Without AI, Bangladesh risks falling behind: experts

Two-day BPO summit kicks off in Dhaka

STAR BUSINESS REPORT

If business process outsourcing (BPO) companies in Bangladesh fail to adopt technologies like artificial intelligence, machine learning, and large language models, they will fall behind in global competition, experts warned yesterday.

"Technological advancement in the past two years has surpassed all previous eras of innovation," said Faiz Ahmad Taiyeb, special assistant to the chief adviser with executive authority over the posts, telecommunications and ICT ministry.

"If companies cannot adapt to this transformation, they may shut down within two years... They will be eliminated by default," he said.

"Especially for IT and ITES companies, there is no room to survive without embracing change. This failure will not only harm businesses but also damage the country's competitiveness," he added.

Taiyeb was addressing the inauguration of a two-day BPO Summit Bangladesh 2025 at Senaprangan, Dhaka.

Organised by the Bangladesh Association of Contact Center and Outsourcing (BACCO), the event bore the theme "BPO 2.0: Revolution to Innovation" this year, signalling a shift towards innovation-driven growth in the industry.

Taiyeb urged BPO companies to swiftly assess what peer nations like China, India, Vietnam and the Philippines are doing in AI adoption.

"Only then can you approach the government with informed policy demands," he said. He emphasised that IT engineers must understand sectoral challenges, as technology now permeates every industry.

"The way Chinese companies are leveraging generative AI and accelerating business process upgrades—if we fail to keep pace, we must identify these gaps and bring them to the government's attention," said Taiyeb.

Bangladesh has set a target to generate $5 billion from IT exports by 2030.

"Sri Lanka, one-tenth our size, has set a similar goal. Yet our current annual export hovers at around $700 million to $800 million. We must double our IT exports every year—this is a shared national challenge," he said.

Taiyeb recommended providing export incentives of 8 percent to 10 percent for frontier technologies like AI, while offering 4 percent to 5 percent for legacy segments.

"This ensures that new tech is prioritised without overburdening the government," he said.

He predicted that legacy call centres would disappear within five years, transforming into AI and large language model (LLM)-powered operations. "This sector must embrace transformation now."

BACCO President Tanvir Ibrahim said, "The BPO Summit is not just an industry event—it is a collective declaration of our confidence, capability and future aspirations. We believe this summit will help empower the youth with technology-driven employment and entrepreneurship opportunities."

Adilur Rahman Khan, adviser to the interim government on industry and housing & public works, attended as chief guest.

"The BPO sector is no longer just about outsourcing—it symbolises human resource development and economic transformation. The government will provide full support for its growth," he said.

ICT Secretary Shish Haider Chowdhury and BACCO Secretary General Faisal Alim also spoke.

This year's summit features nine international seminars and workshops, a job fair, special sessions on entrepreneurship, freelancer platforms, and a large exhibition with domestic and international BPO and tech companies.

Diplomats, tech experts and global buyers are attending.

A major attraction this year is an "Experience Zone", showcasing cutting-edge technologies, including Starlink satellite internet, immersive AR and VR simulations themed on the July uprising, advanced drones and submarine technologies, and robotics exhibitions.

NBR officials announce pen-down strike again

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The NBR Reform Unity Council, a platform comprising officials of the National Board of Revenue (NBR), has announced that it will start a demonstration from tomorrow, demanding the inclusion of its representatives in the panel formed by the government to amend the new tax reform ordinance.

The council has also demanded the removal of the NBR chairman and a stop to what it described as "vengeful transfers and repression" by the administration.

To press home its demands, the platform has announced a pen-down strike for three hours, beginning at 9 am on June 23.

It will also hold a sit-in at the NBR, including its field offices, during the pen-down strike, said a press release issued by the council.

The platform was formed last month by revenue officials seeking the repeal of the "Revenue Policy and Revenue Management Ordinance," issued by the government on May 12 to reform the tax system, boost revenue collection, and comply with a condition of the International Monetary Fund (IMF) tied to a $4.7 billion loan.

The ordinance separates tax policy from implementation by forming two divisions and seeks to dissolve the NBR, which has resulted in strong resistance among revenue officials and hampered business operations.

Amid continued protests, the finance ministry on May 25 stated that the framework for strengthening the NBR and separating revenue policy through the establishment of a specialised institution—while safeguarding the interests of officials from the customs, excise, and taxes cadres—will be finalised following discussions with the NBR, the Revenue Reform Advisory Committee, and key stakeholders.

To strengthen the NBR and separate tax policymaking, the required amendments to the ordinance will be introduced by July 31.

Until the amendment is made, the ordinance will not be put into force, it added.

The NBR Reform Unity Council said the NBR authority is not cooperating with them, and their representatives were not included in the six-member panel—comprising officials of tax, VAT, and customs—formed to recommend revisions to the ordinance.

The council also alleged that the officials who welcomed the ordinance have been included in the panel.

EPA talks with Japan

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Rather, the signing of FTAs with other countries, such as South Korea, the European Union (EU), and African countries, will be much more beneficial, he said.

So, Bangladesh has been negotiating the signing of trade agreements with those countries, he said.

Bangladesh has also been engaged in negotiations to try to convert Trump's reciprocal tariffs into a free trade agreement, the secretary said.

Regarding the country's LDC graduation, the secretary said the deferment of graduation was not possible, although the country would lose preferential trade benefits, as it has already graduated.

The secretary also said that within the next two to three months, the government will issue another 43 lakh new "family cards" to sell select essential commodities at subsidised prices to one crore families.

The commerce secretary was speaking at a dialogue on "Budget FY25-26 in the Context of LDC Graduation," organised by RAPID with support from the UK Foreign, Commonwealth and Development Office (FCDO) at Six Seasons Hotel in Dhaka.

M Abu Eusuf, executive director of the Research and Policy Integration for Development (RAPID) and a professor at the University of Dhaka, moderated the dialogue.

At the discussion, Planning Adviser Wahiduddin Mahmud said the government has recently approved some projects to drill gas fields to meet industrial demand for energy.

He also said the government has continued implementing some important mega projects, although those were taken up by the previous government.

For instance, the government has approved the Bay Terminal at Chattogram, Matarbari power plants, and deep-sea port, as these projects are very much related to trade and business, the adviser also said.

Rubana Huq, vice-chancellor of the Asian University for Women and a former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), advocated for the deferment of the LDC graduation, citing that the country needed more preparations for a smooth transition.

BGMEA Vice-President Vidiya Amrit Khan also echoed Huq's views on LDC graduation. Khan also suggested reducing the VAT on the sale of waste from garment manufacturing factories.

Monzur Hossain, member of the General Economics Division, said that if LDC graduation were deferred for two more years, vital economic reforms would be delayed.

A fragile economy is being rebuilt through the restoration of macroeconomic stability, as inflation is gradually declining and the central bank's foreign exchange reserves are also increasing, he said.

Shawkat Hossain Masum, head of online at Prothom Alo, said the investment issue did not prominently feature in the proposed budget for the next fiscal year, as the environment was not conducive for domestic and foreign entrepreneurs to make investments.

Fazlee Shamim Ehsan, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said that apart from a severe gas crisis, the reduction of incentives for local textile use has been affecting investments in the primary textile sector.

Doulot Akter Mala, president of the Economic Reporters' Forum (ERF), urged the government to provide logistics support for the industrial sector and attract more investment.

In a keynote paper, RAPID Chairman MA Razzaque said the proposed budget reflects the government's efforts to navigate exceptionally challenging macroeconomic conditions amid severe fiscal constraints.

The budget presents an opportunity to align immediate priorities with longer-term goals of competitiveness, diversification, and inclusive development as LDC graduation nears, he said.

Opec+ could speed up oil output hikes by a year

Head of Russia's Rosneft says

REUTERS

Opec+ group of leading global oil producers could bring forward its output hikes by around a year from the initial plan, Igor Sechin, head of Russia's largest oil producer Rosneft, said on Saturday.

He also said that the decision by the Opec+ to speed up output increase now looked far-sighted and justified in the light of the confrontation between Israel and Iran.

The Organization of the Petroleum Exporting Countries and its allies, led by Russia, shocked oil markets in April by agreeing a bigger-than-expected output hike for May despite weak prices and slowing demand.

Opec+ has since decided to continue with more than planned hikes.

"The announced increase in production since May of this year is three times higher than the alliance's initial plan. In addition, the entire increase in Opec+ production could be shifted a year ahead of plan," he said without elaborating.

Govt may scrap

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Speaking to The Daily Star, Finance Adviser Salehuddin Ahmed said spending under the revised budget may continue until June 30. The new budget takes effect on July 1.

According to a finance ministry official, public feedback on the budget was accepted until June 19, and relevant suggestions will be considered during finalisation.

The Finance Adviser announced the budget on June 2 in a televised address.

The proposed expenditure for the new fiscal year stands at Tk 790,000 crore, with a projected revenue of Tk 564,000 crore. This leaves an overall deficit of Tk 226,000 crore, which is 3.6 percent of GDP.

The revised budget for the current fiscal year has been trimmed by Tk 53,000 crore, setting total spending at Tk 744,000 crore.

The revised revenue target is Tk 518,000 crore, with a deficit of Tk 230,000 crore, or 4.1 percent of GDP.

Tight monetary policy

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for the private sector. So, the government's operating costs did not drop, he said.

Amidst the tight monetary policy, deposits of around Tk 3 lakh crore accumulated in the banking sector last year, while Tk 2.70 lakh crore was taken by the government, he said.

"Then, how will the private sector get funds for investments?" asked Mintoo.

The entrepreneur suggested that the government enable an environment conducive to investments, which would ensure a higher number of jobs.

Social capital is a prerequisite for attracting investment. A prompt judicial system, improved law enforcement, and better institutional capacities will also have to meet international standards, he added.

Muhammad Fouzul Kabir Khan, power, energy and mineral resources adviser, said when the interim government came to office, all state institutions were "spoilt," police were not working, and the situation was so bad that around 177 movements were taking place on the roads.

Corruption was widespread, and many funds had been taken abroad. In this situation, the interim government's target was to ensure economic recovery. One of its main targets was to reduce inflation too, he said.

Giving many examples of high corruption and wastage, the adviser said these were the two major problems in the Bangladesh economy. Hinting at politicians and bureaucrats, he said no one wants to stop corruption.

Some corrupt people left the country, and some are now asking to get projects, citing that they have been deprived in the last 16 years, said Khan.

"However, we want to create an environment of competition and set examples," he said.

This year, the government had to keep a subsidy of Tk 66,000 crore for the power and energy sector. This high subsidy cannot be afforded year after year, he said.

Regarding the reasons behind the high subsidy, Khan said the previous government entered into power purchase contracts with rates as high as Tk 80 per kilowatt, while individual consumers pay Tk 8.95 per kilowatt.

The government has already addressed this issue through tariff negotiations, he said.

The previous government had $3.2 billion worth of import payments due, and the interim government has already paid most of it, he said.

Now, $800 million to $900 million remain due, and this will also be paid soon, said Khan.

Meanwhile, liquefied natural gas (LNG) prices were high due to the import payments being due, which ultimately raised costs and burdens for the interim government, he said.

The adviser requested the private sector to invest in rooftop solar panels to generate renewable energy and contribute to the economy.

Professor Dr AK Enamul Haque, director general of the Bangladesh Institute of Development Studies, Kazi Iqbal and SM Zulfiqar Ali, research directors; Prof Rashed Al Mahmud Titumir, a former chairman of the development studies department of the University of Dhaka; Sajjad Zahir, executive director of the Economic Research Group; Prof Shafiun Nahin Shimul, director of the Institute of Health Economics at the University of Dhaka; Md Golzare Nabi, a director of Bangladesh Bank; Sayema Haque Bidisha, pro-vice chancellor of the University of Dhaka; and Prof Sharmind Neelormi of the economics department at Jahangirnagar University gave PowerPoint presentations.

The speakers focused on forming a strategic industrial policy targeting three to four sectors, an action plan for job creation, increasing budget implementation, and ensuring quality execution of public projects.

Prof Mahbub Ullah, convener of the BEA, chaired the event, while Prof Mohammad Helal Uddin, member secretary of the BEA, conducted the programme.