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Inflation declined in December and further in January this year. We expect it would drop consistently in upcoming months.

Ahsan H Mansur  
Governor of Bangladesh Bank

Monetary policy for Jan-Jun 2025

KEY NUMBERS

|   |                                  |  |   |
|---|----------------------------------|--|---|
| Policy rate 10%                                   | Standing lending facility 11.5 % | Standing deposit facility 8.5%         | Inflation to fall to a 7-8% range by June 2025        |
| Private credit projected to grow 9.8% by June '25 | Exchange rates to remain stable  | Economy may grow in 4-5% range in FY25 | Economic growth to bounce back to 6% or above in FY26 |

TRENDS OF REPOOR POLICY RATE

In %; SOURCE: BB

## Default loans may exceed 30% by June

**STAR BUSINESS REPORT**

The banking sector continues to face challenges, including rising non-performing loans (NPLs), which are likely to exceed 30 percent of total outstanding loans by June this year, raising serious concerns, said Bangladesh Bank (BB).

The central bank has forecast a surge in NPLs, which stood at 16.93 percent at the end of September 2024, up from 9.93 percent a year ago.

“Contributing factors include systemic weaknesses, regulatory gaps, and exploitative practices such as money laundering and illicit capital flight,” BB said in the monetary policy for the January-June period of 2025, unveiled yesterday.

The BB highlighted the growing concerns over NPLs, sluggish economic activity, and a slowdown in deposit and credit growth, all of which present formidable challenges for the banking sector.

The central bank noted that several banks are currently facing a significant liquidity crisis due to the rising NPLs, slow deposit growth, and weak loan recovery.

Deposit growth, which was 14.3 percent in March 2021, stood at 7.4 percent in December 2024, further constraining credit expansion.

READ MORE ON B3

# BB keeps policy stance tight to tame inflation

**MD MEHEDI HASAN**

The Bangladesh Bank (BB) has maintained its tight monetary policy stance for the second half of the current fiscal year (FY) 2024-25 to tame the stubbornly high inflation.

To this end, the policy interest rate, a key tool of monetary policy, has been kept unchanged at 10 percent for the January-June period of FY25.

Besides, the standing deposit facility (SDF) and standing lending facility (SLF) rates -- at which commercial banks deposit with and borrow from the BB -- will remain at 8.5 percent and 11.5 percent,

respectively.

During the announcement of the Monetary Policy Statement (MPS) at the BB headquarters in Dhaka yesterday, central bank Governor Ahsan H Mansur said that contractionary measures would continue until the desired level of inflation is achieved.

The governor said that the central bank kept the policy rate unchanged as inflation has begun to decline slightly. Price pressures, which crossed 11 percent in July 2024, fell to 9.94 percent in January 2025.

“We are now seeing the result of the tight monetary stance,” said Mansur, adding that such results usually take six months to one year to become visible in other countries. “Therefore, it would take 12 to 18 months for us to achieve the target.”

Inflation declined in December and further in January this year. The BB governor hoped that it would continue to decline consistently in the coming months.

“Our expectation is to bring down inflation to 7-8 percent by the end of June this year and we still stand by our expectation,” he said.

The central bank has been raising the policy rate for nearly two and a half years since May 2022 in its battle against spiralling prices, which have eroded people’s purchasing power and affected domestic demand.

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## Edible oil crisis to be resolved SOON

**Bashir says**

**STAR BUSINESS REPORT**

The temporary crisis in the edible oil market will be resolved within a few days, Commerce Adviser Sk Bashir Uddin said yesterday.

The syndicate, which is manipulating the essential commodity prices, is not stronger than the government, he said.

“The government is monitoring the stock and supply of various products in the country, and the temporary edible oil crisis will be resolved soon.”

The adviser made the comments while briefing journalists after inspecting the production activities of Daulatpur Jute Mills in Khulna, which is now being operated under private management.

Meanwhile, retailers and wholesalers in major cities, including Dhaka, Chattogram, and Barishal, reported to The Daily Star on Sunday that oil supply had declined after the government rejected refiners’ requests to raise prices in January.

On the other hand, the Bangladesh Trade and Tariff Commission (BTTC) met with the refiners on Sunday and concluded that the country does not currently have a shortage of edible oil.

READ MORE ON B3

# Unclaimed import boxes clog 18% of Ctg port capacity

**MOHAMMAD SUMAN**

Around 200,000 tonnes of imported goods, stuffed in 9,644 containers, have been abandoned at Chattogram port for years -- occupying 18 percent of its capacity, as customs officials point the finger at lengthy auction processes for the backlog.

The unclaimed goods are not only occupying a huge amount of space but also depriving customs authorities of revenue.

Shipping agents are also losing money as they cannot collect container rents from importers, sources said.

These containers arrived between 2013 and 2024. Customs officials and traders said importers tend to abandon consignments for various reasons.

These include falling local market prices, failure to submit required documents supporting the shipment, and refusal to pay fines for irregularities.

According to port and customs officials, delays in auctions have led to the deterioration of goods and wasted foreign currency.

To speed up the clearance process, Chattogram customs and Chittagong Port Authority have taken a number of steps, including amending auction laws recently.

Rear Admiral SM Moniruzzaman, chairman of the Chittagong Port Authority, said, “Unclaimed goods stuffed in containers occupy 18 percent of the port yard. This leaves insufficient space for emergency loading and unloading operations from ships and other regular activities.”

The port can house 53,518 TEUs (twenty-foot equivalent units) of containers, of which over 10,000 are unclaimed.

“Unclaimed containers at Chattogram port have racked up outstanding rent of around Tk 150 crore, with little hope of recovery,” the port authority chairman told The Daily Star.

He said these abandoned containers are hampering regular operations in vital areas of the port. Clearing this backlog will remain a challenge without streamlining and

The unclaimed goods are not only occupying a huge space at the Chattogram port but also depriving customs authorities of revenue.

PHOTO: RAJIB RAIHAN

expediting the auction process.

Port data shows that among the 9,644 unclaimed containers, 383 hold perishable goods like apples, oranges, and ginger, while 357 carry hazardous goods, including chemicals.

The remaining boxes contain non-perishable items such as commodities, cosmetics, plastics, automobiles, electronics, leather goods, construction materials, tiles, and ceramics.

Besides, some 453 imported vehicles brought in by 208 companies and individuals remain stuck at the port since 1995, officials said.

Despite goods worth nearly Tk 8,000 crore being stranded, customs has sold only Tk 380.83 crore worth of items through 148 auctions in the past five years, according to

READ MORE ON B3

## ACI MD to buy its Tk 38cr shares

**STAR BUSINESS REPORT**

The managing director of ACI Ltd has again announced plans to buy more of its shares, reflecting confidence in the listed conglomerate’s potential, even though the stock price is yet to respond in kind.

In a disclosure on the Dhaka Stock Exchange website yesterday, Managing Director Arif Dowla said he would buy 25 lakh shares at the prevailing market price within the next 30 working days.

The transaction will cost approximately Tk 38 crore, considering that each share stood at Tk 151.60 at the end of trade on Sunday.

The managing director had bought 6 lakh shares last month. Chairman M Anis Ud Dowla and Director Shusmita Anis had also followed suit.

M Anis Ud Dowla purchased 16 lakh shares, raising his total shareholding to 1.69 crore shares.

This is 19.33 percent of ACI’s total 8.76 crore outstanding shares.

Meanwhile, Shusmita Anis bought 15.15 lakh shares, increasing her holdings to 29.90 lakh shares, or 3.41 percent of the company’s total shares.

READ MORE ON B3

## Africawala to purchase Tk 7cr shares of BSRM

**STAR BUSINESS REPORT**

Ali Asghar Badruddin Africawala, a placement shareholder of BSRM Limited, yesterday informed that he intends to buy more of the company’s shares.

In a disclosure to the Dhaka Stock Exchange (DSE), the steel producer announced that Africawala—who holds 10.45 percent of its shares—aims to buy 9 lakh shares at the prevailing market price.

But despite this announcement, its share price dropped by 2.3 percent to close the day at Tk 79.90 per unit. Considering the current price, Africawala will have to spend Tk 7.19 crore on the purchase.

According to several of the company’s disclosures on the DSE website, he bought 18.5 lakh shares just last year.

The sponsors and owners of many listed companies are buying shares in the hope that it will boost investor confidence by reflecting their faith in the potential of their own businesses.

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# EBL offers Tk 30 lakh to support underprivileged girls thru ActionAid

STAR BUSINESS DESK

Eastern Bank PLC (EBL) signed a partnership agreement with ActionAid International Bangladesh Society (AAIBS), under which the bank is providing Tk 30 lakh to support the well-being, protection, and empowerment of 100 underprivileged girls from Narayanganj, Cox's Bazar, and Lalmonirhat, under the AAIBS's "Support A Child" initiative.

Ziaul Karim, head of communications and external affairs of EBL, and Farah Kabir, executive director of AAIBS, signed the deal at the bank's head office in Dhaka on Sunday, according to a press release.

Through this initiative, EBL aims to provide holistic support, ensuring these girls have access to a nurturing environment and essential resources to help them grow with dignity, confidence, and security.

Speaking at the ceremony, Ahmed Shaheen, additional managing director of EBL, said, "By partnering with ActionAid Bangladesh, we hope to provide these girls with the opportunities and resources they need to build their future."

"Our collaboration is a testament to our dedication to creating a positive and lasting impact on society," he added.

Kabir, executive director of AAIBS, said, "This partnership with EBL reinforces our commitment to working for respecting and uplifting underprivileged girls,



PHOTO: EASTERN BANK

Farah Kabir, executive director of ActionAid International Bangladesh Society, receives a cheque worth Tk 30 lakh from Ziaul Karim, head of communications and external affairs of Eastern Bank PLC, at the bank's head office in Dhaka on Sunday.

ensuring they grow up in an environment where their rights are respected, their voices heard, and their potential is nurtured."

"We appreciate this support from EBL in creating a future where every child can thrive free from discrimination and injustice," she added.

ActionAid's "Support A Child"

initiative is dedicated to transforming the lives of at-risk children by providing them with a safe and nurturing environment, life skills, and essential protections.

Maruf Mohammad Shehab, head of innovation and resource mobilisation; Abdullah Al Mamun, manager of child sponsorship and child rights programmes; and Kh Shams -Al-

Muzaddid, manager of philanthropy and private sector partnerships, were present.

Md Abdullah Al Mamun, company secretary of the bank; Saiful Islam, head of RMD; Md Maskur Reza, head of business information systems; and Md Shahjahan Ali, head of compliance, among others, were also present.

# BRAC Bank, Grameen Healthcare to provide free eye care for underprivileged people

STAR BUSINESS DESK

BRAC Bank signed a partnership agreement with Grameen Healthcare Services Limited, a social business enterprise, to provide free eye screenings and care to over 42,000 underprivileged people in Bogura and Thakurgaon districts.

This effort is part of the bank's flagship corporate social responsibility programme, titled "BRAC Bank Aporajeyo Ami".

Through this partnership, economically disadvantaged people will receive free cataract surgeries, including special lenses and intra-ocular lens (IOL) implants to help improve their vision.

Selim RF Hussain, managing director and CEO of the bank, and Shamsul Haque Ahmed, managing director of the social business enterprise, signed the deal at the latter's head office in Dhaka yesterday, according to a press release.

Md Ashrafur Hasan, chairman of Grameen Group, said, "By working together, we will not only help restore

vision but uplift entire communities by providing access to healthcare services many cannot afford."

"We are delighted to make a difference together and change lives nationwide," he added.

Emphasising the significant impact of the initiative, Hussain said, "This programme is more than just providing healthcare; it's about giving people the chance to build a better future and ensuring that everyone, regardless of their financial situation, can live a meaningful life."

The partnership will ensure that patients can access diagnostic services, surgeries, and post-operative care, amplifying the impact on healthcare accessibility and disability inclusion.

The goal of this initiative is to help restore people's sight, enhance their quality of life, and empower them to participate more actively in their communities and workplaces.

Ultimately, this effort seeks to create positive changes in people's lives and contribute to the economy.



PHOTO: BRAC BANK

Shamsul Haque Ahmed, managing director of Grameen Healthcare Services, and Selim RF Hussain, managing director and CEO of BRAC Bank, pose for photographs while signing an agreement at the former's head office in Dhaka yesterday.

# Idcol offers Tk 500cr financing for BSRM's new eco-friendly steel plant



Alamgir Morshed, executive director and CEO of Infrastructure Development Company Limited, receives a trophy at the inauguration ceremony of the new steel manufacturing plant of BSRM Steels Limited in Mirsharai, Chattogram recently.

PHOTO: IDCOL

STAR BUSINESS DESK

The Infrastructure Development Company Limited (Idcol) has provided Tk 500 crore to finance the newest steel manufacturing plant of BSRM Steels Limited in Mirsharai, Chittagong.

The new BSRM plant, launched on February 1 this year, is set to be a game-changer for Bangladesh's steel industry. It will produce 500,000 tonnes of rebars, 100,000 tonnes of wire rods, and 250,000 tonnes of billets annually.

The plant will create hundreds of new jobs and provide greater support for local businesses in the supply chain, according to a press release.

Idcol had provided Tk 300 crore in a syndicated loan to BSRM Steels Limited's earlier facility.

With this, Idcol is the largest term-loan financier for the annual 1.6 tonnes rolling and 1.8 tonnes melting project.

This latest financing reinforces Idcol's strategy of fostering industrial innovation without compromising environmental integrity.

The facility features energy-efficient equipment, an advanced air pollution control system for cleaner emissions, and a cutting-edge water recycling system. Additionally, by repurposing steel slag for construction materials, it aligns with global circular economy practices.

At the launching ceremony of the new plant of BSRM Steels Limited, Alamgir Morshed, executive director and CEO of Idcol, said, "Idcol believes that industrial progress and environmental sustainability must go hand in hand."

# Most Asian markets drop as traders weigh Trump's latest tariff salvo

AFP, Hong Kong

Equities were mostly down in Asia on Monday after Donald Trump ramped up his trade war by announcing huge tariffs on steel and aluminium imports and warned every country would face "reciprocal" levies.

Another week got off to an uncertain start following losses on Wall Street that came in reaction to data showing US consumers increasingly worried about inflation and news that far fewer jobs than expected were created last month.

The US president has resumed his hardball tactics on trade since returning to the White House by last week hitting China with a fresh batch of tariffs, having reached a deal to delay measures against Canada and Mexico.

The moves have fanned concerns about the global economy and jolted a recent rally in markets.

Trump said Sunday 25 percent duties would be imposed on "any steel coming into the United States", adding this will also affect aluminium.

He also said he would announce "reciprocal tariffs" to match his government's levies to the rates charged by other countries on US products.

"Every country will be reciprocal," he warned, adding that he would provide details on Tuesday or Wednesday.

Guo Jiakun, spokesman of China's Ministry of Foreign Affairs, reiterated Beijing's line Monday that "there is no winner in a trade war", while French foreign minister Jean-Noel Barrot said the European Union will counter in kind to "replicate" any tariffs imposed on it by Washington.

The news weighed on commodity-linked currencies, with the Canadian

dollar, Mexican peso and South Korean won all weaker.

Canada is the largest source of steel and aluminium imports to the United States, according to US trade data. Brazil, Mexico and South Korea are also major steel providers to the country.

At a meeting with Prime Minister Shigeru Ishiba in Washington on Friday, Trump threatened to target Japanese goods if the US trade deficit with the country is not equalised.

Equities struggled, with Sydney, Seoul, Manila, Bangkok, Mumbai, Jakarta, Wellington and Taipei all lower.

"Trump's latest move isn't merely another trade skirmish; it's an escalation of his 'America First' trade doctrine where 'no country is off-limits'," said Stephen Innes at SPI Asset Management.

"This high-stakes gamble could disrupt global supply chains. Markets have witnessed this scenario before -- last-minute exemptions and backroom deals (see: Mexico and Canada tariffs) -- but if Trump maintains his headline stance this time, Asian economies will be the first to feel the impact."

Still, Hong Kong and Shanghai extended last week's gains, with Chinese tech firms boosted by the emergence of startup DeepSeek, which has shaken up the AI sector with a chatbot that it said rivalled those of US giants but at a fraction of the cost.

There were also gains in Singapore, while Tokyo was marginally higher.

London, Frankfurt and Paris rose at the open.

All three main indexes in New York fell as the University of Michigan's consumer survey showed a drop in consumer sentiment in February to 67.8, down from 71.1 in January.

# Gold hovers near all-time highs

REUTERS

Gold rose on Monday and hovered near record-high levels touched in the previous session, as investors sought refuge in the safe-haven asset after US President Donald Trump's fresh tariff plans sparked fears of a global trade war.

Spot gold was up 0.8 percent at \$2,882.50 per ounce, as of 0610 GMT, after hitting a record high of \$2,886.62 on Friday.

US gold futures rose 0.7 percent to \$2,908.

Trump on Sunday said he will announce new 25 percent tariffs on Monday on all steel and aluminium imports into the US, which would come on top of existing metal duties in another major escalation of his trade policy overhaul.

Trump also said he will announce reciprocal tariffs on Tuesday or Wednesday, to take effect almost immediately, applying them to all countries and matching the tariff rates levied by each country.

**Global trade tension is still pretty much at play and could drive gold prices to \$2,900 to \$2,910 level in the near term, said an expert**

"Global trade tension is still pretty much at play and could drive gold prices to \$2,900 to \$2,910 level in the near term," said Kelvin Wong, OANDA's senior market analyst for Asia Pacific.

"I don't see any high probability of a correction yet at this juncture, unless we start to see a kind of a very strong US dollar push up."

Gold is considered a safe investment during economic and financial turmoil, but higher interest rates reduce the non-yielding asset's appeal.

"The potential of gold also getting caught up in the tit-for-tat tariffs is causing a dislocation in the physical market," said Daniel Hynes, senior commodity strategist, ANZ bank.

Federal Reserve officials said on Friday the US job market is solid and noted the lack of clarity over how Trump's policies will affect economic growth and still-elevated inflation, underscoring their no-rush approach to rate cuts.

| PRICES OF KEY ESSENTIALS IN DHAKA CITY |                      |                            |                          |
|--|----------------------|----------------------------|--------------------------|
|  | PRICE (FEB 10, 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 50-Tk 55          | -6.25 ↓                    | 5.00 ↑                   |
| Loose flour (kg)                       | Tk 40-Tk 45          | 0                          | -13.27 ↓                 |
| Lentil (kg)                            | Tk 105-Tk 110        | 0                          | 0                        |
| Soybean (litre)                        | Tk 180-Tk 185        | 11.28 ↑                    | 13.00 ↑                  |
| Potato (kg)                            | Tk 20-Tk 25          | -50.00 ↓                   | -35.71 ↓                 |
| Onion (kg)                             | Tk 40-Tk 50          | -25.00 ↓                   | -59.09 ↓                 |
| Egg (4 pcs)                            | Tk 44-Tk 46          | -5.26 ↓                    | -3.23 ↓                  |

SOURCE: TCB



## 13 insurers fined Tk 55 lakh for overspending

STAR BUSINESS REPORT

The Insurance Development and Regulatory Authority (IDRA) has fined 13 non-life insurance companies a total of Tk 55 lakh for exceeding the permitted management expense limit in 2023.

Through this move, the IDRA aims to ensure compliance with the expense limit as per regulations and thereby improve financial discipline throughout the insurance industry.

As such, Meghna Insurance Company, Desh General Insurance Company, Bangladesh Co-operative Insurance, Bangladesh General Insurance Company, Takaful Islami Insurance, Global Insurance, and Islami Commercial Insurance were fined Tk 5 lakh each.

Meanwhile, Standard Insurance, Republic Insurance, People's Insurance, Express Insurance, and Eastern Insurance were fined Tk 3 lakh apiece, according to IDRA documents.

Some 19 insurance companies had violated provisions regarding the management expense limit in 2023, said Md Solaiman, deputy director of the non-life department and spokesperson of the IDRA.

Eight of these companies had exceeded the expense limit by 20 percent and subsequently, were each fined Tk 5 lakh.

Likewise, five of the companies had exceeded their permitted management expense limit by between 5 percent and 20 percent. So, they were each fined Tk 3 lakh, he added.

Regarding the other six non-life insurers that were not fined, Solaiman said they had exceeded the permitted management expense limit by less than 5 percent.

# Plastic industry experiences rapid growth

Sector people give credit to innovation, rising exports

STAR BUSINESS REPORT

Bangladesh's plastic industry is experiencing rapid growth driven by innovation, rising exports, and sustainability efforts, according to industry players.

The country is positioning itself as a global player, with a 20 percent annual expansion rate and a target of reaching \$5 billion in revenue within five years.

Industry leaders and policymakers are banking on innovation, foreign investment, and improved infrastructure to propel the sector further. However, challenges such as raw material dependency and waste management remain.

The Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA) has been instrumental in steering the industry toward rapid expansion.

"Bangladesh's plastic industry is expanding at an annual rate of 20 percent. This rapid development is driven by increasing demand, investment in modern technology, and improved production capacity," said Shamim Ahmed, president of the BPGMEA.

He was speaking at a press conference at the BPGMEA auditorium yesterday.

The BPGMEA organised the press conference on the occasion of the four-day-long 17th International Plastic Fair 2025 (IPF 2025), which will kick off at the International Convention City Bashundhara in Kuril tomorrow.

The industry currently contributes around \$3 billion annually to Bangladesh's economy, with exports having crossed the \$1 billion mark.



PHOTO: STAR/FILE

He said manufacturers are now focusing on high-value products, including polymer-based household goods, packaging materials, and industrial-grade plastic components.

A major driver of this transformation is the shift towards innovation. Industry leaders are investing in advanced manufacturing technologies, automation, and research to improve product quality and efficiency, he added.

At IPF 2025, ASM Kamal Uddin, a former president of the BPGMEA, emphasised the importance of adopting cutting-edge technology.

"Bangladesh has immense potential in the plastic industry. By integrating automation and digital manufacturing

techniques, businesses can enhance productivity and meet global standards," he said.

Several companies are adopting 3D printing, biodegradable plastics, and smart packaging solutions to cater to the evolving demands of consumers.

He also said that eco-friendly plastic production has gained momentum as international buyers are increasingly seeking sustainable solutions.

Despite the promising growth, the industry faces significant challenges, Ahmed said, while adding that the rising cost of raw materials, dependency on imports for high-grade polymers, and concerns over plastic waste management remain key issues.

READ FULL STORY ONLINE

## Leasing state jute mills made easier for industrial diversification

Says Adviser Sk Bashir

OUR CORRESPONDENT, Khulna



The government has relaxed lease conditions for state-run jute mills to encourage private investment, which would address the financial losses of the factories, reduce the shortfall of raw jute, diversify industries, and create new employment opportunities.

Around 40 lakh tonnes of jute are required to keep all the mills running, said Sk Bashir Uddin, adviser to the commerce and jute and textile ministries, yesterday.

However, Bangladesh annually produces only 12 lakh tonnes, while the global output is just 25 lakh tonnes, he said.

"Given this shortfall, relying solely on jute to sustain so many mills is impractical," he said.

"In response, the government is easing the conditions for leasing out jute mills to private investors, allowing the establishment of industries beyond jute-derived products," he said.

Sk Bashir Uddin, also managing director of AkijBashir Group, was talking to journalists after inspecting production activities at Daulatpur Jute Mills in Khulna, some 222 kilometres southwest of the capital, Dhaka.

He stated that state-run jute mills had incurred significant financial losses amounting to crores of taka without yielding long-term benefits.

To address this issue, the government has decided to lease out state-owned jute and textile mills to private investors, paving the way for the establishment of diversified industrial ventures, he explained.

READ FULL STORY ONLINE

## BB keeps

FROM PAGE B1

Mansur, who assumed the role of central bank governor in August last year after the political changeover, has raised the policy rate, or repo rate, three times.

In December last year, the International Monetary Fund (IMF) said that near-term policy tightening is crucial to address the emerging external financing gap and persistently high inflation.

The BB expects the country's gross domestic product (GDP) growth in the current fiscal year to decelerate to 4-5 percent, due mainly to natural and industrial disruptions.

While replying to a query, the BB governor said the current situation is not for growth, as the government is now focusing its efforts on containing high inflation.

He also said that exchange rate stability is a must for economic stability, as the inflation target cannot be achieved without it. "As a result, the central bank is now also emphasising its attention on stabilising the exchange rate."

According to the governor, the banking regulator has already been able to stabilise the exchange rate, as the balance of payments is now in a stable position.

The difference between supply and demand would not widen ahead of

Ramadan, he mentioned, saying that a huge number of letters of credit (LCs) have already been opened for importing goods and essential commodities for the month of fasting.

"The seasonal demand has already slowed this month," said the BB governor.

For the second half of FY25, the target for private sector credit growth has been increased to 9.8 percent. As of December last year, private sector credit growth stood at 7.3 percent.

Credit to the public sector decreased to 17.5 percent from an actual 18.1 percent as of December last year, according to the MPS.

While highlighting good governance in the banking sector, the MPS outlined the initiative for an asset quality assessment review programme to evaluate the scope and scale of banks' tangible assets, providing essential data for future policy adjustments.

Addressing this issue, the BB governor said both banks and the regulator share the responsibility of ensuring good governance in the banking sector.

"If there is poor governance within banks, external oversight alone cannot keep them in check. If a bank deliberately mismanages itself, no regulatory body can force it to perform well.

READ FULL STORY ONLINE

## ACI MD

FROM PAGE B1

Market analysts view these moves as a strong indicator of ACI's resilience and growth potential in 2025.

They also suggest that this may boost investors' confidence in the company, which has interests in pharmaceuticals, consumer goods, and the agriculture industry.

ACI's shareholding structure, disclosed in a report signed by Company Secretary Mohammad Mostafizur Rahman, revealed that the directors collectively held 36.23 percent of the company's shares as of December 2024.

Institutional investors held 41.66 percent, while public shareholders accounted for the remaining 22.11 percent.

The high concentration of shares among directors and institutions is often interpreted as a sign of the company's stability, long-term commitment, and strategic alignment.

ACI has consistently attracted both local and foreign investors.

For the fiscal year ending in June 2024, the company declared a 35 percent dividend—20 percent in cash and 15 percent in stocks.

Experts opined that further announcements regarding the company's expansion plans could drive its share prices higher.

## Fully market-based

FROM PAGE B1

This framework is meant to facilitate the effective operation of the existing crawling peg exchange rate system while laying the groundwork for a transition to a more flexible exchange rate regime in the near future, according to the Monetary Policy Statement (MPS).

"When the overall macroeconomic environment becomes more stable and the foreign exchange reserve position improves further, BB will devise an intervention strategy, establish a sizable intervention fund and move to a market-based freely determined exchange rate system," it said.

The BB has also introduced a method for calculating the foreign exchange spot reference exchange rate.

This rate is determined as a weighted average of freely quoted exchange rates from market transactions between customers and other dealers.

According to the monetary policy, the spot reference exchange rate is a major step towards achieving a fully flexible exchange rate system.

Exchange rate management under this new system is anticipated to buoy remittance inflows and enhance foreign exchange reserves, according to the MPS.

Increasing exchange rate flexibility is crucial for enhancing resilience against external shocks, safeguarding reserve buffers and facilitating the BB's move towards a more modern and proactive monetary policy, it said.

In May 2024, the BB introduced the crawling peg exchange rate regime as an interim solution before fully transitioning to a market-determined flexible exchange rate system.

This crawling peg mechanism balances stability and flexibility within specified limits.

Prior to this change, the BB adjusted the local currency taka against the US Dollar, reflecting a considerable taka depreciation to bring it closer to market-clearing levels and in line with the underlying real effective exchange rate levels, the BB mentioned.

The central rate of the crawling peg was adjusted twice since August 2024 and the exchange rate band was widened in August 2024 to 2.5 percent.

On 31 December 2024, the central bank further advanced its efforts by allowing authorised dealers to buy and sell foreign currency at freely negotiable rates within the band, thereby enhancing exchange rate flexibility.

READ FULL STORY ONLINE

## Edible oil crisis

FROM PAGE B1

Instead, local markets have a surplus of the cooking ingredient, and the commission stated that the ongoing edible oil crisis is artificial.

In the meeting, the BTTC discussed the overall edible oil supply situation with the country's leading refiners, as local kitchen markets faced a shortage of both branded bottled and non-branded loose soybean oil, prompting a price spike.

At the meeting, top refiners stated that there is no supply crisis in the market; rather, they had increased soybean oil supply by 25 percent year-on-year in January this

year.

According to data from the Trading Corporation of Bangladesh, the price of bottled soybean oil per litre is now Tk 175 to Tk 176, marking a 1 percent increase over the past month.

Over the past week, the price of loose soybean oil per litre rose nearly 4 percent, reaching Tk 180 to Tk 182 on Sunday.

Retail prices of two-litre bottles of soybean oil, as well as palm oil and rice bran oil, have also increased.

For instance, the price of a one-litre bottle of rice bran oil rose by 6.41 percent to Tk 205 to Tk 210.

## Unclaimed

FROM PAGE B1

Currently, non-perishable goods cannot be sold below 60 percent of their reserve value (import price plus tax) in the first auction.

In subsequent auctions, prices are expected to rise, but bidders often wait for the third auction to get lower rates, according to customs officials.

Completing an auction usually requires three to seven bidding rounds, taking nine months to a year.

Customs sources said the 60 percent reserve value requirement may be relaxed, and online and spot auctions are being introduced to attract more bidders.

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**BANGLADESH POWER DEVELOPMENT BOARD**

প্রকল্প পরিচালকের দপ্তর  
বিদ্যুৎ বিতরণ ব্যবস্থা উন্নয়ন প্রকল্প  
সিলেট বিভাগ, বিউবো, সিলেট।  
১নং আব্দুল গনি রোড, বিদ্যুৎ ভবন,  
নিচ তলা, ঢাকা।

স্মারক নং- ২৭.১১.৯১০০.৭২৮.০৭.০০২.২৫-৫৫২

তারিখঃ ১০/০২/২০২৫ খ্রিঃ।

**"e-GP দরপত্র বিজ্ঞপ্তি"**

"বিদ্যুৎ বিতরণ ব্যবস্থা উন্নয়ন প্রকল্প, সিলেট বিভাগ" শীর্ষক প্রকল্পের আওতায় নিম্নেবর্ণিত মালামাল সরবরাহের কাজ গণপ্রজাতন্ত্রী বাংলাদেশ সরকারের e-GP Portal এর মাধ্যমে আবেদন করা হয়েছে, যা উল্লেখিত পোর্টালে পাওয়া যাবে। e-GP Portal এ নিবন্ধিত যে কোন অগ্রাধী ব্যক্তি/সরবরাহকারী প্রতিষ্ঠানকে বিস্তারিত তথ্যের জন্য উক্ত ওয়েবসাইটে [www.eprocure.gov.bd](http://www.eprocure.gov.bd) ভিজিট করার জন্য অনুরোধ করা হলো।

| Tender ID | Procurement Title  | Tender Publication Date & Time | Tender Last Selling Date & Time | Tender Opening Date & Time |
|-----------|--|--------------------------------|---------------------------------|----------------------------|
| 1072614   | Package-76, GD-37 Pole fittings for 11 KV Line (Upgradation) | 11/02/2025 10:00 BST           | 04/03/2025 17.00 BST            | 05/03/2025 11.30 BST       |

বিদ্যুৎ/জন- ৭৭৭ (২)/১০/০২/২৫

(চন্দন কুমার সার্কর)  
প্রকল্প পরিচালক

মোবাইল নং: ০১৩১৩-০৯৬১১৯  
pd.pdsdp.sd@gmail.com

GD-396

## Default loans

FROM PAGE B1

The BB said it was allowing struggling banks to borrow from the interbank market under central bank guarantees.

"However, the increasing demand for funds has led BB to provide temporary liquidity support to some of these banks," it said.

"Meanwhile, measures have been taken to absorb excess liquidity from the banking system through the issuance of BB bills to avoid long-term financial imbalances," it added.

The central bank said the management and recovery of NPLs remain its paramount priorities to ensure the financial stability and resilience of the banking sector.

The BB has stressed the necessity for solid credit risk management policies and tools that comply with Basel III requirements, an international accord aimed at strengthening the supervision, risk management, and regulation of banks.

Accordingly, an "Expected Credit

Loss" methodology-based provisioning system is scheduled for implementation in 2027, in alignment with International Financial Reporting Standards.

**GOOD GOVERNANCE AND REFORMS**

The BB said it has initiated reforms to enhance governance, including restructuring the boards of 11 banks and strengthening monitoring mechanisms for liquidity management.

To ensure greater transparency in bank ownership, the central bank issued guidelines in December last year on identifying the "Ultimate Beneficial Owners" and mandated the disclosure of ownership structures within banks.

"These guidelines require financial institutions to submit detailed ownership information in standardised reporting formats, thereby promoting clarity and accountability in bank ownership," it said.

READ FULL STORY ONLINE

**গণপ্রজাতন্ত্রী বাংলাদেশ সরকার**  
**বাংলাদেশ পুলিশ**  
**অধিনায়কের কার্যালয়**  
**র‍্যাপিড অ্যাকশন ব্যাটালিয়ন-১১**  
**আদমজীনগর, নারায়ণগঞ্জ**

**উন্মুক্ত দরপত্র বিজ্ঞপ্তি**

স্মারক নম্বর-র‍্যাব-১১/৯৭২/কিউ/৭৯১

তারিখঃ ২৭ মার্চ ২০২৫

১০ ফেব্রুয়ারি ২০২৫

২০২৪-২০২৫ অর্থ বৎসরে ৪র্থ কোয়ার্টারে (০১ এপ্রিল ২০২৫ হতে ৩০ জুন ২০২৫ তারিখ পর্যন্ত) (লট নং ১ ও ২) র‍্যাব-১১ এর সমসাময়িক নিউনিমিত কাজের জন্য "The Public Procurement Regulation Act-2006" and "The Public Procurement Regulation Act-2008" মোতাবেক টিকাদার নিয়োগের নিমিত্তে প্রকৃত বাংলাদেশি টিকাদার/সরবরাহকারী প্রতিষ্ঠানের নিম্নলিখিত হতে সীলমোহরকৃত খামে প্রতিযোগিতামূলক দরপত্র আহ্বান করা যাচ্ছে। এতদনুসারে প্রয়োজনীয় তথ্যসমূহ নিম্নে দেয়া হলো।

|     |  |  |
|-----|--|--|
| ১।  | মাল্য/বিভাগ                                  | ৪র্থটি মাল্য/বাংলাদেশ পুলিশ (র‍্যাব)।  |
| ২।  | দরপত্র আহ্বানকারী দপ্তরের নাম                | র‍্যাপিড অ্যাকশন ব্যাটালিয়ন-১১, আদমজীনগর, নারায়ণগঞ্জ।  |
| ৩।  | ক্রয়/সেবার বস্তু/বিকারীর নাম                | পরিচালক, র‍্যাপিড অ্যাকশন ব্যাটালিয়ন-১১, আদমজীনগর, নারায়ণগঞ্জ।   |
| ৪।  | দরপত্র বিজ্ঞপ্তির স্মারক নং ও তারিখ          | র‍্যাব-১১/৯৭২/কিউ/৭৯১ তারিখ ১১ ফেব্রুয়ারি ২০২৫।   |
| ৫।  | যে কার্যের জন্য দরপত্র আহ্বান করা হইয়াছে।   | ক্রমিক নং ১৫ এ বর্ণিত লট অনুযায়ী।   |
| ৬।  | কার্যের সময়সীমা                             | ২০২৪-২০২৫ অর্থ বৎসরে ০১ এপ্রিল ২০২৫ হতে ৩০ জুন ২০২৫ তারিখ পর্যন্ত (লট নং ১ ও ২) ৪র্থ কোয়ার্টারের জন্য।  |
| ৭।  | অর্থের উৎস                                   | সিএলএর খাতে সরকারী ব্যাজেট গ্রান্ট সাপেক্ষে।   |
| ৮।  | দরপত্র (সিউলি) তফসীল বিবরণের সময়সীমা        | ১১ ফেব্রুয়ারি ২০২৫ তারিখ হতে ০৬ মার্চ ২০২৫ তারিখ পর্যন্ত অফিস লাকালীন সময়ে সরল কর্তৃক।   |
| ৯।  | দরপত্র (সিউলি) গ্রাহীর স্থান                 | অধিনায়কের কার্যালয়, র‍্যাব-১১, আদমজীনগর, নারায়ণগঞ্জ।  |
| ১০। | দরপত্র পদ্ধতি                                | উন্মুক্ত দরপত্র পদ্ধতি (এটিএম)।  |
| ১১। | দরপত্র দাখিলের শেষ তারিখ ও সময়              | ০৬ মার্চ ২০২৫ তারিখ বেলা ১০০০ ঘটিকা, র‍্যাব-১১, আদমজীনগর, নারায়ণগঞ্জ।   |
| ১২। | দরপত্র খোলার তারিখ ও সময়                    | ০৬ মার্চ ২০২৫ তারিখ বেলা ১১০০ ঘটিকা, র‍্যাব-১১, আদমজীনগর, নারায়ণগঞ্জ এ দরদারোগ্যের সম্মুখে (যদি কেহ উপস্থিত থাকেন) খোলা হবে।  |
| ১৩। | টিউসিং সভা                                   | ০৬ মার্চ ২০২৫ তারিখ বেলা ১২০০ ঘটিকা।   |
| ১৪। | দরপত্র সিউলি কর্তৃক প্রাক যোগ্যতা ও শর্তাবলী | পরিপত্র/২০০৮ এবং এর তদীয় সংশোধনী বিধি মোতাবেক দরপত্র দলিল (সিউলি) করে ইচ্ছুক প্রতিষ্ঠানকে নিম্নলিখিত পদ্ধতিতে পরিচালক র‍্যাব-১১ এর কার্যে আবেদন করতে হবে এবং প্রকল্পের ব্যাটালিয়নের ক্ষেত্রে নিম্নলিখিত শর্তসমূহ পূরণ করতে হবে। দরপত্র প্রকল্পের সমগ্র নিম্নলিখিত কার্যাবলীর মূল বর্ণি অংশই প্রদর্শন করিতে হবে, অন্যথা দরপত্র তফসীল বিবরণে বর্ণিত হবে না।<br>(ক) দরপত্রের দরপত্র (খ) প্রিট লাইনে প্রদর্শন নবায়নকৃত (গ) যে কোন তফসীল দ্বারা পরিচালিত থাকবে ইচ্ছুক প্রকল্পের অধীনে প্রকল্পের দরপত্র (ঘ) টিউসিং সভার উপস্থাপিত প্রকল্পের অধীনে পরিচালিত দরপত্র (ঙ) ভাট প্রকল্পের দরপত্র (চ) প্রতিষ্ঠানের ক্ষেত্রে মালিকের খসড়া বর্ণন পর (নেটার) পদ্ধতিতে কর্তৃক। এবং সমস্ত প্রকল্পের দরপত্র (জ) দরপত্র অংশের মালিক এবং প্রতিষ্ঠানের সমস্ত প্রকল্প ০১ (এক) বর্ণি পদক্ষেপে সাইন করে খরি (খ) দরপত্র সিউলি করে ইচ্ছুক প্রতিষ্ঠানকে "র‍্যাব তফসীল দ্বারা" এই মর্মে নিজ প্রতিষ্ঠানিক প্রকল্পে প্রতিষ্ঠানিকভাবে স্বাক্ষর দিতে হবে (ক)। দরপত্রের সমগ্র কর্তব্য "The Public Procurement Regulation Act-2006" and "The Public Procurement Regulation Act-2008" এবং তদীয় সংশোধনী বিধি মোতাবেক পরিচালিত হবে। |

|                                      |                |         |                                     |                                     |                  |
|--------------------------------------|----------------|---------|-------------------------------------|-------------------------------------|------------------|
| ১৫।                                  | কার্যের নাম    | পরিচালক | দরপত্র তফসীল এর মূল্য (যেকোন মাসের) | দরপত্র প্রদানের তারিখ (যেকোন মাসের) | কার্যের সময়সীমা |
| লট নং-১ (ভোজ্য লৈল সরবরাহ (সার্বিক)) | চারিহা মোতাবেক | ১০০০/-  | ৭৫,০০০/-                            | ০১ এপ্রিল ২০২৫ তারিখ হতে            |                  |
| লট নং-২ (ফ্রিজমোরের লৈল সরবরাহ)      | চারিহা মোতাবেক | ৫০০/-   | ৭০,০০০/-                            | ৩০ জুন ২০২৫ তারিখ পর্যন্ত।          |                  |

১৬। কর্তৃপক্ষ কোন কারণে দরপত্রের যাবতিকে যে কোন দরপত্র গ্রহণ বা বাতিল করার ক্ষমতা সংরক্ষণ করেন। সর্বদা দরপত্রের দর গ্রহণে কর্তৃপক্ষ বাধ্য হবে।

**এইচ এম হাসানুল হায়েস, এএসপি,**  
**বিশিষ্ট, পিপিএম, পিএসসি**  
**লেন্স কর্তৃক**  
**পরিচালক**  
**অধিনায়ক**

ফোনঃ ৭৬৯৪৪৩৩

GD-394



City Bank to issue Tk 800cr bond

STAR BUSINESS REPORT

City Bank yesterday announced its plan to raise Tk 800 crore by issuing a bond to strengthen its capital base.

The private lender will issue the subordinated bond—a type of bond that is repaid after other bonds if the issuer has financial difficulties—to meet capital requirements under the Basel-III accord, which aims to strengthen the regulation, supervision, and risk management of banks.

The bond is also planned to support the business growth of the bank, according to a disclosure by City Bank on the Dhaka Stock Exchange (DSE).

Southeast Bank plans Tk 1,000cr bond

STAR BUSINESS REPORT

Southeast Bank has announced its plan to raise Tk 1,000 crore by issuing a bond to strengthen its capital base.

The board of the private bank approved the issuance of the subordinated bond, a bond that is repaid after other bonds in case of financial difficulty for the issuer. The bond, which will be fully redeemable, non-convertible, and unsecured, is planned to strengthen the Tier-II capital of Southeast Bank, according to a disclosure on the Dhaka Stock Exchange on Sunday.

Tier-II is designated as the second or supplementary layer of a bank's capital and is composed of items such as revaluation reserves, hybrid instruments, and subordinated term debt.

Tropical Homes built on honesty, quality

Says managing director in an interview with The Daily Star

JAGARAN CHAKMA

The intersection of profession, passion and academic background can be complicated.

However, it is sometimes comforting to realign one's profession with passion, as this approach in some cases is neither less creative nor less successful than pursuing a professional role directly tied to one's academic background.

Take, for example, the case of Md Rezaul Karim and Sheikh Rabiul Haque – two friends with backgrounds in medical science and physics, respectively.

Both shared a common interest in architecture and painting, which inspired them to establish a real estate firm in the 1990s.

The friends pooled their savings of Tk 25 lakh, hired fewer than half a dozen staff members and began constructing a 12-storey apartment on a piece of land in Dhaka's Bijoynagar.

"I remember those days when our capital was almost zero," recalls Haque, who was then a small businessman. "But we were determined. My friend and I had a vision – not just to build homes, but to change lives."

Over the past three decades, that vision has paid off.

What began as a tiny architectural venture has grown into today's Tropical Homes Limited – one of the country's leading real estate firms.

On the eve of the company's 30th anniversary on Tuesday, Haque said the Bijoynagar project was not hugely profitable but gave them the confidence to continue.

Since its inception in 1996, Tropical Homes has delivered more than 2,400 apartments, 1,365 office spaces and 1,280 units of shops and showrooms.

After completing several initial projects, the firm began constructing high-quality housing not only for the affluent



Sheikh Rabiul Haque

but also for the middle class, said Haque – now the company's managing director – in an interview with The Daily Star.

He said they did not own land initially, but that did not stop them. They sought land at discounted prices in the capital, where they faced more than just financial struggles.

They had to contend with land encroachment, legal hurdles and resistance from powerful groups.

"From the beginning, we made a promise to ourselves: we wouldn't compromise on ethics. We wouldn't take shortcuts or engage in anything illegal," Haque said.

"That honesty became the foundation of the company's success," he added.

Moreover, he said their projects reflect quality, which sets Tropical Homes apart from other real estate firms.

"While designing the first draft of any new project, we consider the maximum use of sunlight. Besides, our apartments are spacious, with larger verandas so that residents can enjoy greater

closeness to nature," he said.

Haque also emphasised that they do not compromise on space when designing parking areas, elevator shafts and fire safety measures.

According to him, high-grade concrete, professional architects and premium materials such as quality wood and glass have become hallmarks of their developments.

Every structure is designed to meet the needs of the community, carefully crafted to serve those who will live and work in them, he commented.

"The company's ethical approach, transparency and commitment to quality became its core values, which resonated with customers and investors alike," the Tropical Homes MD said.

Even as the company grew, it never relied on bank loans, which is a rare achievement in the construction industry.

Instead, Haque and his team maintained a Tk 25 crore asset fund, which provides financial stability during challenging times.

"Banks were ready to finance us, but we preferred to stand on our own feet," Haque mentioned. "Our success wasn't just about profits; it was about doing things the right way."

He added that, from the beginning, Tropical Homes has maintained competitive pricing for its assets to ensure customer satisfaction.

"Now we construct around 350 to 400 apartments every year in different parts of Dhaka city," the managing director said.

According to him, the company has not received a single complaint regarding construction delays or disputes.

Looking ahead, Haque envisions even greater accomplishments.

"We want to build high-rise buildings that set architectural benchmarks in Bangladesh – buildings that rival the standards of cities like Singapore and Shanghai," he said.

He added that despite political instability, economic downturns and the Covid-19 pandemic, which tested the limits of many businesses, Tropical Homes has not only survived but thrived.

"We believe business is a form of service," Haque said. "If we remain honest and work for the welfare of the people, our journey will continue, and greater achievements lie ahead."

He said the future is filled with both challenges and opportunities, but if history has shown anything, it is that Tropical Homes will continue to build not just for today but for a better tomorrow.

Just 30 years ago, Haque started with only five staff members. Today, he looks after a team of more than 350, including engineers and architects.

"Now I am about ready to hand over the business to the next generation and expect them to continue with the values and honesty needed to sustain the business," he concluded.

Trump to impose new 25% tariff on US steel, aluminum imports

AFP, Washington

US President Donald Trump plans to impose 25-percent tariffs on steel and aluminum imports from Monday, prompting the threat of retaliation from Europe and a warning from China that there were no winners in a trade war.

Trump told reporters aboard Air Force One Sunday that the tariffs – which he will announce later Monday – will apply to "any steel coming into the United States," adding this will also affect aluminum.

Trump imposed similar tariffs during his 2017-2021 presidency to protect US industries, which he believed faced unfair competition from Asian and European countries.

While the European Commission said Monday it had not received any official notification of the tariffs, French foreign minister Jean-Noël Barrot said the European Union will counter in kind and "replicate" any imposed.



Employees work at a factory producing stainless steel materials in Qingzhou, in eastern China's Shandong province.

PHOTO: AFP/FILE

"There is no hesitation when it comes to defending our interests," he said during an interview with broadcaster TF1.

"We will react to protect the interests of European businesses, workers and consumers from unjustified measures," the European Commission said in a statement.

Canada – which Trump has already threatened with tariffs – is the largest source of steel and aluminum imports to the United States, according to US trade data. Brazil, Mexico and South Korea are also major steel providers.

But around 25 percent of European steel exports go to the US, according to consultants Roland Berger, who warned in a recent note that "any tax from the United States would hurt the European sector".

On Sunday, Trump also said he would announce "reciprocal tariffs" to match his government's levies to the rates charged by other countries on US products.

MONETARY POLICY FOR JANUARY-JUNE

Meandering tricky lanes



ZAHID HUSSAIN

The monetary policy for the latter half of the current fiscal year maintains its established stance, with no significant alterations. This continuity was anticipated, as the policy decisions implemented since the change in leadership at the Bangladesh Bank (BB) last August required no major modifications.

BB anticipates a GDP growth rate between 4% to 5%, a prediction consistent with other experts. Additionally, BB has adopted a pragmatic approach to lowering inflation by approximately 200 to 300 basis points by the fiscal year's end. This objective is challenging but achievable, particularly if supply-side inflation pressures are mitigated. There are signs that inflation expectations are easing, as evidenced by long-term interest rates falling below short-term rates. It is certainly refreshing to see an official document that broadly reflects the realities on the ground.

A right stance on policy rate

The greatest obstacle plaguing the Bangladesh Bank has been the relentless high inflation. January's data painted a mixed picture: while headline inflation fell by 95 basis points from December, it came with a 6 basis point rise in non-food inflation.

The reduction in headline inflation was solely due to a 220 basis point drop in food inflation, largely driven by seasonal improvements in supply following the winter crop harvest.

It is important to clarify that the decline in food inflation does not equate to a drop in food prices. Rather, it signifies that food prices rose at a slower rate in January 2025 compared to January 2024 than they did in December.

On average, food prices in January were 1.27 percentage points lower than in December, but this decline was more gradual compared to the 2.89 percentage point drop from November.

As usual, the seasonal effects appear to be waning.

Given this context, maintaining a tight

monetary policy is indeed justified, despite preferences from the business community for a more lenient approach. The BB cannot afford such a risk with inflation rates remaining unacceptably high. Nonfood prices have risen every month for the past three months, mirroring the trend from the previous year, indicating that inflation has become endemic.

The MPS rightly pointed out "monetary policy has remained excessively accommodative since 2020, as demonstrated by the consistently negative real policy rate. Furthermore, the implementation of a lending rate cap at 9% since April 2020, which remained in effect until May 2024, has undermined effective monetary policy operation in Bangladesh".

Adhering to a 10 percent policy rate for an extended period cannot be the sole strategy to mitigate inflation. Effective inflation management necessitates coordination with other economic policies, such as fiscal policy and market management.

The revised Tk 99,000 crore government borrowing from the banking system, down from the original Tk 137,500 crore, will help the implementation of monetary policy.

It will create space for expansion of private credit without exceeding the domestic credit growth target.

The MPS quotes a BB study in January 2025 which revealed that "proactive measures—such as robust monitoring and oversight of commodity stocks, timely imports before shortages occur, accurate and timely prediction of supply-demand gaps, and rationalization of import duties—could be pivotal in stabilising prices for staple items like rice, wheat, edible oil, potato, and onion".

These fall outside BB's jurisdiction. However, ensuring exchange rate stability without suffering a foreign exchange shortage is central to BB's responsibilities.

Enigmatic exchange rate policy

BB's exchange rate policy is enveloped in ambiguity. The Monetary Policy Statement (MPS) says "BB has been implementing a crawling peg exchange rate mechanism to enhance both flexibility and stability of the rate in the foreign exchange market".

On December 31, the BB issued a circular stating that "Authorised Dealers (ADs) are allowed to purchase and sell foreign currency from/to their customers and other dealers at freely negotiated rates". Interestingly, the MPS added "within the band" which the circular did not have.

The ambiguity is also evident from the exchange rate data posted on BB's website.

Notably, the exchange rate page begins with the following statement: "Exchange rates of Taka for inter-bank and customer transactions are determined by the dealer banks, based on demand-supply interaction. Bangladesh Bank (BB) undertakes USD purchase or sale transactions with dealer banks at prevailing inter-bank exchange rates when needed to maintain orderly market conditions".

This may be their aspiration, but it is certainly not reflective of current market practices.

There is a strict ceiling of Tk 122 per USD, which, according to market insiders, is enforced through moral suasion by phone and inspection.



The central bank has adopted a pragmatic approach to lowering inflation by approximately 200 to 300 basis points by the fiscal year's end.

PHOTO: STAR/FILE

BB itself utilises this rate for buy and sell transactions with the government and international organizations.

Since the new circular's issuance, the highest and lowest USD/BDT buying and selling rates have been fixed at Tk 122/USD. The exchange rates declared by banks hover around this number, making such a peg wholly inconsistent with the jure exchange rate policy articulated in the aforementioned circular.

It is evident that BB is gripped by a profound fear of allowing the exchange rate to float, apprehensive that it may depreciate continuously if left to free negotiation between dealers and their counterparts.

This depreciation is problematic as it would exacerbate inflation. However, it could indeed become a reality if dealers are hampered in their ability to intermediate foreign currencies due to the caps imposed by BB. The inability to offer rates in accordance with market competition undermines the LC market, thereby disrupting international trade.

Reality denied is stability delayed

Bangladesh cannot risk a shortage of gas, liquid fuel, and essential commodities given the fragile state of social order. With summer approaching, the largest single rice crop (boro) at an early stage of cultivation, upcoming festival demand, and less-than-ideal business conditions, the situation is precarious.

Even if we assume they are, two critical questions arise. Firstly, why have they targeted Bangladesh specifically, and not Nepal or Sri Lanka, for example? Secondly, how does the opaque implementation of rate caps resolve this issue?

Could it not potentially lead to a solution that's more detrimental than the problem itself?

Instead, market participants are more concerned about the disruptive measures taken by BB to control the forex market, which ultimately dries up supplies.

Foreign exchange trades, much like water, will always find a way to flow through various channels, each with its own set of consequences.

It appears we are not heeding the lessons of history. Globally, some studies indicate that interventions can mitigate exchange rate volatility and help stabilise currencies, while others suggest minimal or no effect.

There is also evidence that central bank interventions can exacerbate exchange rate issues. When market participants view interventions as indicators of underlying economic troubles, they tend to speculate, hence fueling volatility wherever it can manifest, much like water finding its way.

A risk we can avert

The severe unintended consequences of rate cap induced volatilities often go unnoticed, except in remittances and pressure on banks' net open positions.

They encourage cat-and-mouse games between market participants and the BB.

Balancing surveillance with market freedom is tricky. Past well-meaning interventions led to negative outcomes, where foreign exchange shortages replaced depreciation as a persistent inflation driver.

A divergence between de jure (official) and de facto (actual) monetary policy is detrimental.

The inconsistency between stated and practiced policies undermines the central bank's credibility, causing market uncertainty and a loss of investor confidence.

Markets react to this divergence with heightened volatility, as investors and traders anticipate future policy moves.

If participants believe BB will not follow its stated policy, it invites speculative attacks on the currency, misaligned exchange rates, and distorted economic signals. Consistency and transparency in policies are crucial to avoid these issues.

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