DHAKA TUESDAY AUGUST 4, 2026, SRABAN 20, 1433 BS • starbusiness@thedailystar.net

Star BUSINESS



Industry in a bind

Factories run below capacity while new plants await gas, casting doubt over investment, employment and govt's investment-led recovery push

REFAYET ULLAH MIRDHA, SUKANTA HALDER *and* MD MEHEDI HASAN

A chronic energy shortage, coupled with rising costs, a shortage of finance and global economic headwinds, has forced many factories to shut down in recent years, taking the steam out of the country's economic engine.

Factories across key industrial belts are operating well below capacity because of the gas shortage, while many newly built plants remain idle with no clear timeline for starting production.

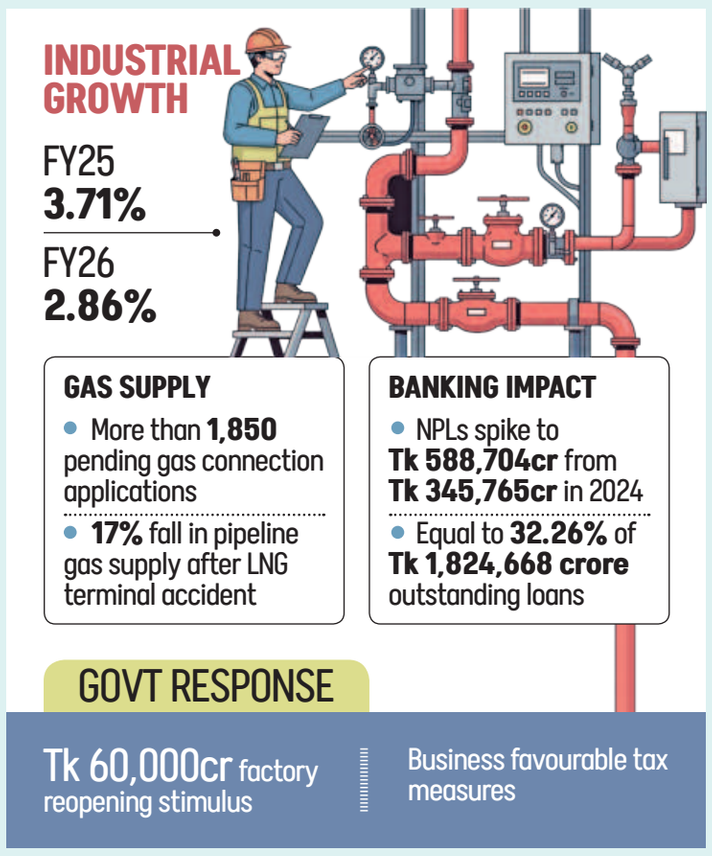
As machinery sits unused, businessmen continue to repay mounting bank loans. Besides, thousands of jobs that these factories were expected to create have never appeared.

Workers affected by factory closures move from one mill to another in search of work, while shuttered businesses are adding to the country's growing burden of non-performing loans (NPLs).

At the centre of this cycle is the prolonged energy crisis, which continues to feed wider economic problems even as the government tries to revive growth through investment.

Although the government is seeking fresh investment, especially from overseas, local manufacturers say they are not receiving fair treatment when it comes to energy supply.

"Bangladesh seeks foreign investment, but those of us who have already invested are treated like beggars," said Mostafa Kamal, chairman of Meghna Group of Industries (MGI), one of the country's largest industrial conglomerates.



Industries have faced gas shortages for years, but business leaders say the situation deteriorated after the US-Israel war on Iran triggered fresh shocks in global energy markets.

The crisis worsened further after an accident at a floating liquefied natural gas terminal in Cox's Bazar cut the country's pipeline gas supply by more than 17 percent.

GROWTH SLOWS AS NEW INDUSTRIES SIT IDLE

The prolonged energy crisis, combined with the disruption

READ MORE ON B2

Accelerate domestic gas exploration

Economists urge govt

JAGARAN CHAKMA

The government should speed up domestic gas exploration to expand supply and reduce the country's reliance on costly imports, according to economists, as the prolonged shortage hurts private investment, industrial output and export competitiveness.

The gas crisis has persisted for years, leaving industries to operate with inadequate supplies, said Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue (CPD).

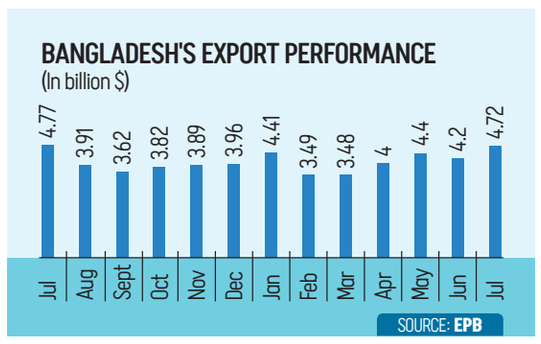
He said the recent disruption to gas supply from a floating liquefied natural gas (LNG) terminal had made the situation worse. After the floating storage and regasification unit (FSRU) resumes, it will only restore the previous level of shortages rather than solve the underlying problem.

Moazzem said higher LNG imports alone could not close the supply gap. Bangladesh must recognise gas shortages as a structural challenge in the near term while accelerating domestic gas exploration and diversifying its energy sources.

He said the business environment is already under pressure from weak global demand, sluggish exports and high inflation.

READ MORE ON B3

Exports dip nearly 1% in July



STAR BUSINESS REPORT

Bangladesh's merchandise exports declined by nearly one percent year-on-year in July, the first month of the current fiscal year, due to a sluggish performance in garment shipments.

The export figure fell 0.9 percent to $4.72 billion. However, shipments recovered month-on-month, rising 12.49 percent from $4.20 billion in June, according to data released by the Export Promotion Bureau (EPB) yesterday.

Exporters said the sector is showing early signs of recovery as uncertainty in the global and domestic business environment has eased. Concerns over US tariffs have reduced, tensions related to the Iran war have declined, and the Russia-Ukraine conflict is creating fewer disruptions for global trade.

The national election was also a concern for international buyers and retailers. With political uncertainty easing and business conditions returning to normal, buyers have started placing more work orders, they said. The country's readymade garment (RMG) exports fell 1.92 percent year-on-year to $3.88 billion in July, compared with $3.96 billion in the same month last year.

Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said July 2025 was an exceptional month, recording the highest-ever single-month RMG export earnings in Bangladesh's history.

READ MORE ON B3





As factories close, thousands hunt for jobs at gates

At least 158 factories shut in Gazipur since May 2025



Job seekers gather outside Brothers Fashion Limited's shuttered gate in Bhogra, Gazipur recently in hopes of getting recruited. PHOTO: MONJURUL HAQUE

MONJURUL HAQUE, *Gazipur*

Minara Begum stood outside Rouf Style Company in Bhogra, with a red-bordered scarf draped over her shoulders, a face mask pulled up against the dust of passing trucks and buses. In her palms, she held a photocopy of her national ID and a job application. She had heard the factory was hiring operators.

For the 55-year-old veteran operator, who has worked in factories across the country, it seemed like a good opportunity. "But when I arrived, recruitment had already been completed."

It has been like this for the last 15 days since the factory she last worked in shut down. "I don't know how I will manage my house rent, my children's education expenses, and unpaid bills. Five others and I go out every day looking for work, but none of us has been able to find a job."

"Some factories do not want to hire after they hear the name of the last factory we worked in," she added, declining to name her former employer.

Minara is one of thousands of unemployed workers who's morning now starts by gathering outside factories across Gazipur's industrial zones, hoping to get recruited.

Many wait for hours without securing so much as an interview, as hundreds compete for a handful of vacancies, a situation worsened by the closure of numerous garment and industrial factories.

158 FACTORIES CLOSED IN 13 MONTHS

Visits to industrial areas including

READ MORE ON B2

BGMEA rejects reports of gas crisis forcing factory closures

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday dismissed as "untrue" reports claiming that garment factories were shutting down because of gas shortages.

In a statement, the trade body said factories were not closing due to the gas crisis, although many were operating at 60 percent to 70 percent of their capacity.

It also rejected reports involving DBL Group, describing claims that the company had shut its factories because of the gas shortage as "completely false and baseless".

The statement said such misinformation was creating confusion among stakeholders, including international clothing retailers and brands, while undermining the stability of Bangladesh's garment industry.

Many factories will remain closed on Thursday (August 6) after adjusting their work schedules to coincide with the government holiday on August 5 and the weekly holiday on August 7, in accordance with applicable labour regulations.

READ MORE ON B3

