

Star BUSINESS



Govt borrowed to run routine operations after 40 years

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For the first time in four decades, Bangladesh's government had to borrow money simply to run its regular affairs -- paying salaries, servicing routine bills and keeping the machinery of the state in motion during the last fiscal year 2024-25 (FY25).

That strain was laid bare in a keynote paper on macroeconomic benchmarks of the country,

presented yesterday at an event organised by the Citizen's Platform for SDGs, a civil-society watchdog.

In FY25, the interim government had to borrow Tk 23,742 crore merely to meet recurrent operating expenses, said Towfiqul Islam Khan, additional research director of Centre for Policy Dialogue (CPD), while presenting the paper.

Khan said, "Bangladesh is now in a position where it cannot meet the recurrent operating expenditure

with domestic mobilisation. It happened in the 1980s when General Hussein Muhammad Ershad ruled the country."

Apart from weak revenue mobilisation, he noted that economic instability and sluggish investment had conspired to erode the state's financial footing.

Besides, he noted, "The interim government has also faced additional pressure from clearing outstanding liabilities left by the previous

administration."

Also speaking at the event, Debapriya Bhattacharya, the platform's convenor and a distinguished fellow at CPD, concurred.

He noted that despite cutting development spending and pursuing austerity, the interim government has left the country's debt burden larger than it found it. "Mainly because revenue collection did not grow at the expected pace and

outstanding liabilities from the previous administration had to be settled."

Data from the keynote paper shows that while the government's income grew modestly, its routine expenses expanded more than twice as fast. The result was a gap that could not be bridged without taking on debt.

Revenue receipts rose to Tk 4.36 lakh crore in FY25, up from Tk 4.09

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Impose a hard budget constraint for rest of FY26

Debapriya says

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Taking into consideration the prevailing constrained fiscal space and fragile macroeconomic situation, Debapriya Bhattacharya, convenor of the Citizen's Platform for SDGs, Bangladesh, said the government should implement an economic stabilisation plan with a hard budget constraint for the remainder of the fiscal year (FY) 2025-26.

Implementing a hard budget constraint means the state will not step in when an organisation's spending exceeds its income and it incurs losses, leaving it to bear the consequences of financial mismanagement and, if necessary, cease operations.

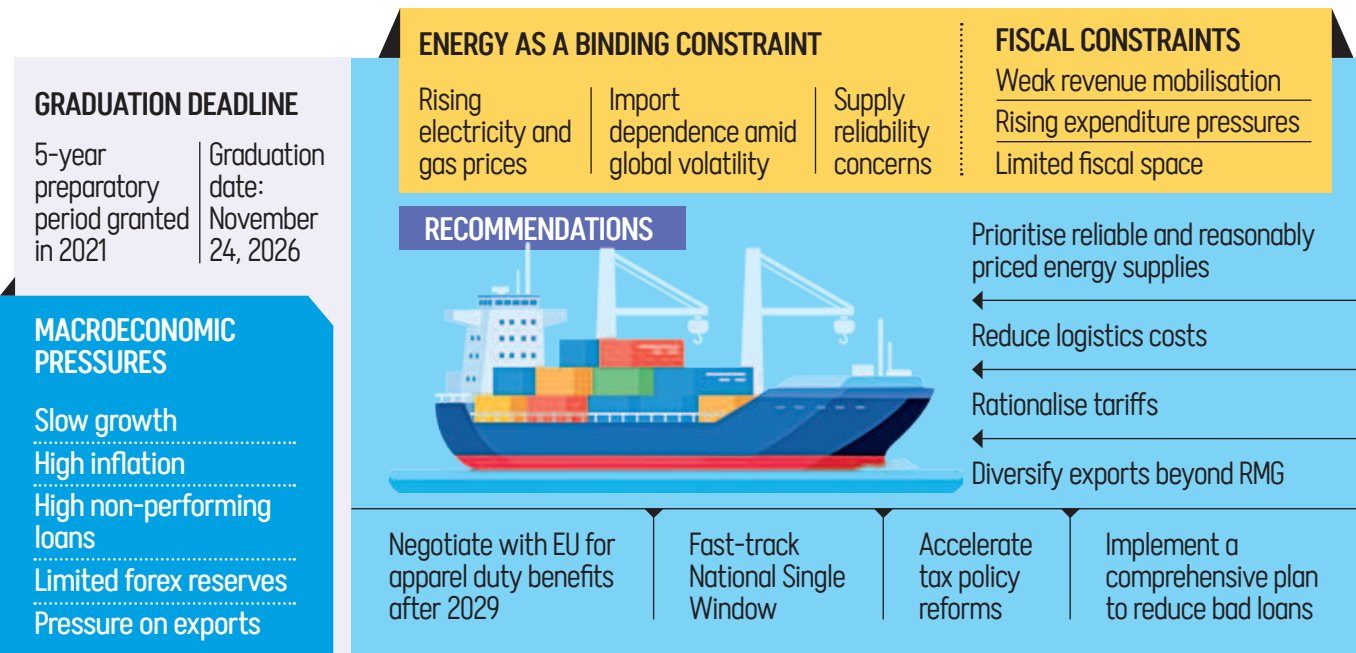
Along with the stabilisation plan, the government should realistically revise the current budget, Bhattacharya said at a media briefing titled "Economic Review at the Outset of the New Government", held at BRAC Inn Centre in the capital, organised by the platform.

He identified fragile macroeconomic stability, weakened private investment and employment, and diminishing fiscal space as major challenges for the government sworn in on February 17.



'Substantial gaps' found in LDC readiness

As per UN assessment, inadequate trade preparedness, macro instability and weak institutional capacity threaten graduation



SOHEL PARVEZ

Bangladesh has met the criteria to graduate from Least Developed Country (LDC) status, but serious gaps in trade readiness, macroeconomic stability and institutional strength could threaten a smooth transition in November 2026, according to a new independent assessment commissioned by the United Nations (UN).

The report was prepared at the request of the interim government, which sought an independent review from the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLS).

Ahead of the scheduled graduation this year, business leaders had been urging the interim government to seek a delay of up to six years, arguing that the country is not ready for life without special trade privileges.

Shared with the Chief Adviser's Office earlier this month, the report said that Bangladesh met the graduation thresholds for income, human assets and economic vulnerability in successive UN triennial reviews. The UN General Assembly approved graduation in 2021, granting a five-year preparatory period.

That window, however, has been anything but calm.

"Political instability and governance disruptions have severely constrained policy continuity, weakened institutional cooperation, and delayed or derailed key reform processes," the report said, adding that the interim government's mandate was inherently transitional.

Instead of laying the groundwork for a smooth transition, the past five years were marked by overlapping global and domestic shocks.

"Rather than a period of strategic preparation and institutional strengthening, the past five years were largely consumed by crisis management, economic stabilisation, and political survival," said the report.

A student-led mass uprising in August 2024 brought down the previous government and ushered in an interim administration. "This political upheaval was superimposed on a macroeconomic crisis that had been accumulating for years."

'SUBSTANTIAL GAPS'

According to the report, trade preparedness remains a weak spot for Bangladesh.

The country currently enjoys preferential access to markets such as the United Kingdom, and has secured

an economic partnership deal with Japan recently. But the European Union remains the biggest risk.

Almost three-quarters of Bangladesh's merchandise exports benefit from LDC-specific preferences. That makes the transition more complex than for most countries that have graduated in the past.

Progress in energy and logistics has been slow. Besides, the economy still leans heavily on readymade garments, which generate more than four-fifths of export earnings. Efforts to diversify have yet to bear fruit, and new legal frameworks to support exporters are incomplete.

The wider economic backdrop adds to the strain.

Growth has slowed, inflation has stayed high, and the banking sector is in crisis. Public debt has climbed, and exports face global headwinds.

Sustained inflation has eroded purchasing power, pushing an estimated 90 lakh people into poverty. The poverty rate has risen from 18.7 percent in 2022 to about 21.2 percent in 2025, reversing gains made since the 1990s.

"The reversal of poverty reduction gains demonstrates the fragility of development achievements under macroeconomic stress," the report said.

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In this regard, he added, if the foundation of an economy is weak, its structure cannot remain sustainable.

"Macroeconomic stability is the mother of all reforms," he said, explaining that it can be assessed through at least four key indicators: inflation, interest rates, the exchange rate or value of the currency, and the domestic and external debt situation.

These four indicators must be closely and continuously monitored by the government, the eminent economist said. If inflation is not controlled, purchasing power declines. If interest rates are misaligned, investment suffers. If the exchange rate is unstable, both importers and exporters face uncertainty. And if the debt burden becomes unsustainable, financial sovereignty may be undermined.

Without consolidating macroeconomic stability, it will not be possible to sustainably increase private investment, generate employment, secure foreign financing, repay external debt, or ensure food security. Therefore, the overriding policy objective must be to restore and strengthen macroeconomic stability, Bhattacharya said.

The platform gave several policy recommendations. "A small cut in policy rate may be considered, as the higher policy rate is not working to reduce inflation," said Towfiqul Islam Khan, Additional Research Director of the Centre for Policy Dialogue (CPD), while he gave a presentation at the event.

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Sutor Golpo: Before Eid, a fair for fans of local brands

MD ASADUZ ZAMAN

The dress caught Simum Mousumi Bristy's eye before she had even made it through the crowd.

She had gone to the Midas Center in Dhanmondi yesterday, knowing exactly what she was looking for -- not a particular style or colour, but a particular origin. Local. Made here, by people who understood something about what it means to dress in this country.

"I have always been a fan of local brands," she said, holding the purchased dress. "They are more comfortable and unique."

Bristy, a private sector employee, was one of dozens of shoppers who filled the Midas Center's hall for "Sutor Golpo -- Nijoshshotay Bona Utsob", a three-day fair hosted by the Fashion Entrepreneurs Association of Bangladesh (FEAB) ahead of Eid-ul-Fitr.

Thirty-nine homegrown brands, spanning clothing, jewellery, jute, craft, leather, and organic food, gathered under one roof, turning the exhibition into something closer to a reunion than a retail event.

For many visitors, that distinction mattered.

Rumpa Farzana, a Dhaka resident, moved between stalls with the deliberate pace of someone who had been waiting for exactly this



PHOTO: PRABIR DAS

Fabrics, handcrafted bags and fashion accessories are on display at one of the 39 stalls at Sutor Golpo, a three-day local brand fair, at Midas Center in Dhaka's Dhanmondi yesterday.

kind of occasion. Online shopping, she said, had never quite scratched the itch.

"Online purchasing does not always bring satisfaction. Such a fair creates an opportunity for shoppers to have a hands-on experience," she said. "I always try to stick with local brands."

Couples wandered through together. Schoolchildren trailed behind their parents. The crowd carried the energy of a festive shopping season.

Among the participants, Rehnuma Hossain had carved out a corner for her brand Rinki's Attire, which deals in Manipuri weaves sourced from artisans in the Sylhet region, where she has been working since 2019.

Clothing, shoes, bags, Western outfits, and short and long jackets -- all run through the same distinctive textile thread.

She noted that many of her peers work with Jamdani, the more widely recognised name in Bangladesh's handloom tradition. "But I chose to work with the Manipuri handloom to promote this prestigious culture."

It is the kind of decision that tends to go unnoticed in a market crowded with more recognisable names. But Hossain has built her business on exactly that wager -- that there is an audience willing to look a little further.

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Subsidised protein sales begin for 10 lakh families

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The government has begun selling essential protein items, including eggs, meat and fish, at subsidised prices during Ramadan to support nearly 10 lakh low-income families.

"It will play a supportive role in alleviating the sufferings of low-income people," said State Minister for Fisheries and Livestock, Agriculture and Food Sultan Salahuddin Tuku.

He was speaking yesterday at the inauguration of the programme at the Livestock Research Institute in Dhaka. He said the initiative could be widened in the future.

Apart from assisting poorer households, the state minister said the move would also help keep market prices stable and offer some relief to consumers more broadly.

Under the programme, dressed broiler chicken, pasteurised milk, eggs and beef are being sold at reduced prices for 26 days, until the 25th of Ramadan, through mobile sales vans. Dressed broiler chicken is priced at Tk 245 per kilogramme, pasteurised milk at Tk 80 per litre, eggs at Tk 8 per piece, and beef at Tk 650 per kilogramme.

"During Ramadan, some unscrupulous traders raise prices and low-income people suffer," said the state minister. He added that the government will also take initiatives to introduce Family Cards, Agriculture Cards and Health Cards as part of its electoral pledges.

Director General of the Department of Livestock Services Md Abu Sufian chaired the inauguration.

Fisheries and Livestock Secretary Abu Tahir Muhammad Zaber and President of Bangladesh Poultry Industries Central Council Mashhur Rahman, were also present.