



Bangladesh spent \$26b on debt servicing in FY24

Payments consumed almost half of the national budget, limiting government spending on development and social programmes

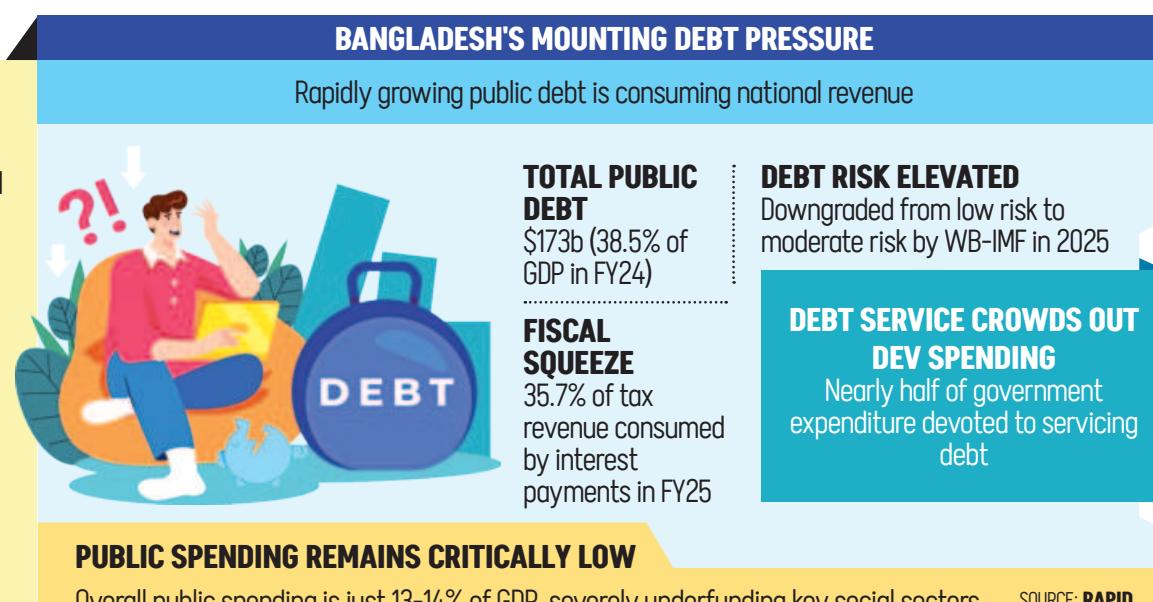
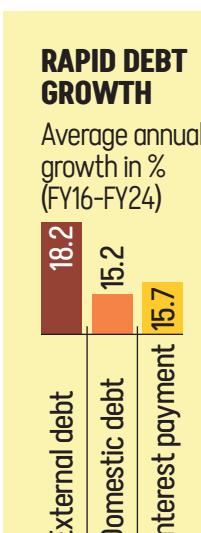
STAR BUSINESS REPORT

The country spent more than \$26 billion on servicing domestic and foreign debt in fiscal year (FY) 2023-24, nearly half of its national budget, leaving limited room for development and social spending, according to a study by a private think tank.

The pressure of debt servicing is mounting due to the rising debt stock and higher interest payments, said the study by Research and Policy Integration for Development (RAPID), noting that the growing burden is increasingly squeezing public expenditure.

"Rising debt servicing costs against weak domestic revenue mobilisation effort risk undermining development and macroeconomic stability," said MA Razzaque, chairman of RAPID, yesterday.

At a seminar in Dhaka on socioeconomic priorities for the next government, Razzaque laid out 12 challenges for the next government, ranging from debt servicing and graduation from the least developed



country club to inflation control, limited social spending, energy security and unemployment.

In FY24, total debt stock stood at \$174

billion, equal to 38.5 percent of gross domestic product (GDP). In that year, domestic and external debt servicing was \$26.26 billion.

"If we convert Bangladesh's domestic revenue into dollars, only 36 percent remains after debt servicing," Razzaque said, citing a joint World Bank and International Monetary Fund (IMF) study conducted as part of a debt sustainability analysis.

"If we consider total government revenue, including NBR revenue plus non-tax revenue, this share stands at over 31 percent."

This means that even when the government wants to spend more on development, debt servicing appears as a heavy financial burden.

Over the past four to five years, development budgets have often been nominal in real terms, with a large share of government expenditure going towards debt payments.

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Court orders withdrawal of Nestlé KitKat batch

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A Dhaka court yesterday ordered the authorities to remove a batch of Nestlé Bangladesh's KitKat from the market by January 21 next year in connection with a case filed over importing and marketing substandard food products.

Special Metropolitan Magistrate Nusrat Sahara Bithi of the Pure Food Court 2 of Dhaka passed the order after prosecuting officer Kamrul Hasan, a food inspector at Dhaka South City Corporation, filed a petition in this regard, said a court official.

In his application, the prosecuting officer said Nestlé Bangladesh's KitKat chocolate mentioned in the complaint is an "unregistered, unauthorised, uncleared and substandard product," which is "unsafe, adulterated, and poses a serious threat to public health".



The number of the batch that got the withdrawn order is 44399139, and the production code is 6294003539054, he added.

The application said, "To ensure safe food for the people, control adulterated and unsafe food, and restore discipline in the food business, the court is requested to pass an order directing Nestlé Bangladesh to withdraw the KitKat chocolate from the market and destroy it, and to temporarily suspend the import, marketing and sale of Nestlé KitKat chocolate until BSTI licence and clearance are obtained."

On November 23, Food Inspector Kamrul Hasan filed a case with the court against Nestlé Bangladesh PLC Managing Director Deepal Abeywickrema and Public Policy Manager Riasad Zaman under the Pure Food Act.

After taking cognisance of the charges in the case, the court on that day issued arrest warrants against the duo.

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On December 10, a bench of the High Court granted ad-interim anticipatory bail to Deepal and Riasad for eight weeks in the case, following their petition.

Asked, Debabrata Roy Chowdhury, director of legal, regulatory and scientific affairs and corporate affairs at Nestlé Bangladesh, said, "We had sought intervention of the High Court in the matter and we are pleased to inform that the matter was admitted for bail in light of the *prima facie* case made on the basis of our submissions."

He said that they had yet to receive the certified copy of the order for any specific conditions relating to invoicing for the specific batch of product.

"We reserve the right to comment further until we receive the same," said Chowdhury, adding that Nestlé Bangladesh has faith in the judiciary and will pursue necessary judicial remedies at the appropriate stage.

"We are confident of the sanctity and quality of all our products, including official imports. We have favourable test reports from BCSIR for this product."

BB's dollar purchases reach \$2.8b in current fiscal year

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Bangladesh Bank (BB) yesterday purchased \$141.50 million from 13 commercial banks to keep the exchange rate stable.

The central bank bought the dollars at rates ranging from Tk 122.29 to Tk 122.30 per US dollar, with Tk 122.30 set as the cut-off rate, according to officials familiar with the transaction.

With this latest purchase, BB's total dollar acquisition in December 2025 has reached \$624.50 million.

So far in the current fiscal year 2025-26, the central bank has bought \$2.80 billion to ease appreciation pressure on the taka caused by steady foreign exchange inflows amid weak import demand.

A top official said BB is likely to buy more dollars, potentially raising the total to \$3 billion in the first half of the fiscal year.



Industry insiders said the continued dollar purchases reflect a relatively comfortable foreign exchange position, supported by improved inflows from exports and remittances, while also helping BB manage excess liquidity in the interbank market.

"A steady inflow of foreign currencies amid sluggish import demand prompted BB to buy foreign currency through auctions, in line with its intervention strategy," the central bank noted in its September issue of Exchange Rate & Foreign Exchange Market Dynamics.

BB added that pressure in the foreign exchange market eased substantially in FY25 due to a surplus in the balance of payments, driven by strong remittance inflows, robust export performance, and subdued import growth.

External deficit widens to \$749m in Jul-Oct

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Bangladesh's import bill is growing faster than its export earnings, widening the current account deficit and putting renewed pressure on the country's external finances.

According to data released by Bangladesh Bank yesterday, the gap between money flowing out of the country and money coming in widened to \$749 million during July-October of fiscal year 2025-26 (FY26).

The gap widened 17 percent from a \$640 million shortfall recorded in the same period a year earlier.

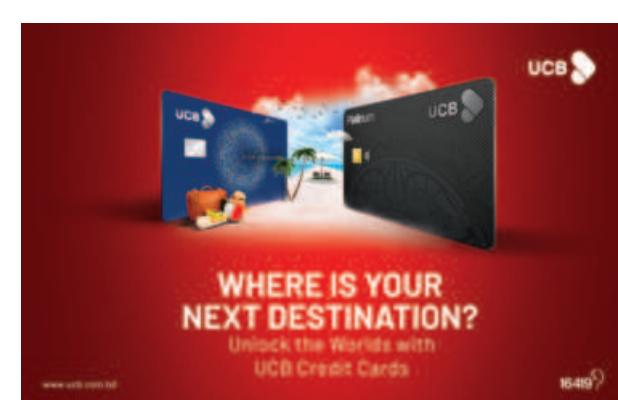
Economists track this gap through what is formally known as the current account, which records a country's earnings and spending from trade in goods and services, income from overseas investments, remittances, and foreign aid. When payments for imports, investment income, or aid exceed receipts from exports and remittances, the account slips into deficit.

Speaking on condition of anonymity, a senior central bank official said import payments have been rising for several reasons, including higher demand ahead of Ramadan, pushing the external balance further into the red.

During the July-October period, import payments rose 5.5 percent year on year to \$22.11 billion, compared with \$20.95 billion in the same period last year.

In contrast, export earnings grew by just 1.8 percent to \$14.54 billion, central bank data showed.

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