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Weaker taka, high interest rates strain private sector

Businesses say

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A weaker taka, prolonged high inflation, and tighter monetary policy have placed increasing pressure on the private sector, according to business leaders.

Speaking at a seminar in Dhaka yesterday, they said the situation was worsened by political uncertainty and unreliable gas supply, further eroding investor confidence.

"Interest rates on bank loans have climbed from 9 percent to around 14 percent in 2025, which has saddled the private sector with an additional interest burden of roughly Tk 1.4 lakh crore," said Ashraf Ahmed, former president of the Dhaka Chamber of Commerce and Industry (DCCI).

He was presenting a keynote at the seminar titled "Current Challenges in the Banking Sector: Borrowers' Perspective".

Ahmed, now a director at DCCI, pointed to several other challenges facing the economy, including supply shortages, import restrictions, and soaring inflation.

He said gas shortages had slashed industrial output by as much as 50 percent, despite industries having the capacity to double production if energy supplies were stable.

Ahmed called for the restructuring and rescheduling of loans to help businesses recover, alongside reforms in banking governance to improve transparency and oversight.

He warned that a further rise in defaulted loans would limit credit flow to industries, depress investment, and weaken the private sector's backbone.

The business leader pointed out that 14 banks hold nearly 40 percent of the country's default loans, whereas 47 others report default rates between just 5 and 7 percent.

This, he said, indicates the problem is "not widespread but rather concentrated in a handful of institutions."

DCCI President Taskeen Ahmed said that by mid-2025, non-performing loans (NPLs) had READ MORE ON B3

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Businesses fret about NBR deadlock, seek quick end

"The officials of the NBR are not the members of trade union and they cannot continue work abstention for such a long time. It is not acceptable."

Mahbubur Rahman
ICCB president

"Govt high-ups should take immediate steps involving finance, commerce and industries ministries to resolve the problems"

Anwar-Ul-Alam Chowdhury
BCI president

"We have always wanted a time-befitting, honest, and transparent NBR that aligns with the ease of doing business. NBR reform is essential, and we fully support it"

Syed Nasim Manzur
LFMEAB president

"If garments cannot be exported timely and raw materials cannot be released from ports, factory owners will not be able to pay workers timely"

Mahmud Hasan Khan Babu
BGMEA president

"We are the victims of their (NBR officials) trouble. They always disturbed us. And now they are disturbing the government. We want that they stop the movement."

Showkat Aziz Russell
BTMA president





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Leaders of the country's top business chambers and trade bodies yesterday expressed deep concern over the ongoing work stoppage by the National Board of Revenue (NBR) officials, which has brought export and import activities to a standstill due to suspended customs operations at ports.

They called for an immediate resolution to the standoff, urging intervention from the Chief Adviser's Office to restore normal business operations.

Speaking at a joint press conference in Dhaka yesterday, industry leaders from apparel, pharmaceuticals, leather goods, textiles, and accessories raised alarm over the mounting financial losses and operational gridlock caused by the shutdown.

They warned that prolonged disruption would have serious economic consequences.

For instance, the garment sector alone is facing trade disruptions worth more than $230 million per day, as the movement of goods and raw materials through Chattogram port, land ports, and airports remains blocked due to the nationwide shutdown by revenue officials.

Exporters and raw material importers fear further setbacks, especially in the apparel sector, where international buyers demand swift delivery and uninterrupted production.

Apparel exporters said their export-oriented goods are lying at the ports, exposed to the elements. With no customs clearance, quality is deteriorating.

To meet deadlines, they said they might be forced to use costly air shipments, while delays in clearing raw materials would reduce factory output.

At the press conference, Mahmud Hasan Khan Babu, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said that the annual value of garment exports and imports crosses $65 billion.

"This huge business is now suffering heavy losses," Babu said. "If we fail to export garments on time or release raw materials from the ports, factories will not be able to pay workers. That could lead to a serious law and order issue."

"It is a matter of our existence. We want an immediate solution to this impasse," added the BGMEA president.

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Reserves cross $25b after 2.5 years

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Bangladesh's foreign exchange reserves crossed $25 billion after two and a half years, thanks to an increased inflow of remittance and the release of funds by the International Monetary Fund (IMF), the World Bank (WB), and other lending agencies.

On Thursday, forex reserves stood at $25.51 billion as per the IMF's calculation method, up from $21.38 billion a week earlier, according to the central bank's data.

This means, forex reserves rose by $4.13 billion in just a week.

This is the highest amount in the reserves since the end of December 2022, when there was $26.02 billion.

Since then, it has been on a downturn, which caused massive depreciation of the taka, increased import costs, and contributed to inflation.

As per the central bank's calculations, gross forex reserves rose to $30.51 billion on Thursday, up from $26.55 billion a week ago.

A senior BB official said the forex reserves were bolstered because of the release of the third and fourth loan instalments of $1.34 billion by the IMF.

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Exporters fear losses as India slaps new restrictions

JAGARAN CHAKMA

Bangladesh's exporters fear losses as India has barred the import of several products—including some jute items—through land ports, threatening crucial trade flows and millions of dollars in earnings.

Exporters warn that though the products are allowed to enter through Maharashtra's Nhava Sheva Port, costs would rise sharply and undercut Bangladesh's competitiveness not only in the jute sector but across multiple sectors reliant on smooth cross-border trade.

Industry insiders say the new restrictions could deepen Bangladesh's export woes at a time when global demand remains fragile and other sectors—from garments to processed foods—also face trade hurdles.

They caution that prolonged barriers risk damaging Bangladesh's overall export performance and jeopardising the country's preferential market access to India, potentially delivering a significant blow to the economy.

On June 27, India imposed a ban on the import of certain jute products and woven fabrics from Bangladesh through land ports.

However, according to a notification from India's Directorate General of Foreign Trade, these products will still be permitted for import, but only through the Nhava Sheva Port.

On May 17, India banned the import of certain goods from Bangladesh through land ports, including readymade garments, fruits, processed foods, soft drinks, yarn, plastic and PVC products, and wooden furniture.

Previously, on April 15, Bangladesh banned the import of cotton, specifically yarn, from India through land ports to protect the domestic textile and spinning industry from what it perceived as unfair competition from cheaper Indian yarn.

Bangladesh exported goods worth $1.7 billion to India in FY 2023-24, according to data from the Export Promotion Bureau (EPB).

In the July-May period of the current fiscal year, it totalled $1.6 billion.

Bangladesh's export earnings from jute and jute goods fell by 16.16 percent year-on-year to $855.23 million in fiscal year 2023-24, down from $912 million in FY 2022-23.

This marks the third consecutive year of decline for the sector, which has been grappling with falling global demand and shifting market dynamics.

Between July and May of the current fiscal year, Bangladesh fetched $133 million from the export of raw jute and jute yarn, the EPB figures show.

"Bangladeshi exporters will now be unable to export jute and jute products due to a recent notification from India's Directorate General of Foreign Trade," said Mirza Koushik Ahmed, executive director of Reliance Jute Mills Ltd, situated in Keraniganj, Dhaka.

"Our jute exporters have become victims of politics, as bilateral relations between Bangladesh and India are currently strained," he said.

Ahmed said the route to the Nhava Sheva Port was not commercially viable for exporting jute products, given the additional logistics costs and transit times involved.

He said this restriction would severely impact Bangladesh's jute sector and the export of associated products—around 300 tonnes—to India per month.

Farhad Ahmed Akanda, chairman of the Bangladesh Jute Association, said the export restrictions through the land ports between Bangladesh and India would severely impact jute and jute goods exports.

"The cost for our buyers will increase because they will have to take delivery from the port. Besides, our cost of shipment through the Chattogram and Mongla ports will rise," he said.

Bangladesh exports around 13 lakh bales of raw jute, and India accounts for most of the shipment.

Akanda said most of their buyers were based in Kolkata and it would be convenient for them if India allowed shipments through the Kolkata port.

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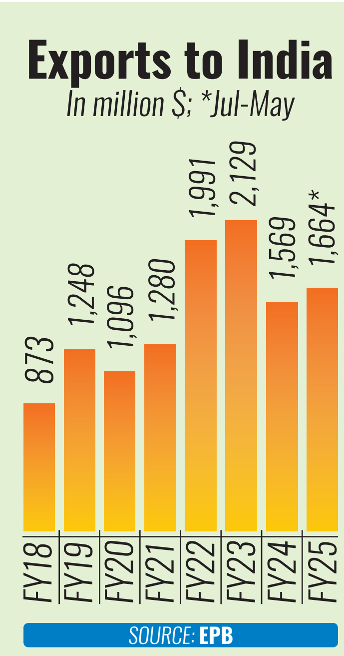
TOP 10 EXPORT ITEMS TO INDIA (JUL-MAY FY25)	EXPORTS (IN MN $)
Men's or boys' suits, jackets, trousers	218
Vegetable fats and oils	89
Footwear with rubber, plastic and leather soles	84
Used or new rags, scrap twine	78
Jute	75
Women's or girls' suits, jackets, skirts	72
Trunks, suitcases, handbags	67
Men's or boys' shirts	61
Fish (fresh or chilled)	59
Jerseys, pullovers, cardigans	59
Jute yarn	58



Dhaka claims 'good progress' in US tariff talks

STAR BUSINESS REPORT

Bangladesh has made "good progress" in consultations with US officials, with both sides working "seriously" to finalise a reciprocal tariff agreement swiftly, according to a statement from the Chief Adviser's Office yesterday.

The government has already submitted its comments on the draft deal ahead of a high-level meeting between Bangladesh and the US Trade Representative, scheduled for July 3 in Washington.

"We have given our opinions on the draft reciprocal tariff agreement twice, including the latest one today [yesterday]," Commerce Secretary Mahbubur Rahman told this newspaper over the phone.

He declined to share details, citing a non-disclosure agreement (NDA) signed by both governments last week.

Commerce Adviser Sk Bashir Uddin is expected to attend the upcoming meeting, joined by National Security Adviser Khalilur Rahman, who is already in Washington for negotiations, said the commerce secretary.

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The talks come as a 90-day pause on the tariff, announced by the Trump administration in April this year, is set to expire on July 8.

The Chief Adviser's Office said the latest round of discussions took place on Thursday, with Khalilur Rahman leading the Bangladeshi delegation and US Assistant Trade Representative Brendan Lynch representing the American side.

"We made very good progress during our consultations with the US team. Both sides are making serious efforts to finalise the agreement expeditiously," said Rahman, a former trade policy chief at the UN Conference on Trade and Development (UNCTAD), according to the statement.

Officials familiar with the negotiations said Bangladesh is seeking to maintain the existing 16 percent tariff along with the 10 percent baseline duty introduced in April this year, bringing the total to 26 percent.

This position is being framed as a counterproposal to the proposed 37 percent reciprocal tariff on Bangladeshi exports.

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