

# Star BUSINESS



## Businesses seek flexibility on IPO funds for loan repayment

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Top business leaders have urged the market regulator to be flexible on the use of initial public offering (IPO) funds for loan repayment, including allowing repayment of rescheduled loans amid a challenging business climate.

They made the request at a meeting organised by the Bangladesh Securities and Exchange Commission (BSEC) at its Dhaka office yesterday to discuss the use of IPO proceeds.

Syed Nasim Manzur, managing director of Apex Footwear Limited, said many countries, including neighbouring ones, do not impose restrictions on the use of IPO funds for loan repayment.

Considering global standards, the scope for using IPO proceeds to repay loans could be expanded, he added.

In 2025, the regulator introduced the Public Offer of Equity Securities Rules, 2025. Under the new rules, companies may use up to 30 percent of IPO proceeds for debt repayment or investment, subject to conditions.

For loan repayment, the borrowing must have been used for a company project, business, machinery, renovation or expansion, and an auditor report must confirm proper utilisation of the funds.

The loans being repaid cannot be classified or rescheduled. In other words, they must not be overdue or deferred because of repayment problems.

These provisions are stricter than those under the 2015 rules, which allowed up to one-third of IPO funds to be used for debt repayment or working capital without linking the loans to specific projects or imposing conditions on their classification status.

Riad Mahmud, president of the Bangladesh Association of Publicly Listed Companies, said even well-performing companies may incur losses because of global crises and economic challenges, and may have rescheduled loans.

It is not sufficient to follow strict policies based only on ideal situations; flexibility is also necessary considering real-world circumstances, he said.

Taking into account economic conditions and global crises, he called for allowing the repayment of rescheduled loans using IPO proceeds.

Mominul Islam, chairman of the Dhaka Stock Exchange, also spoke in favour of allowing IPO funds to be used for loan repayment.

Khondoker Rashed Maqsood, chairman of the BSEC, thanked stakeholders for their opinions and proposals. He said the regulator would evaluate their views and recommendations, adding that one of its key mandates is to protect investor interests in the capital market.

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## Boro paddy prices fall amid ample supply

SUKANTA HALDER, DWOHA CHOWDHURY and AMINUL ISLAM

Lower earnings and weak demand for freshly harvested Boro paddy this season have left many farmers frustrated, as abundant supply and ample stock have brought prices down nationwide.

The government's recent decision to not raise Boro paddy procurement prices from last year has added to Boro growers' discontent.

To make matters worse, millers say paddy prices have dropped at the beginning of the season due to sufficient stock, so they are not showing much interest in purchasing more.

Boro paddy accounts for nearly 55 percent of Bangladesh's yearly rice production, and the season typically runs from December to April.

### GROUND REALITY

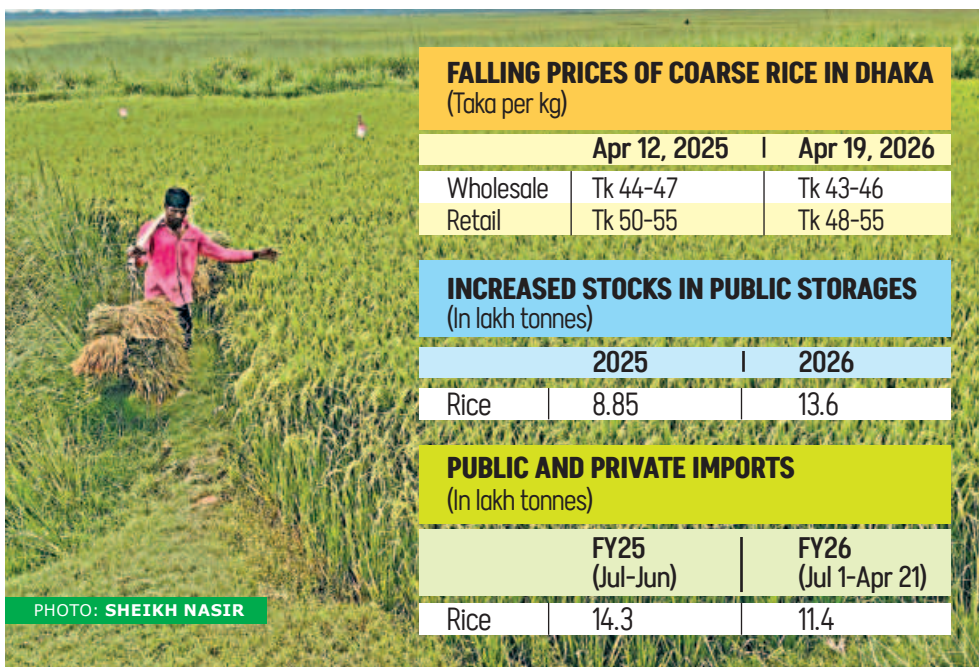
Ali Hossain, a farmer of Kauhani village in Sunamganj's Madhyanagar Upazila, said that currently, he is selling paddy at Tk 700 to Tk 750 per maund (1 maund equals nearly 40 kg). The price was around Tk 800 last season.

"I borrowed money from local lenders to harvest, and now repaying this money has become difficult," he added.

The government has announced that it will procure Boro paddy from growers. But to meet the criteria for procurement, farmers have to dry the paddy to a certain moisture level. Many cannot afford to dry their harvest to this level, Hossain said.

Moreover, the cost of transporting the paddy to the storage in Madhyanagar Upazila Sadar is something many cannot manage. "In this situation, farmers' only option is to sell to local buyers at whatever low prices they offer," he added.

The situation is much the same at Rupshi village in Mymensingh's Phulpur upazila, said local farmer Azizul Islam.



Currently, paddy is being sold at around Tk 900 to Tk 1,000 per maund, which was Tk 1,100 to Tk 1,150 at the same time last year.

Traders are refusing to pay more than this amount, Islam said, and the situation suggests that demand is low. Recovering production costs has now become a major challenge, he added.

Low prices have added to the plight of farmers who were already reeling from crop damage due to natural disasters.

Data from the Department of Agricultural Extension shows that storms, rain, and the onrush of water from upstream between March 31 and April 5 affected 1,723 hectares of Boro farmland across six districts, harming 9,390 farmers.

A rise in costs from the government's diesel

price hike has also affected farmers beginning to harvest the highly irrigation-dependent crop, particularly in the northeastern Haor region.

### LITTLE RELIEF FROM STATE PROCUREMENT

The Boro acreage stood at 50.50 lakh hectares in the current fiscal year 2025-26, posting a 3.29 percent year-on-year increase, according to provisional data from the Department of Agricultural Extension (DAE).

Production increased from 2.01 crore tonnes in FY22 to 2.13 crore tonnes in the last season of FY25. The DAE has targeted a production of 2.24 crore tonnes of Boro rice for the current season.

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## Economic outlook fragile as country faces three-pronged crisis: PRI

Backtracking from reforms now would be "suicidal", says the institute

### BANGLADESH'S ECONOMIC OUTLOOK

#### GROWTH

3% Q2 FY26 GDP growth

- Slowest since Covid
- PMI fell to 53.5 in March
- IMF, WB and others project 3.8-4% growth for FY26

#### FY26 PROJECTIONS

Tk 100,000cr to Tk 130,000cr revenue shortfall

- Subsidy bill could be up 65%+
- Tax-GDP ratio below 7%

#### INFLATION & WAGES

8.7% inflation in Mar 2026

- Real wages falling for 4+ years
- Wage growth (8.1%) below inflation across all sectors

#### FINANCIAL SECTOR

30%+ NPL ratio (Dec)

- Private credit at historic low at 6% (Feb)
- Bank Resolution Act reversal risks moral hazard

#### EXTERNAL SECTOR

4.85% export fall YoY, 8-month contraction

- Current account deficit ~0.8-1% of GDP
- Record remittances of \$3.75b in Mar

#### JOBS & POVERTY

600K jobs at risk (WB)

- Poverty rate ~21%+ (WB)

SOURCE: PRI

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Bangladesh's macroeconomic outlook is fragile as it faces three concurrent adverse external headwinds, including the Middle East crisis and the country's impending graduation from the least developed country (LDC) category, said the Policy Research Institute (PRI) of Bangladesh yesterday.

Presenting the institute's Monthly Macroeconomic Insights at its Dhaka office, Principal Economist Ashikur Rahman said uncertainty around US tariff policies is another factor casting a shadow over the economy's prospects for a faster recovery.

"These shocks are feeding through energy prices, weakened trade flows, and supply chain disruptions, with broad economy-wide implications," he said.

At the same time, pressure is building on the balance of payments amid weaker exports and higher energy costs, with limited policy buffers heightening overall vulnerability amid the US-Israel war on Iran.

Rahman noted that around 31 percent of Bangladesh's energy imports originate from the Middle East, largely transiting the Strait of Hormuz. A study by Zero Carbon Analytics found that severe price shocks could raise the country's energy bill by 40 percent to \$16-

\$17 billion in the ongoing fiscal year 2025-26 (FY26).

The PRI economist noted that Bangladesh has seen a fragile recovery over the 18 months to February 2026, with reserves rising from about \$18 billion to \$30 billion, inflation easing to 8.9 percent, and deposit growth strengthening.

"Yet, this recovery was underpinned by core vulnerabilities," said Rahman, noting growth slowed to 3 percent in the second quarter of FY26, the weakest since Covid. Non-performing loans stand at around 30 percent, dampening private credit growth to 6 percent, while limited fiscal space is pushing the government toward costly bank borrowing.

Against this backdrop, Rahman warned that rolling back reforms now would be self-defeating. "If we step back from economic reforms at this stage, it would be an economically suicidal decision. It must be treated as a national economic imperative."

The reforms, he stressed, should not be framed as conditions set by the International Monetary Fund (IMF). "These are essential for strengthening our own economy and ensuring long-term growth."

ICC Bangladesh President Mahbubur Rahman, speaking as the chief guest, said

persistent uncertainty is making it harder for businesses to plan.

He pointed to a disconnect between policy direction and business expectations as a drag on private investment — and, by extension, on foreign direct investment. "In Bangladesh, politics and business often operate in parallel rather than in coordination. In reality, they should be deeply interconnected. Government, businesses, and investors are part of the same ecosystem."

Besides, he said weak domestic investment is also constraining foreign direct investment inflows. "Local investment is not picking up, and naturally that raises a question: how will foreign direct investment come if domestic investors themselves are hesitant? Even machinery imports are declining because investors lack confidence."

Uncertainty over energy supply and financial sector risks are key concerns, he said. "There is deep uncertainty among investors about whether they will get gas or electricity tomorrow. This lack of predictability is holding back decisions."

"On top of that, fears of becoming loan defaulters and difficulties in accessing finance are further increasing risk perception."

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## Govt to lease out six jute mills this year

### The move aims to boost employment, investment

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The government is set to lease out six state-owned jute mills by December this year in a bid to revive idle industrial units, attract fresh investment, and create employment opportunities.

Each of the six mills is expected to create more than 1,000 jobs, with projected investments ranging from Tk 200 crore to Tk 500 crore per mill, said Khandakar Abdul Muktedir, minister for textiles and jute, while briefing reporters after an emergency stakeholder meeting at his office in Dhaka yesterday.

"The meeting was convened to review the current condition of the closed mills, assess investment prospects, and explore ways to expedite investment in the remaining units," he said.

The minister added that several mills already handed over to private operators have shown encouraging progress, attracting substantial investment and generating employment.

"Our plan is to gradually bring all mills under the ministry back into productive use — some through jute-based operations, others through diversified industrial activities," said Muktedir, who is also minister for commerce and industries.

The initiative will help boost export earnings and support import substitution, the minister added.

Shariful Alam, state minister for the same ministry, said the government is working to accelerate the revival process based on field-level assessments.

"We are inspecting mills and taking prompt decisions to ensure these industrial assets become economically viable again," he said.

The mills fall under the Bangladesh Jute Mills Corporation, which shut down operations at 25 mills in 2020. Out of those, 20 mills were selected for leasing.

The ministry has already handed over 14 such mills to private investors. Officials said nine of them have resumed production, creating around 9,500 jobs.

Ashik Chowdhury, executive chairman of the Bangladesh Investment Development Authority, was also present at the meeting, along with senior officials from the Ministry of Textiles and Jute and representatives of investors.



## BCIC's urea import tender gets poor response

STAR BUSINESS REPORT

Bangladesh Chemical Industries Corporation (BCIC) has received a lukewarm response to its tender to import 200,000 tonnes of urea for replenishing stock ahead of the Aman season, a top official said yesterday.

The state-run entity found no response against its first international tender to buy 200,000 tonnes of urea. After it ran a second tender, it received bids for the supply of 50,000 tonnes of urea only.

"We are considering going for another tender," said BCIC Chairman Md Fazlur Rahman.

The BCIC started to seek suppliers for urea after it was forced to shut five of the six urea factories amid gas supply concerns after the US-Israel war on Iran began on February 28.

The conflict reverberated across the Middle East, and Iran effectively closed the Strait of Hormuz — a key artery for global oil, gas and fertiliser trade, through which roughly 30 percent of global fertiliser flows.

Bangladesh requires more than 26 lakh tonnes of urea annually, and about three-quarters of demand is met through imports, as local plants often operate below capacity when gas is diverted to other sectors.

As of April 16, urea stock stood at 343,000 tonnes, according to agriculture ministry data. Saudi Arabia, the UAE and Qatar are Bangladesh's main suppliers, providing nearly 10,00,000 tonnes annually. Since the war broke out, major producers in both countries have declared force majeure and temporarily halted exports, officials said.

Rahman said BCIC is working to diversify sourcing towards Russia, Brunei, Vietnam and Malaysia from the next fiscal year.