



Economy stabilising but risks remain

Wahiduddin says
STAR BUSINESS REPORT

Bangladesh's economy is showing signs of stabilisation, yet risks and uncertainties remain, and long-term challenges require urgent attention, Adviser Wahiduddin Mahmud has cautioned.

"Inflation, while easing slowly from 11 percent to around 8 percent, is unlikely to drop quickly due to continued high price expectations. Wages are adjusting to inflation, showing the economy has moved into a new phase," he said, speaking at a seminar yesterday.

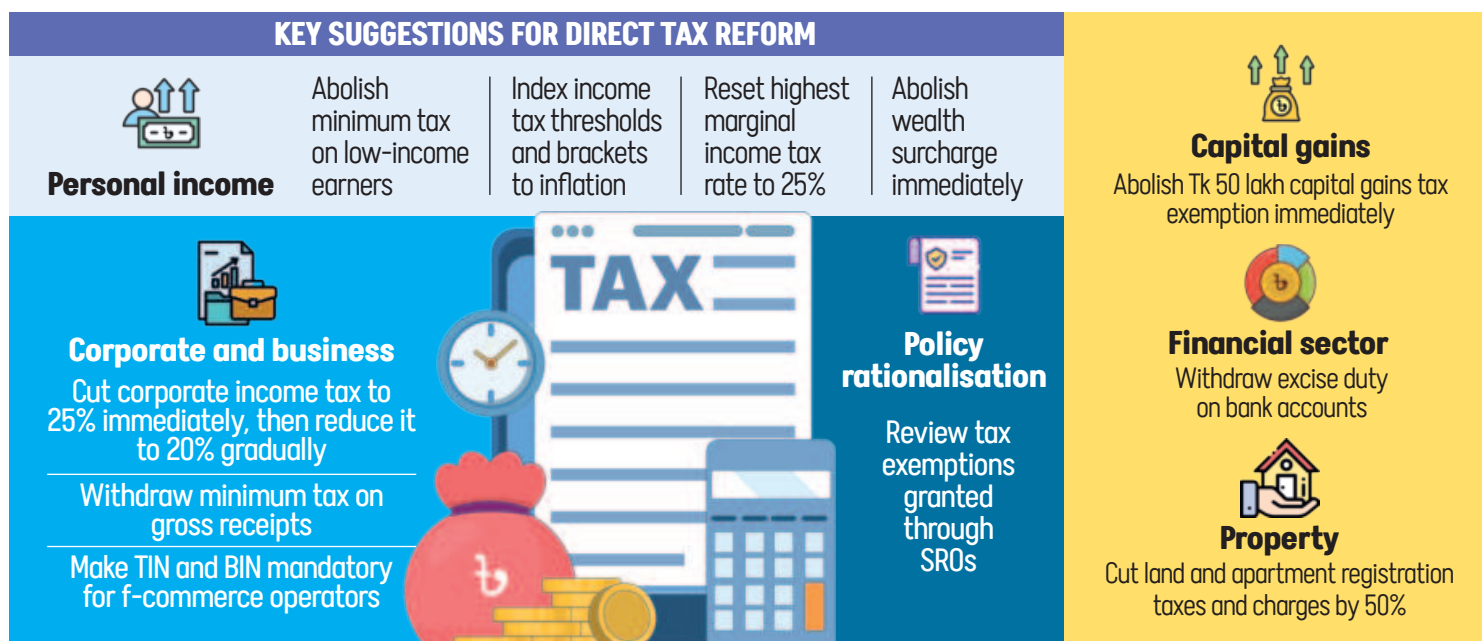
Titled "Economic Stability and the Challenges of the Next Government", the seminar was organised by the Economic Reporters' Forum (ERF) at the National Life Insurance Auditorium in Dhaka. The ERF Scholarship Award 2026 ceremony was also held.

"GDP growth may reach 5 percent this fiscal year, but I don't see it as the most reliable indicator. Other markers like imports of industrial raw materials, capital machinery, exports, reserves, and exchange rate give a clearer picture," the adviser added.

On monetary policy, he noted that the current 10 percent policy interest rate may be unnecessarily high as credit growth remains weak. "SMEs are struggling while RMG exporters are benefiting from a favourable exchange rate," he added. READ MORE ON B3

Abolish minimum tax, wealth surcharges

Tax reform panel also calls for dropping the excise duty on bank deposits



REJAU KARIM BYRON and
MD ASADUZ ZAMAN

A national tax reform taskforce has recommended abolishing minimum taxes and removing wealth surcharges, saying that minimum taxes on firms are calculated on gross receipts and do not take profit or loss into account.

Meanwhile, the maximum 35 percent wealth surcharge had encouraged avoidance rather than voluntary compliance, said the 11-member panel, led by Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh (PRI).

In a report submitted to Chief Adviser Prof Muhammad Yunus on Tuesday, the taskforce also called for scrapping excise duties on bank accounts, saying such charges discourage households and businesses from using the formal banking system.

It suggested introducing income tax thresholds adjusted for inflation to simplify the system further.

The taskforce, formed by the interim government in October last year to address the country's poor tax-to-GDP ratio, proposed raising direct taxes to account for half of total tax revenue.

The proposals are part of a wider effort to streamline the tax structure and reduce its reliance on indirect and presumptive taxes, as

the country faces pressure to expand revenue ahead of its graduation from least developed country status.

The report, titled "Tax Policy for Development: A Reform Agenda for Restructuring the Tax System", described the country's tax system as "unnecessarily complex, inefficient, and excessively dependent on indirect taxes".

The report's central message is to simplify the tax system and reduce the burden on people, which it says would increase collection.

Bangladesh's current tax framework faces multiple limitations. The report identifies 30 policy issues and recommends fundamental reforms to direct taxes to support long-term economic growth.

It highlights seven priority issues, suggesting short and long-term measures to raise the country's revenue-to-GDP ratio from 10 percent to 12 percent by 2030, and 15-20 percent by 2035.

Currently, minimum taxes on gross receipts range from 1 percent to 3 percent, and businesses have long demanded their removal. "To restore fairness and focus on taxing net income," the taskforce said the provision should be scrapped.

It also proposed an indexation system, using the previous year's consumer price index, to automatically adjust thresholds and

tax brackets each year. At the same time, the first bracket would be taxed at 10 percent rather than the current 5 percent.

On digital commerce, the panel recommended a regulatory framework requiring tax identification and business registration numbers for e-commerce operators. The report said the sector, which has grown rapidly with online retail, remains largely informal, limiting oversight.

For corporate tax, the panel suggested setting the highest marginal rate at 25 percent and gradually reducing it to 20 percent.

It also called for a review of tax exemptions granted through statutory regulatory orders, saying that discretionary incentives had narrowed the tax base and created unequal conditions across sectors.

In a shift from recent policy, the taskforce proposed halving registration taxes and fees on land and apartments to curb under-declaration of property values and revive sluggish real estate activity.

"High taxes and charges during land or apartment registration encourage undervaluation," the report said.

The panel recommended abolishing the wealth surcharge and removing the Tk 50 lakh capital gains tax exemption, arguing that high headline rates and complex compliance requirements had encouraged avoidance rather than voluntary participation. READ MORE ON B3

Allow banks to impose travel ban on defaulters

CEOs also seek permission to publish identities

STAR BUSINESS REPORT

Top bankers have urged the central bank to allow commercial lenders to impose foreign travel bans on wilful defaulters and publish their names and photographs, as part of efforts to rein in the growing volume of defaulted loans.

They also proposed barring loan defaulters from contesting elections of business associations.

The proposals were submitted to the Bangladesh Bank (BB) by the Association of Bankers, Bangladesh (ABB) recently, in line with instructions of the regulator following a meeting on November 12 last year.

At present, imposing a travel ban requires court approval. The bankers have suggested enabling banks to enforce such restrictions swiftly without going through lengthy legal procedures.

ABB, a forum of chief executives of banks, prepared a package of legal, regulatory and institutional reforms aimed at reducing non-performing loans (NPLs) and speeding up the recovery of classified assets.

According to BB data, total disbursed loans stood at Tk 18.03 lakh crore at the end of the July-September quarter of last year. Of this, Tk 6.44 lakh crore had become defaulted, accounting for 35.73 percent of outstanding credit.

This was the highest bad loan ratio since 2000. A year earlier, defaulted loans made up 16.93 percent of total outstanding credit.

While calling for stricter action against wilful defaulters, ABB also recommended limited and time-bound relief for borrowers facing genuine distress due to illness, death or natural disasters, in line with international best practice.

To speed up recovery, the bankers proposed tax and duty exemptions on bank-auctioned assets, income tax incentives for buyers and the removal of court approval requirements for transferring auctioned properties.

READ MORE ON B3

Foreign loan inflows fall 29% as ADP hits five-year low

STAR BUSINESS REPORT

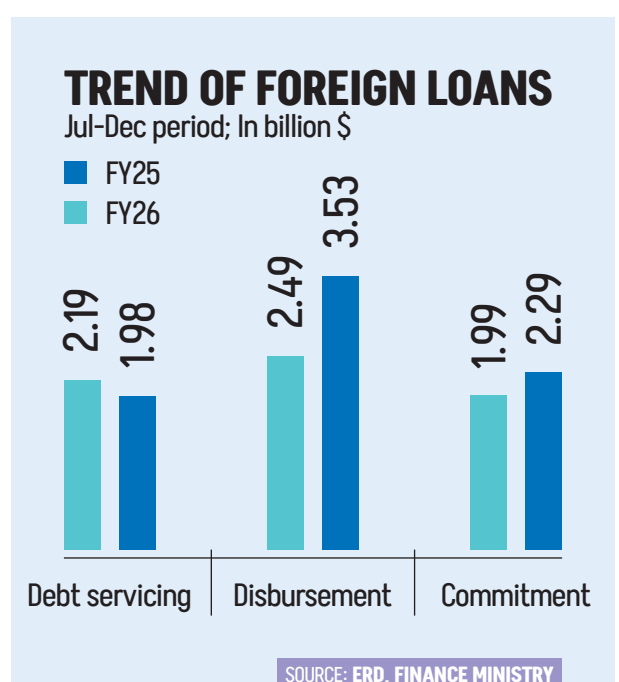
Bangladesh received reduced foreign loans in the first half of the current fiscal year (FY) 2025-26 as the execution of foreign-funded projects under the Annual Development Programme (ADP) fell to its lowest level in at least five years.

During the July-December period, the country received \$2.49 billion from international financial institutions, namely the World Bank and the Asian Development Bank (ADB), as well as bilateral lenders such as Russia, China, Japan, and India.

This represented a 29 percent year-on-year decline in fund releases, according to data from the Economic Relations Division (ERD) of the finance ministry.

During the same period, the implementation of foreign-funded ADP projects stood at 18.58 percent, down from 19.61 percent in the first half of FY2024-25, according to

READ MORE ON B3



Young innovators shine with cutting-edge tech at digital expo

Crowds flock to expo's gadget and electronics stalls

MAHMUDUL HASAN

From underwater drones exploring the ocean depths to Mars rovers navigating simulated alien terrain, Bangladeshi youth are quietly but confidently reshaping the nation's technological landscape.

Their inventions, developed in university labs and student workshops, took centre stage at Bangladesh's largest technology showcase, the four-day Digital Device and Innovation Expo 2026, which opened yesterday at the Bangladesh-China Friendship Conference Center (BCFCC) in Dhaka.

The expo offered more than gadgets and discounts; it highlighted a generation driven by purpose. From maritime surveillance and disaster rescue to agricultural automation and space exploration, the message was clear: Bangladesh's young innovators are taking small steps toward big dreams.

UNDERWATER ROBOTICS TAKE CENTRE STAGE

One of the most talked-about attractions was Leviathan 2.0, a remotely operated underwater vehicle (ROV) developed by MIST Maviro, a student-led robotics team from the Military Institute of Science and Technology (MIST).

Developed over seven months by an eleven-member team, Leviathan 2.0 is a wired underwater drone that can dive up to 120 feet. It features real-time video surveillance, allowing it to inspect underwater conditions, monitor structures, and assist in detection missions.



Visitors throng a stall at the four-day Digital Device and Innovation Expo 2026, which opened yesterday at Bangladesh-China Friendship Conference Center in Dhaka. PHOTO: STAR

Ankon Das Joy, the team's spokesperson, said their focus was on making the system reliable for real-world use.

The team also showcased Creeper 1.0, a wireless underwater surveillance vehicle for shallower depths. With long-distance control and live video transmission, Creeper 1.0 could be used for research, inspection, and even military or security purposes.

SURFACE AND DISASTER RESPONSE INNOVATIONS

Across the hall, innovation took to the water's surface. Dreams of Bangladesh (DoB),

a cross-university robotics team, showcased DoB Joljan, an autonomous surface vehicle designed for disaster response.

The unmanned system can carry out rescue operations during floods, collect situational data, transmit video feeds, and even help extinguish fires on water surface.

The project has already gained international recognition, earning a spot in a global student robotics competition in the United States.

DoB's work goes beyond a single vehicle. The team is also developing autonomous underwater vehicles (AUVs)

to monitor submerged environments and a range of agricultural robots.

These include systems for soil testing, AI-based disease detection, precision spraying, sound-wave pest control, laser-based weed management, and solar-powered solutions.

Their innovations extend into aerospace as well, with model rockets and surveillance drones under development.

Mahadi Hasan, co-lead of DoB, said, "We want to do something for our countrymen and excel in technology. We are taking small steps to pursue a big dream." READ MORE ON B3

Govt orders assessment of CDBL's listing potential

STAR BUSINESS REPORT

The finance ministry has instructed the Central Depository Bangladesh Ltd (CDBL) and other relevant stakeholders to assess the company's potential and the appropriate timing for its listing on the stock market.

The directive came at a meeting held yesterday at the ministry, attended by Nazma Mobarek, secretary of the Financial Institutions Division, and Khondoker Rashed Maqsood, chairman of the Bangladesh Securities and Exchange Commission.

A ministry official, who was present at the meeting, confirmed to The Daily Star that the issue of CDBL's listing was discussed, but no decision was taken.

Relevant stakeholders, including CDBL, have been asked to review the matter, the official added.

"Bringing a good company to the capital market is very important. If there are no obstacles, CDBL will be listed," the official said, adding that the government advised stakeholders to consider the issue positively.

Stockbrokers have long been calling for the listing of CDBL, the country's sole securities depository, which provides core depository services, including electronic settlement, delivery and transfer of securities through a book-entry

READ MORE ON B3