

Businesses call for growth-oriented budget, pragmatic tax policy

STAR BUSINESS REPORT

Amid ongoing domestic and global challenges, businesses have urged the government to ensure that the upcoming national budget for the 2026-27 fiscal year is supportive and growth-oriented rather than "punitive".

They also called for a reduction in effective tax rates, including turnover tax, and stressed the need for a balanced and pragmatic tax policy to encourage investment and economic expansion.

The demands were made at a pre-budget seminar on private-sector priorities in Dhaka, jointly organised by the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), and the Economic Reporters' Forum (ERF).

"In the current global and domestic economic context, we are going through a challenging time," said Kamran T Rahman,

president of MCCI.

High inflation, sluggish investment, elevated interest rates, and pressure on foreign exchange have made doing business difficult, he said, adding that small and medium enterprises are the worst affected.

introducing a "Unified Taxpayer Profile" to replace separate tax, VAT, and customs systems, which he said would reduce complexity and harassment.

Golam Mainuddin, chairperson of Apex Footwear Limited, said the tax burden remains disproportionately high

one paid at the top bracket. When rates were reduced, collection increased and it could rise further if rates are lowered again," he added.

Citing VAT, he noted, "If rates come down from 15 percent, more businesses will comply, and overall collection could increase."

"There is a huge scope to expand the tax net, but a rent-seeking culture within the tax administration remains a major barrier."

"Without making the system service-oriented and addressing this culture, even automation will not deliver effective results," he said.

Malik Mohammed Sayeed, chief executive officer of Square Toiletries Limited, called for retaining tax exemptions on sanitary napkins and diapers.

He also urged a reduction in taxes on imported raw materials to around 10 percent, as key inputs are not locally

produced and require large-scale investment.

Asif Ibrahim, former president of the Chittagong Stock Exchange, said, "Investment has stagnated. Without protecting domestic investors, foreign investment will not come."

He noted that declining private-sector credit growth is a concern, and financial sector reforms are needed.

"We expect the budget to support both domestic and foreign investment through a collaborative approach to drive growth and jobs," he said.

Former NBR chairman Muhammad Abdul Mazid stressed policy predictability, saying businesses need clarity on tax rates in advance.

ERF President Doulot Akter Mala warned of a potential revenue shortfall of nearly Tk 100,000 crore this fiscal year, cautioning against overly ambitious targets in the next budget.

NATIONAL BUDGET FOR FY27



He said the budget should focus on boosting investment and job creation, urging a further 2.5 percentage point cut in corporate tax for both listed and non-listed companies and the removal of the cash transaction condition.

Rahman also proposed

on compliant taxpayers. Habibullah N Karim, senior vice-president of MCCI, said, "This is an opportunity to rethink our taxation paradigm; high rates often discourage compliance."

"Bangladesh once had such high-income tax rates that no

Business leaders demand

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private sector, adding that key policies have been made without adequate business input.

He urged the government to appoint a private-sector administrator and ensure swift elections, citing past precedents where timely action was taken during caretaker periods.

In response, Commerce Minister Mukhtar Rahman called for transforming the FBCCI into a truly representative, effective and non-political body for the business community.

He said the association must play a more proactive role in protecting business interests and conveying concerns to the government, while applying constructive pressure when needed without being politicised.

"We want an FBCCI that genuinely serves as a unified platform for all businesses," he said, adding that it should provide practical, ground-level input in policymaking.

Mukhtar stressed that competent and dynamic

leadership from within the business community is essential to revitalise the organisation.

He also reassured leaders of the government's commitment to a business-friendly environment, noting that a new import policy is in its final stage and that committees will be formed to simplify services across key ministries.

FBCCI administrator Md Abdur Rahim Khan also spoke at the meeting.

Among others, Mir Nasir Hossain, former president of FBCCI; SM Fazlul Haque, former president of BKMEA; Nasreen Fatema Awal and Gias Uddin Chowdhury Khokon, former directors of FBCCI; Zakir Hossain Nayan, president of the Bangladesh CNG

Machinery Importers Association; Belayet Hossain Bhuiyan, former president of Rangamati Chamber; Nizam Uddin Rajesh, former vice-president of FBCCI; and Syed Bakhtiar, former director, were also present.

Gas shortage brings

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Even Kafco, initially operating at limited capacity, was forced to suspend production late last month due to worsening gas shortages.

BCIC officials said around 197 million cubic feet of gas per day are required to run the five major urea plants at full capacity, underscoring the severity of the supply crunch.

"We have been unable to produce around 7,100

tonnes of fertiliser daily from these plants for the past one and a half months," BCIC Director (Production and Research) Md Moniruzzaman said.

He added that gas supply to Shahjalal Fertilizer Company Limited and CUFL is expected to resume from May 1.

"Once ammonia production restarts, we expect the DAP plant to receive feedstock and resume operations," he said.

Dual protest outside Islami Bank

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demand, which also includes the immediate arrest of Saiful Alam and other alleged offenders, confiscation of their domestic assets, recovery of laundered funds and prevention of any group from creating unrest on bank premises.

The council warned that the government would be responsible for any untoward situation if alleged associates dubbed the "Patiya group" are allowed to regroup.

Contacted, Md Alaf Hossain, acting managing director of Islami Bank, told The Daily Star, "We were informed about the protest of two different groups. Such protests ultimately adversely impact the bank, as these cause panic

among general customers." He also said the reinstatement of dismissed officials is now under judicial process, and the bank has nothing to do at this moment regarding the issue.

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.

Between 2017 and June this year, the Chattogram-based conglomerate and its associated companies took around 80 percent of the total disbursed loans of Islami Bank Bangladesh.

Fuel price hikes feed inflation

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Irrigation there depends heavily on diesel and electricity. Higher diesel prices will raise cultivation costs unless offset by policy support or price adjustments.

Transport and logistics are equally exposed. Freight operators usually pass on higher fuel costs quickly, especially in goods transport. That, in turn, feeds into the prices of agricultural produce, consumer goods and manufactured items.

Although diesel-based generation accounts for less than 2 percent of total power output, its share can rise during peak demand, especially as liquefied natural gas (LNG) shortages drag on. Higher generation costs may be passed on to consumers or absorbed through fresh subsidies, according to the report.

It said there could be second-round effects too. Dearer transport, irrigation and energy will add to inflationary pressures already stoked by high imported food prices.

The brokerage said that rising inflation expectations could push up yields on government securities and lift borrowing costs for companies if not carefully managed.

Higher inflation and interest rates, according to the report, would weaken demand, lower output, and leave factories running below capacity, which may



A motorcyclist refuels at a filling station as the government raises prices from midnight Saturday, with diesel at Tk 115, octane Tk 140, petrol Tk 135 and kerosene Tk 130 per litre. The photo was taken yesterday.

PHOTO: PRABIR DAS

ultimately translate into slower GDP growth.

While the country usually depends on long-term supply contracts, diesel, which accounts for nearly 65 percent of hydrocarbon consumption, is increasingly sourced from the volatile spot market.

Because geopolitical tensions have disrupted trade routes, with some suppliers declaring force majeure amid infrastructure damage and shipping blockade through the Strait of Hormuz.

The country's sole

crude oil refinery, Eastern Refinery Limited, has an annual capacity of 1.5 million tonnes and meets about 20 percent of domestic demand across 16 fuel products.

The refinery is currently running well below capacity because of crude shortages and is unlikely to scale up production before May this year.

Besides, existing trade agreements with the US limit Bangladesh's ability to diversify its fuel sourcing, creating added pressure on procurement.

Brac EPL said reliance on spot purchases, low

refinery utilisation and limited sourcing options could prompt further price increases, though at a slower pace.

Bangladesh is seeking an additional \$2 billion in external support to cushion exposure to volatile fuel markets, ease foreign exchange pressure, and gradually reduce subsidies.

In the meantime, the country has secured a 60-day waiver from the United States to import fuel from Russia and has sourced 100,000 tonnes from Kazakhstan at around \$75 a barrel.

Clarify bank control return

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He said the situation highlights a broader failure to pursue meaningful reform. If reforms are delayed further and pushed into a Five-Year Plan, the approach would be misplaced.

"Unfortunately, although I am also a member of that planning committee, I must say that now is the time for consolidation and reform in order to move forward," he said.

Without reforms, including stronger revenue generation, better public spending and balanced deficit financing, he asked where the economy would go.

He also referred to findings in a white paper on the economy published by the interim government, which highlighted how deals were struck between politicians and businesspeople, especially around the Prime Minister's Office.

Business people observed such arrangements and thought, "Why shouldn't I have a share in this?" he said, adding that some then tried to cut transaction costs by becoming directly involved,

including awarding contracts to family members. Eventually, some even entered parliament themselves.

On the capital market, he suggested including not only multinational companies but also state-owned enterprises.

This, the economist said, could achieve two goals at once: raising funds in the short term, even if it feels like selling family silver, and strengthening the quality of listed shares to make the market more vibrant.

Researchers, businesspeople, economists, trade analysts and students from home and abroad took part in the discussion, which was moderated by Selim Raihan, executive director of Sanem.

'BANK DEFAULT NOW EMBEDDED IN FINANCIAL SYSTEM'

At the session, Professor Rehman Sobhan, chairman of CPD, said banking reforms have been discussed since the time of President Ziaur Rahman, yet major defaults began then and have continued through successive governments.

Although it was once suggested that defaulters

should not contest elections, laws were later introduced allowing them to do so if they made a 5 percent down payment and rescheduled loans.

This has resulted in a large group of defaulters in parliament who, he said, help block meaningful reform. The CPD chairman added that bank default has now become embedded in the structure of the financial system and cannot be addressed simply by targeting a few crony capitalists.

He said legislation alone is not enough. Reforms must be translated into operational measures implemented by the bureaucracy, with outcomes monitored on the ground.

Prof Rehman Sobhan added that an active opposition should work with civil society to act as a watchdog over reform implementation. Ultimately, he said, the government must show genuine intent and build accountability from the Prime Minister's Office down to the field level.

He said the ultimate test of accountability lies in the

Bangladesh Lamps PLC.				
Head office : House-22, Road-4, Block-F, Banani, Dhaka-1213				
3rd Quarterly Financial Statements (January-March 2026)				
STATEMENT OF FINANCIAL POSITION (UN-AUDITED)				
AS AT 31 MARCH 2026				
	As at	As at		
	31 March 2026	30 June 2025		
	Taka	Taka		
ASSETS				
Non-current assets				
Property, plant and equipment	120,619,651	133,737,308		
Intangible asset	40,678,705	44,113,465		
Capital work-in-progress	5,094,246	-		
Right-of-use asset (ROU)	65,374,269	75,698,505		
Investment in shares at fair value:	530,781,299	422,449,892		
Investment at cost	88,527,133	88,527,133		
Fair value adjustment	442,254,166	333,922,759		
Total non-current assets	1,188,135,064	1,024,841,967		
Loans and deposits	5,508,979	5,063,395		
Total non-current assets	1,193,644,043	1,029,905,362		
Current assets				
Inventories	730,180,139	712,553,513		
Trade and other receivables	287,535,945	252,993,482		
Advance, deposit and prepayments	78,197,222	36,554,877		
Advance income tax	515,959,343	486,465,123		
Cash and cash equivalent	78,758,086	26,472,005		
Total current assets	1,690,630,735	1,515,039,000		
TOTAL ASSETS	2,884,274,778	2,544,944,362		
EQUITY & LIABILITIES				
Capital and reserves				
Share capital	105,278,770	105,278,770		
Reserves and surplus:	387,884,162	315,061,637		
Fair value reserve	375,916,041	283,834,345		
Accumulated retained earnings	11,968,121	31,227,292		
Shareholders' equity	499,166,932	420,340,407		
Non-current liabilities				
Deferred liability - gratuity payable	20,945,537	13,930,025		
Deferred tax liability	53,294,885	41,563,517		
Lease liabilities- Net off current portion	65,135,026	75,821,202		
Total non-current liabilities	139,375,448	131,314,744		
Current liabilities				
Lease liabilities- Current portion	14,097,483	13,215,138		
Short term finance	1,264,879,429	1,209,369,991		
Trade and other payables	236,647,013	166,587,875		
Other liabilities	59,001,453	18,557,957		
Unclaimed dividend	398,114	983,175		
Provision for tax	251,126,012	235,732,278		
Total current liabilities	1,826,149,504	1,644,446,414		
TOTAL EQUITY & LIABILITIES	2,884,274,778	2,544,944,362		

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2026				
	1 March 2025 to	1 March 2025 to	1 January 2025 to	1 January 2025 to
	31 March 2026	31 March 2025	31 March 2025	31 March 2025
	Taka	Taka	Taka	Taka
Revenue	1,538,116,000	1,382,376,700	511,778,954	483,291,261
Cost of sales	(1,177,912,040)	(1,060,304,096)	(398,368,344)	(357,800,283)
Gross profit	360,203,976	322,072,604	113,410,610	125,490,978
Other income	1,252,463	50,626,400	4,282,627	4,296,623
Operating expenses	(242,251,507)	(240,074,760)	(77,182,287)	(81,270,543)
Profit/(loss) before net finance cost	118,205,932	132,624,644	40,922,950	46,717,078
Finance cost	(14,373,790)	(15,540,852)	(38,171,981)	(42,128,084)
Finance income	615,176	94,145	424,631	39,372
Net finance cost	(13,758,614)	(15,446,707)	(37,747,350)	(42,088,712)
Profit/(loss) before contribution to WPPF & Welfare Fund	2,251,493	102,022,297	3,850,627	4,359,368
Contribution to WPPF & Welfare Fund	(107,205)	-	(107,205)	-
Profit/(loss) before income tax	2,144,288	102,022,297	3,743,422	4,359,368
Income tax	(15,893,730)	(8,252,425)	(5,117,780)	(3,857,601)
Deferred tax	4,518,343	3,839,077	1,670,119	841,849
Net profit/(loss) for the period	(9,731,109)	97,608,949	2,795,661	1,343,616
Other comprehensive income/(loss)	-	-	-	-
Change in fair value of shares available for sale	108,332,407	(7,343,422)	(35,445,740)	(30,073,520)
Deferred tax income/(expense)	(34,249,711)	(1,778,342)	(5,981,863)	(1,027,352)
Net other comprehensive income/(loss)	73,812,696	(9,121,764)	(41,427,603)	(31,100,372)
Total comprehensive income/(loss)	63,081,587	88,487,185	(38,632,042)	(30,016,706)
Basic earnings per share (per value Tk. 10 each)	(0.83)	(5.46)	0.26	0.11

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2026				
Particulars	Share Capital		Accumulated retained earnings	
	Taka	Taka	Taka	Taka
Balance at 1 July 2025	105,278,770	383,844,045	2,884,274,778	94,447,000
Issue of shares	-	-	387,884,162	315,061,637
Transfer from general reserve	-	-	(107,205)	-
Net profit/(loss) for the period	-	-	3,743,422	(42,088,712)
Other comprehensive income/(loss)	-	-	-	-
Balance at 31 March 2026	105,278,770	383,844,045	2,884,274,778	167,423,922
Balance at 1 July 2025	105,278,770	383,844,045	2,884,274,778	94,447,000
Distribution of cash dividend	-	-	(5,117,780)	(3,857,601)
Share dividend (2025-2026)	1,252,463	-	(14,373,790)	(42,088,712)
Transfer from general reserve	-	-	(107,205)	-
Net profit/(loss) for the period	-	-	3,743,422	(42,088,712)
Other comprehensive income/(loss)	-	-	-	-
Balance at 31 March 2026	105,278,770	383,844,045	2,884,274,778	167,423,922

STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2026			
	1 July 2025 to	1 July 2024 to	
	31 March 2026	31 March 2025	
	Taka	Taka	
A. Cash flows from operating activities			
Collection from customers	1,741,328,177	1,592,821,264	
Payment to suppliers	(1,003,504,270)	(1,062,274,790)	
Payment to employees	(136,040,305)	(161,837,467)	
Payment for services received	(180,320,410)	(171,318,588)	
Cash payment of VAT	(239,526,223)	(222,743,126)	
Contribution to provident fund	(2,191,288)	(4,319,880)	
	179,745,681	(29,672,587)	
Interest paid	(117,467,540)	(114,988,881)	
Income tax paid	(29,494,220)	(37,642,570)	
	32,783,921		