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Exports drop for 7th straight month on garment slump

Merchandise shipments declined 12% in Feb

REFAYET ULLAH MIRDHA

Bangladesh's merchandise exports fell for the seventh consecutive month in February, declining 12.03 percent year-on-year (YoY) to \$3.49 billion, driven primarily by weakening garment shipments.

For the first eight months of the fiscal year 2025-26 (FY26), exports dropped 3.15 percent to \$31.90 billion, according to Export Promotion Bureau (EPB) data released yesterday.

BAD PERIOD FOR RMG

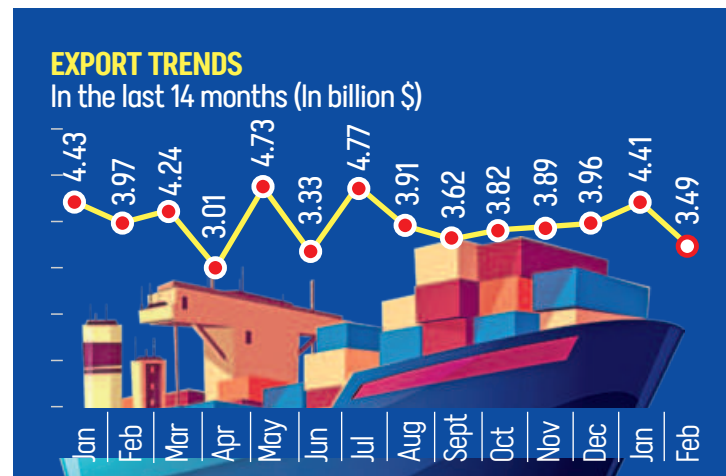
Readymade garments (RMG), which account for over 80 percent of national exports, recorded \$25.79 billion during July-February, a 3.73 percent decline from the previous year.

February alone saw garment exports plunge 13.21 percent YoY to \$2.81 billion, and 22.10 percent month-on-month from January's \$3.61 billion.

Within the sector, knitwear exports fell 4.56 percent to \$13.68 billion, while woven garments declined 2.79 percent to \$12.10 billion during the eight-month period.

The EPB attributed the export decline to temporary factors including port disruptions, the national election, and subdued global demand. Agricultural products, cotton, jute goods, non-leather footwear, and ceramics all underperformed during the period.

Garment exporters cited multiple headwinds behind the drop in the sector.



Faruque Hassan, managing director of garment exporter Giant Group, identified the United States' reciprocal tariffs as a major factor for the slowdown over the last few months.

In addition, he said, uncertainty ahead of the February national election prompted international retailers and brands to adopt a wait-and-see approach in the earlier months, slowing order placements.

Strained relations with India, an emerging export market for Bangladesh, have also weighed on performance.

Hassan said he does not expect exports to rebound in March as election-related and other holidays alongside a shorter month of 28 days in February significantly reduced working days.

FEAR OVER IRAN WAR

On top of these, Hassan said the US and Israel's ongoing war against Iran "will also affect the export of garment items from Bangladesh as the price of oil will also escalate the cost of production in the country."

Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said garment exporters had anticipated a recovery as global supply chains revived.

However, echoing Hassan, he also said a prolonged US Iran war could derail this optimism as higher oil prices are likely to push up production costs and affect the consumers' spending capacity.

"The war will increase spending, and consumers will buy less garment items for which shipments from Bangladesh may fall," he added.

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Bangladesh resilient, growth to pick up gradually: HSBC

STAR BUSINESS REPORT

Bangladesh has remained resilient despite recent economic challenges, and growth is expected to stabilise in the coming years, said Frederic Neumann, chief Asia economist at HSBC.

The multinational bank expects Bangladesh's gross domestic product (GDP) growth to reach about 5 percent in 2026 and 5.5 percent in the following year, supported by improving macroeconomic conditions, he said while virtually delivering the keynote presentation at an HSBC Bangladesh event on economic prospects for Bangladesh and the world at Sheraton Dhaka yesterday.

Neumann also noted that the country's export earnings are projected to grow by 4.1 percent in 2026, while remittance inflows continue to rise year-on-year amid increasing confidence in formal money transfer channels. Combined with easing inflation, this trend is expected to support private consumption.

He added that investment by domestic and foreign businesses could gradually recover following the recent general election, although stronger momentum would depend on restoring investor confidence through improved law

and order and policy stability.

Highlighting Bangladesh's upcoming graduation from least developed country (LDC) status in November 2026, the economist stressed the need to enhance export competitiveness through expanded market access, better governance, and improved infrastructure.

He also cautioned that slowing global consumer demand, partly linked to US tariffs, remains a key external risk for Bangladesh's economy.

Accelerating trade negotiations with the European Union, the country's largest garment export market, is therefore increasingly important, he added.



(From left) Md Mahub ur Rahman, CEO of HSBC Bangladesh, Md Kausar Alam, president of ICMA, and Jignesh Ruparel, CFO of HSBC Bangladesh, speak at an event, titled "Bangladesh and the world: Economic prospects for 2026 and beyond", yesterday at the Sheraton Dhaka.

PHOTO: HSBC

Bad loans fall by Tk 87,298cr in three months

Defaulted loans drop to 31% in Dec from 36% in Sept last year as banks restructure debt

BAD LOANS DROP SHARPLY

Defaulted loans fell to **30.60%** in Dec 2025

MAIN DRIVER
Mass rescheduling under special BB policy

Down from **35.73%** in Sept 2025

IN NUMBERS

- Bad loans (Dec 2025): Tk 5,57,217cr
- Bad loans (Sept 2025): Tk 6,44,515cr
- Quarterly drop: Tk 87,298cr

RESCHEDULING ALLOWED

Repayment over up to 15yrs	1%-2% down payment	1-year grace period
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MD MEHEDI HASAN

Defaulted loans in the banking sector fell to around 31 percent at the end of last year, down from around 36 percent three months earlier, following large-scale loan rescheduling under a special policy support of the central bank.

At the end of December 2025, defaulted loans stood at Tk 5,57,217 crore compared with Tk 6,44,515 crore at the end of September, according to the latest data from Bangladesh Bank (BB).

Within three months, the volume of bad loans dropped by Tk 87,298 crore.

Bankers said widespread rescheduling and restructuring under relaxed terms caused the sharp decline in non-performing loans at the end of the December quarter.

At the end of 2024, bad loans stood at Tk 3,45,764 crore, or 20.20 percent. On a year-on-year basis, defaulted loans rose by Tk 2,11,452 crore, marking a 61 percent increase.

Despite the drop in bad loans, bankers said actual cash recovery remained weak. Some banks had to reschedule loans following the central bank's instructions.

In January last year, BB formed a five-member committee to provide policy support for restructuring corporate borrowers affected by

macroeconomic stress and political instability.

On September 16, the central bank introduced a unified special rescheduling policy aimed at sustaining economic activity and helping borrowers who defaulted due to circumstances beyond their control.

Under the policy, some borrowers were allowed to regularise loans for up to 15 years with a down payment of just 1 percent or 2 percent and a one-year grace period.

During the first nine months of last year, more than 300 companies, including large defaulter conglomerates, applied for rescheduling or restructuring facilities worth around Tk 2 lakh crore.

Bad loans surged to a historic high of 36 percent at the end of September last year after big borrowers such as S Alam, Beximco, AnonTex and Sikder Group defaulted following the fall of the Awami League government in August 2024.

Regarding the reduced figures in December last year, Mati ul Hasan, managing director of Mercantile Bank PLC, said that while defaulted loans have declined, cash flow has not increased.

As many factories and industrial units remain shut, borrowers have been given a one-year grace period. This means banks will not be able to recover funds during this time.

"The true picture will emerge in 2027 when repayments resume," the senior banker told The Daily Star.

He also said the new government and the central bank governor are encouraging efforts to boost employment and reopen closed factories.

"It remains to be seen whether the coming days will bring positive outcomes," he added.

Meanwhile, Masrur Arefin, chairman of the Association of Bankers Bangladesh (ABB) and managing director of City Bank, said

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Governor orders fast-track recovery of laundered assets

STAR BUSINESS REPORT

Bangladesh Bank (BB) Governor Mostaqur Rahman has directed officials to accelerate efforts to recover laundered assets and place the process under a fast-track mechanism.

The instruction was issued at a meeting held at the central bank yesterday, where the newly appointed governor met the consultant of the Stolen Asset Recovery Task Force, according to Arief Hossain Khan, executive director and spokesperson of BB.

The meeting discussed strengthening the recovery process and ensuring that efforts to retrieve stolen assets from abroad produce tangible results, Khan added.

During the discussion, the governor urged the relevant authorities to quickly take necessary steps to identify, trace and repatriate assets siphoned overseas. To prioritise this effort, Rahman ordered all recovery activities to be placed on a "fast-track" status.

The fast-track mandate aims to speed up the return of national wealth through a more coordinated and focused approach, the spokesperson said.

The initiative also seeks to improve ongoing recovery efforts to ensure they are effective and aligned with bringing laundered assets back to the country.

The governor issued the directive as part of the interim government's continuing efforts to prioritise the recovery of stolen assets from abroad.

Earlier, the Muhammad Yunus-led government

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Govt deploys 475 mobile veterinary clinics

STAR BUSINESS REPORT

The government has procured 475 mobile veterinary clinics (MVCs) to deliver livestock services directly to farmers across the country.

These MVCs are currently deployed in nearly all upazila livestock offices, ensuring farmers in remote areas receive timely treatment and advisory services.

Mostofa Kamal, project director for the livestock and dairy development project (LDDP) under the livestock ministry, shared the information yesterday at a workshop on the project's progress, held at InterContinental Dhaka.

He added that under the LDDP, initiatives such as livestock farmer field schools (LFFS), training programmes, vaccination drives, disease surveillance, artificial insemination, and farmer profiling have been intensified.

Financial inclusion for farmers has also been promoted through bank account openings and cooperative savings, linking them to formal financial systems, he said.

MVCs are specialised vehicles equipped to provide on-site, door-to-door veterinary services, bridging the gap between rural, remote areas and professional animal healthcare.

These clinics offer comprehensive services, including diagnosis, treatment, vaccinations, surgeries, and artificial insemination for cattle and livestock, reducing mortality and increasing economic stability for farmers.

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India seeks to deepen trade ties with Bangladesh

STAR BUSINESS REPORT

India has expressed its willingness to work closely with the new government of Bangladesh to expand bilateral business, economic and investment ties.

Indian High Commissioner to Bangladesh Pranay Verma made the comments after a meeting with Commerce Minister Khandaker Abdul Muktadir at his office in Dhaka yesterday.

Speaking to journalists, Verma said the meeting covered a broad range of issues, including the resumption of trade through land ports, transshipment, investment opportunities and the Comprehensive Economic Partnership Agreement (CEPA).

He emphasised that the discussions were not limited to a single topic but spanned a wide range of sectors.

"The land ports are key to expanding trade between our countries," Verma said, adding that several land ports have remained closed over the past year, except for Benapole.

He added that India is keen to engage closely with the new government of Bangladesh to strengthen trade, economic ties and people-focused cooperation. "We aim to work together in a positive, constructive and forward-looking manner based on mutual interest and mutual benefit. We have a very strong trade, economic and business relationship between our two countries," said the high commissioner.

Minister Muktadir also said the meeting addressed the suspension of trade through some land ports over the last 18 months and discussed ways to increase bilateral trade.

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