



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

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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

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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

FROM PAGE B1

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/এ্যাসোসিয়েশন গঠনের সিদ্ধান্ত গ্রহণ করা হয়েছে।

আগামী ২৩/২/২০২৫ তারিখ, রবিবার, সন্ধ্যা ৬টায়, হোটেল প্যান প্যাসিফিক সোনারগাঁও ঢাকায় MICE এ্যাসোসিয়েশন-এর সাধারণ সভা আয়োজন করা হয়েছে। উক্ত সাধারণ সভায় এ্যাসোসিয়েশন-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 এ্যাসোসিয়েশন 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 এ্যাসোসিয়েশন অফ বাংলাদেশ (প্রস্তাবিত)

যোগাযোগ : ৮-৭০ রূপায়ন মিলেনিয়াম ক্লার (৫ম তলা)

প্রগতি সরণী, উত্তর বাড্ডা, ঢাকা-১২১২।

মোবাইল : +880 18 3314 8314

ই-মেইল : info@micebangladesh.com



www.micebangladesh.com  
(নিবন্ধন করতে স্ক্যান করুন)