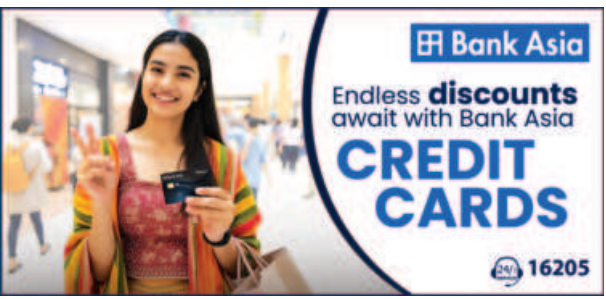


# Star BUSINESS



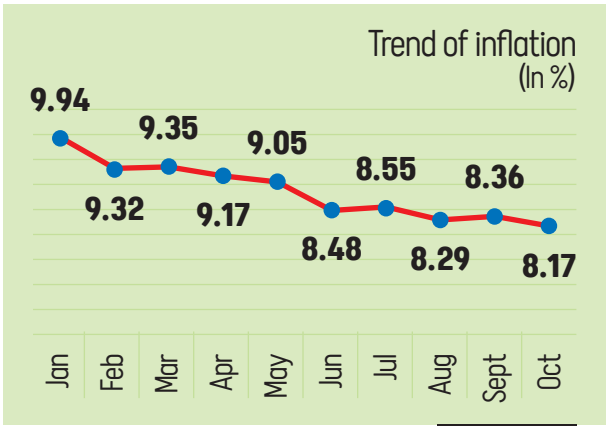
## Inflation eases slightly to 8.17% in Oct

Non-food prices cross the 9% mark again

MD ASADUZ ZAMAN

Overall inflation fell slightly in October as red-hot food prices cooled a bit, but households continued to face pressure on utility, healthcare, transport and other essential costs.

Owing to a fall in food prices, the headline inflation dropped to 8.17 percent last month, down from 8.36 percent in September, according to the Bangladesh Bureau of Statistics (BBS).



Non-food inflation, however, rose to 9.13 percent in October, up from 8.98 percent in September. This marks a return to a 26-month streak of non-food prices above 9 percent after a brief slowdown in recent months.

Economists say the slight easing of headline inflation offers little relief for consumers, pointing to the influence of last year's prices on current calculations.

"The base effect softens the headline [inflation], but it does not soften the blow," said Zahid Hussain, a former lead economist at the World Bank's Dhaka office.

He said the small moderation in the headline rate was driven mainly by a minor dip in food prices, too slight to signal any real easing of overall price pressures.

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## BGMEA urges govt to sign trade deals with major partners

STAR BUSINESS REPORT

Garment manufacturers have urged the government to pursue free trade agreements and economic partnership agreements with the European Union, the UK, Japan, and Canada alongside other potential trading partners.

The deals are required for retaining preferential trade benefits once Bangladesh attains the status graduation from a least developed country (LDC) to a developing one in November 2026, said the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The BGMEA leaders said this in response to queries from a visiting delegation of the International Monetary Fund (IMF) during a meeting at the BGMEA office in Dhaka yesterday.

The leaders informed the IMF delegation that the current BGMEA board has already recommended that the government take several measures.

These include ensuring an uninterrupted supply of electricity and gas to industries, improving port efficiency, simplifying customs and bond procedures, reducing interest rates to a single digit, and expediting key infrastructure projects such as the Dhaka Chattogram Highway.

The IMF delegation met with BGMEA President Mahmud Hasan Khan to discuss Bangladesh's preparedness for LDC graduation and other economic issues.

They also discussed the potential impact of US reciprocal tariffs on garment exports, the implications of LDC graduation, strategies for sustainable

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## Make stock market efficient to cut reliance on bank funds: experts

STAR BUSINESS REPORT

The government must make the capital market more efficient and reduce regulatory burdens to draw new investors and encourage firms to go public, paving the way for a shift from bank-dependent financing to market-based funding, a group of experts ranging from brokers to regulatory officials and bankers said yesterday.

It should ensure policy continuity, streamline initial public offerings (IPOs), and increase oversight of non-listed firms to attract corporates for listing, they said at a discussion on transitioning from bank finance to capital market finance, organised jointly by The Daily Star and IDLC Investments at the newspaper's auditorium.

"For this transition, the capital market needs to be efficient, prudent, and attractive for both investors and issuers," said Shaheen Iqbal, deputy managing director of BRAC Bank. "Many companies are over-leveraged and need restructuring. If they can trust the capital market, they will go public."

Rupali Chowdhury, president of the Bangladesh Association of Publicly Listed Companies, pointed out that lengthy procedures for raising funds in the stock market remain a major hurdle.

"Bank loans are much easier. If the fund-raising process takes too long, the necessity for funds may change," she said.

Inconsistent policies are another big reason behind the market not appearing attractive to investors, Chowdhury also noted. "For example, a company may get listed to enjoy tax incentives, but if the NBR changes the policy after listing, it discourages multinational companies from entering the market."

Saiful Islam, president of the DSE Brokers Association of Bangladesh (DBA), echoed her concern. "Policy inconsistency is a disaster for the market. It ultimately hurts investors," he said, calling for a clear debt-equity ratio to encourage corporates to tap the capital market for large funding requirements.

He also called for balanced regulatory oversight.

"Once a company goes public, it becomes subject to extensive regulatory requirements, which many see as a deterrent. Bringing non-listed companies under similar oversight could encourage them to consider going public," he said.

Ahmed Rashid Lali, former president of the DBA, said the lengthy IPO process is a key impediment.

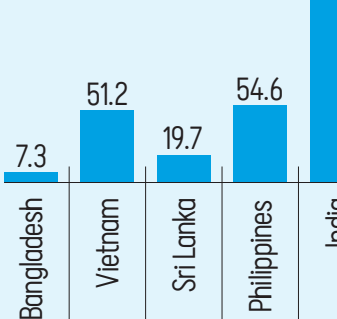
### REASONS BEHIND LOW STOCK MARKET LISTINGS

- Unattractive company valuations
- Lengthy and complex IPO process
- Limited incentives for listing
- Negative public perception of the market
- Fear of losing control over firms
- Reluctance to face regulatory bindings

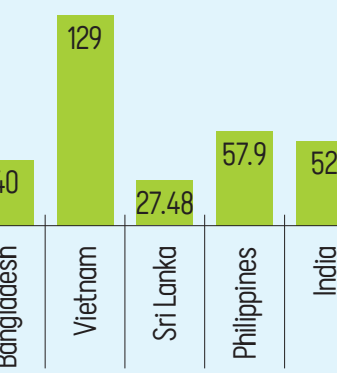
### Recommendations

- Introduce a more flexible listing process for large companies
- Ensure a shorter and more efficient IPO timeline
- Develop and implement standardised documentation guidelines
- Offer attractive tax incentives for priority or high-potential sectors
- Maintain long-term policy consistency
- Promote capital market through positive branding

### Market cap-to-GDP ratio (ln %)



### Loan to private sector as % of GDP



SOURCE: IDLC INVESTMENTS

"If an entrepreneur sees it takes two years to raise funds from the stock market, why would they come here? There is no need to grant the DSE 45-60 days to review an IPO application. It would take only seven days for a DSE panel to complete the review," he said.

Responding to this, DSE Chairman Mominul Islam pointed out that the stock exchange needs to conduct the review meticulously, as the financial disclosures of the applicant companies are not always reliable.

Otherwise, he agreed that "it would take only five to seven days to approve IPOs on a disclosure basis."

"The system became stringent because of some bad companies, and the good companies are victims of that," he said, urging stronger enforcement of financial reporting standards.

"A strong debt market is necessary for the country. If we can fix some operational issues, treasury bonds can be tradable on the stock exchange," he added.

Istequermal Hussain, director of Bangladesh Bank, also spoke of the slow pace in the IPO approval process.

"Corporates seek quick service. Speeding up the approval process for fund-raising could encourage them to come to the market," he said, adding that the banking regulator is taking various measures to make the bond market vibrant.

Md Saifuddin, commissioner of the Bangladesh Securities and Exchange Commission (BSEC), emphasised that the capital market is not only about equity.

"People need to learn from risk-free securities, which are in short supply in the market. Currently, greed dominates, and manipulation is extremely high."

He also noted that there used to be widespread incentives for certain groups and instances of regulatory forbearance, which the BSEC is now addressing.

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## Global garment supply chain in mild slowdown over US tariff

Foreign denim traders say as fair begins in Dhaka

REFAYET ULLAH MIRDHA

The global garment supply chain is undergoing somewhat of a slowdown due to US President Donald Trump's recent reciprocal tariffs, as well as political uncertainty in Bangladesh, according to several foreign denim apparel traders.

The rise in tariffs pushed up garment prices, leading to a fall in demand especially for denim products in the US market, which subsequently affected trade for supplier countries such as Bangladesh, China, India, Pakistan, and Vietnam.

Moreover, uncertainties remain over the Trump administration's reciprocal tariff policy for China and India, two major players in the global garment supply chain, prompting international clothing retailers and brands to adopt a "wait-and-see" approach.

In Bangladesh's case, retailers and brands are making inquiries but are not confirming bulk work orders, said the foreign companies.

Political instability is a problem in Bangladesh, and the country needs to hold elections as soon as possible, as changes are happening, said Sekip Hayit, an executive of Turkish chemical company Resas Chemie.

Buyers are waiting and not confirming all work orders now. A lot of business will come here, but not right now, he added.

Hayit was talking to The Daily Star yesterday

### IPDC ডিপোজিট | ১৬৫১৯

at the 19th edition of the Bangladesh Denim Expo, organised by its namesake company at the International Convention City Bashundhara in Dhaka. Showcasing products from 60 companies across 15 countries, the two-day fair concludes today.

The slowdown is not limited to Bangladesh but is being felt globally because of the tariffs,



Bangladesh Denim Expo, which is showcasing products from 60 companies across 15 countries at the International Convention City Bashundhara, will come to a close today.

PHOTO: COLLECTED

the Russia-Ukraine war, and the Israel-Palestine conflict, he said.

Hayit said Resas Chemie, which produces its products in Turkey, is building a textile chemical manufacturing plant in the Jamalpur Economic Zone.

Mohammad Ziaur Rahman, managing director of Resas Chemie Bangladesh Ltd, said they currently sell \$24 million worth of chemicals in Bangladesh each year and are aiming to reach \$35 million by the end of next year. "The market is tight now," he added.

B Hande Yildirim, sales chief of Turkish denim

fabric supplier Bossa, said her company plans to set up a denim mill in Bangladesh in the future.

At present, Bossa exports about 3 percent of its four million metres of monthly fabric output to Bangladesh.

Currently, Bossa's performance here is not as good as before, said Yildirim, who has been supplying denim fabrics to Bangladesh for the past 15 years.

Stephen Hill, manager (supply chain initiatives) at Australian wool fibre supplier Woolmark, said his company has been training 60,000 farmers

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## Tobacco farming on cropland deepens food security risks

Experts say

STAR BUSINESS REPORT

Tobacco use and farming are rising nationwide, replacing food crops and deepening the food security crisis, experts said at an event.

Without urgent amendments to the tobacco control law, both tobacco consumption and cultivation may spiral, threatening the country's future food supply, they said.

A strong tobacco control law not only effectively regulates tobacco use but also plays a role in controlling tobacco cultivation, the experts also said.

The Bureau of Economic Research (BER), the Bangladesh Agricultural Journalists Forum (BAJF), and the Bangladesh Network for Tobacco Tax Policy (BNTTP) jointly organised the seminar at the University of Dhaka yesterday.

Syed Mahbubul Alam, a public health and environment policy expert, said the government acts arbitrarily when it comes to increasing food prices but hesitates and delays when it comes to raising the prices and tax rates of tobacco products.

According to the Bureau of Statistics, tobacco cultivation in the country has increased more than ever before, and a multinational tobacco company has recently been permitted to produce nicotine pouches—an act that contradicts a High Court order.

He warned that this decision could have dire

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