

Economic indicators show signs of recovery
Says chief adviser

STAR BUSINESS REPORT

Various economic indicators of the country are improving as the banking sector has already seen the return of discipline, Chief Adviser Prof Muhammad Yunus said yesterday.

Now, the biggest challenge for the government is inflation, he said in his address to the nation marking the Independence Day and the upcoming Eid-ul-Fitr festival.

The chief adviser said the government has decided to dissolve the NBR and form two separate bodies: one for policymaking and another for implementation

The chief adviser's comments come as inflation, a measure of changes in the prices of a basket of goods and services purchased by consumers, has remained above 9 percent for two consecutive years.

However, in the past three months until February, inflation eased. In February, it dropped to 9.32 percent -- the lowest in 22 months -- from 9.94 percent in January.

Yunus expressed hope that inflation would fall below 8 percent by June this year.

In his address, the chief adviser also mentioned various steps his government has taken to revive the economy, restore confidence in the banking sector, bring back laundered money from abroad and implement reforms.

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Education system fails to create skilled workforce
Economist Selim Jahan says

AHSAN HABIB

Bangladesh's education system is failing to produce skilled human resources for industries, leading to rising unemployment among educated youth while industries struggle to find qualified workers, according to economist Selim Jahan.



Selim Jahan

Jahan, former director of the Human Development Report Office (HDR) at the United Nations Development Programme (UNDP), New York, said industry skill requirements are constantly evolving.

"As global and domestic market demands shift, industries transition from producing one type of product to another, requiring different skill sets," he told The Daily Star in a recent interview.

"The problem is that our education system does not supply the workforce with the right skills at the right time."

There is a clear mismatch between what the education system produces and what the labour market needs, with many students graduating in fields that offer few job opportunities.

"I won't name specific fields, but there are disciplines where graduates find very limited employment opportunities."

This results in a dual problem -- not only is there a gap between supply and demand but also a misalignment between the nature of supply and demand, according to the economist.

"As a result, industries frequently lament their inability to find skilled personnel, forcing them to hire professionals from abroad for roles in management, technology and engineering," he said.

"Now, the question is that is our education system capable of producing the skilled workforce industries require? No, it is not."

This is because the education system has remained largely unchanged, even as industries and global demands have evolved, said Jahan, who was also a professor of Economics and director of the Economic Research Unit at the University of Dhaka in the 1980s.

For instance, in today's digital age, the demand for IT-based exports is growing three times faster than that for traditional goods. However, Bangladesh's education system -- its curriculum, teaching methods, learning approaches and training structures -- has remained stagnant for decades.

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Bangladesh sees rising Chinese investment amid trade shifts

SECTORS WITH HIGH POTENTIAL

- Semiconductor
- Agriculture
- Electronics
- Footwear
- Infrastructure
- Energy

WHY BANGLADESH IS IMPORTANT

- It has a strategic location
- It enjoys duty-free access to Europe, UK and Canada

47.22
Construction

1.02
Agriculture and fishing

8.29
Chemical and pharma

11.54
Leather and leather products

329.52
Other sectors

203.78
Textile and apparel

760.14
Power

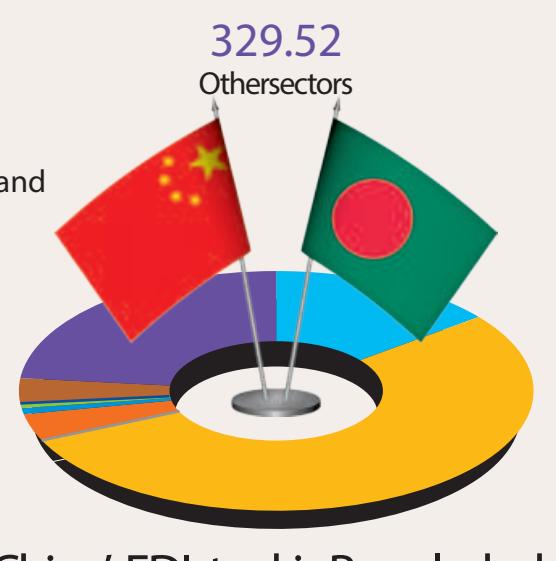
1.86
Food

50.59
Trading

China's FDI stock in Bangladesh

In million \$; As of Sept 2024

SOURCE: BB



JAGARAN CHAKMA

Foreign direct investment (FDI) from China in Bangladesh has risen to \$2.67 billion as of September 2024, according to official data, cementing China's position as the country's second-largest

investor.

This FDI stock includes \$1.41 billion from mainland China and \$1.26 billion from Hong Kong, according to the Bangladesh Bank (BB), reflecting a broader effort by Chinese firms to diversify amid the US-China trade war.

Bangladesh, with its low-cost labour and expanding industrial base, has emerged as an attractive destination for Chinese companies seeking alternatives to traditional manufacturing hubs.

The textile sector, a pillar of Bangladesh's export economy, has received the largest share of Chinese FDI, totalling \$760.14 million.

The telecommunications sector has also drawn substantial Chinese investment, with \$322.45 million funnelled into expanding 4G and 5G networks.

Beyond these core industries, Chinese capital is flowing into agriculture, energy and pharmaceuticals, strengthening Bangladesh's infrastructure and supply chains.

The trading sector alone has attracted \$203.78 million, according to BB data, modernising logistics and enhancing the country's global competitiveness.

Experts say these investments could increase further if Bangladesh creates a more business-friendly environment, making it a prime beneficiary of shifting global trade dynamics.

"By developing infrastructure and fostering a business-friendly environment, Bangladesh can attract more Chinese

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IMF loan needed to secure support from other lenders

Finance Adviser Salehuddin Ahmed says

IMF LOANS

An IMF mission is scheduled to visit Bangladesh next month to review the loan programme.

The finance adviser is hopeful that two instalments will be disbursed at once in June.



Next budget: plans and policies

The upcoming budget will be business-friendly and trade-facilitating, with no plan to increase tax burden on businesses.



Government plans to continue subsidies in the agricultural sector despite high overall allocation.



There will be increased allocations in health, education, and ICT sectors.



The number of beneficiaries under the social safety net will be expanded.



STAR BUSINESS REPORT

Availing loans from the International Monetary Fund (IMF) helps to get support from other development partners, which is needed to meet resource gaps in the budget, Finance Adviser Salehuddin Ahmed said yesterday.

"If any institution does not grant a loan, other institutions raise questions about why it did not materialise," Salehuddin said.

As such, if Bangladesh does not take loans from the IMF for fear of stringent conditions, there is a possibility of losing loan opportunities from other institutions such as the World Bank, Japan International Cooperation Agency and Asian Development Bank.

Bangla Phone reappealed on September 30, 2024, prompting the BRTC to form a committee on January 31, 2025, to evaluate the request.

The committee highlighted the need for

It is now expected that the IMF will disburse

two instalments simultaneously in June.

A mission from the IMF is scheduled to visit Bangladesh next month to review the latest development of the loan programme.

At the discussion, the adviser said he was hopeful that the IMF would disburse two instalments in June.

Replying to a query, the adviser said he was hopeful that Bangladesh would be able to meet the prior conditions to avail the instalments by June.

The government has to borrow from domestic and foreign sources to meet the financing gap in the budget and this support is received from various organisations, such as the IMF, ADB and World Bank.

In recent years, it has been seen that the government utilises \$10 billion to \$11 billion in foreign loans to finance the budget. Of the amount, \$3 billion to \$4 billion is received from these institutions in the form of budgetary support, Salehuddin said.

Md Abdur Rahman Khan, chairman of the National Board of Revenue, said the upcoming budget would be business-friendly and facilitate trade. There are no plans to increase the tax burden on businesspeople, he added.

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Lift Tk 50,000 investment prerequisite for IPO subscription Taskforce recommends

STAR BUSINESS REPORT

In order to increase vibrancy and attract more investors to the stock market, a taskforce on capital market reforms has recommended the regulator lift a prerequisite stipulating that anyone intending to subscribe to an initial public offering (IPO) must have at least Tk 50,000 invested in the secondary market.

It also recommended allocating primary shares of IPOs to individuals with a high net worth.

To bring more quality stocks, the panel, formed by the Bangladesh Securities and Exchange Commission (BSEC) in October last year, proposed direct listing of multinational companies and large corporates that have more than Tk 1,000 crore in annual turnover.

The panel also proposed direct listing of multinational companies and large corporates that have over Tk 1,000 crore in annual turnover

Corporations with outstanding loans of over Tk 1,000 crore and high debt-to-equity ratios should face mandatory listing, the five-member taskforce said while recommending amendments to public issue, debt, rights, and capital issue rules.

The panel submitted its proposals to the BSEC on Monday, aiming to modernise regulatory frameworks, enhance market efficiency, and ensure transparency in the capital market.

The recommendations come at a time when Bangladesh's stock market is suffering from a lack of vibrancy due to an inadequate supply of good scrips and a lack of local and foreign institutional investors.

The taskforce suggested measures in eight areas to ensure fair prices, reduce the time needed for interested firms to get listed, encourage new investors, increase the supply of quality stocks, improve audit quality, empower stock exchanges and enhance operational and cost efficiency.

To ensure fair prices of IPOs through a market-based price discovery mechanism, the taskforce suggested reinstating the Dutch Auction method -- a price discovery process where the auctioneer starts with the highest asking price and lowers it until it reaches an optimum price.

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Starlink to use local broadband gateway

STAR BUSINESS REPORT

Starlink, the satellite internet service owned by SpaceX, will be required to route its commercial broadband traffic through a local broadband gateway or international internet gateway (IIG) when it begins commercial operations in Bangladesh, the chief adviser's office said yesterday.

The requirement is in line with the country's Non-Geostationary Satellite Orbit (NGSO) guideline.

In a statement, Chief Adviser Muhammad Yunus directed authorities to ensure Starlink's commercial launch within 90 days. During its trial broadcasts, the service relied on a foreign satellite broadband gateway.

Using a local IIG is expected to enhance regulatory oversight and facilitate smoother integration into the country's digital framework.

Chief Adviser Muhammad Yunus directed authorities to ensure Starlink's commercial launch within 90 days

Starlink's entry into Bangladesh is anticipated to expand internet access in remote and underserved areas, potentially transforming the digital landscape.

Meanwhile, Starlink will conduct a demo testing of its internet services on April 9 at the upcoming Bangladesh Investment Summit. Ashik Chowdhury, executive chairman of Bangladesh Investment Development Authority (BIDA), said at a press briefing on March 23 at the Foreign Service Academy in Dhaka.

In October last year, the Bangladesh Telecommunication Regulatory Commission (BTRC) drafted guidelines for satellite internet service operators, permitting wholly-owned foreign companies to obtain licences -- paving the way for Elon Musk's Starlink and similar companies to enter Bangladesh.

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