laptop computer with Microsoft Copilot+ installed is on display at the Best Buy store in Miami, Florida. Microsoft plans to invest about \$80 billion in AI this fiscal year.

PHOTO: AFP/FILE