

# Star BUSINESS



## No adverse steps for businesses in upcoming budget

Says commerce minister

STAR BUSINESS REPORT

The government will not introduce any adverse measures for businesses in the upcoming national budget for the fiscal year 2026-27, Commerce and Industries Minister Khandakar Abdul Muktedir said yesterday.

He said Bangladesh needs to expand its tax net to ensure fiscal discipline, but stressed that the aim is not to increase the tax burden on individuals. Instead, the focus will be on widening the tax base.

The minister made the remarks at a pre-budget discussion in Dhaka, organised by the Dhaka Chamber of Commerce and Industry (DCCI) in association with Channel 24 and the daily Samakal.

He expressed hope that the upcoming budget and related measures would deliver positive results and voiced confidence in the finance minister and the National Board of Revenue (NBR).

"I have full confidence in the finance minister, who is business-friendly and understands economic management. I urge the private sector to trust us as we work together to move the country forward," he said.

He also pointed to global conflicts, especially in the Middle East, as a reason for rising international commodity prices, saying the situation has reduced fiscal space.

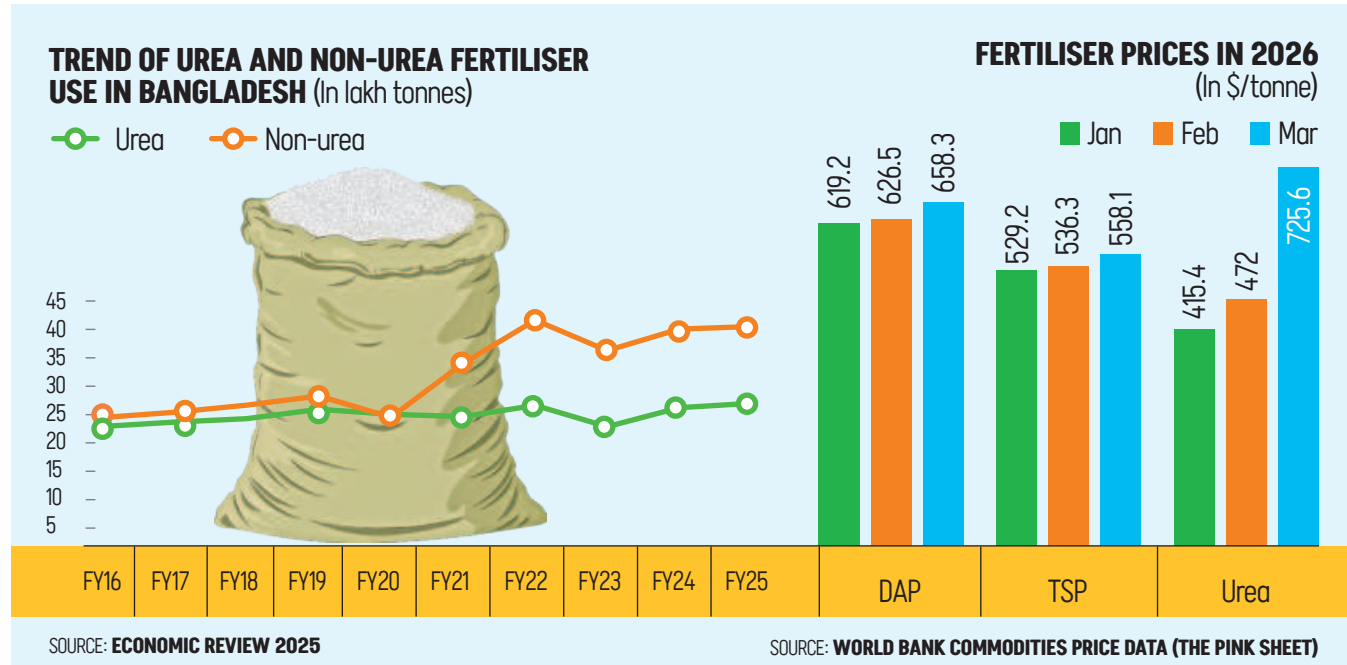
The minister said the government is now buying liquefied natural gas (LNG) from the spot market at \$20 per unit, compared to \$10 earlier. Crude oil prices have risen from \$50-60 to \$116, while fertiliser prices have increased from \$456 to over \$800.

"These price increases have reduced the government's fiscal space and policy flexibility," he said.

He added that if Bangladesh had adequate LNG reserves, it would not need to rely on expensive spot-market purchases.

## Bangladesh races for urea supply bypassing Hormuz

Dhaka approaches Latvia and Brunei, requests Saudi Arabia rerouting, and holds talks with Russian representatives



SUKANTA HALDER

Bangladesh is scrambling to secure urea imports after an international tender floated last month failed to attract any bidders, with the Aman paddy, the country's second-largest rice crop, due for planting in June.

Authorities met Russian representatives yesterday to explore a government-to-government deal. At the same time, Dhaka is approaching nearby producers such as Brunei, as well as more distant and less conventional suppliers, including Latvia and Ukraine.

The government has also asked Saudi Arabia, a regular supplier, to consider alternative shipping routes.

Since the US-Israel war on Iran on February 28, the Strait of Hormuz – a key artery for global fertiliser trade – remains closed. It disrupts flows, accounting for roughly 30 percent of global fertiliser shipments.

Requesting anonymity, a senior official at the state-run Bangladesh Chemical Industries Corporation (BCIC), said they are currently in discussions with Russia, Latvia, Brunei, and Ukraine to secure imports.

"We are looking to get the fertiliser from these countries as they can ship using routes bypassing the Strait of Hormuz," he said.

After a meeting with Russian representatives yesterday, he said Moscow is expected to submit a formal proposal soon.

The urgency follows the shutdown of five of the country's six urea factories because of gas supply concerns after the US-Israel war on Iran. The conflict has reverberated across the Middle East, a crucial hub for fertiliser exports and for natural gas used in domestic production. Bangladesh needs

more than 26 lakh tonnes of urea each year. About three-quarters of demand is met through imports, as local plants often operate below capacity when gas is diverted to other sectors.

Current stocks stand at around 300,000 tonnes, enough to meet demand until June. BCIC previously said it was working to build reserves to cover requirements in the second half of the year.

Saudi Arabia, the United Arab Emirates and Qatar are Bangladesh's main suppliers, providing nearly 10 lakh tonnes annually. Since the war broke out, major producers in Qatar and Saudi Arabia declared force majeure and temporarily halted production.

In response to the US-Israel attack, Iran's closure of the Strait of Hormuz has compounded supply disruptions, pushing up the cost of fertiliser and the natural gas used to produce it.

According to the World Bank's latest commodity price data, urea prices have jumped by more than 50 percent compared with levels before the war began on February 28. The average price rose to \$725.6 a tonne in March from \$472 earlier.

Prices of other fertilisers, including diammonium phosphate (DAP) and triple superphosphate (TSP), have also surged.



## NATIONAL BUDGET FOR FY27

Planning Commission member Monzur Hossain said the economy is currently weak and slowing down, adding that the government's goal in the upcoming budget is to restore stable growth.

He said achieving the 6 percent growth target next fiscal year will not be possible without stronger industrial growth.

**ECONOMY UNDER PRESSURE AS CREDIT TIGHTENS**

At the event, International Chamber of Commerce (ICC) Bangladesh President Mahbubur Rahman said Bangladesh has long discussed improving its tax-to-GDP ratio but has not yet found effective solutions.

He said the tax system remains unfair, as compliant taxpayers carry a heavier burden while many non-payers remain outside the tax net.

He also raised concerns over declining credit flow to the private sector.

"High interest rates, liquidity shortages and tight lending policies are discouraging new investment, slowing industrial expansion and job creation," he said.

The DCCI said heavy government borrowing from the banking system is tightening liquidity, making it harder and more expensive for businesses, especially small and medium enterprises, to access loans.

The chamber urged the government to reduce reliance on bank borrowing, warning that it could crowd out private sector credit.

It added that between July last year and April 1, the interim government and the BNP-led government together borrowed at least Tk 1.03 lakh crore, which is 99.54 percent of the target for the current fiscal year 2025-26.

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## Starlink in Bangladesh: Blazing fast, but few can afford

Ookla report places Bangladesh among Asia-Pacific's top performers on latency, but flags affordability as a barrier to mass adoption

JAHIDUR RAHMAN

Bangladesh's Starlink service is currently among the most responsive in Asia-Pacific, but high package prices make it unaffordable for ordinary households, according to a new report by Ookla, a global internet performance tracking firm.

The milestone in latency came within just two operational quarters of its commercial launch. Starlink received its operating licence in Bangladesh on April 29, 2025, and officially launched on May 20, initially offering two residential packages priced at Tk 6,000 and Tk 4,200 per month.

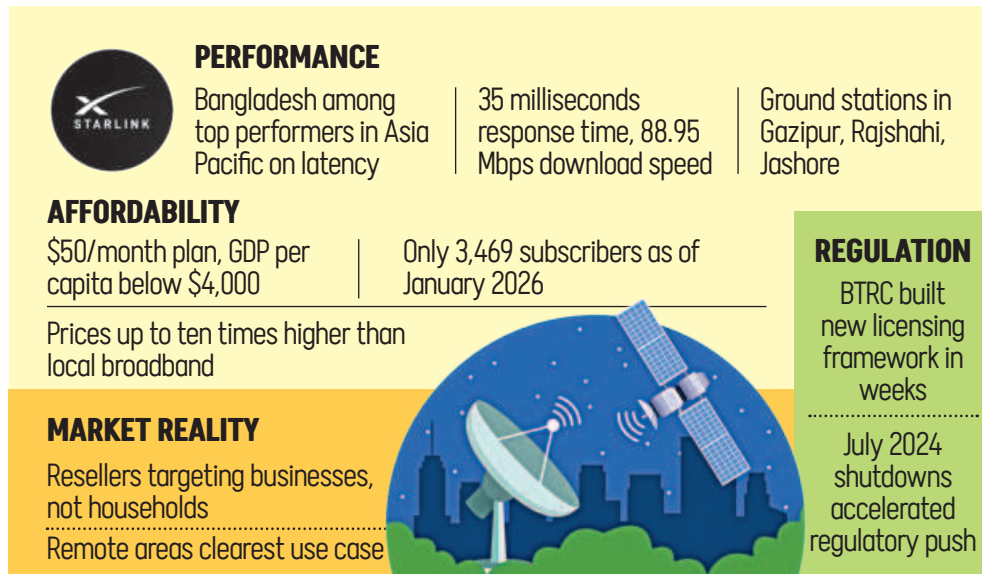
The report states that the monthly fees consume a disproportionately large share of household income in Bangladesh – placing it among lower-income markets where affordability remains a serious obstacle to mass adoption.

**LOWEST LATENCY IN THE REGION**

Internet latency is the time delay – measured in milliseconds – for data to travel from your device to a server and back. Low latency is crucial for responsive, real-time internet, while high latency causes lag. It is caused by physical distance, network congestion, or hardware issues.

Starlink in Bangladesh has the lowest latency compared to neighbouring countries. By the fourth quarter of 2025, Bangladesh recorded a median download speed of 88.95 Mbps and a response time of 35 milliseconds (ms) – matching New Zealand and marginally faster than Australia's 36 milliseconds, despite those markets having used Starlink since April 2021.

The performance gap between markets, Ookla's report explains, comes down to where



Starlink's ground equipment is located.

Starlink Points of Presence (PoPs) are critical data centres where Starlink satellites connect to the terrestrial internet backbone. Deploying a Starlink PoP in Nairobi in January 2025 reduced Kenya's latency from 289 milliseconds to 53 milliseconds.

Countries with local ground stations get a faster, more responsive connection, while those routed through distant facilities experience noticeable lag. For instance, East Timor recorded 157 milliseconds and the Maldives 118 milliseconds in the same period, as they don't have local ground stations and use distant gateways.

Among neighbouring countries, Sri Lanka, which launched in July 2025, reached a faster

download speed of 140.68 Mbps by Q4 2025 – but its latency of 103 milliseconds was nearly three times worse than Bangladesh's, a direct consequence of fewer local ground stations.

Bangladesh's strong figure reflects the ground facilities secured as a condition of its licensing agreement. Starlink has built infrastructure at Hi-Tech City in Kaliakair, Gazipur, with additional sites in Rajshahi and Jashore.

"For governments negotiating licensing terms, ground-station commitments are a meaningful lever on the quality of service their populations receive," the Ookla report notes.

Ookla also holds Bangladesh's regulatory process as a model for the region.

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## Transaction-based benchmark introduced for interbank lending

STAR BUSINESS REPORT

Banks will be borrowing and lending among themselves for the short-term, using a new transaction-based reference rate from Wednesday.

At a press conference at its headquarters in Dhaka yesterday, the Bangladesh Bank (BB) announced the shift away from the long-standing practice of relying on quoted rates under the Dhaka Interbank Offered Rate (DIBOR).

Instead of simply using the rates banks said they would charge, the new framework draws on actual transactions to determine borrowing costs.

The new system is meant for improving transparency and efficiency in the money market. It also brings Bangladesh into line with global benchmarks such as the Secured Overnight Financing Rate (SOFR), published daily by the New York Fed and widely used in international markets.

Similarly, the BB will publish the new reference rates regularly on its website from Wednesday.

DIBOR, introduced in 2010, was based on rates banks reported for lending to one another. Over time, however, the system showed its weaknesses. Many commercial lenders did not provide data consistently, meaning the rate often failed to reflect real market conditions.

Under the new automated system, the BB will rely on actual interbank transactions and two new benchmark rates – the Bangladesh Overnight Financing Rate (BOFR), and the Dhaka Overnight Money Market Rate (DOMMR).

BOFR is a secured, or risk-free, rate derived from interbank repo transactions. In a repo deal, one bank sells government securities to another with an agreement to buy them back later at a slightly higher price. The securities act as collateral, reducing the risk for the lender. DOMMR, by contrast, is based on unsecured call money transactions. In this market, banks lend to one another for very short periods without providing collateral, relying instead on mutual trust and liquidity needs.

BOFR will be available for overnight and one-week tenors. DOMMR will cover overnight, one-week, one-month and three-month tenors.

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## Banks to face action for refusing torn, soiled notes

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Bangladesh Bank (BB) has warned of regulatory action against banks that fail to accept and exchange torn, defective and soiled banknotes.

The central bank's move comes as part of its efforts to improve cash circulation and public convenience.

In a circular issued on Sunday, the BB said that despite earlier instructions, it had observed continued reluctance among some bank branches to accept damaged notes.

**BB said any failure or unwillingness by bank branches to comply with the directive would invite action against the banks concerned**

It said such non-compliance is disrupting smooth cash transactions in the market.

To address the issue, the BB has made it mandatory for all scheduled banks to open special counters and regularly accept torn and soiled notes, particularly small denominations such as Tk 5, Tk 10, Tk 20 and Tk 50, and provide their exchange value through fresh or recirculable notes.

The BB said that any failure or unwillingness by bank branches to comply with the directive would invite action against the banks concerned.

The move is aimed at enforcing the Clean Note Policy and ensuring better quality of currency in circulation.

The instruction has been issued under Section 45 of the Bank Company Act, 1991, and has come into immediate effect.