

Enhance light engineering capacity to diversify exports: experts

LIGHT ENGINEERING SECTOR AT A GLANCE

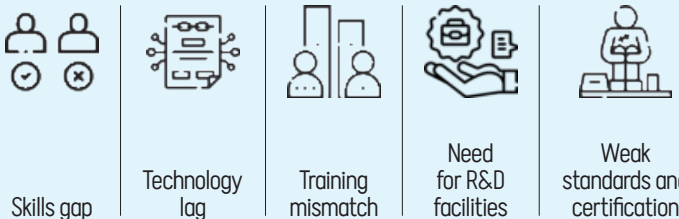
- ▶ **\$12.56b** export potential by 2030
- ▶ **80,000** light engineering units in Bangladesh
- ▶ **\$8b** estimated size of domestic market
- ▶ **28%** annual growth rate of the sector
- ▶ **\$300-800m** current annual export earnings (last eight years)
- ▶ **10 lakh** workers engaged in the sector



GROWTH DRIVERS

- Low-cost labour
- Technology adoption
- Infrastructure development
- Increasing access to int'l markets

CHALLENGES



Key point

In FY24, Bangladesh exported **\$487m** from light engineering sector

STAR BUSINESS REPORT

Bangladesh needs to strengthen local capacity, enhance value addition, and develop backward linkages in agricultural machinery, automobiles, and light engineering to ensure sustainable growth and diversify its export base, according to experts and industry leaders.

They also urged facilitating more local and foreign investments, citing that appropriate policy support was essential for reducing reliance on imports.

“Although Bangladesh has immense potential in the light engineering, agro-machinery, and automobile sectors, its trade basket remains heavily concentrated on readymade garments (RMG),” said M Masrur Reaz, chairman of the Policy Exchange of Bangladesh.

Reaz made his remarks at the inaugural ceremony of the “Road to Made in Bangladesh and Agro Machinery Fair 2025” in the capital’s Tejgaon.

The Bangladesh Chamber of Industries (BCI), with support from the Bangladesh Automobiles Assemblers and Manufacturers Association and the Agricultural Machinery Manufacturers Association Bangladesh, organised the two-day fair at the BCI office.

Bangladesh’s light engineering sector has the potential to generate \$12.56 billion in export earnings by 2030, according to the Policy Exchange of Bangladesh.

The country is home to about 80,000 micro, small, and medium light

engineering units, with a domestic market valued at around \$8 billion and an annual growth rate of nearly 28 percent, said Reaz.

The annual export earnings have hovered between \$300 and \$800 million in the last eight years. However, Bangladesh exported \$487 million worth of goods from the light engineering sector in FY24, he said in a presentation.

There are some growth drivers for light engineering in Bangladesh, including low-cost labour and adoption of technology. Around 10 lakh low-cost labourers are involved, and high domestic and external demand will work as a growth driver, he said.

Reaz said local manufacturers currently meet only 20 percent of the demand for agricultural machinery in the country, with the rest being imported.

He warned that the agricultural workforce, once the largest, fell behind the service sector in 2020, posing risks to food security.

Post-harvest losses account for 40 percent to 45 percent of crops due to poor handling and storage, he noted, adding that agricultural machinery can improve efficiency by reducing seed, fertiliser, and water use.

Speaking as the chief guest, Industries Adviser Adilur Rahman Khan said the national industrial policy has prioritised three sectors—automobiles, agricultural machinery, and light engineering.

“These sectors are playing a very important role in developing productive industries, diversifying exports, and

creating employment,” he said.

“Agro-mechanisation is strengthening national food security, while the automobile industry is modernising transportation and energising the economy,” he added.

The government has already taken effective measures to support these sectors through policy incentives, tax benefits, and infrastructure development, he added.

Bangladesh’s light engineering sector has the potential to generate \$12.56 billion in export earnings by 2030, according to the Policy Exchange of Bangladesh

BCI President Anwar-Ul Alam Chowdhury (Parvez) said Bangladesh must tap into the large automobile market and diversify exports beyond readymade garments ahead of the nation’s least developed country (LDC) status graduation.

He noted that the economy relies heavily on remittances, RMG, and agriculture, where growth is limited, and for which it was crucial to build up alternative sectors.

“Although money laundering has been curbed to some extent, private sector growth remains sluggish while unemployment is rising rapidly,” he observed.

“RMG alone cannot sustain our

economic ambitions; the future lies in manufacturing, particularly in light engineering,” he added, stressing the need for strong policy support and government incentives.

He also underscored the importance of industry-academia collaboration in the era of artificial intelligence and automation and called for expanding capacity in automobile and agricultural machinery production to ensure economic sustainability.

Hafizur Rahman Khan, president of the Bangladesh Automobiles Assemblers and Manufacturers Association, emphasised the need to identify sectoral challenges and address them through business-to-business meetings.

M Abu Eusuf, executive director of the Research and Policy Integration for Development, said Bangladesh lagged behind in export and economic diversification, even though RMG was thriving due to strong compliance.

He added that developing backward linkages could cut import dependency. He emphasised the need for foreign direct investment, policy support, and better ease of doing business to leverage the domestic market.

Alimul Ahsan Chowdhury, president of the Association of Agricultural Machinery Manufacturers, said food security was dependent on agricultural machinery. He called for easier access to the Bangladesh Bank’s small and medium enterprise refinancing scheme.

Stocks slide for second week

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Equities on the Dhaka Stock Exchange (DSE) ended lower for the second consecutive week as persistent selling pressure, coupled with subdued participation, drove the market further down, reflecting the cautious positioning of investors.

Investors continued to adopt a broad-based profit-taking approach while shifting towards a defensive stance in the absence of any strong positive catalyst to revive sentiment, said EBL Securities in its weekly market review.

The DSEX, the key index of the premier bourse, declined 73.9 points, or 1.3 percent, to close at 5,450. Other indices also fell, with the DS30, which tracks blue chip stocks, dropping 2 percent to 2,107, while the DSES, comprising Shariah-compliant companies, slipped 1.5 percent to 1,178, according to DSE data.

Turnover, a key indicator of investor activity, fell sharply to Tk 3,505.32 crore from Tk 5,748.31 crore in the previous week.

On a daily average, turnover stood at Tk 701 crore, down 39 percent week on week.

“Although selective scrips experienced strong buying pressure in anticipation of favourable earnings and dividend announcements, market activity was largely dictated by persistent selling pressure coupled with subdued participation, reflecting the cautious market positioning of investors,” EBL Securities said.

Sector-wise, investors were most active in pharmaceuticals, which accounted for 13.1 percent of weekly turnover, followed by engineering at 11.6 percent and banks at 10.9 percent.

Most sectors, however, posted negative returns, with the financial institutions sector suffering the steepest decline of 6.5 percent.

Market breadth was largely negative as 306 issues declined, 68 advanced, and 23 remained unchanged.

Among individual issues, Envoy Textiles was the top gainer, soaring 18.7 percent, while Prime Finance & Investment endured the sharpest fall, plunging 27.6 percent during the week.

Trump sees progress on TikTok, says will visit China

AFP, Washington

US President Donald Trump hailed on Friday a call with Chinese counterpart Xi Jinping, claiming a deal to sell blockbuster app TikTok could be a “formality” and saying he would visit China, which gave a more cautious assessment of their talks.

The leaders of the world’s two largest economies spoke by telephone for the second time since the return to the White House of Trump, who has tried to keep a lid on tensions despite his once virulent criticism of China.

The United States has forcefully sought to take TikTok, the social media platform hugely popular with young Americans that Trump has also used to garner support, out of Chinese hands.

Trump said that Xi “approved” the deal during the phone call, but later said: “We have to get it signed... I guess it could be a formality.” China did not confirm any agreement.

“We’re going to have a very, very tight control,” Trump said. “There’s tremendous value with TikTok, and I’m a little prejudiced because I frankly did so well on it.”

NBFI crisis locks up

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One retired private-sector employee said he has Tk 80 lakh with Aviva. With heart problems and other age-related ailments, the 65-year-old wants to cash out for medical costs, but cannot because of the company’s crisis.

The Daily Star sought comment from Mohammad Modasser Hasan, managing director and chief executive of Aviva Finance, by phone and text. But he was not available.

Demanding the return of their savings, depositors of Peoples Leasing held a press conference at the Jatiya Press Club in Dhaka last week.

They said many retirees depend on the funds to run their households, pay for treatment and cover their children’s education.

They said at least 35 depositors have died so far while waiting for their money.

Ahsan H Mansur, governor of the central bank, recently told The Daily Star that the government has given its approval in principle to liquidate the said NBFIs. The process, to be carried out under the Finance Company Act 2023, may begin soon.

However, the Bangladesh Bank (BB) has yet to issue guidelines on how the liquidations will proceed or how depositors will be reimbursed.

A central bank document shows that Tk 15,370 crore of deposits from individuals and institutions are locked in those nine NBFIs.

Of it, Tk 3,525 crore belongs to individuals and Tk 11,845 crore to banks and corporate depositors.

Among individuals, the largest sum, Tk 1,405 crore, is stuck with People’s Leasing, followed by Tk 809 crore at Aviva Finance, Tk 645 crore at International Leasing, Tk 328 crore at Prime Finance and Tk 105 crore at FAS Finance, as per BB data.

Industry people say the NBFI sector has long been mired in scams and irregularities. They blame lax oversight, noting that the central bank did not supervise non-banks as closely as banks.

As of March this year, non-performing loans at 35 NBFIs stood

at Tk 27,189 crore, or 35.32 percent of total outstanding loans of Tk 76,987 crore, according to central bank data.

Meanwhile, other NBFIs say that the liquidation move is eroding confidence across the sector.

“We are facing serious difficulties due to the decision to liquidate several NBFIs, because our clients are now losing trust in us,” said Mustafizur Rahman, managing director of Midas Finance.

“Before taking such decisions, there should have been discussions with all stakeholders in the sector.”

He said the sector wants some form of cash or liquidity support.

“Right now, our three major sources — depositors, bank borrowings, and our own collections — are all severely affected. Among these, bank borrowings have completely stopped, and depositors have lost confidence as well.

“Given the current market situation, even our large clients are struggling to make repayments properly, which has pushed us into a liquidity crisis,” added the MD.

He said, “Therefore, we believe that the central bank should provide us with some form of liquidity support, based on our position and cash flow. This support could be similar to the financing or funding we used to get from banks, something like term lending. We are willing to repay it over the long term, along with interest.”

Anis A Khan, former managing director of Mutual Trust Bank and former chairman of the Association of Bankers, Bangladesh, told The Daily Star that apart from a handful, most non-bank financial institutions are in trouble.

He said vested interests were using these companies, and insider lending was one of the main reasons for their decline.

“There is a need for dialogue on the sector, where stakeholders, industry representatives, central bankers, and senior commercial bankers should be present,” Khan said.

He believes recommendations from such talks could help rescue the sector.

US flags fiscal transparency

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The new administration generally followed the budget recommendations and implementation procedures of the prior one, while also initiating significant reforms to improve fiscal transparency.

The report said the prior government made its executive budget proposal and enacted budget publicly available, including online.

“It did not make its end-of-year report publicly available within a reasonable period.”

The report, however, noted that budget information was considered generally reliable, although documents were not prepared according to internationally accepted principles. Information on debt obligations was publicly available.

“Budget documents provided a reasonably complete picture of the government’s planned expenditures and revenue, including natural resource revenues. However, the government did not break down expenditures to support executive offices, nor did the budget provide a substantially complete picture of revenues and expenditures.”

The report said that due to the change in government, Bangladesh’s supreme audit institution did not review the government’s accounts, but it released some summarised findings that were made publicly available within a reasonable period.

Jailed Nassa chair okays

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His Char Chengakandi, Narayanganj, shares in the company valued at Tk 86 crore, and a Rajuk plot in the capital.

“It would be easier to pay the workers’ salary for the current month as the chairman of the group signed the draft of the power of attorney,” the ministry said.

Nassa Group employs more than 30,000 workers in its textile and garment operations, alongside interests in banking and real estate. Workers of its garment units have been demanding unpaid wages,

“The supreme audit institution did not meet international standards of independence.”

The US State Department also said the government specified in law or regulation—and appeared to follow in practice—the criteria and procedures for awarding natural resource extraction contracts and licences, and provided limited information on public procurement contracts.

The interim government moved to make all procurements for natural resource extraction fully open and transparent, suspending all previous or ongoing direct negotiations led by the prior administration, it said.

To improve transparency in fiscal areas, the report recommended breaking down expenditures to support executive offices in the budget, and providing a substantially complete picture of the government’s revenues and expenditures.

It also urged the government to ensure the supreme audit institution meets international standards of independence and has sufficient resources to obtain timely and direct access to the entire annual executed budget.

The US State Department further suggested publishing timely audit reports that contain substantive findings, recommendations, and narratives, and making basic information on natural resource extraction awards publicly available.

with protests erupting in Ashulia last month. The group has been paralysed since the regime change in August last year, with factories closed and unpaid bank loans exceeding thousands of crores of taka.

The latest development follows a labour ministry meeting last week, which revealed that the government has traced properties of Mazumder in Dubai, Dhaka, and Thakurgaon.

According to the investigations, he owns a palm garden and a resort in Dubai, plots and flats in the capital, and nearly 40 hectares of land in Thakurgaon linked to him.

Tariff hurdles stall

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Ahsan Khan Chowdhury, chairman and CEO of Pran-RFL Group, one of the major Bangladeshi conglomerates with a growing influence in Malaysia, believes that with the right policies, Bangladesh could emerge as a formidable exporter in Southeast Asia.

“Malaysia and other Asean countries represent hundreds of millions of consumers with rising incomes, food safety demands, and halal dietary preferences,” said Chowdhury.

“Tariff barriers, regulatory red tape, and poor logistics remain major bottlenecks,” he said, adding that Bangladesh needs FTAs and better infrastructure to be more competitive. “Without zero-duty access and efficient port handling, exporters like us can’t compete on fair terms.”

Mahbub Alam Shah, director of the Bangladesh-Malaysia Chamber of Commerce and Industry, also pointed to the same issues.

He said many Bangladeshi companies are eager to enter the Malaysian market, but are being outcompeted by Indian and Pakistani exporters who enjoy preferential tariff arrangements. “High tariffs are

the biggest obstacle.”

Salim Bhuiyan, managing director of Pinnacle Foods, which imports agricultural and frozen goods from Bangladesh, noted that except for spices, most items face duties of up to 30 percent, making it hard to compete with local and regional players.

“We are surviving only due to our strategic supply chain management,” he added.

The latest Malaysia International Halal Showcase (MIHAS), the world’s largest fair for halal foods, which concluded yesterday, shows the potential of Bangladeshi goods in the Malaysian market.

Touhiduzzaman, deputy general manager (public relations) of Pran-RFL Group, confirmed that during this MIHAS, the company secured export orders worth \$1.5 million, up from over \$1 million in the previous edition.

Mohammad Haseb, assistant general manager at Nourish, which also partook in the fair, said several Malaysian buyers expressed interest in their products.

Resolving the tariff and non-tariff barriers is expected to boost demand and help Bangladeshi companies expand their business there.

Ctg port’s higher tariffs

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At the port, a series of activities takes place from piloting a ship from the outer anchorage to the jetty, to tugboat services, water supply, crane charges, berthing, loading and unloading containers and delivering goods. CPA charges a fee for each of these services, which together make up the port’s tariff.

Business leaders said such an abrupt jump in port charges would inflate production and freight costs while leaving long-standing inefficiencies at the port unaddressed.

Hussain said the government is determined to enhance the port’s capacity through initiatives such as fast-tracking the Bay Terminal project and expanding the use of

other facilities, including Mongla port and Kamalapur ICD.

He added that foreign operators are not the only way to expand capacity, noting that no country has increased foreign investment by shutting its doors.

He also said the government plans to build a cold chamber facility at Mongla port to store perishable goods, which could help transform it into a regional trading hub if its full potential is realised.

At the seminar, titled “Workshop on Customs and Port Management: Problems, Prospects and Way Forward”, chief adviser’s Special Assistant Anisuzzaman Chowdhury called for a taskforce of all relevant agencies to speed up operations at the country’s seaports.