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NBR officials announce nationwide shutdown from Saturday

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Officials of the National Board of Revenue (NBR) have threatened an indefinite nationwide shutdown from Saturday unless the NBR chairman is removed and recent transfer orders for revenue officials are revoked.

The NBR Reform Unity Council, a platform of protesting staff from the tax, customs, and VAT departments, made the announcement yesterday at a press briefing at the revenue headquarters in the Agargaon area of Dhaka.

The declaration came after a three-hour pen-down strike.

This latest wave of protests follows more than 10 days of demonstrations last month, when officials across the country voiced opposition to the government's decision to separate revenue policy from implementation.

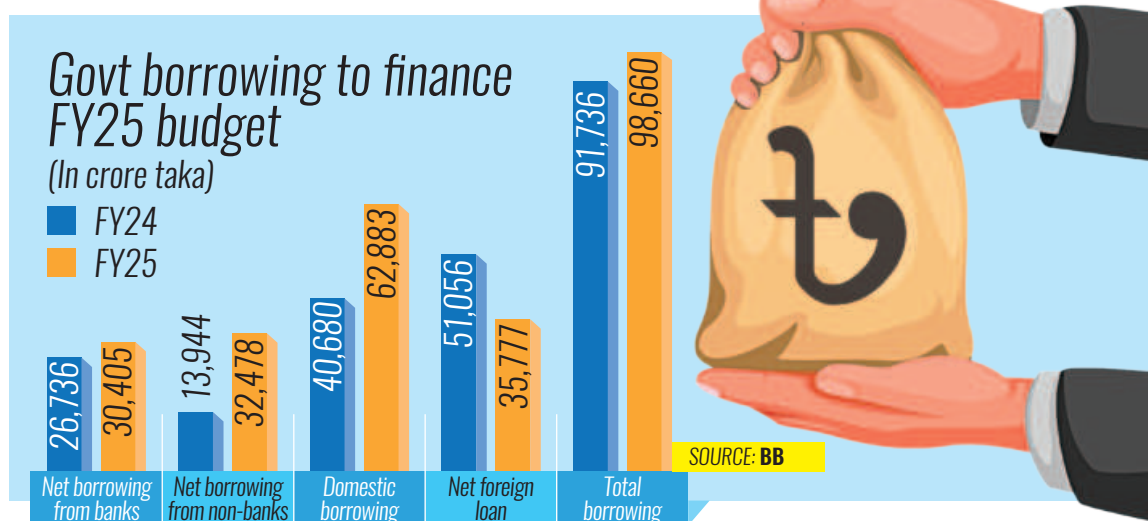
Yesterday, revenue officials observed a three-hour work stoppage and sit-ins, wearing burial shrouds to draw attention to their grievances.

The council said pen-down strikes and sit-ins would continue today, tomorrow, and Thursday.

It accused the NBR chairman of "trying to destabilise" both the country and the revenue system.

"The expected NBR reform is not possible

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Govt borrowing from domestic sources surges

Slow tax collection, fall in foreign loans force greater reliance on local sources

SOHEL PARVEZ

Government borrowing from domestic banks and non-bank sources rose 55 percent year-on-year during the July-April period of the fiscal year (FY) 2024-25, due mainly to weaker foreign loan disbursements and poor tax collection.

The government borrowed Tk 62,880 crore in net terms during the first ten months of FY25, compared to Tk 40,680 crore a year earlier.

In July-April of FY25, net foreign loans from multilateral and bilateral lenders fell by 30 percent, forcing the government to rely more heavily on local sources.

The shortfall in external funds was covered by large-scale borrowing from banks and non-banking channels. Borrowing through treasury bills and bonds from institutions and individuals outside the banking sector more than doubled, reaching Tk 32,480 crore.

Meanwhile, net borrowing from banks rose 14 percent year-on-year to Tk 30,404 crore, according to the Bangladesh Bank (BB).

Ashikur Rahman, principal economist at local think tank Policy Research Institute of Bangladesh (PRI), said the government's growing dependence on domestic borrowing is a direct result of sluggish foreign loan inflows and weak tax performance.

The National Board of Revenue (NBR) collected Tk 289,268 crore in the first ten-month period of FY25, a mere 4 percent rise from the July-April period a year earlier.

This fell short of the tax authority's revised target by Tk 69,500 crore. By May, this gap had widened further.

Now the NBR would need to collect Tk 141,000 crore this month to achieve the full-year target of Tk 463,500 crore — a highly unlikely outcome given the current economic conditions.

Rahman said the revenue shortfall could cross Tk 70,000 crore in FY25, deepening the government's reliance on local borrowing.

"This trend has serious implications," said the economist. "It risks crowding out private investment, pushing up interest rates, draining banking sector liquidity, and weakening overall fiscal stability."

He added that urgent fiscal reforms are needed to improve tax collection and rationalise spending, or the situation could damage macroeconomic stability and erode business confidence further.

In the revised budget for the current FY25, the finance ministry projects borrowing Tk 117,000 crore from domestic sources. Of this, Tk 99,000 crore is expected from banks, with the rest from non-banking channels.

The latest data shows that the government's borrowing from non-bank sources — institutions and individuals — has already surpassed the full-year target.

Budget leaves regressive tax system unchanged

Says economist

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The national budget for the coming year shows no clear shift in tax policy, as the system continues to depend heavily on indirect and trade taxes, according to economist Zaidi Sattar.

This keeps the tax structure regressive and places an unfair burden on low and lower-middle-income groups, said Sattar, the chairman of local think tank Policy Research Institute of Bangladesh (PRI).



This not only weighs on those least able to bear it but also holds back private initiatives, Sattar said at a post-budget discussion in Dhaka yesterday.

He described the government's failure to rationalise tax exemptions as a missed opportunity.

Finance Adviser to the interim government Salehuddin Ahmed announced the Tk 7.90 lakh crore budget for fiscal year (FY) 2025-26 on June 2. It was passed on Sunday by the advisory council and will be effective from July 1.

Responding to criticism that the budget offers no real break from previous years, the finance adviser acknowledged his conservative approach and said the budget was drawn up with a focus on what was realistic and achievable.

Ahmed, also an economist and a former governor of the central bank, said the measures are to preserve macroeconomic stability and keep red-hot inflation in check.

At the post-budget talk titled "Budget Insights: Challenges and Opportunities Ahead" yesterday, Sattar welcomed these efforts, saying the focus on stabilisation is commendable in the face of inflationary pressures and external risks.

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Bangladesh closing in on China in RMG export to EU

PERFORMANCE

Bangladesh's apparel exports to EU up **23.98%** to **\$8.07b** in Jan-Apr

Exporters thriving despite global and local hurdles

Value-added products and compliance boost buyer confidence



COMPARISON WITH CHINA

China's exports to EU up **21.49%** to **\$8.39b** in Jan-Apr

Bangladesh surpassed China in export volume nearly a decade ago

REFAYET ULLAH MIRDHA

Even amidst the tough times at present, garment shipments to the European Union (EU) showcased resilience as Bangladesh fared well in the January-April period, showing signs of an opportunity to overtake China, the largest apparel supplier worldwide, in the EU markets.

In the January-April of this year, apparel shipments to the EU, the largest export bloc for the country, surged by 23.98 percent to \$8.07 billion from \$6.51 billion in the same period of the last year, according to Eurostat data.

The data showed that China's apparel exports to the EU reached \$8.39 billion, up from \$6.90 billion in the same period in 2024, with a growth rate of 21.49 percent in value and a remarkable 7.37 percent increase in unit price.

Bangladesh is very close to overtaking China on garment exports to the EU in terms of value while surpassing China, the largest apparel supplier worldwide

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Middle East conflict has limited impact on Bangladesh so far: report

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The repercussions of the ongoing Iran-Israel conflict would be limited on Bangladesh's capital market, as information about the conflict has already been absorbed by the market, said BRAC EPL Stock Brokerage.

The local brokerage house has analysed the impacts of recent global events on the Dhaka Stock Exchange and said the effect of the conflict is yet to unfold.

If the conflict escalates, higher global energy and food prices may lead to renewed inflationary pressure in Bangladesh and may affect the South Asian nation's external sector balance, it said.

However, it believes the impact on the external balance might be partly offset by remittance inflows and ongoing financing arrangements.

If the Strait of Hormuz faces blockades or increased risks, international freight costs may rise, increasing the cost of both imports and exports for all, BRAC EPL said in a special brief.

Shipping delays could disrupt production timelines, especially for export-focused industries.

Shipping costs for apparel exports may also rise if tensions in the Gulf lead to rerouted trade channels, which could affect Bangladesh's export competitiveness, it added.

"We expect the market to react cautiously, given that the current Iran-Israel war is on the brink of further escalation.

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