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Star BUSINESS

Tariffs, weak confidence heighten risks for Islamic banks

Says Moody's, warns solvency, governance and reporting rules to deepen challenges

STAR BUSINESS REPORT

Islamic banks in the country, which are already under strain from multiple challenges, are likely to face further difficulty amid political uncertainty, the fallout of US reciprocal tariffs and new financial reporting standards, Moody's Ratings said in a report released yesterday.

The global ratings agency said weak solvency of the banks, compounded by poor governance, is eroding depositor confidence, and this, in turn, will limit their growth.

"Still, regulators remain committed to developing the sector, and this will underpin its long-term growth," it added.

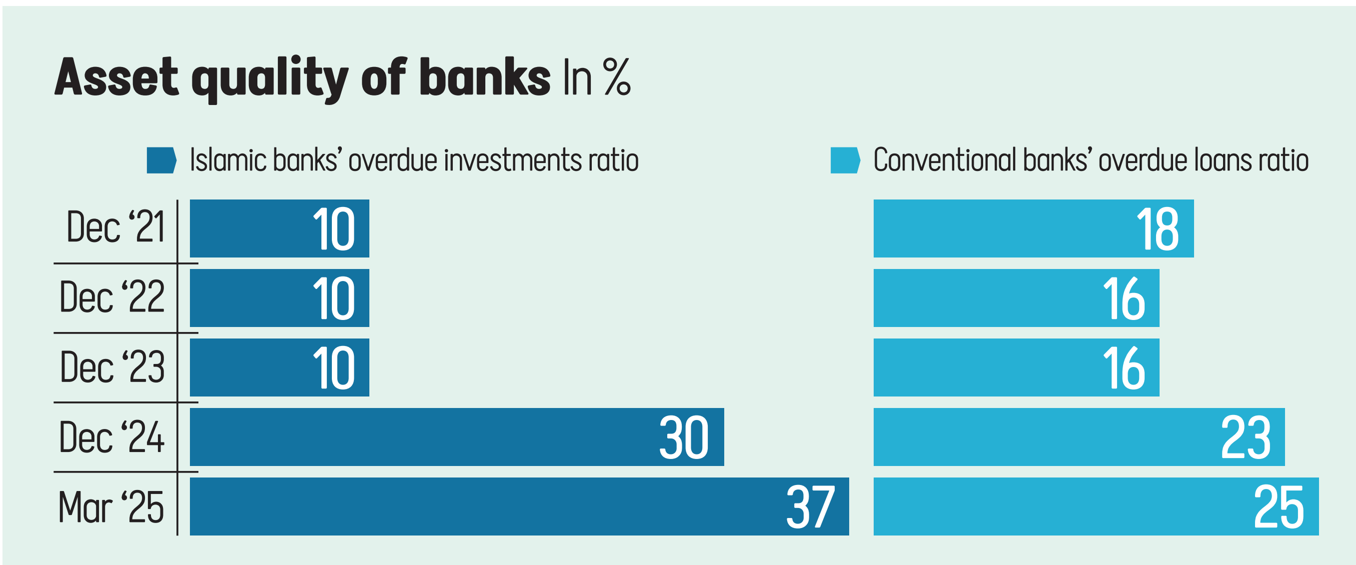
Moody's said Islamic banks in Bangladesh are highly exposed to the readymade garment industry, which makes up more than 80 percent of the country's exports and sends nearly a fifth of its products to the US.

The report said uncertainty over the new tariff remains, as the interpretation and implementation of any final agreements will dampen consumer and business sentiment and affect the entire RMG value chain and exports.

"We expect suppliers to the US to shoulder some of the tariff burdens. This diminishes borrowers' repayment capacity in a sector that is already challenged by rising production costs due to increases in wages and utility expenses," the report said.

Such pressures, it added, would squeeze exporters' revenues and raise credit risks for borrowers, in turn weakening the solvency of Islamic banks.

Moody's said the Islamic banking sector has also suffered from weak governance and a challenging operating environment, which has stemmed from a range of factors, including a slowdown in economic growth, political uncertainty, supply chain disruptions and a high inflation rate.



SOURCE: BB DATA COMPILED BY MOODY'S RATINGS

In addition, it said, the implementation of tighter rules for the classification of overdue loans in September last year led to a surge in non-performing investments, known as non-performing loans (NPLs) in conventional banks.

As of March 2025, overdue investments accounted for 37 percent of Islamic banks' portfolios, up from 10 percent in December 2023. By contrast, conventional banks recorded an overdue loan ratio of 25 percent.

"Some Islamic banks have reported losses in the first half of 2025, highlighting ongoing challenges and pressure on their profitability," the report noted.

The report said the introduction of International Financial Reporting Standard (IFRS) 9 from 2026, which requires earlier recognition of loan impairments, will deal another blow to the Islamic banks.

"While the new rules will enhance the management of credit risks across the banking system, banks will have to recognise asset impairments earlier than they currently do. This will strain their profitability in the initial years of adoption," Moody's said.

In addition, Islamic banks' weak solvency, exacerbated by poor governance in the recent past, will continue to undermine depositor confidence and limit their growth, it added.

According to Moody's, although the Bangladesh Bank (BB) restructured the boards of some Islamic lenders following the political changeover in August 2024, restoring public trust will take time.

Since September, banks with weaker governance have suffered deposit outflows, while remittance inflows to Islamic banks have also fallen, tightening liquidity and reducing their ability to lend.

Even so, the central bank remains supportive, said the report.

"We expect the sector's financing growth to accelerate in the next three to five years, with its share in the overall banking system expanding from 27 percent as of the end of March 2025," Moody's said.

To provide liquidity support to Islamic banks, the central bank has rolled out two schemes -- the Islamic Banks Liquidity

READ MORE ON B3

Debt burden on the poorest getting heavier

Study finds

STAR BUSINESS REPORT

The debt burden of the poorest section of the population is rising due to high food prices and the overall cost of living, according to a study by the Power and Participation Research Centre (PPRC).

The study found that the poorest 40 percent of the population reported a 7 percent net increase in debt over the previous six months, the research organisation said while releasing the report at the LGED auditorium in Dhaka yesterday.

The most marginalised are being pushed into deeper economic stress, said PPRC Executive Chairman Hossain Zillur Rahman.

Based on data from more than 8,000 households across the country, the survey found that people used nearly one-third of their debt for household consumption. This was followed by medical expenses and house construction or repairs, with some 11 percent of loans spent on healthcare.

The most marginalised are being pushed into deeper economic stress, said PPRC Executive Chairman Hossain Zillur Rahman

Farming and small business investments also accounted for a notable portion, highlighting the reliance of many households on credit to maintain livelihoods.

Rahman said there are five new vulnerabilities that require urgent attention. These are debt burden, poverty in female-headed families, food insecurity, chronic illness, and the use of non-sanitary latrines.

The economist said the rising debt among the poorest households is a stark reminder that poverty is not only about low income but also financial vulnerability.

In this situation, Rahman said the interim

READ MORE ON B3

Ismartu Tech to make DrKumo tablets for US export

MAHMUDUL HASAN

Ismartu Technology BD Limited, the local manufacturer of Chinese brands Itel, Tecno, and Infinix, has secured regulatory approval to make tablets under the US-based DrKumo brand exclusively for export to the American market.

The Bangladesh Telecommunication Regulatory Commission (BTRC) recently approved the plan at a commission meeting, allowing Ismartu to assemble the devices under the Original Design Manufacturer (ODM) model.

The approval explicitly states that the tablets will not be sold in Bangladesh, making this the first instance of a local company being permitted to manufacture a foreign-branded device solely for export, according to the BTRC document seen by The Daily Star.

Md Emdad ul Bari, chairman of BTRC, also confirmed the matter. "We have decided to grant the company approval to manufacture tablets for export as per the guideline," he said.

Under the ODM model, local producers manufacture devices according to a foreign company's design and specifications. The products are branded by the foreign firm and usually exported, enabling cost-effective production and integration into global value chains.

Ismartu applied earlier this year, outlining plans to work with California-based DrKumo, which specialises in digital health solutions, including remote patient monitoring and telemedicine.

According to BTRC documents, DrKumo will supply the technical specifications, while Ismartu will assemble the tablets at its local facilities using printed circuit boards imported from Transsion Holdings, the same supplier for its existing Chinese brand assembly.

DrKumo will ship SIM cards from the US to be installed in

READ MORE ON B3

Businesses oppose Ctg port tariff hike

STAFF CORRESPONDENT, *Ctg*

Businesses urged the government not to raise service tariffs at Chattogram port by a massive 41 percent at once, but to increase them rationally in phases, aiming to keep the country's foreign trade competitive in the global market.

They made the proposal at a meeting held at the shipping ministry in Dhaka yesterday to review the proposed new tariff structure by the Chittagong Port Authority (CPA).

Shipping Adviser Brig Gen (retd) M Sakhawat Hussain chaired the meeting, which was attended by leaders of different business bodies and port users' associations, along with CPA Chairman SM Moniruzzaman and senior port officials.

The proposed tariff structure—approved by the finance ministry on July 24—was supposed to come into effect once the proposal was published in the gazette after being vetted by the law ministry.

Yesterday's meeting was called by the shipping ministry to review the tariff with the CPA and the stakeholders, as port users have been opposing the steep increase in tariffs.

According to sources in the shipping ministry, the meeting ended with no decision.

At the meeting, CPA Deputy Chief Finance and Accounts Officer Qazi Meraz Uddin Arif, in a PowerPoint presentation, argued for the tariff hike, which is being made after 40 years.

The CPA official said that the port tariffs are still lower than those of

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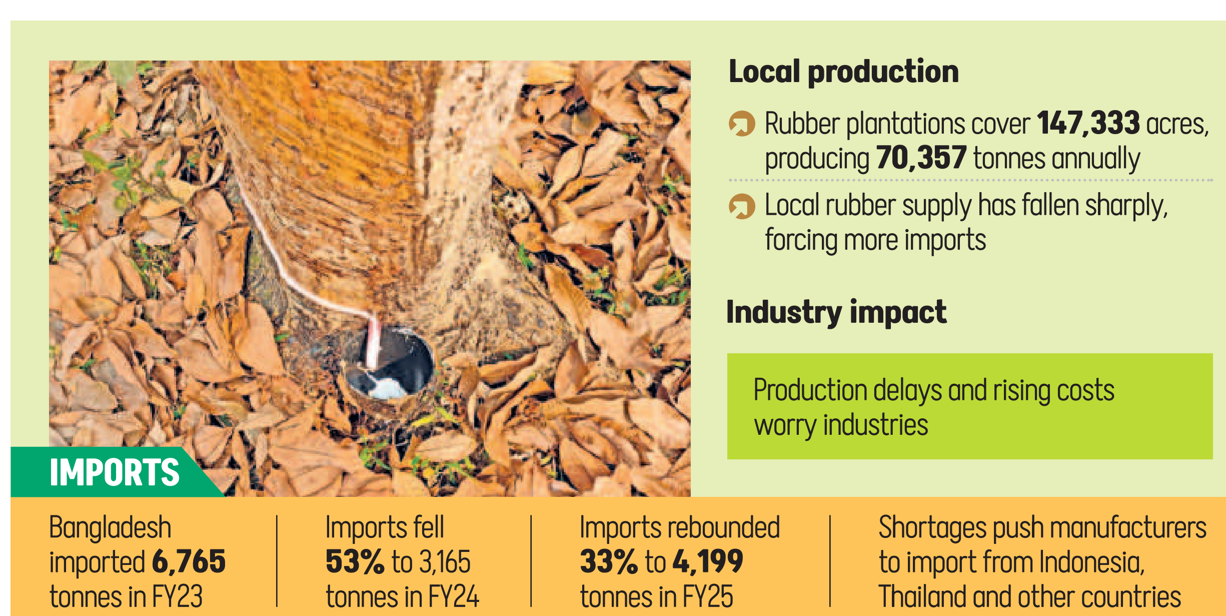
Rubber imports rose 33% last fiscal year



SUKANTA HALDER *and* JAGARAN CHAKMA

Bangladesh's rubber imports surged by 33 percent year-on-year in the fiscal year 2024-25 (FY25), as local industries faced shortages due to supply disruptions from domestic producers.

The country imported 4,199 tonnes of rubber worth Tk 107.54 crore in FY25, compared with 3,165 tonnes a year earlier, according to Bangladesh Trade and Tariff Commission (BTTC) data. FY2023-24 had recorded a sharp 53 percent decline in imports, following 6,765 tonnes in FY2022-23.

PRODUCTION, EXPORT, IMPORT

Rubber is cultivated across 147,333 acres nationwide, producing about 70,357 tonnes annually, show a BTTC report on the "Current Situation and Export Potential of Bangladesh's Rubber Industry" submitted to the commerce secretary yesterday.

Private operators manage 1,304 gardens, accounting for two-thirds of total output, while 28 state-run gardens, mostly in the greater Chattogram region, produce the rest.

Bangladesh Rubber Board officials said they do not have the latest data on the annual demand for rubber.

Despite the large production base, manufacturers say they have not received any shipments from local suppliers in recent weeks, particularly from state-owned agencies that typically account for about one-third of output. This has forced manufacturers to seek alternatives from abroad, primarily from Indonesia, and Thailand.

"For the past month, they haven't been able to supply a single tonne of rubber locally," said Md Luthful Bari, chief operating officer of Meghna Rubber Industries Ltd, one of the largest rubber consumers. "The current shortage has created serious disruption in our supply chain."

Shafiqur Rahman, managing director of Rupsha Tyres & Chemicals Limited, alleged that the Bangladesh Forest Industries Development Corporation (BFIDC), which distributes rubber from government plantations, lacks a clear and transparent supply policy.

"We are being forced to import rubber to keep our factory running, which increases costs and deepens dependence on foreign suppliers," he said.

While import is helping bridge

READ MORE ON B3

Md Rokonuzzaman, head of business development and partnership at BRAC Healthcare, and Md Nazmul Huda Sarkar, chief technology officer of Midland Bank PLC, pose for photographs after signing the memorandum of understanding at the bank's head office in the capital's Gulshan-2 yesterday. PHOTO: MIDLAND BANK

BRAC Healthcare offers discount to Midland Bank cardholders

STAR BUSINESS DESK

Midland Bank PLC yesterday signed a memorandum of understanding (MoU) with BRAC Healthcare, a healthcare centre under BRAC Enterprises.

Md Nazmul Huda Sarkar, chief technology officer of Midland Bank PLC, and Md Rokonuzzaman, head of business development and partnership at BRAC Healthcare, signed the MoU at the bank's head office in the capital's Gulshan-2, according to a press release.

Under the partnership, all Midland Bank cardholders (debit, credit and prepaid) will be entitled to enjoy up to 15 percent discount on pathological, biochemical and immunological tests; 15 percent discount on radiology and imaging tests; and a 5 to 8 percent discount on prescribed medicines from BRAC Healthcare pharmacies.

Md Abed-Ur-Rahman, head of cards at the bank, and Md Rajib Hossain, head of finance and accounts at the healthcare centre, were also present at the event, along with senior officials from both organisations.

Prime Bank holds seminar on financial inclusion at EWU

STAR BUSINESS DESK

Prime Bank PLC, in collaboration with East West University (EWU) and its EWU Creative Marketing Club, organised a seminar, titled "Financial Inclusion: Engaging & Inspiring Youth in Banking", at the university campus in Dhaka recently.

M Nazeem A Choudhury, deputy managing director and head of consumer and SME banking division of Prime Bank, attended the seminar as the keynote speaker, according to a press release.

In his keynote address, Choudhury underscored the need for students to go beyond academic excellence by strengthening their digital literacy, language proficiency, communication, and presentation skills.

"The core purpose of such sessions is to provide proper guidance in preparing students for the future. Cultivating the habit of public speaking and articulating one's thoughts will help students become more confident and capable," he remarked.

Designed as a comprehensive, one-stop banking service platform tailored for academic institutions and their stakeholders across Bangladesh, the seminar drew over 200 students from various academic disciplines, providing a dynamic platform to promote financial literacy, responsible money management, and career exploration in the banking and financial services sector.

PHOTO: PRIME BANK

M Nazeem A Choudhury, deputy managing director and head of consumer and SME banking division of Prime Bank PLC, poses for group photographs with participating students of East West University at a seminar, titled "Financial Inclusion: Engaging & Inspiring Youth in Banking", on the university campus in Dhaka recently.

Md Faruk Ahmed Chowdhury, chief financial officer of the Seagull Group of Companies, and Khorshed Anowar, deputy managing director and head of retail and SME banking of Eastern Bank PLC, pose for photographs after signing the agreement recently. PHOTO: EASTERN BANK

Seagull offers privileges to EBL cardholders

STAR BUSINESS DESK

Eastern Bank PLC (EBL) has signed an agreement with Seagull Group to provide exclusive privileges for EBL cardholders, aimed at enhancing their travel and leisure experiences.

Khorshed Anowar, deputy managing director and head of retail and SME banking of Eastern Bank PLC, and Md Faruk Ahmed Chowdhury, chief financial officer of the Seagull Group of Companies, signed the agreement the bank's head office in Dhaka recently, according to a press release.

Under the agreement, EBL cardholders will be entitled to special benefits at Seagull Hotels in Cox's Bazar and at Seagull Resort and Spa Village in Tangail.

Farzana Qader, head of retail alliance of EBL, and Md Sadiqur Rahman, finance manager of Seagull Group, along with other senior officials from both organisations, were also present.

Md Nazrul Islam, programme director and additional director of the SME and Special Programs Department at Bangladesh Bank, poses for group photographs with participants of the skills development training programme, titled "Entrepreneurship Development Program", for SME entrepreneurs at the Southeast Bank Training Institute in Motijheel, Dhaka on Sunday. PHOTO: SOUTHEAST BANK

Southeast Bank organises training for SME entrepreneurs

STAR BUSINESS DESK

Southeast Bank PLC, in partnership with Bangladesh Bank (BB), has launched a month-long skills development training programme, titled "Entrepreneurship Development Program" for SME entrepreneurs under the Skills for Industry Competitiveness and Innovation Program (SICIP), a project of the Ministry of Finance.

Md Nazrul Islam, programme director and additional director of the SME and Special Programs Department of Bangladesh Bank, inaugurated the programme as the chief guest at the bank's training institute in the capital's Motijheel on Sunday, according to a press release.

The first batch of 25 SME entrepreneurs will receive hands-on training on various subjects, including business management, financial planning, digital marketing, and loan proposal preparation.

Abidur Rahman Chowdhury, managing director (current charge) of Southeast Bank PLC, presided over the event.

Executives from renowned business organisations and experienced trainers will work with Southeast Bank to implement this month-long training programme.

Mohammad Wasim, deputy programme director and joint director of the SME and Special Programs Department at the BB, along with other senior officials of Southeast Bank, was also present.

Mutual Trust Bank among BB's top 10 sustainable banks

STAR BUSINESS DESK

Mutual Trust Bank PLC (MTB) has been recognised by the Bangladesh Bank (BB) as one of the Top 10 Sustainable Banks at the "Sustainability Rating 2024" event for its strong commitment to sustainability.

Ahsan H Mansur, governor of Bangladesh Bank, presented the certificate to Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank PLC, at a function held at the BB headquarters in the capital's Motijheel last week, according to a press release.

Speaking on the recognition, Rahman said: "This achievement reflects our continuous effort to integrate ESG principles into our business strategy, ensuring that our growth contributes positively to society and the environment."

"MTB remains committed to driving innovation in green finance, supporting climate resilience, and contributing to the Sustainable Development Goals (SDGs) for a better future."

"We remain steadfast in ensuring resilient, inclusive, climate-smart and responsible financing for the people of the country," he added.

Nurun Nahar, deputy governor of the central bank; Chowdhury Liakat Ali, director of the sustainable finance department; Chowdhury Akhtar Asif, additional managing director and GCRO of Mutual Trust Bank PLC; and Tahmina Zaman Khan, head of sustainability, along with other senior officials, were also present.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank PLC, receives the certificate from Ahsan H Mansur, governor of Bangladesh Bank, at the BB headquarters in the capital's Motijheel last week. PHOTO: MUTUAL TRUST BANK

PHOTO: KAZI FOOD INDUSTRIES

Tanvir Haider Chaudhury, chief executive officer of Kazi Food Industries Limited, inaugurates the new couple-pack product at Emmanuel's Convention Centre at Jigatola in the capital recently.

Za`n Zee launches 'Pista Kulfi' ice cream in couple pack

STAR BUSINESS DESK

Za`n Zee, a leading brand of Kazi Food Industries Limited, has recently launched a new couple-pack product with a new flavour, titled "Pista Kulfi Ice Cream", in the market for the first time in Bangladesh.

The 280 millilitres (ml) tub comes in a foil pack, complete with two separate spoons, making it the perfect treat for two.

This attractive ice cream pack, priced at only Tk 150, will soon be available across Bangladesh in retail outlets as well as super shops.

Tanvir Haider Chaudhury, chief executive officer of Kazi Food Industries Limited, inaugurated the product at a ceremony recently held at Emmanuel's Convention Centre at Jigatola in the capital's Dhanmondi.

At the event, Chaudhury said, "We expect this new Pista Kulfi Ice Cream couple pack to set a new trend in the market, offering consumers a singular experience of sharing joy and deliciousness with their loved ones."

Pubali Bank holds orientation programme for junior officers

STAR BUSINESS DESK

Pubali Bank PLC has organised a five-day "Orientation Programme" for 128 newly recruited junior officers.

The course has been designed to familiarise participants with the concepts, principles, rules, regulations, laws and practices of banking.

Mohammad Ali, managing director and CEO of Pubali Bank PLC, inaugurated the event as the chief guest, according to a press release.

In his inaugural address, Ali urged all participants to work with sincerity and integrity. He advised them to equip themselves with diversified banking knowledge in order to cope with the highly competitive global market.

He further noted that one can become a successful banker by fully applying one's skills and talents at the highest level. He also advised all officers to abide by the rules and regulations of Bangladesh Bank and other regulatory authorities, emphasising that Pubali Bank is a highly compliant institution.

The managing director encouraged the newly recruited officers to serve customers with determination, integrity and professionalism. He also stressed the importance of equipping themselves with modern technology to deliver improved customer service.

Mohammad Esha, Mohammad Shahadat Hossain, Ahmed Enayet Manzur, Md Shahnewaz Khan and Mohammad Anisuzzaman, deputy managing directors of the bank, attended the event as special guests.

Ismat Ara Huq, general manager and head of the human resources division, was also present, along with general managers of the head office and senior executives of the bank.

Mohammad Ali, managing director and CEO of Pubali Bank PLC, attends the orientation programme for newly recruited junior officers at the bank's head office in Dhaka recently. PHOTO: PUBALI BANK

Md Iqbal Mohasin, director of the Financial Inclusion Department at the Bangladesh Bank, poses for group photographs with participants of the workshop on financial literacy, organised by Bank Asia PLC, in Sirajdikhan upazila of Munshiganj recently. PHOTO: BANK ASIA

Bank Asia organises workshop on financial literacy in Munshiganj

STAR BUSINESS DESK

Bank Asia PLC has recently organised a workshop on financial literacy in Sirajdikhan upazila of Munshiganj.

The event brought together a large number of agents and customers from across the district to promote financial awareness and inclusion.

Md Iqbal Mohasin, director of the Financial Inclusion Department at Bangladesh Bank, attended the programme as the chief guest, according to a press release.

Mohammad Ziaul Hasan Molla, deputy managing director of Bank Asia PLC, presided over the session.

The workshop highlighted key issues concerning customer safety and financial awareness, including banking products and services, foreign remittances, financial management and planning, as well as cybersecurity.

Participants engaged in interactive discussions designed to strengthen their financial knowledge and practices.

Since the launch of agent banking in 2014, Bank Asia has emerged as the pioneer in this sector, currently serving over 7 million customers -- 92 percent of whom are from rural areas and 64 percent are women.

Gold slips from two-week high

REUTERS

Gold slipped from a near two-week high on Monday as the dollar strengthened, although rising bets of interest rate cuts by the US Federal Reserve following Chair Jerome Powell's dovish pivot last week, lent some support to bullion.

Spot gold inched down 0.1 percent at $3,367.86 per ounce, as of 0632 GMT, after hitting its highest since August 11 on Friday.

US gold futures for December delivery eased 0.2 percent to $3,412.50.

The dollar index rose 0.1 percent against its rivals after dropping to a four-week low, making gold less attractive to overseas buyers.

"There's a decent level of support for gold around $3,350 over the near term, with Powell's dovish hints allowing gold to carve out a prominent swing low on Friday," City Index senior analyst Matt Simpson said.

"A sustained rally likely requires softer PCE

inflation and weaker employment data going forward. But with inflation likely to remain elevated, gold's gains could remain capped beyond the expected initial bounce."

Powell on Friday signalled a possible rate cut at the Fed's meeting next month, saying that risks to the job market were rising but inflation remained a threat, and that a decision wasn't set in stone.

Markets are now pricing in an 87 percent chance of a quarter-point rate cut in the September policy meeting, and a cumulative reduction of 48 basis points by this year-end, according to CME FedWatch Tool.

Gold tends to appreciate in a low-interest-rate environment, which reduces the opportunity cost of holding non-yielding bullion.

Workers in Pirojpur load fruit saplings onto a truck to be sent to nurseries in Dhaka. Each worker toils from 8am to 5pm for Tk 700 a day. The photo was taken from Alankarkathi village of Nesarabad (Swarupkathi) upazila recently.
PHOTO: TITU DAS

SMEs struggle to access loans despite supportive policies: experts

STAR BUSINESS REPORT

Micro, small, and medium enterprises (MSMEs) continue to face significant hurdles in obtaining loans despite Bangladesh Bank's supportive policies to ease access to finance, stakeholders said at a roundtable in Dhaka yesterday.

Organised by the SME Foundation, with support from the Local Government Division, Swisscontact, and Innovision Consulting, the event titled "Access to Finance: From Policy to Practice" brought together entrepreneurs, bankers, policymakers, and development partners to identify practical barriers to financing the MSME sector.

At the event, Md Musfiqur Rahman, chairperson of the SME Foundation, said nearly 1.18 crore MSME entrepreneurs across the country are still failing to realise their full potential due to limited access to finance.

"Despite the sector's immense contribution to the national economy, various obstacles still restrict their growth," he said.

"We must collectively support these entrepreneurs and remove the barriers to unlock real economic progress."

According to the 2024 Economic Census by the Bangladesh Bureau of Statistics, over 99 percent of the country's MSMEs fall under the cottage, micro, small, and medium (CMSME) category.

These enterprises contribute nearly 32 percent to the gross domestic product and account for 85 percent of employment in the industrial sector.

Anwar Hossain Chowdhury, managing director of the SME Foundation, described MSMEs as the "backbone of the economy" and emphasised the need for coordinated efforts to address the structural challenges they face.

Farzana Khan, deputy managing director of the foundation, noted that although financing for MSMEs has been widely discussed, few tangible solutions have been implemented.

"Many of the challenges have been talked about for years, yet very few have seen real progress," she said.

Rukhen Uddin Ahmed, senior adviser at Swisscontact, underscored the need to explore alternative sources of financing outside traditional banking channels, including fintech platforms and private investment vehicles.

The roundtable also highlighted the disconnect between the central bank's policy initiatives and their implementation at the grassroots level, where many MSME entrepreneurs continue to face issues such as bureaucratic delays, excessive collateral requirements, and a lack of customised loan products, according to a press release.

Since its inception in 2006, the SME Foundation — a government-affiliated agency under the Ministry of Industries — has supported nearly 20 lakh entrepreneurs, 60 percent of whom are women.

The organisation operates in line with the National Industrial Policy 2022, SME Policy 2019, and the Sustainable Development Goals (SDG) 2030.

Bangladesh, China partner on semiconductors

STAR BUSINESS REPORT

Bangladesh and China have signed a memorandum of understanding (MoU) to expand cooperation in the semiconductor sector.

The agreement, signed in Dhaka on Sunday between the Bangladesh Semiconductor Industry Association (BSIA) and the Hubei Semiconductor Industry Association (HSIA), aims to promote technology exchange, research collaboration, and workforce development.

It includes initiatives such as joint research and development projects, training programmes, certification courses, and investment opportunities to strengthen Bangladesh's semiconductor ecosystem.

The MoU also opens the door for joint events, trade delegations, and academic partnerships.

Highlighting Wuhan's strength in technology and talent, HSIA Vice-President Professor Wei Liu said, "Wuhan is home to hundreds of semiconductor companies and over 60 universities with 1.3 million students."

"Bangladesh has a huge talent pool, which creates opportunities for cooperation in technology exchange, engineer training, and academic collaboration."

He added that HSIA, representing 500 semiconductor firms, plans to bring some of them to Bangladesh to explore joint ventures and technology transfer.

BSIA President MA Jabbar expressed optimism about the collaboration, calling it "a milestone that opens doors for business growth, academic exchange, and technological advancement. This partnership will accelerate Bangladesh's progress in the global semiconductor value chain."

Dhaka stocks continue upward momentum

STAR BUSINESS REPORT

The benchmark index of the Dhaka Stock Exchange rose yesterday, extending its gains for the second consecutive session.

The DSEX, the main index of the bourse, gained 66.23 points, or 1.22 percent, to settle at 5,455.40.

The other indices also had positive performances before the end of the day's trading. The Shariah-compliant DSES increased by 0.84 percent to 1,189.51.

The DS30, comprising the blue-chip shares, rose 1.29 percent to close at 2,128.76.

Turnover, a key gauge of investor participation, hit Tk 1,177.76 crore, lower than Tk 1,200.26 crore in the previous session.

A total of 311,697 trades were executed, while block transactions amounted to Tk 17.01 crore across 34 scrips.

Market breadth was positive with 238 stocks advancing, 114 declining, and 44 remaining unchanged.

Among A-category scrips, 156 gained, 44 lost, and 17 remained unchanged.

The B-category saw 47 stocks rise and 26 fall, while there was no movement in the N-category.

Dollar struggles to recover from slump

REUTERS, *Tokyo*

The US dollar attempted on Monday to pull itself up from a four-week low on the euro after a dovish pivot from Federal Reserve Chair Jerome Powell sent it tumbling more than 1 percent.

The US currency added 0.1 percent to $1.1705 per euro, but remained within striking distance of Friday's low at $1.174225, a level not seen since July 28.

It edged up 0.1 percent to $1.3509 versus sterling , following a 0.8 percent slide in the prior session, and rose 0.3 percent to 147.26 yen , clawing back part of Friday's 1 percent tumble.

The risk-sensitive Australian dollar briefly leapt to a one-week high of $0.6523 on Monday before pulling back to trade little changed at $0.6490. In the previous session, it surged 1.1 percent.

Powell in a closely watched speech at the Fed's annual Jackson Hole symposium on Friday opened the door to an interest rate cut at the central bank's meeting next month.

"Downside risks to employment are rising," he told an audience of international economists and policymakers. "And if those risks materialize, they can do so quickly."

Traders are now pricing in 84 percent odds of a quarter-point rate cut on September 17, and a cumulative 53 basis points of reductions by year-end, according to LSEG data.

Traders had ramped up bets on a September cut early this month after an unexpectedly weak monthly payrolls report, but hotter-than-expected producer price inflation and strong business activity surveys forced a paring back in the run-up to Jackson Hole.

Tariffs, weak confidence

FROM PAGE B1

Facility (IBLF) and the Mudarabah Liquidity Support (MLS).

From July 2022 to June 2023, BB supplied Tk 96,000 crore through the IBLF and Tk 200 crore via the MLS.

The amount of support through IBLF rose to Tk 190,000 crore in the July-June period of 2023-2024. Similarly, liquidity support via MLS during this period surged to Tk 1,300 crore, said Moody's in its report.

The amount of liquidity support provided in fiscal 2024 amounted to 3.8 percent of Bangladesh's GDP, or 22.1 percent of total Islamic banking assets, said the report.

Businesses oppose

FROM PAGE B1

other major global ports, even after the adjustment.

Addressing the meeting, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Mahmud Hasan Khan termed the steep rise in tariffs unacceptable.

Talking to The Daily Star, Khan said they argued that the country's foreign trade would lose competitiveness if such an excessive tariff hike were implemented.

Business expenses need to be reduced ahead of LDC graduation, he added.

Khan said they proposed gradually raising the tariffs by 10 percent annually in phases instead of increasing them by such an exorbitant 40 percent.

Opposing the tariff hike, Bangladesh Shipping Agents Association (BSAA) Chairman Syed M Arif said at the meeting that after the berth operators and the private off-dock operators hiked tariffs, if the port tariffs were also hiked, it would further raise overall trade costs.

He warned that in the face of such tariff hikes, foreign shipping lines would have no option but to increase freight charges as well, which would negatively impact the country's foreign trade.

Ismartu Tech to make DrKumo tablets

FROM PAGE B1

Bangladesh before the devices are packaged and sent back to America for use by its staff and clients.

The BTRC document notes that the move highlights new opportunities for Bangladesh to integrate into international supply chains.

"No company has previously been granted such approval. However, if mobile phones produced in Bangladesh are exported abroad, or if foreign-branded handsets are manufactured locally for export, it will open a new avenue for earning foreign currency while also expanding Bangladesh's footprint in global trade," it states.

Until now, local handset assemblers of global brands like Samsung, Oppo, Vivo, and Xiaomi have primarily catered to domestic demand, supported by government incentives. The new deal with DrKumo highlights Bangladesh's potential in international contract manufacturing, a sector previously untapped.

DrKumo's decision to source production from Bangladesh was influenced by the lower cost of manufacturing compared to other markets, as well as the presence of certified local assemblers capable of meeting international quality standards, according to the BTRC document.

BTRC officials confirmed that Ismartu submitted all required documentation, including the draft agreement with DrKumo and technical specifications.

As per the commission's export guidelines, local assemblers must obtain explicit permission before producing any foreign-branded devices, and such production is allowed only on the condition that the entire volume is exported.

Local handset assembly has expanded significantly since 2017, following government policies to encourage investment in electronics manufacturing through tax incentives and reduced duties on raw materials.

Brands such as Samsung, Oppo, Vivo, and Xiaomi already assemble a portion of their devices in Bangladesh to serve local demand.

The latest development comes at a time when Bangladesh's handset manufacturing industry faces mounting hurdles, including sluggish consumer demand, rising production costs from a weakening taka, and higher duties that erode profits.

Ismartu Technology declined to comment on the matter.

Debt burden on the poorest

FROM PAGE B1

government is focusing on macroeconomic indicators, which is not enough.

"We need to focus on people's well-being, on ground realities, on equitable allocation. Discussions should not remain limited to GDP alone; instead, greater focus must be given to equality, justice, inclusiveness, and the welfare of citizens," he said.

The survey found that average household debt in mid-2025 was Tk 189,033, which is 45 percent higher than average household savings of Tk 130,728. This imbalance is more severe among low-income groups.

The debt load of the poorest 10 percent of households was Tk 62,767, more than three times higher than their savings of Tk 19,737.

By contrast, the richest 10 percent of households could save from their income after meeting basic needs, maintaining average savings of Tk 716,265, higher than average debts of Tk 643,083.

PPRC said its findings underline a worrying dependence on debt to finance essentials. For many poor and vulnerable families, borrowing is not a pathway to asset creation but a lifeline for food, healthcare, and daily survival.

This pressure is compounded by rising medical costs, especially as more than half of households reported at least one chronically ill member, pushing families deeper into the cycle of borrowing.

Unless household-level vulnerabilities are directly addressed, the growing gap between savings and debt could further entrench poverty, it said.

Targeted financial assistance, affordable healthcare, and debt-relief mechanisms may be needed to prevent the debt trap from becoming a structural feature of Bangladesh's economy, PPRC added.

Rubber imports rose 33%

FROM PAGE 1

the supply gap, it is also driving up costs and threatening production efficiency.

Rubber is a vital raw material for Bangladesh's tyre, footwear, automotive parts, and household goods industries. Manufacturers caution that prolonged reliance on imports could undermine production efficiency and slow down industrial growth.

According to BTTC, Bangladesh exported rubber worth over $7.5 million (over Tk 91 crore) as of May 31 in FY25. The figure is extensively higher than the $2.28 million in FY24 and $2.30 million in FY23. India, Sri Lanka, Pakistan and Malaysia are Bangladesh's primary export market for the item.

Manufacturers say this is hurting the local industry.

"We're not against exports, but there has to be a balance. The domestic industry should come first," said Megha Group's Bari.

He warned that continued export in the face of local scarcity would hurt Bangladesh's competitiveness, especially in price-sensitive markets.

Moreover, Rahman criticised the absence of a strategic framework for managing rubber exports in an efficient and sustainable manner.

BFIDC Chairman Nasir Uddin Ahmed could not be reached for comment in this regard.

CULTIVATION CHALLENGES

The BTTC report identified several structural problems in rubber cultivations, including lack of modern tools, laboratories, and research for skill development.

It also highlighted insufficient incentives for small and marginal farmers, inadequate tariff protection for domestic producers, a 15 percent value-added tax (VAT) at the primary marketing stage, natural disruptions, absence of high-yield rubber varieties, and limited research on intercropping rubber with suitable crops.

POLICY SUGGESTIONS

The BTTC recommended several measures to strengthen the sector, including raising import duties on raw rubber from 10 percent to 15 percent.

It suggested that to encourage domestic production and industrial development, import duties on rubber sheets should be structured so that products made from these sheets face higher duties than the sheets themselves.

For non-tire rubber products, such as rubber threads, conveyor belts, gaskets, washers, rubber bearings, and other vulcanised items, import duties could be increased if they are produced domestically with high quality.

It also recommended importing high-yield rubber clones through the Bangladesh Rubber Board and distributing them to plantation owners at subsidised rates.

The commission further suggested granting time-bound exemption from the 15 percent VAT on primary rubber products. Additionally, supporting research into intercropping methods to boost land productivity.

The report also noted that most of the country's rubber demand is currently met through local production, and increasing protective measures could help Bangladesh achieve self-sufficiency in rubber cultivation.

About 60 percent of domestic demand is still met by local production, while 40 percent comes from imports, according to Mohammad Kamal Uddin, who is the president of the Bangladesh Rubber Garden Owners' Association.

Fewer trains, bigger backlog at Ctg port

Importers cry foul as locomotive shortage slows Dhaka-bound cargo transport

MOHAMMAD SUMAN

Container delivery from Chattogram port to the inland container depot (ICD) in Dhaka's Kamalapur has slowed staggeringly due to a lack of sufficient freight trains, with many importers not getting their goods even after weeks while costs continue to increase.

Currently, at least 1,259 TEUs of containers belonging to more than 400 importers are lying at Chattogram port, the country's main external trade gateway. The figure is almost double the volume compared to the same period last month, according to port data.

Both traders and port officials blame a shortage of railway engines for the growing backlog, while a Bangladesh Railway official says they are taking initiatives to resolve the crisis.

GROWING BACKLOG

According to port data, 655 ICD-bound containers were waiting at the yard on May 31. The number rose to 918 on June 30 and 1,363 on July 31. As of Sunday, August 24, at least 1,259 containers were still awaiting transport to Kamalapur ICD.

Bangladesh Railway data shows a similar decline in freight train operations. In May, 125 container trains ran on the Chattogram–Kamalapur route. The number dropped to 91 in June, 83 in July, and only 68 trains until August 24 this month.

Omar Faruk, secretary of Chittagong Port Authority, told The Daily Star, "There is a demand for six to seven container trains daily on the Chattogram-Kamalapur route, but the railway can't provide even half of that."

"We have written several times to increase engine allocations. Unless more engines are supplied, the congestion cannot be eased," he added.

Railway officials, while acknowledging the shortfall, say initiatives have been taken to import new engines and repair old ones to resolve the crisis.

Locomotive shortage has brought down the number of freight trains on the Chattogram-Kamalapur route by half the usual demand for six to seven trains per day. PHOTO: STAR/FILE

"The shortage of engines has been a longstanding issue for us. Whenever passenger-line engines face shortages or frequent breakdowns, the supply of engines for freight transport is reduced," said Mohammad Subaktagin, general manager of Bangladesh Railway's East Zone.

"Under ongoing railway projects, we are planning to import new engines and repair a number of old ones. Once these initiatives are implemented, the railway's share in freight transport will increase further," he added.

"SIMPLY UNFAIR"

Importers, meanwhile, are frustrated with slow delivery and rising costs.

Dhaka-based importing and trading firm Janata Enterprise imported six containers of steel coal from South Korea at the end of July, but the consignment is yet to reach the ICD in Kamalapur from Chattogram port by rail.

"Earlier, goods used to reach Kamalapur within five to seven days of being unloaded at Chattogram port. But recently, due to additional allocations of engines for political rallies, fewer are being used for freight," Lokman Hossain, proprietor of Janata Enterprise, told The Daily Star.

China sees surge in coal power

AFP, *Beijing*

China saw a surge in new coal power in the first half of the year even as the country added record levels of clean energy capacity, according to a report published Monday.

Coal has been a pivotal energy source in China for decades but explosive growth in wind and solar installations in recent years has raised hopes that the country can wean itself off the dirty fossil fuel.

Coal accounts for around half of China's power generation, down from three-quarters in 2016.

Yet the country brought 21 gigawatts (GW) of coal power online in the first six months of this year, the highest first-half total since 2016, the report by the Centre for Research on Energy and Clean Air (CREA) and Global Energy Monitor (GEM) said.

China also began or restarted construction on coal projects totalling 46 GW -- equivalent to the total coal power in South Korea -- and launched another 75 GW-worth of proposed new and revived coal power projects.

The growth threatens China's goal to peak carbon emissions by 2030 and risks solidifying coal's role in its power sector, the report said.

The world's second-largest economy is the biggest emitter of greenhouse gases that drive climate change, but it is also a renewable energy powerhouse.

"Coal power development in China... shows no sign of easing, leaving emissions on a high plateau and stranding coal in the system for years to come," said Christine Shearer, research analyst at GEM and co-author of the report.

More coal could come online soon because a "huge pipeline of already permitted (coal) projects remains" from a spike in new permits in 2022 and 2023 when China's electricity grid struggled to adapt to renewables growth, according to Lauri Myllyvirta, lead analyst at CREA.

Coal has been a pivotal energy source in China for decades but explosive growth in wind and solar installations in recent years has raised hopes

"Since then, better grid operation and storage have addressed those issues, while the coal power projects approved at the time are still under construction," he said.

The latest coal boom comes despite China's rapidly expanding renewable power generation now covering the country's electricity demand growth.

Evergrande delisted from Hong Kong Stock Exchange

AFP, *Hong Kong*

Shares in heavily indebted China Evergrande Group were taken off the Hong Kong Stock Exchange on Monday, capping a grim reversal of fortune for the once-booming property developer.

A committee at the bourse had decided earlier this month to cancel Evergrande's listing after it failed to meet a July deadline to resume trading -- suspended since early last year.

The delisting on Monday marks the latest milestone for a firm whose painful downward spiral has become symbolic of China's long-standing property sector woes.

Once the country's biggest real estate firm, Evergrande was worth more than $50 billion at its peak and helped propel China's rapid economic growth in recent decades.

But it defaulted in 2021 after years of struggling to repay creditors.

A Hong Kong court issued a winding-up order for Evergrande in January 2024, ruling that the company had failed to come up with a suitable debt repayment plan.

Liquidators have made moves to recover creditors' investments, including filing a lawsuit against PwC and its mainland Chinese arm for their role in auditing the debt-ridden developer.

The firm's debt load is bigger than the previously estimated amount of $27.5 billion, according to a filing earlier this month attributed to liquidators Edward Middleton and Tiffany Wong.

The statement added that China Evergrande Group was a holding company and that liquidators had assumed control of more than 100 companies within the group.

The hidden costs of free trade deals

KAISER KABIR

There is an old joke: a man arrives at a seedy motel and is offered two options. The economy room costs $10, while the premium room is $12.

"What is the difference?" he asks.

"The $12 room comes with a free TV," replies the receptionist with a smile.

The humour lies in the contradiction. The TV is "free" but costs more. As Bangladesh prepares free trade agreements (FTAs) with as many as two dozen countries, the joke is a timely reminder: in global commerce, there is no such thing as a free deal. The large print giveth, while the small print taketh away, as the saying goes.

FTAs are not inherently problematic. In fact, they can be useful instruments. But like the motel's "free" TV, the hidden details often decide whether the bargain is truly beneficial.

As Bangladesh graduates from the least developed country (LDC) club, it will lose preferential access to key markets. FTAs, therefore, will be essential to maintain exports without prohibitive tariffs.

Well-negotiated agreements can protect competitiveness. However, poorly constructed ones can exact a heavy price. Negotiation is an art that requires expertise, foresight and above all, experience. Developed countries such as the US, UK and Japan already possess these qualities. For Bangladesh, this remains largely uncharted territory.

FTAs are lengthy and complex. Beyond goods, tariffs and dispute settlement, they may demand inclusion of services, investment, intellectual property, digital trade, government procurement and more. Hidden within dense legal text may be clauses that seem harmless but carry far-reaching consequences.

One concern is intellectual property. Bangladesh has limited experience with patents, as its LDC status exempts it from implementing them.

The Bangladesh Patent Act 2023 carefully balances protection of domestic industries with encouragement of innovation, while complying with the WTO's TRIPS framework.

But FTAs often go further, embedding "TRIPS-plus" provisions that extend patent life and ease approval of new patents. These stipulations can drive up the cost of essential medicines.

For example, Osimertinib Mesylate, used for non-small cell lung cancer, sells for about $600 per tablet under patent protection. A generic version manufactured locally by Eskayef costs less than $4. If Bangladesh is forced to adopt stronger patent rules through FTAs, access to affordable generics could be severely curtailed.

Agriculture presents another risk. Developed nations often subsidise their farmers, allowing them to export at below real market costs. The US and EU, for example, heavily support their agricultural sectors.

If Bangladeshi farmers are made to compete against such subsidised imports without protective measures, many could face ruin.

There is also the question of revenue and policy autonomy. FTAs usually reduce or remove tariffs, which for developing countries can mean a significant loss of government income. More troubling still is the erosion of policy flexibility. Once treaty obligations are signed, governments lose room to shape their own economic strategies.

FTAs are not inherently harmful. They can be necessary tools for global trade integration. But the devil is in the detail. Without rigorous negotiation and technical expertise, Bangladesh risks outcomes that outweigh the benefits.

For a country graduating from LDC status, an FTA can be a rose with thorns -- attractive but risky. At worst, it could become a stranglehold on national policy.

The challenge is not whether to sign FTAs, but how to negotiate them wisely, ensuring that the pursuit of market access does not compromise national interest.

The writer is the CEO of Renata PLC.

World's central bankers fear being caught in Fed's storm

REUTERS, *Jackson Hole*

Global central bankers gathered at a US mountain resort over the weekend are starting to fear that the political storm surrounding the Federal Reserve may engulf them too.

US President Donald Trump's efforts to reshape the Fed to his liking and pressure it into interest rate cuts have raised questions about whether the US central bank can preserve its independence and inflation-fighting credentials.

Trump, frustrated by the legal protections given to the Fed's leadership and the long terms for Board of Governors members meant to outlast any given president, has put intense pressure on Chair Jerome Powell to resign and is pushing to oust another board member, Governor Lisa Cook.

If the world's most powerful central bank were to yield to that pressure, or Trump finds a playbook for removing its members, a dangerous precedent would be set from Europe to Japan, where established norms for the independence of monetary policy may then come under new attack from local politicians.

"The politically motivated attacks on the Fed have a spiritual spillover to the rest of the world, including Europe," European Central Bank policymaker Olli Rehn, from Finland, said on the sidelines of the Fed's annual symposium in Jackson Hole, Wyoming.

The Federal Reserve building is seen in Washington, US. President Donald Trump's efforts to reshape the Fed to his liking and pressure it into interest rate cuts have raised questions about whether the US central bank can preserve its independence. PHOTO: REUTERS/FILE

That's why Rehn and colleagues were enthusiastically backing Powell to stand his ground, even after he signaled a possible rate cut in September. Powell was met by a standing ovation when he took the podium at the conference.

'NOT BE TAKEN FOR GRANTED'

Conversations with a dozen central bankers from across the world on the sidelines of the Fed's getaway in the shadows of the Grand Teton Mountains revealed that a scenario in which the Fed sees its ability to counter inflation jeopardized by a loss of independence was taken as a direct threat to their own standing and to economic stability more broadly.

It would likely entail major turmoil in financial markets, they said, with investors demanding a greater premium to own US bonds and reassessing the status of Treasury securities as the lifeblood of the global financial system.

Wall Street's main indexes ended higher on Friday, with the Dow adding 1.9 percent to finish at a record closing high, the S&P 500 climbing one-and-a-half percent and the Nasdaq surging nearly 1.9 percent.

Central banks around the world have already started preparing for the fallout, telling lenders on their watch to watch their exposure to the US currency.

More fundamentally, a Fed capitulation would end a regime that has brought relative price stability and has lasted at least since late Chair Paul Volcker vanquished high inflation 40 years ago.

Since then, more and more central banks followed the Fed's model of political independence and a single-minded focus on their mandate - for most, keeping inflation near 2 percent.

"It's a reminder that independence should not be taken for granted," Bundesbank President Joachim Nagel, also a member of the ECB's Governing Council, said. "We have to deliver on our mandate and make clear that independence is the conditio sine qua non for price stability."

POLITICAL FOOTBALL

Markets so far have not registered deep concerns about the Fed's independence. US equity markets are roaring, and there hasn't been the sort of jump in Treasury yields or inflation expectations that would be emblematic of the Fed's credibility being seen at risk.

While Trump can name a new chair when Powell's term as the chief policymaker ends in May, he needs more departures among the Fed's seven-member board for his appointees to gain majority control. The Fed's network of 12 regional reserve banks, whose leaders take turns voting on interest rate policy, is a further counterweight, hired by local boards of directors as a way to distance them from Washington's influence.

Yet Trump's soured relationship with the Fed, set in a country perceived to have strong institutional and legal traditions, has made other central bankers all too aware of how fragile their independence may be.

Even the ECB, whose autonomy from the 20 governments of the euro zone is sanctioned by European Union treaties, has had to fight hard to prove it.

It was accused of bankrolling governments when it launched its massive bond-buying scheme a decade ago with the aim of staving off deflation, and survived multiple court challenges seeking to block those purchases.