

# Economy might have expanded faster in October: PMI

STAR BUSINESS REPORT

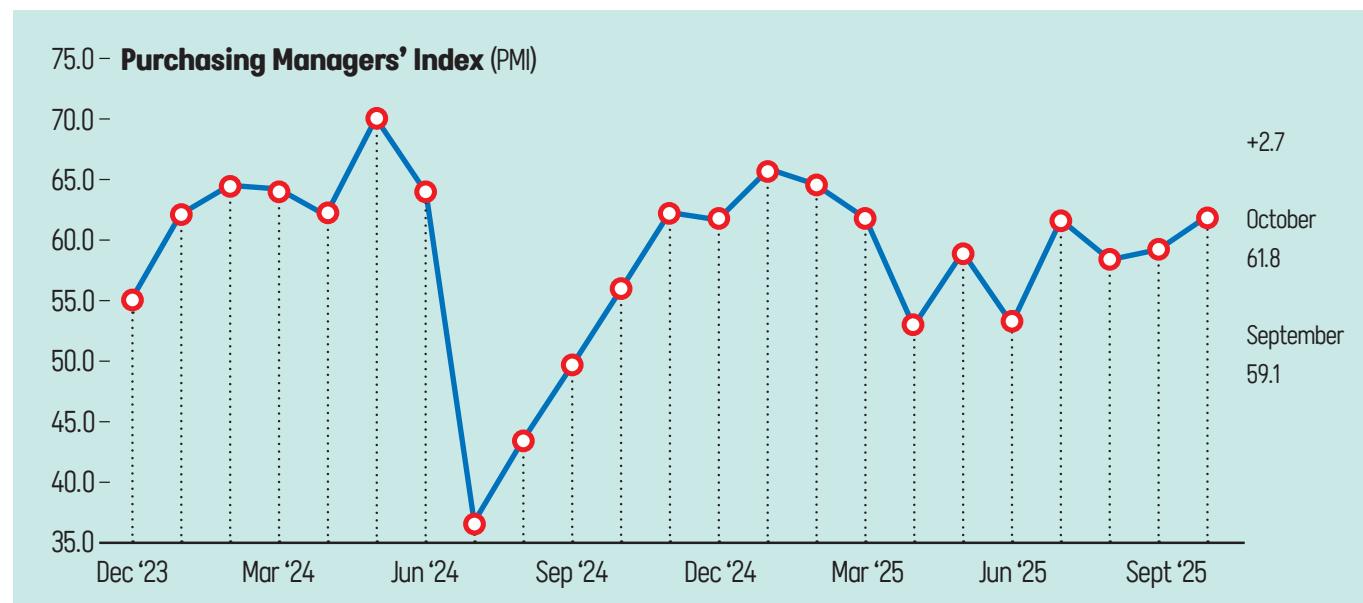
Bangladesh's economy expanded at a quicker pace in October as the country's Purchasing Managers' Index (PMI) rose by 2.7 points from the previous month to 61.8, signalling faster expansion across all major sectors.

The PMI is a forward-looking indicator used globally to gauge economic direction. A reading above 50 indicates expansion, while a reading below 50 indicates contraction.

The agriculture sector recorded its second consecutive month of expansion, with gains in new business, activity, input costs, and employment. Order backlogs, however, contracted at a faster pace, according to the latest report by the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), and Policy Exchange Bangladesh (PEB).

"The latest PMI readings indicate that the overall Bangladeshi economy continued to expand, primarily driven by favourable crop conditions and expectations of a good harvest in the agricultural sector," said M Masrur Reaz, Chairman and CEO of PEB.

Manufacturing extended its expansion streak to 14 months, supported by growth in new orders, exports, output, input



purchases, finished goods, imports, employment, and supplier deliveries. Input prices also rose, while order backlogs contracted more sharply.

Construction registered its second month of expansion, with stronger readings for new business, activity, employment, and input costs. Order backlogs contracted, but at a slower rate

compared with September.

Services marked their 13th month of expansion, with improvements in new business, activity, employment, and input costs. Order backlogs reverted to expansion after two months of contraction.

Other sectors of the economy also posted faster expansion rates going into

the final quarter of the year, with monthly growth in exports and inflation gradually waning, said M Masrur Reaz.

The MCCI and PEB began publishing the PMI in January last year. Initiated by the UK government, it covers over 500 private sector firms across agriculture, manufacturing, construction, and services.

## Labour law changes ignite

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"And if the TCC meetings' decisions cannot be finally approved, the current 20 percent or lower threshold of workers is also good for us," he added.

Under the existing law, 20 percent of workers' consent is required to form a union.

During the TCC discussions, factory owners agreed to reduce it to 15 percent under international pressure, while union leaders pushed for 10 percent. The council, comprising 20 representatives each from workers, employers and the government, debated between the two figures.

"If the government adopted a middle point of 10 percent and 15 percent at a 12.5 percent threshold, it could have been better," said Hatem. "And we expected 12.5 percent workers' threshold from the government. We have given a note of dissent as the TCC decision was bypassed."

He cited the cases of Adamjee Jute Mills and Laxminarayan Jute Mills, which he said were damaged by excessive union activity.

Amirul Haque Amin, president of the National Garment Workers Federation (NGWF), said the threshold could be reduced from 20 percent through consultation, but should not be slashed abruptly.

"It is true that the country needs to update the labour law to make it an international standard, but it is also true that as a sovereign

nation, Bangladesh should not follow what exactly the international communities say," Amin said.

He added that if the 20-worker threshold is adopted, fake unions can mushroom across factories, complicating labour relations further.

Towhidur Rahman, president of the Bangladesh Apparels Workers Federation, said large factories might cope, but smaller units would face serious challenges. "Still, there is room for further negotiation for the revision of the amendment if there is something wrong," he added.

Nazma Akter, president of the Sammilito Garment Sramik Federation, said she supported the 50-to-500-worker threshold discussed earlier at the TCC. "The garment sector may be in trouble if the 20 workers' threshold is finally applied," she said, while welcoming other worker friendly measures in the amendment, such as the formation of a new wage board.

"That 20 workers can form a trade union is super disruptive in an industry that has all factory sizes," said a former BGMEA president who asked not to be named.

At a press conference recently, BGMEA president Mahmud Hasan Khan said exports, foreign investment, and overall economic stability could be at risk if "illogical provisions" were approved. The BGMEA has demanded a review of the amendment.

Supreme Court lawyer Zafrul

Hasan Sharif said the proposed threshold could result in an excessive number of unions. Even so, the cabinet retains the authority to amend or reject any TCC decisions.

Labour Reform Commission chief Syed Sultan Uddin Ahmed, who also heads the Bangladesh Institute of Labour Studies (BILS), said large garment factories are unlikely to be affected since most do not fall under the 20 worker threshold. Smaller factories, however, may face difficulties.

Easing union registration rules does not necessarily mean all factories will allow union activity, although healthy unionism is vital for constructive industrial relations, he added.

Requesting anonymity, a senior official at the Ministry of Labour and Employment said the due process was followed in determining the thresholds. "The TCC decisions have been maintained in the draft of the amendment," he said, dismissing factory owners' claims about the number of workers as inaccurate.

When contacted, Labour and Employment Adviser Brigadier General (Retd) M Sakhawat Hussain said the decision was not final and declined to elaborate further.

## Sammilito Islami Bank

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Earlier, on November 5, the banking regulator took temporary control of the five troubled Shariah-based banks by dissolving their boards as part of the formal merger process.

Prior to dissolving the boards, Governor Mansur met with the chairmen and managing directors of the five banks - First Security Islami Bank, Union Bank, Global Islami Bank, Social Islami Bank, and EXIM Bank of Bangladesh - to inform them of the decision.

On the same day, the central bank sent letters to the chairmen of the five banks stating that the lenders had been placed under the resolution process in accordance with Section 15 of the Bank Resolution Ordinance, 2025.

The central bank declared the five banks non-functional, Mansur announced at a press conference following meetings with the banks' top officials.

Each bank was later assigned one temporary administrator along with an assisting team to carry out its responsibilities.

The authorised capital of the new bank will be Tk 40,000 crore (with each share valued at Tk 10, totalling 4,000 crore shares), while the paid-up capital will be Tk 35,000 crore.

Of this, Tk 20,000 crore will be provided by the government as shares, according to a draft notification from the Ministry of Finance. The rest will come from depositors' money through the issuance of shares to them.

Once the new bank is established, depositors will be given priority in reclaiming their funds.

As part of the merger, the central bank has drawn up a detailed roadmap with specific timelines for the repayment process. This will be announced soon via an official gazette, with the repayment schedule taking effect from the date specified.

A draft of the gazette has already been prepared.

Savings of up to Tk 2 lakh, considered protected deposits, will require no waiting period and will be paid immediately following the merger.

## No more closed-end

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"This type of fund is not available anywhere else in the world," he said.

In late October, the regulator banned its former chairman Prof Shibli Rubayat Ul Islam and LR Global Bangladesh CEO Reaz Islam from all capital market activities over their role in a share price manipulation scheme.

According to the BSEC probe, LR Global invested more than Tk 23 crore from its six closed-end mutual funds to acquire a majority stake in a delisted company. Such scandals, industry insiders say, are not uncommon.

"Our experience with closed-end mutual funds has been poor. Some even extended their tenure by ten years, disappointing investors, and that was part of the manipulation," said Islam.

Besides, he added that the BSEC proposal aligns with international practice.

"Globally, nearly all mutual funds are open-ended, accounting for 99 percent of the total," he said. "In India, the figure stands at around 97 to 98 percent as per the Association of Mutual Funds in India."

Currently, there are 37 closed-end mutual funds listed on the Dhaka Stock Exchange, whose terms will expire by 2032.

Sheikh Mohammad Rashedul Hasan, managing director and CEO of UCB Asset Management, said open-ended funds offer greater convenience for investors as they can withdraw money whenever they wish.

"In open-ended funds, investors can exit anytime, which keeps asset managers accountable," he said. "In closed end funds, managers know they will earn management fees regardless of performance, which can

lead to complacency."

He added that the proposed rules are well-structured but may need some adjustments to make implementation smoother.

However, not everyone agrees that closed-end funds should disappear entirely.

Mir Ariful Islam, CEO of Sandhani Asset Management Company, said Bangladesh's underdeveloped capital market still needs a range of investment products.

"The market does not have many instruments. Closed-end funds can still play a role if properly regulated," he said.

He also raised concerns about other provisions in the draft, including a proposed rise in the minimum paid-up capital for asset management companies from Tk 5 crore to Tk 10 crore, to be met within a year.

"Given the sluggish market over the past few years, many firms may struggle to double their capital in such a short time. A five-year window would be more realistic," he said.

The draft also states that shareholders of an asset management company cannot serve as its chief executive officer, a rule some industry leaders say runs counter to global norms.

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## Reserves fall to \$26.43b after ACU payment

STAR BUSINESS REPORT

Bangladesh's foreign exchange reserves fell to \$26.43 billion yesterday, down from \$28 billion on November 6, according to the International Monetary Fund's calculation method.

The reserves declined after \$1.61 billion in import bills were settled through the Asian Clearing Union (ACU).

Tehran-based organisation ACU facilitates payment settlements among nine member countries: India, Bangladesh, Bhutan, Iran, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka.

Under the ACU mechanism, Bangladesh clears its import bills every two months, leading to a temporary decline in reserves after each payment.

Foreign exchange reserves, which had dropped below \$20 billion in the first half of last year, have been rising in recent months, buoyed by increased inflows of remittances and export earnings.

## Gold gains

REUTERS

Gold prices rose on Friday as the dollar softened and uncertainty around the US government shutdown added to safe-haven demand, while Wall Street indexes were set for sharp weekly declines.

Spot gold was up 0.7 percent at \$4,005.21 per ounce, as of 3:15 p.m. ET (2015 GMT). US gold futures for December delivery gained 0.5 percent to settle at \$4,009.80 per ounce.

## China's factory-gate deflation eases in October

REUTERS, Beijing

China's producer price deflation eased in October and consumer prices returned to positive territory, data showed on Sunday, as the government steps up efforts to curb overcapacity and cut throat competition among firms.

Despite the improvement in headline numbers, analysts warn that deflationary pressures on the world's second largest economy are not yet over, and the government may have to roll out additional policy measures to spur demand.

"Demand remains weak but a rebound in CPI indicates that supply-side policies are having an effect, and the supply-demand balance in many industries is improving," said Xu Tianchen, senior economist at the Economist Intelligence Unit.

"The future trend of inflation will depend on how much demand-side policies are strengthened."

The producer price index fell 2.1 percent in October from a year earlier, National Bureau of Statistics

(NBS) data showed, compared with an expected 2.2 percent decline in a Reuters poll of economists. The index has remained negative since October 2022 and dropped 2.3 percent in September.

NBS statistician Dong Lijuan said capacity management in key industries has narrowed year-on-year producer price declines. In coal mining and washing, the price drop narrowed by 1.2 percentage points and price falls in photovoltaic equipment, battery, and automobile manufacturing narrowed by 14, 1.3, and 0.7 percentage points, respectively.

Consumer prices edged up 0.2 percent from a year earlier, reversing a two-month decline and beating the estimate for no change. Against the previous month, CPI rose 0.2 percent in October after rising 0.1 percent in September and compares with a forecast of no change.

Core inflation, which excludes volatile prices of food and fuel, was up 1.2 percent year-on-year in October, quickening from the 1 percent

increase in September and hitting a 20-month high. Food prices fell 2.9 percent year-on-year, after dropping 4.4 percent in September.

The October price figures indicate that government efforts to rein in excessive competition have helped stabilise prices, but lukewarm domestic demand and geopolitical tensions continue to cloud the business outlook.

"It is too early to conclude the deflation is over," said Zhiwei Zhang, president and chief economist at Pinpoint Asset Management. "We need to wait for a few more months of data to judge if the deflation dynamic has changed fundamentally."

China's economic growth slowed to its weakest in a year in the third quarter, and the youth unemployment rate remained elevated despite a dip in September.

Policymakers have refrained from aggressive stimulus this year, with the central bank keeping interest rates steady for five months, partly due to resilient exports following a trade truce with the United States.

### Government of People's Republic of Bangladesh

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#### Invitation for Tender(LTM)

TENDER NOTICE NO: 08/EED/Cox.B/e-TENDER/2025-26

DATE: 09/11/2025

Sl. No	Lot No & Name of Works	Tender ID	Last Date & Time of Selling Documents	Last Date and Time for Tender Submission	Last Date & Time of Submission Documents
01	SHED/7016/2025-26/Lot-04: CONSTRUCTION OF SINGLE STORED ACADEMIC BUILDING WITH 4-STORIED FOUNDATION INC. SANITARY, WATER SUPPLY & ELECTRIFICATION WORKS AT ABUL KASHEM NOOR JAHAN CHOWDHURY HIGH SCHOOL, UKIYA, COX'S BAZAR.(2024-25)	1171344	25-Nov-2025 15:45	25-Nov-2025 16:00	26-Nov-2025 12:00
02	SHED/7016/2025-26/Lot-06: CONSTRUCTION OF SINGLE STORED ACADEMIC BUILDING WITH 4-STORIED FOUNDATION INC. SANITARY, WATER SUPPLY & ELECTRIFICATION WORKS AT TEKNAF MODEL PILOT HIGH SCHOOL, TEKNAF, COX'S BAZAR. (2024-25)	1171345	25-Nov-202		