



GDP growth accelerates, led by industrial expansion

Economy grew 4.5% in the first quarter of FY26 compared with 2.58% a year earlier

REJAUL KARIM BYRON and AHSAN HABIB

Bangladesh's economy rebounded in the first quarter of the current fiscal year of 2025-26 due mainly to stronger agricultural and industrial production.

The overall output, or Gross Domestic Product (GDP), which measures the total value of goods and services produced in a given period grew by 4.50 percent in July-September, according to estimates from the Bangladesh Bureau of Statistics (BBS) released yesterday.

This rate is higher than the 2.58 percent quarterly growth a year earlier.

The industrial sector led the expansion of the economy, posting 6.97 percent growth in the first quarter of FY26. The latest industrial growth is almost double the 3.59 percent recorded during the same period last year, when production was hit hard by mass uprisings and labour unrest.

Factory floors this year were noticeably busier compared with the corresponding quarter.

Agriculture, the largest employer in the economy, expanded by 2.3 percent, recovering from losses caused by repeated floods in 2024. The services sector, the country's second-largest employer, also grew during the first quarter.

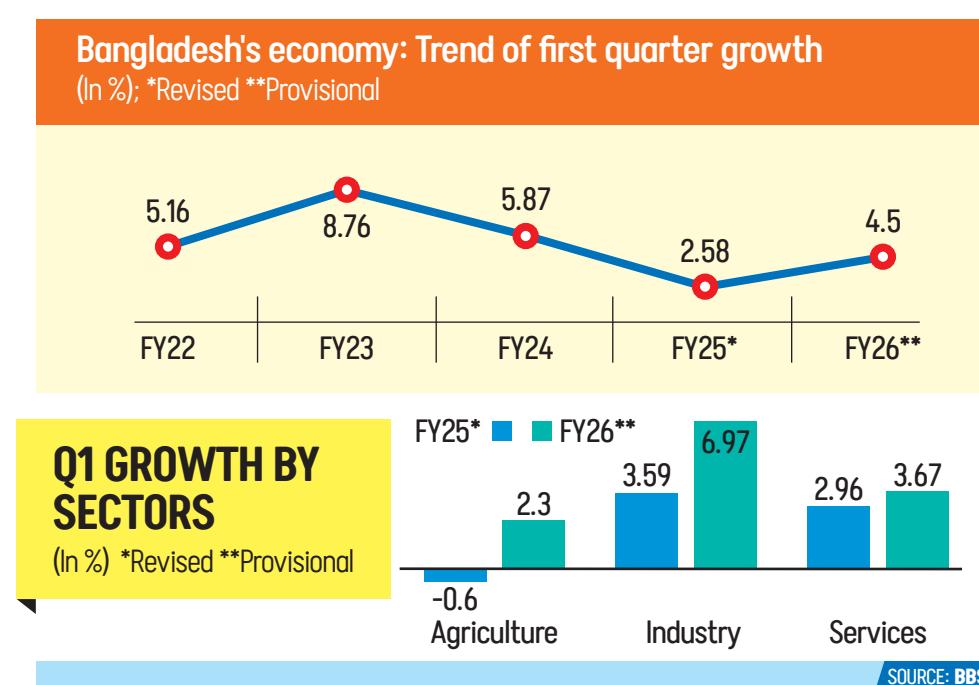
"This is an encouraging sign," said Prof Mustafizur Rahman, distinguished fellow at local think tank Centre for Policy Dialogue (CPD). "The growth shows signs of recovery as the difference from last year is high."

Rahman, however, said that this improvement is based on a low growth base from last year. And the growth in the service sector is not big, while agricultural output depends on the weather.

"There is a challenge in the sustainability of the growth," said the economist.

Although the performance in the industrial sector was strong, export-oriented industries did not do well in the second quarter of the current fiscal year, which could have a negative impact, said Rahman.

Besides, imports of machinery and raw



materials for export-oriented industries have not increased despite revived imports of capital machinery. "So, we have to wait to see whether this is a full recovery of the economy or not," he added.

Zahid Hussain, another noted economist, described the overall recovery as "modest" compared with Bangladesh's historical growth.

He said, "In the overall growth rate, a large contribution came from the agricultural sector." BBS data showed agricultural growth of 2.30 percent, up sharply from a negative 0.6 percent in the first quarter of the previous fiscal year.

Farming growth in the same quarter was also slight in 2023-24, at only 0.62 percent.

Last year, floods heavily affected Aus rice and Aman seedbeds, but this year production rebounded, said Hussain, a former lead economist at the World Bank's Dhaka office.

Hussain said the sustainability of growth will depend on electricity supply and diesel availability.

According to him, while fuel imports are stable, electricity generation remains a concern. Investment remains lacklustre, and exports have slowed, adding to the challenges.

Historically, growth in the services sector ranges between 5 percent and 6 percent, higher than the current trend.

Disruptions from year-round street protests and a weak law and order situation have had a huge impact on services. High inflation has also reduced people's purchasing power, limiting consumption of services, he added.

Headline inflation reached 8.49 percent in December, up from 8.29 percent in November and October's 39-month low of 8.17 percent, according to BBS data.

Govt launches freelancer ID management software

STAR BUSINESS REPORT

Bangladesh yesterday launched its first state-run freelancer ID management software, aiming to establish a transparent, secure, and harassment-free verification system for the country's growing freelance workforce.

With the new card, registered freelancers are expected to more easily access banking services, loans, credit cards, financial incentives, and government and private training programmes.

The software was inaugurated at the ICT Division's conference room in Dhaka's Agargaon by Faiz Ahmed Taiyeb, special assistant to the chief adviser in charge of the Ministry of Posts, Telecommunications, and Information Technology.

Speaking as chair of the event, Taiyeb said the entire system has been kept completely free of charge, taking into account past complaints of harassment and financial fraud faced by freelancers.

"As part of this initiative, all kinds of fees, including application, renewal, and processing fees, have been abolished to eliminate financial transactions and associated harassment," he said.

He added that 29 engineers from the Department of Information and Communication Technology (DoICT) will serve as a dedicated resource pool for ID verification, while four technical support experts will provide assistance to freelancers as a shared support team.

Taiyeb also said an API-based verification system will be introduced soon, adding that a two-layer API verification framework has already been agreed upon with the freelancer community.

READ MORE ON B3

Sonali Bank seeks Tk 6,600cr bond against unpaid loans to sugar corporation

SONALI BANK YET TO RECOVER TK 13,800CR FROM STATE ENTITIES

Tk 6,600cr from state-run sugar and food corporation Tk 1,700cr as outstanding dues from ICB Tk 5,500cr in unpaid commissions related to Rooppur nuclear power project



KEY NUMBERS



Capital shortfall fell to Tk 2,174cr as of Sept last year Provision shortfall narrowed to Tk 1,801cr as of Sept 2025 Net profit expected to range between Tk 1,100cr and Tk 1,700cr after audit

STAR BUSINESS REPORT

State-owned Sonali Bank has urged the government to issue bonds against unpaid loans to the Bangladesh Sugar and Food Industries Corporation (BSFIC) to address the lender's capital shortfall.

The state-owned corporation, which manages 15 sugar mills, owes the bank Tk 6,600 crore.

Another state-owned agency, the Investment Corporation of Bangladesh (ICB), owes Sonali Bank Tk 1,700 crore. The bank is also awaiting receivable commissions of around Tk 5,500 crore tied to the Rooppur Nuclear Power Project.

"We have been able to reduce our capital shortfall over the past few years, and we will have no shortfall if these loans are recovered," Sonali Bank Managing Director Md Shawkat Ali Khan said at a press briefing at the bank's Dhaka headquarters yesterday.

At the end of September 2025, the bank's capital shortfall stood at Tk 2,174 crore, down from Tk 5,949 crore in December 2024, according to figures presented by Md Iqbal Hossain, the bank's chief finance officer.

Provision shortfalls also fell to Tk 1,801 crore from Tk 4,632 crore over the same period.

Sonali Bank must maintain provisions of Tk 3,000 crore against dues from BSFIC, and Tk 1,300 crore for

READ MORE ON B3

Referendum campaign creates unease among some bankers

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has asked commercial lenders to actively campaign for an upcoming referendum, a move that has unsettled sections of the banking community amid concerns over political neutrality and potential conflicts of interest.

Top executives of banks were requested, through a letter, to display banners at branches encouraging participation in the vote, which will be held alongside parliamentary elections on February 12.

However, bankers said they were asked in a recent meeting to campaign for a "Yes" vote on the issues included in the referendum.

The referendum concerns the constitutional reform agenda outlined in the "July Charter".

The directive stemmed from a letter sent by the Chief Adviser's Office on January 5, according to bankers familiar with the matter. Pressure to act intensified about a week later during a meeting chaired by BB Governor Ahsan H Mansur.

Mashrur Arefin, chairman of the Association of Bankers, Bangladesh (ABB), confirmed to The Daily Star that managing directors and CEOs were explicitly asked to advocate for a "Yes" vote.

Arefin also said that banks were requested to provide funding to non-governmental organisations (NGOs) to support public awareness efforts, a measure the ABB intends to facilitate.

While he expressed support for the initiative, citing the complexity of the political landscape, some other senior bankers privately questioned the propriety of the request.

Requesting anonymity, the chief executive officer (CEO) of a commercial bank, who attended the meeting, said that, given the political nature of the issue, some participants felt the matter could have been discussed individually rather than raised in a formal forum.

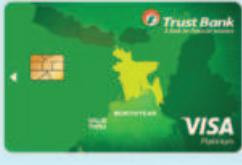
There may be a conflict of interest on various points mentioned in the set of questions for the "Yes/No" vote in the referendum, he said.

"Ideally, banks should not be part of it. If the government wants to run the campaign, it can do so on its own," said the CEO of another bank, also speaking on condition of anonymity.

The former managing director of a bank said, "This is not the job of a bank."

READ MORE ON B3

Trust Bank Debit Card
NOW DUAL CURRENCY



Travel, Shop, Dine and Pay worldwide with your Trust Bank Debit Card.

Trust Bank PLC

To Know More **16201**



Proud member of BANK ASIA FAMILY

Job Position

Company Secretary

APPLY BY JANUARY 25, 2026

How to Apply:
Apply online at <https://www.bankasia-bd.com/about/career>

Only shortlisted candidates will be contacted. Bank Asia reserves the right to accept or reject any application and is an equal opportunity employer.

Job Location: Corporate Head Office

Proud member of BANK ASIA FAMILY

Job Position

Company Secretary

APPLY BY JANUARY 25, 2026

How to Apply:
Apply online at <https://www.bankasia-bd.com/about/career>

Only shortlisted candidates will be contacted. Bank Asia reserves the right to accept or reject any application and is an equal opportunity employer.

Job Location: Corporate Head Office



For Job Details Please Scan



Traders and customers bustle at Baneshwar jaggery market in Puthia, Rajshahi, as winter demand for date palm jaggery rises for traditional pithas. Producers sell the jaggery at low prices, but retail rates soar to Tk 140 to Tk 170 per kilogramme due to middlemen. The photo was taken recently.

PHOTO: AZAHAR UDDIN

Inclusive action needed to unlock blue economy, experts say

STAR BUSINESS REPORT

Amid rising climate vulnerability and underused maritime resources, regional experts and policymakers have called for inclusive action to unlock Bangladesh's blue economy and strengthen coastal resilience.

Ashik Chowdhury, executive chairman of the Moreshkhali Integrated Development Authority (MIDA), stressed the need to prioritise maritime zones, highlighting gaps in deep sea fishing, disaster management and marine conservation.

He spoke at an event, titled "The Northeast Indian Ocean Regional Dialogue on Sustainable Blue Economy, Connectivity, and Resilience for SIDS", held at the Pan Pacific Sonargaon Dhaka in the capital yesterday.

The two-day dialogue, co-hosted by the MIDA and supported by the Ocean Policy Research Institute, aims to chart a path toward sustainable and inclusive ocean-based development.

At the event, Emadul Islam, senior research fellow at the Ocean Policy Research Institute of the Sasakawa Peace Foundation, Japan, urged the amplification of coastal voices and stronger links between science and policymaking.

Speakers from Bangladesh, Japan, India, Sri Lanka and the Maldives discussed marine spatial planning, climate resilience and regional cooperation.

Mohammad Navid Shafiqullah, additional secretary at the Ministry of Environment, introduced the Bangladesh Climate Development Partnership, aimed at strengthening access to climate finance. Tanzim Faruq, executive member of MIDA, outlined Maheshkhali's transformation plan, featuring four key zones and an expected investment of \$60 billion to \$65 billion.

World Bank sees resilient global growth in 2026

REUTERS, Washington

The global economy is proving more resilient than expected, with 2026 GDP growth expected to improve slightly over forecasts from last June, the World Bank said on Tuesday while warning that growth is too concentrated in advanced countries and overall too weak to reduce extreme poverty.

The World Bank's semi-annual Global Economic Prospects report shows that global output growth will slow slightly to 2.6 percent this year from 2.7 percent in 2025 before edging back to 2.7 percent in 2027.

The 2026 GDP forecast is up two-tenths of a percentage point from the last predictions released in June, while 2025 growth will exceed the prior forecast by four-tenths of a percentage point.

The World Bank said about two-thirds of the upward revision reflects better-than-expected growth in the US despite tariff-driven trade disruptions. It predicts US GDP growth will reach 2.2 percent in 2026, compared to 2.1 percent in 2025 - up two-tenths and half a percentage point from the June forecasts, respectively.

After an import surge to beat tariffs early in 2025 held back US growth for that year, bigger tax incentives will aid growth in 2026, offset by the drag of tariffs on investment and consumption, the World Bank said.

But if the current forecasts hold, the 2020s are on track to be the weakest decade for global growth since the 1960s and too low to avert stagnation and joblessness in emerging market and developing countries, the global lender said.

"With each passing year, the global economy has become less



Workers install smart charging robots for mobile energy storage at a factory in Lianyungang, eastern China's Jiangsu province. China's growth will slow to 4.4 percent in 2026 from 4.9 percent.

PHOTO: AFP/FILE

capable of generating growth and seemingly more resilient to policy uncertainty," Indermit Gill, the World Bank's chief economist, said in a statement. "But economic dynamism and resilience cannot diverge for long without fracturing public finance and credit markets."

Gill added that global GDP per person in 2025 was 10 percent higher than on the eve of the Covid-19 pandemic - marking the fastest recovery from a major crisis in the past 60 years. But he said many developing countries are being left behind, with a quarter of them saddled with lower per capita incomes than in 2019, particularly the poorest countries.

CHINA'S ECONOMIC GROWTH EXPECTED TO SLOW

Growth in emerging market and developing economies will slow to 4.0 percent in 2026 from 4.2 percent in 2025, up two-tenths and three-tenths of a percentage point from the June forecasts, respectively.

But excluding China, the 2026 growth rate for this group will be 3.7 percent, unchanged from 2025, the World Bank said.

China's growth will slow to 4.4 percent in 2026 from 4.9 percent, but the forecasts are both up four-tenths of a percentage point from June due to fiscal stimulus and increased exports to non-US markets.

Growth in the euro zone is set to slow to 0.9 percent in 2026 from 1.4 percent in 2025 due to the drag from US tariffs but recover to 1.2 percent in 2027 due to increases in European defense spending, the World Bank said.

Japan's outlook is much the same for 2026, with growth slowing to 0.8 percent after a rise of 1.3 percent in 2025, a year aided by the front-loading of exports to the US to beat President Donald Trump's tariffs. But slower consumption and investment in Japan will keep GDP growth unchanged at 0.8 percent for 2027, the World Bank said.

Gold steadies below record \$4,600/oz

REUTERS

Gold prices were largely steady near its all-time peak on Tuesday, supported by ongoing geopolitical tensions, while investor caution ahead of key inflation data limited upside momentum.

Spot gold traded 0.1 percent lower at \$4,588.43 per ounce as of 0947 GMT, following a record high of \$4,629.94 in the previous session. US gold futures for February delivery slipped 0.4 percent to \$4,597.50.

"A modest recovery in the US dollar, driven by hawkish comments from a senior Fed official, and investors' focus on the release of US CPI data later in the session acts as a headwind (for gold)," said ActivTrades analyst Ricardo Evangelista.

Federal Reserve Bank of New York President John Williams said on Monday that the central bank does not face any near-term pressure to change the stance of monetary policy.

Sonali Bank seeks Tk 6,600cr

FROM PAGE B1

"Sonali Bank is now much more careful in selecting borrowers. Our depositors are a blessing for us," he said.

The bank's operating profit rose 41 percent year-on-year in 2025 to Tk 8,017 crore. Audited net profit is expected to fall between Tk 1,100 crore and Tk 1,700 crore.

Khan also said the bank's non-performing loan ratio fell to 16 percent at the end of the year, with plans to reduce it below 9 percent by 2026.

Govt launches freelancer ID

FROM PAGE B1
According to him, the platform's Vulnerability Assessment and Penetration Testing (VAPT) has been successfully completed, and freelancers can start signing up and applying for digital IDs immediately.

To improve user experience for a large number of freelancers, community leaders and the Bangladesh Call Center Association will jointly work on further enhancements to the system, he said.

The ICT Division will also send a formal letter to the Bangladesh Bank, requesting banks and financial institutions to accept the digital freelancer ID instead of manual verification in the future.

Taiyeb noted that previous contracts related to freelancer ID services were cancelled following allegations of fraud and harassment.

He said freelancer community leaders have positively accepted a \$50 annual margin under recognised payment methods. The engineers

who developed the software at the ICT Division will also be responsible for its maintenance.

The platform will also function as a national freelancer database, storing information on the number of freelancers, their skills, and areas of work -- data that will support future policymaking.

When asked about steps regarding freelancers who were previously defrauded after paying money, DoICT Director General Md Abu Sayed said action would be taken under existing laws if formal complaints are filed.

Following the inauguration, the application of a freelancer present at the event was approved, and a freelancer ID card was issued on the spot.

The stakeholder meeting was attended by ICT Division Additional Secretary Md Mamanur Rashid Bhuiyan, representatives from the freelancer community, mobile financial services, and Bangladesh Bank.

Referendum campaign

FROM PAGE B1

But when the government asks for something, banks have little choice but to comply."

A fourth bank's CEO said banks were "humbly requested" to play a role in awareness creation because of a perceived lack of public engagement. "There was nothing forceful," he said, although concerns were raised about whether the involvement could appear political.

The controversy comes at a time when the central bank is seeking amendments to the Bangladesh Bank Order 1972 to strengthen its institutional autonomy, following the fall of the previous government.

Economists have long identified political interference as a key factor behind the deterioration of the banking sector.

Critics have drawn parallels with practices under the administration

of deposed prime minister Sheikh Hasina, when banks were reportedly frequently pressured to contribute to state-backed initiatives or display political branding under the banner of corporate social responsibility.

Debapriya Bhattacharya, convenor of the Citizens' Platform for SDGs and a distinguished fellow at the Centre for Policy Dialogue, described the directive as a "breach of referendum fairness".

"The government must not become a party to this. It is the people's choice," he said. "By taking sides, the state is practising coercion -- what I would call the Hasina method. It proves the bureaucracy hasn't evolved."

Contacted, Arief Hossain Khan, executive director and spokesperson of Bangladesh Bank, said the central bank had asked banks to conduct a "Yes" vote campaign in line with a government request.

Pay structure decision after Pay Commission report: finance adviser

STAR BUSINESS REPORT

The decision on the new pay structure for government employees will be taken after receiving the Pay Commission's report, Finance Adviser Salehuddin Ahmed said yesterday, noting that the commission members are reviewing the matter and will submit their recommendations soon.

He made the remarks after a meeting of the Advisory Council Committee on government procurement at the secretariat in Dhaka.

Ahmed said the work of the Pay Commission is continuing without interruption and that various stakeholders have submitted opinions and proposals to the commission -- some in writing and others through direct meetings. Recommendations are being prepared after considering all aspects.

Asked whether the interim government can announce and leave behind such a decision, the economic adviser said the commission is analysing all issues.

He added that there is a separate report concerning the judiciary and defence, and a subcommittee has also been formed.

The Pay Commission was formed on July 27 last year to determine a new pay structure for government officers and employees.

The commission is headed by former finance secretary and chairman of the Palli Karma-Sahayak Foundation, Zakir Ahmed Khan, and was asked to submit its report within six months.

At present, government officers and employees receive salaries and allowances under the 2015 pay scale. There are about 16 lakh government officers and employees.

For more than two years, the country has faced high inflation, eroding people's real income. Against this backdrop, the Pay Commission was formed to work out a new pay structure.

Oil prices surge 1.7% on Iran concerns

REUTERS, London

Oil prices extended gains on Tuesday as heightened concerns surrounding major producer Iran and potential supply disruptions overshadowed the prospect of increased crude supply from Venezuela.

Brent futures jumped \$1.06, or 1.7 percent, to \$64.93 a barrel by 0934 GMT, hovering at its highest since mid-November. US West Texas Intermediate crude climbed \$1.02, or 1.7 percent, to \$60.52.

"The oil market is building in some price protection against geopolitical drivers," said PVM Oil Associates analyst John Evans, highlighting the potential exclusion of Iran's exports, trouble around Venezuela, talks around the Russia-Ukraine war and over Greenland.

The oil market is building in some price protection against geopolitical drivers, said an analyst

Iran, one of the top producers of the Organization of the Petroleum Exporting Countries, is facing its biggest anti-government demonstrations in years. A government crackdown against protesters that a rights group says has killed hundreds and led to the arrest of thousands, drew a warning from US President Donald Trump of possible military action.

Trump said on Monday that any country that does business with Iran will be subjected to a tariff rate of 25 percent on any business conducted with the United States. Iran exports much of its oil to China.

"With the US and China having reached a trade truce, we question whether the US would want to rock the boat again with additional tariffs on China," ING strategists said.

UNREST SUPPORTING BRENT'S PREMIUM
Brent crude oil's premium to Middle East benchmark Dubai rose on Tuesday to its highest since July as geopolitical tensions in Iran and Venezuela supported the global price marker, LSEG data showed.

"Unrest in Iran has added about \$3.4/barrel in geopolitical risk premium in oil prices, in our view," Barclays said in a note.

Markets are also grappling with concerns of additional crude supply hitting the market due to Venezuela's anticipated return to exports.



Farmers say prolonged low temperatures and reduced sunlight have damaged seedbeds, causing seedlings to turn yellow or white, leading to leaf rot and, in severe cases, gradual die-off.

PHOTO: S DILIP ROY

Cold wave takes a toll on Boro seedbeds

Farmers say achieving production target will be harder as rice drives half of food inflation

SUKANTA HALDER, S DILIP ROY and SUZIT KUMAR DAS

A biting cold wave for around the past two weeks, coupled with thick fog, has swept across large parts of the country this winter, damaging an estimated 20 percent to 50 percent of Boro paddy seedlings in several regions.

Farmers say prolonged low temperatures and a lack of sunlight have affected seedbeds, leaving seedlings yellow or white, causing leaf rot and, in severe cases, gradual die-off.

Paddy seedlings need sunlight for healthy growth. Cold weather and prolonged cloud cover slow development and weaken plants at an early stage.

The damage this season has left farmers worried about meeting the February transplantation window for Boro — the country's largest paddy variety. Many say they may be forced to prepare new seedbeds, which would push up costs and reduce the area they can cultivate.

The Department of Agricultural Extension (DAE) has set a target to cultivate Boro paddy on 50.53 lakh hectares this season, with a production goal of 2.27 crore tonnes. Farmers fear the damage caused by the cold spell could make those targets harder to achieve.

On Sunday, the cold wave was sweeping across nine districts, down from 19 districts earlier, according to the met office. The impact remains visible in several farming belts.

Northern districts have been among the worst affected, with seedbeds damaged in Rangpur, Lalmonirhat, Kurigram, Gaibandha and Nilphamari districts.

Badiar Rahman, a Boro farmer at Rangpur Sadar upazila, said he prepared Boro seedbeds on 24 decimals of land, but nearly half of the seedlings had turned white and pale, making

them unsuitable for transplantation.

Preparations are underway to lift seedlings and transplant them into fields within the next week, said Rahman. But he was worried about the lack of healthy plants.

In Kurigram, farmer Nazir Uddin of Burirhat village at Rajarhat upazila said about 20 percent of the seedlings on his 15 decimal seedbed had been damaged by the cold wave.

"As a result, I will not be able to cultivate Boro paddy on the full land I had planned," he added.

Abdul Hamid, a Boro farmer from the central Bangladesh district Rajbari, said he spent Tk 20,000 preparing seedbeds on nine decimals of land to produce 34 kilogrammes of seedlings.

"Because of the cold wave, around 35 percent to 40 percent of the seedlings have died. As a result, I will not be able to cultivate as much land as I had planned due to the shortage of seedlings," he said.

Similar problems have been reported from the northeastern district of Netrakona.

Pijush Mitra of Singher Bangla union in the district said the cold wave over the past few days has disrupted normal seedbed growth. In some places, seedlings are turning yellowish or white, and some are dying.

Farmer Haque Mia of Dhalanugaon village at Purbadhala upazila of the same district said the severe cold has slowed growth and caused leaf rot in many seedbeds.

"If the cold intensifies further, we will have to prepare new seedbeds, which will increase costs," said Mia.

Local agriculture officials acknowledge the damage but say assessments are still underway.

Rajbari Sadar upazila Agriculture Officer Md Jony Khan said some Boro seedlings had been damaged by the cold wave, although the exact extent of the losses has yet to be determined.

"As weather conditions have improved, we are advising farmers to prepare new seedbeds where earlier ones were damaged," he added.

Sirajul Islam, additional director of Rangpur regional Department of Agricultural Extension (DAE), said seedbeds in the region have been partially damaged.

"Seedlings in many areas are turning white and pale, and normal growth is not occurring. Efforts are underway to assess the full extent of the damage," he said.

Md Amirul Islam, deputy director of DAE in Netrakona district, said there is always a risk of seedbed damage during severe cold spells.

"After receiving reports, we are providing necessary advice to farmers at the field level," he said.

Agricultural economist Jahangir Alam said farmers need timely alerts and guidance to protect crops from cold and fog. He said concerned officials must act more responsibly to minimise losses.

Mohammad Khalequzzaman, director general of the Bangladesh Rice Research Institute (BRRI), said if sufficient sunlight returns, crops can often recover. Prolonged cloudy weather, however, increases the risk of lasting damage.

He said farmers should follow guidance issued by the Bangladesh Agricultural Meteorological Information System and take protective measures during cold spells.

Any shortfall in Boro production could add to broader inflationary pressures. In August last year, the General Economics Division of the Planning Commission said rice prices were a major contributor to food and overall inflation. More than half of the food inflation in July was driven by rice prices, reflecting the sensitivity of the food staple market to disruptions in domestic supply.

[The Daily Star's Netrakona correspondent Jaydul Islam also contributed to this report]

Alphabet hits \$4tn valuation as AI refocus lifts sentiment

REUTERS

Alphabet briefly hit \$4 trillion in market valuation on Monday, as the Google parent's sharpened artificial intelligence focus allayed doubts about its strategy and thrust it back to the forefront of the high-stakes race.

In the latest sign that its efforts were paying off, Alphabet said the next-generation of Apple's AI models will be based on Google's Gemini under a multi-year deal.

The company's class-A shares rose as much as 1.7 percent to \$334.04 to hit a record high before giving up those gains.

A Reuters report earlier this year said that Samsung Electronics plans to double this year the number of its mobile devices with AI features powered by Gemini.

Alphabet last week surpassed Apple in market capitalization for the first time since 2019, becoming the second most valuable company in the world.

The milestones mark a remarkable change in investor sentiment for Alphabet, with its stock surging about 65 percent in 2025, outperforming its peers on Wall Street's elite group of stocks, the so-called Magnificent Seven.

The shift was fueled by the company quelling concerns that it let an early AI advantage slip by turning a 'once-overlooked cloud unit into a major growth engine and drawing a rare tech investment from Warren Buffett's Berkshire Hathaway.

READ MORE ON B2

REUTERS, Mumbai

India is piling into consumer giants' basket of troubles. Unilever and Nestlé are losing pricing power in the world's fifth-largest economy amid growing competition from nimble upstarts. It's an unwelcome headache for the groups that are trying to revive their more established markets in Europe and the US. With no easy fixes, the problem may require expensive remedies.

Consumer titans were once synonymous with boringly predictable earnings. But a recent bout of management churn and intense competition has made them about as predictable as the start-ups they are now battling for market share. Last February, \$140 billion Unilever replaced its CEO Hein Schumacher with its finance chief Fernando Fernandez to accelerate its growth plans. It also grappled with rising commodity prices and spun out its ice cream unit at a disappointing valuation.

Nestlé is enduring an even trickier time. The \$240 billion KitKat maker is on its third CEO in less than three years and is dealing with a decline in sales in Europe and the US. These factors have weighed on the groups' share prices, which are flat versus the same period last year, underperforming Europe's Stoxx 600.

which is up nearly 20 percent in the same period.

In ordinary times, these groups could rely on their Indian businesses to compensate. Indeed, historically they performed better than their parents' businesses in developed markets. At its 2016 peak, sales at Nestlé India grew

nearly 16 percent, eight times the pace of the Swiss group's European business and four times that of its Americas unit. As recently as 2021, Hindustan Unilever was growing turnover at a punchy 18 percent as Europe and the Americas only managed under 5 percent.

But those dynamics are changing.



A worker pushes shopping baskets next to packets of Nestle's Maggi noodles inside a Reliance supermarket in Mumbai. Unilever and Nestlé are losing pricing power in India amid growing competition.

When auditor appointment rules are disregarded

DIPOK KUMAR ROY

Audit practice is governed by two regulatory frameworks. The first consists of domestic laws covering the appointment, reappointment and removal of auditors, the convening and adjournment of AGMs, auditor rights and powers, and statutory requirements for financial statements. In practice, International Financial Reporting Standards are applied to ensure global alignment in content and disclosures. The second framework relates to the technical conduct of audits, guided by applicable laws, regulatory directives and the International Standards on Auditing.

This analysis focuses only on auditor eligibility, specifically issues surrounding appointment, reappointment, removal and AGM requirements.

In many cases, except for listed companies, banks, financial institutions and insurance companies, where auditors are replaced under regulatory directives after three years, the removal procedures set out in Section 211 of the Companies Act, 1994, are not properly followed. The law requires that an auditor may be removed only at an AGM, through a special notice, and with an opportunity for the incumbent auditor to address the members.

In practice, companies often appoint a new auditor at the AGM without observing these requirements, leaving the outgoing auditor unaware of the reasons for removal. In some instances, auditors are improperly removed at an EGM in the middle of the year following disagreements over professional judgment, despite the Act providing no authority for auditor appointment or removal outside an AGM.

Such non-compliance can lead to the appointment of lower-quality auditors, particularly where existing auditors raise professional or quality concerns. Outgoing auditors generally issue professional clearance in line with ethical standards but often refrain from highlighting the legal non-compliance to avoid unnecessary conflict.

A casual vacancy in the office of an auditor is dealt with separately under the Companies Act, 1994. As a general rule, the board may fill such a vacancy. However, where it arises from an auditor's voluntary retirement before the AGM without consenting to reappointment under the proviso to Section 210(l), the board's authority is restricted. In this situation, the proviso to Section 210(7) requires the vacancy to be filled by the members at the AGM, ensuring shareholder oversight and statutory compliance.

It is also observed that auditors are sometimes appointed for multiple pending financial years at the same time, which is inconsistent with statutory requirements. Keeping accounts, audits and regulatory filings pending for several years is unlawful, and conducting audits for multiple years in one exercise undermines transparency and financial accountability. Under the Companies Act, auditors must be appointed annually at each AGM to hold office from that AGM until the next, unless lawfully removed as discussed earlier.

Only where a court directs the presentation of outstanding audit reports for the condonation of delayed AGMs may auditors be appointed for multiple years in accordance with that order. In the absence of a specific court directive, there is no legal basis for appointing auditors for several years at once.

In summary, the statutory framework makes it clear that auditor appointment and removal are matters vested exclusively in shareholders at the AGM, except in cases of casual vacancy, which may be filled by the board in line with Section 210(7). The Companies Act, 1994, provides no authority for appointing or removing auditors at an EGM, or for appointing auditors for multiple pending years without a court directive.

To uphold audit quality, transparency and professional integrity, auditors and regulators must ensure strict compliance with these legal provisions and refrain from accepting or endorsing practices that deviate from statutory requirements.

The writer is a fellow member of ICAB and a partner of Basu Banerjee Nath & Co, Chartered Accountants

Nestlé and Unilever's India engine risks stalling

During the year ended March 2025 sales at HUL grew just 2 percent, down from double digits two years earlier. Meanwhile, Nestlé's Indian business grew 1 percent in 2024. That run rate means India can barely contribute much more to these groups' top lines than it currently does - 2 percent and 11 percent for Nestlé and Unilever respectively.

More concerning for investors, however, is the effect this is having on these groups' profitability. EBITDA margins of Hindustan Unilever and Nestlé India are off pandemic-era peaks and could remain below those levels at least until 2027, according to forecasts compiled by Visible Alpha.

The bosses of these businesses blame the recent weakness on rising commodity prices and high inflation which, coupled with stagnating incomes in the aftermath of Covid, have diminished Indians' purchasing power.

The danger for investors is the decline may intensify. Affluent urban Indians are increasingly shopping for essentials on e-commerce platforms Eatal and Swiggy, which use a network of mini warehouses to deliver everything from milk to umbrellas in 10 minutes. These

READ MORE ON B2