Star BUSINESS

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A bountiful vegetable harvest is bringing relief and better prices for farmers across Rajshahi's Paba, Mohanpur, Durgapur, Puthia and Bagmara upazilas, with okra selling for Tk 1,000-Tk 1,200 per maund and pointed gourd (potol) fetching Tk 2,400-Tk 2,500 per maund. Traders take extra care to keep produce fresh during transport to distant markets. The photo was taken at Nowhata Haat in Paba, Rajshahi yesterday.

PHOTO: AZAHAR UDDIN

Trade through Benapole suspended for West Bengal elections

OUR CORRESPONDENT, *Benapole*

Import-export activities between Bangladesh and India through the Benapole land port will remain suspended for three consecutive days due to the assembly elections in West Bengal, India.

However, despite the halt in trade operations, passport holders will be allowed to travel for emergency medical purposes, and voters from West Bengal will be permitted to enter India from Bangladesh to cast their ballots.

Moreover, perishable goods will also remain outside the purview of this restriction.

The information was disclosed in a letter issued on April 24, signed by Shilpa Gaurisaria, district magistrate and district election officer of North 24 Parganas, India, while Md Shamim Hossain, director of Benapole Port, confirmed the matter yesterday.

According to the letter, voting will take place on April 29 in 33 assembly constituencies in North 24 Parganas.

To ensure a smooth election process, the movement of people and vehicles will be restricted from 6pm on April 26 to 6am on April 30 under Section 163 of the Indian Citizen Security Code-2023.

As a result, all international land borders and entry-exit points in the district will remain closed.

During this period, passenger movement through international check posts will be limited, and normal import-export activities are expected to resume from Thursday morning, said Aminul Haque, vice-president of the Benapole Importers and Exporters Association.

Although passenger movement is restricted, Indian voters currently in Bangladesh will be able to return home to vote, said Shakhawat Hossain, officer-in-charge of Benapole Checkpost Immigration Police.

Normal movement of all passport holders will resume after 7am on April 30.

Rahat Hossain, assistant commissioner of Benapole Customs, said that although trade activities will be halted, internal operations at the customs house and port will continue as usual. If any perishable goods arrive from India, arrangements will be made for their swift clearance.

ECB set to hold rates steady with eye on Iran crisis

AFP, *Frankfurt*

The European Central Bank is expected to hold interest rates steady again this week as it waits to see if the inflation spike triggered by the Middle East war will prove temporary or begin to weigh on growth.

Markets ramped up their bets on a rate hike after the US-Israeli war on Iran sparked a global energy shock, which is already pushing up eurozone consumer prices.

Inflation in the 21-nation single currency area jumped to 2.6 percent in March, above the ECB's two-percent target, and the bank has warned it could surge far higher in a worst-case scenario.

ING economist Carsten Brzeski said the ECB's mantra before the war -- that it was in a "good place" on rates -- was "no more".

"The bank is back in crisis mode, shifting its focus from longer-term projections to actual developments and back to a 'driving at sight' approach," he said.

Agri credit overdues surge 124% amid asset quality concerns

STAR BUSINESS DESK

Overdue agricultural credit across all scheduled banks reached Tk 22,915 crore in February this year, marking a sharp 123.90 percent increase from Tk 10,234 crore in the same month of 2025.

This significant rise -- partly driven by revised loan classification criteria and climate-induced crop damage -- was mainly led by higher overdue loans in state-owned specialised banks, state-owned commercial banks, and private commercial banks.

Despite the surge in overdue loans, the banking sector continued to record steady growth in agricultural credit disbursement. In February 2026, all scheduled banks disbursed Tk 3,120 crore in agricultural credit, up 7.21 percent from Tk 2,910 crore in February 2025.

Cumulatively, during the July-February period of FY26, total agricultural credit disbursement stood at Tk 27,479 crore, reflecting a 24.20 percent increase compared to the corresponding period of the previous fiscal year.

The data also indicates a gradual shift in credit allocation towards core production activities.

The share of loans for crop production increased to 49 percent from 48 percent, while livestock and poultry rose to 26 percent from 24 percent. In contrast, the shares of fisheries and other sectors declined to 13 percent and 8 percent, respectively.

Despite the surge in overdue loans, the banking sector continued to record steady growth in agricultural credit disbursement

Agricultural credit recovery also showed improvement, reaching Tk 2,847 crore in February 2026, a 7.60 percent rise year-on-year. For the July-February period, total recovery by all scheduled banks increased by 13.69 percent to Tk 27,767 crore.

By the end of February 2026, the total outstanding agricultural credit (including interest) stood at Tk 63,723 crore, up 11.66 percent from Tk 57,066 crore a year earlier.

In the microcredit sector, Grameen Bank and 10 large NGOs collectively disbursed Tk 17,231 crore in February 2026. While recovery remained strong at Tk 16,045 crore, up 5.45 percent year-on-year, overdue balances in the microfinance sector rose significantly to Tk 8,425 crore.

This increase was attributed to irregular borrower repayment behaviour, crop losses from natural disasters, and rising living costs.

The Bangladesh Bank report notes that although credit disbursement and recovery trends remain broadly positive across banks and MFIs, the sharp rise in overdue loans raises concerns over asset quality.

The central bank stressed the need for enhanced oversight, stronger risk management, and targeted support for vulnerable borrowers to safeguard financial stability and ensure inclusive rural growth.

Rising global protectionism

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In Bangladesh, about one-third of textile and textile product exports depend on imported inputs or upstream trade partners. Disruptions to value chains and trade diversion could also curb productivity growth over time, limiting longer-term economic potential.

"Tariff hikes are estimated to have sizable employment impacts," said the report. The impact on workers would vary by gender, age, skill level and sector.

Around 3 percent of total employment in the region, roughly 56 million jobs, is linked to final demand in the United States through trade and supply chains. Manufacturing is the most exposed sector.

Lower exports could suppress wages and push vulnerable workers into poverty.

In countries such as Bangladesh, Cambodia, Pakistan and Sri Lanka, the garment industry employs large numbers of informal workers, many of them women.

Compared with registered workers, informal employees have weaker bargaining power, limited legal protection and little access to social security. Many earn below minimum wage levels.

Even if trade tensions ease, lingering uncertainty may discourage firms from rehiring displaced workers. That could force households to cut spending on food, health and education, with long-term consequences.

Bangladesh, Cambodia, Pakistan, Sri Lanka and Vietnam, which face tariffs of about 20 percent, are particularly exposed because labour-intensive goods such as garments, textiles, footwear and leather account for a large share of their exports to the United States.

In Bangladesh and Cambodia, garments and textiles alone make up 50 percent to 80 percent of total goods exports to the US market.

The report also said that women dominate employment in these sectors, especially in lower-skilled, routine jobs such as sewing, cutting and finishing. Women account for around seven in ten readymade garment workers in Bangladesh and Sri Lanka, and about eight in ten in Cambodia.

Pay in these industries often sits at or just above the minimum wage, and access to unemployment benefits or other safety nets is limited.

In Bangladesh, about 32 percent of RMG workers earn below the minimum wage, and roughly 7 percent earn incomes below the international poverty line. Gender pay differences persist across these labour-intensive sectors.

In Vietnam's garment sector, female wages are estimated to be about 15 percent lower than those of men. With limited opportunities to shift into alternative employment, women and low-skilled workers are especially vulnerable to job losses and wage cuts.

Informal and subcontracted workers face the greatest risk if export demand weakens. These jobs usually offer no notice period, little job security and no social protection. They are usually the first to be cut and the last to return.

The survey also finds a clear divergence in firm performance.

Companies linked to the United States market were 14 percentage points less likely to report production growth. By contrast, firms supplying the European Union were 16 percentage points more likely to post increases.

The report added that many firms will struggle to diversify export markets quickly, given intensifying global competition and uncertain demand in major economies.

Oil shocks to fuel inflation

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It also cautioned that the crisis could further intensify the country's debt burden. Increased government borrowing may crowd out private sector access to credit, tightening financial conditions across the economy.

To address these challenges, the CPD recommended accelerating the transition towards renewable energy while using domestic natural gas as a "transition fuel" to reduce dependence on imports.

Policy momentum appears to be building. The BNP government has recently announced a target to generate 10,000 megawatts (MW) of electricity from renewable sources by 2030 and has formed a committee to prepare the necessary roadmap.

The CPD urged the Ministry of Power, Energy and Mineral Resources to prepare a clear roadmap to achieve the 10,000 MW renewable energy target through both utility-scale and distributed systems.

The think tank said the target could unlock around $10 billion in investment. It also recommended reviving viable cancelled projects through transparent tendering to speed up implementation.

Solar power shields farmers

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In Lalmonirhat, Atiar Rahman manages a solar-powered deep tube-well run by the BADC at Doani village of Hatibandha upazila, supplying water to around 15 bighas of maize and vegetable land.

"Even if diesel is unavailable or its price rises, farmers no longer have to worry," he said, "because this irrigation machine runs on solar power."

He added that the panels sit idle for eight months after the irrigation season ends, and that connecting surplus electricity to the national grid through net metering could benefit farmers, institutions, and the government alike.

Further into the char lands of Kurigram, farmer Meher Jamal of Char Paschim Bajra at Ulipur upazila said vast areas surrounded by the Teesta River once sat uncultivated because irrigation was out, but it meant increased costs and labour.

"For the last few years, many char lands are now being cultivated regularly because of irrigation facilities through solar power," he said. "Land that once remained unused is now producing crops."

Sudhan Chandra Sen, a farmer from Madhupur village at Kaunia upazila of Rangpur, said the difference is simple. "There is no worry about fuel. Electricity comes from solar power, and we get water. Crops are better, and costs are lower."

He noted that while electricity is less reliable, as it often comes and goes, delaying irrigation, solar power is sustainable and consistent. "Water is always available."

In Bogura, Abdul Hamid from Kachua village at Shibganj upazila cultivated Boro on five and a half bighas. He said solar-powered pumps have reduced both his costs and stress. "I planted Boro paddy after harvesting potatoes. So far, I haven't had to worry about irrigation or the cost. I can pay the irrigation fees after harvesting the crop."

Abu Hasan, another farmer from the same village, said crops under solar pumps yield better because the water supply is uninterrupted. "I face no water shortages. I have to pay Tk 1,500 per bigha for irrigation after the harvest."

Beyond individual farms and government initiatives, private operators have built businesses around solar irrigation. Abu Jafar Sujan, regional manager of Salek Solar Power Limited, said his company runs 122 solar pumps across Bogura, Gaibandha, Meherpur, and Panchagarh districts.

"Each pump has a lifting capacity of 5 to 20 horsepower. Smaller pumps cover 30 to 40 bighas, while the larger ones irrigate up to 120 bighas of Boro land, he added.

Abu Bakkar Siddique, who looks after a 20-horsepower irrigation pump owned by Salek Solar in Kachua, said 100 bighas of Boro land were irrigated under this pump this year.

Nationally, the state-run renewable project financer Infrastructure Development Company Limited (Idcol) has funded the installation of approximately 1,523 solar pumps through six companies, covering around 15,000 hectares.

"There are 152 such pumps in Bogura, Sirajganj, Gaibandha, and Naogaon. However, some remain inactive due to various complexities and a lack of technical spare parts," an official of the organisation said on condition of anonymity. "We plan to install 10,000 solar pumps across the country by 2030."

Bangladesh trails

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Between 2019 and 2024, Bangladesh received an average of $1.5 billion in FDI a year, less than half the level of Cambodia.

The difference becomes even wider when measured against larger regional economies. Vietnam attracted more than $17 billion a year on average over the same period, while Indonesia also drew substantially higher inflows.

In terms of FDI stock, Bangladesh lagged behind Cambodia, Vietnam and Indonesia, as well as the Asean and RCEP blocs. It performed better only than the average LDC in 2024.

The UNCTAD said that inflows have declined over the past six years, although early data for 2025 suggest a tentative rebound.

Investment inflows to the country peaked at more than $1.8 billion in 2019 before entering a downward trend. Since then, inflows have fallen by nearly one-third, dropping below levels recorded during the early phase of the Covid-19 pandemic.

The fall has occurred even as the overall FDI stock has remained broadly stable at around $18 billion since 2021. This suggests that existing investors have retained capital, but new investment has slowed, according to the report.

The report attributed the weakness to macroeconomic instability and operational constraints.

Local currency taka has depreciated by about 36 percent against the US dollar since 2021, while foreign exchange shortages have made it harder for companies to repatriate profits and pay for imports, it said.

"These pressures have been compounded by energy disruptions, particularly fuel import constraints, which have raised production costs and disrupted industrial activity."

At the same time, inflation has surged to nearly 10 percent and economic growth has slowed from about 8 percent to 4 percent between 2019 and 2024, further dampening investor sentiment.

The report mentioned that political uncertainty around the election cycle and labour unrest in key sectors, especially garments, have added to caution.

Although early indicators for 2025 point to a modest recovery in FDI inflow, the report said that the composition of the rebound raises concern.

The recent uptick has been driven mainly by reinvested earnings and intra-company loans rather than new greenfield projects. In effect, existing investors are expanding their exposure, but few new entrants are arriving, the report said.

The UNCTAD said that while confidence may be stabilising, Bangladesh has yet to regain momentum in attracting fresh foreign capital.

"A national investment policy and a consolidated investment law would help reinforce investor confidence and focus on attracting and leveraging FDI in support of national development objectives through a whole-of-government approach," the report said.

As a second priority, UNCTAD recommended strengthening investment promotion and facilitation, focusing on sectors identified in its FDI heatmap and adopting targeted measures to support their growth in coordination with other institutions.

"Mitigate the impact of losing preferential LDC status by engaging with key investment and trade partners and by strengthening the capacities of the local private sector."

Kiyoshi Adachi, a legal officer at UNCTAD, said most recommendations from earlier reviews have only been partially implemented.

He cited outdated legislation, including the Investment Act of 1980, which does not clearly define investor protections or consolidate FDI rules. Entry procedures remain complex and require multiple approvals, while digitalisation efforts are undermined by continued reliance on manual processes.

Challenges such as foreign exchange repatriation, access to land, infrastructure shortages and limited skilled labour mobility continue to weigh on investor confidence, he said.