



Govt plans 31% hike in food subsidy in FY26 budget

BUDGET FOR FY26

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The government plans to raise the food subsidy allocation by 31 percent to Tk 9,500 crore in the upcoming fiscal year, aiming to ensure access to affordable food for poor and low-income households.

In the current fiscal year (FY) 2024-25, the food subsidy budget was initially set at Tk 7,200 crore before being revised to Tk 8,059 crore.

Finance ministry officials said the figure may rise even further, due mainly to an increase in rice imports and increased distribution.

Officials said the government has widened its food distribution efforts through food-friendly schemes such as the Open Market Sale (OMS) programme and operations under the Trading Corporation of Bangladesh (TCB).

In the next fiscal year, the number of beneficiary families under these programmes is likely to increase to 55 lakh from the current 50 lakh.

Moreover, each family will receive 30 kilogrammes of rice per month at Tk 15 per kg for six months, an extension from the current five-month duration.

The Gini index also projected to rise to 36.1 amid inflation and job losses

WB says extreme poverty to hit 9.3% in 2025, pushing 30 lakh more below the poverty line

Number of subsidised rice recipients to rise to 55 lakh in FY26; distribution extended to six months



TAKEAWAYS

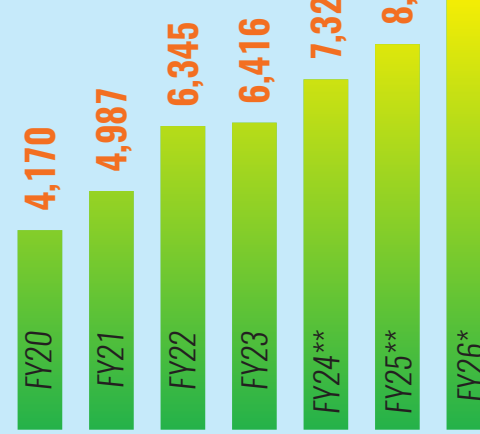
FY25 food distribution under safety nets fell due to absence of local representatives

Govt imported 7.09 lakh tonnes of rice this year, which may rise to 9 lakh tonnes in FY26

Food subsidy

In crore taka; *Proposed **Revised

SOURCE: FINANCE MINISTRY



These programmes currently cover 256 upazilas across all eight divisions, targeting areas identified as the poorest by Bangladesh Bureau of Statistics (BBS) surveys.

Although the government expects inflation to ease in the coming year, officials concede that prices may continue to strain household budgets, especially as food inflation has remained above 9 percent since March 2023.

According to the latest Bangladesh Development Update by the World Bank released in April, the national poverty rate is projected to climb to 22.9 percent this year.

Extreme poverty, measured by the international threshold of \$2.15 per day, is forecast to rise to 9.3 percent, pushing another 30 lakh into extreme poverty.

The report shows that extreme poverty increased from 5.5 percent in 2023 to 7.7 percent in 2024.

It also said that inequality is likely to worsen, with the Gini index – used to measure income disparity – rising from 35.5 to 36.1.

The World Bank attributed this trend to persistent inflation and job losses, which have hit low-income families the hardest.

"Vulnerable populations are likely to face worsening social and economic disparities due to the ongoing economic slowdown," the report added.

In addition to rice, the government also distributed essential food items

such as eggs, lentils, soybean oil, and vegetables through the TCB in the current fiscal year.

For FY25, the authorities set a target of distributing 30 lakh tonnes of rice and wheat.

Between July last year and May 15 this year, 26.85 lakh tonnes were distributed, less than the 27.92 lakh tonnes delivered over the same period the year prior, according to the Ministry of Food.

Of the total food distributed this fiscal year, 21.31 lakh tonnes were channelled through food-friendly programmes and the OMS, up from 19.9 lakh tonnes in the previous year.

However, food ministry officials said the distribution of relief under social safety net programmes slowed in rural areas due to absence of elected local government representatives.

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External debt doubles in seven years

But economy has grown fast enough to keep overall burden in check

STAR BUSINESS REPORT

Bangladesh's external debt soared to \$103 billion by the end of December 2024, doubling from \$51 billion in fiscal year (FY) 2016-17, as the sharp increase in borrowing coincided with a rapid expansion of the economy.

During the period, the country's gross domestic product (GDP) grew from \$223 billion in FY17 to \$450 billion in FY24, show the latest figures of the Bangladesh Bureau of Statistics (BBS).

Despite the rise in debt, the debt-to-GDP ratio remained almost unchanged, edging down slightly from 22.9 percent in FY17 to 22.8 percent in FY24.

Economists say this stability suggests that strong economic growth has effectively absorbed the additional debt, keeping the overall burden in check.

According to them, the debt doubling reflects a period of aggressive borrowing, largely to fund infrastructure and energy projects.

"While such investments can support long-term growth, the pace of debt accumulation, against a backdrop of global interest rate hikes and weakening foreign exchange reserves, raises questions about sustainability," said Professor Selim Raihan, an economics professor at Dhaka University and also the executive director of the South Asian Network on Economic Modeling (Sanem).

The central bank's latest report also shows a shift in borrowing patterns. While the government continues to account for the majority of external debt, which is around \$84 billion, the private sector's share has grown to \$19 billion.

Public sector borrowing rose 6.3 percent year-on-year by December 2024, continuing a trend that began in 2020. Private sector debt also climbed 5.3 percent over the same period.

During the 2020-2024 period, both the public and private sectors had sustained demand for external financing.

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Govt to allow rawhide exports despite tanners' objections

REFAYET ULLAH MIRDHA

Although tanners have voiced opposition, the government will allow rawhide exports during the Eid-ul-Azha season with the aim of fostering demand and ensuring better prices for traders at the field level, Commerce Secretary Mahbubur Rahman said yesterday.

He added that the decision was made because, over the past few years, many rawhide traders have been getting low prices and feeling discouraged from investing in the business due to low

added product for Bangladesh, meaning they can be processed domestically into higher-value goods rather than being exported in raw form.

The Tk 10,000 crore that has been invested in domestic tanneries will be at risk of being left without enough rawhide if the government allows exports, he added.

Currently, 140 out of 154 tanneries are operational at the Savar Tannery Industrial Estate (STIE), where the inventory of unsold hides remains a problem.

This year, more than 85 lakh cows

BPO summit to begin on June 21

STAR BUSINESS REPORT

A two-day BPO Summit Bangladesh 2025 is set to begin for the sixth time on June 21 at Senapangan in the capital, bringing together firms in the business process outsourcing (BPO) sector.

This year's summit carries the theme "BPO 2.0: Revolution to Innovation", signalling a transformative era of innovation-driven growth for Bangladesh.

It is being jointly organised by the Bangladesh Association of Contact Center and Outsourcing (BACCO), the ICT Division, the Business Promotion Council under the Ministry of Commerce, and the Bangladesh Telecommunication Regulatory Commission (BTRC).

A press conference announcing the summit was held at the ICT Division yesterday.

Opening the event, Musnad-e-Ahmed, joint secretary general of BACCO, presented an overview of the summit's past successes, outlining how previous editions contributed to job creation, global partnerships, and sector growth.

He highlighted that this year's summit would feature participation from 30 local and international IT/BPO companies showcasing their innovations in customer service and experience.

The 2025 summit is expected to become a global platform for dialogue and collaboration.

Nine seminars and workshops on emerging information technology trends will feature insights from internationally renowned experts and information technology-enabled service (ITES) buyers.

In addition, career counselling sessions will

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demand and mismanagement.

A few years ago, traders even threw away rawhides as they did not receive adequate prices from seasonal traders.

The commerce secretary held a meeting at his office with the tanners, wholesalers, and senior government officials of different ministries, departments, and agencies yesterday to fix the prices of rawhide ahead of Eid-ul-Azha, expected to be celebrated on June 6.

The commerce ministry is scheduled to announce the prices on Sunday, the secretary said at the meeting.

He also said the government would distribute 30,000 tonnes of salt for free to different orphanages and madrasas to facilitate the preservation of rawhides.

After the meeting, Bangladesh Tanners Association (BTA) President Shaheen Ahmed said he opposed the government's decision to allow the export of rawhides as they are a value-

and goats may be slaughtered across the country, nearly 15 lakh fewer than last year. This is due to the current economic situation and also because many well-off people are not in the country due to political problems, he said.

Four state-owned banks, namely Sonali, Rupali, Janata, and Agrani, agreed to provide Tk 125 crore to tanners to purchase rawhide this Eid-ul-Azha, when more than 50 percent of the rawhides are collected each year.

However, Ahmed said the tanners wanted to borrow Tk 450 crore to finance rawhide purchases this season.

After applying salt, rawhide can be preserved for many months. This allows traders to send rawhides to tanneries gradually since the tanneries do not have the capacity to tan all rawhides at once.

The government proposed increasing prices by Tk 2 to Tk 3 for

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