Star BUSINESS

IMF to engage next govt before finalising loan review

The multilateral lender says it wants the new administration to weigh in on key reform measures

IMF ENGAGEMENT WITH NEW GOVT

- Sixth loan instalment deferred until next govt takes office
- Next IMF mission expected in April or early May
- Current review to prepare policy notes for next govt
- New govt to meet all development partners to set priorities
- IMF sees first 1-2 yrs of new govt as best window for bold reforms

Reform priorities

Boost revenue mobilisation amid new pay commission	Review asset quality of state-run banks	Strengthen tax system, administration	Reduce subsidies, expand social safety nets

"Forex reserves have begun to rebuild following the exchange rate reform. However, the economy continues to face significant macro-financial challenges."

Chris Papageorgiou
IMF mission chief

Economic outlook

- GDP growth to reach nearly 5% in FY26 and FY27
- Inflation to stay elevated at 8.8% throughout FY26
- Reserves rebuilding after exchange rate reforms
- Fiscal and banking risks remain major challenges

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The International Monetary Fund (IMF) will engage with the next government before finalising the upcoming loan review for Bangladesh, said Chris Papageorgiou, IMF mission chief to Bangladesh.

Speaking at a virtual press conference yesterday, Papageorgiou said discussions with the authorities would continue.

"The newly elected authorities, which we are expecting to come into place in February [next year], [will] have an important say in them [IMF reform proposals]," he said.

"So, the plan is that we will continue the discussion, the very strong engagement we have with the Bangladesh authorities in the various different sectors."

The IMF mission, led by Papageorgiou, visited Dhaka from October 29 to November 13 to discuss economic and financial policies under the 2025 Article IV consultation and the fifth review of the IMF's Extended Credit Facility (ECF), Extended Fund Facility (EFF) and Resilience and Sustainability Facility (RSF).

An Article IV consultation is the IMF's annual review of its member countries' economic health.

In a statement, Papageorgiou said discussions on the fifth review would continue in the coming months. "The Fund remains a committed partner to Bangladesh in the quest for sustained macroeconomic stabilisation and strong growth that benefits all its people."

He said talks on the fifth review began during the IMF's annual meetings in Washington.

"So, we felt that we have very ambitious reform targets, and it was important that as we proceed in the programme, we allow for the newly elected authorities, which we expect to come in place in February."

He said the next mission is scheduled for the end of April or early May, and the Fund will re-evaluate whether that would be a combined review.

Earlier, Finance Adviser Salehuddin Ahmed told the media that the next IMF loan instalment might arrive around March or April next year, after the national election, and that this would have no negative impact on the economy.

Asked about the mission team's meetings with political parties, Papageorgiou said the delegation met with Jamaat-e-Islami and BNP to discuss potential reforms.

"These are absolutely needed, and we wanted to hear their views on the programme and what their economic plans are as we move ahead. I think it was a very constructive discussion."

"Both parties are positive about the IMF programme in particular, as well as our collaboration with other IFIs [international financial institutions]," he said, adding that the parties have suggested holding a roundtable with all international financial institutions and development partners after the election to discuss key priorities.

GROWTH OUTLOOK STEADY AT 5%, INFLATION TO DECLINE IN FY27

In its statement, the IMF said Bangladesh's GDP growth in FY25 slowed to 3.7 percent from 4.2 percent in FY24, reflecting production delays during the popular uprising, a tighter policy mix, and heightened uncertainty.

Headline inflation eased from double digits earlier in FY25 but remained high at 8.2 percent in October.

The statement mentioned that the authorities have made progress in maintaining macroeconomic stability by tightening fiscal and monetary policies to contain inflation and reduce external imbalances.

"Importantly, foreign exchange reserves have begun to rebuild following the exchange rate reform launched in May. However, the economy continues to face significant macro-financial challenges stemming from weak tax revenue and undercapitalisation in the financial sector," reads the statement.

The Fund said reforms are needed to create a simpler, fairer tax system and address vulnerabilities in the financial sector.

"With steadfast implementation of these policies, GDP growth is projected to accelerate to nearly 5 percent in FY26 and FY27. Inflation is projected to remain elevated at 8.8 percent in FY26 before declining to 5.5 percent in FY27," the statement said.

"However, downside risks remain significant. Delayed or inadequate policy action in addressing fiscal and banking challenges would weaken growth, raise inflation, and increase risks to macro-financial stability."

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Economy back on track: Yunus

STAR BUSINESS REPORT

The country's economy has returned to a positive trajectory across all key indicators, including exports, foreign investment, and forex reserves, Chief Adviser Prof Muhammad Yunus said yesterday.

"Taking charge after the uprising and rescuing the economy from a deep chasm was a huge challenge for us. Over the last 15 months, we have been able to overcome that challenge," the chief adviser stated in a televised address to the nation.

He asserted that the looted banking sector has now recovered and that public confidence has returned. Various measures are underway to make the sector even stronger.

Yunus further noted that while foreign investment declined in many countries during the post-uprising period, Bangladesh saw a 19.13 percent rise in foreign direct investment (FDI) in the first year following the mass uprising.

This has set a unique economic example against the global trend, he remarked.

He also mentioned that a 30-year concession agreement for the Laldia Container Terminal project will be signed next week with APM Terminals BV, a subsidiary of the Denmark-based Maersk Group.

Under this agreement, the European company will invest $550 million – the highest single European investment in Bangladesh to date.

He added, "Laldia will be the country's first world-class green port."

Stocks sink as political tension, new rules rattle investors

STAR BUSINESS REPORT

The country's stock market is witnessing one of its worst periods in recent times, falling sharply yesterday amid prevailing political tension and regulatory moves, including changes to borrowing rules for share trading.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 122 points, or 2.5 percent, marking the steepest single-day fall in six months. The last major slide was on May 7, when the index lost 149 points, or 3 percent.

Earlier, EBL Securities, in its latest monthly report, stated that the DSE was the world's worst-performing market in October, with its key index tumbling 5.42 percent — in stark contrast to the positive momentum seen across most major global and regional markets.

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CHANGES TO MARGIN LOAN RULES

One of the major moves that spooked investors was the Bangladesh Securities and Exchange Commission's (BSEC) amendment to the margin loan rules, which allow investors to borrow money from stockbrokers to buy shares, with the purchased shares acting as collateral.

The Margin Loan Rules, 2025, gazetted earlier this month and effective from October 30, have made it harder for investors to borrow in this way, reducing their buying power and, according to analysts, making the market less liquid.

The amendments state that investors must maintain an average annual investment of at least Tk 5 lakh to be eligible for margin loans. Students, homemakers, and retired individuals — who typically do not have a steady income — will not qualify for margin financing due to the associated financial risks.

Furthermore, margin loans can now only be used to purchase shares. Cash withdrawals or fund transfers have been prohibited. Investors with portfolios valued between READ MORE ON B3

10 firms bid to be govt's adviser on Nagad sale

JAGARAN CHAKMA

The Bangladesh Investment Development Authority (Bida) has received applications from 10 firms interested in becoming the government's transaction adviser for the planned sale of Nagad, the mobile financial service (MFS) provider under the Bangladesh Post Office.

However, Bida is yet to select any potential firm for the appointment, officials familiar with the matter told The Daily Star.

Most of the global firms that have shown interest, including Deloitte, PwC, and KPMG, have operations in Bangladesh, according to sources at Bida.

A transaction adviser is usually a financial expert hired to guide the government on how to sell a company, helping determine the value, preparing documents, and finding buyers. Bida had invited expressions of interest (EOIs) from financial advisory firms within September 15 to become the exclusive adviser overseeing the potential sale.

"We floated an advertisement for a transaction adviser to handle the sale of Nagad, as per a request from the Directorate of Posts," said Nahian Rahman Rochi, head of business development at Bida.

But he noted that the government has not carried out this kind of sale for a long time, and the current rules and policies are outdated.

"To move forward, the guidelines must be revised. We have already made substantial progress in drafting the updated version, which will soon be sent to the cabinet for approval," he added.

Once the revised guidelines are approved, Bida will proceed with the next steps in the appointment process.

According to the terms of the advertisement, the selected adviser will be responsible for assessing and refining Nagad's market positioning and value proposition. The firm will also be required to prepare marketing materials and identify potential strategic and financial buyers.

A senior Bida official had earlier said a high-level government meeting in August approved the decision to transition Nagad into the private sector, prompting Bida's involvement in facilitating the sale. READ MORE ON B3

Govt move to reserve 10 MHz for Teletalk raises concerns

MAHMUDUL HASAN

The government has decided to reserve 10 MHz of the valuable 700 MHz band exclusively for state-owned Teletalk once a pending court case is resolved, raising concerns among industry experts about underutilisation and anti-competitive effects.

The 700 MHz band is prized worldwide for its long coverage, strong indoor signal, and low rollout cost, making it ideal for rural and urban networks and fast 5G deployment. In Bangladesh, 45 MHz of this band is currently designated for mobile use, but 20 MHz remains frozen due to a long-running legal dispute.

The reserved portion for Teletalk will come from the 20 MHz of spectrum currently tied up in the legal dispute.

"After the ongoing case regarding 20 MHz of the 700 MHz band is resolved, 10 MHz of that spectrum will be reserved for allocation in favour of Teletalk Bangladesh Limited," according to documents from the Posts and Telecommunications Division.

The dispute began in 2007, when the Bangladesh Telecommunication Regulatory Commission (BTRC) allocated 12 MHz of the band to Always on Network Bangladesh Ltd, a broadband provider, before the band was officially recognised for mobile services.

The regulator later declared the allocation a mistake and offered replacement spectrum in the 5 GHz band. The company challenged this in the High Court, which ruled in its favour. The case is now before the Appellate Division, keeping 20 MHz off-limits since spectrum is allocated in blocks.

THE MOVE

- Govt decided to reserve 10 MHz of the **700** MHz band for Teletalk
- Govt assures fair competition and no revenue loss from the decision

INDUSTRY CONCERNS

- Experts warn of underutilisation and anti-competitive implications
- They fear higher auction prices could ultimately hurt consumers

SPECTRUM VALUE & DISPUTE

- The **700** MHz band is valued for its wide coverage, strong indoor reach, and cost-efficiency
- A 2007 dispute over **20** MHz has kept a significant portion of the band frozen

TELETALK'S PERFORMANCE & LIABILITIES

- Teletalk owes Tk **5,505**cr in unpaid spectrum fees
- Its **55.2** MHz serves only **6.6**m users
- Private operators use their spectrum far more efficiently than Teletalk

Industry insiders say the move favours the state-owned operator and could hurt fair competition. They argue that Teletalk's small subscriber base and limited network may cause underuse of a key band for next-generation connectivity.

According to the BTRC, Teletalk still owes Tk 5,505 crore in spectrum fees.

Experts warn that allocating spectrum without competitive bidding could distort the market, reduce government revenue, and push up costs for consumers as private operators pay more for less bandwidth.

Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue, said, "Spectrum allocation must follow transparent bidding. Reserving a portion for a particular operator is viewed as anti-competitive, as it drives up the price of the remaining spectrum."

"Although allocating a smaller portion of the spectrum may increase competition and boost government revenue in the short term through higher auction prices, operators are likely to pass the costs onto consumers, creating long-term financial pressure for users," he added.

Moazzem also noted that Teletalk's lower tariffs have not led to significant subscriber growth, and much of its existing spectrum remains underutilised. "Reserving 10 MHz from the valuable 700 MHz band for Teletalk, therefore, risks wasting scarce national resources," he said.

The current spectrum distribution shows a clear imbalance. Bangladesh's four operators — Grameenphone, Robi, Banglalink, and Teletalk — together hold 386.6 MHz across various bands.

Teletalk has 55.2 MHz but serves only about 6.6 million subscribers, using 8.31 MHz per million users. In comparison, Grameenphone uses 1.47 MHz, Robi 2.10 MHz, and Banglalink 2.16 MHz per million users. Experts say this indicates

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Govt working to strengthen labour law enforcement

Adviser says

STAR BUSINESS REPORT

The government is expediting a series of reforms to strengthen the enforcement of labour laws and improve working conditions across industries, Labour Adviser Brigadier General (retd) M Sakhawat Hussain said yesterday.

He said steps are underway to establish a stronger legal and administrative framework to prevent the repeated filing of cases against workers and to introduce tougher penalties for labour-related offences, according to a press release.

"Recruitment for labour inspectors is also being fast-tracked to ensure better monitoring of compliance at factories and industrial establishments," he added.

The adviser made the comments while speaking at a meeting in Dhaka on Wednesday with officials from various foreign embassies in Bangladesh and representatives of the International Labour Organization (ILO) Dhaka office.

As part of the ongoing reforms, seven new labour courts are being set up, while an online case management system is being rolled out to speed up dispute resolution and make proceedings more transparent, the adviser said.

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