



Farmers remove weed from a field being used to cultivate Boro season paddy. In the preceding Aus season, farmers harvested 27.93 lakh tonnes of paddy, according to the Bangladesh Bureau of Statistics. This was down 6 percent year-on-year. The photo was taken at Beel Pabla in Dumuria, Khulna recently.

PHOTO: HABIBUR RAHMAN

## Aus production falls

STAR BUSINESS REPORT

Bangladesh has registered a decline in the production of Aus season rice for reduced acreage and crop field damage due to floods during the cultivation season last year.

Farmers harvested 27.93 lakh tonnes of Aus, the first crop of a financial year, said the Bangladesh Bureau of Statistics (BBS), releasing its estimate of the crop production recently.

This was down 6 percent year-on-year from 29.72 lakh tonnes a year ago.

The crop acreage fell 7.32 percent year-on-year to 9.58 lakh hectares of land in financial year (FY) 2024-25.

In a report last year, the US Department of Agriculture (USDA) said the reduction was due to flash floods that occurred during June and early July.

It said heavy rain and water flowing from upstream regions in the northern part of Bangladesh caused flooding that damaged Aus rice fields in many

areas of Sylhet and Mymensingh divisions.

Besides, farmers were showing a lack of interest in Aus rice cultivation, as many farmers reported planting mustard followed by Boro rice. This leaves insufficient time for Aus season rice, it said.

"Instead, they prefer cultivating Aman season rice," it said, but added that a lack of good varieties of Aus rice, harvested in August and September, is another reason for the decline in cultivation.

The BBS said the productivity of Aus crops was lower than that of Aman and Boro crops.

The statistical agency, however, has not published its estimate on the production of Aman, which accounts for the second largest yield of rice, harvested in the December-January period.

But the Department of Agricultural Extension (DAE) estimates an increase in Aman acreage and production, even though repeated floods damaged the

crop. In a report on Bangladesh in January this year, the Food and Agriculture Organization (FAO) said losses of standing crops occurred in the eastern parts of the country due to heavy rain and floods last August.

**Until March 5, farmers transplanted Boro on 48.18 lakh hectares, which was lower than the actual Boro acreage in the previous year and below the DAE's target of 50.69 lakh hectares for the year**

However, production is forecast at an above average level, mostly due to anticipated high yields in non-affected areas, it said.

The USDA, in its grain and feed update on Bangladesh issued in December,

however, predicted a 4.1 percent decline in the production of Aman rice to 1.4 crore tonnes, as floods in August and October damaged around 3 lakh hectares of cropland.

The BBS released the estimates of Aus production at a time when farmers are cultivating Boro rice, the rice crop providing the largest yield which is grown in the dry season using irrigated water.

Until March 5, farmers transplanted Boro on 48.18 lakh hectares, which was lower than the actual Boro acreage in the previous year and below the DAE's target of 50.69 lakh hectares for the year.

However, Md Obaidur Rahman Mondol, director at Field Services Wing of the DAE, said farmers would cultivate the crop until March 15.

Many growers in the Rangpur and Dinajpur areas transplant Boro seedlings after harvesting potatoes, he said.

He expected that the Boro acreage goal would be attained this year.

## Food subsidies

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Khan believes the move would have a positive impact on the market, with overall food distribution likely to increase.

Originally, the government allocated Tk 2,004 crore to the OMS programme under the food ministry and Trading Corporation of Bangladesh (TCB).

In the revised budget, this amount is likely to rise to nearly Tk 3,000 crore. Of this, the TCB under the commerce ministry will receive Tk 1,300 crore.

Although the TCB distribution was disrupted during the July-August period, the government stepped up the distribution of various goods, including potatoes and onions, thereafter.

At times, the TCB distributed vegetables as a special measure, according to finance ministry officials.

**DISTRIBUTION DOWN SHARPLY**

To support low-income groups, the government has expanded food distribution through the OMS, TCB and Food-Friendly Programme (FFP).

However, despite these measures, overall food distribution in the first eight months of FY25 declined by 1.70 lakh tonnes year-on-year to 18.16 lakh tonnes.

While distribution through the OMS and FFP has notably increased, most relief-related food programmes saw a downturn.

The government distributed 7.89 lakh tonnes of food grains under the OMS, up from 7.58 lakh tonnes the previous year, while the FFP distribution rose slightly to 4.44 lakh tonnes from 4.4 lakh tonnes.

However, food distribution under the Food for Work programme has fallen sharply, dropping from 1.07 lakh tonnes last fiscal year to only 543 tonnes this year.

Similarly, the Vulnerable Group Feeding (VGF) programme saw a 38 percent decline to 29,095 tonnes, while the Vulnerable Group Development (VGD) programme dropped by 25 percent to 1.86 lakh tonnes.

Regarding the decline in distribution, Khan explained, "Local administrative activities, led by ward members, councillors, and chairmen, were halted following the July uprising. As a result, food distribution has been significantly affected."

**FINANCE MINISTRY'S RECOMMENDATIONS**

The finance ministry has recommended a set of measures to the government to ensure food security, emphasising fair prices

for farmers, efficient supply chains, and strategic stock management of essential food items.

In a recent proposal, the ministry stressed the need to guarantee fair prices for genuine farmers to encourage higher agricultural production.

It also suggested developing an efficient system to deliver farm produce directly to consumers, drawing lessons from successful business models established through online platforms and social media.

The ministry further recommended conducting a comparative analysis of the annual demand for key food items, such as rice, lentils, oil, and potatoes, against current stock levels.

This would help project medium-term demand and formulate a comprehensive supply strategy.

To stabilise the market, the ministry proposed temporary tariff reductions or exemptions on essential agricultural products, including rice, potatoes, and onions, based on production trends.

Additionally, it called for the development of a robust supply framework for fertilisers and other key agricultural inputs to support farmers.

Enhancing storage capacity was also highlighted as a critical step.

**'Last BGMEA polls had nearly 900 fake voters'**

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that garment exports were growing, but the confidence of the businesses was not growing, Huq said.

Former Panel leader Faisal Samad said the garment industry needs to be taken to a better position.

Anisur Rahman Sinha, a former BGMEA president, said the garment industry has been facing a lot of challenges because of changing global trade scenario and Bangladesh would have to face those changes in the near future.

Rashid Ahmed Hossainy, secretary general of Forum Panel, said they could not speak out over the last 16 years and many owners had to pay bribes to renew trade licences.

Anwar-ul Alam Chowdhury, a former BGMEA president, and Selim Rahman, a leader of Forum Panel from Chattogram zone, also spoke.

## Investor confidence the ultimate casualty

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BSEC chairman, described the events at the BSEC as "unexpected" and the actions of the protesting officials, including confining the top brass, as "totally unacceptable".

He added that the steps taken against the officials should be overseen by a high-level investigation committee, not one involving stakeholders.

Siddiqi further argued that filing a case against 16 officials only worsened the situation.

"They are not in a position to resolve the issue on their own," he said, suggesting that the government form a committee to review the situation and resolve it within two to three days.

While the new commission's efforts to build confidence among stakeholders and punish market manipulators and corrupt officials are commendable, Siddiqi said that officials should express their grievances through proper channels.

The actions of confining the top brass threatening them, cutting off electricity and disabling CCTV were "criminal" tactics that cannot be justified, he commented.

As a result, law enforcement had to intervene with force.

Meanwhile, a BSEC commissioner said that they would urge the protesting officials to end their disruption and resume their duties.

The finance ministry could also launch an investigation to uncover the root causes of the crisis and reassure investors and stakeholders, said the commissioner.

"What happened at the BSEC is unexpected and unprecedented globally," said Saiful Islam, president of the DSE Brokers Association.

"It will negatively impact the market, especially with foreign investors, who will receive a negative message."

Islam called for an immediate resolution to the situation and a guarantee that such incidents would never occur again at the regulatory body.

"The Ministry of Finance must step in to resolve the issue," he said.

"Business as usual from tomorrow (Sunday) is our expectation," Islam added.

## Macroeconomic policies

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The rise in non-food inflation likely reflects the recent VAT rate increases and heightened demand driven by booming remittances.

Given the evolving nature of these factors, it is evident that the current inflationary pressures require maintaining a tight monetary policy.

The persistence of non-food inflation underscores the complexity of the inflation landscape, where selective price reductions are insufficient to mitigate overall inflationary trends.

**The jury is out on policies**

Recently, the Bangladesh Bank reduced the cash reserve ratio to 3 percent on a daily basis while maintaining a bi-weekly average of 4 percent.

The policy rate has remained unchanged at 10 percent, with a 300-basis-point corridor since October 2024. Positive real terms for the nominal policy rate were observed only in January and February, at 0.06 percent and 0.68 percent, respectively.

The yield curve for government bonds experienced a downward shift, exhibiting fluctuations as government borrowing from banks decreased and there was a heightened aversion to private credit risk exposure.

Students of macroeconomic principles should retain their faith in the power of tight monetary policies to mitigate inflation.

The inescapable inference is that the real policy rate has not been sufficiently high nor maintained positive long enough to evaluate its success.

Its outcomes could either lead to a high societal cost or achieve the desired effect with minimal collateral damage.

Policymakers must rely on prevailing economic wisdom, remaining flexible and open-minded in their approach.

There is significant room for improvement in monetary-fiscal coordination to combat inflation. The upcoming FY26 budget must tackle this challenge directly.

If our primary aim is stabilisation, there is little room for risky policy moves such as broad subsidy expansion or major tax cuts, especially when the key factors that influence incentivisation, redistribution, or inflation reduction remain unchanged.

**The agenda for action**

Without structural policy reforms that eventually lead to productivity enhancements in the foreseeable future,

or ideally right away, there is minimal scope for increasing overall spending beyond Tk 7.725 lakh crore in FY26.

This presumes that the budget deficit cannot exceed Tk 2.25 lakh crore and that revenues surpassing Tk 5 lakh crore are unattainable.

Financing even this level of deficit will exert pressure on the flow of credit to the private sector unless deposit growth significantly exceeds the Tk 1.23 lakh crore observed over the twelve months ending December 2024 and/or net foreign financing accelerates beyond its usual pace.

The FY26 budget will serve not only as a litmus test for the interim government's fiscal prudence but also reflect its dedication to enacting the economic reforms proposed in the White Paper and the Task Force Report.

The core issue is not the novelty of the recommendations but their relevance and feasibility. Relevance encompasses understanding the appropriate timing for each high-level recommendation, while feasibility involves translating the recommendations into practical steps.

Disregarding the recommendations on the grounds of their perceived lack of novelty amounts to disengagement from reform. This is not the case in areas such as banking, energy, taxation, and public expenditure, where progress, though slow, is indeed occurring.

However, they remain inconspicuous because their results are not immediately apparent.

**What is their incentive?**

Structural reforms necessarily involve short-term hardships for long-term gains. Given that the interim government will bear the brunt of these hardships, what incentive does it have to expedite the completion of these reforms, knowing it will not be in power post-election?

An interim government not elected by the populace, freed from the pressures of seeking re-election, is unencumbered by the populist motivations that often pivot reigning incumbents against reforms.

This temporary administration is uniquely positioned to take decisive action, as its most significant risk is the cessation of its governance, which is inevitable anyway.

However, it may still find it difficult to avoid populist measures, either due to a genuine, albeit potentially misguided, belief in their ability to enhance social welfare through such measures or because such decisions serve certain interests best. The path

of least resistance could be tempting if it exists. These are the so-called "low-hanging fruits." The risks and rewards associated with all these options are, if anything, uncertain.

One legacy the interim government would fervently wish to avoid is bequeathing a macroeconomic landscape as dismal as the one it inherited.

Should this eventuality transpire, the populace's inevitable inquiry will resonate: "What did you accomplish, Sirs?" Thus, there exists no refuge from risk. We harbour the hope that the interim government's economic management team will align themselves with the right side of history regarding economic policy and institutional reforms.

**Sri Lanka signs \$2.5b debt deal with Japan**

AFP, Colombo

Sri Lanka signed a deal with Japan Friday to restructure \$2.5 billion in loans, marking the first agreement with official creditors who had pledged debt relief to the cash-strapped nation last year.

Japan said it was granting concessions on a 369.45 billion yen (\$2.5 billion) loan under a comprehensive debt treatment plan, which the International Monetary Fund considers essential for Sri Lanka's economic recovery.

"The development of Sri Lanka, which is located at a strategic point in the Indian Ocean, is essential for the stability and prosperity of the entire Indo-Pacific region," the Japanese foreign ministry said in a statement.

"Japan intends to further contribute to the sustainable development of Sri Lanka."

Colombo's finance ministry said Tokyo had played a "pivotal role" in helping Sri Lanka restructure its debt.

"Its leadership, commitment, and constructive engagement have been instrumental in helping Sri Lanka navigate the challenges of economic recovery," the ministry said in a statement.

Sri Lanka announced last June that it had reached an understanding with all its bilateral lenders to delay repayments until 2028.

Formal agreements were delayed due to protracted negotiations, making Friday's deal with Japan the first with an official creditor of the South Asian nation.

## Admin cadres seek action against protesting BSEC staff

STAR BUSINESS REPORT

The Bangladesh Administrative Service Association (BASA), a platform for civil service administration cadres, has demanded immediate action against those responsible for confining the top officials of the Bangladesh Securities and Exchange Commission (BSEC).

The BASA said "a group of undisciplined" BSEC officials confined the commission's chairman and commissioners for four hours before "army personnel rescued them", according to a press release.

The association stated that such indiscipline is a violation of the law and a punishable offence.

It stressed that government officials should present any legitimate demands or grievances in a disciplined manner while remaining loyal to the government.

Failure to take swift legal action could encourage further disorder and disrupt normal government functions, it said.

By violating service rules, the officials acted in a "criminal" manner, harming the government's overall reputation, BASA added.

The association condemned the incident and demanded that those responsible be identified and brought to justice.

**CASE FILED AGAINST 16 BSEC OFFICIALS**