Electronics can emerge as alternative export engine

Industry leaders say

STAR BUSINESS REPORT

Bangladesh's electrical and electronics sector could emerge as a major alternative export engine to the readymade garment (RMG) industry, helping diversify the country's export basket and reduce its heavy reliance on a single sector, industry leaders said.

Local brands such as Walton, Vision, Vista and Symphony are eyeing export growth as Bangladesh's electronics exports hit a record $206.19 million in fiscal year (FY) 2025-26, up 23.82 percent year-on-year.

However, moving beyond the assembly of imported components towards higher-value manufacturing, along with developing modern testing facilities, obtaining international certification, building a skilled workforce and ensuring reliable power supply, will be crucial to competing globally.

Md Helal Uddin, secretary general of the Bangladesh Chamber of Industries (BCI), said the electrical and electronics sector could play an important role in diversifying the country's export basket and reducing its dependence on the RMG industry.

Backed by growing domestic manufacturing capacity, rising demand and the expansion of local brands, the sector has considerable potential to become a major export earner, he said.

Helal made the remarks while delivering a keynote address at a roundtable, titled "Electrical and Electronics Sector: A Frontier of Export Diversification", organised by the BCI, at its office in Dhaka yesterday.

He said the sector had also become the country's largest engineering export earner, surpassing bicycles.

"Taking the sector forward is within our reach, but we cannot control everything else. Becoming a trillion-dollar economy is also a target, and we must look towards exports," said Hafizur Rahman Khan, chairman of Runner Group

However, he said translating this growth into a stronger global presence would depend on the industry's ability to move up the value chain, particularly through the production of printed circuit boards and semiconductor design.

Bangladesh's private sector must move beyond repeatedly demanding policy support and take the lead in identifying specific reforms needed to make industries competitive, said Anwar-ul Alam Chowdhury Parvez, president of the BCI.

He said business associations should consult manufacturers, users and other stakeholders to identify regulatory bottlenecks and present evidence-based recommendations to the government.

Drawing on the BCI's initiatives in automobiles, light engineering and halal goods, Parvez stressed the need for stronger collaboration between industry and the government.

He also called for developing emerging sectors, particularly electrical and electronic products and electric vehicle components, to create new opportunities for the next generation of entrepreneurs.

Hafizur Rahman Khan, chairman of Runner Group, also stressed the need to look beyond the domestic market and build an export-oriented industry.

He said Bangladesh had the potential to develop its electronics industry and compete in global markets, although many factors affecting its international competitiveness would remain beyond the country's control.

"Taking the sector forward is within our reach, but we cannot control everything else. Becoming a trillion-dollar economy is also a target, and we must look towards exports," he said.

Pointing to Vietnam's success in electronics exports, Hafizur said the country had emerged as a leading exporter of electronic products, demonstrating the scale of opportunities available in the global market.









Seized consignments of misdeclared automobile parts, including wood screws, nuts and bolts, found hidden among second-hand power loom machinery at Chattogram port, as customs officials investigate alleged duty evasion by importers. PHOTO: COLLECTED

Three-wheeler parts entering Bangladesh in guise of old looms

Tk 6cr evasion found in 30 containers; 80 more await checks

MOHAMMAD SUMAN

Importers are allegedly bringing in three-wheeler parts and other automobile components through Chattogram port by declaring them as second-hand power looms to evade higher customs duties.

Customs officials said some importers were taking advantage of lower duties on used textile machinery to bring in commercial goods that attract higher duties.

The undeclared goods include wood screws, nuts and bolts, shock connectors, shock absorber pipes, gears, mudguards and other automobile parts. Common three-wheelers on the country's roads are battery-powered auto-rickshaws, easy bikes, CNG-run auto-rickshaws, and Nosimons.

Over the past three months, customs officials have detected suspected revenue evasion of at least Tk 6 crore involving around 30 containers and fined the importers, according to customs data.

Another Tk 5.5 crore in revenue and fines remains to be recovered. Collection has been delayed in some cases because importers have taken legal action.

Around 80 more containers are awaiting examination.

Customs officials are assessing the goods based on their actual commercial value and taking legal action under the Customs Act, 2023.

CUSTOMS PROBE EXPOSES MISDECLARATION

According to customs documents, the importers involved include Rimi Sarkar Doa Textile, SN Textile and eight other companies.

Case records of the Audit, Investigation and Research (AIR) wing show that Rimi Sarkar Doa Textile declared 133 tonnes of second-hand power looms worth $91,200, or around Tk 1.14 crore.

A physical inspection found only 107 tonnes of loom machinery, along with 35.31 tonnes of undeclared wood screws.

Rimi Sarkar Doa Textile, SN Textile and eight others face scrutiny for allegedly misdeclaring three-wheeler parts as used power looms to evade duties

In another case, SN Textile declared 132 tonnes of used power looms worth $79,600, or around Tk 1 crore. Customs officials, however, found 39 tonnes of undeclared goods, including nuts, bolts, shock connectors, shock absorber pipes, gears, mudguards and other automobile parts.

The two consignments had a combined declared value of around Tk 2 crore and were liable for about Tk 8 lakh in duties and taxes. Customs officials, however, estimated that the alleged revenue evasion from the shipments amounted to around Tk 1.72 crore.

Sharif Mohammad Al Amin, assistant commissioner and spokesperson for Chattogram Customs House, told The Daily Star that some of the imported machinery might not be suitable for factory use and could have been brought in for sale as scrap.

"Preliminary findings suggest that importers placed low-duty used machinery at the front of the containers to help clear higher-duty goods, including screws, automobile parts and three-wheeler components," he said.

In August, Advocate Md Helal Amin filed separate civil miscellaneous petitions on behalf of SN Textile and Rimi Sarkar Doa Textile.

Contacted on September 19, he told The Daily Star that he handled hundreds of petitions and could not immediately recall the details of the two cases. He said he would check and get back to the newspaper.

However, when contacted again on October 31, he could not provide any updates.

Anatul Hasan C&F Ltd is the clearing and forwarding agent for both companies. Its managing director, Kamrul Haque, said the firm had informed the importers after customs officials detected the irregularities.

"We informed the importers after customs officials identified the irregularities. I do not know what steps they have taken," he said.

He added that no decision had been made on whether or when the importers would take delivery of the detained consignments.

Exits of foreign companies dent Bangladesh's image

AF NESARUDDIN

In the early 1990s, Grindlays Bank closed all retail customer accounts with balances of less than Tk 100,000 and sent cheques for the remaining amounts to customers. To my knowledge, many customers felt humiliated by this action. A few years later, however, the bank realised that the decision was wrong and began rebuilding its retail business. Recently, it has again decided to close its retail business. HSBC Bangladesh had already closed its retail banking business. In the past, Bank Indosuez, Credit Agricole and other international banks also closed their operations in Bangladesh for strategic reasons.

With a population of 180 million, rising per capita income, an expanding middle class, high spending and positive market potential, it is difficult to understand why Bangladesh is being overlooked. Is this a political decision or a genuine business one? Not every business segment can generate high profits continuously. Alongside profit, employment, customer service, support for SME trade, skills development and contribution to the national economy are usual goals for any business. Foreign banks are no exception.

Foreign banks have helped produce many senior executives. Many have served, or are serving, in senior management positions, including as chief executives or managing directors, at local private banks.

The retail banking business may not be greatly affected, but the country's reputation matters to foreign investors. Recently, multinational companies have made quiet exits. Most large MNCs appear to manage their Bangladesh operations from India and other neighbouring countries. The possibility that these countries could take unilateral decisions that damage Bangladesh's image cannot be ruled out, given their attitudes and public discussions. Except in a few cases, Indian companies have given Bangladeshi talent little room to grow.



Foreign banks, multinational companies and Big Four firms are scaling back or leaving Bangladesh, raising concerns about its reputation among investors

Similarly, the Big Four professional services firms have reduced their operations in Bangladesh or operate on a limited scale compared with those in similar economies in the region. The recent exit of another Big Four firm is frustrating for the profession and the country, particularly when its local counterpart has substantial resources, an enviable reputation and a long, credible history.

I remember another Big Four firm changing its strategy in 2014, when an Indian became managing partner. Within weeks, he terminated the Bangladesh firm's affiliation and placed it under the Indian territory, a disgraceful move. The Bangladesh firm was told it had no option but to operate under Indian control and supervision. Many large firms disliked the idea and continued to practise without affiliation. The local firm has maintained quality, market share and an enviable reputation.

The presence of Big Four accounting firms in Bangladesh is not very visible, nor do they dominate the market. Professionals from neighbouring countries work in Bangladesh on a fly-in, fly-out basis, particularly in tax and advisory services. Foreign firms are not permitted to conduct local statutory audits in Bangladesh.

Given how these developments run counter to Bangladesh's interests, particularly its efforts to attract foreign investment, it is difficult to understand why the Bangladesh Investment Development Authority (BIDA) has not taken any initiative to address the issues. In many countries, 100 percent foreign ownership is not allowed in the services sector. Otherwise, local resources may not develop, while foreign companies take all the benefits at the expense of local experts and businesses.

We have no alternative but to break out of this vicious circle, build our capacity, encourage technology transfer and develop the country. This is necessary to achieve our development goals and use Bangladesh's capacity and resources.

The writer is a senior partner of Hoda Vasi Chowdhury & Co and a past president of ICAB

US trade show to begin in Dhaka on Thursday

STAR BUSINESS DESK

Forty-three companies and startups will showcase American products, services and technologies at the 30th US Trade Show 2026, scheduled to take place in Dhaka from November 5 to 7.

Organised by the American Chamber of Commerce in Bangladesh (AmCham), in association with the US Embassy in Dhaka, the three-day exhibition will be held at the InterContinental Dhaka, with 63 booths representing a diverse range of industries.

The exhibition will remain open from 10am to 8pm daily. Visitors can register online for a three-day pass, according to a press release. Syed Mohammad Kamal, president of AmCham, shared the details at a press conference in Dhaka yesterday.

This year's event holds special significance as AmCham celebrates its 30th anniversary, marking three decades of promoting trade, investment and commercial cooperation between Bangladesh and the United States.

For the first time, the exhibition will have dedicated sector-based zones covering power and energy, ICT and the digital economy, banking and financial services, fast-moving consumer goods, manufacturing and logistics, education and development, and agribusiness. A separate startup zone will showcase emerging enterprises.

The event will also feature a carnival zone, where visitors can purchase products directly from exhibitors, and a heritage corner highlighting the trade show's evolution and its contribution to Bangladesh-US commercial relations.

The exhibition will remain open from 10am to 8pm daily. Visitors can register online for a three-day pass

Alongside the exhibition, six thematic seminars will bring together policymakers, industry leaders and experts to discuss Bangladesh's economic priorities and emerging opportunities. Topics will include power and energy, healthcare and medical technology, ICT and the digital economy, women's leadership, investment opportunities in the United States through SelectUSA, and Bangladesh-US trade.

Business delegations from other American trade bodies will also attend to explore investment prospects, engage with local businesses and identify commercial partnerships.

India's strong growth hides an earnings drag

REUTERS, *Hong Kong*

India may be the world's fastest-growing major economy, but its stock market is among the worst performers in emerging markets. That's because economic growth has not translated into corporate earnings growth. The question is whether that will change.

GDP growth doesn't drive share prices; earnings do. Over the last five quarters, India's real GDP growth has hovered between 7.7 percent and 8.6 percent. This reflects initiatives to support consumption and investment, including personal-income and goods-and-services tax cuts, and higher spending on roads, railways, power and urban infrastructure.

Yet the country's Sensex index has risen only 8 percent in that period and is down roughly 15 percent this year through October. The disconnect comes down to one thing: sluggish earnings. The trajectory of Indian equities since 2001 looks less like a steady climb and more like a step function.

From 2003 to 2007, the FactSet Market Index for India grew at a compound annual growth rate (CAGR) of 54 percent. This was driven by robust underlying earnings growth of 32 percent a year, featuring a capex boom and favourable global liquidity. Over the next 12 years, earnings – and the equity market – stagnated as indebted companies cut investment after the global financial crisis, while demonetisation, the GST rollout and a 2018 liquidity crisis among non-bank lenders disrupted growth and credit.

The next leap came between early 2020 and mid-2024, when the market compounded at 34 percent a year as corporate earnings grew by 18 percent annually, driven by a revival in bank lending, public capital spending, investment incentives, lower corporate tax rates, and a post-pandemic surge in technology-services demand.

But momentum reversed sharply in late 2024. Earnings growth has remained in the single digits after years of unusually strong gains, as growth normalised and higher energy and industrial-input costs squeezed margins. That weakness has coincided with a more than 20 percent decline in the index, according to FactSet. An AI-driven earnings boom in North Asia made India's earnings-per-share (EPS) growth look especially pedestrian.

India's GDP growth since mid-2025 was driven largely by government spending on infrastructure and a surge in private consumption, fuelled by the country's 2025 tax cuts. But these efforts could not offset margin pressure from local and global forces. Raw-material prices spiked, exacerbated by conflicts in the Middle East and between Russia and Ukraine. Indian companies have struggled to pass these costs on because of limited pricing power.



Pedestrians walk past a digital screen displaying a broadcast of the budget speech by Indian Finance Minister Nirmala Sitharaman at the Bombay Stock Exchange in Mumbai. PHOTO: AFP/FILE

Since October 2024, the spread between retail and wholesale inflation – a key indicator of manufacturers' pricing power – has narrowed as higher energy, input and transport costs lifted wholesale prices, while weak demand and intense competition constrained companies' ability to pass those costs on.

Consumer durables and staples have been among the hardest hit. EBITDA margins in consumer durables fell to 7.4 percent in the September quarter, from 11.7 percent two years earlier, according to FactSet. Exposed companies include appliance and electrical-goods makers Havells India and Voltas, as well as jewellery and watchmaker Titan.

Staples groups, including Hindustan Unilever and Godrej Consumer Products, have struggled to pass higher costs on to price-sensitive consumers. AI is also pressuring India's flagship technology services sector. Margins are down modestly, to 21.17 percent from 22.37 percent two years earlier, but are expected to fall further as AI reshapes demand for traditional outsourcing.

Can corporate India pull itself out of this earnings slump? Some sectors are gaining momentum. In financials, bank credit growth accelerated from 9 percent year-on-year in May 2025 to 19.4 percent in September, pointing to stronger revenue growth for lenders such as ICICI Bank and State Bank of India.