

Star BUSINESS



Ecneec scraps one project, sends back another

Forms a panel to assess all projects under ADP

STAR BUSINESS REPORT

The new Executive Committee of the National Economic Council (Ecneec), chaired by Prime Minister Tarique Rahman, yesterday scrapped one development project and sent back another, which is located in the PM's home district of Bogura, for cost review.

According to meeting sources, of a total 19 projects placed before the body, only seven were taken up for detailed discussion, with the remaining deemed too questionable for a cursory review. Five revised projects were approved.

At the meeting, a Tk 1,122 crore proposal to develop the Karatoya river system was sent back. The project had reportedly been placed at the top of the agenda partly because it falls within the prime minister's home district, said sources.

Rahman questioned why land acquisition alone accounted for more than Tk 500 crore of the budget for a river excavation project, and made clear that geographic or political proximity to his office would carry no weight in approval decisions.

"No project will be approved simply because it is linked to a particular region," he said, according to sources familiar with the meeting. The project was sent back for a full cost review.

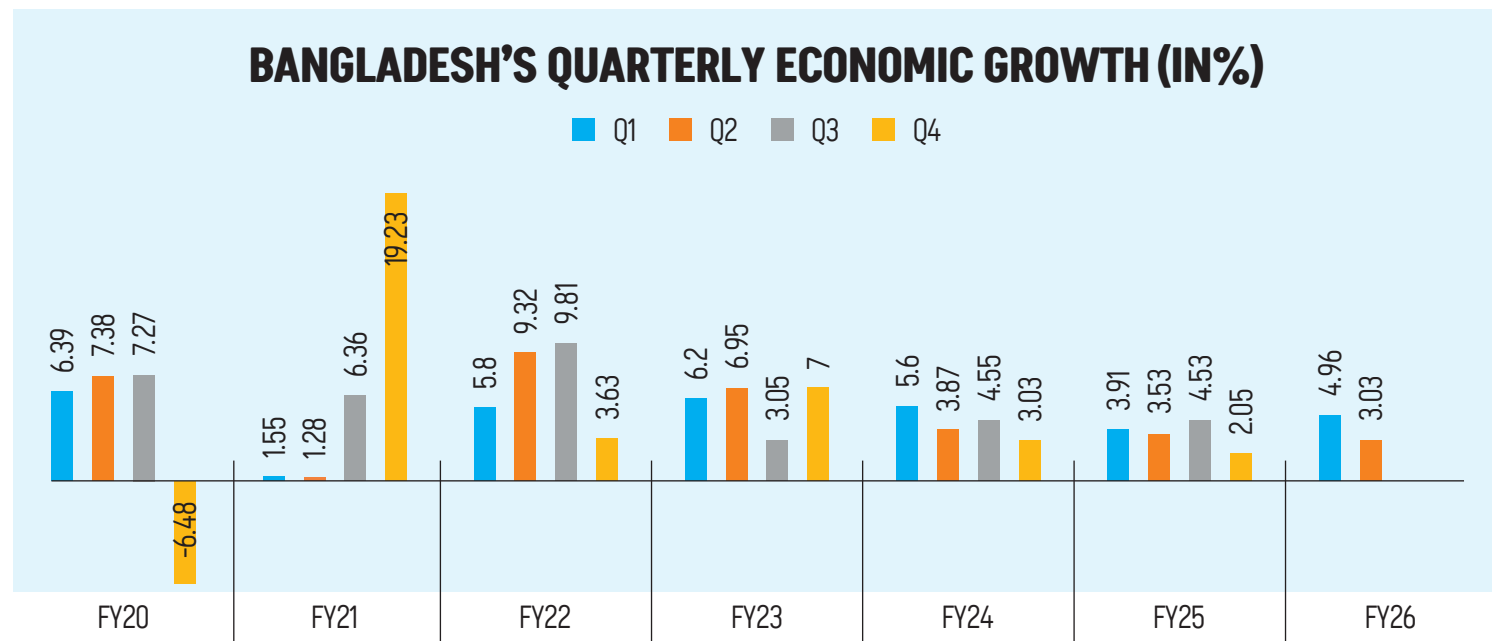
A second project – the Participatory Rural Development Project Phase-4 – was scrapped outright, the committee having found no adequate justification for its implementation.

In addition to the two rejections, the meeting

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GDP growth slows to 3% as industrial output shrinks

Weakest second-quarter performance since Covid as manufacturing slows, services inch up and farming recovers



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The country's economic growth slowed in the second quarter of fiscal year 2025-26 as a sharp fall in industrial activity dragged down overall output, according to provisional data from the Bangladesh Bureau of Statistics (BBS).

The economy expanded 3.03 percent in the October-December quarter, down from 3.53 percent a year earlier, with industrial growth slipping to just 1.27 percent from 5.78 percent in the same period last year.

It was the slowest second-quarter expansion since FY21, when growth fell to 1.28 percent during the Covid-19 disruption.

Earlier in the fiscal year, the revised growth figure for the first quarter stood at 4.96 percent, compared with 3.91 percent in the corresponding quarter of FY25, showing that the slowdown has gathered pace as the year progressed.

At current prices, the size of the economy reached Tk 15,17,615 crore in the October-December quarter of FY26, up from Tk 13,90,147 crore in the same period a year earlier.

Zahid Hussain, former lead economist at the World Bank's Dhaka office, said weak exports, energy constraints and political uncertainty weighed on production.

Besides, reciprocal tariffs imposed by the Trump administration affected global trade flows, hurting export-oriented manufacturing.

According to the economist, domestic disruptions like frequent street protests and demonstrations further dented output, especially in energy-intensive sectors such as ceramics.

"Manufacturing investment and production are usually slow in periods of political uncertainty," Hussain added.

In the October-December quarter,

agriculture grew 3.68 percent, up from 1.90 percent in the corresponding quarter a year earlier.

Favourable weather supported Aman rice production this year, compared to last year when flooding in parts of Noakhali region disrupted output, he said.

The services sector expanded 4.45 percent, compared with 3.48 percent in the same quarter of the previous fiscal year.

Although higher year-on-year, Hussain said that growth in the service sector usually remains above 5 percent.

According to the economist, poor law and order conditions weighed on service activities.

Mustafa K Mujeer, executive director of the Institute for Inclusive Finance and Development (InM) and former chief economist of the Bangladesh Bank, said growth has remained weak since the economic fallout from the Russia-Ukraine war.

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Export development fund may rise to \$5b

Business leaders say central bank governor gave the assurance

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Bangladesh Bank Governor Md Mostaqur Rahman yesterday assured business leaders that the export development fund (EDF) may be gradually expanded to \$5 billion, according to the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

The assurance came during a meeting held at the central bank

in Dhaka with FBCCI leaders, said Md Alamgir, secretary general of the apex business body, after the meeting.

Alamgir told journalists that the EDF, formed from foreign exchange reserves to support exporters, once stood at \$7 billion but has now declined to around \$2.2 billion.

Business leaders urged the central bank to raise the fund to \$5 billion, and the governor responded

positively, assuring that the amount would be increased in phases, he added.

On lending rates, Alamgir said business leaders stressed the need to keep interest rates stable to encourage investment and maintain industrial competitiveness.

They also recommended gradually bringing lending rates down to single digits.

The business leaders further

urged the central bank to increase credit flow to the private sector, saying financing should be directed more towards productive sectors by reducing pressure from public-sector borrowing.

Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association, said the proposal to expand the EDF had received the governor's agreement.

"The fund was reduced because of IMF-related conditions. We have proposed raising it from around \$2.5 billion to \$5 billion first, and later to \$8 billion," Hatem said.

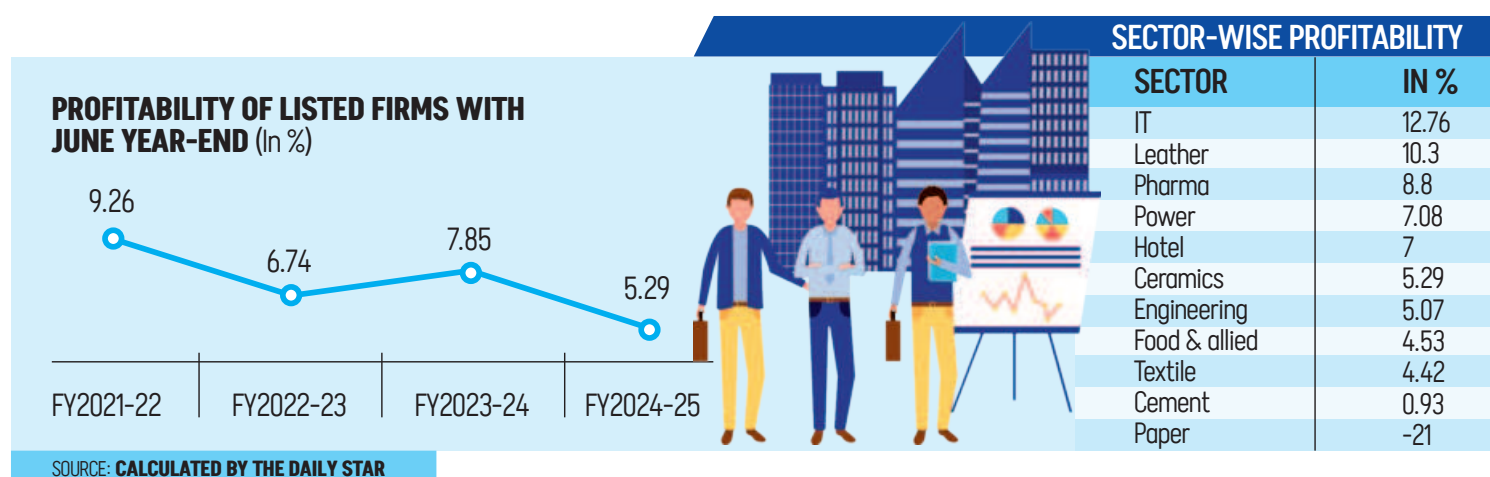
He added that business leaders also sought relaxation in loan classification rules.

At present, borrowers are classified as defaulters if they fail to repay loans for three months.

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Listed firms' profitability drops to at least 4-year low

Inflation, high borrowing costs squeeze margins



AHSAN HABIB

The last fiscal year 2024-25 (FY25) was hard for listed companies. During the period, firms saw their profitability fall to the lowest level since post-Covid, squeezed by inflation that outpaced sales growth, rising borrowing costs, political upheaval and limited public spending.

According to an analysis by The Daily Star based on published company data, in FY25, the net profit margins across 153 listed firms fell to 5.29 percent from 7.85 percent a year ago. In FY23, profitability was 6.74 percent, down from 9.26 percent in FY22.

"The economy has been going through a high inflationary period for the past couple of years, which has multiple effects on corporate profitability," said SM Rashedul Hasan, managing director and CEO of UCB Asset Management.

High inflation squeezes people's real wages, reducing their overall purchasing power and demand. As a result, firms' sales drop. When sales fail to grow faster than the inflation rate, profitability suffers as overhead costs rise.

Explaining further, he said, "A firm cannot reduce manpower, but it has to raise salaries above the inflation rate. If sales do not

increase at the same pace, overhead costs rise, which ultimately drags down profitability."

Last year, sales growth of listed firms was 5.8 percent, while inflation exceeded 8 percent.

"Another factor that heavily impacted profitability was higher interest rates. Although sales were under pressure, interest costs rose last year, directly hitting profitability," he added.

EXCLUSIONS AND SECTOR PERFORMANCE

Although 158 companies have published financial reports so far, five June-ending firms

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NATIONAL BUDGET FOR FY27

FICCI calls for clear tax roadmap to boost investment, jobs

STAR BUSINESS REPORT

The Foreign Investors' Chamber of Commerce and Industry (FICCI) has called for a clear roadmap to optimise the effective tax rate, aiming to create a level playing field for all investors and support job creation.

The chamber made the demands yesterday during a pre-budget meeting with the National Board of Revenue (NBR) at its headquarters in Dhaka.

FICCI also urged reintroducing reduced corporate tax rate for unlisted companies on the condition of them going cashless.

The chamber proposed a five-year phased move to a fully cashless system to improve transparency, reduce disputes, and lower compliance costs and the effective tax rate.

It also called for a gradual reduction of withholding and minimum taxes, highlighting that these often apply regardless of profitability, and suggested eventually phasing out certain triggers to better match taxes with actual income.

For individuals, FICCI recommended raising the tax-free threshold and adjusting lower tax brackets to ease the burden on salaried and middle-income groups, supporting consumption and economic growth.

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Bangladesh produces 80% of world's hilsa: minister

STAR BUSINESS REPORT

Over 80 percent of the world's total hilsa production comes from the rivers, estuaries, and coastal waters of Bangladesh, said Mohammed Amin Ur Rashid, minister of fisheries, livestock and agriculture.

Bangladesh ranks first among the 11 hilsa-producing countries, he also said yesterday while speaking at a press conference at the Ministry of Fisheries and Livestock, marking Jatka Conservation Week 2026.

Hilsa accounts for approximately 9.79 percent of the country's total fish production and contributes around 1 percent to the national gross domestic product, according to the minister.

He said the government is continuing to implement timely and practical initiatives to protect hilsa resources and ensure sustainable production.

As part of these efforts, Jatka Conservation Week 2026 will be observed nationwide from April 7 to April 13.

About 600,000 people in Bangladesh are directly involved in hilsa fishing, while an additional 2 million to 2.5 million people are engaged directly or indirectly in related activities such as transportation, marketing, net and boat manufacturing, ice production, fish processing, and export.

The minister added that the programme, organised by the Ministry of Fisheries and Livestock, will be observed across 20 hilsa-rich districts.

Alongside a three-day central programme, various awareness campaigns will also be conducted at the district and sub-district levels.