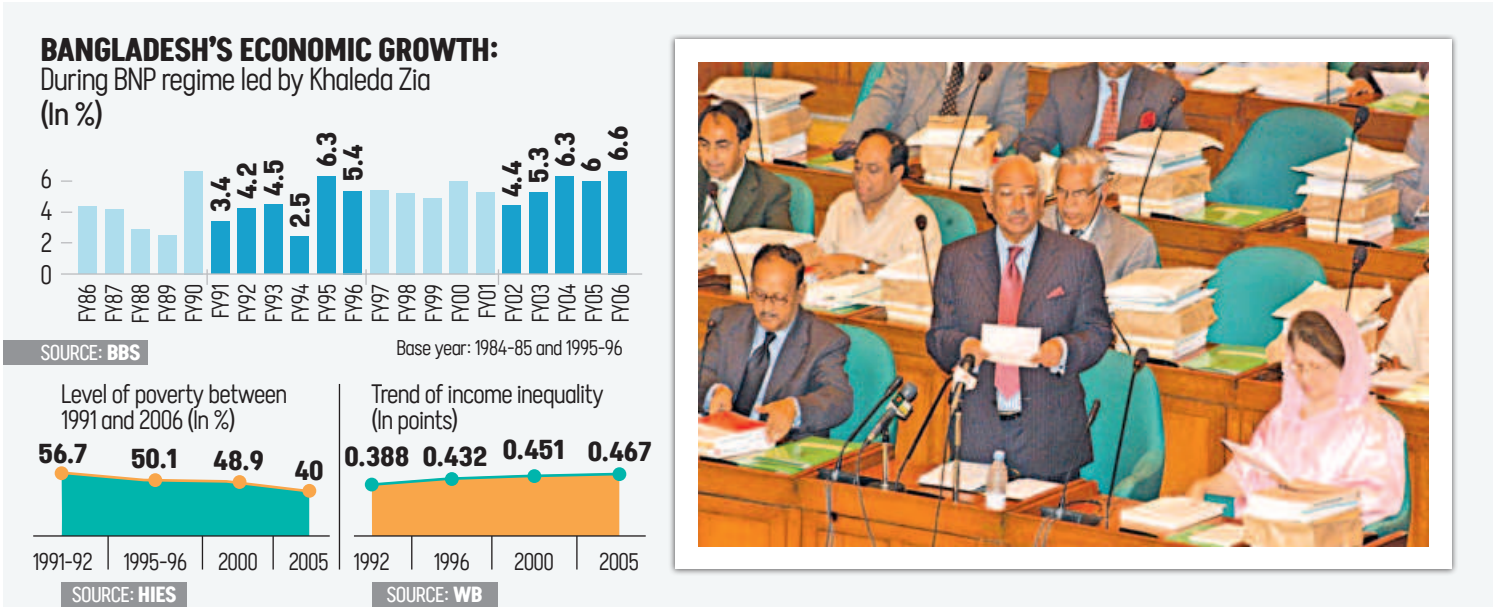


star BUSINESS



The economy Khaleda Zia trusted others to build



REJAUL KARIM BYRON and AHSAN HABIB

When Khaleda Zia took office in March 1991, there was little reason to expect that she would leave a lasting economic imprint on Bangladesh.

She entered politics late, and under extraordinary circumstances, moving from private life into the leadership of a fractured party after the assassination of her husband. She did not claim fluency in economics. She did not speak the language of policy models or macroeconomic theory.

Yet, more than three decades later and after her demise yesterday, economists say many of the changes that transformed the country's economy began during her years in power.

Her contribution was not technical expertise but judgment about placing the right people in the right positions, according to Zahid Hussain, former lead economist at the World Bank's Dhaka office.

Bangladesh, in the early 1990s, was emerging from years of centralised state control. Imports were rationed through quotas. Banking and industry were dominated by the state. Growth was slow, and investor confidence was fragile.

In her early tenures in office, Khaleda Zia allowed the economy to breathe. She listened and extended firm political support to those who knew what needed to be done.

As an example, Hussain said former finance minister Saifur Rahman received political backing from Khaleda Zia in rolling out the value-added tax (VAT) in 1991. Without her support, it would have been impossible to implement such sweeping changes at that time.

Over the years, VAT has now become the backbone of the country's revenue system.

Under her leadership, the import quota system was abolished. This allowed supply and demand to determine trade flows, while tariff barriers were cut not selectively, but across the board.

Private banks were allowed to open and do business under a regulatory framework that did not previously exist. Institutions

such as the Board of Investment and the Privatisation Commission were set up to reduce bureaucratic choke points.

Perhaps the most far-reaching decision came during her 2001-2006 tenure, when Bangladesh liberalised its exchange rate in 2003.

"That was a transformative reform," said former World Bank economist Hussain.

The move is widely appreciated for anchoring trade competitiveness and macroeconomic stability as the country became more connected to global markets.

She chose capable people, gave them room to work and, importantly, shielded them when reforms proved unpopular. Without her backing, the former World Bank economist said, it would have been difficult to push through reforms such as implementing the VAT.

The results were gradual but lasting. Average economic growth rose from below 4 percent in the late 1980s to above 5 percent in the following decade, according to the Bangladesh Bureau of Statistics (BBS).

Poverty also began to fall, from nearly 57 percent in the early 1990s to about 50 percent by the end of her first term. Growth accelerated further during her 2001-2006 tenure, even as income inequality widened.

Her imprint reached beyond macro policy. The former prime minister also contributed to social transformation.

During her first tenure, primary education was made mandatory for the first time.

Programmes such as food for education and stipends for girls increased school enrolment and reshaped the future workforce.

In agriculture, her government partnered with NGOs to deliver numerous services to farmers, spreading new seed varieties, fertilisers and irrigation methods at the grassroots.

Khaleda Zia also preserved what worked. Facilities such as bonded warehouses and back-to-back letters of credit (LCs), introduced earlier, were maintained, allowing the garment sector to deepen its links with global buyers.

Remittance channels to the Middle East

were expanded, boosting foreign exchange inflows and building reserves.

There were difficult decisions as well. Loss-making state enterprises, including Adamjee Jute Mill, were privatised amid resistance.

Telecom services and mobile phones entered the market, transforming connections for businesses and households.

The Bangladesh Bank was given greater operational independence, insulating economic decisions from day-to-day politics.

Professor Mustafizur Rahman, distinguished fellow of local think tank Centre for Policy Dialogue (CPD), said that when Khaleda Zia first took office, wealth and economic power were concentrated in very few hands after a decade of autocratic rule.

"The economy began to recover under her leadership," said Rahman, adding that many of the steps she took were "unpopular but necessary".

The Bangladesh Economic Association, a platform for professional economists in Bangladesh, described her as a key architect of Bangladesh's economic and social transformation.

The foundations of the economy were laid during her tenure through initiatives such as privatisation, energising the labour market, VAT introduction for national revenue mobilisation and deregulation, said the association.

Professor Mohammed Helal Uddin, member secretary of the Bangladesh Economic Association and executive vice chairman of the Microcredit Regulatory Authority (MRA), recalled her contributions to reforms and women's empowerment.

He said some reform initiatives were taken during military ruler Ershad's regime, but they were taken in the face of pressure from the International Monetary Fund (IMF) or the World Bank.

"But her government showed a true spirit and political commitment towards reform. Besides, when she took any step, she did everything she could to implement it firmly," he added.

Trade bodies mourn Khaleda Zia, pay tribute to her legacy

STAR BUSINESS REPORT

Leading trade and business bodies yesterday expressed deep condolences over the death of former prime minister Khaleda Zia, paying tribute to her political legacy and her role in shaping policies that supported private enterprise and economic growth.

She breathed her last yesterday while undergoing treatment at Evercare Hospital. She was 80.

In separate statements, business leaders described Khaleda Zia as a judicious political figure whose leadership left a lasting imprint on the country's democratic journey and economic landscape.

Mahbubur Rahman, president of International Chamber of Commerce-Bangladesh (ICCB), in a letter to Acting BNP Chairman Tarique Rahman, son of Khaleda Zia, said he was deeply shocked and grieved at the sad demise of his beloved mother, Khaleda Zia.

"With her departure, we have lost the visionary leader of our time, who led the country in re-establishing our lost democracy and rule of law, after the assassination of your illustrious father, President Ziaur Rahman," reads the letter.

"She remained an uncompromising leader and fought to ensure long-lasting democracy over the decades despite being tortured and harassed for years. She passed away at a time when Bangladesh is in dire need of a leader like her," it adds.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the country's apex trade body, said Bangladesh had lost a patriotic and principled leader who played a long and uncompromising role in the struggle to establish democracy and safeguard people's rights.

The FBCCI added that the business community stood by her at critical junctures and would remember her contributions with gratitude.

The Dhaka Chamber of Commerce and Industry (DCCI) also mourned her demise.

DCCI President Taskeen Ahmed, on behalf of the board of directors and members, expressed deep condolences.

The chamber recalled that she was the country's first female prime minister, and said her lifelong efforts to advance democratic governance and protect socio-economic rights would be remembered with respect.

The American Chamber of Commerce in Bangladesh (AmCham) expressed its deepest condolences, saying that her remarkable leadership marked a defining chapter in the country's modern history, breaking barriers and shaping the legacy of women's leadership in South Asia and beyond.

Export-oriented trade bodies also paid tribute. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) expressed condolences and requested factory owners to keep factories closed for one day today as a mark of respect.

The Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) termed Khaleda Zia a symbol of sovereignty and expressed deep grief over her passing.

Several capital market institutions joined in mourning her death. The DSE Brokers Association of Bangladesh (DBA) and the Dhaka Stock Exchange expressed condolences, with DBA President Saiful Islam describing her death as an irreparable loss for the nation and conveying sympathies to the bereaved family, colleagues and citizens.

Women-led and sector-specific organisations also paid tribute. The Bangladesh Women Chamber of Commerce and Industry (BWCCI) and the Bangladesh Jewellers Association (Bajus) expressed heartfelt condolences.

Meanwhile, highlighting her contribution to industrial development, the Bangladesh Association of Pharmaceuticals Industries (BAPI) said, "We gratefully acknowledge her special contribution to the development and growth of Bangladesh's pharmaceutical industry."

"It is particularly noteworthy that under her strong leadership and guidance in 1994, the pharmaceutical sector experienced significant expansion."

Her timely decisions helped make the country self-sufficient in medicine production and transformed the pharmaceutical industry into an export-oriented sector, BAPI said. "She worked with dedication for the country's economic prosperity and security. The people of Bangladesh will remember her contributions to state governance and public service," BAPI added.

Insurance surveyors banned from misusing client info

SUKANTA HALDER

Non-life insurance surveyors and loss assessors will no longer be allowed to use or disclose confidential information obtained through their professional work for personal gain or for the benefit of anyone other than the insurer or the insured, under Bangladesh's first-ever regulation governing the profession.

The new rules -- outlined in the Insurance Surveyor and Loss Assessor Duties, Responsibilities and Code of Conduct Regulations, 2025 -- came into effect on December 25, the day they were gazetted.

An official from the Insurance Development and Regulatory Authority (Idra), speaking on condition of anonymity, stated that the Insurance Act 2010 includes a provision addressing the code of conduct for the surveyors and loss assessors.

The main purpose of this regulation is to make the law more understandable and accessible, the official said, adding that many aspects of the law are not explicitly mentioned in the 2010 Act.

"There is often a lack of clear definitions for various technical terms used in insurance regulations. This can create confusion for both insurance companies and policyholders," the official added.

By providing detailed explanations and definitions, the regulation aims to help stakeholders interpret the law correctly and reduce disputes arising from

misinterpretation.

Another Idra official said the regulations were introduced largely because the quality of local surveyors falls short of international standards. "There is a significant gap, and the goal is to bring their work under a unified framework," he said.

Insurance surveyors and loss assessors play a crucial role in non-life insurance, which covers areas such as fire, marine, motor and property insurance.

When a policyholder files a claim after an accident or damage, the surveyor is appointed to inspect the loss, verify what happened and assess how much damage has occurred. Their report largely determines whether a claim is accepted and how much compensation is paid.

WHAT THE REGULATIONS SAY

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When a policyholder files a claim after an accident or damage, the surveyor is appointed to inspect the loss, verify what happened and assess how much damage has occurred. Their report largely determines whether a claim is accepted and how much compensation is paid.

According to the regulations, surveyors must carry out investigations, measurements and verification with due diligence and within a reasonable time to determine the loss to any insured subject.



Shahed Rahmani, former chairman of Bank Asia's shariah supervisory committee, inaugurates the new Islamic banking windows at Bank Asia Tower in Karwan Bazar, Dhaka recently. Arequl Arefeen, deputy managing director of Bank Asia PLC, was present.

PHOTO: BANK ASIA

Bank Asia launches 10 Islamic banking windows

STAR BUSINESS DESK

Bank Asia PLC has launched 10 Islamic banking windows simultaneously across the country on the occasion of the 17th anniversary of its Islamic banking services.

Arequl Arefeen, deputy managing director of Bank Asia PLC, inaugurated the windows at Bank Asia Tower in Karwan Bazar, Dhaka, according to a press release. Shahed Rahmani, former

chairman of the bank's shariah supervisory committee; Shah Mohammad Wali Ullah, former member secretary; and Mohammad Mofazzal Hussain Khan and Mawlana Muhammad Ismail Hussain, faqih members, attended the programme as guests.

Bank Asia launched its Islamic banking services on December 24, 2008. With strong emphasis on shariah compliance, Bank Asia Islamic Banking has been providing

comprehensive banking services to customers across all segments, including deposit mobilisation and shariah-based investment activities.

Heads of the Islamic banking windows, branch managers, and officials from different branches joined the programme virtually.

Head of Islamic banking and other department heads of the bank, along with other deputy managing directors and guests, were also present.

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To Know More

Banks, factories to remain closed today

STAR BUSINESS REPORT

Banks will remain closed today after the interim government declared a public holiday as part of a three-day national mourning following the death of former prime minister Khaleda Zia.

Non-bank financial institutions will also remain closed, according to circulars issued by the Bangladesh Bank yesterday.

Garment and knitwear factories—the country's main export earners—will remain shut today, as per notices from the BGMEA and the BKMEA

As there will be no regular banking activities, trading at the country's stock exchanges will also remain suspended.

Meanwhile, garment and knitwear factories—the country's main export earners—will remain shut today, as per notices from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

The BGMEA has requested factory owners to keep their units closed for the day as a mark of respect.

The BKMEA has also urged its members to observe a general holiday to honour the demise of the country's three-time prime minister, Khaleda Zia.