

# Star BUSINESS



## Trade deficit widens 17.4% in July-January Balance of payments swings to \$2.28b surplus

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Bangladesh's trade deficit, the gap between what it buys and sells abroad, widened by 17.44 percent in the July-January period of fiscal year 2025-26, due mainly to higher imports and weaker export earnings.

The deficit reached \$13.79 billion during the seven months, up from \$11.74 billion in the same period a year earlier.

According to Bangladesh Bank (BB) data, import bills rose 4.6 percent year-on-year to \$39.88 billion. Export earnings, meanwhile, slipped 1.1 percent to \$26.09 billion.

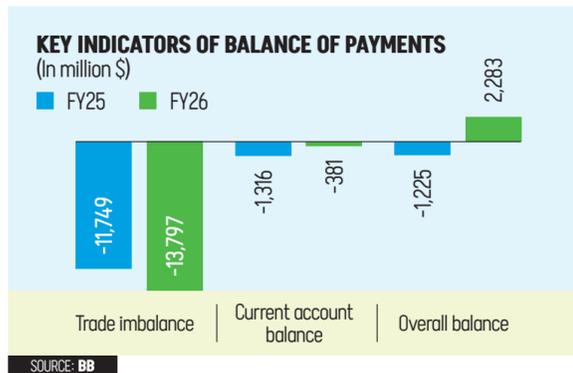
The widening gap has raised concerns at a time when the US Israel war on Iran has rattled global oil markets and disrupted shipping routes. Since tensions escalated in the Middle East, the Bangladeshi currency, the taka, has begun to weaken. A softer currency could raise import costs and place further strain on the trade balance.

At the same time, exports have not shown clear growth, while war-driven inflation may reduce demand in Bangladesh's major export markets.

Despite the wider trade gap, the country's current account deficit narrowed.

This measure, which tracks the net flow of money in and out of the country through trade in goods and services as well as income flows, stood at \$381 million in July-January of FY26. A year earlier, it was \$1.31 billion.

The financial account also strengthened during the period.



SOURCE: BB



Supported by higher net foreign direct investment, the surplus in the account, which records cross-border flows from investment, loans, aid and other financial transactions, climbed to \$2 billion from \$331 million a year earlier.

Taken together, the changes pushed Bangladesh's overall balance of payments (BoP) into a surplus of \$2.28 billion. In the same period last year, the country posted a deficit of \$1.22 billion.

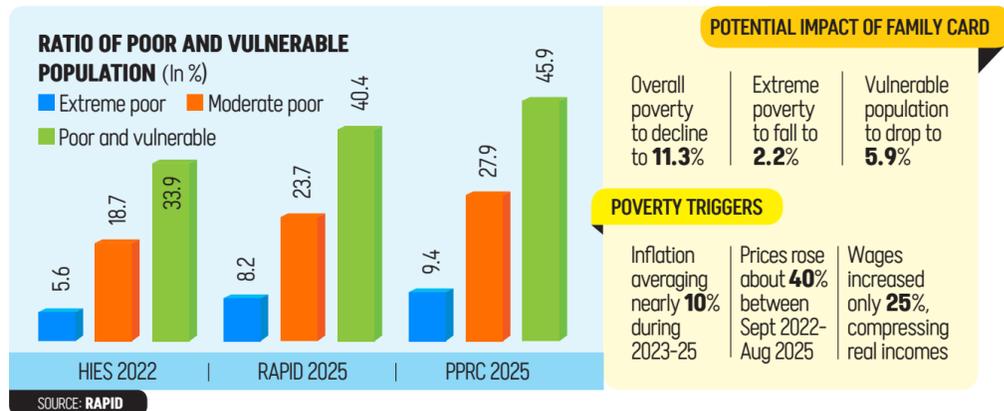
In an article, Sadiq Ahmed, vice chairman of the Policy Research Institute of Bangladesh (PRI), said the fall in exports has raised concerns about the country's BoP outlook.

He added that strong remittance inflows have provided a key support. Remittance earnings rose sharply, bringing in \$9 billion more in FY2025 than in FY2022.

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## Family cards could reduce poverty to 11.3%

Finds new study, says impact will depend on accurate targeting and transparent beneficiary selection



STAR BUSINESS REPORT

The government's "Family Card" programme, which will provide Tk 2,500 a month to poor and vulnerable households, could reduce the country's poverty rate by more than 7 percentage points if carried out effectively, according to a new study.

"If the allowance is extended to all poor and vulnerable families, overall poverty would decline from 18.7 percent to 11.3 percent, a 7.4 percentage point reduction," said the study.

Extreme poverty would also fall sharply, from 5.6 percent to 2.2 percent, a drop of 3.4 percentage points.

The study was conducted by local think tank Research and Policy Integration for Development (RAPID) and presented at an event in Dhaka yesterday by RAPID Chairman MA Razaque.

The study suggested the programme would have a particularly strong effect among poor and vulnerable groups. Poverty in this segment could fall from 33.9 percent to 15.5 percent, an 8.4 percentage-point decline, RAPID said.

Under the Family Card initiative, the allowance will be transferred according to the beneficiary's preference, either through a mobile wallet or a bank account, allowing them to receive the support from home.

The government inaugurated the pilot phase of the programme on Tuesday. At least 40,000 families will receive benefits during the four-month trial.

In absolute terms, the programme could lift around 1.23 crore people out of poverty, reduce the number of extremely poor by 56 lakh and help 1.56 crore people move out of economic

vulnerability, according to RAPID.

"The effectiveness of the Family Card programme will depend heavily on accurate targeting and transparent beneficiary selection," Razaque said.

To minimise exclusion errors, where eligible households are left out, and inclusion errors, where non-poor households receive benefits, the selection process should follow a transparent and data-based approach, he said.

Razaque said spending on social protection can be politically popular for any government.

He, however, warned about the government's fiscal space as it has committed to spending 3 percent of GDP on social protection.

The government's ultimate objective is to gradually bring 2 crore families under the monthly cash support, as per the Family Card Piloting Implementation Guideline, 2026.

Once fully rolled out, the programme, a key election pledge of the Bangladesh Nationalist Party (BNP), would cost about Tk 5,000 crore a month, or roughly Tk 60,000 crore a year.

"In a country where the tax-to-GDP ratio remains below 7 percent, expanding such spending inevitably creates significant fiscal pressure," said Razaque.

To address this, he suggested that overlapping or redundant safety-net programmes could be gradually phased out, with the savings redirected to finance family cards.

Still, he said, a stronger political commitment could help create additional fiscal space over time. Better design and tighter targeting of existing resources would also improve the quality

and impact of public spending.

"If implemented properly, these reforms could provide a strong boost to Bangladesh's social protection agenda."

He argued that expanding the programme would have manageable fiscal implications, with administrative capacity rather than macroeconomic constraints likely to pose the main challenge.

If extended to 2 crore households, the scheme would cost about 0.96 percent of GDP, raising total social protection spending to around 2.16 percent, still below the government's target of 3 percent by 2028.

If limited to poor and vulnerable households, the cost would fall to about 0.57 percent of GDP. That would keep total spending near 1.77 percent, leaving room for other safety-net programmes.

Razaque also said family cards should be integrated into Bangladesh's wider social protection framework rather than run as a separate initiative.

At the event, Shah Mohammad Mahboob, director general of the Department of Social Services under the Social Welfare Ministry, said the government has a strong political commitment, which is helping them to run the programme smoothly.

"The Tk 2,500 is not just a financial transfer; it also represents trust. People feel that the government is standing beside them," he said.

Mohammad Abu Yusuf, secretary of the social welfare ministry, said implementing the programme involved several coordination challenges.

"But there is no political bias in the selection process. We are doing it under a scientific system," he added.

## USDA cuts Bangladesh's cotton import forecast

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The United States Department of Agriculture (USDA) has lowered its projection for Bangladesh's cotton imports, citing reduced domestic use of the key raw material for the textile industry.

The US agency said imports of cotton by Bangladesh, the world's second-largest apparel exporter, would be 79 lakh bales in the August-July period of the marketing year (MY) 2025-26, down from its projection of 80 lakh bales forecast last month.

The country will use 80 lakh bales of cotton in MY26, down from the USDA's previous estimate of 81 lakh bales for the year, according to the agency's report on world cotton markets and trade published on Monday.

The downward revision comes at a time when Bangladesh has registered a decline in garment exports. The country, which brings more than 80 percent of its annual export earnings through apparel, recorded a 3.73 percent year-on-year drop in shipments to \$25.79 billion in the July-February period of the fiscal year (FY) 2025-26.

Of that, knitwear exports fell 4.5 percent to \$14.34 billion, while woven garment shipments dropped nearly 3 percent to \$12.45 billion during the same period.

Mohiuddin Rubel, additional managing director of Denim Expert Ltd, said several interconnected factors are behind the USDA's recent downgrade of Bangladesh's cotton import and consumption projections, primarily originating from sluggish retail demand in key EU and US markets.

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## BSEC steps in amid turmoil at Navana Pharma

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The Bangladesh Securities and Exchange Commission (BSEC) has ordered an investigation into allegations that the board of Navana Pharmaceuticals was forcefully taken over during a contentious meeting in January by several individuals, including sponsor shareholder Sayeed Ahmed.

BSEC formed a four-member investigation committee on Sunday with a seven-day deadline for submitting its report, and ordered a halt to implementation of decisions, including several high-profile appointments, made at that meeting until the probe concludes.

The dispute centres on a January 29 board meeting, which, according to a company disclosure, elected Javed Kaiser Ally as chairman, appointed Sayeed Ahmed as managing director, and named Md Aminul Hoque Bhuiyan as acting company secretary.

Saiqa Mazed, the company's independent director who was appointed chairman in 2025, alleged in a complaint to the BSEC on the same day that none of these appointments was on the meeting agenda, nor were they discussed or voted on.

She also alleged that Ahmed allowed Anisuzzaman Chowdhury, brother of former land minister Saifuzzaman Chowdhury, and several other individuals who had resigned from the board after August 5, 2024, to join the hybrid meeting via Zoom without board approval.

"As chairman of the board, I requested them to exit the meeting. I ordered the IT team to exclude them. However, Ahmed asked the IT team not to pay heed to me and forced me to make him MD," she said in the application to the market regulator.

Under threat, she and other independent directors exited the board meeting, Mazed wrote.

Anisuzzaman holds 3.74 percent of Navana Pharma's shares. His inclusion as a director appeared on the company website following the meeting, but was not mentioned in the January 29 disclosure.

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## Fuel panic buying slashes ride-sharing income

MAHMUDUL HASAN

US Israel's war on Iran has rattled global energy markets, and gig workers such as ride-sharing bikers and car drivers in Dhaka are feeling the strain on the streets.

For them, long queues at petrol pumps and limits on fuel purchases are cutting into daily earnings. Over the past week, motorists across the capital have been waiting for hours at filling stations amid fears that the war could choke oil supplies to Bangladesh.

Authorities, however, say the country has adequate reserves. Even so, panic buying has spread, and temporary rationing has followed.

Ramadan has made the situation tougher. Working hours are already shorter during the month of fasting, so time lost in a fuel queue can mean most of the day disappears.

Mustafa Kamal, a bike driver from the northern district of Dinajpur who now lives at Mohammadpur in the capital, said the queues have started eating into his work hours.

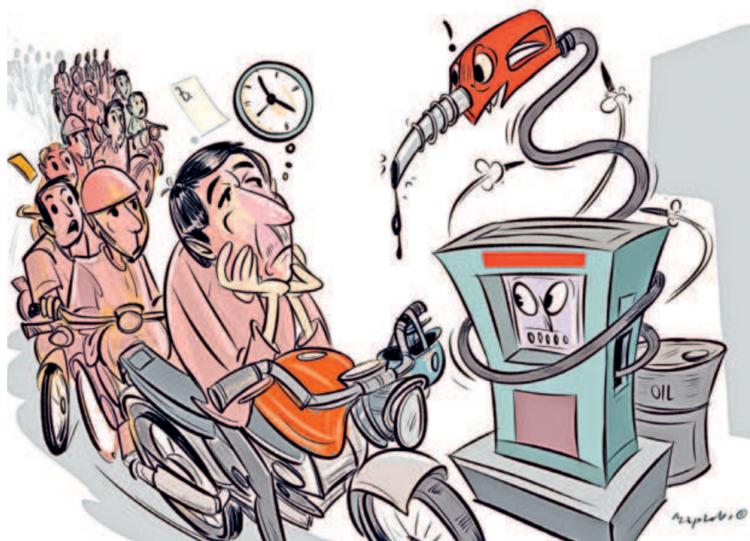
"Normally, I need five to ten minutes to get diesel," he said. "But yesterday it took over 30 minutes because there was a long queue."

Kamal considers himself fortunate. He said many drivers wait far longer as refuelling pump staffers are limiting sales to two litres per customer.

He does not use ride-sharing apps and instead picks up passengers directly from the roadside. He has not yet suffered a major financial blow, but fewer refuels mean fewer trips.

"If I can take five litres, it is manageable," said Kamal. "But when pumps allow only two litres, it becomes difficult because I have to come back again and stand in line."

Over the years, ride-sharing bikers in Dhaka have complained that their earnings are shrinking as the number of motorbikes on the road rises and competition intensifies. Demand has taken another hit in the past two



years as battery-run rickshaws have spread rapidly across the city.

Against this backdrop, fuel rationing has emerged as the latest blow.

Shamsul Islam, another ride-sharing biker, said he spent nearly three hours waiting for fuel on Friday last week and only got Tk 200-worth of fuel.

Even on a relatively better day in the past week, he added, the wait can still stretch to about an hour.

"Before this crisis, I could earn up to Tk 1,200 on a good day; now it has come down to Tk 800. The time spent in queues is reducing

the number of trips," said Islam.

He hopes the rush ahead of Eid al-Fitr will help recover some of those losses, as people move around the city for shopping and family visits. "But if I cannot get adequate fuel, the travel rush, one of the most profitable times for us, will also bring no benefit."

The disruption hit some riders out of nowhere.

Biker Hriday Bala said he first heard about the problem on social media on Thursday last week. That evening, around 8 pm, he went to a petrol pump and was told there was no oil.

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