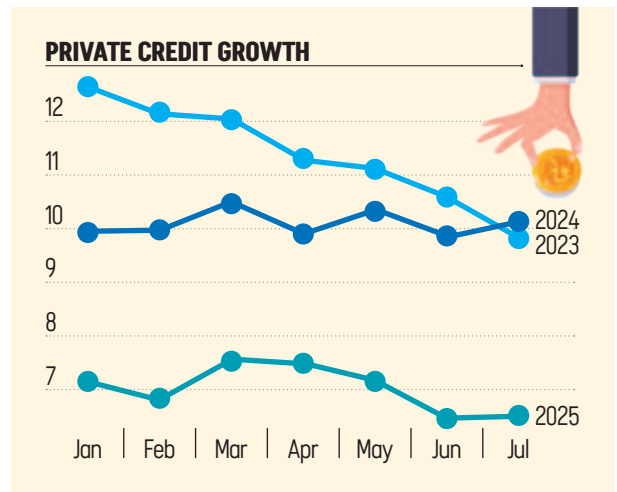


Star BUSINESS



Uncertainty continues to weigh on private credit growth



SOHEL PARVEZ

Bangladesh's private credit growth edged up slightly in July but remained far below last year's levels, as investment demand remains weak amid political uncertainty, volatile law-and-order situation, and strict scrutiny by banks.

Credit to businesses in July grew 6.52 percent year-on-year to Tk 17.42 lakh crore, according to latest Bangladesh Bank (BB) data.

This marks the second-lowest growth in private sector lending, which accounts for two-thirds of the country's investment, in at least one and a half years. In June, growth had stood at 6.49 percent.

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Tariffs steer US synthetic shoe orders to Bangladesh

Exports reach \$523m in FY25 as American buyers look beyond China

JAGARAN CHAKMA

Amid global supply chain volatility and higher tariff pressure on China, US buyers are showing fresh interest in Bangladesh's non-leather footwear and synthetic leather products.

Industry insiders say the shift, though triggered by short-term import duty disruption, could open a long-term window for Bangladeshi exporters aiming to widen their global footprint.

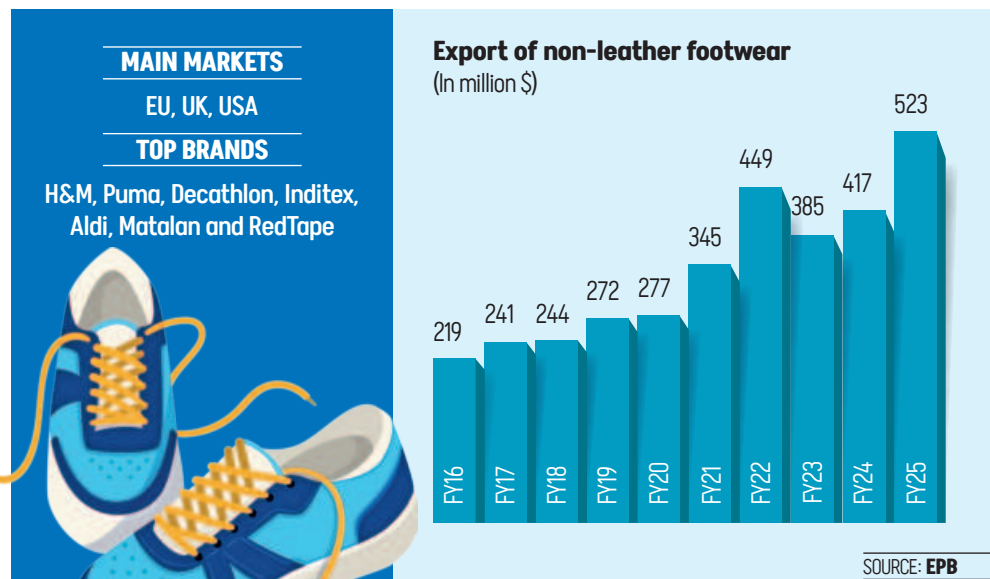
For local non-leather footwear manufacturers, Europe remains the biggest destination, taking almost 90 percent of synthetic shoe exports.

While the US share is still small, companies such as RFL Group, Bling Shoes, Shoeniverse Footwear and Jennys Shoes reported a stable rise in American orders.

The companies say buyers are being drawn by the country's growing capacity and competitive costs.

The synthetic leather footwear industry has grown rapidly, more than doubling exports in seven years. This segment earned \$523 million in fiscal year (FY) 2024-25, up from \$244 million in FY2017-18.

Synthetic shoes are becoming more popular globally than leather for comfort and style. Besides, synthetic materials are less expensive to produce than real leather, making synthetic footwear more accessible to a wider consumer base.



Yet short-term strains amid the US tariff uncertainty on synthetic items are visible. Shipments fell to \$42 million in August from \$45 million a year earlier, a 7 percent drop.

Domestic manufacturers blame shipment delays and aggressive discounting by Chinese rivals, who diverted excess stock to Europe

after losing ground in the US. "Several consignments to the US were postponed because of uncertainty over reciprocal tariffs. That threw our production schedules off balance," said Hasanuzzaman Hassan, chairman of Bling Shoes.

He said that it may take up to three months to restore regular flows. Hassan said, "US buyers are coming back with bulk orders. That shows a long-term shift in sourcing is happening."

He pointed to American footwear brand Wolverine as an early returner after Washington imposed a total 47 percent tariff on Chinese footwear.

For Shoeniverse Footwear, which has manufacturing units in Tongi and Bhaluka, the European market still dominates.

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Cable makers hit by construction slowdown

Harassment, corruption two 'national diseases'

Says Hossain Zillur Rahman

STAR BUSINESS REPORT

Bangladesh must confront harassment as fiercely as corruption if the country is to accelerate its economic momentum, said Hossain Zillur Rahman, former adviser to the caretaker government.

He urged that both harassment and corruption be recognised as "national diseases," stating that the two problems have become entrenched in business and daily life.

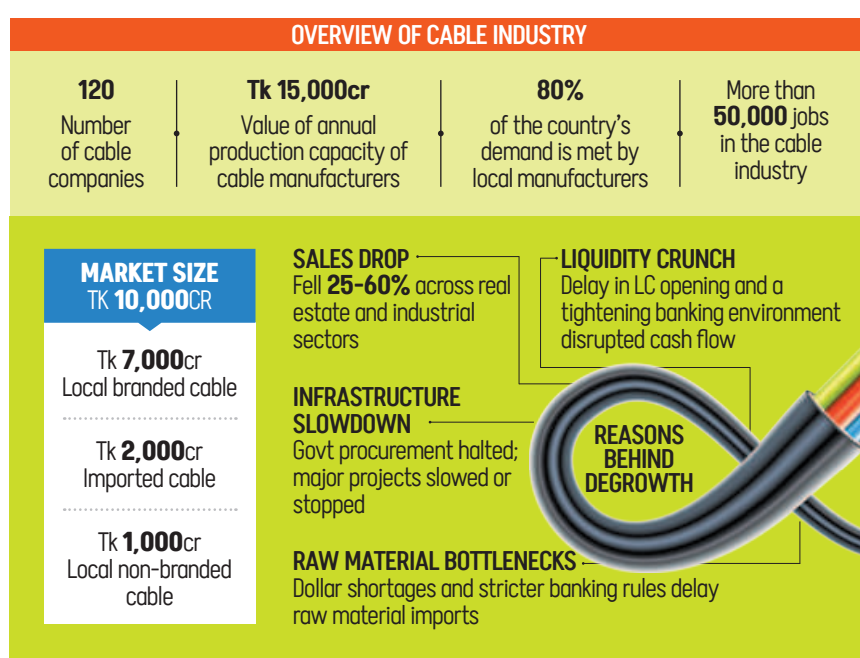
He made the remarks yesterday at a seminar titled "Bangladesh's Course of Action and the Role of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in the Context of the Trade War," held at the InterContinental Dhaka. The event was organised by the Bangladesh Business Forum (BBF).

Rahman said, "We very easily fall into the trap of complacency. We have done so before, and even now we are becoming accustomed to it."

"In today's reality, simply saying 'Bangladesh is progressing' is not enough. The key issue is the pace of that progress. There is no room for complacency merely because we are moving forward," he added.

He emphasised that decisions on the economy

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JAGARAN CHAKMA

For years, Bangladesh's cable industry was seen as one of the prized children of the growing economy, bolstered by rapid urbanisation, power and telecom coverage expansion, and massive development projects.

Over the last year, that expectation has been dampened by a large margin, with major players reporting up to a 30 percent demand slump.

According to them, the slowdown is owed to cancelled or delayed government projects, weaker private investment, and a banking squeeze that

has disrupted raw material imports.

"The industry is grappling with multiple challenges due to the overall downturn in economic activities since the regime change," said Rafiqul Islam Rony, head of marketing and sales at BRB Cable.

"Government purchases, one of the sector's key demand drivers, have been suspended for months, leaving a direct impact," he noted.

"Cables are primarily used in housing and infrastructure projects. But with real estate slowing and government construction stalled, demand has fallen sharply," Rony said. "People simply aren't in a financial position to buy apartments. Developers have scaled back, and that has had a knock-on effect on cable demand."

Rony estimated BRB's sales have dropped by at least 25 percent year-on-year.

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Govt's domestic borrowing surpasses target by Tk 2,000cr

REJAUL KARIM BYRON and MD ASADUZ ZAMAN

Despite underspending its budget, the government borrowed more from domestic sources than planned in the last fiscal year (FY), as revenue collection shortfalls, waning foreign aid, and rising interest costs forced it to plug a widening gap.

Bangladesh Bank data show net domestic borrowing reached Tk 119,365 crore in FY 2024-25, overshooting the revised target of Tk 117,000 crore.

This came even as preliminary figures from the Ministry of Finance suggest more than Tk 1.5 lakh crore of the Tk 7.44 lakh crore budget went unspent.

Finance ministry officials attributed the additional borrowing to revenue collection, which fell well below the target.

According to National Board of Revenue (NBR) data, it missed its revised target of Tk 3.71 lakh crore by Tk 92,626 crore.

Speaking on the matter, Zahid

Hussain, former lead economist at the World Bank's Dhaka office, said the debt composition is moving towards becoming more expensive.

"The government's domestic borrowing has increased, and all of it is expensive, with interest rates above 10 percent. In contrast, borrowing from foreign assistance, which is

cheaper, has declined. "This means the interest burden will rise further. Unless revenue mobilisation increases or expenditure becomes more efficient, debt stress will intensify in the future," explained the economist.

According to central bank data, in the first 11 months of FY25, expenditure increased by 20 percent year-on-year, including interest payments. The government had originally allocated Tk 113,500 crore for interest payments in FY25 but later revised it to Tk 121,500 crore as payments surged.

Out of the total borrowing from domestic sources, the government had targeted Tk 99,000 crore from the banking system but ultimately borrowed Tk 77,107 crore.

In contrast, from non-bank sources, the government initially targeted borrowing Tk 18,000 crore, including Tk 14,000 crore from the net sales of national savings schemes. However, it ended up making a net repayment of Tk 6,063 crore under the schemes as sales plummeted.

To make up for the additional expenditure, the government borrowed Tk 48,322 crore from other non-bank domestic sources, such as non-bank financial institutions, insurance companies, and individual investors through treasury bonds and bills.

Overall, its total borrowing from such sources stood at Tk 42,259 crore, much higher than the original target. "While one reason for higher non-bank borrowing is that it is considered a safe investment, the bigger reason could be the higher interest rates offered there," stated Hussain.

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