

Star BUSINESS



Subsidy load swells despite weak revenue

Economists call for roadmap to cut incentives, subsidies

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The government's target to provide subsidies and incentives amounting to Tk 125,741 crore in fiscal year 2025-26 is creating high pressure on fund mobilisation amid a challenging macroeconomic situation.

Although the allocation for subsidies and incentives is 9 percent higher than the original budget for FY25, it is around 11 percent lower than the revised budget for FY25, which was Tk 141,034 crore.

The original subsidy allocation for FY25 was Tk 115,000 crore, but it rose significantly as the interim government cleared most overdue payments across several sectors.

As revenue mobilisation remains below the targeted level, the scope for expanding subsidies and incentives remains constrained, the government said in the medium-term macroeconomic policy statement (MPS) for FY26.

Most of the upcoming subsidy allocation will go to the power, fertiliser and food sectors.

Subsidy expenditure has steadily increased in recent years,

driven by costly power generation, rising global fuel prices, inflation-induced food support for the poor, and the devaluation of the taka against the US dollar.

In 2017-18, subsidies amounted to just Tk 12,120 crore. By 2021-22, they had jumped to Tk 31,000 crore.

It is not possible to continue

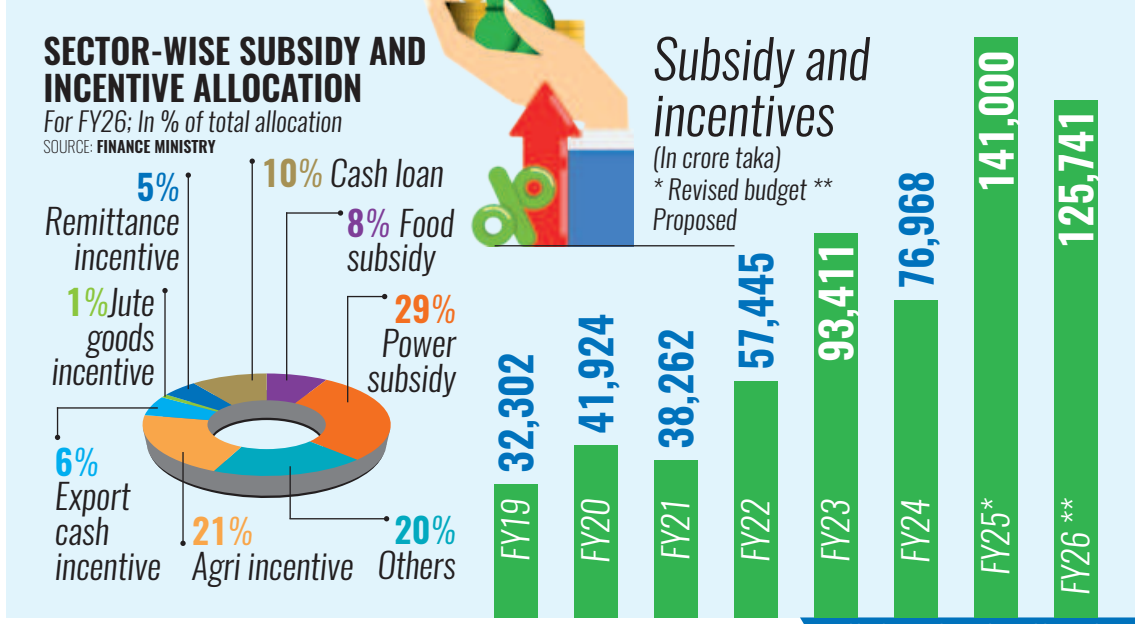
raising subsidies and incentives, said Mohammad Lutfor Rahman, a professor of economics at Jahangirnagar University.

Moreover, they should be cut step by step, and there should be a roadmap for industries, he said.

"Giving incentives to export-oriented

energy supply stability while managing financial obligations.

This is slightly down from the Tk 40,000 crore allocated to the power sector in the original budget for FY25. However, the revised budget raised this year's power subsidy to Tk 62,000 crore, reflecting payments of arrears accrued over several fiscal years.



industries year after year is not a viable way of protecting local industries. There should be competition and productivity enhancement. Here, the government can contribute by lowering the cost of doing business," he said.

In FY26, the power sector, a significant recipient of subsidies, is likely to be allocated approximately Tk 37,000 crore, reflecting the government's commitment to maintaining

Power subsidies stood at around Tk 9,000 crore in FY21 but climbed after the previous government approved large power plants without phasing out older ones. This led to underutilisation and hefty capacity payments.

The spike in fuel and LNG prices after the Russia-Ukraine war further pushed up power generation costs, while the weakening taka compounded the subsidy burden.

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PHOTO: COLLECTED

Yunus lauds IMF for its positive role in Bangladesh

STAR BUSINESS REPORT

Chief Adviser Prof Muhammad Yunus has credited the International Monetary Fund (IMF) for its "positive role" in helping Bangladesh overcome its concerns about allowing market forces to determine the exchange rate.

He made the remark in response to a question during a talk at Chatham House, an independent think-tank based in London, yesterday.

His remark came nearly a month after the Bangladesh Bank (BB) adopted a market-based exchange rate to secure the release of the fourth and fifth tranches of its \$4.7 billion loan approved by the IMF in January 2023.

BB had been reluctant to fully open the market due to concerns that it could create instability, increase import costs, and further stoke inflation, which has remained over 9 percent for more than two years.

However, Bangladesh's foreign exchange market has remained relatively stable since the shift, with the taka depreciating only marginally.

The weighted average exchange rate of the US dollar was Tk 122.97 on June 4, the last working day before the 10-day Eid holiday.

A month earlier, banks were exchanging the dollar at Tk 122, according to BB data.

Yunus said the IMF had been controlling the release of the loan instalments and agreed to disburse funds after Bangladesh decided to let the market determine its exchange rate. He said they were worried about it.

"Because so far, we were controlling it so that we didn't expose ourselves to a drain of foreign exchange due to the system.

"So, opening this to the market is really a big decision for us," he added, noting that they had tried to convince the IMF by explaining the potential risks.

"They said, 'No, we understand, but we studied it. We think you can handle it.'"

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FAO predicts favourable Boro harvests



Boro accounts for about 55 percent of the annual paddy output of Bangladesh.

PHOTO: AZAHAR UDDIN

STAR BUSINESS REPORT

Production prospects for Boro paddy, the principal rice crop in Bangladesh, remain favourable as harvests are expected to conclude this month.

The hope is based on good weather and an increase in planting by farmers in response to high domestic prices, according to a report released by the Food and Agriculture Organization (FAO) yesterday.

The UN agency said the area planted for the 2025 Boro paddy crop, which is mostly irrigated and accounts for about 55 percent of the annual output, was estimated to be above the five-year average.

Citing satellite imagery, it said crop conditions prior to the onset of harvests last April were above average across most parts of the country, supported by favourable weather conditions.

"Increased adoption of high-yielding seed varieties contributed to boosting yields," the FAO said in its Global Information and Early Warning System (GIEWS), focusing on Bangladesh's food and agriculture.

The forecast comes at a time when the retail price of coarse rice,

the benchmark variety used to track prices, has remained at over Tk 52 per kilogramme for six consecutive months since November.

The UN agency said domestic prices of rice in Dhaka, the capital city, increased steadily between October 2023 and January 2025 due to inflationary pressure and increases in the costs of production, milling, and transportation.

Since February 2025, prices have remained stable and, as of April 2025, were 8 percent higher than their levels a year earlier, even though paddy production was estimated at an above-average 6.02 crore tonnes in 2024.

This was due to large plantings and bumper yields despite crop losses caused by heavy rains and floods between May and August 2024 and the passing of Cyclone Remal in late July 2024.

Bangladesh's average paddy production was estimated at 5.71 crore tonnes over the five years to 2023, according to the FAO.

The agency said the Aus paddy crop, which accounts for about 10 percent of the annual output, is currently at the flowering and grain-filling stages, and its conditions are generally favourable in key

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Cattle sales this Eid lowest in four years

SUKANTA HALDER

Sales of cattle, as reflected in the number of animals sacrificed during this Eid-ul-Azha, declined this year amid an economic slowdown and political uncertainty in the country, said dairy producers and stakeholders yesterday.

During this Eid-ul-Azha, over 91 lakh animals were sacrificed, down 12.5 percent year-on-year, according to the Department of Livestock Services (DLS).

The number of animals sacrificed this year was the lowest in the last four years.

Mohammad Shah Emran, general secretary of the Bangladesh Dairy Farmers Association, said data on the number of animals sacrificed gives a picture of cattle sales during the festival season, which accounts

for roughly 40 percent of animals slaughtered annually.

"This year, sales were low because of the overall slowdown in the economy and political situation. Demand for big bulls was lower this year than the previous year," he said.

Md Abu Sufian, director general of the DLS, said there was a sufficient number of animals. But the number of goats and sheep sacrificed was around 10 lakh less than that of last year, he said.

A decline in people's purchasing power due to persistent inflation is a reason behind the drop in the number of sacrifices this year, added Sufian.

Data is still being collected from across the country, and once all of it is available, it will provide a better understanding of the other factors behind the drop in animal sacrifices, he said.

Inflation in Bangladesh eased slightly to 9.05 percent in May from 9.17 percent in the previous month, according to the Bangladesh Bureau of Statistics.

Food inflation dropped to 8.59 percent from 8.63 percent in April, while non-food inflation went down to 9.42 percent from 9.62 percent.

Despite the decline, inflation has remained above 9 percent for 27 consecutive months, continuing to strain household budgets.

High inflation has eroded people's financial capacity, which has led to reduced purchasing power and, consequently, fewer animal sacrifices, said Jahangir Alam Khan, a renowned agricultural economist.

Moreover, those who could afford to sacrifice more than one animal opted to do otherwise in

order to save up to tackle future uncertainties, he said.

Since last August, the country has been lacking political stability. Quite a few politicians and politically affiliated persons who usually sacrifice a lot of animals are either abroad or in hiding following the political changeover, he said.

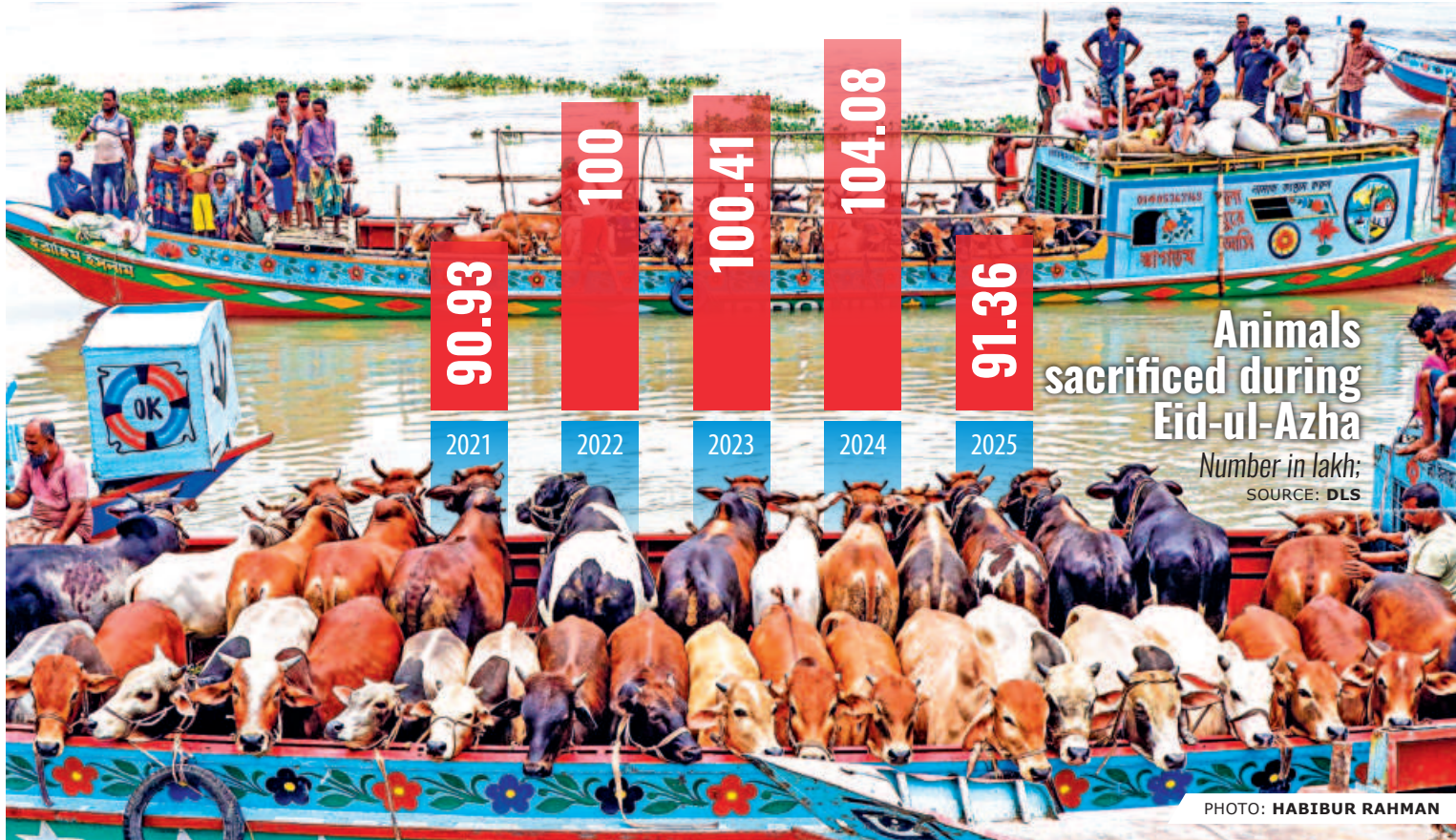
This has also contributed to the decline in animal sacrifices.

33.10 LAKH ANIMALS REMAIN UNSOLD

Approximately 33.10 lakh animals remained unsold this year due to the supply being higher than demand, according to data from the Ministry of Fisheries and Livestock.

These animals are expected to be sold centring various religious rituals and ceremonies throughout the rest of the year, the ministry said in a press release.

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EU can play it cool with Trump's trade threats



The photo shows the headquarters of the European Central Bank (ECB) on the Main river embankment in Frankfurt am Main, western Germany. Though the EU has agreed to tax 21 billion euros of US imports in response to the steel and aluminium tariffs, it has delayed these until July 14 to try to get a deal.

PHOTO: AFP

REUTERS, London

Other governments have so far taken three main approaches to dealing with Donald Trump's trade threats. China hit back hard at the US president's tariffs and got him to back down partly. Canada also retaliated and avoided some of the pain Trump inflicted on other countries. Meanwhile, Britain cut a quick deal that favoured the United States. None of these is a model for the European Union.

The 27 member group is not China. Though its bilateral goods trade with the United States last year was worth 70 percent more than between the US and the People's Republic, the EU is not an autocracy that can outpunch Trump. If it antagonises the US president, he might up the stakes by pulling the rug from under Ukraine and undermining the EU's defences. American hard power gives it what geopolitical strategists call "escalation dominance".

The EU is not Canada either. Ottawa was able to hang tough because its people were infuriated that Trump was trying to blackmail Canada into becoming part of the United States. While anti-Trump sentiment is high in the EU, politicians who are sympathetic to him, such as Poland's new president, can still get elected.

On the other hand, the EU is not the United Kingdom. Both are at risk from Russia's invasion of Ukraine. But the EU trades seven times more goods with the United States than Britain does - so Washington has more to lose if economic

relations break down.

There is another way for the EU to handle Trump's threats: play it cool. That is more or less what the bloc is doing. It involves neither escalating the conflict nor accepting a bad deal. It means being open to a good agreement if the US lowers its demands, but willing to play the long game if it does not.

One reason to buy time is to help Kyiv. The longer the EU has to prepare its own support package for Ukraine, which should include getting it a lot of cash, the less the damage if Trump ultimately cuts off all US aid to the country.

There is another way for the EU to handle Trump's threats: play it cool. That is more or less what the bloc is doing. It involves neither escalating the conflict nor accepting a bad deal.

The president's own vulnerabilities may also increase over time. Just look at the spectacular end of his alliance with Tesla boss Elon Musk. The fragile US trade truce with China may break down causing more financial turmoil, making Trump less keen to pick a fight with the EU. If the Supreme Court stops him using emergency powers to impose tariffs, his negotiating position will be weaker. And tariffs could hurt the US more than its supposed victims, by pushing up inflation and crimping growth.

Trump has zig-zagged in his trade threats and actions against the EU. The current state of play is that there are 50 percent tariffs on US imports of steel and aluminium from the bloc, a 25 percent tariff on cars and 10 percent so-called reciprocal tariffs on most other goods.

The US president has threatened to jack up these reciprocal tariffs to 50 percent if there is no deal by July 9. He is also looking at more "sectoral tariffs", including on pharmaceuticals and semiconductors.

While the EU has complained to the World Trade Organization (WTO), it has delayed its own retaliation. Its negotiators accept that they are unlikely to overturn the reciprocal tariffs, the Financial Times has reported.

The bloc still aims to avoid the sectoral ones. Those on cars and any on pharmaceuticals would hurt it the most. It has dangled the possibility of buying more US equipment and natural gas to get a deal.

An agreement on those lines could be good for the EU. It needs to beef up its defences and eliminate its purchases of Russian gas. While it would be best to have its own arms and energy supplies, buying more from the US makes sense as an interim measure. An important nuance, though, is that the EU should reserve the right to take action against the reciprocal tariffs after the WTO issues its verdict, says Ignacio Garcia Bercero, a former senior EU trade official.

Such a pact would involve quite a climbdown by Trump. True, arms and gas purchases would narrow the US goods deficit with the EU, which was \$236 billion

last year. But his administration has a host of other complaints including the bloc's value-added tax and food safety standards as well the digital taxes that some of its members impose on tech giants. It is hard to see the bloc agreeing anything in those areas, says Simon Evenett, professor of geopolitics and strategy at IMD.

Although the US side described last week's trade talks with the EU as "very constructive", discussions could easily break down. The question then is how the bloc would react if Trump imposed higher reciprocal tariffs.

The EU has so far imposed no countermeasures. Though it has agreed to tax 21 billion euros of US imports in response to the steel and aluminium tariffs, it has delayed these until July 14 to try to get a deal. The European Commission, its executive arm, is also consulting on taxing a further 95 billion euros of US imports in response to the car tariffs and the reciprocal ones. But added together, these tit-for-tat measures would be equivalent to only a third of the 379 billion euros of EU imports subject to Trump's tariffs.

Some analysts think the bloc needs to be tougher. One idea is to crack down on American services, where the US had a 109 billion euro surplus with the EU in 2023. Another is to activate its "anti-coercion instrument", which would allow retaliation against US companies operating in the bloc. Yet another is to threaten to ban exports of critical goods, such as the lithographic equipment necessary to make semiconductors.

Equities rally after China-US framework on trade

AFP, Hong Kong

Stocks rose Wednesday as investors welcomed a China-US agreement to lower trade tensions that stoked hopes the economic superpowers will eventually reach a broader tariff deal.

After two days of high-profile, closely watched talks in London, the two sides said they had set up a framework to move towards a pact, following negotiations in Geneva last month that saw them slash tit-for-tat levies.

The news provided some much-needed relief to markets after US President Donald Trump accused Beijing of violating that deal. The latest round of talks followed a phone call between Trump and his Chinese counterpart Xi Jinping on Thursday.

As well as tariffs, a key issue in the discussions was China's export of earth minerals and magnets used in a range of things including smartphones and electric vehicle batteries, while Beijing was keen to see an easing of restrictions on its access to tech goods.

US Commerce Secretary Howard Lutnick said he was upbeat that concerns over rare earths "will be resolved" eventually, as the agreement is implemented.

Xi and Trump must approve the framework first.

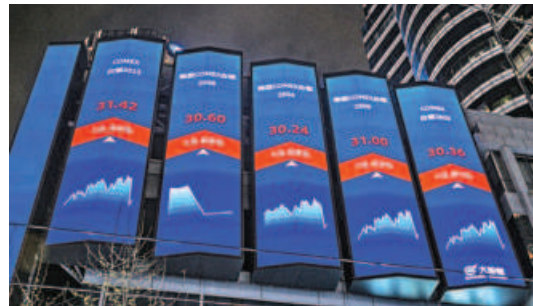


PHOTO: AFP/FILE

"We're moving as quickly as we can," US Trade Representative Jamieson Greer told reporters. "We would very much like to find an agreement that makes sense for both countries," he added.

"We feel positive about engaging with the Chinese."

Speaking separately to reporters, China International Trade Representative Li Chenggang expressed hope that progress made in London would help to boost trust on both sides.

The deal, which was reached late Tuesday, boosted Asian markets with Hong Kong among the best performers, while Shanghai, Tokyo, Sydney, Seoul, Mumbai, Bangkok, Wellington, Taipei and Manila were also up.

London, Paris and Frankfurt enjoyed healthy gains in the morning.

However, analysts said investors would be keen to get a closer look at the details of the agreement. "The US China trade circus wrapped with what can only be described as a diplomatic tautology," said Stephen Innes at SPI Asset Management.

He called it "a late-night announcement that both sides have 'agreed in principle on a framework to implement the Geneva consensus' -- a consensus that was... already agreed upon weeks ago".

Bank Asia's agent banking deposits surpass Tk 6,000cr



Zakia Rouf Chowdhury, vice-chairman of Bank Asia PLC, inaugurates a programme at Bank Asia Tower in the capital's Karwan Bazar recently, to celebrate the milestone of Tk 6,000 crore in deposits through the bank's agent banking channel. Romo Rouf Chowdhury, chairman of the bank, was also present.

PHOTO: BANK ASIA

STAR BUSINESS DESK

Bank Asia PLC, a pioneer of agent banking in Bangladesh, has recently reached a significant milestone, accumulating deposits exceeding Tk 6,000 crore through its agent banking network.

To commemorate this achievement, the bank organised a celebratory event at the Bank Asia Tower in the capital's Karwan Bazar, according to a press release.

The programme was inaugurated by Zakia Rouf Chowdhury, vice-chairman of the bank, with Chairman Romo Rouf Chowdhury also present at the event.

The event was also attended by members of the board of directors and senior members of the bank's management team.



Md Touhidul Alam Khan, managing director and chief executive officer of NRBC Bank PLC, attends the workshop on financial inclusion and literacy at the bank's head office in Dhaka recently.

PHOTO: NRBC BANK

NRBC Bank holds workshop on financial inclusion, literacy

STAR BUSINESS DESK

NRBC Bank PLC recently organised a workshop aimed at enhancing awareness of financial literacy and promoting financial inclusion among the country's marginalised populations.

Md Touhidul Alam Khan, managing director and chief executive officer of the bank, attended the event as the chief guest at the bank's head office in Dhaka, according to a press release.

In his address, Khan emphasised the bank's commitment to integrating financially excluded communities into the formal banking system.

"Through our expansive network of branches and sub-branches, we facilitate account openings for as little as Tk 10, Tk 50, or Tk 100," he stated.

"We also extend microloans on flexible, collateral-free terms, with particular emphasis on supporting women-led households," he added.

Khan further noted that the bank is currently rolling out "nano credit" facilities tailored for low-income individuals, alongside expanding digital service

accessibility through platforms such as the Planet App.

NRBC Bank is implementing a series of financial inclusion initiatives in partnership with the NABAPALLAB Project, aimed at improving the socio-economic conditions of marginalised communities.

CARE Bangladesh, a leading global development organisation, is spearheading the initiative in collaboration with a consortium of nine partner organisations.

To support the finalisation of the project's implementation framework, NRBC Bank conducted a comprehensive field-level survey in the Sundarbans region. The survey gathered insights into the banking service usage patterns of underserved groups, their credit requirements, existing lending barriers, and the prevalence of informal credit systems.

Among others, Harunur Rashid, deputy managing director of the bank; Samir Karki, country director for Bangladesh at iDE; Faisal Ahmed, senior technical adviser; Selina Shelly Khan, chief of party of the NABAPALLAB Project; and Kazi Md Shafayet Kabir, head of retail and financial inclusion at the bank; were also present.

Eastern Bank partners with Akij Takaful to offer Islamic life insurance

STAR BUSINESS DESK

Eastern Bank PLC (EBL) has entered into a strategic bancassurance partnership agreement with Akij Takaful Life Insurance PLC to offer a suite of Shariah-compliant life insurance products to its clientele.

M Khorshed Anowar, deputy managing director and head of retail and SME banking and chief bancassurance officer at EBL, and Mohammad Masuduzzaman Khan, deputy managing director and chief corporate business officer of the life insurance, signed the agreement at the bank's head office in Dhaka yesterday, according to a press release.

Through this collaboration, EBL customers will gain access to



Mohammad Masuduzzaman Khan, deputy managing director and chief corporate business officer of Akij Takaful Life Insurance PLC, and M Khorshed Anowar, deputy managing director, head of retail and SME banking and chief bancassurance officer at Eastern Bank PLC, pose for photographs after signing the agreement at the bank's head office in Dhaka yesterday.

PHOTO: EASTERN BANK

a range of Islamic life insurance solutions, designed in accordance with Shariah principles.

The introduction of Takaful offerings across EBL's extensive branch network is expected to significantly enhance accessibility, enabling a wider segment of the population to secure financial protection in a manner aligned with their faith-based values.

AKM Mizanur Rahman, deputy chief of Islamic banking at the bank; and Md Raquib, head of bancassurance and student banking; and Shazzadul Karim, acting CEO of the life insurance; Abdus Salam Khondoker, head of finance and accounts; and Md Kamruzzaman, assistant vice-president; among others, were present.



Due to rising summer temperatures and frequent power outages, people are increasingly relying on electric or rechargeable fans to cope with the heat. Customers from different upazilas and districts are coming to shops in Khulna city to purchase fans. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

Where are you still required to submit proof of tax return filing?

STAR BUSINESS REPORT

The interim government has eased the requirement of submitting Proof of Submission of Return (PSR) to access 12 services, as part of efforts to streamline service delivery and remove unnecessary hurdles.

Finance Adviser Salehuddin Ahmed proposed the provision on June 2 while presenting the national budget for the 2025–26 fiscal year. For the specified 12 services, only a taxpayer identification number (TIN) will be required to access facilities such as obtaining a new trade licence or getting a credit card.

However, to access nearly 40 other services, submission of PSR will remain mandatory. Currently, the PSR serves as a certificate that a person or entity has submitted their income tax return for the relevant fiscal year.

In a decisive move to expand the tax net and strengthen revenue collection, the National Board of Revenue (NBR) has tightened the enforcement of income tax compliance across a wide spectrum of services.

Where is PSR still mandatory?

1. Applying for bank or financial institution loans over Tk 20 lakh.
2. Becoming a director or sponsor shareholder of a company.
3. Obtaining or renewing an import registration certificate or export registration certificate.
4. Renewing a trade licence in a city

corporation or municipality area.

5. Renewing a licence or enlistment as a general insurance surveyor.

6. Registering property transfer or sale (land, building, apartment) within a city corporation, municipality, or cantonment area.

7. Renewing membership in a professional body such as for doctors, dentists, lawyers, chartered accountants, cost and management accountants, architects, surveyors, or similar professions.

8. Obtaining or renewing a licence as a Nikah Registrar, Hindu Marriage Registrar, or Registrar under the Special Marriage Act.

9. Obtaining or continuing membership in any trade or professional body.

10. Obtaining or renewing licences such as drug, fire safety, environmental clearance, BSTI, bonded warehouse, customs agent, freight forwarding, or buying house registration.

11. Obtaining or continuing commercial and industrial gas connections in any area.

12. Obtaining a residential gas connection in a city corporation area.

13. Obtaining or continuing a survey certificate for any water vessel, including launches, steamers, fishing trawlers, cargo vessels, coasters, or dumb barges used for hire.

14. Obtaining or renewing permission to manufacture bricks from the Deputy Commissioner's office or the Directorate of Environment.

15. Admitting a child or dependent to

an English medium or English version school in a city corporation, district headquarters, or municipality.

16. Obtaining or continuing an electricity connection in a city corporation or cantonment board area.

17. Obtaining or continuing a company agency or distributorship.

18. Obtaining or renewing a licence for arms.

19. Opening a letter of credit (LC) for import purposes.

20. Opening or maintaining bank accounts with a credit balance exceeding Tk 10 lakh.

21. Purchasing savings certificates worth more than Tk 10 lakh.

22. Opening and maintaining term deposits exceeding Tk 10 lakh.

23. Participating in elections in upazilas, municipality, zilla parishads, city corporations, or the Jatiya Sangsad.

24. Participating in shared economic activities by providing motor vehicles, spaces, accommodations, or other assets.

25. Receiving salaries and allowances in managerial, administrative, or supervisory roles in production activities.

26. Receiving salaries and allowances as public servants in 10th grade or above.

27. Receiving payments from a company for advisory, consultancy, catering, event management, manpower supply, or security services.

28. Registering or renewing an agency certificate of an insurance company.

29. Receiving overseas grants through

NGOs registered with the NGO Affairs Bureau or Micro Credit Organisations licensed by the Micro Credit Regulatory Authority.

30. Renewing e-commerce business licences from the relevant authority.

31. Applying for membership in a club registered under the Companies Act 1994 or the Societies Registration Act, 1860.

32. Submitting tender documents for the supply of goods, execution of contracts, or provision of services.

33. Receiving any product or service from a company or firm.

34. Submitting a bill of entry for import or export.

35. Submitting a building plan for approval from Rajuk, CDA, KDA, RDA, or other relevant authorities in city corporation or municipality areas.

36. Renting or leasing houses in city corporation areas.

37. Supplying products or providing services under specific provisions (Section 140).

38. Obtaining or renewing licences for hotels, restaurants, motels, community centres, convention halls, hospitals, clinics, or diagnostic centres.

39. Renting or using services from a community centre or convention hall in a city corporation for social events, corporate programmes, workshops, seminars, or training.

40. Registering, transferring ownership, or renewing the fitness of a motor vehicle other than a three-wheeler.

Subsidy load swells

FROM PAGE B1

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 carry over into FY26.

Finance ministry officials said the interim government has refrained from renewing old power plant contracts, which could ease future burdens.

They also expect the Rooppur Nuclear Power Plant and the Matarbari coal-fired plant to become fully operational by this year, enabling a Tk 3,000 crore reduction in the upcoming power subsidy allocation.

Meanwhile, subsidies for LNG imports are set to rise from Tk 6,000 crore in the current fiscal year to Tk 9,000 crore in FY26. According to Petrobangla, the gap between LNG purchase and sale is Tk 17,676 per unit, with Tk 6,500 crore currently covered by subsidies.

Finance Adviser Salehuddin Ahmed said in his budget speech that the interim government is focusing on a stable supply of power at an affordable price.

So, it is reviewing tariff structures of power purchase agreements and re-negotiating them. Furthermore, an agreement was signed with Nepal to import 40 megawatts (MW) of hydropower at an affordable price to meet the electricity demand.

The construction of

the 2,400MW Rooppur Nuclear Power Plant is progressing rapidly.

"We hope that it will be possible to supply electricity from the plant to the national grid by December of this year," he added.

The agricultural sector is going to get the second-highest subsidy allocation at Tk 27,000 crore, higher than the revised figure of Tk 25,000 crore for FY25.

The government is focusing on fertilisers and mechanisation to strengthen food security, according to the MPS.

As the agriculture sector is linked with food security, the government should think about it differently, Rahman said.

Subsidy on food also needs to be seen in a different way as it helps low-income and poor people directly, he said.

To support poor and low-income households, the government plans to increase the food subsidy by 31 percent to Tk 9,500 crore in the upcoming fiscal year. The number of beneficiaries of food-friendly schemes, including Open Market Sales (OMS) and the Trading Corporation of Bangladesh (TCB) programmes, will rise to 55 lakh families from 50 lakh.

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

Export and remittance incentives are likely to remain unchanged at Tk 7,825 crore and Tk 6,200 crore, respectively. In total, the government plans to

allocate Tk 42,225 crore for incentives and Tk 12,000 crore in cash loans to certain institutions under subsidy expenditures.

Rahman said cash incentives on remittance cannot be continued year after year either. Especially, they can be dropped now as the exchange rate is now almost market-driven, he added.

However, in anticipation of Bangladesh's graduation from least developed country (LDC) status in 2026, the government plans to gradually reduce export incentives, aligning with international commitments and economic transition goals. This strategic shift underscores a move towards a more self-reliant and diversified economy, the government said in the MPS.

Cattle sales

FROM PAGE B1

SYLHET RECORDS LOWEST SACRIFICES

The lowest number of animals sacrificed this year was in the Sylhet division, totalling 3.19 lakh, according to data from the DLS.

This was followed by the Mymensingh division, where 3.83 lakh animals were sacrificed.

On the other hand, the highest number of sacrifices took place in the Rajshahi division, with 23.24 lakh animals, while the Dhaka division saw 21.85 lakh sacrifices.

Last year, the highest number of animals were sacrificed in the Dhaka division, while the lowest was in the Mymensingh division.

WEEKLY STOCKS

Indices rebound but turnover drops

STAR BUSINESS REPORT

Stocks rebounded on the Dhaka Stock Exchange (DSE) in the week leading up to Eid-ul-Azha, which consisted of four trading sessions from June 1 to June 4.

The benchmark DSEX index rose 71.17 points, or 1.53 percent, to close the week at 4,709.09.

Among other indices, the DS30, which represents 30 leading companies, advanced 32.74 points to 1,762.37.

The DSES index, comprising Shariah-compliant stocks, gained 17.54 points to finish at 1,028.90, according to DSE data.

Turnover dropped to Tk 964.05 crore from the previous week's Tk 1,581 crore, due to the market having four trading days as the 10-day Eid-ul-Azha holidays began on June 5.

The average daily turnover declined to Tk 241 crore from Tk 263 crore the week before.

Investor participation remained concentrated in a few sectors. The banking sector led with 21 percent of average daily traded value, followed by food and allied at 16 percent, and pharmaceuticals and chemicals at 10 percent.

Market breadth was positive as 229 issues advanced, 104 declined, and 61 remained unchanged.

Aftab Automobiles posted the highest gain of 14.90 percent, while People's Leasing and Financial Services registered the highest fall of 10 percent.

Lagarde slams 'coercive trade policies' in Beijing visit

AFP, Beijing

European Central Bank chief Christine Lagarde warned Wednesday that "coercive trade policies" risked harming supply chains and the global economy, and called for a de-escalation of a tariff standoff that has wiped billions off markets.

Lagarde, one of the world's most influential central bankers, is visiting Beijing this week for talks with local counterparts on the Chinese economy and expanding cooperation.

Her visit came as high-level China-US talks in London ended with an agreement to lower tensions after US President Donald Trump launched his tariff blitz in April.

In a speech at the People's Bank of China – the country's central bank – she urged all parties to find solutions "even in the face of geopolitical differences".

Lagarde urged countries to protect the "multilateral framework" of international trade, which she said "so greatly benefited our economies".

"Coercive trade policies are far more likely to provoke retaliation and lead to outcomes that are mutually damaging," she added.

"All countries should examine how their structural and fiscal policies can be adjusted to reduce their own role in fuelling trade tensions," she said, calling for an end to "mutually damaging escalation of tensions".

She warned that protectionism risked "eroding the foundations of global prosperity".

Yunus lauds IMF

FROM PAGE B1

"In my time, I said no," Yunus recalled. "[But the IMF said], 'Nothing is going ahead unless you do that—we're not releasing our funds.'"

The chief adviser said Bangladesh agreed with the IMF on the condition that the policy could be reversed if it caused difficulties, in order to protect the economy.

"IMF said, 'Okay, go ahead.' We opened it. Nothing happened. Same exchange rate—just a little bit of movement. It's normal. It's okay."

"So, we are celebrating that. Finally, we are seeing strength in the economy, and so on. So, the IMF's role is very positive. It's not a

negative one. It's not trying to push us into trouble because of some principle they're holding on to. It's not like that."

"We were not willing to jump into the water. They said, 'Come on, you can do it.' And finally, we did it. That's it. So, we are thankful to the IMF," he said.

Yunus said the interim government had received an amazing response from governments around the world.

"This has given a morale boost to the government—that we are not abandoned."

"You mentioned the IMF. Yes, the IMF is also helpful. The World Bank is helpful. All the international institutions—not everyone uses those adjectives."

FAO predicts

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production areas in the north and south.

Planting of the 2025 Aman paddy crop, which accounts for about 35 percent of the annual output, is underway with favourable soil moisture conditions, and harvesting is expected to start in October, it added.

Imports of rice are also predicted to increase this calendar year to 12 lakh tonnes, up from 175,000 tonnes in 2024.

Citing fiscal year 2024–25 ending this June, the UN agency forecasts Bangladesh's cereal import requirements at 90 lakh tonnes.

The amount is near the five-year average and well above the unusually low level in 2023–24, when the country's import capacity was limited by low foreign currency reserves, it said.

Bangladesh's cereal imports consist mostly of wheat, which covers 80 percent of its consumption needs, plus minor quantities of rice and maize.

The FAO predicts the country's wheat imports at a near-average 67 lakh tonnes and maize at an above-average 14 lakh tonnes, driven by steady demand for feed from the livestock and fishing industries in FY25.

AFP, Beijing

China is counting on one crucial advantage as it seeks to grind out a deal to ease its high-stakes trade war with the United States – dominance in rare earths.

Used in electric vehicles, hard drives, wind turbines and missiles, rare earth elements are essential to the modern economy and national defence.

"The Middle East has oil. China has rare earths," Deng Xiaoping, the late Chinese leader whose pro-market reforms set the country on its path to becoming an economic powerhouse, said in 1992.

Since then, Beijing's heavy investment in state-owned mining firms and lax environmental regulations compared to other industry players have turned China into the world's top supplier.

The country now accounts for 92 percent of global refined output, according to the International Energy Agency.

But the flow of rare earths from China to manufacturers around the world has slowed after Beijing in early April began requiring domestic exporters to apply for a licence – widely seen as a response to US tariffs.

Under the new requirements – which industry groups have said are complex and slow-moving – seven key elements and related magnets require Beijing's approval to be shipped to foreign buyers.

Ensuring access to the vital elements has become a top priority for US officials in talks with Chinese counterparts, with the two sides meeting this week in London.

"The rare earth issue has clearly... overpowered the other parts of the trade negotiations because of stoppages at plants in the United States," said Paul Triolo, a technology expert at the Asia

Society Policy Institute's Center for China Analysis, in an online seminar on Monday.

That disruption, which forced US car giant Ford to temporarily halt production of its Explorer SUV, "really got the attention of the White House", said Triolo.

Officials from the two countries said Tuesday that they had agreed on a "framework" for moving forward on trade – with US Commerce Secretary Howard Lutnick expressing optimism that concerns over access to rare earths "will be resolved" eventually.

The slowing of licence issuance has raised fears that more automakers will be forced to halt production while they await shipments.

China's commerce ministry said over the weekend that as a "responsible major country" it had approved a certain number of export applications, adding that it was willing to strengthen related dialogue with "relevant countries".

But that bottleneck has highlighted Washington's reliance on Chinese rare earths for producing its defence equipment even as trade and geopolitical tensions deepen.

An F-35 fighter jet contains over 900 pounds (more than 400 kilograms) of rare earth elements, noted a recent analysis by Gracelin Baskaran and Meredith Schwartz of the Critical Minerals Security Program at the Center for Strategic and International Studies.

"Developing mining and processing capabilities requires a long-term effort, meaning the United States will be on the back foot for the foreseeable future," they wrote.

The recent export control measures are not the first time China has leveraged its dominance of rare earths supply chains.

Import containers pile up at Ctg port for poor Eid deliveries

DWAIPAYAN BARUA, Ctg

Containers packed with imports are starting to pile up at the Chattogram port due to a drastic drop in the delivery of goods, as factories and vehicles are yet to resume running in full swing amidst the Eid-ul-Azha holidays.

Port users are apprehensive of acute congestion as the volume of goods handed over to consignees each day may not rise until most factories and related offices reopen on Sunday.

The volume of daily deliveries and transfers of import containers started to fall on the day prior to Eid, which was on June 7.

On June 6, the port saw the clearance of only 521 TEUs (twenty-foot equivalent units) of import containers, which were either transferred to different private inland container depots (ICDs) or had their goods handed over to the recipients.

On an average day, the port usually witnesses the delivery of around 4,500 TEUs.

Though the country's premier seaport has remained open during these Eid holidays, except for several hours on Eid day, the expected benefits in container deliveries did not materialise.

Not a single container was delivered on Eid day. And on the following days, the deliveries did not pick up.

Only 437 TEUs of import containers were delivered and transferred in the 24 hours since the morning of June 8. It was 1,381 TEUs and 1,787 TEUs on June 9 and June 10, respectively.

Meanwhile, a long queue of incoming container vessels had formed at the outer anchorage of the port following Eid day. The scenario has improved remarkably in the last two days.

On Monday, the number of vessels waiting to berth reached 20. The figure,



Port users are apprehensive of acute congestion as the volume of goods handed over to consignees each day may not rise until most factories and related offices reopen on Sunday.

PHOTO: STAR/FILE

however, dropped to nine yesterday.

Berth operators said vessels' stay time at jetties increased by a day due to the low number of container deliveries and transfers since June 6.

Officials of the firm running New Mooring Container Terminal (NCT) said they tried to get the vessels to depart within 48 hours in the last few days, and it helped reduce the number of vessels waiting for berth.

Most vessels, however, had to wait anywhere from three to six days to get berths.

Sol Resilience, a vessel carrying 1,099

TEUs of import containers and arriving at the outer anchorage from Colombo on June 4, got berth yesterday after waiting for six days.

Nazmul Hoque, executive director of Saif Powertec Ltd, the operator of NCT, said the port actually started to face an acute container backlog since mid-May.

This was due to a daylong strike observed by prime mover drivers and a weeklong pen-down programme afterwards by customs officials, he said.

Before those container backlogs could be fully addressed, the weeklong Eid holidays began, he said.

Port data show that a total of 40,661 TEUs of containers were lying at the port yards till yesterday, occupying around 76 percent of the space available.

The port has a capacity to store up to 53,518 TEUs of containers.

Khairul Alam Suzan, a top official of the Bangladesh Freight Forwarders Association, said daily deliveries were yet to gain momentum as most factories and related offices like banks were still closed.

He feared that the situation may deteriorate in the next few days, since most of the factories and offices would remain shut till June 14.

High inflation, weak demand: what's really wrong?

MASUD KHAN

For nearly two years, the Bangladesh Bank has pursued a tight monetary policy to curb inflation. Policy rates have risen, private sector credit growth has slowed, and liquidity has been restricted. The aim has been to reduce aggregate demand and bring inflation down to the target of 6.5 percent. Yet inflation remains stubbornly high, hovering around 9-10 percent. This raises a critical question: is inflation being driven by excessive demand, or by deeper structural and policy-related constraints?

In Western economies, contractionary monetary policy works more effectively because of the population's reliance on credit. Rising interest rates increase mortgage and loan payments, quickly reducing disposable income and consumption. But Bangladesh is not a credit-dependent society. Most consumption is cash-based, and household debt levels, particularly mortgage debt, are low. This weakens the transmission of interest rate hikes to household spending.

Indeed, private sector credit growth has fallen to about 7 percent, a sharp drop from the pre-pandemic average of 14-15 percent, yet inflation has barely budged. This mismatch suggests the problem lies less with excess demand and more with structural and policy-induced supply constraints.

Initially, inflation rose due to external shocks: global commodity prices surged following the pandemic and the Ukraine war, while the taka depreciated by over 30 percent, raising import costs. But these pressures have largely eased. Commodity prices have declined to multi-year lows, and the exchange rate has stabilised. Yet inflation remains high -- indicating that domestic structural issues are now the dominant driver.

One key factor is the fragility of Bangladesh's agricultural supply chain. The lack of cold storage and poor rural logistics leads to large post-harvest losses. Farmers are often forced to sell perishable vegetables at distress prices, while consumers pay inflated rates. This inefficiency results in high prices even when harvests are abundant.

A recent Daily Star report supports this view, noting that while rice farmers benefit from more stable procurement systems, vegetable growers are exploited by layers of middlemen. The gap between farmgate and retail prices is often massive -- not due to scarcity, but due to weak value chains and poor price transmission.

Additionally, fiscal policy plays a significant but under-discussed role in sustaining inflation. Import duties in Bangladesh are often calculated on a "tariff value" set by the government, which is frequently higher than the actual international transaction price. This raises both duties and VAT, artificially inflating the cost of imported goods. On top of this, the "minimum tax" provision, where advance income tax and tax deducted at source become the final tax liability regardless of actual profit, raises the cost of doing business, creating a cost-push effect on inflation.

The government's heavy bank borrowing to finance fiscal deficits is another concern. It crowds out private investment and puts upward pressure on interest rates, while doing little to address supply bottlenecks. As a result, the overall policy mix has failed to ease inflationary pressures.

Yes, there are pockets of demand-led inflation, in urban housing or certain services, but they are not broad-based enough to explain persistent high inflation. In fact, inflation has already eroded consumer purchasing power, dampened investment, and held back economic activity. If inflation were demand-driven, these conditions would have brought it down. They haven't, because the core problem lies elsewhere.

This paradox of weak demand alongside high inflation points clearly to structural dysfunction. Fixing it requires more than adjusting interest rates.

A coordinated strategy is urgently needed, including investment in cold storage and rural transport infrastructure, reforms to break syndicate control over agricultural markets, better price discovery tools to empower farmers and fiscal reforms that remove distortions in import valuation and tax treatment.

Unless these root causes are addressed, inflation will remain entrenched. The solution lies not only in policy rates, but in fixing the broken links between farms and kitchen tables.

The writer is the chairman of Unilever Consumer Care Limited.



Janata Bank reports massive Tk 3,066cr loss in 2024

STAR BUSINESS REPORT

Janata Bank PLC plunged into massive losses in 2024 as its net interest income dropped significantly.

The state-run bank posted a loss of Tk 3,066 crore in 2024, marking a sharp reversal from a profit of Tk 62 crore in the previous year.

Its loss per share stood at Tk 132.51, compared to earnings per share of Tk 2.68 in 2023, according to the state-run lender's financial statements.

The bank's net interest loss amounted to Tk 3,042 crore last year, a steep fall from net interest income of Tk 282.32 crore in 2023.

Its net operating cash flow per share also dropped significantly, reaching negative Tk 102.87, down from negative Tk 31.21 in the same period a year ago.

In light of the financial performance, the bank's board has declared no dividend for the year.

Founded in 1972, Janata Bank was corporatised as Janata Bank PLC on November 15, 2007.

It is the second-largest commercial bank in the country by deposits and assets, according to its website.

Inditex shares drop as sales disappoint

AFP, Madrid

Shares in Zara owner Inditex fell Wednesday after the world's biggest fashion retailer posted disappointing first quarter sales as concerns mount over US President Donald Trump's trade war.

The Spanish group -- whose other brands include Massimo Dutti, Bershka and Pull&Bear -- posted a profit after tax of 1.3 billion euros (\$1.1 billion) for the three-month period ending April 30, up 0.8 percent from a year ago.

It was a new record for the first quarter and in line with the average forecast by analysts surveyed by the FactSet financial data firm.

But the pace was slower than that which Inditex has been used to in recent years since the end of the Covid crisis.

Sales grew 1.5 percent to 8.27 billion euros over the same period, which is typically a slower time of the year for the sector. The figure was lower than the 8.37 billion euros forecast by FactSet.

"Sales are slowing more than expected," analysts at Bankinter said in a note, describing the results as "soft".

Sales in the start of the second quarter remained slow: They increased by six percent from May 1 to June 19, down from 12 percent growth in the same period a year ago.

"Inditex missed operational forecasts," said Renta4 analyst Ivan San Felix.

Inditex did not give a reason for the slower sales growth, saying in a statement it had posted a "solid operational performance led by the creativity of our teams and the strong execution of the fully integrated business model".

Shares in Inditex fell 3.25 percent in late morning trade to 47.61 euros. The Ibex 35 index of most traded Spanish shares was down just 0.37 percent.

Countries and companies around the world have had to navigate Trump's tariffs onslaught, which he launched on April 2.

The US president has imposed 10 percent tariffs on goods imported from around the world, and threatened to hit the European Union and dozens of other countries with even higher duties in July.



Vietnam talks to Gap, Levi Strauss to head off Trump tariffs

AFP, Hanoi

Vietnam has sought to enlist major US garment companies including Gap and Levi Strauss as it tries to head off President Donald Trump's threatened 46 percent trade tariff.

The country, a major producer of clothing and footwear for international brands, has the third-biggest trade surplus with the United States after China and Mexico, making it a target for Trump's "Liberation Day" tariff blitz in April.

Officials have been locked in talks with their US counterparts to avoid being hit, seeking support from American tech giants and signing agriculture deals with Washington to ease the problem.

On a visit to the United States, Vietnam's minister of industry and trade Nguyen Hong Dien on Monday met leaders from the American Apparel and Footwear Association (AAFA) and leading brands Gap, Levi Strauss, and Under Armour.

The United States was Vietnam's number one export market with \$57 billion in the first five months of 2025 -- up from

\$44 billion over the same period a year ago.

Textiles and footwear were among the leading products sent to American clients.

A trade ministry statement posted online late Tuesday said Dien wanted to cement Vietnam's willingness "to be a reliable partner in the global supply chain".

"Cooperation with Vietnam will bring long-term strategic benefits

Vietnam, a major producer of clothing and footwear for international brands, has the third-biggest trade surplus with the United States after China and Mexico

and contribute to improving the trade balance in a fair, harmonious and sustainable direction between the two countries," he was quoted as saying.

Dien also met Jeffrey Perlman, the head of Warburg Pincus Investment Fund, the statement said.

When announcing his raft of levies in April, Trump claimed

Vietnam charged the United States a 90 percent tariff, which was based on Hanoi's trade surplus of \$123.5 billion last year.

His administration also appeared particularly angry about what it sees as the Asian nation's role in attempts to get around tariffs imposed on China.

But given Vietnam's vital role in global supply chains, many parties -- including US companies in the country -- have urged the White House to walk back the tariffs.

Vietnamese and US trade negotiators held their latest round of talks in Paris last week, and are scheduled to meet again in the next few days.

Hanoi last week signed several agreements worth up to \$3 billion of agricultural products and other raw materials from the United States as it sought to rebalance their trading partnership.

Trump's real estate group also broke ground last month on a \$1.5 billion luxury golf resort in Vietnam, while his son Eric has been scouting locations for a potential tower project in Ho Chi Minh City, the country's southern business hub.

AFP, London

Top officials from the United States and China said Tuesday that they had agreed on a "framework" to move forward on trade, following two days of high-level talks in London to resolve tensions.

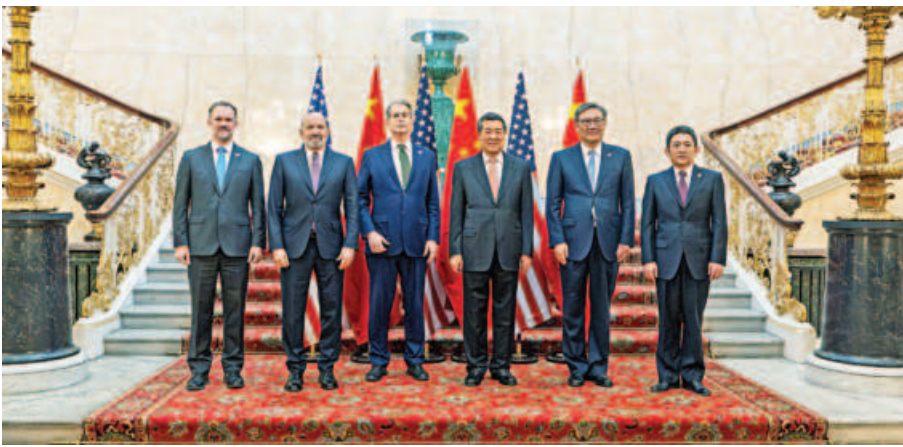
US Commerce Secretary Howard Lutnick expressed optimism after a full day of negotiations that concerns surrounding rare earth minerals and magnets "will be resolved" eventually, as the deal is implemented.

But this framework will first need to be approved by leaders in Washington and Beijing, officials said, at the end of meetings at the British capital's historic Lancaster House.

All eyes were on the outcomes of negotiations as both sides tried to overcome an impasse over export restrictions. US officials earlier accused Beijing of slow-walking approvals for shipments of rare earths.

The world's two biggest economies were also seeking a longer-lasting truce in their escalating tariffs war, with levies currently only temporarily on hold.

"We're moving as quickly as we can," US Trade Representative Jamieson Greer told reporters.



Left to right, US Trade Representative Jamieson Greer, US Secretary of Commerce Howard Lutnick, US Secretary of Treasury Scott Bessent, Chinese Vice Premier He Lifeng, Chinese Commerce Minister Wang Wentao, and Chinese International Trade Representative and Vice Minister of Commerce Li Chenggang, pose for a photo during trade discussions at the Lancaster House in London on June 9.

PHOTO: AFP

"We would very much like to find an agreement that makes sense for both countries," he added, noting that the relationship was complex.

"We feel positive about engaging with the Chinese," he maintained.

Speaking separately to reporters,

China International Trade Representative Li Chenggang said: "Our communication has been very professional, rational, in-depth and candid."

Li expressed hope that progress made in London would help to boost trust on both sides.