

star BUSINESS



Govt to arrange Tk 600cr to clear Beximco workers' dues

STAR BUSINESS REPORT

The government will arrange Tk 600 crore to pay the arrears and service benefits to laid-off workers across 16 textile and garment units of the Beximco Group, according to a top official.

This decision comes as the previous plan to clear the worker payments by selling Beximco shares is "not possible within a short time," said AHM Shafiquzzaman, secretary to the Ministry of Labour and Employment.

According to the previous timeline, the government was supposed to make a final decision on paying the arrears and service benefits to the 27,000 laid off workers of Beximco Group by today.

However, the deadline has now been extended to February 26, Shafiquzzaman said.

"The sale of the shares of Beximco Group is complex, and it might not be possible to complete within this short time," the labour secretary told The Daily Star.

He added that the laid-off workers should be paid within a timeframe as per the labour law. Therefore, the government will arrange the funds to pay the workers.

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SOHEL PARVEZ

Bangladesh's imports have returned to positive territory after two years of decline, driven by higher demand for consumer goods and industrial raw materials to meet the needs of rising exports -- a trend an economist views as a sign of an economic turnaround.

Imports grew by 3.53 percent year-on-year to \$32 billion in the first half of fiscal year (FY) 2024-25, rebounding from a 20 percent drop during the same period the previous year.

This growth was largely supported by a 30 percent year-on-year surge in imports in December 2024.

"Our exports and remittance inflows have improved. This has helped imports recover," said Ahmed Shaheen, additional managing director of Eastern Bank.

Bangladesh's imports fell in FY23 as the country faced a foreign exchange crisis caused by soaring import bills due to rising global prices following the outbreak of the Russia-Ukraine war in February 2022.

With fast-depleting forex reserves and a shortage of US dollars, the decline continued for a second consecutive year in FY24, which weakened the local currency significantly.

In the face of depleting reserves, the Bangladesh Bank imposed restrictions on imports of non-essential items. Banks also became reluctant to open letters of credit (LCs) for imports.

Central bank data showed that imports turned positive in August 2024 and this growth continued until October. After a dip



98% of RMG workers shun universal pension: study



HBM Iqbal resigns as Premier Bank chairman

STAR BUSINESS REPORT

After leading Premier Bank as chairman for 26 years, HBM Iqbal stepped down in January this year from the role at the private commercial bank he co-founded in 1999.

Iqbal, a former Awami League lawmaker, and his son Moin Iqbal, vice-chairman of the bank, submitted their resignations on January 12 this year, which the bank's board approved in a meeting held two days later.

Mohammad Imran Iqbal, another son of HBM Iqbal and a director of the bank, has been appointed as the new chairman, ensuring the continuation of the family's influence over the institution.

A senior Bangladesh Bank official, seeking anonymity, confirmed to The Daily Star the information regarding the resignations and the appointment of the new chairman.

Additionally, other nominated and preferred directors linked to the Iqbal family have remained in key positions within the bank.

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Most garment workers did not participate in the universal pension scheme due to a lack of financial capacity and awareness.

PHOTO: STAR/FILE

STAR BUSINESS REPORT

Some 98.7 percent of garment workers did not participate in a state-sponsored universal pension scheme (UPS) due to a lack of financial capacity and awareness, according to a study.

Another reason was that workers were not familiar with the process of digitally applying for the UPS, it said.

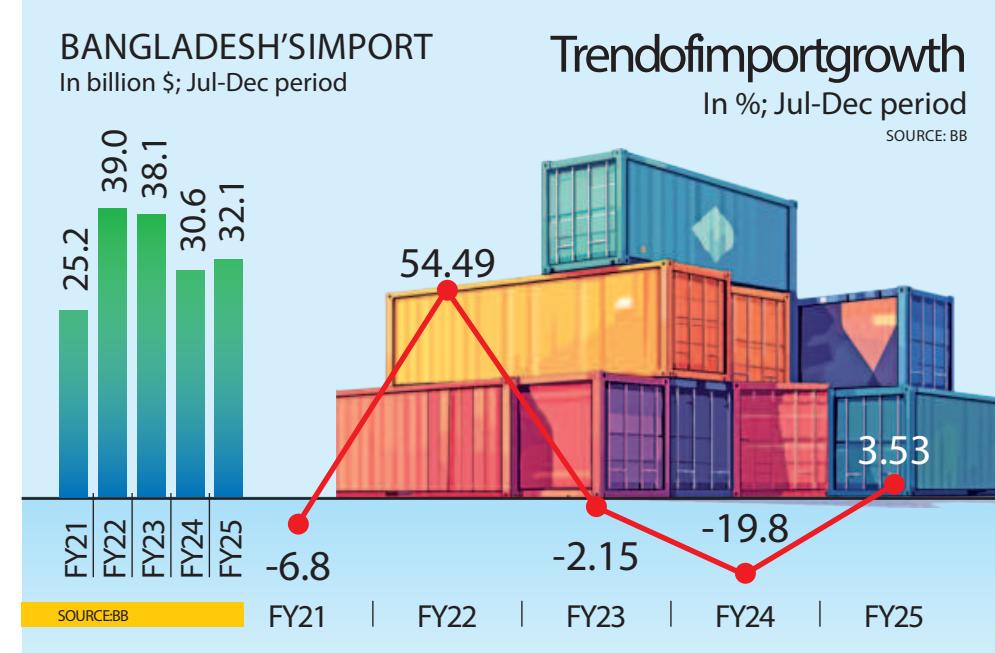
The study is based on a survey conducted on 200 garment workers in the capital's Jatrabari, Demra, Motijheel, Sutrapur, Lalbagh, Gulshan, Badda, Sabujbagh, Mirpur, Pallabi, and Mohammadpur areas.

The Netherlands-based Mondial FNV conducted the study on "Universal pension scheme: exploration of potential scopes for RMG workers' social protection in Bangladesh."

Md. Manirul Islam, deputy director

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Imports rebound on rising exports, remittances



in November, imports surged in December.

"Banks have loosened their grip on opening LCs in FY25 as remittances and exports grew," Shaheen said, adding that the import of industrial raw materials for export-oriented industries drove overall import growth.

"It is positive, as data shows," the banker said. "It appears that our international business has improved."

However, several domestic market-oriented industries have slowed, he added.

Central bank data showed that both the opening and settlement of LCs for importing industrial raw materials increased in the first six months of FY25. This growth continued into January.

"I think the growth will continue because of rising exports and the shifting of some work orders from China to Bangladesh," the banker said, referring to the US-China tariff war.

Bangladesh recorded a nearly 12 percent year-on-year increase in exports during the July-January period of FY25.

However, Ashraf Ahmed, former president of the Dhaka Chamber of Commerce and Industry, said LC openings, in terms of the dollar value of imports, rose slightly as the country imported more food grains and other consumables in preparation for Ramadan, which will begin in March.

"This is a combination of higher prices and possibly volume," Ahmed said.

"Ramadan will come early this year so we needed to complete imports by the December-January months compared to the January-February period last year," he added.

"The import of capital machinery, however, is showing an alarming drop," the trade leader said, citing a 33 percent decline in LC openings during the July-January period of the current fiscal year.

Ahmed, who is also the chief executive officer of Riverstone Capital Ltd, said the real problem of sluggish investment is still dragging on.

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SKYLOUNGE

16230

Raising interest rate alone can't reduce inflation Says an economist

STAR BUSINESS REPORT

A noted economist said raising interest rates alone may not be effective in reducing inflationary pressures, instead prescribing alternative steps such as increasing the supply of goods to combat rising prices.

Effectively addressing inflation requires a multifaceted approach that considers its diverse and complex causes, said Rizwanul Islam, a former special adviser for the employment sector at the International Labour Organization's office in Geneva.

"While raising interest rates has become a global trend, monetary policy alone is not enough to control inflation," he added.

"A more effective strategy, involving a thorough assessment of the economic landscape, combining supply-side interventions, supply chain management, and measures to reduce demand, is needed."

Islam was speaking at the launch of his book, titled "Development and Globalization: Global and Bangladesh Perspective" and published by Baatighar, at the Policy Research Institute (PRI) office in the capital yesterday.

If the government continually raises interest rates, investment will be reduced, production may fall, and unemployment may rise, Islam cautioned.

Speaking at the event, Finance Adviser Salehuddin Ahmed said the government is trying to reduce inflation not only by raising interest rates but also by addressing supply-side issues.

A political government can do better in reducing extortion and easing supply-side problems if it wants, as they have that power, the finance adviser said. However, the interim government has no people who can work for the government to address the problems plaguing the market.

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ROBI'S PROFIT IN FIVE YEARS

Incroretaka; SOURCE: ANNUAL REPORTS



Robi sees record profit surge in 2024

Announces cash dividend amounting to Tk 785cr

STAR BUSINESS REPORT

Robi Axiatra Ltd posted a record profit of Tk 703 crore in 2024, marking the fifth consecutive year of growth in earnings by the second-largest mobile phone operator in Bangladesh.

Robi recorded a 119 percent year-on-year spike in profit, despite reporting a significant decline in revenue growth.

Banking on the profit, the mobile phone operator, majority-owned by Malaysia-based Asian telecom giant Axiatra Group Berhad, announced a cash dividend of 15 percent (Tk 1.50 per share), amounting to Tk 785 crore.

Robi will cover the remaining amount from its cash reserves, said its officials.

The operator logged Tk 155 crore in profit in the financial year 2020, marking 4.5 times growth in five years to 2024.

According to the company, this was achieved through improved operational efficiency during a year that was marked by economic instability, high inflation, and a prolonged mobile internet shutdown during the mass uprising against the Awami League government in July.

Robi closed the year with a revenue of Tk 9,950 crore, reflecting a modest 0.1 percent year-on-year increase. Its revenue had grown 15.79 percent in 2023.

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Savings Accounts with great benefits for Students; Student File Service for higher studies abroad

Loan/Investment facility for Parents to provide financial support

ACI launches fortified flour enriched with 10 vitamins, minerals

STAR BUSINESS DESK

ACI Pure Flour Limited launched a new product of fortified flour named "ACI Pure Power Flour" at the Shwapno outlet in the capital's Gulshan-1 to meet the nutritional deficiencies in the daily diet of people.

Enriched with 10 essential vitamins and minerals, including folic acid, zinc, calcium, iron, vitamin A, vitamin B1, vitamin B2, vitamin B3, vitamin B6, and vitamin B12, this fortified flour will make daily meals more nutritious and healthy, according to a press release.

Commenting on the new product, Faria Yasmin, chief business officer of ACI Foods & Commodity Brands, said, "ACI Foods & Commodity Brands has always focused on quality and innovation."

"We hope that ACI Pure Fortified Atta will ensure nutrition and health in every

family of Bangladesh," she added.

The absence of various vitamins and minerals in the diet, especially zinc, iodine, vitamin A, and folic acid, is a big challenge for human nutritional needs, physical and mental growth, and development, the press release said.

Fortified flour not only addresses these challenges but also boosts immunity, increases body strength, helps improve mental development and eyesight, keeps the heart healthy, and increases red blood cells.

"Shwapno is always committed to providing healthy products to consumers. ACI Pure Fortified Atta will further strengthen that goal," said Sohel Tanvir Khan, business director of ACI Logistics.

"We will reach every consumer's doorstep by ensuring the presence of ACI Pure Fortified Atta at every outlet," said Abu Naser, director (operations).



Faria Yasmin, chief business officer of ACI Foods & Commodity Brands, Abu Naser, director (operations) of ACI Logistics, and Sabbir Hasan Nasir, managing director of Shwapno, attend the launch of the fortified flour named "ACI Pure Power Flour" at the Shwapno outlet in the capital's Gulshan-1 on Sunday.

PHOTO: ACI LIMITED

Commercial Bank of Ceylon holds annual staff conference

STAR BUSINESS DESK

The Commercial Bank of Ceylon (CBC) PLC Bangladesh operations recently held an "Annual Staff Conference" at the Radisson Blu Water Garden Hotel in Dhaka.

The event brought together the management team and all staff of the Bangladesh operations of the bank.

Sanath Manatunge, visiting global

managing director of the bank, and Najith Meewanage, chief executive officer of Bangladesh operations, attended the event, according to a press release.

During the event, they revealed the theme for the year, "Transforming the Horizon," while discussing the strategic priorities of the Bangladesh operations of the bank.

Other senior officials of the bank were also present.



Abdul Aziz (Zumma), additional managing director of EXIM Bank, poses for photographs with participants of the "Special Business Development Meeting" for the Cumilla region of the bank at the Bangladesh Academy for Rural Development (BARD) in Cumilla recently.

PHOTO: EXIM BANK

First Security Islami Bank holds business review meeting

STAR BUSINESS DESK

First Security Islami Bank PLC recently organised a "Business Review Meeting-2025" for officers of the Cumilla zone at a hotel in Feni.

Managers and operation managers of 21 branches, in charge of 19 sub-branches and general banking and investment of the Cumilla zone, along with other officials, participated in the meeting. Abu Reza Md Yeahia, managing director (current charge) of the bank, attended the meeting as the chief guest, said a press release.

Md Sirajul Islam, deputy managing director of the bank, Mizanur Rahman, head of the investment monitoring and recovery division, Md Abdus Salam, head of the general services division, Nazim Anwar, head of the public affairs and brand communication division, Shamsul Karim Mazumder, head for the Cumilla zone, and Md Khairul Hasan, assistant vice-president and head of the marketing and business development division, were also present.



Abu Reza Md Yeahia, managing director (current charge) of First Security Islami Bank, attends the "Business Review Meeting-2025" for officers of the Cumilla zone at a hotel in Feni recently.

PHOTO: FIRST SECURITY ISLAMI BANK

98% of RMG

FROM PAGE B1

The study also found that 64.7 percent of garment workers do not have the capacity to pay the monthly premium, and 75.3 percent are not aware of the UPS.

Some 61.3 percent of workers are not interested in participating in the UPS as they believe their jobs are not secure, the study also said.

Other reasons for non-participation in the UPS include job losses, factory lay-offs, industrial injuries, deaths, occupational illnesses, fires, and boiler explosions.

The study suggested that the UPS could establish the principle that RMG workers who have served the industry for a fixed term or contributed for a minimum of five years should be entitled to free medical services at government hospitals.

Educating and raising awareness among workers about the UPS and its operating system was also recommended.

Some of the study's major recommendations include lowering the premium amount, such as that of the Surakha

scheme, making institutional participation mandatory, and ensuring employer contributions, all of which were suggested by almost every stakeholder.

Around 30 percent of respondents suggested that the government provide some form of subsidy.

Allowing withdrawals and loan facilities during income shocks, temporarily suspending contributions in times of crisis, and enabling job changes with the same pension ID were also recommended.

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and consumers remained cautious about taking on more debt amid an uncertain economic outlook.

People were still seen pushing to pack into trains in India's capital city on Sunday. The economy grew 5 percent in 2024, meeting the government's official target, but the post-pandemic recovery has been patchy, with exports and manufacturing making up for weak domestic consumption.

Household loans, including mortgages, rose to 443.8 billion yuan in January from 350 billion yuan in December, while corporate loans jumped to 4.78 trillion yuan from 490 billion yuan, central bank data showed.

New bank lending totalled 18.09 trillion yuan last year, down from a record 22.75 trillion yuan in 2023 and hitting the lowest level since 2019, as businesses

Phoenix Finance & Investments gets new MD

STAR BUSINESS DESK



Md Mamunur Rashid Molla has been appointed as the managing director (MD) of the Phoenix Finance & Investments Limited.

Prior to this new role, Rashid Molla was serving as the managing director and CEO of CVC Finance Limited, said a press release. He started his career at Prime

Bank PLC in 1995.

He was the deputy managing director at South Bengal Agricultural and Commerce Bank.

Molla previously worked for Premier Bank PLC, Shahjalal Islami Bank PLC, Mutual Trust Bank PLC, and National Bank PLC.

EXIM Bank arranges special business development meeting

STAR BUSINESS DESK

EXIM Bank PLC recently arranged a "Special Business Development Meeting" for the Cumilla region at the Bangladesh Academy for Rural Development (BARD) in Cumilla.

Abdul Aziz (Zumma), additional managing director of EXIM Bank, attended the programme as the chief guest, according to a press release.

In his speech, Aziz advised everyone to make a plan according to the current situation and follow it.

He also urged the branch managers to emphasise small entrepreneurs and provided clear directions to take EXIM Bank to the desired target for the year 2025.

Sanath Manatunge, visiting global managing director of the Commercial Bank of Ceylon, and Najith Meewanage, chief executive officer of Bangladesh operations, pose for photographs after the "Annual Staff Conference" at the Radisson Blu Water Garden Hotel in Dhaka recently.

PHOTO: COMMERCIAL BANK OF CEYLON

পাওয়ার প্রিং বাংলাদেশ প্রেসলাইন POWER GRID BANGLADESH PLC (An Enterprise of Bangladesh Power Development Board)					
Annual Staff Conference 2025		COMMERCIAL BANK			
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স্মারক নং: ২১,২১,০০০০,৮৮০,০৯,০০৭,২৫৪২			তারিখ: ১৬/০২/২০২৫		
e-Tender বিজ্ঞপ্তি					
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অগ্রহী টিকাদারী প্রতিষ্ঠানকে www.eprocure.gov.bd সাইটের সাথেথে দরপত্রে অংশগ্রহণের অনুরোধ করা যাচ্ছে।					
মাহমুদুন নবী নাইম নির্মাণ প্রক্রিয়া (অঃ-বা), প্রিং বিজ্ঞপ্তি, সিলেট					
ID	Reference		Title of Works		
1075777	27.21.0000.449, 07.007.25.175; Date: 13/02/2025		Cleaning work of (yearly Basis) grass, bush Jungle, drain, safety tank and control room at Fenchuganj, Sylhet, Chhatak and Sunamganj Grid sub-station under GMD, Power Grid, Sylhet.		
1076495	27.21.0000.449, 07.007.25.179; Date: 16/02/2025		Purchase of new IP Camera system & equipment and Replacement of old IP camera of Fenchuganj grid substation under GMD, Power Grid, Sylhet.		
অগ্রহী টিকাদারী প্রতিষ্ঠানকে www.eprocure.gov.bd সাইটের সাথেথে দরপত্রে অংশগ্রহণের অনুরোধ করা যাচ্ছে।					
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বাংলাদেশ মুক্তিযোদ্ধা কল্যাণ ট্রাস্ট	
বাণিজ্য ও উন্নয়ন শাখা	
সাধীনতা ভবন, ৮৮ মতিবাল বাণিজ্যিক এলাকা, ঢাকা-১০০০।	
www.bffwt.gov.bd	
লিজ প্রদানের বিজ্ঞপ্তি	
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Govt to sell meat, milk and eggs during Ramadan

STAR BUSINESS REPORT

The Ministry of Fisheries and Livestock (MoFL) will sell animal proteins, including meat and milk, in Dhaka during the Ramadan, which will start in around two weeks.

With support from poultry and dairy producers, the ministry will also supply eggs and beef from the first day of the month of fasting to help stabilise prices, according to a press release.

These items will be sold through mobile trucks at 25 locations in Dhaka, Fisheries and Livestock Adviser Farida Akhter said at a press briefing at the ministry yesterday.

She added that all relevant ministries are working to ensure supply in their respective sectors to keep the prices of essential commodities under control during Ramadan.

The Bangladesh Poultry Industries Central Council, the Bangladesh Dairy and Fattening Farmers Association, and other stakeholders, including dairy processing companies and marginal farmers, will provide overall support.

Consumers will be able to purchase dressed broiler meat at Tk 250 per kg, pasteurised milk at Tk 80 per litre, and eggs at Tk 114 per dozen. Besides, beef will be available at Tk 650 per kg. These prices are lower than the current market rates in Dhaka.

Each day during Ramadan, nearly 60,000 eggs, 6,000 litres of milk, and 2,000-2,500 kg of broiler meat will be sold through the mobile trucks, according to the ministry statement.

The ministry is also taking steps to expand the initiative to all divisional, district, and upazila levels in coordination with local farmers, the press release added.

Robi sees record profit surge

FROM PAGE B1

In 2024, voice revenue grew 0.7 percent while data revenue increased 2.2 percent year-on-year.

Quarterly performance comparisons showed mixed results. On a year-on-year basis, voice revenue grew 1.7 percent in the fourth quarter of FY24 while data revenue saw a sharp decline of 13.9 percent, largely due to intense market pressure to reduce data prices and the knock-on effects of high inflation, the company said in a statement.

The rise in SIM tax from Tk 200 to Tk 300 in 2024 posed additional challenges for subscriber acquisition, further compounded by aggressive market strategies from competitors.

As a result, Robi's subscriber base declined by approximately two million, ending the year with 56.7 million active subscribers.

Internet subscribers fell by 2.1 million to 42.6 million, although the company added more than 500,000 new 4G users in 2024, meaning 4G

users accounted for 63.9 percent of active subscribers.

Robi maintained over 18,000 4G sites, ensuring 4G network coverage for 98.96 percent of the population.

Robi's capital expenditure reached Tk 1,638.4 crore in 2024, including Tk 446.1 crore in the fourth quarter.

The company contributed a total of Tk 6,287.3 crore to the government exchequer for the year, representing 63.2 percent of its annual revenue. In the fourth quarter alone, 70 percent of its revenue was paid to the government.

The company made Tk 299.9 crore in the fourth quarter of 2024.

Its annual earnings per share (EPS) for the year stood at Tk 1.34.

Commenting on the company's performance, acting CEO M Riyaz Rasheed stated: "Our primary focus remains on delivering long term value to our shareholders and ensuring sustainable growth. While we continue to navigate a dynamic market, our commitment to

operational efficiency and investment in digital infrastructure positions us well for the future. It is essential that regulatory and taxation policies support a balanced and competitive telecom sector to allow operators like Robi to thrive."

Rasheed also welcomed recent regulatory reforms aimed at streamlining the telecom sector, emphasising the need for swift implementation to maximise benefits for consumers, but expressed concern over the increased supplementary duty from 15 percent to 20 percent and the higher SIM tax, noting that these measures could hinder Bangladesh's progress in digital adoption and the qualitative use of digital services.

Shahed Alam, chief corporate and regulatory officer at Robi, said: "The year 2024 has been a significant one for Robi, achieving substantial year-over-year profit growth despite a challenging macroeconomic environment. READ FULL STORY ONLINE

and development strategy.

Addressing the middle-income trap, he said Bangladesh needs more than mere financial investment. "It needs substantial enhancements in technological capacity, labour productivity, and institutional efficiency."

Development strategies must now be approached from a new perspective, where economic growth serves as the means to an end, with the ultimate objective being the improvement of living standards, he added.

Zaidi Sattar, Chairman of the PRI, said inflation is the result of a combination of demand pull and cost push elements. "The scope and chance for downward adjustment

of tariffs to reduce inflation has, unfortunately, come and gone."

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, said Islam's book gave more importance to vulnerability than poverty, a concept that has proved very important during the Covid-19 pandemic and especially in times of high inflation.

Kamran T Rahman, president of the Metropolitan Chamber of Commerce and Industry, Prof MM Akash, a former chairman of the economics department at the University of Dhaka, and Rushidan Islam Rahman, a former research director of the Bangladesh Institute of Development Studies, also spoke at the event.

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Japan growth slowed in 2024 despite stronger Q4

AFP, Tokyo

Japan's economic growth slowed sharply last year, official data showed Monday, although the rate for the fourth quarter topped expectations.

The figures come as Japanese companies fret over the impact of US President Donald Trump's protectionist trade policies, including import tariffs, on the world's fourth largest economy.

Gross domestic product expanded 0.1 percent in 2024, well down from 1.5 percent the year before, the data showed. But the figures for October-December were brighter.

Quarter-on-quarter growth accelerated to 0.7 percent, from 0.4 percent in July-September, when a "megquake" alert and one of the fiercest typhoons in decades damped activity.

The fourth quarter figure was also more than double market expectations of 0.3 percent growth.

"On the surface, Japanese GDP growth in

Gross domestic product expanded 0.1 percent in 2024, well down from 1.5 percent the year before

the final stretch of 2024 looks like a turning point," said Stefan Angrick of Moody's Analytics.

"But don't break out the champagne just yet. Japan's preliminary GDP figures are notoriously choppy, and sizeable revisions are common," he warned.

"The upbeat headline figure masks a domestic economy still stuck in the mud. Consumption is weak as pay gains have trailed inflation for the better part of three years," Angrick said.

"And given the worsening outlook for global trade, Japan won't be able to count on exports to pick up the slack in 2025."

Trump said last week that he planned to unveil tariffs on imported cars from around April 2, adding to a cascade of levies he has threatened since taking office.

Ahead of the latest GDP data, the Daiwa Institute of Research said "various growth factors are seen, including normalisation of production for motor vehicles".

"A strong appetite for capex spending on the part of corporations, and a comeback for inbound consumption" were also positive factors, the institute said in a report.

China bank lending hits record high in January

REUTERS, Beijing

New bank loans in China surged more than expected to a record high in January as the central bank moved to shore up a patchy economic recovery, reinforcing expectations for more stimulus in coming months as US tariffs threaten to pile more pressure on the economy.

Chinese banks extended 5.13 trillion yuan (\$706.40 billion) in new yuan loans in January, more than quadrupling the December figure, data from the People's Bank of China showed on Friday, beating analysts' forecasts.

Analysts polled by Reuters had predicted new yuan loans would rise to 4.5 trillion yuan last month, up sharply from 990 billion yuan in December and compared with 4.92 trillion yuan a year earlier - the previous record.

Chinese banks usually rush to lend at the beginning of the year as they compete for higher quality customers and win market share, but analysts cautioned that lingering economic uncertainty continues to weigh on credit demand.

"While the headline figures for new local currency loans hit a record high in January, that's only due to the usual season pattern. Net lending is always the strongest in the start of the year," Capital Economics said in a note.

"Bank loan growth continued to slide to record lows, but this was offset by a pick-up in non-bank credit growth. Robust government bond issuance should continue supporting credit growth in the coming quarters, but weak private demand will likely keep credit growth subdued."

ANNUAL OVERVIEW

Domestic demand
200-250 million pairs

Local production
378 million pairs

INDUSTRY STRUCTURE

Total footwear units:
2,500

Non-leather footwear factories:
15

GROWTH DRIVERS

- ④ Tax incentives
- ④ Duty exemptions
- ④ Export benefits
- ④ Bonded warehouse support



TOP EXPORT DESTINATIONS

Australia,
Belgium,
Brazil,
Canada & China



Footwear sector offers lucrative investment opportunities: Bida

Sustaining growth and enhancing competitiveness are key challenges

JAGARAN CHAKMA

Bangladesh's footwear sector is at a turning point, offering lucrative investment opportunities in both the leather and non-leather segments. However, challenges in sustaining growth and enhancing competitiveness remain, the Bangladesh Investment Development Authority (Bida) highlighted in a newsletter released yesterday.

"We see huge potential in this sector. If sufficient facilities are provided, the industry will take off and become a major export earner," said Shah Mohammad Mahboob, an executive member of Bida.

He added that they were working to negotiate with the National Board of Revenue to provide the necessary facilities to attract investment in this sector.

According to Bida, the rise of non-leather footwear—driven by changing consumer preferences and environmental concerns—is opening new investment opportunities, even outpacing the leather footwear sector in terms of growth over the past decade.

Referring to data from the Export Promotion Bureau (EPB), Bida said non-leather footwear exports grew by 120 percent over the last decade, far exceeding the 6 percent growth rate of leather footwear during the same period.

In the first seven months of FY25, non-leather footwear exports rose by 40.11 percent year-on-year to \$318.09 million and are expected to exceed half a billion dollars by the end of the fiscal year.

However, while Bangladesh is the eighth-

largest footwear producer in the world, leather goods and footwear remain the dominant force, generating \$1.6 billion in exports last fiscal year.

Riad Mahmud, managing director of Shoeniverse Footwear Ltd, a concern of the National Polymer Group, said this offers great potential.

"If any corporate entity makes a major investment in the non-leather footwear sector, it will be a profitable venture," he said.

"We see huge potential in this sector. If sufficient facilities are provided, the industry will take off and become a major export earner," said Shah Mohammad Mahboob, an executive member of Bida

According to him, Bangladesh has only 15 compliant non-leather shoe factories, which require a capital investment of around Tk 35 crore to set up—posing a barrier to market entry.

Bida also pointed out that many tanneries and footwear factories struggle to meet global environmental and labour standards.

Mahmud further highlighted a shortage of skilled workers and complexities in customs procedures during the import of raw materials and shipment of products.

Hasanuzzaman Hassan, chairman of BLING Leather Products Ltd, a non-leather shoe factory based in rural Rangpur, said he now exports to Poland, Turkey, the United

Arab Emirates, Germany, India, and Canada.

His company started shoe production in 2020, initially producing 300 pairs per day.

In 2021, the firm entered the global market.

He envisions a promising future for synthetic footwear, stating that his company earned Tk 320 crore from synthetic shoe exports last fiscal year.

However, despite its strong performance, Bangladesh's footwear industry faces several challenges that must be addressed, Bida highlighted.

The lack of a domestic supply chain for synthetic materials increases production costs and lead times, affecting global competitiveness. Meanwhile, inefficiencies in customs clearance, inadequate port facilities, and shipment delays create difficulties for exporters.

The industry also requires specialised labour, but a lack of training programmes is hampering efficiency.

Furthermore, small and medium enterprises (SMEs), which make up a large portion of the industry, struggle with high interest rates, strict loan conditions, and limited access to financial support—posing major challenges to the growth of small-scale factories.

To sustain growth and remain competitive, the focus must be on policy reforms and investment, Bida recommended.

It suggested developing a bonded warehouse system to reduce dependence on imported raw materials and improving logistics and customs processes to enhance export efficiency.

MONETARY POLICY

Finding stability amid uncertainty

M SHAHRIAR AZAD BHUIYAN

The Bangladesh Bank's recently announced monetary policy statement (MPS) for the second half of FY25 continues its contractionary stance, aimed at curbing inflation while cautiously supporting economic recovery. However, this policy shift has substantial implications for Bangladesh's capital market, influencing investor sentiment, stock valuations, and liquidity.

The central bank aims to curb inflation and stabilise the foreign exchange market while tackling non-performing loans (NPLs). This MPS adopts a pragmatic approach, setting realistic targets and prioritising stability amid global and domestic uncertainties.

The Bangladesh Bank has kept the policy rate unchanged at 10 percent. The Standing Lending Facility (SLF) and Standing Deposit Facility (SDF) rates are also unchanged at 11.5 percent and 8.5 percent, respectively. The inflation target remains within 7-8 percent.

The stock market reacts sensitively to monetary policy changes, particularly interest rate decisions. Higher interest rates make fixed-income instruments, such as government securities and corporate bonds, more appealing compared to stocks. This could reduce demand for equities, increasing market volatility.

Private sector credit growth is projected to remain at a modest 9.8 percent. This cautious approach to credit expansion may hinder the growth of businesses reliant on bank loans. If companies face liquidity constraints, investor confidence may decline, thereby impacting stock prices.

On the other hand, the bond market stands to benefit from current monetary conditions. Higher interest rates make bonds more attractive to risk-averse investors seeking stable returns. Increased bond issuance and trading activity could strengthen the fixed-income market as an alternative to equities.

The Bangladesh Bank's move toward a more flexible exchange rate under the crawling peg system aims to enhance currency stability. A stable exchange rate reduces currency risks and enhances the attractiveness of Bangladeshi financial assets to foreign investors. The MPS anticipates that prudent exchange rate management will boost export growth and remittance inflows.

The central bank's tightening measures have constrained money supply growth, with broad money increasing by only 7.6 percent year-on-year as of December 2024, falling short of the projected 8.2 percent. The resulting liquidity crunch could dampen stock market activity as investors may hesitate to engage in riskier assets.

Before recent political transitions and economic reforms, daily stock market turnover averaged more than Tk 500 crore. However, in the last six months under the interim government, turnover has declined to a range of Tk 350-400 crore. This downturn highlights declining investor confidence and underscores the need for policy interventions.

While the Bangladesh Bank's contractionary stance aims at macroeconomic stabilisation, a more balanced approach could support capital market growth without jeopardising inflation control. A phased reduction in interest rates in the coming quarters could stimulate economic activity while keeping inflation within a manageable range. Strengthening the bond market through increased corporate bond issuance and enhanced investor education on fixed-income securities would provide viable investment alternatives and expand market participation.

Additionally, improving market liquidity by ensuring better access to financing mechanisms for businesses and investors can help stabilise trading volumes and sustain market confidence.

Furthermore, improving banking sector governance, as emphasised in the MPS, is essential. Key reforms to address asset quality reviews, NPLs, and governance issues could indirectly benefit capital market stability by ensuring a healthier financial ecosystem.

Lastly, the Bangladesh Bank's monetary policy for the second half of FY25 is a double-edged sword for the capital market. While necessary for inflation control and financial stability, its restrictive nature may slow stock market growth and corporate expansion. Developing alternative investment avenues, such as a stronger bond market and diversified financial instruments, could mitigate the adverse effects of a high interest rate environment.

The author is a capital market analyst

Online shopping giants bet on AI to curb clothes returns

image of the customer's body fed into its AI model, trained for a year on thousands of photos, Tournant explained.

Within seconds that model is then matched up with the garment's dimensions provided by the brand to tell

shoppers whether a jumper "falls perfectly on the shoulder" or if there are "doubts at the level of the hips" for a pair of trousers.

Tournant said her firm has some 20 clients, including upmarket womenswear label Maje, which she claimed has seen a

dramatic drop in returns.

Similarly tempted by AI's promise, Zalando acquired Swiss start-up Fision in 2020, one of a raft of companies working in the size prediction niche.

Since July 2023 the German

heavyweight retailer has adopted its own AI-driven sizing tool where customers help avoid returns "by taking two photos of themselves with their phone while wearing tight-fitting clothes", Zalando told AFP.

Besides sizing, e-commerce firms are also counting on AI to help avoid returns caused by shipping errors and automate their stock counts.

At ID Logistics, which operates in 18 countries, the order pickers' trolleys are equipped with a smart camera to check that the colour or size of the product retrieved from the shelves matches the order.

The device immediately alerts the worker if they have picked up the wrong item. In less than two years, this camera has "reduced by 90 percent" the number of incorrect parcels, explains Ludovic Lamaud, ID Logistics Director of Development and Innovation.

Elsewhere in the warehouse, an independent robot "rammed with AI" likewise maps the premises to "update the stock according to what it sees", processing 6,000 to 30,000 pallets a night".



A customer drops off her return during Amazon Prime Day in Alhambra, California. Up to 30 percent of fashion items bought on the internet are sent back, according to a late 2024 study by consulting firm McKinsey and the Business of Fashion website.