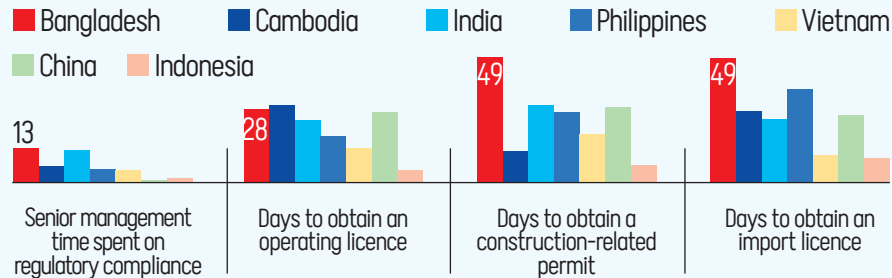




Regulatory 'time tax' holding back investment, says World Bank

FIRMS' REGULATORY EXPERIENCES (IN %)



SOURCE: WORLD BANK STAFF USING THE ICA 2.0 TOOLKIT BASED ON THE WORLD BANK ENTERPRISE SURVEYS

WHY FIRMS DON'T SCALE

- Complex and time-consuming regulatory burdens
- Weak market contestability
- Distortive state aid and trade protection
- Constrained access to capital
- Fragmented institutional framework for investment mobilisation
- Infrastructure deficits, electricity reliability gap

REJAU KARIM BYRON and AHSAN HABIB

The World Bank (WB) has described regulatory burdens in Bangladesh as a tax on time and investment, saying they are holding back investment compared with peer economies.

"Complex, fragmented, and discretionary regulatory processes impose a substantial time tax on firms in Bangladesh, with clear consequences for investment and growth," said the WB in its latest Bangladesh Development Update.

According to the WB report, senior managers spend an average of 13 percent

of their time dealing with government requirements, more than in any comparable country in the region.

The headline figure, however, conceals far heavier pressures in parts of the country.

In Chattogram, managers devote about 40 percent of their time to regulatory compliance. In Barishal, the share rises to 60 percent, leaving little room for productive management and strategic decision-making.

The burden also falls unevenly.

Frontier firms, defined as the most productive companies in the formal sector, spend around five percentage points less time dealing with regulators and face fewer tax inspections than non-frontier firms.

Regulatory delays compound these challenges. Securing an operating licence takes 28 days on average. Construction permits and import licences take about 49 days each, nearly twice as long as in China or India, according to the report.

Starting a formal business in Bangladesh is also costly. At roughly \$10,000, the price of entry exceeds 10 percent of annual revenue for more than

half of firms younger than six years.

The consequences are tangible. Firms facing heavier regulatory demands are 19 percent less likely to invest.

That weakens competition, slows the shift of resources to more productive companies and entrenches productivity gaps across the private sector, according to the WB.

"Improving the business environment is central to sustaining growth and absorbing a rapidly expanding workforce," said Dhruv Sharma, senior economist and lead author of the report.

"Reducing regulatory uncertainty, offering targeted deregulation, strengthening competition, and easing constraints to firm growth will help unlock private investment and jobs," he added.

Revenue per worker in manufacturing and services stands at roughly one-third of the South Asian average. In services, the largest employer, labour productivity has stagnated since 2016.

POLICY BIAS TOWARDS FRONTIER FIRMS

The report said that policy support has tended to favour a small group of high-performing frontier firms.

Preferential tax treatment, subsidised finance and trade privileges have flowed

READ MORE ON B3

USTR hearing on Bangladesh set for Apr 29

REFAYET ULLAH MIRDHA

The hearing on the United States Trade Representative's (USTR) twin investigations into alleged overcapacity in various sectors and forced labour in Bangladesh is scheduled for April 29, as the country prepares for it. "The hearing with the USTR will be held virtually," Commerce Secretary Mahbubur Rahman told The Daily Star.

Last month, the USTR launched investigations under Section 301 of the Trade Act of 1974 into Bangladesh and several other economies. The probe is examining whether trade policies and production practices contribute to global overcapacity that could harm US manufacturing, as part of Washington's efforts to reshore supply chains and boost American jobs.

Separately, the USTR has also opened a forced labour investigation covering around 60 countries, including Bangladesh, to review enforcement actions against imports linked to forced labour.

Bangladesh was asked to set the date for a hearing where issues such as production capacity, labour practices, subsidies and non-tariff barriers are expected to be reviewed.

CONCERNS OVER OVERCAPACITY AND BANGLADESH'S RESPONSE

Regarding preparations for the hearing, Rahman said the USTR has raised concerns about excess

READ MORE ON B3

Trust Retail Banking

TRUST PAYROLL

Secure & Seamless PAYROLL SOLUTIONS

- Free account opening
- Zero maintenance fee
- First year debit card charge free

To Know More 16201

Trust Bank PLC.

Third round of CEPA talks with S Korea begins today

REFAYET ULLAH MIRDHA

Bangladesh is hopeful of signing a Comprehensive Economic Partnership Agreement (CEPA) with South Korea within the year as the two sides are set to hold the third round of negotiations in Seoul today.

A delegation of the commerce ministry has left the country to join the negotiation with the South Korean side. Both Bangladesh and South Korea have been engaging in negotiations in 13 areas for signing the CEPA.

The agreement will cover not only tariff issues but also commodity market access, services, rules of origin, economic cooperation and investment.

The economic relationship between the two countries has grown considerably in recent years. Bilateral trade now exceeds \$3 billion annually, with Bangladesh's exports to South Korea topping \$2 billion, dominated by readymade garments alongside home textiles, leather goods, frozen food, ceramics, pharmaceuticals, jute products, and more.

Besides, South Korean investment in Bangladesh stands at over \$2 billion, concentrated largely in the textile and clothing sector. South Korea also holds the distinction of establishing Bangladesh's first exclusive foreign Export Processing Zone. The East Asian nation is also one of the top sources of Foreign Direct Investment (FDI), especially in the textile and clothing sector.

The major import items of Bangladesh from South Korea include iron and steel, plastics, and articles thereof, machinery, mechanical appliances, boilers, paper

READ MORE ON B3

Fertiliser, irrigation woes may cut Boro output

USDA says on Bangladesh

STAR BUSINESS REPORT

Bangladesh may harvest a lower quantity of rice from the current Boro season as farmers have faced difficulties in ensuring adequate irrigation and fertiliser application, due to shortages of key production inputs, according to a projection by the US Department of Agriculture (USDA).

Growers may bag 2.02 crore tonnes of Boro rice this season in the marketing year (MY) 2026-27, down 1.4 percent year-on-year, even though overall acreage has not declined.

"This reduction in Boro rice yield is caused by disruptions in irrigation and fertiliser application resulting from fuel and fertiliser shortages," said the US agency in its latest report on Bangladesh's grain and feed, published at the end of last week.

Boro acreage stood at the same level at 49 lakh hectares this season, USDA said.

The forecast is issued at a time when farmers have begun to harvest Boro paddy in various parts of the country, particularly the northeastern region.

Boro rice is transplanted in the December-January period and harvested in the April-May period every year. The

crop depends heavily on irrigation and chemical fertiliser application, and it accounts for around 55 percent of the country's total yearly rice output.

The USDA said farmers in some areas purchased urea, potash, and phosphate fertilisers at prices above the government-set rates and applied them excessively to potatoes. This has led to a shortage of fertilisers for Boro rice cultivation.

As of the third week of March 2026, limited rainfall has provided some support to Boro crop growth. However, farmers expressed concern about diesel supply shortages for operating shallow and low-lift irrigation pumps, the report said.

As a result of the fall in Boro yield, overall rice production may drop to 3.74 crore tonnes in the marketing year 2026-27, which begins in May each year.

The projected amount is expected to decline by 0.7 percent from 3.76 crore tonnes in the outgoing marketing year 2024-25.

Rice consumption, including use in feed for poultry, cattle and aquaculture, is projected to be 3.91 crore tonnes in MY27, which is 1.3 percent higher than the USDA's estimate of 3.86 crore tonnes in the outgoing marketing year.

READ MORE ON B3



PHOTO: HABIBUR RAHMAN

A farmer tries to lift flattened paddy in a field in Khulna after strong winds and heavy rain lashed the area, raising fears of significant crop losses from lodging. The photo was taken in Dumuria upazila on April 8, 2026.

Fuel crisis drives e-bike demand in Bangladesh

CRISIS TRIGGER	MARKET SURGE	COST & BENEFITS	CHALLENGES
War fuel shock pushed commuters to alternatives	Sales jumped to 2,200 units (100%+ growth) in March	Demand may reach 3,000 units/month	Power costs just Tk 14-15 per full charge
		Low maintenance due to simple design	Only 2-3% market share despite growth
			Infrastructure gaps, high import costs of parts slow adoption

JAGARAN CHAKMA

In Dhaka's congested streets, a single trip means battling traffic and parking struggles. In March, a fuel crisis emerged due to the US-Israel war on Iran, adding to the plight of vehicle owners and raising the need for alternatives.

Mohammad Emrul Kayes, a Supreme Court lawyer, said he recently bought an electric motorcycle (e-bike) from Runner Motors Limited. The aim of this purchase was not to replace his car or a petrol-run motorbike.

"For me, it was about solving everyday hassles I face while buying fuel," he stressed.

Frustration born from waiting in long queues without knowing when or if he will get the chance to refuel his car's tank drove him to make the purchase, which promises convenience.

"The e-bike changed that. It's quick, simple, and stress-free," Kayes said.

His decision reflects a quiet shift in urban mobility amidst the fuel crisis. Industry data shows a sharp increase in monthly sales of e-bikes just as the fuel crisis started. Sales surged from an average of 800 to 1,000 units to around 2,200

units in March, marking over 100 percent growth.

Sales are expected to reach 3,000 units if the current trend continues, market insiders said.

Several local and international brands have entered the burgeoning EV market in Bangladesh. Among them are Runner, Walton, and Pran-RFL.

Nazrul Islam, managing director of Runner Group, stressed the urgency of shifting away from fossil fuels and leaning towards renewable energy.

Runner currently offers 12 models of Yadea-branded e-bikes, priced between Tk 90,000 and Tk 315,000 depending on features.

"E-bikes offer a clear advantage," Islam said.

He added that households using solar power could charge and run EVs for years at minimal cost, unlike fuel-powered alternatives dependent on imports.

E-bikes are structurally simpler than internal combustion engine vehicles, requiring only a motor and battery, he explained, resulting in significantly lower maintenance costs.

"In many cases, maintenance is almost negligible," he said.

Highlighting two-wheelers as central to Bangladesh's EV

transition, Islam cited their affordability, convenience, and suitability across both urban and rural areas.

Despite these benefits, adoption remains slow, with annual sales ranging between 12,000 and 16,000 units across the industry. In the country's motorbike market, e-bikes occupy just a 2 to 3 percent share.

Concerns over charging infrastructure, battery life, and range persist.

However, Islam downplayed these issues, comparing the charging of EVs to mobile phone use. A full charge costs around Tk 14 to Tk 15 and can be done overnight.

He added that evolving battery technology, particularly solid-state batteries, could further accelerate adoption.

Walton, the electronics giant, sells seven models of TAKYON E-Bike.

"In March, when fuel shortages intensified at refilling stations, demand jumped by as much as 85 percent," said Md Touhidur Rahman Rad, chief business officer at Walton Digi-Tech Industries Limited.

Although the market remains

READ MORE ON B3

Eastern Bank PLC.

ইবিএল ক্যাম্পাস একাউন্ট

নতুন প্রজন্মের স্মার্ট ব্যাংকিং সমাধান

Student Banking

16230