

star

BUSINESS



Foreign debt repayment surges 16% in July

**STAR BUSINESS REPORT**

Bangladesh's external debt servicing surged 16 percent year-on-year in the first month of the current fiscal year (FY) 2025-26, while inflows from bilateral and multilateral lenders fell sharply.

The country repaid \$446.68 million in July, up from \$385.67 million in the same month a year earlier, according to provisional data from the Economic Relations Division (ERD) released yesterday.

The rise was driven by higher principal repayments, which jumped 24 percent to \$327.72 million from \$264.88 million in July 2024. Interest payments, however, eased slightly to \$118.96 million from \$120.79 million.

On the disbursement

**The country repaid \$446.68 million in July, up from \$385.67 million in the same month a year earlier**

side, Bangladesh received \$202.75 million in project assistance in July 2025, 43 percent lower than \$358.32 million in the same month last year.

Of the total disbursement, \$77.5 million came from the Asian Development Bank (ADB), followed by \$59.07 million from the World Bank's concessional lending arm, the International Development Association (IDA), \$17.24 million from Japan, and \$13.62 million from India.

New foreign assistance commitments remained modest, with the ERD reporting \$83.46 million in fresh pledges, mostly loans—significantly up from \$16.40 million in July 2024, but still lower than previous years.

Major lenders such as ADB, Asian Infrastructure Investment Bank,

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AC demand cools off amid rain, mild temperatures

Sales fell to about 4 lakh units this year from 6 lakh in 2024

**JAGARAN CHAKMA**

Air conditioner (AC) sales slumped this summer, as milder temperatures compared to previous years and frequent rains meant fewer households felt the need to invest in cooling appliances.

Retailers and distributors say sales fell by about 30 percent compared with last year. Their estimate suggests units sold dropped to 4-4.5 lakh this year from 6 lakh last year.

This downturn contrasts sharply with 2023 and 2024, when long spells of sweltering heat drove demand so high that buyers often had to wait days for installation slots. In Dhaka, AC technicians were so overstretched in the summer last year that new purchases had to wait for four to five days for installation.

Then, the mercury regularly touched 36°C in April.

This year, however, the temperature stayed between 32°C and 33°C in April and May, the hottest months of the year, according to the Bangladesh Meteorological Department.

In July, rainfall reached 564 millimetres, 23.5 percent above the historical monthly average.

For the local AC market, the weather pattern was a heavy blow. Already battling

inflation and cautious consumer spending, the sector faced a sudden fall in demand.

"No prolonged hot spell and continuous rain spells in July meant that consumers felt less urgency to invest in cooling appliances," said Nurul Afser, deputy managing director of Electromart Ltd, which markets the Gree brand AC.

"AC demand has taken a noticeable hit this year," he added.

Electromart depends on the AC segment

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for most of its revenue, and Afser said the slowdown has left a "substantial impact" on business. Bulk orders from corporate clients and public institutions have also fallen.

In the AC segment, Singer Bangladesh has also seen similar pressure this summer.

"The AC industry saw more than a 10 percent decline this year due to cooler weather and unusually high rainfall," said Syed Sabbir Zaman, head of product. "This has affected the entire sector, including leading brands like Gree, Walton and Singer."

He said even aggressive price cuts have

failed to revive the market. "Most companies have not matched last November's sales even by August this year -- which is a clear sign of slowdown."

Tanvir Rahman, chief business officer of Walton Air Conditioner, said demand had grown in double digits for a decade, thanks to local production that made ACs more affordable for the middle class.

This year, though, sales fell. "This is largely due to a decline in public and private investment, which directly affects the demand for bulk AC purchases," he said.

Domestic home appliance maker Jamuna Electronics, which invested Tk 18 crore in a fully local AC production line, has also been hit.

"We built a complete in-house production line, but the market has not responded as expected," said Salim Ullah Salim, director of marketing at Jamuna Electronics.

Despite weaker demand, AC prices, however, have climbed. A 1-tonne unit now costs Tk 60,000-Tk 65,000, up from Tk 50,000-Tk 55,000 a year ago, while premium brands reach Tk 1.2 lakh.

Salim blamed higher dollar rates, surging raw material costs and freight charges.

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UN agency asks Rooppur to improve safety before opening

**STAR BUSINESS REPORT**

The International Atomic Energy Agency (IAEA) has recommended improvements in fire prevention and response, operational supervision, and equipment preservation at the Rooppur Nuclear Power Plant (RNPP) ahead of its commercial launch of the first unit.

The recommendations followed a Pre-Operational Safety Review Team (Pre-OSART) mission from August 10 to 27, conducted at the request of the Bangladesh government to assess safety at Unit-1.

In a statement yesterday, the IAEA said: "The team identified areas of good practice to be shared with the nuclear industry globally, notably the Rooppur Training Centre's integration of a state-of-the-art simulator to train refuelling machine operations."

The mission advised further strengthening fire safety measures to ensure effective prevention and response, improving supervision and operational standards, and reinforcing equipment preservation during commissioning to protect systems and components.

The Pre-OSART team noted that the plant staff



members are knowledgeable, professional, and committed to enhancing operational safety and reliability.

It said that technical exchanges were described as fruitful, with experience and knowledge shared on achieving excellence in operational safety.

"The transition from commissioning to operations is one of the most important stages for the safe operation of a nuclear power plant," said Simon Morgan, senior nuclear safety officer at the IAEA.

"The team observed a commitment from plant management to ensure all prerequisites are in place for this transition, in accordance with national and IAEA standards," said the IAEA official.

The 14-member IAEA team, comprising experts from Europe, Asia, and the United States, observed commissioning activities, held discussions with staff, and reviewed technical documents.

Md Kabir Hossain, project director of the RNPP, said Bangladesh remains committed to maintaining the highest safety standards and values IAEA peer reviews as an important tool for self-assessment.

Located in Pabna on the banks of the Padma River, the RNPP is the country's first nuclear power facility. Owned by the Bangladesh Atomic Energy

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Bangladesh to boost grain imports in 2025-26: USDA

KEY POINTS

Imports of capital goods fell 20-25% last fiscal year

Construction slowdown signals weak momentum

Public, private investment projected to fall

Businesses seek LDC graduation deferral

Calls for reforms, lowering business costs

Political, energy crises stifle investment

Business leaders, experts say

**STAR BUSINESS REPORT**

Persisting political uncertainty and energy crisis are holding back investment growth in Bangladesh, business leaders and policy experts said yesterday.

Investment has remained largely stagnant or declined slightly in the last fiscal year, they also said, calling for structural reform to address the existing bottlenecks.

The slowdown in investment raises concerns over the country's growth trajectory and job creation prospects, the Policy Research Institute (PRI) said during a presentation at the institute's Monthly Macroeconomic Insights event in Dhaka.

PRI pointed to a 20-25 percent fall in capital goods imports in the last fiscal year and a sharp slowdown in construction as evidence that investment momentum has stalled.

"The challenging investment climate has been one of the most serious impediments to economic growth in recent years," Ashikur Rahman, principal economist at PRI, said during the keynote presentation.

He said that constraints in energy supply, logistics and political uncertainty require urgent attention to unlock new investment opportunities.

"It is neither accurate nor sufficient to blame slower growth solely on a tight monetary stance," he added.

He stressed that unless structural bottlenecks in the real economy are tackled alongside financial policies, Bangladesh will not be able to stimulate investment and sustain growth.

Also speaking at the event, Anwar-ul Alam Chowdhury Parvez, president of the Bangladesh Chamber of

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STAR BUSINESS REPORT

Bangladesh is expected to import larger volumes of rice and wheat in the marketing year (MY) 2025-26 owing to rising domestic rice prices, according to a report by the US Department of Agriculture (USDA).

Private importers are also likely to bring in increased quantities of maize to meet the growing demand from the poultry, cattle, and aquaculture feed sectors, the agency said in its Grain and Feed Update on Bangladesh released on August 27.

The USDA forecasts that rice imports by both the public and private sectors may rise 8 percent year-on-year to 12 lakh tonnes in MY26, which begins in May.

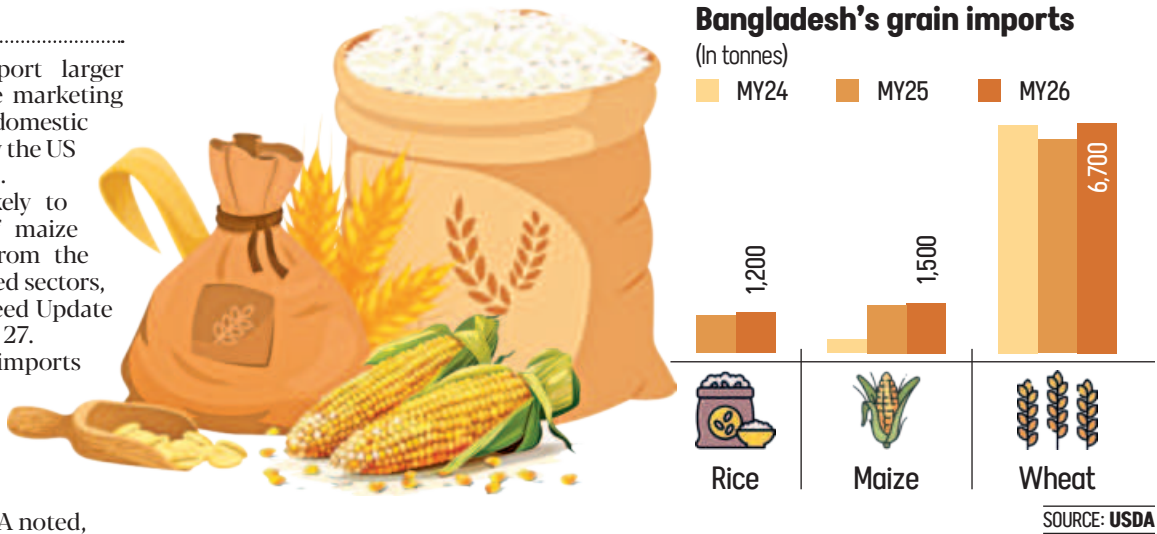
"Domestic rice prices have reached an all-time high," the USDA noted, adding that the government is stepping up imports to ease market prices.

In mid-July, the government announced plans to purchase 400,000 tonnes of rice through international tenders for public granaries. On August 10, the food ministry authorised 242 firms to import 500,000 tonnes in order to increase supply and curb price hikes of the staple grain.

The USDA report, citing its sources, said Bangladesh imported around 200,000 tonnes of rice in the first three months of MY26 since May. Prices of all rice varieties in Bangladesh have continued to climb, reaching the highest levels ever recorded in July 2025.

The average retail price of coarse rice in July 2025 stood at Tk 57.5 per kilogramme, up 12.3 percent from the same period the previous year, the report said, citing market data from the Trading Corporation of Bangladesh (TCB).

That same month, the average retail price



of high-quality non-aromatic (fine) rice was 12.7 percent higher year-on-year at Tk 80 per kilogramme.

"The price increase is primarily due to higher paddy production and milling costs, overall inflation, and inefficiencies in the supply chain. Like many other agricultural commodities, the rice supply chain involves multiple market actors, ultimately driving up costs for consumers," the report said.

The USDA projected a 2 percent year-on-year increase in rice production to 3.75 lakh tonnes in MY26, supported by favourable weather. It estimated that farmers harvested 2.05 crore tonnes of rice during the Boro season, the country's principal crop.

Yields and overall Boro production were robust as there were no droughts, heatwaves, cyclones, significant pest damage, or other natural disasters, the USDA observed. The

agency also forecast an expansion of acreage under the current Aman season, the rain-fed crop, with higher yields in MY26.

For wheat, the USDA projected that imports by both public and private sectors may rise to 67 lakh tonnes in MY26, which starts in July, up 7.5 percent year-on-year from its MY25 estimate.

Lower international prices and stable supply are likely to underpin higher wheat imports, the second staple after rice.

"In Bangladesh, wheat is used to some extent as an alternative to rice. Therefore, demand for wheat flour is likely to continue rising while rice prices remain high," the USDA noted.

Regarding maize, the agency forecast imports to increase 6 percent year-on-year to 15 lakh tonnes in MY26, driven by feed

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**M Khurshed Kaisar, deputy managing director and chief distribution officer of Shanta Life Insurance, and M Khorshed Anowar, deputy managing director, head of retail and SME banking, and chief bancassurance officer at Eastern Bank PLC, pose for photographs after signing the memorandum of understanding at the bank's head office in Dhaka on Tuesday.**

PHOTO: EASTERN BANK

## Eastern Bank partners with Shanta Life Insurance to expand bancassurance

### STAR BUSINESS DESK

Eastern Bank PLC (EBL) has signed a memorandum of understanding (MoU) with Shanta Life Insurance to introduce innovative insurance solutions through its banking network.

M Khorshed Anowar, deputy managing director, head of retail and SME banking, and chief bancassurance officer at Eastern Bank PLC, and M Khurshed Kaisar, deputy managing

director and chief distribution officer of Shanta Life Insurance, signed the MoU at the bank's head office in the capital on Tuesday, according to a press release.

Among others, Sarmin Atik, head of liability and wealth management at the bank; Md Raquib, head of bancassurance and student banking; Nafis Akhter Ahmed, chief executive officer of the life insurer; and Mashfiqur Rahman, head of bancassurance, were also present.



PHOTO: UNITED FINANCE

**Najmul Hasan, chairman of United Finance PLC, poses for photographs at the launch of the new mobile application "UMA" in the capital recently.**

## United Finance launches 'UMA' app to ensure seamless, secure digital services

### STAR BUSINESS DESK

United Finance PLC has unveiled a new mobile application, titled UMA, aimed at providing seamless and secure digital services.

Designed to redefine customer convenience, UMA offers a secure, intuitive, and fully digital banking experience.

Through the app, customers can open deposit accounts entirely online – a first among non-bank financial institutions (NBFI) in Bangladesh – view deposit and loan product details in real time, download account statements and certificates instantly, and submit service requests directly from their mobile devices.

## Global Insurance declares 10% cash dividend

### STAR BUSINESS DESK

Global Insurance PLC has announced a 10 percent cash dividend for the year ended on December 31, 2024.

The announcement was made at the insurer's 25th annual general meeting (AGM) held recently, according to a press release.

Sayed Ahmed, chairman of Global Insurance PLC, presided over the meeting.

SMSarowar Alam, vice-chairman of the insurer; Chief of Naval Staff Vice Admiral (ret'd) Zahir Uddin Ahmed, chairman of the audit committee and independent

director; Md Ebadot Ali, chairman of the nomination and remuneration committee and independent director; Syed Badrul Alam, chairman of the risk management committee and director; Md Jamirul Islam, chief executive officer; ABM Nurul Haq, senior consultant; Md Omar Faruk, company secretary; and Md Ashrafur Alam, chief financial officer (current charge), attended the AGM.

A large number of shareholders of the insurer also participated in the meeting both in person and via digital platforms.

They expressed their satisfaction with the overall performance of the insurer during 2024.



**Sayed Ahmed, chairman of Global Insurance PLC, attends the insurer's 25th annual general meeting recently. At the meeting, a 10 percent cash dividend for 2024 was announced.**

PHOTO: GLOBAL INSURANCE

## Midland Bank holds awareness programme on AML & CFT

### STAR BUSINESS DESK

Midland Bank PLC organised an awareness programme on anti-money laundering (AML) and combating the financing of terrorism (CFT) for its board of directors and senior management at the bank's head office in Dhaka on Tuesday.

Ahsan Khan Chowdhury, chairman of Midland Bank PLC, inaugurated the programme as chief guest, according to a press release.

In his address, Chowdhury emphasised that such awareness sessions should be held regularly to strengthen awareness among senior management, bank officials, and all stakeholders.

Md Mostakur Rahman, director of the Bangladesh Financial Intelligence Unit (BFIU), and Md Mahmudul Haque Bhuiyan, joint director, conducted the session, highlighting relevant laws, key AML and CFT issues, and banks' future strategic actions in this regard.



**Ahsan Khan Chowdhury, chairman of Midland Bank PLC, poses for group photographs after inaugurating the awareness programme on anti-money laundering (AML) and combating the financing of terrorism (CFT) at the bank's head office in Dhaka on Tuesday.**

PHOTO: MIDLAND BANK

## Walton unveils premium Android tablet

### STAR BUSINESS DESK

Walton Digi-Tech Industries Limited has launched its latest premium device, named the "Walpad IIG Android tablet", offering a powerful blend of high performance, expansive display, advanced multimedia features, and long-lasting battery life.

Featuring a modern design and equipped with a one-year warranty alongside reliable after-sales service, the tablet is now available at all Walton Plaza outlets nationwide.

Positioned as an ideal companion for professional work, entertainment, online learning, and gaming, the Walpad IIG is powered by the MediaTek Helio G99 octa-core processor with a maximum clock speed of 2.2 GHz, said Touhidur Rahman Rad, chief business officer of Walton Computer, while commenting on the product.

Paired with a Mali-G57 MC2 GPU, it delivers smooth and enriched graphics performance for gaming and multimedia use, according to a press release.

The device boasts a 10.95-inch Full HD IPS display (1920x1200 resolution) with a 90Hz refresh rate, ensuring a vibrant and fluid visual experience. It comes with 8GB RAM and either 128GB or 256GB of UFS storage, expandable via microSD card.

For photography, the Walpad IIG features a 13-megapixel autofocus primary camera alongside a 2-megapixel macro sensor with flash, while the 5-megapixel front camera supports selfies, video calls, and face unlock.

To enhance the audio experience, the device is fitted with four full-range speakers with DTS support, providing immersive sound for films, music, and



gaming. Connectivity options include dual-band WiFi, Bluetooth 5.2, USB Type-C, OTG, and 4G support. A hybrid SIM slot allows users to operate either dual SIM cards or one SIM with a memory card.

The Walpad IIG is powered by a 7,000 mAh lithium polymer battery supporting 20W PD 3.0 fast charging. It also incorporates multiple satellite navigation systems – GPS, BDS, Glonass, and Galileo – along with essential sensors such as accelerometer, light, gyroscope, gravity, compass, hall, and magnetic sensors.

The 8GB RAM + 128GB storage variant is priced at Tk 21,750, while the 8GB RAM + 256GB storage model retails at Tk 23,750. Each unit includes a glass protector, flip cover, 20W charger, 1.5-metre USB cable, SIM ejector, user manual, and warranty card.

## Dollar on defensive as Fed rate cut bets ramp up



### REUTERS

The dollar struggled to make headway against major peers on Thursday as traders added to bets for a Federal Reserve interest rate reduction next month after New York Fed chief John Williams signaled a cut was possible.

The US currency is also under renewed pressure from President Donald Trump's ramped-up campaign to exert more influence over monetary policy decisions, as he attempts to fire Fed Governor Lisa Cook and replace her with a loyalist.

The dollar was on the back foot against the euro even after France's prime minister on Monday unexpectedly called a confidence vote for next month, which is likely to result in the fall of his minority government.

The dollar index, which gauges the currency against six major peers, was steady at 98.145, following two days of declines.

The euro was little changed at \$1.1640, and sterling edged up slightly to \$1.3505.

The dollar slipped 0.14 percent to 0.8015 Swiss franc, while sliding 0.19 percent to 147.11 yen.

Japan's chief trade negotiator Ryosei Akazawa canceled a trip to Washington at the last minute on Thursday, delaying an announcement of the details of Japan's \$550 billion investment pledge in the United States as part of a tariff deal.

A government spokesperson said the decision was taken after talks with the US side revealed some points that need further discussion "at the administrative level".

On the US monetary front, the Fed's Williams said in an interview with CNBC on Wednesday that "every meeting is, from my perspective, live."

"Risks are more in balance," he said. "We are going to just have to see how the data play out."

## Asia's pledge to boost US farm imports may redraw trade flows

### REUTERS, Singapore

Southeast Asian nations are set to reshape global grains and oilseed trade flows through US trade deals that include raising agriculture purchases, with increased American shipments displacing Australian, Canadian and Russian supply.

While Indonesia and Bangladesh have already agreed to increased buying as part of agreements that set lowered tariffs on th

"US farm exports are clearly set to gain ground in Asia," said Ole Houe, director of advisory services at IKON Commodities in Sydney. "On one hand, trade deals are creating pressure, but just as important are the lower prices of US wheat, corn and soymeal, which are cheaper than supplies from rival exporters."

Asia, a net food importer, is a vital market for global suppliers, as the region's consumption is rising with growing population and incomes. Asia accounts for about 30 percent of world wheat, corn and soymeal imports, according to US Department of Agriculture data.

An influx of US crops could push down prices for rivals and drive up costs for them to ship grains at greater distances, traders and analysts said.

Over the past decade, suppliers from the Black Sea and South America have gained ground in Asia, eating into US market share.

The US share of Indonesian wheat shipments has fallen by almost 50 percent in the past five years, replaced by imports from Ukraine, Russia and Argentina, according to data from the Indonesian Wheat Flour Producers Association.

But Indonesian flour millers have bought about 250,000 metric tons of US wheat since July, according to two Singapore-based grain traders. The association signed a memorandum of understanding then to buy 1 million tons of US wheat annually as part of trade negotiations to gain lower tariffs. In 2024, the US sold 693,000 tons to

Indonesia.

"Prices are key as these will be private deals by millers but getting one million tons of US wheat will not be a problem for us," said an association official, declining to be named as they were not authorised to speak to media.

Australia supplies about a quarter of Indonesia's wheat and could lose several hundred thousand tons in sales, said

### VIETNAM DEALS

Bangladesh has approved imports of about 220,000 tons of US wheat, a food ministry official in Dhaka said on July 30. Bangladesh committed on July 20 to import 700,000 tons of American wheat annually to strengthen trade ties, up from virtually no purchases in 2024.

Vietnam, one of the fastest-growing animal feed markets, is likely to import US



**A tractor transports bales of straw after a harvest to clear the land for soybean plantation, during wheat harvest in Kentucky, US. Asia, a net food importer, accounts for about 30 percent of world wheat, corn and soymeal imports, according to US Department of Agriculture data.**

PHOTO: REUTERS/FILE

three Australian-based grains traders, though exporters further away may be impacted more. It exported 3 million tons there in 2024, the country's statistics bureau reported.

"If there are fewer sales of Australian wheat to Indonesia or Bangladesh that wheat is probably going to end up in places further away," said Tobin Gorey, founder of commodities consultancy Cornucopia in Australia.

wheat, corn and soymeal, the Singapore-based traders said.

In June, Vietnam's agriculture ministry said firms will sign memorandums of understanding to buy \$2 billion of US farm produce, including five agreements to buy \$800 million of products from Iowa, including corn, wheat, dried distillers grains and soybean meal.

It is not clear that the agreements were formally signed.

Argentina is currently Vietnam's leading grains supplier, accounting for more than 50 percent of its corn and 65 percent of its soymeal imports over the past five years.

Vietnam has increased its US corn purchases for the 2024/25 marketing year that ends on August 31, taking 1.1 million tons, with another 19,051 tons set for delivery by the end of the month, according to USDA data.

For the 2025/26 marketing year, Vietnamese importers have booked 134,000 tons as opposed to only 2,000 tons booked at this time last year for the 2024/25 period.

### FEED CORN

Thailand and the Philippines could also emerge as key importers of US corn, the two Singapore-based traders said.

One of the traders said purchases tied to trade deals could lead to Thailand buying more than 1 million tons of US feed corn, based on what would be needed to replace their current purchases of feed wheat from the Black Sea and feed corn from Asia.

Philippine corn purchases could be higher as its needs to replace 3.3 million tons of feed wheat, though its buying will depend on lowering its corn tariffs, the trader said.

In July, after the two sides announced a trade agreement, a senior economic and trade adviser to Philippine President Ferdinand Marcos Jr. said tariffs on imports from the US of corn, rice, sugar, fish, pork, and chicken have not been removed.

After announcing a US trade agreement on August 1, the Thai finance minister said the country will import up to 2 million tons of US soybeans. There have been no further details on the Thai soybean purchases though.

"There have been productive trade discussions which present an opportunity for the US to strengthen its access to markets in our region," said Timothy Loh, the US Soybean Export Council's regional director for Southeast Asia & Oceania.



## Vietnam steel hit by US anti-dumping duties

ANN/VIETNAM NEWS

The US Department of Commerce on Tuesday delivered a heavy blow to the nation's steel exports, issuing final affirmative determinations in its anti-dumping and countervailing duty investigations into corrosion-resistant steel (CORE) imported from ten countries and territories, including Viet Nam.

"Commerce made its final determinations that imports of CORE into the US from ten trading partners were being dumped and/or subsidised," the department said.

The decision affects CORE products — vital in the manufacture of automobiles, appliances and buildings — worth US\$2.9 billion imported from Australia, Brazil, Canada, Mexico, the Netherlands, South Africa, Taiwan (China), Turkey, the United Arab Emirates, and Viet Nam.

While these determinations by the Department of Commerce confirm unfair trade practices, the process is not yet over. The US International Trade Commission (ITC) must now determine whether these imports have materially injured the domestic steel industry. If the ITC issues an affirmative, trading partner-specific finding, the US will formally impose anti-dumping and countervailing duties on the affected steel imports.

For Viet Nam, the potential imposition of tariffs threatens a double shock. Firstly, the US remains a crucial export destination for Vietnamese steel, contributing significantly to the sector's overall turnover. The imposition of duties could erode Viet Nam's price competitiveness, reduce future orders, and force firms to urgently seek alternative markets.



A garment worker tailors clothes on a sewing machine at an apparel manufacturing unit in Bengaluru on August 25.

PHOTO: AFP

# Indian textile exporters eye Bangladesh to bypass US tariffs

OUR CORRESPONDENT, New Delhi

Bangladesh is among six countries that a section of Indian textile exporters is considering for shifting their final stage of manufacturing to avoid the hefty tariff imposed by the United States on imports from India.

The other countries through which Indian exporters, particularly small and medium enterprises, are mulling to route their exports are Sri Lanka, Ethiopia, Egypt, Indonesia and Jordan.

The development comes as Indian exports began to face as high as 50 percent tariff in the American market from Wednesday after US President Donald Trump slapped a 25 percent punitive tariff due to India's purchases of Russian oil on the goods from the South Asian country.

The tariff has been added to Trump's prior 25 percent tariff on many imports from India,

Asia's second biggest economy after China.

It takes total duties as high as 50 percent for goods as varied as garments, gems and jewellery, footwear, sporting goods, furniture and chemicals among the highest imposed by the US and roughly on par with Brazil and China, Reuters reports earlier.

The escalated tariff threatens India's textile exporters and jobs.

Following the tariffs, some US buyers are demanding additional discounts ranging from 5 percent to 20 percent, said Mukesh Kansal, chairman of CTA Apparels Pvt Ltd in Noida, near Delhi.

Apparel exported from India is sold at three to six times the cost in US stores, and even a 10 percent increase in retail price is sufficient to absorb the tariff impact, Kansal was quoted as saying by the Financial Express.

However, with regard to Bangladesh, logistics issues remain after port and transit restrictions were placed by both countries.

As a result, some fabrics that Indian exporters source from China and elsewhere can be sent directly to Bangladesh for processing and re-export, according to industry insiders.

Sanjay Shukla, team leader at Triburg Consulting, which specialises in sourcing garments, said his firm provides services for the apparel, accessories and home products industries with vendors located in India, Bangladesh and Indonesia.

Some of the garment processing can be done by units set up by Indian companies in the countries mentioned, while in other cases the facilities of partners can be used, Shukla added.

Countries like Bangladesh, which face much lower tariffs than India, can emerge as alternative routes for Indian garment exports.

Bangladesh faces a 20 percent tariff, Indonesia 19 percent, and Sri Lanka 30 percent.

## Govt closes three land ports, suspends one to cut costs

STAR BUSINESS REPORT

The interim government has decided to shut down three land ports and suspend operations at another along the Bangladesh-India border in a bid to save public money and reduce pressure on state expenditure.

The decision came in principle at a meeting of the Council of Advisers, chaired by Chief Adviser Prof Muhammad Yunus, at his office yesterday, according to the Chief Adviser's Press Secretary Shafiqul Alam.

The ports to be shut are Chilahati Land Port in Nilphamari, Daulatganj Land Port in Chuadanga, and Tegamukh Land Port in Rangamati, while operations at Balla Land Port in Habiganj will remain suspended.

Alam briefed reporters at the Foreign Service Academy in Dhaka after the meeting.

"You know, politicians from border areas sometimes pushed for these ports to be opened under political considerations. But no trade has actually taken place through these facilities, and they only add to the government's costs," he said.

He added that a government committee had reviewed the matter, as officials were being posted to these inactive ports at the expense of taxpayers' money.

## Stocks end week with huge gains

STAR BUSINESS REPORT

Dhaka stocks closed higher yesterday, rebounding from losses in the previous two sessions, while turnover increased.

The DSEX, the benchmark index of the Dhaka Stock Exchange, soared 74.63 points, or 1.37 percent, to close at 5,517.94.

The other indices performed similarly, as the Shariah-compliant DSES increased 1.55 percent to 1,207.20, while the DS30, which tracks blue-chip shares, went up 1.92 percent to 2,156.99.

Turnover, a key indicator of market participation, stood at Tk 1,132.31 crore, up from Tk 971.52 crore in the previous session.

A total of 298,772 trades were executed, with block transactions worth Tk 20.37 crore across 37 scripts.

Market breadth was positive, with 281 issues advancing, 86 declining, and 31 remaining unchanged.

Among A-category stocks, 148 gained, 57 lost, and 14 were flat.

In the B-category, 58 rose and 18 fell, while the N-category saw no trading activity.

Segment-wise, the picture was mixed. Mutual funds had 25 gainers against two losers. Corporate bonds saw two issues advance, while the government bond market witnessed two issues decline.

On the individual front, Union Capital rose the most with a 10 percent jump, topping the gainers' list. At the other end, FAS Finance & Investment slumped 5 percent, making it the day's worst performer.

## Taking over the Fed is more than a numbers game

REUTERS, Washington

The most enduring legacy of President Donald Trump's first term was installing a Republican-appointed majority on the Supreme Court. In his second stint in office, he aims to do the same at the Federal Reserve. Unlike with the decades in the-making partisan polarization of the nation's top court, though, the central bank is still wired to prize consensus and data dependency. That goes not just for the structure of the institution, but the people serving within it, including members appointed by Trump himself. The White House faces a fierce battle for control unless they fall in line.

The attempted firing this week of Governor Lisa Cook is a necessary first step in Trump's binary theory of the Fed: namely, that his appointees will set policy in line with his wishes, while those put in place by former President Joe Biden will not. There are some holes in this logic — chiefly, that Chair Jerome Powell himself was selected by Trump, only to become the object of the president's ire for not rapidly slashing rates.

While Republican appointees Christopher Waller and Michelle Bowman now favor cuts, they only began dissenting in recent months. They joined the broader consensus to rapidly tighten monetary policy in 2022, when inflation was spiking to 9.1 percent, and through the following years, as the Fed held steady before

gradually easing only as price pressures drew back.

Trump himself opposed that turn to cutting rates, in September 2024, accusing the Fed of playing politics with the move and aiding Vice President Kamala Harris's election campaign. More broadly, Waller — a possibility to replace Powell at the end of his term, Bloomberg reported — has the resume of a long-time institutionalist: for a decade he ran the research division at the St. Louis Fed, not a typical job for partisan flamethrower.

To be sure, Trump's team now seems mindful of any question of loyalty. Stephen Miran, picked for a recent vacancy on the Fed board, is well outside the mainstream, calling to subordinate the central bank to the executive and its fiscal priorities. Even if he is seated, though, gaining a majority on policy decisions depends not just on the board, but votes from a rotating cast of regional bank presidents. While Bloomberg has reported that the administration is mulling a complicated pressure campaign to influence these picks, their labyrinthine selection process runs through layers of vetting, influenced not just by Washington but also the financial industry. There are, simply put, a lot of people who have to either willingly or under coercion go along with the plan. In an extended battle, the administration might yet win. But a lightning effort to seize control requires the Fed to fight itself.

## Political, energy crises stifle investment

FROM PAGE B1

Industries, said, "Political uncertainty is a reason for low investment. Another reason is that the conducive environment for investment is not here, while energy supply is also not up to the mark."

"Yet, the government is not consulting with businessmen regarding the economic issues. So, how will investors decide to pour money?" he added. "Once the elections are held, investment may rise under a political government," he hoped.

Public investment was projected to decline to 6.4 percent of GDP in fiscal year 2024-25 before recovering slightly to 7 percent in the current fiscal year, PRI said at the event citing International Monetary Fund (IMF) data. Private investment, meanwhile, was projected to fall to 23.2 percent last fiscal year and is expected to drop further to 22.5 percent in the current FY2025-26.

Official investment data

for FY25 is not yet available.

Meanwhile, business leaders reiterated calls to delay Bangladesh's graduation from least developed country (LDC) status, currently scheduled for 2026.

Parvez said the economy's overdependence on garments and lack of tax reforms left the country unprepared.

"We have only one export product, though we have potential in the leather and light engineering sector," he said.

On tariff protection after graduation, he said many sectors are saying they will be out of business if tariff protection is withdrawn. "Do you know how much local industry will be impacted after LDC graduation just for lifting import tariffs?"

Stating that this will lead to a decline in revenue, he said the government is not preparing to broaden the tax net.

Former National Board of Revenue chairman

Nasiruddin Ahmed said the cost of doing business in Bangladesh is high and needs to be reduced, with regulatory reforms in tax, VAT and customs.

"However, the tax authority is imposing high taxes and duties to meet its revenue targets, which is costly for businesses and also pushes up prices," he added.

Habibullah N Karim, vice-president of the Metropolitan Chamber of Commerce and Industry, Dhaka, described poverty and unemployment as the most pressing concerns, urging incentives and policy support for labour-intensive sectors such as agro-processing and IT.

He further called for controlling the country's external debt, which has almost doubled in the last five years, mainly due to project cost overruns and weak cost-benefit analyses.

On LDC graduation, he said, "Everybody is calling for deferral, but it will not cause the sky to fall. Of course, things will change,

but we will survive. The problem is the government is not addressing the ramifications of the situation."

Bangladesh Bank's Chief Economist Md Akhtar Hossain said the current and financial account balances are improving, helping to rebuild foreign exchange reserves.

The country's real exchange rate, he noted, was overvalued for many years but is now largely aligned with market conditions.

"We need to attract FDI, so we need to work on what policy support they need," he added.

M Abu Eusuf, executive director of Research and Policy Integration for Development, said, "We have missed opportunities in reform."

"Everyone knows what should be done, but action has not been taken. If VAT compliance issues are addressed, revenue collection from VAT could triple," he added, citing a multilateral agency.

## Bangladesh to boost

FROM PAGE B1

Regarding maize, the agency forecast imports to increase 6 percent year-on-year to 15 lakh tonnes in MY26, driven by feed mill demand. It also said there are strong opportunities for US maize sales to Bangladesh during this and the following marketing year.

"Bangladesh usually imports corn from Brazil,

Argentina, and India due to price and logistical advantages," the report said, adding that buyers had shown strong interest in sourcing US maize this year owing to competitive pricing.

The report added that key importers found US maize prices attractive but wanted direct engagement with US exporters.

## AC demand

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At Esquire Electronics, which represents the Japanese brand Hitachi, corporate orders are drying up.

"The heat did not last, and inflation has squeezed disposable income. People are not spending on non-essential items like ACs," said Esquire Electronics Senior General Manager Manzurul Karim.

He said project-based demand has nearly vanished. "Government development has slowed, and no major new projects have been launched. Even ongoing ones faced

funding issues," he said.

Esquire's rural and peri-urban sales also fell. "We used to sell 50,000-60,000 units annually through such channels. This year it is down to around 30,000." Karim pointed to rising competition from budget-friendly Chinese and local brands. "Consumers are shifting from premium models to cheaper alternatives due to tighter budgets."

Still, he remained cautiously optimistic. "It has been a difficult year. But with political stability and economic recovery, we expect demand to pick up gradually."

## Foreign debt

FROM PAGE B1

Japan, China, India, and Russia made no fresh commitments this July, except the IDA which pledged \$6 million.

The remaining \$77.46 million was pledged by "other" development partners.

The higher external debt payment depicts the twin pressures of declining foreign aid inflows and a growing repayment

burden, underscoring the fiscal challenges facing the country amid a slowing economy and high external liabilities.

The trend continued in the pace of the last fiscal year, with Bangladesh's foreign debt servicing bill surpassing \$4 billion for the first time in FY2024-25, marking a 21 percent increase from \$3.37 billion the previous year.



# The LDC graduation conundrum



## ANALYSIS

REFAYET ULLAH MIRDHA

The least developed countries (LDCs) have been struggling to graduate to developing nations for years. But at the same time, these countries fear losing preferential trade, exports, and employment. So, they hesitate and step back even after becoming eligible for graduation.

In almost every case, graduating LDCs have done the same, stepping back from the scheduled date of graduation.

Many of them step back by deferring graduation mainly due to their lack of readiness and fear of losing preferential trade benefits in international trade. Most of today's Third World countries emerged after the Second World War, and the majority of them are still in the group of LDCs because of their lagging economic development.

However, the task of graduating to developing and developed country status is not easy, as many nations have been struggling for years to elevate their economic status.

The financial structure, macroeconomic scenario, technology, infrastructure, logistics, human resource skills, business environment, investment climate, and educational institutions are not efficient enough for economic development in those countries.

Most troubled third world countries or LDCs are mainly busy mitigating domestic political and economic tensions and meeting the basic needs of their citizens.

The concept of LDC was adopted more than 50 years ago in 1971 by global leaders to uplift the fate of millions of poor people by delivering them quality education, health, infrastructure, sanitation and, overall, a better quality of life.

The LDC group, which began with just 25 members, eventually expanded to 50 before declining to the current 45. In more than five decades, only a handful of nations, including Bhutan, Vanuatu, Equatorial Guinea, Samoa, the Maldives, Cabo Verde and Botswana, have managed to graduate from the category.

The low level of socio-economic development in LDCs is characterised by historically weak development capacity, low and unequally distributed income, and scarcity of domestic financial resources, according to the UN.

The LDCs typically rely on agrarian economies, which can be affected by a vicious cycle of low productivity and low investment, especially as wealthier countries develop and utilise more productive farming technologies.

Generally, LDCs rely on a few primary commodities as major sources of exports and fiscal earnings, making them vulnerable to external terms-of-trade shocks. Some LDCs have been able to diversify into the manufacturing sector, though they often remain limited to products in labour-intensive industries, such as textiles and apparel.

These development constraints are responsible for insufficient domestic resource mobilisation, low economic management capacity, weaknesses in programme design and implementation, chronic external deficits, high debt burdens and heavy dependence on external financing in LDCs, the UN also said. The LDCs host about 40 percent of the world's poor. The LDCs account for 13 percent of the world's population but



LDCs have been able to diversify into the manufacturing sector, though they often remain limited to products in labour-intensive industries, such as textiles and apparel.

PHOTO: STAR/FILE

only about 1.3 percent of global GDP and less than 1 percent of global trade and FDI. Even if on the rise, still barely a fifth of the population in LDCs has access to the internet, the UN said.

There are currently 14 LDCs in various stages of the graduation process; four will graduate from the category by 2027. Bangladesh, Lao PDR and Nepal are due to graduate on November 24 of 2026. Solomon Islands is due to graduate on December 13 of 2027, while Cambodia and Senegal are due to graduate on December 19 of 2029. Other LDCs in the graduation pipeline are Rwanda, Uganda, United Republic of Tanzania, Kiribati, Tuvalu, Comoros, Djibouti and Myanmar.

These 44 countries benefit from exclusive international support measures (ISMs) in the areas of trade, development cooperation and participation in international organisations and processes. **PROBLEMS WITH BANGLADESH** Bangladesh was included in the league of LDCs in 1975 and, after a journey of 50 years, is now scheduled to graduate to a developing nation on November 24 next year, as the country has fulfilled all the required conditions.

The country has overcome many insurmountable challenges accrued both from domestic and external factors over the years and has reached the current level of economic development.

However, local businessmen are demanding a further deferment of graduation for six more years, up to 2032. They have already raised their demand to the government in public seminars and joint press conferences involving leaders of major business chambers and trade bodies. They say they are not ready to graduate now as they need more time to prepare.

The simple question is why Bangladesh could not take preparations until now, even though the country became eligible to graduate in 2018.

Earlier, the transition period was

extended mainly because of the severe fallout of Covid-19, the Russia-Ukraine war, historic inflationary pressure and many other domestic and international challenges.

However, the whole world has already recovered significantly from the previous severe fallout.

Moreover, two graduating countries, Nepal and Lao PDR, are not asking for deferment although their economic status is not equal to Bangladesh.

But the nature of economic development of each of the three graduating countries is unique.

For instance, Bangladesh has a huge population and employment is a major concern, while the country's export is

**Most troubled third world countries or LDCs are mainly busy mitigating domestic political and economic tensions and meeting the basic needs of their citizens.**

still mainly dependent on a single item: apparel. Other potential sectors could not perform well for different reasons.

As a result, the country faces the challenge of losing 14 percent of its exports, or \$7 billion in a year, putting many garment factories' financial conditions under stress. The country's 73 percent of exports are LDC-induced, and currently Bangladesh enjoys duty-free benefits in 38 countries under this category.

Like many LDCs, Bangladesh has also failed to sign any independent free trade agreements (FTAs), either with individual countries or with trade blocs such as Asean, EU or RCEP, although the country is trying and lobbying for trade deals with major trading partners and regional blocs.

So, the country's exports are in danger after graduation if it cannot make sufficient preparations for a smooth transition.

Potential export sectors such as pharmaceuticals, software, agro-processing, plastics, footwear (including non-leather), leather and tannery products, furniture and many more may lose the opportunity to grow, as they will face higher tariff rates, mostly 12 percent in different countries, except 36.5 percent to the USA, after graduation.

The businesses argue that they could not recover from the fallout of the Covid-19, the Russia-Ukraine war, higher freight charges, historic inflation and finally the reciprocal tariff rate imposed by President Trump.

Moreover, the emerging pharmaceuticals sector is still undergoing a lot of changes as the companies are yet to produce the basic raw materials to avoid costly patent rights from foreign companies.

As a result, medicine prices may go up in domestic markets, where local companies currently serve 98 percent.

Now, some of the local medicine companies are also exporting pharmaceutical goods to the USA and European markets. It is a great achievement for a country like Bangladesh.

Perhaps, Bangladesh is the only LDC capable of exporting medicine to the USA and European markets after meeting 98 percent of its domestic demand. Even medicine has the potential to become a billion-dollar export item like garments in the future if the sector is nurtured properly.

Whatever we say today or tomorrow, Bangladesh will have to face the reality of LDC graduation, and the government cannot continue subsidies for many years. Both the government and the private sector must prepare for a smooth graduation to ensure the sustainability of the economy and trade.

## The untapped power of sorry

MAHTAB UDDIN AHMED

In our country, the word "sorry" is rarer than electricity on a summer evening. Not because we do not make mistakes. We produce them in bulk. From call drops to collapsing bridges, from delayed mega projects to disappearing dollars, we are world-class exporters of errors. What we do not export, and barely use at home or in office, is the simple act of apology.

We treat an apology as if it were a dangerous chemical. Say it once, and your reputation will melt. Our leaders, CEOs and even regulators follow the same golden rule: never admit fault, only blame "technical glitches", "unexpected circumstances" or "the past government".

Research, including the Harvard Business Review article "Sometimes Apologies Can Be Good for the Bottom Line" by Laura De Kerpel, Anneleen Van Kerckhove and Tina Tessoro, shows that apologies can be profitable. Instead of insisting "We all gave our best effort" at a crisis press conference, imagine saying: We are sorry. We messed up. Here is how we will fix it.

According to the research, apologies restore trust and reduce customer anger, which in turn cuts churn. A sincere apology builds loyalty, strengthens relationships and minimises reputational damage. In the long run, mistakes can even become opportunities for renewed engagement.

To err is natural, to admit is cultural, and to improve is transformational. Progress is not about pretending to be flawless but about the honesty to confess and the courage to correct. Yet in our society, "sorry" has its own hierarchy.

We apologise upwards to bosses, superiors and the powerful.

But to a liftman, a security guard, a cleaner, or a fellow citizen, humility mysteriously vanishes. Real culture is measured not by how politely we bow to authority but by how sincerely we respect those with less power yet equal dignity.

Take the Bangladesh Bank heist. Eighty-one million dollars vanished like smoke. The official explanation? Hackers, glitches, foreigners. Everything except a plain apology. Depositors were safe, yes, but it was our central reserves, the people's reserves. Imagine if the governor had said: "We are sorry. Our security was fragile. We will fix it." Anger would still come, but it would be mixed with respect.

Look at our beloved telcos. Call drops are so routine that many of us treat them as background noise. Yet instead of admitting the problem, they roll out ads for shiny 4.5G or 4G++ networks. What if one operator simply said: "Sorry bhai, our signal goes on silent mode sometimes. Here is a free data pack." That honesty would win more goodwill than a hundred billboard campaigns. Occasionally they do apologise, but only when regulators force them.

And then there are politicians, the Everest of unapologetic species. Can you imagine one saying: "Sorry for the potholes. We will fix them before the next rain." The entire country would faint first, then probably vote for him next. Instead, denial remains the preferred policy.

The irony is that Bangladeshis are known for their emotional nature. We forgive and forget easily. We cry over cricket, hug after fights, and forgive neighbours who block our gate. A sincere apology would strike straight into that emotional core. It would not erase mistakes, but it would buy trust. And trust, unlike excuses, compounds over time.

The problem is we confuse apology with weakness. In truth, it is the cheapest currency to earn loyalty. One "sorry" can save millions in PR campaigns. Swallowing pride is not our national habit. Shouting, blaming and deflecting are.

*The writer is the president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd.*



## India extends exemption of cotton import duty till Dec

OUR CORRESPONDENT, New Delhi

India has extended the exemption of import duty on cotton until December 31 this year to ease supply pressure on its textile export sector, which has been facing steep tariffs in the United States.

The Finance Ministry said the facility, first announced on August 19 and scheduled to expire on September 30, will now continue for another three months.

"To augment the availability of cotton for the Indian textile sector, the Central Government had temporarily exempted the import duty on cotton from August 19 till September 30. In order to support exporters further, the exemption will remain in force till December 31," the ministry said in a statement yesterday.

India, the world's second-largest cotton producer after China, earlier levied 11 percent duty on cotton imports.

Its textile and gems and jewellery exports have been hit hard by a 50 percent US tariff, including a 25 percent penalty linked to oil imports from Russia.

## Nvidia is AI, but only for so long

REUTERS, New York

Nvidia and artificial intelligence are practically synonymous. Its class-leading chips are essential: the more efficiently they can crunch bits, the better or cheaper models from the likes of OpenAI or Anthropic can run. That made the strong financial results it reported on Wednesday, including 56 percent year-over-year growth to \$47 billion in revenue, practically an inevitability. After all, when a fellow tech titan spends on AI, it's spending on Nvidia. The schism between the United States and China threatens that ubiquity.

It is hard to overstate the importance of the \$4 trillion company led by Jensen Huang. Technical papers detailing new AI models benchmark their training time in hours of processing expended on Nvidia's products. When an executive like Elon Musk talks about building gigantic computing hubs, he measures them in multiples of its H100 chip.

This translates to enormous profitability. Nvidia's gross margin, at around 73 percent, towers above rivals like AMD.

All of this, despite a big obstacle: the trade war. The Trump administration in April briefly banned sales of even a cut-down chip, purpose-made for the People's Republic, dubbed the H20. The company previously put the damage at \$8 billion of foregone revenue this quarter. As it is, the one blemish in Wednesday's numbers was that data center sales – the core of the AI boom – came in a hair lower than expected. A global boost

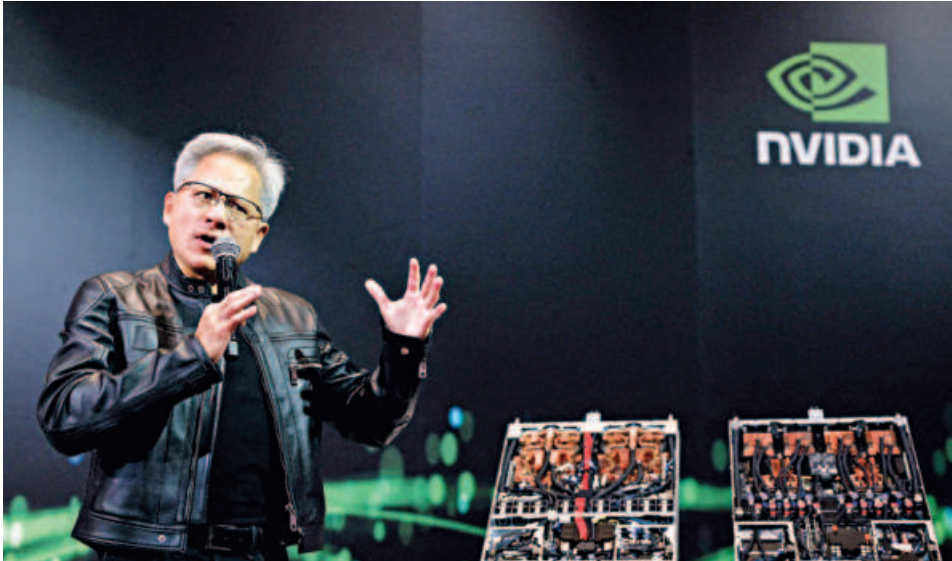


PHOTO: AFP/FILE

Jensen Huang, co-founder and CEO of Nvidia Corp, speaks during a news conference in Taipei. Nvidia's gross margin, at around 73 percent, towers above rivals like AMD.

would have helped.

Nvidia's forecast for the quarter to come nonetheless met analysts' expectations, per Visible Alpha, even while factoring in no H20 sales. That's probably safe: Beijing is urging domestic firms to shop local from the likes of Huawei or buzzy upstart Cambricon Technologies, according to media reports. Even if geopolitical issues subside, Nvidia

says it foresees up to \$5 billion in revenue from its made-for-China chip over the next three months, well below the previous implied run-rate.

It's still a lot of value resting on trans-Pacific disputes. Annualize that figure, put it on the roughly 18 times next-twelve-months' revenue at which Nvidia trades, and it's worth about \$366 billion.

Huang sets his sights even higher, estimating China to be a \$50 billion opportunity that will grow 50 percent annually. The risk, though, is that as the world's two largest economies separate, Nvidia and AI will no longer be quite so intertwined. Some amount of research effort will now be devoted to developing alternative chips and software, even if competing products from Huawei and peers aren't yet equivalent. Human intelligence, still a crucial input, will strive for breakthroughs elsewhere. The cost of losing those advances is far more difficult to calculate.

Chip designer Nvidia on August 27 reported \$46.7 billion in revenue for the quarter ending July 27, a 56 percent increase from the same period a year prior.

Sales in its data center segment rose to \$41.1 billion, narrowly missing analyst expectations, according to Visible Alpha data. The company forecasts sales in the current quarter of \$54 billion, above analyst estimates of \$53.8 billion.

On a call with analysts, CEO Jensen Huang said that the Chinese market would have represented a \$50 billion opportunity this year if the company were allowed to fully address it, and that this could grow by 50 percent annually. The Trump administration briefly restricted exports of the H20 chip, which Nvidia designed to meet restrictions on sales to China, before later reversing its decision. However, officials have "expressed an expectation" that the US government will receive 15 percent of any revenue generated from licensed sales of the chip.