

Focus on quality and compliance to thrive after LDC graduation

Expert says at seminar

STAR BUSINESS REPORT

Bangladesh's transition from a least developed country (LDC) to a developing one will require a strong focus on quality, regulatory compliance, adherence to global standards, and environmental sustainability, an expert said yesterday.

However, as businesses feared an erosion in duty benefits, the private sector had urged the interim to negotiate to delay the country's status graduation following the political changeover on August 5 last year. Yet, the interim government decided not to budge.

Bangladesh is scheduled to graduate from the group of least developed countries (LDCs) on November 24, 2026.

Now, the private sector needs to improve firm-level competitiveness to sustain a competitive market, Ferdous Ara Begum, chief executive officer of the Business Initiative Leading Development, said while making a presentation at a seminar yesterday.

The seminar, styled "LDC Graduation Strategies and Readiness of Private Sector", was held at the Holiday Inn Hotel in the capital's Tejgaon, jointly organised by the Bangladesh Plastics Goods Manufacturers and Exporters Association (BPGMEA) and the Business Promotion Council under the Ministry of Commerce.

Compliance with international regulations, including labour standards, is essential, she said, adding that adopting environmental, social and governance (ESG) standards would help integrate into the global value chain and attract foreign investment.

Interest payments

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BALLOONING SUBSIDIES

Subsidies also surged 53 percent year-on-year, reaching Tk 42,144 crore in the first seven months of FY25.

For the full fiscal year, the government had allocated Tk 88,000 crore for subsidies, but that figure is also expected to overshoot initial projections.

In the power sector alone, subsidy allocations are likely to rise from Tk 40,000 crore to as much as Tk 62,000 crore in the revised estimate. Fertiliser and gas subsidies are also set to climb.

"In the case of subsidies, we've had persistent problems with inclusion and exclusion. There hasn't been any meaningful reform or restructuring," said Rahman.

"What we're seeing now in these high percentages is the direct result of that," he added.

Donor agencies have urged Dhaka to rationalise subsidies, particularly in the electricity sector. But finance ministry officials say reductions have proven difficult due to mounting arrears and sector-specific liabilities.

"Looking ahead, we can act," said Rahman. "For

subsidies, we can undertake reforms and restructuring, apply sunset clauses, and take steps to reduce them," said Rahman.

The pressure on the budget has been compounded by a sharp rise in public debt. In fiscal year 2023-24, government debt grew by 13.3 percent

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year-on-year to Tk 18.3 lakh crore, equivalent to 36.3 percent of the country's gross domestic product.

As a result, rising interest payments are steadily eroding the government's capacity to invest in other areas.

Despite the expanding size of the national budget, set at Tk 797,000 crore for the current fiscal year, revenue mobilisation has

remained flat.

The resulting mismatch has left the government increasingly reliant on domestic and external borrowing to meet its obligations, deepening the strain on fiscal space.

PRESSURE ON BUDGET

Development spending is already under pressure. Spending under the Annual Development Programme (ADP) fell to Tk 48,701 crore in the July-January period, compared with Tk 52,488 crore a year earlier.

Development spending under the revenue budget also dropped to Tk 1,650 crore from Tk 2,016 crore.

Fiscal analysts say Bangladesh is entering a delicate phase where both expenditure composition and revenue mobilisation must be addressed simultaneously.

"We can't do anything about the past," Rahman said. "But going forward, unless we increase our revenue-to-GDP ratio, we'll fall deeper into this debt trap."

"We must also address the problems with inclusion, exclusion, and targeting through reforms and better implementation efficiency," he added.

Currency

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The painful move was essential to eliminate distortions in the foreign market and restore foreign investor interest. Combined with reforms in taxation, debt restructuring, and central bank independence, Sri Lanka's currency move helped pull it back from the brink of bankruptcy.

The central bank here has made it clear that it would still intervene in the currency market "to prevent disorderly conditions." This is a hybrid approach: the exchange rate is no longer rigidly fixed or artificially controlled, but nor is it fully subject to the whims of daily market movements.

By retaining the option to intervene, the authorities aim to smooth excessive volatility and shield import-dependent sectors from sudden inflationary pressures.

Still, letting go of the fear of floating comes with risks. Without proper oversight, the shift could create new scope for speculative behaviour, especially in a low-transparency environment.

Experts warn that Bangladesh Bank must now strengthen market surveillance and ensure rogue traders do not game the system through artificial dollar scarcity or price collusion.

The test of the new regime will come in moments of stress — whether the central bank can resist the temptation to override market signals, or whether it falls back into administrative fixes.

What's clear is that Bangladesh has taken a meaningful step in the right direction. By embracing exchange rate flexibility and pairing it with overdue institutional reforms, it has sent a message that the country is serious about correction.

NBR officials vow

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"We are not opposed to reforming the NBR. Officers and employees at all levels of the NBR have long been advocating for reforms in the revenue system," she said.

"What we want is for these reforms to be rational and widely acceptable, reflecting the national interest and a development-oriented philosophy," said Mariam.

The new ordinance, the revenue administration should become more effective, progressive, and free from corruption, and the reform process must not be used as a tool to serve the vested interests of any particular group, she added.

She also raised questions over the advisory committee's recommendations not being made public.

A special advisory committee was formed to split the NBR into two divisions, but unlike other reform reports published online, this committee's report was neither made public nor shared with the NBR, she said.

Key stakeholders, like the NBR, were kept completely in the dark. The government dissolved the committee without publishing the report or holding consultations, raising suspicion, she said.

At the briefing, most of the NBR staff, under the banner of "NBR Reform Unity Council", announced the strike last Tuesday after the government issued the new ordinance the night before.

Mostafizur Rahman, deputy commissioner of the NBR, and Nipun Chakma, deputy commissioner, were present.

The NBR staff, under the banner of "NBR Reform Unity Council", announced the strike last Tuesday after the government issued the new ordinance the night before.

In the new ordinance, the government announced that it had decided to dissolve the NBR and Internal Resources Division, replacing them with a Revenue Policy Division and a Revenue Implementation Division.

Both would run under the Ministry of Finance.

According to the ordinance, the policy division will be responsible for formulating tax policies and setting tariffs, while the implementation division will oversee tax collection and enforcement of related rules and regulations.

Protesters within the customs and income tax cadres argue that the ordinance sidelined experienced tax professionals by transferring policymaking powers to officials from the general administration and other cadres.

Meanwhile, the NBR's public relations officer announced that NBR Chairman Abdur Rahman Khan would hold a press conference in front of the

NBR headquarters in the afternoon yesterday.

However, no briefing took place.

Moreover, two groups of people, who admitted that they were neither officials nor staff of the NBR, staged demonstrations before the headquarters under the banners "Anti-fascist People" and "People's Rights Party".

One group demanded the resignation of the NBR chairman, while the other group came to voice their opposition against it.

Dollar

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Although the taka's exchange rate fluctuated slightly on Wednesday after moving to a market-based dollar rate, there was no significant depreciation, he added.

In other words, there was no pressure for devaluation. The situation will be monitored for another day or two, he said.

Then it will become clear what will happen. It appears that a good balance has been established between the demand and supply of foreign currency.

As a result, there will be no unwanted depreciation or pressure on the taka's exchange rate," he said.

Economy on path to recovery

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Outlining Australia's three-track strategy, Pobke explained, "One track focuses on support for policy reform, another on enhancing bilateral trade and investment, and the third on strengthening the policy debate space in Bangladesh."

On trade and investment, Pobke highlighted a recent milestone. "In February, we appointed our first Australian Trade and Investment Commissioner based in Dhaka — a major step forward."

He also announced the upcoming "Bangladesh-

Australia Business Expo 2025" in Sydney, where he hopes to see strong bilateral participation.

Shams Mahmud, president of the Bangladesh-Thai Chamber of Commerce and Industry, said that businesses are currently operating primarily for the benefit of banks and the NBR, while entrepreneurs themselves are struggling to make profits.

Despite positive export figures, he said the business environment remains unfavourable due to persistent inflation and elevated bank interest rates.

Govt to act

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Speaking at the same event, BTRC Chairman Md Emdad ul Bari reiterated that reducing internet costs remains a top priority for both the government and the commission.

However, he said prices cannot be brought down overnight as it depends on the entire industry, not just on one agency.

He added that the BTRC wants to deregulate the

internet sector so that the market can determine prices and ensure diversity.

Addressing the 40-minute disruption in Grameenphone's 4G services on Wednesday, the BTRC chairman said the commission has officially sought an explanation from the operator.

"They informed us that a technical investigation is underway. Once that is complete, we will share our findings," he said.

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Date : 14/05/2025

e-Tender Notice No-30/2024-2025

e-Tender is invited in the National e-GP System portal (<http://www.eprocure.gov.bd>) for the procurement of works mentioned below under LGED, District: Khulna.

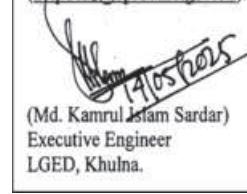
Sl. No.	Tender ID	Package No. & Name of Work	Tender Closing date & time	Procurement Method
1	1102015	MVMT/KHU/F-06 Part A : (a) Development of Amjad Memorial High School Playground and supply and installation of Play Equipment. (b) Development of Khomia Union High School Playground and supply and installation of Play Equipment. (c) Development of Ranai Mohila Madrasa Playground and supply and installation of Play Equipment. Part B : (a) Development of Tipna Sheikh Para Eidgah Maidan. (b) Development of walkway/Ranai Social Graveyard under Dumuria Upazila, District : Khulna.	19/06/2025 12:00 pm	OTSTEM
2	1107668	CAFDRIP/Khulna/UZR/ER/W-45/2024-25 Re-habilitation of Alaijorhat - Khulna Terokhada R&H at Palerhat Road from Ch. 00m - 4000m under Rupsha Upazila, District : Khulna [Road ID 247752004].	19/06/2025 12:00 pm	OTM
3	1107669	CAFDRIP/Khulna/VR/ER/W-46/2024-25 Re-habilitation of Rupsha Bagerhat (Noman School) - Tilok Hat Road from Ch. 1726m - 4846m under Rupsha Upazila, District : Khulna. [Road ID 247754024].	02/06/2025 12:00 pm	LTM

This is the online Tender, where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted.

To submit e-Tender, registration in the National e-GP system portal (<http://www.eprocure.gov.bd>) is required.

The fees for downloading the e-Tender Documents from the National e-GP System Portal have to be deposited online through any registered bank's branches up to 17:00 on 18-06-2025 for ID No- 1102015, 1107668 and 01-06-2025 for ID No- 1107669.

Further information and guidelines are available in the National e-GP system portal and from e-GP help desk (helpdesk@eprocure.gov.bd).


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