



Business climate improves, but remains challenging

BBX score rises to 59.69 in FY25 from 58.75 the previous year

STAR BUSINESS REPORT

The country's business climate showed slight improvement in the fiscal year (FY) 2024-25 after a decline the previous year, according to the Bangladesh Business Climate Index (BBX).

Several factors that had weakened the business environment in FY 2023-24, including inflationary pressure, higher interest rates and global uncertainty, continued to trouble local industries in the following year.

In FY25, political and investment uncertainties, along with exchange rate volatility, added to the existing challenges facing businesses, according to the index prepared by the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) and Policy Exchange Bangladesh (PEB).

Published yesterday, the report said the overall business climate score rose to 59.69 in FY25 from 58.75 a year earlier. MCCI and PEB reached out to 800 businesses across 12 sectors in all eight divisions of the country. The initiative was supported by the Department of Foreign Affairs and Trade (DFAT) of Australia. The launching of the latest BBX took place at the MCCI Gulshan office.

Responses from the firms classified the business climate in FY25 as "Several Bottlenecks Remain", which is better than the "Difficult" category but falls below the "Improving Business Environment" and "Business Friendly Environment" levels.

At the launch event, leading business figures urged the government to cut bureaucratic red tape and curb corruption. Attending it as the chief guest, Commerce Adviser Sk Bashir Uddin admitted that corruption continued to make business operations difficult but said it was impossible to eliminate graft overnight.

The BBX assessed the business landscape across 11 pillars, such as starting a business, access to land and availability of regulatory information. Five of these pillars showed improvement, while the remaining six deteriorated last year.

Notable progress was seen in access to finance, which rose by 43 percent from the previous year's 28.11 to 40.07 in FY25. This suggests liquidity has improved and targeted refinancing programmes are producing positive results.

Among the improving gauges were starting a business, dispute resolution and paying taxes, due mainly to digital reforms, reduced political interference

in the courts and simpler tax processes, according to the index.

However, business infrastructure and labour regulation, though still the highest scoring pillars, declined.

Scores for trade facilitation, technology adoption and environmental regulations and standards saw their scores fall, pointing to continued inefficiencies in ports, a widening digital divide and rising compliance costs, according to the report.

Sectoral performance varied widely. Agriculture, forestry, pharmaceuticals

and chemicals, and food and beverage were the best-performing sectors, while construction, electronics and light engineering, and textiles lagged behind.

Despite being the country's main source of export strength, the ready-made garments (RMG) sector scored only 59.24, highlighting operational and regulatory constraints even in this key industry.

BARISHAL LEADS IN BUSINESS CLIMATE

Geographically, Barishal ranked top among the divisions with a score of 62.8, followed by Sylhet at 61.5 and Mymensingh at 61.3.

In contrast, traditional economic hubs of Dhaka and Chattogram were in the second-lowest performance tier. The capital scored 59.0, while the port city registered 60.1.

Neither Dhaka nor Chattogram secured the top position in any of the 11 pillars.

The BBX noted that this highlights the need for decentralised economic activity and reduced congestion in these primary growth centres.

"Both Dhaka and Chittagong cities have also seen frequent and major disruptions to economic activities and supply chain operations due to frequent protests, processions, and sit-ins in the past 12 months, diminishing the ease of doing business in these important geographies," it said.

INTERMEDIARIES GONE AFTER POLITICAL CHANGEOVER

The report said uncertainty and frequent changes in government offices following the political changeover last year negatively affected the availability of regulatory information.

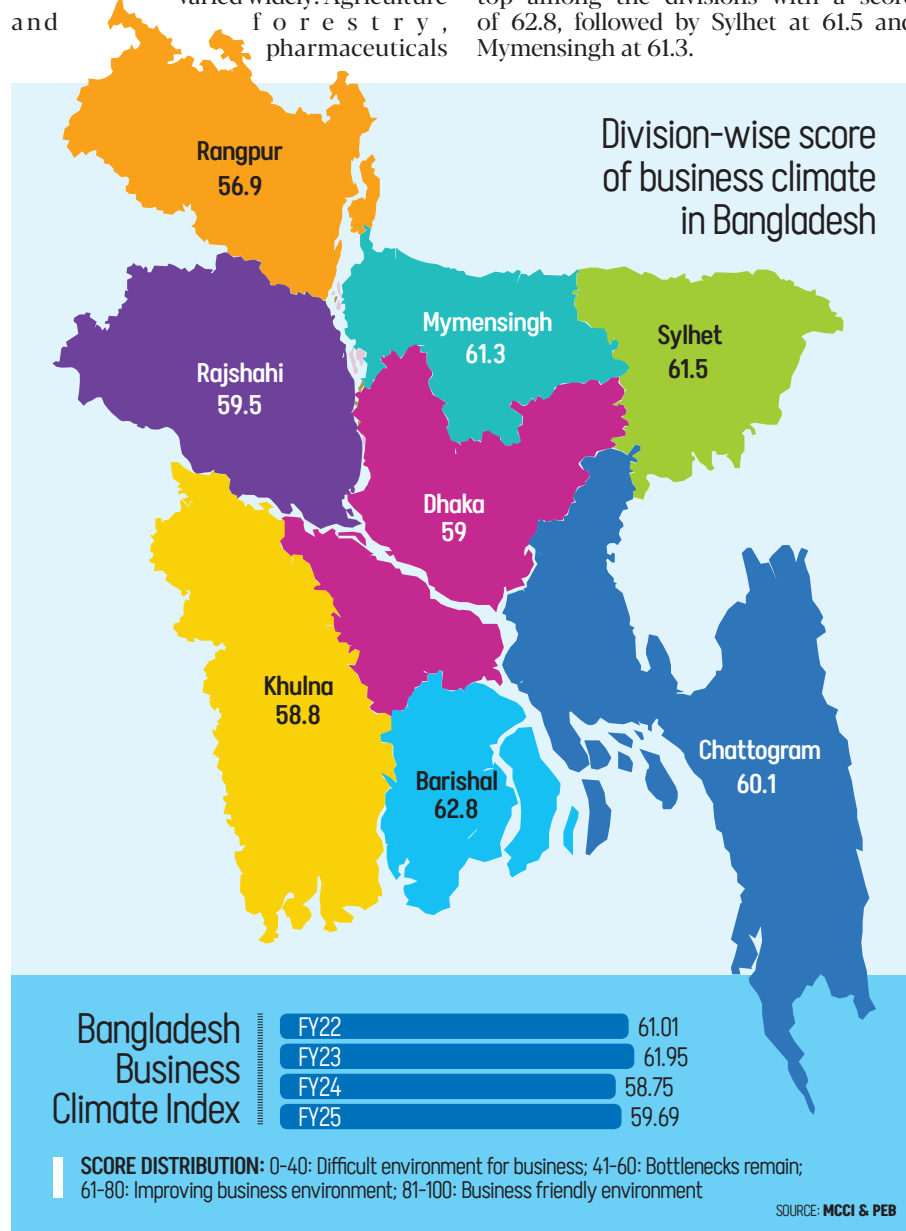
On a positive note, it pointed to the "absence since political changes in August 2024 of predatory behaviour of politically-linked intermediaries," which had previously made the business environment more complex and exploitative, especially in areas like land access.

The BBX 2024-25 found that the business environment is still recovering from the political transition and unrest in 2024, which caused supply chain disruptions, protests and significant losses in sectors such as apparel and pharmaceuticals.

"National elections and subsequent political unrest, labour strikes, and industrial disruptions, particularly in apparel and pharmaceuticals, led to up to 10 percent business losses in some sectors," it said.

The report identified several priorities. Those include simplifying business registration and land acquisition, expanding digital infrastructure in rural areas, reforming the banking sector to improve credit access and reduce non-performing loans, strengthening environmental compliance with technical and financial support, and focusing on consistent implementation of existing reforms rather than introducing new ones.

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Padma Bank seeks Tk 3,500cr bailout

But BB prefers merger or liquidation

STAR BUSINESS REPORT

The crisis-hit Padma Bank has sought a Tk 3,500 crore bailout package from the Bangladesh Bank (BB) to continue its banking operations, but the regulator is planning to either merge or liquidate the troubled lender.

According to officials familiar with the matter, the Department of Offsite Supervision (DOS) of the BB has prepared the bank's diagnostic review report, which will now be forwarded to the Bank Resolution Department, a newly formed unit implementing the Bank Resolution Ordinance, 2025.

The department is currently handling the merger procedures of five shariah-based banks – First Security Islami Bank, Social Islami Bank, Union Bank, Global Islami Bank, and EXIM Bank.

A BB official said that offering liquidity support or a bailout package to Padma Bank at this stage would be "waste of money."

A senior official of Bangladesh Bank, speaking on condition of anonymity, told The Daily Star that offering liquidity support or a bailout package to Padma Bank at this stage would be "a waste of money."

The DOS, in its Diagnostic Review Report (DRR), states that Padma Bank's "condition is critical across all financial indicators, and it appears there is no prospect of improvement."

"That is why the BB has decided in principle not to provide any liquidity support to the crisis-hit lender," the BB official noted.

Earlier, the banking regulator provided liquidity support to more than a dozen weak banks since the appointment of the new governor at the central bank, but the majority of them are yet to repay the funds, the official added.

According to the DOS report, Padma Bank's capital is currently negative, with 92 percent of its loans classified as non-performing.

At the end of June 2025, the bank's total loans stood at Tk 5,598 crore, of

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IMF cuts growth outlook amid tighter policies, election uncertainty

STAR BUSINESS REPORT

The International Monetary Fund (IMF) has cut Bangladesh's growth projection, citing three key factors – a tighter monetary and fiscal policy mix, uncertainty stemming from US tariffs, and the upcoming national election.

Krishna Srinivasan, director of the IMF's Asia and Pacific Department, made the remarks yesterday at a press briefing held at the IMF headquarters in Washington, DC.

"I think there are three reasons. One, of course, is that the policy mix has been tighter," said Srinivasan.

"Second, tariffs and uncertainty have played a big role. And third, two additional uncertainties are weighing on Bangladesh's economic prospects: the upcoming elections and significant weakness in the financial sector, which affects credit availability."

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Weak research linkages slow agri progress: experts

STAR BUSINESS REPORT

Bangladesh has made remarkable progress in agriculture, but key challenges remain in areas such as crop diversification, technology adoption, market connectivity and climate resilience, according to agri specialists at a programme marking World Food Day.

At the event at the Bangladesh Agricultural Research Council (BARC) auditorium in Dhaka yesterday, they said that Bangladesh ranks second in global jute and jackfruit production, third in onion, rice and inland open-water fish production, and fourth in goat meat production.

The country also stands seventh in mango and potato output, twentieth in vegetable production, and first in hilsa production.

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Invest more in education, healthcare to end poverty

Experts say as one in four below poverty line, one in 10 in extreme poverty

MD ASADUZ ZAMAN

In the village of Kuralia, under Sirajganj Sadar upazila, about 125 kilometres northwest of Dhaka, Moklesur Rahman once earned a living as a handloom weaver.

With the advent of power looms, the age-old traditional handlooms that sustained his family for generations began to lose out.

Left with few options, he gave up weaving and turned to driving a battery-run rickshaw van for hire to provide for his seven-member family. Four of his five children now attend school, from grades one through ten, keeping alive dreams his parents could not fulfil.

"I don't want them to live the way I do," says the 43-year-old artisan, who never made it past secondary school.

"I had to stop dreaming early," he adds softly, "but I want them to keep dreaming."

While Moklesur's story is one of persistence, others, like that of Al Mahmud, reveal how struggling families can be pushed into the depths of poverty by a single health crisis.

INTERNATIONAL DAY FOR THE ERADICATION OF POVERTY

Mahmud, a carpenter from Sirajganj, is currently receiving treatment at Shaheed Monsur Ali Medical College Hospital for a diabetic foot ulcer.

"I have already spent nearly Tk 50,000 on surgery and medical tests. Of that, I had to borrow Tk 40,000 from my relatives," he said.

"Although I didn't need to undergo surgery, I had to visit Khwaja Yunus Ali Medical College, a private hospital about



People rush to a truck near the Secretariat in Dhaka to buy subsidised food items meant for low-income groups. Poverty in Bangladesh had been declining for decades but is now showing signs of rising again amid high inflation, slow job growth and limited social protection.

PHOTO: STAR/FILE

31 kilometres away, several times for lab tests. Each test costs nearly Tk 5,000," he told The Daily Star.

"Now I'm going through a hard time. I don't know how I will manage in the future," said Mahmud, a father of three.

Mahmud's ordeal reflects a grim reality for millions.

Out-of-pocket (OOP) expenditure accounts for nearly 73 percent of Bangladesh's total healthcare spending—the highest in South Asia. Such costs often drive low-income families into debt, forcing them to sell assets or borrow money to pay for medical treatment.

Like Moklesur and Mahmud, thousands of families across the country continue to

bear the dual burden of intergenerational poverty and rising OOP expenses, often aggravated by institutional neglect and limited access to affordable healthcare.

Amid these struggles, Bangladesh today observes the International Day for the Eradication of Poverty, under the theme "Ending Social and Institutional Maltreatment: Ensuring Respect and Effective Support for Families Living in Poverty."

The observance comes at a time when poverty, which had been declining for decades, is showing signs of resurgence amid persistently high inflation, low job growth, and limited social protection coverage.

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'Workplace deaths recurring for culture of impunity'

STAR BUSINESS REPORT

A culture of impunity has arisen over workplace accidents and the resultant deaths of workers in Bangladesh. This is because justice is yet to be ensured in related cases, even though such accidents, deaths, and injuries are recurrent.

"This has created a sense that there is no justice over such accidents. This is why no one cares," said Syed Sultan Uddin Ahmed, executive director of the Bangladesh Institute of Labour Studies (BILS), yesterday.

His comments came in reaction to a massive fire that swept through a chemical warehouse and an adjacent clothing factory in Shilbari of the capital's Mirpur on October 14.

At least 16 workers lost their lives, reflecting the failure of the authorities concerned to ensure compliance with labour and other relevant laws.

Just three weeks ago, a blaze at a warehouse in Tongi, Gazipur, claimed the lives of four firefighters.

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