

star BUSINESS



GDP growth accelerates, led by industrial expansion

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

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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.

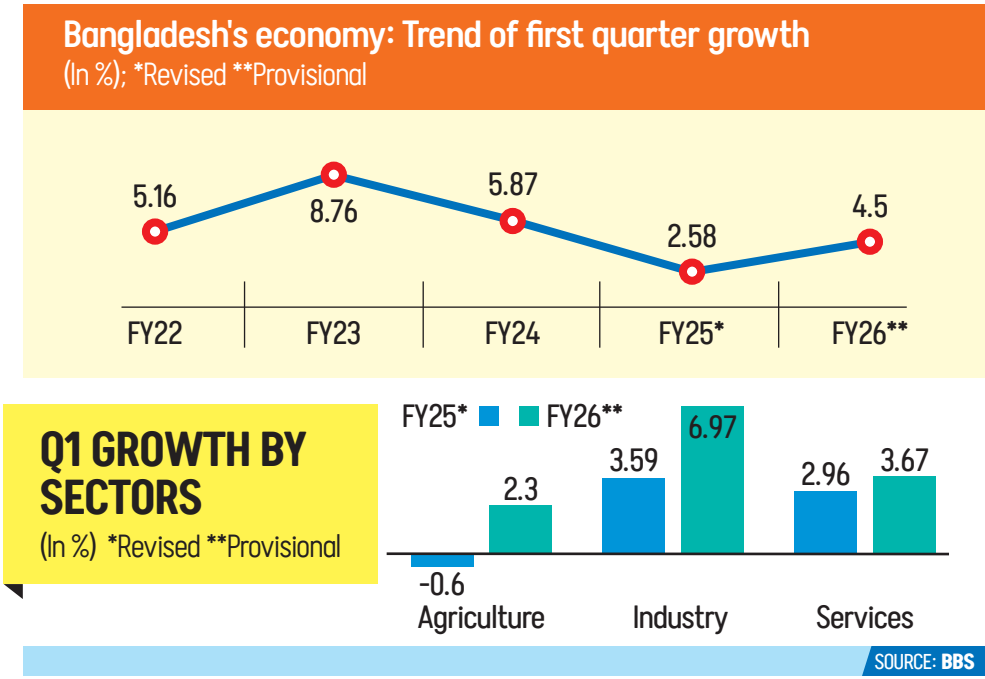
"This is an encouraging sign," said Prof Mustafizur Rahman, distinguished fellow at local think tank Centre for Policy Dialogue (CPD). "The growth shows signs of recovery as the difference from last year is high."

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.

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."

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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.

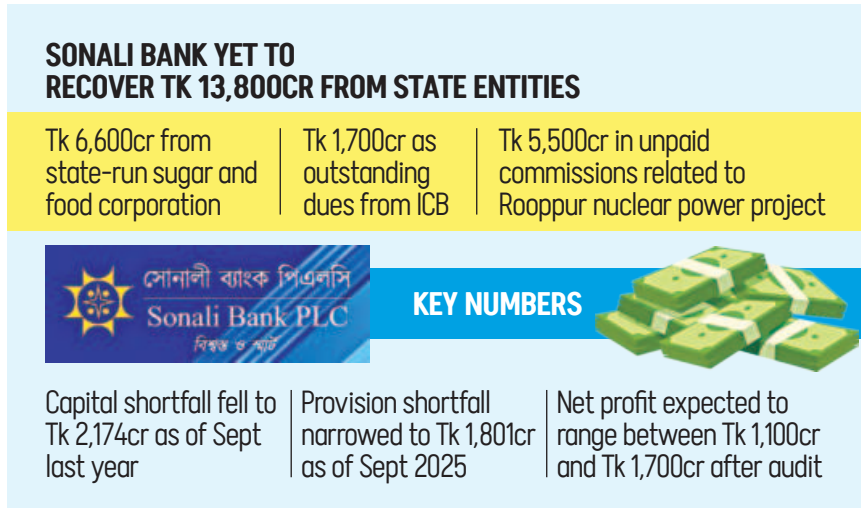
"As part of this initiative, all kinds of fees, including application, renewal, and processing fees, have been abolished to eliminate financial transactions and associated harassment," he said.

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.

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



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

ICB investments.

Officials said these shortfalls are the main driver of the bank's capital gap.

Other factors cited include loans to Orion Infrastructure, delayed government compensation, and unrecovered commissions of Tk 5,500 crore against letters of credit totalling Tk 94,246 crore issued for the Rooppur project.

At the conference, Khan highlighted the bank's improved financial structure, crediting reforms, targeted planning, and strengthened loan recovery efforts.

He said, "Public confidence in Sonali Bank is very high. It is because of this trust that people deposit more funds."

"Sonali Bank is now much more careful in selecting borrowers. Our depositors are a blessing for us," Khan said, noting that no incidents similar to the Hallmark scandal have occurred since.

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. 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.

Md Shawkat Ali Khan claimed that no such incident has occurred at Sonali Bank since the Hallmark scandal – a massive loan scandal involving more than Tk 3,500 crore

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