

star BUSINESS

Budget spending rises 17.5% in July–March

Fuelled by interest payments and subsidies

REJAUL KARIM BYRON and AHSAN HABIB

Budgetary spending increased by 17.5 percent year-on-year in the first nine-month period of the current fiscal year of 2024–25, mainly due to a rise in spending on interest payments and subsidies.

The total expenditure stood at Tk 386,973 crore in the July–March period of FY25, up from Tk 329,284 crore in the same period of the previous year, according to a report of the finance ministry.

The total actual operating spending was 62.1 percent of the operating budget estimates. During the period, 57.1 percent of the total revenue target has been achieved.



In the total expenditure, subsidies have almost doubled to Tk 63,355 crore.

The revised budget raised this year's power subsidies to Tk 62,000 crore, which resulted from the payments of arrears accrued over several fiscal years.

Power subsidies stood at around Tk 9,000 crore in FY2020–21 but climbed as the previous government approved large power plants without phasing out older ones. This led to underutilisation and hefty capacity payments.

The Russia–Ukraine war led to a spike in fuel and liquefied natural gas (LNG) prices, further pushing up power generation costs, while the weakening taka compounded the subsidy burden.

The previous government's failure to make timely payments left power companies with mounting arrears, which are now being cleared.

Officials said that although a large portion has been paid, some may get carried over into FY26.

"If arrears spill into the next fiscal year, the allocation may rise beyond Tk 37,000 crore," a finance ministry official told The Daily Star.

Not only the higher subsidies but also higher interest payments caused higher budgetary spending in the period.

In the span of the nine-month period of the current fiscal year, interest payments of the government grew 25 percent year-on-year to Tk 96,206 crore.

The country's interest payments soared as the government borrowed heavily, particularly for mega projects, often without proper research.

In the first nine months of fiscal year 2024–25, the interest payments soared 92 percent year-on-year to Tk 85,298 crore.

Bangladesh Bank's recent policy rate increases have contributed to rising interest payments on domestic loans.

The interest rate for the government's domestic borrowing from banks and non-bank sources through treasury bonds and bills also increased to between 10 percent and 12 percent, which was 8 percent until 2023.

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Agriculture growth hits decade-low

Sparks food security concerns

SUKANTA HALDER

Bangladesh's agriculture sector recorded its weakest growth in over a decade this fiscal year, prompting fresh concerns about food security, rural incomes and overall economic recovery.

The growth rate stood at 1.79 percent in fiscal year (FY) 2024–25, matching the lowest level recorded in the last 11 years, according to the Bangladesh Bureau of Statistics (BBS).

The same rate was last seen in FY 2015–16. In previous FY 2014–15, the sector grew by 2.45 percent.

For the latest dip in the farming sector growth, agri economists and industry insiders point to a mix of unfavourable conditions, such as prolonged flooding, unseasonal rain and political unrest.

Agriculture's share of the country's gross domestic product (GDP) has also continued to shrink.

While it accounted for over 38 percent in the early 1970s, its contribution dropped to 11.3 percent in fiscal year 2022–23 and further dropped to 10.94 percent in FY25, according to BBS.

This growth rate is the lowest in recent years, and one of the main reasons behind

PERFORMANCE

- Agriculture growth dropped to **1.79%** in FY25 — lowest in 11 years
- Four major floods damaged up to **15%** of crops across **23** districts
- Aus, Aman, vegetables, and livestock were heavily affected
- Floods, droughts, and heavy rain disrupted cultivation



Contribution to GDP

Agriculture's share in GDP was over **38%** in the early 1970s
It dropped to **11.3%** in FY23
In FY25, the share fell further to **10.94%**

it is flooding, followed by drought and heavy rains, which have significantly disrupted cultivation, said Prof Jahangir

Alam Khan, an agriculture economist.

As a result, the production of Aus and Aman season paddy

Stock brokers, merchant bankers may get tax cuts

AHSAN HABIB

The interim government may widen the gap in the corporate tax paid by listed and non-listed firms from 5 percentage points to 7.50 percentage points in order to attract companies with good performance records into going public.

The announcement may come in the proposed budget for fiscal year 2025–26, which is going to be placed tomorrow, confirmed sources from the Ministry of Finance.

Not only that, but the proposed budget might also bring some good news for stockbrokers and merchant banks.

In order to encourage trading and investment in the stock market, source advance tax on turnover is going to be dropped to 0.03 percent from the existing 0.05 percent.

On the other hand, there could be a proposal for the reduction of the corporate tax rate on merchant banks to 27.5 percent from the existing 37.5 percent.

The sources confirmed that the proposed budget is going to retain the 22.5 percent corporate tax rate on listed firms. If they can get all their income through banking channels, the rate would be 20 percent.

The corporate tax for non-listed firms would be 27.5 percent, and there would be no option for conditional reductions for fiscal years 2026–27 and 2027–28, according to the finance ministry sources.

In the current fiscal year, the rate is 27.5 percent, but it can be 25 percent on two conditions—if the firms handle

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stronger growth.

"This year's budget should be more than just a statement of spending and revenue. It must offer clear policy direction on how to stabilise the economy and ensure effective coordination between monetary and fiscal policies," said Muhammad Abdur Razzaque, chairman of the local think tank Research and Policy Integration for Development (RAPID).

From industrial growth to employment and investment, Razzaque said, everything was affected in the post-uprising period. "It was really a challenging time for Bangladesh."

"After the uprising, our top priority was to tame inflation and stabilise the balance of payments. But the contractionary monetary policies and import control measures were not supportive of investment or job creation, as well as economic expansion," he added.

Sadiq Ahmed, vice chairman of the Policy Research Institute of Bangladesh, said fiscal policy in FY25 was hamstrung by poor domestic resource mobilisation.

"As a result, it was not geared towards supporting growth, investment or employment," he noted.

"Much of the fiscal focus was on stabilisation, cutting the deficit by scaling back development spending. Efforts rightly prioritised reducing the Annual Development Programme by deferring large infrastructure projects."

Selim Raihan, professor of economics at Dhaka University, echoed the view that encouraging private investment proved difficult in FY25 amid persistent structural challenges and political and economic uncertainty.

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BGMEA holds election

STAR BUSINESS REPORT

The biennial election of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) was held yesterday to elect office bearers for the 2025–27 tenure.

The poll began at 8:00am and continued until 5:00pm without a break.

According to BGMEA officials, voting took place simultaneously at polling centres in Dhaka and Chattogram.

In Dhaka, the election was held at the Radisson Hotel, where 1,561 voters cast their ballots, while 303 voters cast theirs at the Chattogram centre.

The two contesting panels are: Forum and Sammilito Parishad.

Mahmud Hasan Khan Babu is leading the Forum panel, while Md Abul Kalam is heading the Sammilito Parishad panel.

BGMEA Administrator Md Amwar Hossain said voting ended peacefully at both centres, with 88.21 percent of votes cast at the Dhaka booth and 83.83 percent in Chattogram.

"The counting is going on, and we may need some more time to announce the final result," the administrator told The Daily Star around 5:20pm.

In the BGMEA election, voters elect 35 directors, who later nominate the president, vice-presidents, and other office bearers.

The BGMEA election was held on March 9 last year, but it drew controversy over alleged tampering of the voter list and accusations that the Sheikh Hasina-led government influenced its outcome.

That year, all 35 director posts were won by the

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Prime Bank signs deal with Farazy Hospital to enhance service benefits

STAR BUSINESS DESK

Prime Bank PLC has recently signed a strategic agreement with Farazy Hospital Limited, aimed at improving access to quality healthcare while delivering enhanced value to the bank's stakeholders.

MM Rabiul Hasan, executive vice-president and chief bancassurance officer of the bank; and M Mokter Hossen, managing director of the hospital; signed the agreement at the bank's corporate office in the capital's Gulshan, according to a press release.

As part of the arrangement, employees and customers of Prime Bank will be entitled to discounts of up to 30 percent on a range of medical services at Farazy Hospital Limited.

Hossain Mohammad Zakaria, head of customer proposition of the bank; and Md Mojammel Haque, head of corporate affairs and brand communication of the hospital, were also present at the signing ceremony, along with other officials from both the organisations.



M Mokter Hossen, managing director of Farazy Hospital Limited, and MM Rabiul Hasan, executive vice-president and chief bancassurance officer of Prime Bank PLC, pose for photographs after signing the agreement at the bank's corporate office in the capital's Gulshan recently.

PHOTO: PRIME BANK

Midland Bank organises workshop on capacity building for textile and apparel businesses



Md Ahsan-uz Zaman, managing director and CEO of Midland Bank PLC, poses for group photographs with participants of the workshop, styled "Capacity Building of Textile and Apparel Businesses in Bangladesh under the Green Supply Chain Transition Programme", at Hotel Bengal Blueberry in the capital's Gulshan-2 recently.

Eastern Bank gets AAA credit rating

STAR BUSINESS DESK

Eastern Bank PLC (EBL) has secured the highest possible credit rating of AAA from the Credit Rating Agency of Bangladesh Limited (CRAB), alongside a short-term rating of ST 1 and a stable outlook, marking the third consecutive year the bank has achieved this distinction.

According to a press release issued by the bank, the rating reaffirms EBL's robust financial standing

and consistent performance, underpinned by prudent risk management practices and a well-diversified asset portfolio.

"This recognition underscores our unwavering commitment to maintaining rigorous credit discipline while delivering

sustainable long-term value to our shareholders," the bank stated.

Ali Reza Iftekhar, managing director and CEO of EBL, commented, "At Eastern Bank, we are committed to shaping a future founded on trust, resilience, and financial excellence."

"Our strong governance framework and consistent financial performance remain central to our pursuit of excellence," he concluded.

STAR BUSINESS DESK

Midland Bank PLC recently organised a capacity-building workshop entitled "Capacity Building of Textile and Apparel Businesses in Bangladesh under the Green Supply Chain Transition Programme", held at Hotel Bengal Blueberry in Gulshan-2, Dhaka.

Supported by the Global Supply Chain Support Fund, the initiative was jointly spearheaded by Avishkaar Capital, India, and KfW, the German Development Bank, according to a press release.

Compliance officers representing various textile and apparel clients of the bank participated in the session, which was facilitated by environmental, social, and governance (ESG) experts from Intellicap and its initiative, the Circular Apparel Innovation Factory (CAIF).

The workshop centred on pressing issues such as environmental and social compliance, the evolving demands of global brands particularly within the European Union and the United States and the expectations around reporting standards, including the Global Reporting Initiative (GRI) and the Science Based Targets initiative (SBTi).

Md Ahsan-uz Zaman, managing director and CEO of the bank, attended the event as the chief guest.

In his address, Zaman remarked, "The future of the clothing and garment sector transcends fashion; it is increasingly defined by responsibility, transparency, and transformation."

NRBC Bank arranges strategic business conference

STAR BUSINESS DESK

NRBC Bank PLC convened a "Strategic Business Conference 2025" yesterday under the theme "Together Towards Excellence" at a hotel in Dhaka.

The conference brought together senior leadership from across the organisation.

Md Ali Hossain Prodhania, chairman of the bank, inaugurated the daylong event as chief guest, according to a press release.

In his address, Prodhania reaffirmed the board's commitment to upholding robust corporate governance and ensuring regulatory

compliance at every level of the organisation.

He also underscored the importance of safeguarding customer deposits and fostering sustainable growth through strategic investments in small and medium enterprises (SMEs).

"Ensuring simplicity, accessibility, and integrity in service delivery is fundamental to our business strategy," he stated.

Md Touhidul Alam Khan, managing director and CEO of the bank, reiterated NRBC Bank's steadfast focus on compliance and operational excellence.

"The directives and objectives set

by the board must be implemented with full accountability," he said while presiding over the programme.

"With our strong nationwide presence, NRBC Bank is well-positioned to deliver value with transparency and resilience," he concluded.

The event also honoured the top nine performing managers, recognising excellence and inspiring teams to achieve greater milestones in the years ahead.

The agenda featured in-depth reviews of current performance, operational challenges, and strategic initiatives aimed at future growth.



Md Ali Hossain Prodhania, chairman of NRBC Bank PLC, poses for group photographs with participants of the "Strategic Business Conference 2025" at a hotel in Dhaka yesterday.

PHOTO: NRBC BANK PLC

Budget being built

FROM PAGE B4

Regarding Bangladesh's graduation from the least developed country (LDC) club in December 2026, Bhattacharya said this budget must lay the groundwork for the transition.

"A key part of that transition is economic diversification. The country must reduce its dependence on the readymade garment sector. The same goes for export markets and even agriculture."

He called for a renewed focus on productivity. "What we produce in ten days, Vietnam produces in three. Without higher productivity, we would not be competitive. And if labour productivity does not rise, neither will wages."

He also elaborated on institutional reform. "We need better trade support systems, lower costs of doing business, a functioning banking sector and capital market, and operational ports. We must also invest in skilled human resources."

On sectoral incentives, Bhattacharya was critical of the political economy underpinning industrial policy. "The readymade garment sector has received disproportionate benefits. In the last parliament, over 80 of the 300 members of the house came from this one industry. That shows its political and economic clout."

"In contrast, what did small, micro, and medium entrepreneurs receive?" he asked.

"Therefore, the political economy we had was against diversification, and this needs to be balanced in a coordinated way. Was that discussion held around this budget? That is my question," Bhattacharya said.

He said the upcoming budget would be a test. "We will see whether it addresses these issues—especially which sectors receive concessions and new incentives."

"Did sectors besides readymade garments, such as IT, ceramics, and leather, receive anything? What about jute? Rural industries? We will be watching closely to see whether the incentive package is more equitable than before," he concluded.

BRAC Bank partners with DEG Impulse to launch SME innovation lab

STAR BUSINESS DESK

BRAC Bank has signed a strategic partnership agreement with Germany-based DEG Impulse to establish an SME Innovation Lab in Bangladesh's banking sector, with a particular focus on women-led enterprises.

The initiative will be implemented with the support of DEG Impulse gGmbH, a wholly owned subsidiary of the German development finance institution DEG, under the framework of the developPPP programme.

According to a press release, the SME Innovation Lab aims to narrow the gender gap in financial access and enhance credit delivery, thereby fostering a more inclusive and resilient business ecosystem in the country.



DEG Impulse is committed to supporting the social and environmental transformation of the private sector in developing and emerging markets.

The organisation contributes to international development policy objectives aligned with the United Nations Sustainable Development Goals (SDGs), and implements the developPPP programme on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

Commenting on the initiative, Syed Abdul Momen, additional managing director and head of SME banking at the bank, stated, "As an SME-focused institution, BRAC Bank is constantly exploring innovative ways to nurture and support entrepreneurs at the grassroots level."

"The establishment of the SME Innovation Lab will enable us to generate new ideas, design tailored financial products, and develop customised financing solutions that empower SMEs to thrive," he added.

The lab is designed to develop sustainable, scalable solutions that can be replicated across sectors. Dedicated exclusively to fostering innovation within the cottage, micro, small, and medium enterprise (CMSME) segment, the incubator will address critical challenges faced by these businesses particularly those led by women and other vulnerable groups.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

সমাজসেবা অধিদফতর

জেলা সমাজসেবা কার্যালয়, সিরাজগঞ্জ

পুনঃ দরপত্র বিজ্ঞপ্তি

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২	এজেন্সি	সমাজসেবা অধিদফতর, ঢাকা।
৩	সংগ্রাহক সত্ত্বার নাম	জেলা প্রশাসক, সিরাজগঞ্জ।
৪	সংগ্রাহক সত্ত্বার জেলা	সিরাজগঞ্জ।
৫	যে কাজের দরপত্র	২০২৫-২০২৬ অর্থ বছরে সমাজসেবা অধিদফতর পরিচালিত সিরাজগঞ্জ জেলাধীন সরকারি শিশু পরিবারের নিবাসীদের জন্য শুধু মাঝে "খ"- হিপস্ট শিশু, স্বাস্থ্য, প্রসাধনী ও অন্যান্য মালামাল সরবরাহ।
৬	দরপত্র নথির তারিখ	স্মারক নং-৪১০১.৮৮০০০০০০.০৭।১৩০.০৮-৩০৫ তারিখ ২৮/০৫/২০২৫।
৭	দরপত্র প্রচারের তারিখ	০১/০৬/২০২৫।
৮	সংগ্রহ পদ্ধতি	উন্নত দরপত্র পদ্ধতি (ও.টি.এম)।
৯	বাণিজ এবং তহবিল উৎস	রাজস্ব বাণিজ, জি.ও.বি।
১০	দরপত্রের প্যাকেজ নং	০১টি।
১১	দরপত্রের প্যাকেজের নাম	২০২৫-২০২৬ অর্থ বছরে সমাজসেবা অধিদফতর পরিচালিত সিরাজগঞ্জ জেলাধীন সরকারি শিশু পরিবারের নিবাসীদের জন্য "খ"- হিপস্ট শিশু, স্বাস্থ্য, প্রসাধনী ও অন্যান্য মালামাল।
১২	দরপত্র সিডিউল বিতরণের তারিখ	০১/০৬/২০২৫।
১৩	দরপত্র প্রচারের শেষ তারিখ	১৫/০৬/২০২৫।
১৪	দরপত্র দাখিলের শেষ তারিখ ও সময়	১৬/০৬/২০২৫।
১৫	দরপত্র খোলার তারিখ ও সময়	১৬/০৬/২০২৫।
১৬	কার্যালয়ের নাম ও ঠিকানাঃ	কার্যালয়ের নাম ও ঠিকানাঃ ক. মূল দরপত্র দাখিল বিতরণ
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১৯	দরদাতার যোগ্যতা	(১) বৈধ সরবরাহকারী প্রতিক্রিয়া। (২) সিডিউল ক্রয়ের ট্রেজারী চালানের মূলকপি, পূর্বে অনুজ্ঞপ্ত কাজ করার অভিজ্ঞতার সনদপত্র, হালনাগাদ ট্রেড লাইসেন্স, ব্যাকে সচেতনতা সনদ, আয়কর সনদ এবং ভ্যাট প্রদান (২০২৩-২০২৪) সনদ এর অধিকারী হতে হবে।
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Budget spending

FROM PAGE B1

As a result, these projects are not generating sufficient returns for the repayment of the loans, which ultimately becomes a burden on the budget.

Some of the loans taken in recent years have short repayment periods, further exacerbating the financial strain.

Interest payments against external loans would continue to soar in the coming years thanks to Bangladesh's graduation from the least developed country bracket and elevated benchmark interest rates in advanced economies, according to the finance division's Medium-Term Macroeconomic Policy Statement.

Usually, interest payments commence once the loan is utilised. But after the pandemic, the government has been taking large amounts of budgetary support every year, which is disbursed immediately, and the repayments kick in.

Many mega projects have been completed and some are nearing completion. The principal amount of the loans for those projects is yet to be repaid, but the interest payments have been paid.

As the per capita income has increased in recent years, the multilateral and bilateral lenders have increased the interest rate. Many of them have been lending at a market-based interest rate, which is high enough.

During the first nine months of FY25, the country's total revenue rose 7.71 percent year-on-year to Tk 309,053 crore.

In the same period, total tax revenue grew 2 percent to Tk 260,910 crore.

Of the Tk 260,910 crore, Tk 255,076 crore was collected by the National Board of Revenue (NBR), which is also 2 percent higher than that of the same period of the previous fiscal year.

From July 2024 to March 2025, non-tax revenue surged 52 percent to Tk 48,143 crore, the data showed.

BGMEA holds

FROM PAGE B1

Sammilito Parishad panel, and the panel's leader, SM Mannan Kochi, was elected president.

However, following the fall of the Hasina-led government in August last year, Mannan resigned from the post.

Khandoker Rafiqul Islam, managing director of Designtex Knitwear Ltd and then senior vice-president of the trade body, was made president after Kochi's resignation.

Later, the government appointed Md Anwar Hossain, vice-chairman of the Export Promotion Bureau, as the administrator of the BGMEA.

FROM PAGE B1

"Despite various incentives, such as tax holidays in special economic zones, concessional rates for targeted sectors and infrastructure spending, investment growth remained tepid," said Raihan, also the executive director of the South Asian Network on Economic Modeling (Sanem).

He termed the contradictions in the country's tax structure as a key constraint.

"The tax-to-GDP ratio remains among the lowest globally, limiting public investment capacity. At the same time, businesses complain of a high and uneven tax burden, erratic enforcement, and high compliance costs. All of these issues discourage investment," he said.

While the government continued to support large infrastructure projects, offered subsidies to export-oriented industries, and pushed public-private partnerships, these initiatives struggled due to implementation delays and weak institutional coordination.

"The broader industrial policy is still too reliant on the readymade garments sector," said Raihan. "There has been little progress in diversifying into higher value-added industries."

Although tax exemptions and reduced import duties for certain sectors provided some relief, policy inconsistency dented investor confidence.

Added inflationary pressures and currency volatility also made firms more cautious, further slowing capital investment, according to the economist.

"On employment, fiscal policy fell short in FY25. Public projects in rural development generated some short-term jobs, but formal private sector hiring remained subdued," he commented.

Mustafizur Rahman, a distinguished fellow at the local think tank Centre for Policy Dialogue (CPD), said that creating jobs requires more than just fiscal policy.

"It needs support from monetary policy, institutional reforms, and incentive frameworks," said Rahman.

The economist pointed out that despite attempts to rein in inflation, fiscal policy alone was not enough. Monetary tightening will take time to filter through the economy.

Given these constraints, fiscal measures mostly aimed at offering targeted incentives, such as tax cuts for certain sectors, reduced duties on imported raw materials, and high tariffs to shield domestic industries.

"However, those measures did not yield the intended results," he said.

"They failed to significantly stimulate investment, industrialisation, or job creation," Rahman added. "One major reason was the sharp rise in interest rates, driven by contractionary monetary policy to contain inflation."

He also said that non-economic factors played a role. "Political instability and a deteriorating law-and-order situation made investors wary, something policy incentives alone could not overcome."

Even initiatives such as the investment summit organised by the Bangladesh Investment Development Authority and steps to strengthen economic zones were insufficient to offset the broader negative environment, he commented.

"The impact is clear," Rahman said. "Imports of capital machinery fell sharply, as did letters of credit."

"And the kind of job creation that industrialisation was supposed to deliver simply did not happen."

Referring to new employment figures, Rahman said, "According to the latest Labour Force Survey using the ICLS-19 definition, total employment actually declined by 21 lakh in the first two quarters."

"So, despite fiscal efforts, the broader economic climate, including inflation management and institutional capacity, was not conducive to drawing in investment or generating new jobs," he concluded.

RAPID Chairman Razzaque also said that without improved revenue collection, maintaining fiscal discipline will be difficult. "And without that, essential public investment in sectors like health and education will suffer."

"The government is relying more on borrowing, which in turn is pushing up interest payments and further narrowing fiscal space," said Razzaque.

Economist Sadiq Ahmed said that protectionist trade policies also continued to hamper export growth in FY25. "Export subsidies offered limited support, but their impact was overshadowed by an anti-export bias." Thankfully, the shift to a more flexible, market-based exchange rate provided a much-needed boost to exports and remittances, he added.

"That has been the most significant policy reform of FY25," said Ahmed.

"Other tax incentives to spur private investment and foreign direct investment have not delivered much in recent years, and FY25 was no different," he said.

He argued that these incentives, which come at the cost of lost revenue, should be thoroughly reviewed. "Global experience shows that improving the overall investment climate is far more effective than offering tax breaks," Ahmed said.

Agriculture growth

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around one percent of all crops.

The two floods in the Chattogram, Sylhet, and Mymensingh divisions damaged an estimated yield of about 10 lakh tonnes of Aman season paddy plants just before flowering, according to the DAE.

After that, growth remained around 4 to 5 percent, but it had never dropped as low as in the current fiscal year, added Khan, also a former president of the Bangladesh Agricultural Economists Association.

Because of this, imports have had to be increased. Until April of the current fiscal year, around 600,000 tonnes of rice had to be imported. Wheat imports have crossed 40 lakh tonnes, he said.

Khan also said prices of many essential food items in the market have gone up, reflecting a decline in domestic production.

From June 19 to June 23 last year, floods affected seven districts in the Sylhet and Rangpur divisions that damaged 14 percent of crops, including Aus and Aman seedlings and vegetables, according to the Department of Agricultural Extension (DAE).

Just seven days later, another flood hit 14 districts in the north, northeast, and southeastern parts of the country, damaging 13 percent of all crops.

In August, another bout of floods and heavy rains affected 23 districts in the northeast, south, southwest, and southeast regions and damaged 15 percent of all crops.

The report also said scheduled banks in the country disbursed a total of Tk 22,125 crore for agriculture in the July-February period of FY25, according to a report by Bangladesh Bank.

Then, heavy rains on September 12-19 affected 16 districts and damaged

Stock brokers, merchant bankers

FROM PAGE B1

incomes of over Tk 5 lakh and if all their spending is conducted through banking channels.

Stock market intermediaries, especially brokers, have been urging for a long time to reduce the brokerage tax rate.

However, the National Board of Revenue (NBR) increased it to 0.025 percent in 2009 from the previous rate of 0.015 percent. It increased further to 0.05 percent in 2010 and then to 0.1 percent in 2011. Amid huge demand from brokers, it was reduced to 0.05 percent in October 2011.

Later, stockbrokers continuously urged the authorities to reduce the rate so that it was similar to that in other countries. However, the demand was not entertained.

This year, the DSE Brokers Association of Bangladesh (DBA) urged the NBR to reduce it to 0.025 percent.

If the government reduces it, it will help many stock brokerage firms to survive, as they are incurring losses, said Md Saiful Islam, president of the DBA.

Almost all the stockbrokers are incurring losses in their operations, but they have to pay the tax as it is charged on trading at source, he said.

The tax cut will mostly help non-institutional brokerage firms, he added.

Mazeda Khatun, president of the Bangladesh Merchant Bankers Association (BMBA), said activities of merchant banks were totally different from conventional banks, but they were taxed in the same manner as banks.

Citing this, the BMBA urged the government to reduce the corporate tax imposed on them to 25 percent.

If the corporate tax is reduced for merchant banks, they can spend more on

research and advocacy, and it will help bring a large number of good companies to the market, she said.

Inclusion of a higher number of good companies will ensure higher revenue earnings for the government, she added.

A stock market analyst said the steps from the government showed that it was trying to support the stock market.

In the case of bringing in good companies, the widening of the tax gap between listed and non-listed firms will work only when other types of policy support are available, he said.

For instance, the central bank can set a condition that any firm seeking to borrow over Tk 500 crore from banks must go public, he said. There can be other conditions for listing, and a summation of all such steps can work towards bringing in good companies, he added.

Advertisement

A New Era Begins in Bangladesh's Tyre Industry!



Jamuna Tyre & Rubber Industries Ltd. is a proud concern of the country's largest industrial conglomerate, Jamuna Group. It has brought in a new era of excellence and innovation in Bangladesh's automotive industry located inside the Jamuna Industrial Park in Bajura, Madhabpur, Habiganj. This manufacturing facility is built with an investment of over Tk 3,000 crore, marking a bold step towards industrial self-reliance and export-oriented growth. Guided by the core values of Reliability, Innovation, Meticulousness and Compassion, Jamuna Tyre & Rubber Industries Ltd. is committed to developing a trusted brand that delivers unmatched value to

consumers while upholding sustainable economic, social and environmental responsibility. Under the brand name Double Horse Tyres, the company aims to become a household name across Bangladesh and beyond, with the promise: "Drive Miles Carefree." Double Horse range caters to diverse vehicle segments including:

- TBR (Truck and Bus Radial)
- LTR (Light Truck Radial)
- PCR (Passenger Car Radial)
- SUV (Sports Utility Vehicle) Tyres.

Each tyre is engineered with precision to ensure superior safety, durability, and

performance for both domestic and international roads. The manufacturing facility is a blend of global expertise and local talent, with over 200 foreign professionals working closely with more than 200 Bangladeshi engineers and technicians, fostering innovation and technical excellence. The plant operates under ISO 9001:2015 certification, adhering to global standards of quality and performance. In addition, all products comply with DOT (Department of Transportation) certification, ensuring international level safety and reliability.



In terms of market presence, Double Horse Tyres has already made a significant impact in both B2B and B2C segments across Bangladesh. Now, the company is expecting to start exporting in different nations, firmly placing Bangladesh on the global tyre manufacturing map.

"Experience world-class radial tyre engineering, born right here in Bangladesh at Jamuna Tyre and Rubber Industries Ltd. Our state-of-the-art manufacturing plant is equipped with globally renowned machinery, forming an unparalleled production ecosystem: harnessing American precision from Hycomp- Nitrogen Boosters and RJS Corporation systems, Japanese automation excellence via Kokusai Automatic Uniformity & Balancing machines, German engineering embodied in the Karl Eugen Fisher steel cord cutting line, and Italian innovation from Rodolfo Comerio steel and textile cord rubbing lines. Complemented by advanced technology sourced globally and high-precision Chinese curing molds (for TBR, PCR, LTR, SUV) from Beijing Research & Design Institute, we guarantee exceptional quality, durability, and performance. Why pay premium prices for imported tyre brands when you can trust Double Horse Tyres- engineered locally with international standards, offering superior value and unmatched confidence for Bangladeshi roads."

Jamuna Double Horse Tyres has already established a strong presence in the local market with its world-class radial tyres. Only one-third of its total production capacity is sufficient to meet the entire domestic demand. The remaining output will be exported directly, contributing significantly to the national economy through remittance.

Managing Director of Jamuna Tyre & Rubber Industries Ltd. Md. Shamim Islam said "I am proud to be at the forefront of Bangladesh's next industrial leap. This brand is more than just tyres; it's a symbol of trust, strength and innovation. Our vision is clear: to make Double Horse Tyres a global name in radial technology and safety."



DOUBLE HORSE
DRIVE MILES CAREFREE


Md. Shamim Islam
Managing Director
Jamuna Tyre & Rubber Industries Ltd.





Debapriya Bhattacharya

AHSAN HABIB

The interim government is preparing the national budget for fiscal year (FY) 2025-26 using inflated growth figures published by the previous government to create a misleading narrative of development, said economist Debapriya Bhattacharya.

"In the White Paper on the State of the Bangladesh Economy, we have clearly shown how the base of the Awami League government's data was the main villain behind its narrative of development—because it presented an exaggerated, undivided picture of development," said Bhattacharya, a macroeconomist and public policy analyst.

Bhattacharya led the team that prepared the white paper after the interim government took office.

He said the Chief Adviser of the interim government, Muhammad Yunus, drew on the white paper's findings and recommendations in his address to the nation on December 16 last year.

"One major issue the Chief Adviser emphasised was the exaggeration in official data and how it misled the public, policymakers, and foreign stakeholders," said Bhattacharya, a distinguished fellow at the local think tank Centre for Policy Dialogue (CPD).

"Unfortunately, it has now been nearly nine months since this government assumed office, yet no meaningful or reform-oriented steps have been taken to correct the problem," added the economist.

A recently formed government committee on data has a limited mandate, he said, as the committee's main focus is on assessing data quality, without identifying the deeper methodological flaws caused by political interference.

Moreover, the committee's report is expected to be submitted after the budget. "This means the upcoming budget is still being built on the same flawed economic data," Bhattacharya commented.

In that sense, the economist said the directives given by the Chief Adviser

government will be in a position to implement the next budget in full," said the CPD distinguished fellow. "So, they are partially executing the previous government's budget and preparing the next one for a future government. In that sense, this is historically unique."

One of the core responsibilities of the interim government, he said, was to identify the economy's structural weaknesses—something the white paper sought to highlight.

"But even more urgent was the task of stabilising the economy, particularly by tackling inflation, the depreciation of the taka, and spiralling interest

crunch in banks. Yet, they are not borrowing much. Energy supply issues persist, and labour wage problems remain unresolved," Bhattacharya said.

He added that raising investment, generating employment, and increasing exports and remittances are pressing concerns. "Social protection must also be strengthened. The number of poor people has risen, and the lives of the middle and lower-middle classes have not improved."

Commenting on the size of the national budget, Bhattacharya said he has never thought that the budget is growing in size—because the size of

ensures effective use of funds nor delivers political credit."

Empowering local governments and holding them accountable through democratic means would yield better results, he suggested. "I hope to see signs of this change in the budget."

Bhattacharya also talked about the government's limited political footing.

"This is not an elected government. It is a legitimate government that emerged from a public uprising and holds a certain mandate, but that mandate is also limited in many ways."

Even more troubling, he said,

TAKEAWAYS FROM INTERVIEW

DATA AND BUDGET FORMULATION



Budget is being prepared based on inflated and politically manipulated data



Chief adviser's directives on correcting data flaws have not been reflected



Budget size gives an illusion of growth—it remains low as a share of GDP

GOVERNANCE AND PROCESS

- Budget preparation lacks inclusivity and consultation with future political stakeholders
- ADP implementation still measured by fund disbursement, not outcomes or public benefit

rates. The government may have had partial success in this regard."

According to him, reform—especially in the banking and energy sectors—was another key duty. While a few initiatives have been taken, Bhattacharya said further steps are needed in the coming fiscal year for macro stability.

"What is crucial now is to strengthen the stabilisation programme so macroeconomic stability can be sustained. And this stability must translate into growth," he added.

The current problem, however, is that private sector investment remains stagnant. Although opening letters of credit (LCs) is easier than before, imports—especially of capital goods—are on the decline, according to the economist.

"Investors say there is a liquidity

the budget should not be evaluated in monetary terms; it should be considered as a share of gross domestic product (GDP).

In that context, he said, the budget has shrunk in recent years. "That is why I have called it a kind of fiscal illusion. The figure might seem large in absolute terms, but as a share of the economy, it remains low."

Expenditure has never crossed 14-15 percent of GDP, and this year it will likely fall even further. "Since the GDP is overstated, the government cannot increase the budget's share of the economy. In this way, they will be caught in their own trap."

On implementation, Bhattacharya said the government measures success by the disbursement of funds, not by outcomes. "Implementation through bureaucrats or project directors is outdated and inefficient. It neither

is the absence of a political party backing the administration. "It has no political base to guide it or hold it accountable. That is why we expected the budget to be prepared through wide consultations."

"It is unfortunate that there has been little effort to create accountability or ensure transparency."

"An even bigger regret is that this government will not implement the entire budget. So, they should have engaged with potential future political representatives. But whether they have done so, I cannot say," commented the economist.

He said that while several discussions have taken place with political parties regarding reforms, there has been no consultation on the national budget. "That seems very strange to me."

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in his speech were not followed when reassessing the budget data.

Calling the budgetary context "unprecedented," he said the current administration came to power through a student-led mass uprising. "Yet, it is proceeding with only minor revisions to the previous government's budget." "No new budget has been drawn up. Nor has there been a new Annual Development Programme [ADP]," he said.

"There is no certainty this



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India's economic growth hits four-year low of 6.5%

AFP, Mumbai

India's economy grew by 6.5 percent in the fiscal year that ended in March, official data showed on Friday, among the world's top performers but still sluggish compared with its recent track record.

Gross domestic product rose at its slowest pace in four years, with growth coming in well below the 9.2 percent recorded in the previous financial year.

The world's most populous nation grappled with a weaker manufacturing sector, tight monetary policy and muted urban consumer sentiment for most of the past year.

While the economy has rebounded over the past two quarters, helped in part by strong agricultural output, US President Donald Trump's tariff blitz poses risks to a sustained recovery.

New Delhi, which was slapped with 26 percent so-called reciprocal tariffs, is currently negotiating a trade deal with Washington that it hopes will spare it the worst of Trump's trade push.

"Although India is expected to see its GDP grow 6.5 percent again in fiscal year 2025-26, there remains a great deal of uncertainty due to Trump's tariff policies," said Sam Jochim, an economist at EFG Asset Management.

"The ability of the Modi government to strike a deal with Trump could prove paramount for India's economic outlook."

Analysts believe the annual growth figures, along with cooling inflation data, will convince India's central bank to continue its interest rate easing cycle at its review meeting next week.

Trump says he will double steel, aluminum tariffs to 50%

AFP, West Mifflin

US President Donald Trump said Friday that he would double steel and aluminum import tariffs to 50 percent from next week, the latest salvo in his trade wars aimed at protecting domestic industries.

"We're going to bring it from 25 percent to 50 percent, the tariffs on steel into the United States of America," he said while addressing workers at a US Steel plant in Pennsylvania.

"Nobody's going to get around that," he added in the speech before blue-collar workers in the battleground state that helped deliver his election victory last year.

Shortly after, Trump wrote in a Truth Social post that the elevated rate would also apply to aluminum, with the new tariffs "effective Wednesday, June 4th."

Since returning to the presidency in January, Trump has imposed sweeping tariffs on allies and adversaries alike in moves that have rocked the world trade order and roiled financial markets.

The tariffs had seen a brief legal setback earlier this week when a court ruled Trump had overstepped his authority, but an appellate court on Thursday said the tariffs could continue while the litigation

moves forward.

Trump has also issued sector-specific levies that affect goods such as automobiles.

On Friday, he defended his trade policies, arguing that tariffs helped protect US industry.

He added that the steel facility he was speaking in would not exist if he had not also imposed duties on metals imports during his first administration.

On Friday, Trump touted a planned partnership between US Steel and Japan's Nippon Steel, but offered few new details



US President Donald Trump applauds as he arrives to speak during a visit to US Steel - Irvin Works in West Mifflin, Pennsylvania, on May 30, to mark the deal between Nippon Steel and US Steel.

AI's role in Bangladesh's economic growth

MAMUN RASHID

Bangladesh is at a traction point in its technology transformation journey, having started later than many global counterparts. As leading companies in the country begin implementing enterprise resource planning (ERP) systems, business applications, cloud, enterprise data platforms, and business intelligence, there is a growing recognition of the need to accelerate the adoption of artificial intelligence (AI). The telecommunications sector stands out as one of the early adopters of AI technology in Bangladesh, setting a precedent for other industries. Embracing AI can drive significant advancements in operational efficiency, customer experience, and business optimisation. By integrating AI into existing systems, Bangladeshi businesses can leapfrog into a new era of innovation, ensuring they remain competitive in an increasingly digital world.

AI technology offers transformative benefits across various business domains. It enables the creation of personalised user experiences, tailoring interactions to individual preferences and needs, thereby enhancing customer satisfaction and loyalty. As AI models mature, they deliver improved quality and consistency, with increased prediction accuracy and reduced errors, fostering trust and reliability in automated systems.

Additionally, AI facilitates agile development in new and high-impact business areas, driving innovation and generating substantial business value. The "Firm to Factory" model in Bangladesh underscores the application of AI technologies to enhance agricultural and manufacturing processes, ensuring a smooth transition from crop cultivation to product creation. AI plays a pivotal role in precision farming by leveraging data analytics to boost crop yields and optimise resource management. This results in more efficient production cycles, driving productivity and economic growth. By integrating AI, Bangladesh can streamline operations, improve product quality, and bolster competitiveness in both local and global markets. This approach not only increases efficiency and sustainability but also supports adherence to environmental regulations, offering significant competitive advantages and aligning with international sustainability standards.

AI is revolutionising the textile industry globally, and Bangladesh, as a major player in textile manufacturing, stands to benefit significantly from these advancements. AI algorithms for demand prediction can be particularly beneficial for Bangladeshi manufacturers in optimising inventory management and reducing waste. Customised production through 3D image processing and AR (augmented reality)/VR (virtual reality) offers Bangladeshi firms the opportunity to create personalised garment designs tailored to individual preferences, enhancing competitiveness in the global market. AI also enhances manufacturing precision and adaptability, optimising production efficiency. The trend towards small-batch, fast-to-market production can help Bangladeshi manufacturers respond swiftly to consumer trends, streamlining operations and elevating customer satisfaction through on-demand customisation and increased product availability. Integrating AI into the textile sector can position Bangladesh as a leader in innovative and efficient textile production.

In Bangladesh, AI adoption in pharma can address inefficiencies in manual quality control and reconciliation processes, reducing human errors and enhancing compliance with regulatory standards. It can assist in predictive maintenance and regulatory compliance, maintaining high standards in drug production. Personalised patient engagement is another area where AI can provide value, offering tailored treatment plans based on individual health data. By integrating AI technologies, the Bangladeshi pharma market can enhance medication safety, optimise drug formulations, and accelerate drug discovery, positioning itself as a competitive player in the global pharmaceutical landscape.

Bangladesh should prioritise integrating AI technologies across key industries. Both the private and public sectors need to collaborate to drive innovation, align with international standards, and secure a leading position in the global market. The private sector can lead in technology adoption and innovation, while the public sector can support through policy frameworks and infrastructure development to facilitate AI integration.

The writer is the chairman at Financial Excellence Ltd. This piece is an excerpt of his opening remarks made at a conference on artificial intelligence (AI) held at Brac University and organised by Brand Forum.

on a deal that earlier faced bipartisan opposition.

He stressed that despite a recently announced planned partnership between the American steelmaker and Nippon Steel, "US Steel will continue to be controlled by the USA."

He added that there would be no layoffs or outsourcing of jobs by the company.

Upon returning to Washington late Friday, Trump told reporters he had yet to approve the deal.

"I have to approve the final deal with Nippon, and we haven't seen that final deal yet, but they've made a very big commitment," Trump said.

Last week, Trump said that US Steel would remain in America with its headquarters to stay in Pittsburgh, adding that the arrangement with Nippon would create at least 70,000 jobs and add \$14 billion to the US economy.

Trump in Pennsylvania said that as part of its commitment, Nippon would invest \$2.2 billion to boost steel production in the Mon Valley Works-Irvin plant where he was speaking.

Another \$7 billion would go towards modernizing steel mills, expanding ore mining and building facilities in places including Indiana and Minnesota.