



BB panel flags inflation risks

Recommends keeping policy rate unchanged

STAR BUSINESS REPORT

Bangladesh faces immediate inflation risks due to the loss of Aman paddy in some areas from adverse weather, increased spending by candidates ahead of the national election, and the upcoming month of Ramadan.

A possible announcement of a new national pay scale could also raise demand and consumer spending, according to the minutes of a recent meeting of the Monetary Policy Committee (MPC), a key panel of Bangladesh Bank (BB).

In response, the committee recommended keeping the central bank's policy rate unchanged.

The MPC said that although inflation is gradually easing and the foreign exchange market remains stable, there is a strong reason to keep the current policy to protect overall macro-financial stability and, in particular, price stability.

The recommendations came a week after the International Monetary Fund (IMF) backed continued monetary policy tightening to reduce inflation.

The BB has kept the policy rate—the rate at which it lends to commercial banks—at 10 percent for over a year to combat persistently high inflation.

While the consumer price index, which measures changes in prices of goods and services, has moderated in recent months, the annual average rose to 10.03 percent in June from 9.73 percent a year ago.

In October, inflation fell to 8.17 percent on a point-to-point basis, down from 8.36 percent a month earlier. The annual average inflation ending in October also declined.

Core inflation, which excludes food and fuel and is closely linked to monetary policy, fell to 6.19 percent at the end of September 2025 from 8.95 percent in June, the BB said.

The IMF said the slow decline in inflation means tight monetary conditions should be maintained until inflation reaches the target range of 5-6 percent.

"The new exchange rate regime should be implemented fully, including by fostering increased flexibility," said an IMF review mission led by Chris Papageorgiou last week. "To improve monetary policy effectiveness, the authorities should continue to phase out non-standard monetary and quasi-fiscal operations."

The MPC said its members analysed the macroeconomic outlook in both domestic and global contexts. They also closely examined the inflation trend and projection, the pace of economic activity, growth prospects, financial market dynamics, and developments in the external sector.

Regarding monetary policy, the BB said it would continue a contractionary stance to reduce inflation from its current rate of about 8 percent.

This contractionary stance is reflected in the positive real policy rate, which has risen from a negative rate of around 2 percent to 1.64 percent at the end of September 2025.

The real policy rate is the central bank's policy interest rate adjusted for inflation, calculated by subtracting the inflation rate from the nominal policy rate.

The MPC observed that the weighted average call money rate fell to 9.74 percent in October 2025 from 10.01 percent in June 2024. Similarly, the interbank average repo rate declined to 9.88 percent at the end of October from 10.07 percent in June 2025.

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Leadership vacuum at FBCCI weakens its policy role

Political interference and delayed elections have left the apex trade body struggling to represent private sector interests

REFAYET ULLAH MIRDHA

The country's apex trade body, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), is struggling to assist the government in policy-making and serve the business community due to a leadership crisis caused by the absence of elections, according to business leaders.

The FBCCI plays a key role in advising the government, helping formulate export-import policies, setting essential commodity prices, and determining tariffs and trade regulations. Without an elected leadership, its ability to represent the private sector and provide guidance has weakened.

After the political changeover last year, the interim government appointed Md Hafizur Rahman, a former bureaucrat, as FBCCI administrator for one year. He was tasked with holding an election within 120 days to run the FBCCI for two years.

Although a poll date of September 7 was set, the election was delayed 45 days by the commerce ministry after complaints from businessmen. Hafizur Rahman retired in September without conducting the election.

The government has now appointed Md Abdur Rahim Khan, an additional secretary of the commerce ministry, for 120 days, primarily to hold the election.

Former FBCCI president Mir Nasir Hossain said, "The apex trade body has failed to play its due roles mainly for two reasons — it has been politicised, and it is now run by a government-appointed administrator."

"Because of this, the real problems and challenges businessmen are facing are not being addressed, and the government is deprived of genuine consultations on trade, the economy, business, and other issues."

ADMINISTRATORS

Administrator Hafizur Rahman retired without holding the polls

New administrator Abdur Rahim Khan appointed for 120 days to hold election

Administrator Khan says rule updates underway, hopes polls will be held on schedule



INSTITUTIONAL WEAKNESS

Ex-president Mir Nasir Hossain blames politicisation and government control for FBCCI's failures

Ex-senior vice president Md Amin Helaly warns weak private sector representation is hurting the economy

ELECTION CHALLENGES

Previous election postponed over disputes regarding the administrator's authority and membership fees

NEW ELECTION RULES

President, senior vice-president and two vice-presidents to be directly elected under new rules

Board trimmed to 44 directors, with 14 nominated and 30 elected

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He added that over the past decade, FBCCI elections have become heavily politicised. "An adequate number of candidates were essentially selected in advance so that the government-backed panel would ultimately win. Influential government high-ups directly and indirectly interfered in the election process."

Hossain further noted, "The private sector's representation in the FBCCI is no longer effective because government-

appointed bureaucrats cannot speak for the private sector. As a result, the FBCCI cannot give necessary advice on economic and commerce policies."

"The FBCCI charter should be amended, and elections should be held as soon as possible," he added.

IMPACT ON BUSINESS COMMUNITY AND ECONOMY

Md Amin Helaly, former senior vice president of FBCCI, said, "The FBCCI is failing to represent the business community because elections to choose its leadership are not being held."

"In Bangladesh's \$500 billion economy, the local private sector holds nearly 85 percent of the stakes, yet it is not properly reflected in the apex trade body. The government should have formed a commission to implement reforms in the private sector, including in the FBCCI."

He added, "Since the FBCCI cannot perform its role effectively, the private sector suffers, and this ultimately impacts the economy."

Abdul Hai Sarker, chairman of Dhaka Bank PLC, said, "The FBCCI leadership was meant to be led by socially respected business figures, but unfortunately,

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AB Bank seeks Tk 2,000cr from BB amid deposit flight

STAR BUSINESS REPORT

Private lender AB Bank has asked the Bangladesh Bank (BB) for an additional Tk 2,000 crore in liquidity support to cope with increasing deposit withdrawals amid an asset quality review and the merger of five other commercial banks.

The request went to the central bank on November 11.

Syed Mizanur Rahman, managing director and CEO of AB Bank, said they have sought the support after customers began withdrawing deposits following the merger process of five shariah-based banks.

During the tenure of the interim government, AB Bank has already taken Tk 500 crore in liquidity assistance from BB, alongside eight other banks.

Since the interim government took office, the central bank has provided more than Tk 50,000 crore to troubled lenders. Those banks have yet to return the funds.

Rahman told The Daily Star that AB Bank is now paying interest on the earlier Tk 500 crore support.

International auditors have completed the asset quality review of six banks under a decision of the banking reform taskforce. Reviews of three more banks are underway, including AB Bank.

The bank saw further withdrawals after news of these reviews made the headlines, said Syed Mizanur Rahman.

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Tk 25,790cr: Union Bank posts biggest loss in banking history

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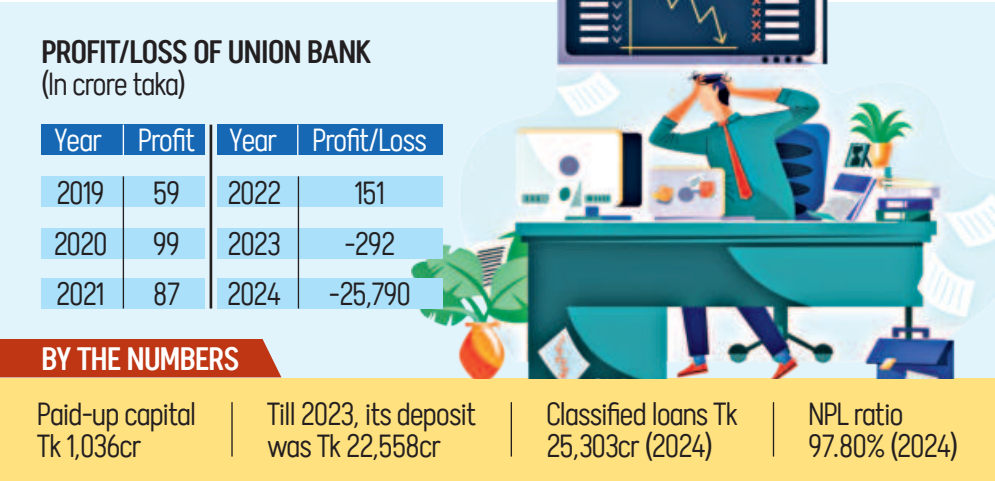
Union Bank, one of the troubled shariah-based banks being merged, has reported a record loss of Tk 25,790 crore for 2024, the highest annual loss ever recorded by any bank in Bangladesh.

The bank's disclosure on the Dhaka Stock Exchange website yesterday showed

Bank each reported losses exceeding Tk 1,000 crore.

The scale of distress in the banking sector became apparent after the fall of the Sheikh Hasina-led government in August 2024.

Following the political changeover,



an earnings per share (EPS) of Tk -248.9, compared to -2.82 in 2023, when it posted losses of Tk 292 crore.

No other bank in the country has come close to this scale of financial damage. The second-highest loss in the sector was logged by Janata Bank at Tk 3,066 crore last year, while AB Bank, National Bank, and Global Islami

investigations revealed massive loan irregularities in banks linked to the S Alam Group owned by Saiful Alam.

Union Bank alone accounted for Tk 25,303 crore of the country's Tk 420,335 crore in bad loans as of March 2024, with most of its distressed assets concentrated in Chattogram.

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NBR may extend tax return submission deadline

STAR BUSINESS REPORT

The National Board of Revenue is likely to extend the deadline for submitting income tax returns by one month to December 31 amid a slower-than-expected mandatory online filing.

As of yesterday, only 16 lakh taxpayers had filed returns for the assessment year 2025-26, according to the NBR.

This number represents just 13 percent of the country's 1.24 crore taxpayer identification number (TIN) holders.

On condition of anonymity, a senior NBR official said, "We have already received requests from various stakeholders, including lawyers, businesspeople, and various professional bodies, to extend the existing November 30 deadline."

"We are considering at least a one-month extension. A formal order is expected shortly," he told The Daily Star.

When asked about the slow submission rate, the official said taxpayers are becoming accustomed to the online system. "This year, people are taking time to get used to the mandatory e-return filing."

He said submission numbers would ultimately rise, noting a typical year-end pattern.

"The final days usually see a surge in submissions. Every year, we notice a last-minute rush. So, overall submissions will cross last year's number during the extended time," he added.

This year, the revenue board made online return submission compulsory for almost all individual taxpayers. Last year, online filing was mandatory for government employees in several city corporations, along with staff at scheduled banks, mobile telecom operators, and large private firms.

Earlier, the revenue board extended the deadline for individual taxpayers to apply for paper returns until November 15, extending the earlier deadline of October 31.

Last year, 45 lakh taxpayers filed returns in total, more than triple the number filed so far this year.

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HC questions legality of govt nod to Philip Morris factory

STAR BUSINESS REPORT

The High Court yesterday questioned the legality of the government action that has given approval to Philip Morris Bangladesh Limited for establishing a nicotine pouch factory at the Meghna Industrial Economic Zone in Narayanganj.

The court issued a rule asking the authorities concerned of the government to explain why the action for giving the approval should not be declared illegal.

The HC bench of Justice Sikder Mahmudur Razi and Justice Raziuddin Ahmed issued the rule following a writ petition filed by three persons, including lawyer Sajidul Haque, challenging the government decision.

On Sunday, a legal notice was served on the government requesting it to immediately cancel the approval for establishing the nicotine pouch factory.

Barrister Jewel Sarkar sent the legal notice on behalf of Public Health Lawyers' Network (PHLN), anti-tobacco activist Saifuddin Ahmed, Earth Development Foundation's Chief Executive Officer Md Aminul Islam, and Pratyasha Anti Drug Club's Secretary General Helal Uddin, saying that the approval for the factory is unconstitutional, illegal, and a violation of Supreme Court directives issued to safeguard public health.

The notice was sent to the secretaries at the Chief Adviser's Office, the ministries of health, environment and industries, the executive chairman of Bangladesh Economic Zones Authority (BEZA) and the executive chairman of Bangladesh Investment Development Authority

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