

Star BUSINESS



No room for illusory budgeting amid fiscal strain

Debapriya says in interview, calls for hard choices, tax reform, and a credible budgeting framework

MD ASADUZ ZAMAN

Bangladesh can no longer afford “surreal” budgets built on inflated projections and political convenience, warned eminent economist Debapriya Bhattacharya.

He urged the government to confront its fiscal realities through difficult but necessary reforms.

“Don’t make a surreal budget – an illusory one that defies realities. Artificially inflated expenditures and income may be politically saleable at the moment, but everyone knows these numbers cannot be delivered,” he said.

“However unpalatable it may sound, the government does not have the luxury of fiscal profligacy. The guiding factor must be the government’s available fiscal space,” he said.

In an interview with The Daily Star, the distinguished fellow of the Centre for Policy Dialogue (CPD) shared his perspectives on the government’s upcoming budget for the fiscal year 2026-27.

He outlined potential avenues for revenue mobilisation, flagged concerns over public expenditure, and stressed the need for a credible and transparent fiscal framework to navigate mounting economic pressures.

At the core of the upcoming budget lies a critical challenge: how to mobilise adequate revenue without overburdening taxpayers.

According to Debapriya, a significant portion of potential revenue is lost through tax exemptions.

“Income tax exemptions alone account for around 3 percent of GDP. If you add VAT and customs exemptions, total tax expenditures rise to about 6.8 percent,” he said, citing data from the National Board of Revenue (NBR).

But he cautioned against blanket removal.

“The priority should be rationalisation. We need to assess whether these exemptions are disproportionately benefiting certain business groups and whether they are actually improving productivity and competitiveness of the sector concerned,” he said.

Ensuring that small and medium enterprises receive adequate tax support should also be part of that review, he added.

Beyond tax dispensations, the government faces growing fiscal pressure from demand for subsidies and incentives.

“Subsidies account for about 1.8 percent of GDP, with a large share going to the power sector. There are also significant export and agricultural incentives, Debapriya said.

“When you combine tax expenditures, subsidies, and fiscal incentives, the total fiscal exposure reaches around 9 to 10 percent of GDP. Including contingent liabilities, it exceeds 12 percent. That is substantial for an economy which collects less than 7 percent of GDP as total revenue.”

To address the existing revenue gap, Debapriya stressed the importance of expanding the tax base. Out of 1.28 crore tax identification number (TIN) holders, less than 23 lakhs (18 percent) actually pay taxes.

“The principle should be low tax rates with high coverage,” he said. “We need to bring more people into the tax net rather than increasing the burden on a small group.”

He also highlighted the need to distinguish between taxable individuals and taxable income.

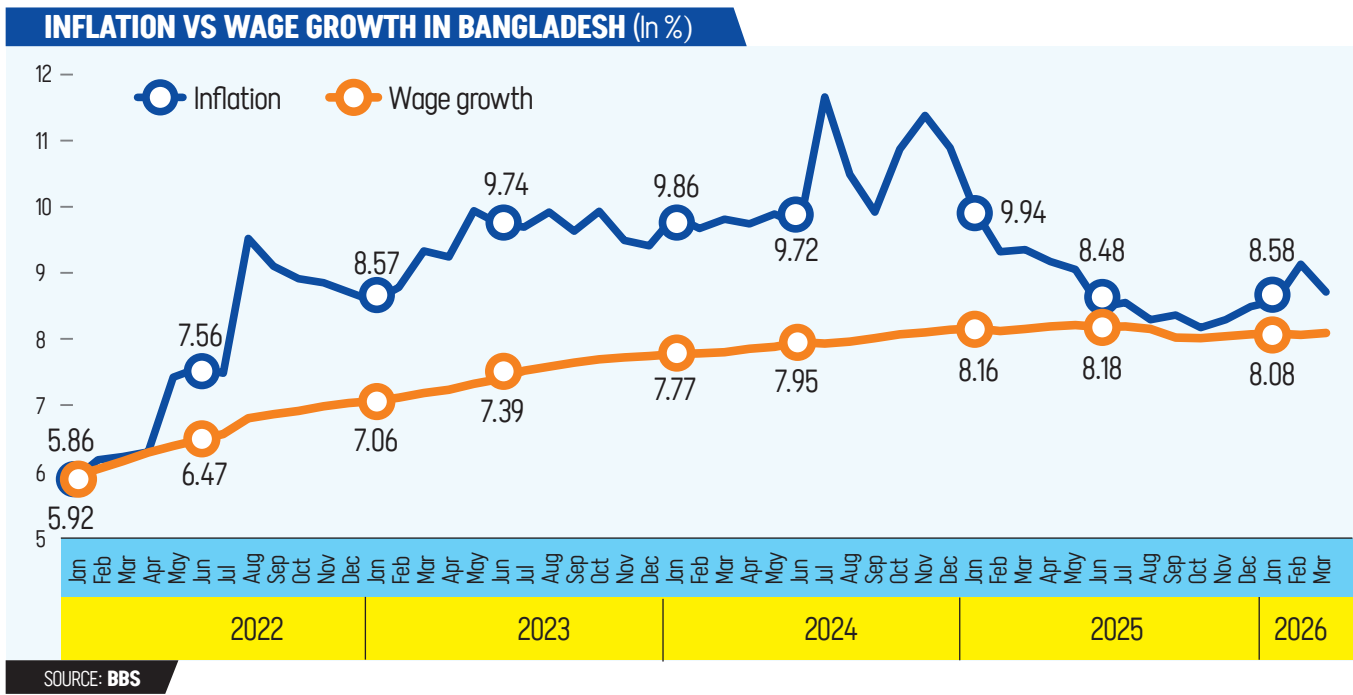
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Debapriya Bhattacharya

Inflation outpaces wages for 50 months

For many, negative real incomes have pushed protein off plates and now threaten a heavier debt burden



MD ASADUZ ZAMAN and SOHRAB HOSSAIN

By fishing, Rafique Majhi earns about Tk 500 on a good day, if luck favours him. The income has barely changed over the years. After the pandemic, when the cost of daily essentials began to surge, food was the first item he cut back on.

At Mahipur in Patuakhali district, his family began seeing fish or eggs on their plates less frequently.

Over time, that has worsened rather than improved. When catches fail or fishing bans are imposed, borrowing has become more frequent. Each day, Rafique’s struggle is to secure three meals, often only rice and vegetables.

After weeks of disrupted fishing due to fuel shortages, he is now anxious about surviving the next fishing ban from mid-April. “Prices of everything have gone up, but income has remained the same,” said the 52-year-old fisherman.

Like him, many low-income households across the country are under pressure as earnings fail to keep pace with rising prices. The difference between income growth and inflation have driven real incomes down.

Official data show real incomes have remained negative for four consecutive years.

“It’s impossible to cover all basic needs,” said Kabir Hossain, an employee

at a fish depot at Mohipur Fish Landing Centre in the same southern district.

He said his children often ask for better meals, but he cannot afford them. To manage daily expenses, he relies on borrowing almost every month. The upcoming fishing ban is also a major concern.

According to the Bangladesh Bureau of Statistics (BBS), inflation has outpaced wage growth for 50 consecutive months up to March, despite a gradual rise in pay since February 2022.

The wage growth rate stood at 8.09 percent in March, 0.62 percentage points below inflation of 8.71 percent, according to the Wage Rate Index. In the previous month, the gap between inflation and wage growth was 1.05 percentage points.

Unlike Rafique or Hossain, Prashanna Kumar Roy, a farm labourer at Rajpur union in Lalmonirhat, is not concerned about fishing bans. But his pressure comes from rising farming costs, which he said have reduced his income.

Roy, who used to earn Tk 15,000 to Tk 20,000 a month during the farming season, said it is now difficult to earn even Tk 14,000.

After cutting all possible expenses, including exhausting the very small family savings and skimping on nutritious food, the 45-year-old labourer said any emergency, such as medical

needs, now forces him to take loans, adding to existing debt.

These people belong to the country’s informal sector, which makes up about 84 percent of the total employed population of 6.9 crore. A large share of them are now at risk of falling into poverty or is already below the poverty line.

COMPROMISING NUTRITION INVITES LASTING CONSEQUENCES

Mohammad Lutfor Rahman, professor of economics at Jahangirnagar University, said low-income households are cutting back on protein-rich foods such as fish, meat, eggs, milk and fruit, relying instead on basic calorie intake just enough to work the next day.

He said such compromises could have long-term consequences.

“A malnourished workforce cannot remain productive, and their physical capacity declines over time,” Prof Rahman said, adding that children in low-income families risk falling behind in cognitive development.

He said weak labour demand is adding further pressure.

Several sectors, including construction, have recorded weak or negative growth in recent months, reducing demand for labour.

“At the same time, more people are entering the labour force, creating excess supply and pushing wages down.”

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Pahela Baishakh sales bounce back after two lean years



Clothing sales have picked up ahead of Pahela Baishakh, the first day of Bangla new year. This photo of customers browsing through wares at a clothing store was taken yesterday from the capital's Bailey Road.

PHOTO: PALASH KHAN

SUKANTA HALDER

Sales of clothing items ahead of Pahela Baishakh, the first day of the Bengali new year and the second largest annual shopping season after Eid, have rebounded this year after two subdued seasons marked by overlapping festivities and political uncertainty.

Aside from clothing, sweetmeat and footwear traders are reporting improved sales centring the festival this year, though sales fell short of expectations.

Retailers from about half a dozen fashion brands said that business has picked up, as greater political stability has helped restore consumer confidence and improved footfalls. As Eid-ul-Fitr holidays fell in the third week of March, retailers as well as traditional

clothmakers and weavers had at least two weeks to restock and organise collections for Baishakh.

Soumik Das, chief executive officer of Rang Bangladesh, said this year’s sales performance reflects a noticeable improvement compared to the immediate past two seasons.

The gap between Eid-ul-Fitr and Pahela Baishakh was somewhat short, so the fashion house made relatively moderate preparations. However, customer turnout has been encouraging, he said.

“When compared to recent years marked by political unrest, uncertainty, and shrunken consumer spending, this year shows a return toward normal retail behaviour.”

Khalid Mahmood Khan, co-founder of Kay Kraft, a retailer of clothing, accessories,

home textiles, handicrafts, and handloom-based products, said this year’s sales have seen encouraging customer turnout, with noticeably higher interest compared to last year.

However, limited shop hours remain a key constraint, he said.

Across the market, wholesalers and saree distributors are reporting an upward trend in sales. At the production level, weavers and artisans are also seeing positive responses from designers and retailers, indicating strong demand for Baishakh clothing, Khan added.

Shaheen Ahmed, owner of Anjan’s, one of the leading fashion brands, said this year’s Pahela Baishakh sales have shown improvement, particularly in terms of customer turnout.

READ MORE ON B2

Islamic banks’ deposits rise 9.4% in Dec

STAR BUSINESS REPORT

Deposits in the country’s Islamic banking system rose 9.42 percent year-on-year to Tk 4.81 lakh crore at the end of December 2025, marking a rebound in shariah-based banks after years of irregularities and weak governance.

By the end of 2025, deposits with Islamic banking increased by Tk 41,434 crore compared with the corresponding quarter of 2024, according to the Bangladesh Bank (BB).

The trend over the past few years has been uneven. Deposits stood at Tk 4.09 lakh crore at the end of 2022 and rose to Tk 4.43 lakh crore by late 2023. They then slipped before regaining momentum through 2024.

Even so, the central bank said that some full-fledged Islamic banks remain under severe liquidity pressure, weighed down by persistent irregularities and poor accountability.

In the “Quarterly Report on Islamic Banking in Bangladesh”, the BB said that without good governance, the recovery will not last.

Islamic banks now hold 24.38 percent of total deposits across the banking sector and account for 29.10 percent of total investments, according to the report.

The number of deposit accounts in the Islamic banking system rose to 4.1 crore by the end of December 2025, from 4.04 crore a year earlier.

Of the total deposits, the 10 full-fledged Islamic banks held Tk 4.11 lakh crore, or 85.47 percent of the market share. Islamic branches of conventional banks held Tk 29,681 crore, while Islamic windows of regular banks held Tk 40,231 crore.

Among the full-fledged shariah-based lenders, Islami Bank Bangladesh PLC attracted the largest individual share of deposits at 37.44 percent, followed by Al-Arafah Islami Bank PLC at 10.41 percent and First Security Islami Bank PLC at 7.94 percent.

The BB report showed that investment by Islamic banks grew 9.55 percent year-on-year to Tk 5.25 lakh crore. This was equal to 29.10 percent of total loans and advances across the banking sector at the end of December 2025, according to the BB.

Large industries took the biggest slice at 40.18 percent of all Islamic bank investment, followed by trade and commerce at nearly 33 percent.

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To Know More

Islami Bank MD sent on 1.5-month leave

STAR BUSINESS REPORT

Islami Bank Bangladesh PLC has sent its Managing Director, Md Omar Faruk Khan, on leave for more than one and a half months.

The decision was taken at a meeting of the board of directors of the country’s largest shariah-based lender yesterday.

Md Altaf Hossain, an additional managing director, will serve as acting managing director during Khan’s absence.

Several senior officials of the bank, speaking on condition of anonymity, said Khan had initially sought leave from April 28 to May 21 to visit his son in the United States.

However, the board approved leave from April 13 to May 31, which is a significantly longer period than requested, they added.

“I cannot say why I was granted leave for such a long period. I had requested leave starting from April 28,” Khan told The Daily Star.

Khan was appointed as the managing director of Islami Bank on August 3 last year.

Prior to that, he had been serving as acting MD following the removal of former managing director Mohammed Monirul Moula in April last year over allegations of irregularities and fraud.

M Zubaidur Rahman, chairman of the bank, could not be reached for comment despite repeated attempts. Earlier last month, Bangladesh Bank removed Md Abdul Jalil, an independent director and chairman of Islami Bank’s executive committee.

After the fall of the Awami League-led government in August 2024, S Alam Group’s control over Islami Bank ended, as Bangladesh Bank dissolved the board of the country’s largest private sector bank, which had been dominated by individuals linked to the conglomerate.

BYD opens showroom on Madani Avenue in Dhaka

STAR BUSINESS DESK

BYD, one of the leading hi-tech companies and new energy vehicle (NEV) manufacturers in the world, yesterday launched a new showroom on Madani Avenue (100 Feet) in Vatara, Dhaka.

The expansion has been carried out through Otto Fix Limited, the regional dealer partner of CG Runner BD Limited – the sole distributor of BYD in Bangladesh.

Shimul Biswas, a member of parliament from Pabna-5 constituency, inaugurated the showroom as the chief guest, according to a press release.

Biswas said, “Bangladesh stands at a pivotal moment in adopting sustainable mobility solutions. Through forward-looking initiatives, we are committed to making advanced, eco-friendly vehicle technologies more accessible to our people.”

Hafizur Rahman Khan, chairman of CG Runner Bangladesh, attended the ceremony.

In his remark, Khan said, “Launching this showroom on Madani Avenue marks a significant step towards bringing eco-friendly, world-class automotive technology to the heart of Dhaka. CG Runner BD is playing a leading role in achieving the government’s target of ensuring 30 percent electric vehicles by 2030.”

Md Lutfor Rahman, chairman of Otto Fix Ltd, said



Shimul Biswas, member of parliament from Pabna-5 constituency, inaugurates BYD’s new showroom on Madani Avenue (100 Feet) in Vatara, Dhaka yesterday. Hafizur Rahman Khan, chairman of CG Runner Bangladesh, was also present.

PHOTO: CG RUNNER BD

the showroom has been designed to offer a premium customer experience, adding that a skilled team will ensure both sales and after-sales services for vehicles equipped with advanced EV and super plug-in hybrid (PHEV) technologies.

Attendees explored BYD’s flagship model, the BYD

Seal; the country’s first super plug-in hybrid, the BYD Sealion 6; and the BYD Atto 3.

The inauguration ceremony was also attended by senior officials of BYD Bangladesh, CG Runner BD Limited and Otto Fix Ltd, along with business leaders, guests and customers.

India raises export duties on diesel

REUTERS, New Delhi

India has further raised a windfall tax on exports of diesel and aviation turbine fuel it imposed last month to ensure adequate domestic supply.

In a government notification on Saturday, India’s finance ministry increased the tax on diesel exports to 55.5 rupees per litre from 21.5 rupees per litre, and on exports of aviation turbine fuel to 42 rupees per litre from 29.5 rupees per litre, effective immediately. India also last month cut excise duty on petrol and diesel by 10 rupees (\$0.11).

Separately, to control a rise in airfares, it has also capped a monthly increase in aviation turbine fuel prices for domestic airlines at 25 percent in April. Jet fuel accounts for up to 40 percent of an airline’s expenses. Global oil prices have surged past \$100 per barrel as the flow of oil through the Strait of Hormuz, which serves as a conduit for 40 percent of India’s crude oil imports, remains heavily restricted due to the US-Iran war.

India, which ranks among the top five refining nations globally and is also the world’s third-biggest oil importer and consumer, relies heavily on overseas supplies.

Bank Asia holds 13th extraordinary general meeting



Romo Rouf Chowdhury, chairman of Bank Asia PLC, attends the bank’s 13th extraordinary general meeting yesterday. Zakia Rouf Chowdhury, vice-chairman of the bank, and Sohail RK Hussain, managing director, among others, were also present.

PHOTO: BANK ASIA

STAR BUSINESS DESK

Bank Asia PLC yesterday held its 13th extraordinary general meeting (EGM).

Romo Rouf Chowdhury, chairman of the bank, presided over the meeting as the chief guest, according to a press release.

Zakia Rouf Chowdhury, vice-chairman of the bank; Romana Rouf Chowdhury, Farhana Haq, Enam Chowdhury, Nafees Khundker, Sabeth Nayeem Choudhury, Farzana Khan and Md Ataur Rahman, directors, attended the meeting.

A significant number of shareholders joined the meeting virtually.

During the EGM, shareholders approved key resolutions concerning the proposed acquisition of the Bangladesh operations of Bank Alfalah Limited.

The transaction encompasses all associated assets, liabilities, rights and obligations and remains subject to the approval of the relevant regulatory authorities.



Mohammad Mustafa Haider, managing director of Samuda Group, and Faisal Rahman, additional managing director of Midland Bank PLC, exchange signed documents of the agreement at the bank’s corporate office in Gulshan, Dhaka recently.

PHOTO: PRIME BANK

Prime Bank signs cash management deal with Samuda Group

STAR BUSINESS DESK

Prime Bank PLC has entered into a strategic agreement with Samuda Group to provide comprehensive cash management solutions tailored to the organisation’s operational needs.

Faisal Rahman, additional managing director of the bank, and Mohammad Mustafa Haider, managing director of Samuda Group, signed the agreement at the bank’s corporate office in Gulshan, Dhaka recently, according to a press release.

Under the partnership, Samuda Group will utilise Prime Bank’s omni-digital platform, PrimePay, to execute a wide range of domestic disbursements.

The group will also leverage the bank’s extensive nationwide branch network to efficiently manage sales collections,

supported by robust MIS reporting.

PrimePay, the bank’s advanced digital platform, enables clients to initiate various payments seamlessly while ensuring high standards of security and transparency.

The platform supports both electronic and paper-based transactions, including RTGS, BEFTN, fund transfers, NPSB and MFS transfers, as well as cheque and pay order issuance with digital signatures.

Clients can also conveniently settle duties, taxes, VAT and utility bills through PrimePay.

Sajid Rahman, area head of corporate and institutional banking of the bank, and Mohammad Akramuzzaman, chief financial officer of Samuda Group, along with senior officials from both organisations, were also present at the signing ceremony.

UCB launches ‘UCB One’ digital banking platform

STAR BUSINESS DESK

United Commercial Bank PLC (UCB) has launched its new integrated digital banking platform, titled “UCB One”, aimed at providing a wide range of banking services quickly and conveniently.

Rashed Al Mahmud Titumir, adviser to the prime minister on finance and planning, inaugurated the platform as the chief guest at a ceremony held at Pan Pacific Sonargaon Dhaka yesterday, according to a press release.

At the event, Titumir welcomed “UCB One” and said, “The government is considering various initiatives to address structural challenges within the banking sector. Among these, a key focus is the full digitalisation of the financial system and ensuring that every citizen has a bank account.”

“This will help eliminate irregularities and improve transparency while establishing an inclusive financial system. I seek the cooperation of all banks in this regard,” he added.



Rashed Al Mahmud Titumir, adviser to the prime minister on finance and planning, inaugurates United Commercial Bank PLC’s digital banking platform “UCB One” at Pan Pacific Sonargaon Dhaka yesterday. Sharif Zahir, chairman of the bank, was also present.

PHOTO: UCB

ICCB holds workshop on international financial crimes



Mahbubur Rahman, president of the International Chamber of Commerce Bangladesh, poses for a group photograph with participants of the workshop, titled “International Financial Crime: Identifying Risk & Preventing Fraud in International Trade”, at a hotel in Dhaka on Saturday.

PHOTO: ICCB

STAR BUSINESS DESK

The International Chamber of Commerce Bangladesh (ICCB), in association with the ICC Commercial Crime Services (CCS) of the ICC International Maritime Bureau (IMB), based in London, organised a workshop titled “International Financial Crime: Identifying Risk & Preventing Fraud in International Trade” at a hotel in Dhaka on Saturday.

A total of 88 participants from 23 banks, including the central bank, along with two participants from the Bangladesh Institute of Bank Management (BIBM), attended the workshop, according to a press release.

Mahbubur Rahman, president of ICCB, attended the closing ceremony as the chief guest and distributed certificates among the participants.

In his remarks, Rahman said that current global economic uncertainties have increased various risks in international trade, including fraud and malpractice.

He emphasised that the chances of recovering losses from such incidents are limited. Therefore, it is essential for bankers, exporters and importers to understand the types of fraud prevalent today and how they can be prevented.

He further noted that maritime trade remains a cornerstone of real economic activity and growth. The rise in reported maritime incidents

underscores the importance of protecting seafarers and securing key shipping routes, not only for crew safety but also for the stability of global supply chains and dependent economies.

Michael Howlett, chief executive officer of ICC Commercial Crime Services; Cyrus Mody, director of ICC CCS and deputy director of IMB; and Ataur Rahman, secretary general of ICCB, conducted the workshop as resource persons.

A similar workshop was held in Chattogram yesterday, attended by 56 participants from 19 banks, including the central bank, along with 18 clients. Eastern Bank, Mutual Trust Bank and Prime Bank sponsored the event.

Pahela Baishakh sales bounce back

FROM PAGE B1

“After a long gap, we have produced Baishakh-specific products again, and the response has been encouraging, especially in major markets where customer flow has increased,” he said.

However, sales are still not at pre-2020 levels, and production volumes have also been limited compared to that period, Ahmed added.

Kamruzzaman Kamal, marketing director of PRAN-RFL Group, which operates Mithai, a sweetmeat and bakery chain, said this year’s sales are comparatively better than last year, mainly because last year the festival coincided with Ramadan.

Year-on-year growth in pre-orders, especially from corporate and organisational clients, has increased by 30 percent so far, he said.

On the other hand, Mahbubur Rahman Bokul, head of Bangladesh operations at Premium Sweets, said compared to a typical year, footfall is significantly lower, and demand remains subdued.

Global uncertainties, including the Middle East war and international political developments, appear to be affecting consumer confidence and spending behaviour, contributing to a slowdown in the retail environment, he said.

Md Jashim Uddin, manager for brand and marketing at Apex Footwear Limited, said this year’s sales have been relatively low in terms of consumer enthusiasm and customer footfall.

Since the festival comes immediately after Eid, when

consumers have already completed a large round of purchases, the overall response for Pahela Baishakh is low, he said.

Apex is also being affected by shorter shopping hours, he said, adding that because of the restriction, the footwear brand is losing a significant portion of the expected daily sales potential, around 60 percent to 65 percent.

Sharifun Nesa Reba, director at SaRa Lifestyle Limited, said sales this season have grown modestly, with steady consumer enthusiasm around Pahela Baishakh.

Demand for traditional attire, lifestyle products, and festive essentials continues to support purchases, reflecting positive market sentiment despite economic adjustments, although growth remains limited compared to a typical season, she added.

Reba attributed the subdued performance to the recent oil and diesel crisis, which disrupted transport and reduced consumer mobility, making it difficult for many shoppers to reach major retail hubs and resulting in lower-than-expected turnout.

She added that mandatory shop closures after 7pm have further hurt business, causing potential sales losses of up to 50 percent.

RETAILERS RUE SHORTER SHOPPING HOURS

Retailers of footwear and sweetmeats say sales could have been stronger had shopping hours not been cut to 7pm. Many public and

private sector employees prefer to shop after office hours, they said.

But shopping centres across the country now close in the evening because of an energy crunch linked to the Middle East war, which has disrupted global supply chains.

Soumik Das also said that operational restrictions, especially the enforced 7pm closing time, are significantly limiting potential revenue. Peak shopping hours naturally occur later in the evening.

Based on observed patterns, extending business hours even to 8pm could increase sales by 10 percent, while further extensions to 9pm could drive increases to 20 percent, or more in some cases, he said.

Extending operating time until 10pm, or allowing more flexibility from the 11th to the 14th, would significantly improve sales outcomes, said Kay Kraft’s Khalid Mahmood Khan.

Shopping during Pahela Baishakh is not only about purchasing products but also a social and lifestyle activity, where families and friends go out together, he added.

Mahbubur Rahman Bokul said that with most retail outlets closing early, overall street activity declines, affecting even businesses permitted to operate later. As a result, customer flow to Premium Sweets has reduced substantially, leading to an estimated 50 percent drop in sales.

Kamruzzaman Kamal said overall, Mithai is facing an estimated 20 percent loss due to early closures.

Brokers seek three-month extension

FROM PAGE B4

Moreover, thousands of existing loan accounts contain non-marginable securities of considerable value. Enforcing the six-month deadline, the association said, could prompt distressed sales, cause market volatility, inflict avoidable losses on retail investors and tighten liquidity. It also pointed to the current

strain on the capital market following the Middle East war and fuel crisis, mentioning that immediate enforcement would add to the pressure.

A measured transition is essential to protect investors, the letter said.

DBA said that an additional three-month extension, taking the compliance period to nine months

until July 31, 2026, would allow brokerages to complete the necessary system and policy upgrades and ensure a smooth adjustment for existing loan clients.

“We respectfully seek your kind consideration and approval for an extension of the compliance timelines stipulated in the Margin Rules 2025,” added the association.

SME Baishakhi Fair begins in Dhaka

STAR BUSINESS REPORT

The SME Foundation has, for the first time, organised a weeklong Baishakhi Fair to promote SME products, expand market access, and strengthen buyer linkages.

The week-long SME Baishakhi Fair began yesterday at the Bangladesh-China Friendship Conference Center in Agargaon, Dhaka, and will run until April 18.

Anwar Hossain Chowdhury, managing director of the SME Foundation, said the fair was designed to bring together the rich heritage, culture, and festive spirit of Bengal, offering visitors a unique experience while making the celebration of the Bangla New Year more vibrant.

More than 150 stalls are participating in the fair, where SME entrepreneurs are showcasing and selling a wide range of products, including handicrafts, jute goods, ready-made garments and fashion accessories, agro-processed items, traditional and heritage products, prepared foods and

street food, jewellery, leather goods, as well as perfumes and lifestyle products.

Commerce, Industries, Textiles and Jute Minister Khandakar Abdul Muktadir has said the SME and MSME sectors together make up the backbone of the national economy.

He emphasised that a significant portion of Bangladesh's economy operates within the informal sector, where SMEs play a vital role.

A Tk 300 crore credit wholesaling programme has recently been introduced to support SME development, the minister stated. This funding is being disbursed through 15 banks and four financial institutions. He expressed optimism that the allocation could be increased to Tk 2,000 crore in the future.

The minister also highlighted that strengthening the SME sector can generate employment, diversify industrial production, and encourage broader participation in economic activities. Currently, the SME

sector contributes around 30 percent to Bangladesh's economy, according to the SME Foundation.

As per the Bangladesh Bureau of Statistics Economic Survey 2024, nearly 99 percent of the country's approximately 11.8 million industrial establishments are classified as cottage, micro, small, and medium enterprises. These enterprises account for about 85 percent of total industrial employment.

With over 30 million people employed, the SME sector is a key driver of socio-economic development in Bangladesh. Given the country's large population and limited resources, the sector plays a critical role in job creation and overall economic progress, the commerce minister said.

Since its establishment in 2006 under the industries ministries, the SME Foundation has supported approximately 2.1 million entrepreneurs through various programmes, of whom around 60 percent are women.

No room for illusory budgeting

FROM PAGE B1

"Someone may be within the tax net but have little taxable income, while others with significant income remain under-taxed. That imbalance needs to be corrected."

He suggested exploring new areas of taxation, including property and inheritance taxes.

"In most developed economies, inheritance tax is used to address intergenerational inequality. You cannot tackle inequality by taxing income alone; asset inequality is far greater in our country," he said.

Asset recovery, particularly by bringing back stolen resources and making large defaulters pay, could also provide an additional source of revenue if pursued effectively, he added.

SHRINKING FISCAL SPACE

Debapriya warned that Bangladesh's fiscal space is narrowing, as operating expenditures continue to rise. The newly elected government will have to prudently consider the recommendations made by the National Pay Commission 2025 under the interim government.

"Salaries, subsidies, and interest payments are consuming revenue budget," he said.

"Debt stress is now emerging as a major macroeconomic challenge." Currently, the debt servicing liabilities of the government -- domestic and external -- are almost double the amount of total public expenditure for health and education.

He noted that public expectations from the new government remain high. Some early measures based on electoral commitments may appear to be populist in nature. However, these initiatives are being rolled out in phases and remain relatively contained in fiscal terms, he added.

URGENCY OF TAX REFORMS

Debapriya stressed that delays in tax administration reform, particularly within the NBR, could undermine domestic revenue mobilisation.

"If the reform process is not

completed quickly, especially the institutional restructuring, tax collection may suffer at a critical time," he warned.

He pointed out that both revenue collection and public expenditure will peak during the last quarter (April-June) of the current fiscal year.

"Reducing human interaction, minimising discretionary power, and ensuring transparency through digital systems are essential for improving efficiency and accountability," he said.

For Bangladesh, he concluded, the way forward lies in realism, discipline, and coherent policymaking.

"We often see policy contradictions-- where one measure offsets another. That reduces overall effectiveness," he said. Thus, there is a need for consistency and coordination.

"The opportunity is still there," he said. "But it is narrowing."

The policy expert urged the finance minister to adopt a pragmatic but structured approach to fiscal reform, stressing the need for policymakers to look beyond immediate pressures.

"My suggestion is simple: take the hard path, but place it within a medium-term budgetary framework -- a three-year horizon. That way, people can be assured that short-term difficulties will lead to longer-term stability," he said.

"You should not be overly concerned about what happens in just one year. The real focus should be on where the national economy would stand before the next national election, he observed.

Using an analogy, he explained the need for short-term restraint to enable long-term gains.

"If you want to make a long jump, you have to step back first, gather momentum, and then leap forward. This is that moment-- we may need to pull back now to create the space for consolidation and future growth."

STALLED CAPITAL MARKET REFORMS

8.23 percent.

The Wage Rate Index tracks wages of informal daily workers across 63 occupations in agriculture, industry and services.

To ease pressure, Prof Rahman called for targeted intervention. "The government should expand subsidised food distribution and consider compensation measures so low-income households can at least maintain minimum nutrition and purchasing power."

Bangladesh Bank reported a slight rise in nominal wage growth in the second quarter of fiscal year 2025-26, with the wage index increasing to 8.07 percent in December 2025 from 8.02 percent in September, although still below the previous fiscal year.

All major sectors saw marginal gains, with agriculture at 8.16 percent, industry at 7.91 percent and services at 8.24 percent, supported partly by Aman harvest demand. However, wage growth continued to lag inflation, keeping real wages negative and steadily eroding household purchasing power.

WAR SHOCKS COMPLICATE INCOME OUTLOOK FURTHER

Last week, the World Bank projected weaker economic growth for Bangladesh in the current fiscal year, saying an additional 12 lakh people will remain below the poverty line mainly due to the impact of the US-Israel war on Iran.

Before the conflict in the Middle East, about 17 lakh people were

Debapriya pointed to the long-standing proposal of offloading shares of multinational companies (MNCs), state-owned banks and enterprises (SOEs) to deepen the capital market.

"This idea dates back to the former finance minister Saifur Rahman's time, but implementation has been continuously aborted," he said.

The interim government also gave instructions to bring in shares of profitable SOEs and multinational companies to the capital market. The government and the MNCs each were to offload at least 5 percent of their shares. "But to no avail."

He attributed the failure to bureaucratic resistance, as officials often benefit from maintaining control over these entities. Offloading the shares would have given the capital market some positive vibes and, at the same time, generated some much-needed resources for the government.

On the expenditure side, he expressed concern over the effectiveness of public spending, particularly under the Annual Development Programme (ADP).

"Many projects are delayed, repeatedly revised, and suffer from poor feasibility studies," he said.

"Protracted land acquisition process and deficient project management, epitomised by inappropriate project directors, are also common." There are more than 1300 projects under the ADP, one-third of which are six to eleven years old.

He recommended forming a dedicated review body to weed out the "zombie projects" that have been continuing without meaningful progress.

"There is also a need to appoint skilled project directors and, where necessary, bring in professionals from outside the government," he added.

Improving the quality of spending, he noted, would increase public trust and tax compliance.

expected to move out of poverty this year. That figure has now dropped to 5 lakh.

At the \$3 international poverty line, an additional 14 lakh people are projected to fall into poverty over the same period, it added.

The Washington-based multilateral lender said the conflict is likely to affect Bangladesh's economy materially, compounding existing vulnerabilities, including high inflation, financial sector stress, limited policy space and weakened confidence.

Islamic banks'

FROM PAGE B1

The central bank said the Islamic banking system has been playing a significant role in mobilising deposits and financing in various economic activities in Bangladesh.

However, the number of rural branches of full-fledged Islamic banks has not grown in line with demand. "They may focus more on expanding their outreach into rural areas," it added.

The BB said Islamic banks may invest more in socially beneficial industries, particularly in agriculture and small businesses.

The central bank recommended that Islamic banks explore new customer bases in microfinance, support women entrepreneurs, and meet the financial needs of public agencies.



Bangladesh Petroleum Corporation (BPC)

Invitation for Enlistment

1	Ministry / Division	Ministry of Power, Energy & Mineral Resources/ Energy and Mineral Resources Division
2	Agency	Bangladesh Petroleum Corporation (BPC)
3	Procuring Entity Name	General Manager (Commercial and Operations) Bangladesh Petroleum Corporation (BPC)
4	Procuring Entity District	Chattogram
5	Invitation for	Application for enlistment as a potential supplier for supply of Refined Petroleum Products on CIF basis.
6	Invitation Ref. No	28.03.0000.000.045.01.0004.26
7	Date:	13 April, 2026

KEY INFORMATION

6	Procurement Method	International RFQ
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FUNDING INFORMATION

7	Source of Fund	Government of Bangladesh - GoB (Own Source)
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PARTICULAR INFORMATION

8	Application Closing Date, Time	04 May 2026, 04.00 PM (BST)
9	Name & Address of the Office	-Application form Availability Place: 1. Bangladesh Petroleum Corporation BSC Bhaban, Saltgola Road, Chattogram-4100 2. Bangladesh Petroleum Corporation Dhaka Liaison Office, BTMC Bhaban (10 th Floor) Karwan Bazar, Dhaka-1215 The Document will also be available at BPC's website (www.bpc.gov.bd). -Submission Place Applicants must submit their application physically or by courier. The applicant may submit their application through email (gm_commercial@bpc.gov.bd) also but in that case the applicant have to submit the hard copy of the application through courier or physically. Submission Address (for physical or courier): Place: Bangladesh Petroleum Corporation BSC Bhaban (2 nd Floor), Saltgola Road, Chattogram-4100, Bangladesh.

INFORMATION FOR APPLICANT

10	Brief Description of the Project/ Assignment.	Supply of Refined Petroleum Products as per specification (e.g. Gasoil 0.005% 'S'; Jet A-1; High Sulphur Furnace Oil (HSFO) 180 cSt, Gasoline 95 Unleaded, Marine Fuel 0.5% 'S', LPG etc.) mentioned in Master Sale and Purchase Agreement (MSPA) on Delivery at CIF basis to Main Installation of Oil Marketing Companies at Chattogram, Single Point Mooring (SPM) at Maheshkhali or any place in Bangladesh.
11	Eligibility for Supplier	Must comply with the minimum criteria mentioned on the Standard Application Document for Enlistment (SADE-1).
12	Other Details (if Applicable)	This is the Invitation for Enlistment of Refined Petroleum Products suppliers. Successful Enlisted Suppliers will be invited to sign Master Sale and Purchase Agreement (MSPA).
13	Supplier's Composition	The interested Refined Petroleum Products Suppliers may either be a single or or Joint Venture (JV) of more more than one firm or as a consortium.
14	Application Fees	1000.00 USD or 125,000.00 BDT
15	Enlistment Fees	50.00 USD or 5000.00 BDT
16	Submission of Application & Enlistment Fees	The Application must be accompanied by a Pay Order or Wire Transfer bearing equal value of Application Fee which is non refundable. A/C Name: Bangladesh Petroleum Corporation A/C No.0102487000001 Bank Name: Sonali Bank Limited Address: Shahid Abrar Fahad Avenue Corporate Branch Branch - Postal Code: Dhaka-1000 Swift Code: BSONBDDHBBAA Routing Number: 200270764 After being selected, the successful applicants will have to submit the Enlistment Fee in favor of BPC before signing Master Sale and Purchase Agreement (MSPA).

PROCURING AGENCY DETAILS

17	Name of Official Inviting Application	Md. Murshed Hossain Azad
18	Designation of Official Inviting Application	General Manager (Commercial and Operations)
19	Address of Official Inviting the Application	Bangladesh Petroleum Corporation BSC Bhaban, Saltgola Road, Chattogram-4100 Bangladesh.
20	Contact details of Official Inviting the Application	Tel: +8802333316121 Fax: +8802333320147 E-mail: gm_commercial@bpc.gov.bd
21	Other Contacts	gm.com.bpc@gmail.com ; gm_com_bpc@yahoo.com

22 The procuring entity reserves the right to accept or reject any or all applications without assigning any reason.



Md. Murshed Hossain Azad
General Manager (Commercial & Operations)



Prof Rashed Al Mahmud Titumir, adviser to the prime minister on finance and planning, and Rana Flowers, country representative of Unicef Bangladesh, pose for a group photograph with participants of a roundtable discussion regarding strengthening investment in social sectors in the upcoming budget, jointly organised by Unicef and The Daily Star, with support from the European Union, at The Daily Star Centre in Dhaka yesterday.

PHOTO: RASHED SHUMON

Spend more, spend better on social sectors

Experts say as health, education spending remains among world's lowest, and half unspent

STAR BUSINESS REPORT

The government needs to allocate more to education, health, and social protection in the upcoming budget, and ensure that the funds are properly utilised to create a better future for every child in the country, development specialists and donor agencies said yesterday.

Speaking at a roundtable, they pointed out that utilisation of development budgets in both sectors has hovered around 50 percent for at least two fiscal years. The discussion, regarding strengthening investment in social sectors in the upcoming budget, was jointly arranged by The Daily Star and Unicef with support from the European Union.

Md Ashiq Iqbal, social policy and economic specialist at Unicef, said in fiscal year 2024-25 (FY25), utilisation of the development budget of education was 47.4 percent while it was 9.8 percent in the health sector.

According to him, the underutilisation of funds pointed to significant room for efficiency gains. "Over 50 percent gain is possible for education and health within the existing envelope."

But he stressed that efficiency alone would not close the gap, as overall investment remains critically low to begin with.

The social policy expert noted that Bangladesh's spending on education is one of the lowest shares in the world -- just 1.5 percent of its GDP on education against a government target of 5 percent.

The gap between current and target investment is 70 percent, which has widened over the past decade, he added. "Significant budgetary steps are required to progressively reach the target."

Health spending stands at 0.7 percent of GDP, also among the world's lowest. "The same thing is happening in the social protection budget too."

Iqbal depicted the consequences of the spending failure, citing child welfare data.

Some 6.5 percent of primary school-age children are out of school, he said,

adding that attendance falls sharply after primary school while foundational skills improve but remain far too low. "Bangladesh's primary education progress is in stagnation."

The Unicef official also said, "serious" risks persist in public health.

Two in five children and one in 13 pregnant women show elevated blood lead levels. The neonatal mortality rate stands at 22 per 1,000. Nearly two-thirds of children aged 6 to 23 months live in food poverty, as social protection coverage shrank in recent times.

Iqbal welcomed the commitments made by the ruling BNP in its manifesto on education access and quality, child survival, and malnutrition.

He called for allocating at least 2 percent of GDP to quality and inclusive education of children, with increased funding for foundational learning and teacher development, and at least 1.5 percent of GDP for health, with ringfenced vaccine budgets and free medicine for the poor.

Prof Rashed Al Mahmud Titumir, finance adviser to the prime minister, said the government inherited an economy burdened with multiple problems, further aggravated by current global pressures.

He explained that with inflation persisting, the government could not adjust fuel prices and was instead focusing on proper utilisation of spending.

The official also said the government was moving toward a universal social protection system to eliminate inclusion errors, exclusion errors, and fragmentation with one card per family for service delivery.

In addition, he said, for the first time, farmers would also receive cards through scheduled banks, entitling them to multiple subsidies. The government hopes to reduce errors and create fiscal space through these initiatives.

The government was also focusing on transparency and accountability in spending, with budget implementation effectiveness and digitalisation of revenue collection among its priorities, Titumir added.

The PM's adviser also flagged that conditions attached to loans taken by the previous government from the International Monetary Fund (IMF) were creating pressure that "may not be child-friendly or women friendly".

Criticising the United Nations for reportedly not speaking out on these issues, he called for better coordination and harmonisation in the intergovernmental organisation.

Rana Flowers, country representative of Unicef Bangladesh, said she recognised that the government inherited an economy where debt obligations are rising, and economic uncertainties came from the global arena.

She pointed out that the situation demands figuring out how to use limited resources efficiently.

In fiscal year 2024-25 (FY25), utilisation of the development budget of education was 47.4 percent while it was 9.8 percent in the health sector

The Unicef official urged the government to focus on improving capital development, child education and social protection.

Rasheda K Choudhury, executive director of the Campaign for Popular Education, said education spending should be treated as an investment in human capital.

"If we curb corruption, if we curb violence against women and if we curb drug addiction, it will free up substantial funds for social sectors," she said, urging the government to actively court non-resident Bangladeshis for support.

Prof Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, said the government needs to prioritise its spending and draw up plans to adjust investment in the social sectors.

Gitanjali Singh, country representative of UN Women, called for higher social

sector allocations alongside a tracking system to ensure expenditure efficiency.

She also urged the government to raise tax revenue and shift toward progressive taxation, given the constraints on fiscal space.

Prof Abu Eusuf, executive director of Research and Policy Integration for Development (RAPID), called on authorities to publish the actual education budget by subtracting the technology budget from it, and urged the reinstatement of the child budget.

He also asked for the social protection budget to be broken down clearly, separating pension obligations from other programmes.

Furthermore, the policy expert proposed establishing eight top-class hospitals -- one per division -- so that people do not need to travel to Dhaka for specialised care.

On revenue, he noted that tax exemptions amount to 6 percent of GDP and urged the government to widen the tax base without pressuring existing taxpayers.

Mahfuz Anam, editor and publisher of the Daily Star, said he has been covering child issues for many years as a journalist, and the same stories keep recurring.

While the country has made some advances, it remains far from where it needs to be, he added, urging all to use the newspaper to improve child rights issues.

Kishower Amin, programme manager of Public Financial Management, said revenue reform was essential, including reform of the revenue board and full digitalisation of tax systems.

Without higher revenue collection, she said, increases in health and education spending would not be possible.

Mosammat Ayesha Akther, deputy director of the National Academy for Educational Management of the Ministry of Education, Shumon Sengupta, Country Director of Save the Children in Bangladesh, Lole Valentina Lucchese, programme manager of Social Protection of EUD, and Stanley Gwavya, Chief-SPEAR of Unicef, also talked at the event.

How AI could fight mobile banking fraud



SHUVASHISH ROY and MD TUHIN RANA

As mobile financial fraud grows more sophisticated, an intelligent system that tracks how users type and swipe could offer a powerful shield for honest customers. Imagine a university student in Dhaka about to pay her final semester tuition, or a small business owner in a busy market counting monthly earnings. An urgent call arrives from someone claiming to be customer support from a trusted mobile banking provider. The caller sounds professional and warns that the account will be blocked due to a system upgrade unless details are verified immediately. Panicked, they comply. Within minutes, the tuition and hard-earned profits are gone. Such incidents are no longer rare. They are a daily reality across the country. Fraudsters have moved beyond simple tricks, using advanced social engineering to bypass standard security and devastate victims before they realise what has happened.

Mobile banking in Bangladesh has grown rapidly over the past decade. Platforms such as bKash, Nagad and Rocket have expanded financial inclusion, bringing more than 144 million registered users into the formal economy as of January 2026, according to the Bangladesh Bank. About 570,000 of these are youth accounts, considered more vulnerable. Rising internet penetration and widespread smartphone use have pushed everyday transactions onto digital screens. This growth has also attracted organised fraud networks. In May 2024, The Daily Star reported that 48,586 personal mobile financial service accounts were suspended by the Bangladesh Financial Intelligence Unit (BFIU) for suspected links to online gambling, betting and hundi. Fraudsters siphon millions of taka through fake investment schemes, cloned emergency numbers and coordinated social engineering. As daily transactions reach thousands of crores, the financial and emotional toll rises. Trust, the foundation of a digital economy, is under strain.

The weakness lies in how security systems work. Traditional defences rely on rule-based checks, such as repeated incorrect PIN entries or unusually large transfers. Yet modern fraudsters rarely force entry. Instead, they persuade victims to share one-time passwords or use stolen credentials to log in normally. If the PIN and password match, the system assumes the transaction is legitimate. It cannot easily tell the difference between the real user and a criminal operating remotely. Our research proposes a more adaptive approach based on behavioural biometrics. The principle is simple. How a person types, swipes and scrolls is as distinctive as a fingerprint. When this behavioural data is combined with transaction patterns such as location, timing and typical amounts, a detailed user profile emerges.

We developed the system in stages. An autoencoder first learned patterns of normal behaviour. We then applied models that capture time-based sequences and used gradient boosting techniques. Finally, we combined them into an ensemble model capable of analysing large volumes of data. The results are encouraging. The system achieved a 97 percent fraud detection rate with 95 percent precision. By contrast, the initial baseline model missed 67 percent of fraudulent activity. Higher precision also means fewer false alarms, reducing the risk of legitimate transactions being blocked. Our analysis found that geographic location, together with scrolling and typing speed, was among the strongest indicators of suspicious activity.

For Bangladesh, adopting such a framework could be transformative. The Bangladesh Bank and mobile financial service providers could integrate these predictive models into existing systems. Because the framework is adaptive and locally relevant, it can respond in real time to the social engineering tactics common in the country. Proactive security will be vital as Bangladesh moves towards a more cashless economy. Protecting the digital economy requires a shift from reactive troubleshooting to proactive, AI-driven defence. Regulators, banks and fintech companies should invest jointly in behavioural security. With the right safeguards, digital financial services can remain safe and empowering for millions.

Shuvashish Roy is a senior researcher at Research and Innovation Division of Prime Bank PLC and Md Tuhin Rana is a student at Department of Statistics of Dhaka University

Brokers seek three-month extension on margin rules

STAR BUSINESS REPORT

The DSE Brokers Association of Bangladesh (DBA) has asked the stock market regulator to extend the deadline for complying with new margin rules by three months.

In a recent letter to the Bangladesh Securities and Exchange Commission (BSEC), the association sought more time to meet the requirements set out in the Bangladesh Securities and Exchange Commission (Margin) Rules 2025.

The rules came into force on November 1 last year, and are designed to strengthen risk management, protect investors and boost market stability. Three key provisions must be implemented within six months, with the current deadline set for April 30.

In the letter, the association argued that the timeframe is too tight.

DBA said that brokerage houses need time for internal consultations, risk assessments, board approvals and integration of the new requirements into their operational systems.

The association said many firms are still finalising their policies and implementation plans due to a shortage of skilled personnel required under the rules, as well as limited technical support and client feedback.

The association also noted that aligning with risk-based capital adequacy standards requires system upgrades, staff training, internal audits and technology improvements.

Rushing the process could trigger operational errors or disrupt margin services, it added.

READ MORE ON B2

AFP, Beijing

China's long-term strategy of diversifying energy sources and building stockpiles is helping it weather disruptions from the Iran war, although some sectors still face major snags, analysts say.

China is a net importer of oil and more than half of its seaborne crude came from the Middle East last year, according to analytics firm Kpler.

The conflict triggered by Israel and the United States against Iran has halted almost all shipments from the Gulf area for six weeks now, with a shaky ceasefire deal struck this week extremely unlikely to lead to an immediate recovery.

However, Beijing's long running prioritisation of energy security has left it well prepared for such shocks, analysts told AFP. A "general concern about the geopolitical situation" in recent years has spurred Chinese leaders to ensure sufficient storage construction and stockpiling of strategic reserves, said Muyu Xu, senior oil analyst at Kpler.

Those efforts mean China now sits in a far better position than several of its Asian neighbours, such as Japan and the Philippines, she said.

But so far Beijing has not been "in a rush" to initiate releases from its

substantial strategic reserves, said Xu.

This is partly because China's decades-long mission to diminish its traditional reliance on coal and fossil fuels is beginning to flourish.

The large-scale efforts to transition to renewable energy mean "China is relatively well placed" to deal with the

current situation, said Lauri Myllyvirta, co-founder of the Centre for Research on Energy and Clean Air.

Wind, solar and nuclear capacity has been added to China's populous coastal provinces, while improved grid infrastructure carries electricity to them from inland. "There would be much more



An aerial view shows residential buildings with roof-mounted photovoltaic solar panels in Yinchuan, in northwestern China's Ningxia region.

PHOTO: AFP/FILE

oil and gas imports needed to power those provinces" otherwise, said Myllyvirta.

While dependencies still exist -- including in the vast manufacturing sector -- renewable energy is "helping a lot on the margin", he said.

Li Shuo, director of the China Climate Hub at the Asia Society, told AFP that the current energy crisis "vindicates China's long-standing 'all-of-the-above' strategy".

President Xi Jinping is seeking to leverage the renewables build-out even further as geopolitical turmoil mounts.

State broadcaster CCTV aired a segment on Monday in which Xi was quoted as calling for accelerated construction of a "new energy system" to safeguard energy security, although it did not mention the Middle East war.

For Beijing, the "more serious risk" is not immediate energy shocks but a potential global economic downturn caused by the conflict, the Asia Society's Li said.

Some sectors will inevitably feel the pinch, presenting new hurdles for leaders struggling to jumpstart sluggish activity.

Among them are "teapot" oil refineries -- small, private outfits that have historically benefited from access to sanctioned Iranian and Venezuelan crude acquired at a discount.