Local farmers harvest hog plums from their orchards and bring them by boat for sale in bulk to traders. Depending on the size and quality, the fruits are being sold at wholesale prices ranging from Tk 1,300 to Tk 1,600 per maund (around 37 kilogrammes). The photo was taken in Adamkathi area of Pirojpur district recently. PHOTO: TITU DAS

Overdue farm loans rise sharply despite higher recovery

STAR BUSINESS REPORT

Overdue loans given by banks to the farm sector rose further in July, signalling growing repayment stress and rising credit risk in the agricultural sector, according to a Bangladesh Bank (BB) report released this week.

Unpaid loans almost doubled to Tk 23,806 crore at the end of July 2025 from Tk 12,131 crore a year ago, said the central bank in its July report on agriculture and rural finance.

The increase in overdue loans was primarily attributed to a rise in unpaid loans of state-owned commercial and specialised banks as well as private banks.

July was the second month in which overdue loans taken by farmers operating in various subsectors, including crops, poultry, fisheries, and livestock, increased.

In June, unpaid loans jumped to Tk 21,629 crore from nearly Tk 10,000 crore the previous month.

The BB report said the loan classification criteria, which came into effect in April this year, were a major reason for the significant rise in overdue payments.

"The rise in overdue loans signals growing concerns over credit recovery and the requirement for stronger oversight and risk management to address the credit recovery challenges in the sector," it said.

"This underscores the need for strengthened monitoring and prudent credit management," it said.

"The long-term sustainability of the agricultural sector will depend on strengthening repayment practices while ensuring that farmers continue to have reliable access to credit," it said.

The BB earlier set a target for banks to disburse Tk 39,000 crore during the current fiscal year (FY) of 2025-26, which was 4.48 percent higher than the actual lending of Tk 37,326 crore in the previous fiscal year.

The long-term sustainability of the agricultural sector will depend on strengthening repayment practices while ensuring that farmers continue to have reliable access to credit

In July of FY26, banks disbursed Tk 2,154 crore, up 20 percent from Tk 1,790 crore a year ago. The amount was, however, lower than the disbursement in June.

The report said the share of agricultural credit disbursement for crops and fisheries decreased slightly in July, while the share of loans to livestock, poultry, and poverty alleviation increased.

"These indicate a notable shift in sectoral priorities and a strategic move towards promoting livestock-based activities and strengthening rural livelihoods, signalling diversification beyond traditional crop production," said the report.

In terms of recovery, the BB report said banks recovered Tk 2,953 crore in July, which was 15 percent higher year-on-year, thanks to a sharp rise in the recovery of loans by state banks.

However, the recovery fell compared to that in June.

The report said at the end of July, outstanding loans given by the scheduled banks increased by 4.5 percent year-on-year to Tk 59,470 crore.

This increase was mainly driven by the rise in the outstanding balance of foreign banks and state-owned banks.

India ready to rev up chipmaking

Industry pioneer says

AFP, *New Delhi*

When Prime Minister Narendra Modi declared India's "late entry" into the global semiconductor race, he pinned hopes on pioneers such as Vellayan Subbiah to create a chip innovation hub.

The chairman of CG Power, who oversees a newly commissioned semiconductor facility in western India, is seen as one of the earliest domestic champions of this strategic sector in the world's fastest-growing major economy.

"There has been more alignment between the government, policymakers, and business than I've ever seen in my working history," Subbiah, 56, told AFP.

"There's an understanding of where India needs to go, and the importance of having our own manufacturing."

As US President Donald Trump shakes global trade with tariffs and hard-nosed transactionalism, Modi has doubled down on self-reliance in critical technologies.

New Delhi, which flagged its push in 2021, has this year approved 10 semiconductor projects worth about $18 billion in total, including two 3-nanometre design plants, among the most advanced.

Commercial production is slated to begin by the end of the year, with the market forecast to jump from $38 billion in 2023 to nearly $100 billion by 2030. Subbiah, whose CG Power is one of India's leading conglomerates, predicts "over $100 billion, if not more", will flow into the industry across the value chain in the next five to seven years.

He said "symbiotic" public-private partnerships were "very exciting".

-'Ability to accelerate'-

Chips are viewed as key to growth and a source of geopolitical clout.

Dollar eases to one-week low

REUTERS, *London*

The dollar skimmed one-week lows against major currencies on Wednesday as a US government shutdown unsettled markets and threatened to delay key jobs data, seen as crucial for Federal Reserve policy decisions.

The shutdown commenced hours after the Senate rejected a short-term spending measure that would have kept government operations afloat through November 21.

Senate Republican Leader John Thune said the chamber would vote again on the House-passed measure on Wednesday. The Senate is due to convene at 1400 GMT.

The dollar index, which tracks the US currency against six major peers, slipped 0.1 percent. The price action across the broader markets bore a few hallmarks of safe-haven buying, giving low-yielding currencies such as the Japanese yen a bid, while US Treasuries and gold held firm.

SAFE HAVEN OR NOT?

Rabobank chief currency strategist Jane Foley said it was tricky discerning if yen strength was driven by safe-haven demand or speculation about the Bank of Japan (BOJ) raising rates.

Factories struggle amid soft demand in China, US

REUTERS, *London/Tokyo*

Factory activity shrank in much of the world last month, private surveys showed on Wednesday, as signs of a slowdown in US growth and the anticipated impact of President Donald Trump's tariffs added to pressure from weak Chinese demand.

Euro zone manufacturing slipped back into contraction as new orders fell at their fastest rate in six months, with export markets acting as a particular drag, signalling that the recovery in the region's industrial sector was fragile.

The HCOB Eurozone Manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 49.8 in September from August's 50.7, which was the first reading above the 50.0-point line denoting growth since mid-2022.

"The drop in the PMI is showing up across the board, with respective figures for consumer goods, capital goods and intermediate goods all down on the month," said Cyrus de la Rubia, chief economist at Hamburg Commercial Bank.

Surveys revealed a split across the currency union with the Netherlands leading the expansion with activity at a 38-month high while growth continued in Greece, Ireland and Spain. Meanwhile, the bloc's three largest economies - Germany, France, opens new tab and Italy, opens new tab - all registered contractions.

In Britain, outside the European Union, activity shrank at the fastest pace in five months, reflecting subdued domestic demand and fewer export orders, painting a more downbeat picture than recent official data.

In Asia, the stress on manufacturers highlights the challenge policymakers face in protecting their export-reliant region from higher US levies, a key policy of the Trump administration that has upended the global trade order and put the brakes on economic growth.

Construction slump

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Pre- and post-election uncertainty, coupled with investor hesitation due to unclear government policies, has further aggravated the situation, he pointed out.

Contractors tied to stalled government and mega infrastructure projects have left large amounts of accounts receivable blocked, worsening cash flow. "We already sold them steel on credit. That's a huge amount of capital now stuck."

"Unless there's immediate policy support or a market recovery," Shahidullah warned, "more factories will shut down."

Additionally, steel producers often sell on credit to distributors in rural or semi-urban areas. But with demand so low, cash flow is drying up.

"It's not just about falling prices," said Salehin Musfique Sadaf, director of Strategy & Transformation at GPH Ispat Ltd. "We're incurring substantial losses just to stay operational."

Even if raw materials cost the same as before, local operational spending has become burdensome. "Gas prices have increased twice, electricity costs are rising, and we've had to raise salaries to retain skilled workers."

He said his company's production costs now range between Tk 86,000 and Tk 90,000 per tonne, but mills are selling at around Tk 82,000, resulting in Tk 4,000-Tk 8,000 losses per tonne, not including interest rates of 13-14 percent.

"We're essentially operating just to service bank loans. It's unsustainable," Sadaf said.

A 5 percent Advance Income Tax (AIT) on scrap imports adds further strain, with limited scope for refunds, he added.

But the core of the problem remains low public project spending, compounded by political uncertainty.

According to Sadaf, demand for MS rod has dropped by 40-45 percent, mainly due to stalled public projects, the real estate slowdown, and political uncertainty. "The industry hasn't recovered since Covid-19. We urgently need policy support to survive."

Anup Kumar Sarker, senior executive director (marketing) at Concord Group, one of the most prominent real estate firms in the country, said real estate is suffering in the current circumstances.

He said the entire real estate industry is under strain, with a clear link between declining sales and stalled projects, and this in turn is affecting related sectors.

"Without adequate funding or financial clarity, executing a project becomes difficult. That directly affects sales, which in turn delays progress," he noted. "When housing slows down, related sectors like steel also suffer due to reduced demand."

Sarker also said, "Even reputed companies face pressure, though smaller developers are hit harder due to reliance on bank loans."

Sumon Chowdhury, secretary general of the Bangladesh Steel Mill Association, said the market has shown a slight price recovery recently, but mills remain in the red.

Raw material imports cost Tk 50,000-Tk 54,000, with around Tk 30,000 in processing and energy costs, he estimated.

Most mills are selling below breakeven due to high bank interest and input costs, he said.

Chowdhury is, however, hopeful that with the right sentiment, things can turn around soon. "Positive sentiment can help demand recover."

Telcos allowed

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operator, first applied for VoWiFi approval in 2022. After several compliance checks with the National Telecommunication Monitoring Centre (NTMC), it submitted a pilot proposal on June 30, 2025.

The plan includes pilots with corporate clients such as PRAN-RFL in Dhaka and Gazipur, Anowara Group in Narayanganj, and residential areas like Bashundhara and Mirpur DOHS. GP employees, family members, regulators, and BTRC will also participate.

The pilot will cover device readiness, live demonstrations, a four-week test period, and evaluation. GP has committed to sharing call data records with the authority, ensuring interception compliance, and submitting bi-weekly updates.

VoWiFi will support voice, video, SMS, and handover between WiFi and LTE, but international roaming will remain restricted, and airplane mode calls will be prohibited.

In a statement, Grameenphone said that "to ensure seamless customer experience, we have already deployed handover capability between VoLTE and VoWiFi technology which will ensure call continuity between public Wifi and GP VoLTE network".

BANGLALINK'S READINESS FOR COMMERCIAL LAUNCH

Banglalink applied for approval in May 2023 and completed its proof-of-concept later that year.

On August 20, 2025, it demonstrated the service at its Dhaka headquarters in collaboration with a broadband operator, showcasing security compliance and end-to-end control.

After completing test scenarios, Banglalink declared itself "fully ready for commercial launch".

It proposed a two-phase rollout—a pilot from August to October 2025 across 500 business and consumer locations, followed by full-scale launch on November 1, 2025.

Banglalink said they "obtained approval from BTRC for a pilot phase, after which we will go commercial. We are already working with a few ISPs and some corporate customers on this".

CONDITIONS AND OVERSIGHT

BTRC has set strict conditions.

Both operators must limit pilots to business-to-business (B2B) and limited business-to-consumer (B2C) models.

All call records must be logged and shared with regulators, including device location, IP, and MAC addresses. VPN users will face whitelist restrictions.

Trials must take place in Dhaka and at least one location outside the capital to test performance. A BTRC committee will oversee the pilots and prepare a report to guide future decisions.

Other operators are expected to submit proposals soon under the same framework, the BTRC document states.

Customers still chasing

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Ali said funds outside the escrow system could not be traced. Before the gateway was introduced, no such mechanism existed under the central bank. Some of the missing money could have been laundered abroad, making recovery even harder.

AHM Shafiquzzaman, the first chief of the CDCC and now president of the Consumers Association of Bangladesh, said, "The CDCC officials have not been giving priority to paying back the money stuck in the payment gateway. Perhaps, the regular meetings have not been taking place in the CDCC to return the money to the affected customers."

Commerce Secretary Mahbubur Rahman said recovery was proving difficult because many company owners were either in jail or absconding.

"Particularly, Evaly is not giving the money and also eOrange is playing the irresponsible role in giving back the money to the customers," he said. "However, the money would be realised in phases and customers will be refunded."

Ripon Mia, owner of Qcoom, said they have refunded around Tk 400 crore to customers so far.

He claimed that their outstanding amount owed to customers is nearly Tk 10 crore now. "We want the issue resolved as quickly as possible. We hope that all outstanding payments to customers will be settled by next month."

Hasnain Khorshed, chief technical officer of Dalal Plus, another e-commerce platform facing accusations, said around Tk 10 crore of their customers' money was stuck in various gateways and banks.

"We were supposed to receive a list of customer complaints from the DNCRP [Directorate of National Consumers' Right Protection] a long time ago, but we still have not received it. This delay is affecting the refund process," he said.

So far, the CDCC has shut down more than 300 firms for failing to register or for violating guidelines, such as selling banned products. Under the new rules, every e-commerce company must register with the cell and comply with its regulations.