



BB raises auto, personal loan ceilings

The moves come as the central bank pushes for shift to greener vehicles

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has revised its prudential regulations on consumer financing, raising the ceiling for auto and personal loans and introducing incentives to promote electric and hybrid vehicles.

The central bank issued a circular in this regard yesterday, stating that banks will now be allowed to provide auto loans of up to Tk 80 lakh per individual, including insurance coverage, for purchasing electric and hybrid vehicles.

Previously, banks could provide auto loans of up to Tk60 lakh per individual for conventional vehicles, with no separate ceiling for electric and hybrid vehicles.

The BB said it set the new limit for purchasing electric and hybrid vehicles to encourage environmentally friendly transport.

The regulator also eased equity requirements for such vehicles. While conventional auto loans must maintain a maximum debt-equity ratio of 60:40, loans for electric and hybrid cars can now be extended at a more relaxed ratio of 80:20.

The BB said the changes were made in consideration of rising automobile prices and the growing demand for cleaner and more energy-efficient vehicles in the country.

KEY POINTS

- » Loans up to Tk 80 lakh introduced for EVs, hybrid cars
- » Unsecured personal loan limit doubled to Tk 10 lakh
- » Secured personal loans can now go up to Tk 40 lakh

The regulator also revised limits on personal loans, including those for consumer durables. Under the new rules, individuals can take out unsecured personal loans of up to Tk 10 lakh, up from the previous limit of Tk 5 lakh.

Banks may lend higher amounts if backed by proper securities, but the total loan in such cases cannot exceed Tk 40 lakh. Earlier, this limit was Tk 20 lakh.

Loans secured against liquid assets will remain outside this cap, as per the circular.

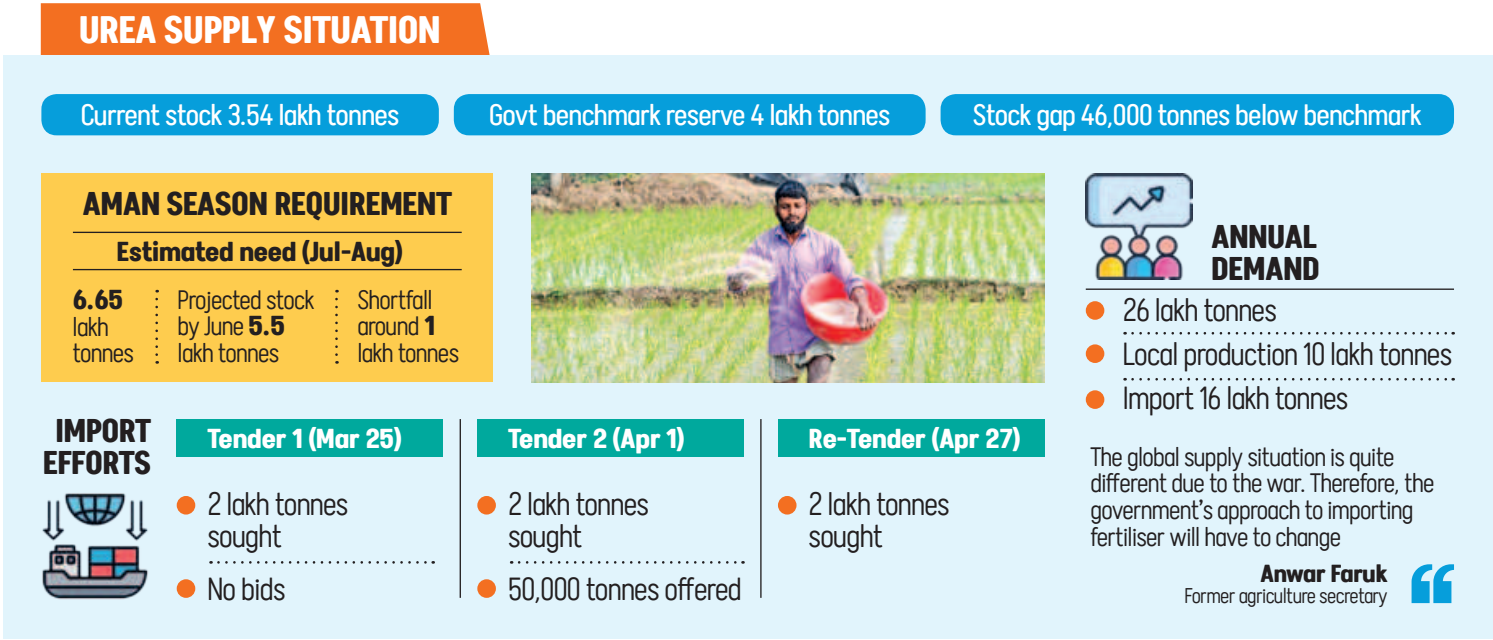
The regulator noted that Bangladesh's consumer market has expanded significantly in recent years, driven by rising per capita income and steady economic growth.

As per the circular, the BB imposed a prudential safeguard, directing banks to ensure that growth in consumer loans does not exceed the overall loan growth of the respective bank.

The latest instructions supersede previous circulars issued in 2004, 2017, and 2024 on consumer financing. The directive, issued under the Bank Companies Act, 1991, took effect immediately.

Urea supply concerns surface ahead of Aman season

Two failed tenders test fertiliser sourcing as regular Gulf suppliers hold back shipments



SUKANTA HALDER

The country may face a shortfall of around 1 lakh tonnes of urea in July for the Aman planting season unless the government is able to secure fresh import commitments in the coming weeks, after two consecutive international tenders failed to attract adequate supply.

The agriculture ministry currently holds 3.54 lakh tonnes of urea, below its benchmark reserve level of around 4 lakh tonnes, according to officials.

Even with domestic urea plants back online in May, projected availability of the fertiliser by the end of June is expected to reach about 5.5 lakh tonnes.

But the Aman season will require an estimated 6.65 lakh tonnes of urea, leaving a shortfall of around 1 lakh tonnes just weeks before farmers begin preparing seedbeds for the country's second-largest rice crop.

To meet the demand and replenish fertiliser stocks, the government floated two tenders on March 25 and April 1, seeking a total of 4 lakh tonnes of urea. Officials said one tender drew no bids, while the other received only a partial offer of 50,000 tonnes.

A fresh re-tender was issued on April 27 for 2 lakh tonnes.

Officials at Bangladesh Chemical Industries Corporation (BCIC), the state-run fertiliser

importer, said suppliers have been reluctant to commit amid uncertainty surrounding maritime traffic through the Strait of Hormuz following the Iran war.

Bangladesh usually sources a large portion of its imported urea from Gulf producers under government-to-government (G2G) arrangements, rather than through open tender.

Floating an international tender for urea is therefore "unusual", said a senior chemical corporation official, adding that the last time Bangladesh resorted to large-scale open bidding was during the Covid pandemic, when global supply chains were severely disrupted.

"The re-tender reflects procurement pressure," the official said, adding that stock levels remain "below a comfortable level" ahead of peak seasonal demand.

Two domestic fertiliser plants, Karnaphuli Fertilizer Company Limited (Kalco) and Shahjalal Fertilizer Company Limited (SFCL), resumed full operations on May 1 after closure due to gas supply concerns.

Md Fazlur Rahman, chairman of the BCIC, said that combined domestic output and existing stocks are projected to raise total urea availability to around 5.5 lakh tonnes by June 30.

While that represents an improvement in urea stocks from earlier months, it still falls short of the 6.65 lakh tonnes estimated for the Aman season, which runs from July to

August and accounts for nearly 40 percent of annual rice output.

Bangladesh requires over 26 lakh tonnes of urea annually, of which around 10 lakh tonnes come from local plants and the remainder is imported, mainly from Saudi Arabia, the United Arab Emirates and Qatar.

The Boro season, which accounts for about 60 percent of annual urea use, usually drives demand to the peak during the November-March period. Officials say fertiliser consignments from the Middle East take up to 180 days from contracting to distribution at the farm level.

So, it is necessary to procure early to avoid supply disruptions. The current delay risks cascading into the next farming cycle if fresh contracts are not secured soon.

Much of the country's imported urea transits through the Strait of Hormuz, a narrow shipping corridor critical to global energy and commodity flows. Since the US-Israel war on Iran on February 28, the strait remains closed and heightened geopolitical tensions across the entire Middle East continue disrupting shipping schedules.

Anwar Faruk, former agriculture secretary, said the global supply situation is quite different due to the war in the Middle East. Therefore, the government's approach to importing fertiliser will have to change.

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Banks asked to back rawhide traders before Eid

STAR BUSINESS REPORT

Bangladesh Bank (BB) has instructed all scheduled banks to ensure an adequate flow of working capital loans to rawhide traders ahead of the upcoming Eid-ul-Azha, aiming to support the country's leather sector and prevent wastage of a key export-oriented resource.

The central bank issued a circular in this regard yesterday, stating that the leather industry is a promising sector for Bangladesh, contributing to economic growth, employment generation, foreign exchange earnings, and value addition.

Nearly half of the raw materials used in the industry throughout the year come from the hides of sacrificial animals collected during Eid-ul-Azha, it added.

Given the approaching festival, BB said sufficient financing for traders will play a crucial role in the procurement, preservation, and marketing of rawhides, which are considered a national resource.

To this end, banks have been directed to sanction and disburse working capital loans to eligible traders based on banker-customer relationships and in compliance with existing regulations.

They have also been asked to ensure proper distribution of allocated loans, particularly so that funds reach those engaged in rawhide collection at the grassroots level.

As a relaxation measure, the central bank said that if traders have previously rescheduled loans, banks will not be required to realise the compromised amount against such loans

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Demand for ADB financing may rise in Bangladesh

Says an official

SOHEL PARVEZ, from Samarkand

The Asian Development Bank (ADB) expects that there will be a "significant growth in demand" from the private sector for its investment services in Bangladesh, a senior official said.

The increased demand is likely as a new government has been in power since February, and things have started to stabilise, said Isabel Chatterton, director general of the Private Sector Operations Department at ADB.

She made the remarks in response to a query at a media briefing on Monday on the sidelines of the four-day ADB Annual Meeting taking place in Samarkand, Uzbekistan.

She said Asia and the Pacific face a multi-trillion-dollar infrastructure financing gap, with rising development needs that public finance alone cannot meet.

"Private capital is essential as development needs far exceed public resources," she said. "Private finance can scale solutions, but policy uncertainty and unmanaged risks still deter investment."

ADB officials said the multilateral bank helps transform high-potential sectors into investable markets. "We crowd in private capital."

Under private sector operations, the total outstanding balances and undisbursed commitments of ADB's private sector transactions in

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ADB to provide \$1b budget support to Bangladesh

SOHEL PARVEZ, from Samarkand

The Asian Development Bank (ADB) has agreed to provide \$1 billion in budget support to Bangladesh by June to tackle economic challenges stemming from soaring energy prices triggered by the Middle East war situation.

Finance Minister Amir Khosru Mahmud Chowdhury shared the development following a meeting

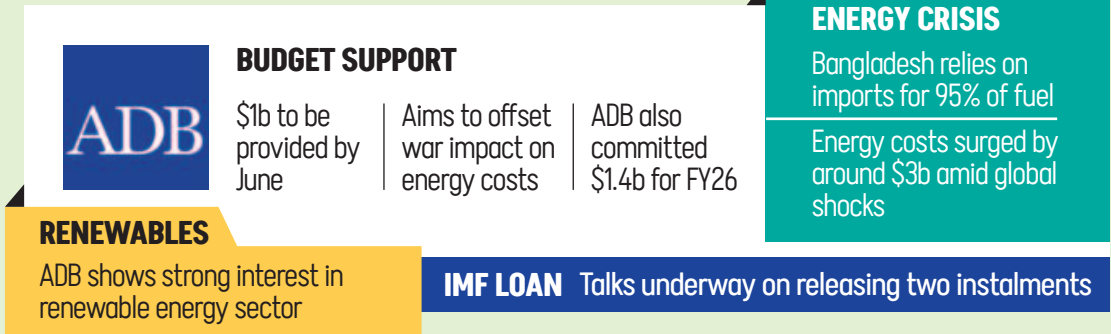
"They have agreed to provide \$1 billion by June this year. This could potentially increase if needed in the coming days," he told The Daily Star in an interview after the meeting.

Bangladesh earlier sought \$1 billion from the Manila-based lender to shield its economy from global shocks triggered by the US-Israel war on Iran, which led to a spiral in oil prices.

The South Asian country

On Monday, during a session of the Board of Governors at the ADB's annual meeting, Khosru sought expanded support for Bangladesh from the ADB, as geopolitical tensions, inflation, and supply chain disruptions have increased the country's energy-related expenditures by an estimated \$3 billion.

Following his meeting with President Kanda, the finance minister said Bangladesh had



with ADB President Masato Kanda at the 59th Annual Meeting of the ADB currently being held in Samarkand, Uzbekistan.

Khosru, Economic Relations Division Secretary Md Shahriar Kader Siddiky, and several senior officials are attending the four-day event that began on May 3.

meets 95 percent of its fuel needs through imports, primarily from Gulf countries including Saudi Arabia, the United Arab Emirates, and Qatar.

The war affected supplies as Iran blocked the Strait of Hormuz, through which one-fifth of global oil and a good portion of gas passes.

asked for counter-cyclical support if the war continues. While the issue did not come up in yesterday's discussion, he noted, "It is in our proposal."

Apart from budget support, both sides discussed issues ranging from the BNP-led government's election manifesto

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Akiko Okumura

Red tape hobbles Japanese investment in Bangladesh

Says Akiko Okumura, executive vice-president of Jetro

RASHIDUL HASAN and JAGARAN CHAKMA

Despite decades of development ties, Japanese investment in Bangladesh has yet to match the scale seen in Vietnam or other peer economies. Official figures put direct Japanese investment in Bangladesh at around \$350 million, compared to \$79 billion in Vietnam.

The gap is less about a lack of interest and more about bureaucratic hurdles, policy inconsistencies and a shortage of mid-level managerial talent, according to Akiko Okumura, executive vice-president of the Japan External Trade Organization (Jetro).

Speaking to The Daily Star in an interview, she said the core challenge lies in Bangladesh's business environment. "It needs improvement – especially in tax systems, customs clearance and work permits."

These issues, she explained, consistently feature in inquiries received by Jetro from both existing and prospective investors.

Her colleague Kazuiki Kataoka, country representative of Jetro's Dhaka office, echoed the concern, adding that investors also face difficulties repatriating profits. "Many of these problems are related to bureaucracy."

While logistics and energy shortages also persist, administrative inefficiencies and regulatory unpredictability weigh more heavily on investment decisions, the officials suggested.

They pointed to the complexity of Bangladesh's administrative structure – with 47 ministries compared to Japan's 13 – as a source of inefficiency.

"This creates a lot of red tape," said Okumura. "Simplifying the government structure could significantly improve the business environment."

Rather than chasing new investors, Jetro recommends that Bangladesh prioritise resolving the concerns of companies already operating in the country.

"If existing problems are solved, new investors will automatically become interested," Kataoka said. "The first step is to focus on the existing Japanese companies."

This approach, the Jetro official added, would strengthen Bangladesh's reputation as a reliable investment destination.

Okumura also noted that official figures do not capture the full picture, as many multinational Japanese firms channel investments into Bangladesh through third countries such as Singapore or Switzerland.

Beyond policy, human capital poses a challenge, according to the Jetro officials.

"Bangladesh does not lack skilled workers," Okumura said. "But there is a shortage of middle managers."

This gap limits companies' ability to scale, as mid-level managers play a critical role in bridging operational and strategic functions. Addressing it will require sustained investment in training and leadership development, she

TAKEAWAYS FROM INTERVIEW

JAPANESE INVESTMENT IN BANGLADESH

FDI stands at around \$350m

Bureaucracy primary barrier to growth

Bangladesh has 47 ministries compared to Japan's 13

Complicated tax-customs, work permit systems deter investors



HSIA THIRD TERMINAL

Talks over Japanese involvement resumed after over 1.5 years

Discussion halted during interim govt over disagreements on various issues

Two rounds of talks took place in March and April

Jetro expects progress in coming months

TRADE AND DIVERSIFICATION

Jetro sees opportunity in leather goods, footwear, food processing

Bilateral EPA expected to open new avenues

added.

She said Jetro sees a positive signal in Bangladesh's current political trajectory. "With the new government in place and elections not due for another five years, there is an opportunity to ensure political and social stability. This allows companies to plan long-term strategies."

Such stability, Okumura believes, could serve as a catalyst for increased foreign investment, provided it is accompanied by meaningful reforms. Among the most pressing expectations from the government is institutional reform.

The Jetro officials welcomed recent moves toward ministerial consolidation but emphasised the need for deeper reform.

Meanwhile, Okumura said talks over Japanese involvement in operating the third terminal at Hazrat Shahjalal International Airport have resumed after nearly one and a half years.

Jetro views the development as a positive signal for bilateral cooperation. Talks were halted during the interim government period due to disagreements on service charges, operational control and revenue-sharing issues.

Following the formation of the new government, two rounds of discussions have taken place – one in March and another in April.

"We are hopeful. The fact that negotiations have restarted indicates a willingness to move forward," Okumura said, adding that she expects progress to emerge in the coming months.

On trade, Bangladesh's exports to Japan remain heavily concentrated in ready-made garments (RMG), accounting for roughly 80 percent of shipments.

Ando Yuji, Jetro's senior director for global strategy in Southwest Asia, sees scope to diversify, but said it will require a shift in industrial policy.

"Bangladesh has built its competitiveness on abundant and low-cost labour," he said. "To diversify, it needs to gradually move towards more capital-intensive industries."

At the same time, labour-intensive sectors such as leather goods, footwear, home appliances and food processing could offer immediate opportunities, leveraging the country's existing strengths, he added.

The recently signed Economic Partnership Agreement (EPA) between Bangladesh and Japan is expected to open new avenues for trade and investment, the Jetro officials noted.

While they refrained from detailing specific benefits, they indicated that the agreement would support broader economic cooperation and help address some of the structural issues highlighted by investors.

Can AI make Bida more effective?

ZULKARIN JAHANGIR

Somewhere in Dhaka, a diplomat wakes up to a familiar routine. Briefings. Reports. Summaries. Meetings. What he does not see is what has already changed overnight.

A cyber intrusion attempt in Eastern Europe. A sudden shift in semiconductor export controls. A quiet naval movement in the Indo-Pacific. A surge in AI-generated narratives is shaping public opinion across borders.

None of these arrives as "events". They arrive as signals. And by the time they become visible, they are already too late. This is the paradox of modern diplomacy. The world no longer changes through announcements. It shifts through patterns – subtle, fragmented and often invisible. Bangladesh is not at the centre of global power rivalry. But it does not need to be.

When tensions rise in the Strait of Hormuz, fuel prices in Dhaka move. When shipping routes are disrupted, export timelines shift. When cyber risks escalate, financial systems feel the pressure. We are not in the theatre of conflict. But we live in its consequences.

And those consequences are no longer triggered by events. They are triggered by signals that few are trained to read.

Traditionally, diplomacy has been a craft of negotiation. A discipline built on relationships, experience and timing. But today, that is no longer enough.

Because the world is no longer slow enough to be negotiated into clarity. It must be interpreted in real time.

Artificial intelligence is often framed as a tool of automation. In diplomacy, its role is entirely different. It is not here to replace diplomats. It is here to expand their field of vision. To scan what no human team can scan. To connect what no single report can connect. To detect patterns before they become crises.

But here lies another paradox. Having access to more data does not automatically create better decisions. In fact, it often creates noise.

The real advantage lies not in having information – but in building the institutional capacity to interpret it. This is where most countries will fail. Not because they lack technology. But because they lack the architecture to turn signals into strategy.

What is needed is not just the adoption of AI. It represents a new layer of capability – something we may call diplomatic intelligence. Not intelligence in the classical sense of espionage, but intelligence as a system. A system that continuously reads the world.

Imagine a Ministry of Foreign Affairs where AI systems quietly monitor global policy shifts, economic indicators, technological alliances and media narratives. They detect anomalies. They surface weak signals. They connect distant dots. But they do not decide. That remains human. Diplomats interpret. They contextualise. They judge intent, culture and consequence.

And from that interaction emerges something powerful: not just information but foresight.

This same capability can quietly redefine how countries like Bangladesh position themselves for foreign investment. Investors do not move only on incentives; they move on expectations of stability, policy direction and future risk.

Diplomatic intelligence would allow the Bangladesh Investment Development Authority (Bida) to read emerging supply chain shifts, anticipate regulatory changes in key markets and identify sectors where global capital is about to flow before it becomes obvious.

Instead of reacting to investor interest, Bangladesh can proactively signal readiness – aligning policies, infrastructure and narratives with where capital is heading.

In a world of uncertainty, the countries that attract investment are not always the largest or the cheapest, but the ones that appear most predictable in an unpredictable system. The ability to read signals, therefore, becomes not just a diplomatic advantage but an economic one.

There are early signs of this model emerging globally, though not always under the same name. Countries like Singapore and the UAE have begun integrating real-time data analytics into policy and investment decisions, using predictive insights to anticipate shifts in trade, technology and capital flows.

During recent global supply chain disruptions, some governments were able to reposition themselves quickly – offering targeted incentives and regulatory clarity just as firms began diversifying away from concentrated manufacturing hubs.

These were not reactive moves. They were informed by continuous signal monitoring – tracking geopolitical tensions, logistics bottlenecks and corporate relocation patterns.

The lesson is subtle but important. Competitive advantage is no longer built only on resources or geography. It is increasingly built on the ability to sense where the world is moving before it gets there.

Over time, this creates a different kind of diplomacy. One that does not wait for crises. One that reads them before they happen. One that does not react to the world – but anticipates it.

For countries like Bangladesh, this is not a luxury. It is a necessity. Because in an interconnected world, vulnerability does not come from weakness alone. It comes from not seeing change early enough. And in the coming decade, the countries that matter will not be the ones with the most power. They will be the ones with the clearest signal-reading capability.

Diplomacy was never merely about negotiation; it is, at its core, a system of sensing, decoding and shaping realities before they harden into outcomes. And those who fail to build this capability will not lose influence dramatically. They will lose it silently – one missed signal at a time.

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Brent holds near \$114 a barrel

REUTERS

Brent crude futures retreated on Tuesday but held near \$114 a barrel following fresh hostilities in the Middle East, while investors monitored developments in the US-Israeli conflict with Iran.

The US and Iran launched new attacks in the Gulf on Monday as they wrestled for control over the Strait of Hormuz with duelling maritime blockades, shaking a fragile truce.

Brent crude futures eased 93 cents, or 0.8 percent, to \$113.51 per barrel at 0719 GMT after settling up 5.8 percent on Monday. US West Texas Intermediate (WTI) crude fell \$2.16, or 2 percent, to \$104.26, after gaining 4.4 percent in the previous session.

"Prices continue to trade in a highly volatile range, driven largely by ongoing tensions in the Strait of Hormuz," said Phillip Nova's senior market analyst Priyanka Sachdeva.

"While prices have eased slightly in recent sessions, this is not due to any real improvement in fundamentals, but rather a temporary relief after the US launched 'Project Freedom'," she added.

The US on Monday launched a new operation aimed at reopening the strait to shipping. Maersk later said the Alliance Fairfax, a US-flagged vehicle carrier, exited the Gulf via the strait accompanied by the US military.

"It shows that limited safe passage is possible under current conditions and helps chip away at some of the worst-case supply disruption fears," said Tim Waterer, chief market analyst at KCM Trade in an email.

"However, it's still very much a one-off event rather than a full reopening," he added. Still, Iran launched attacks in the Gulf on Monday to counter US moves for control over the Strait of Hormuz, which connects the Gulf to wider markets and typically carries oil and gas supply equal to about 20 percent of global demand every day.

Several commercial vessels were reportedly struck in the area, while a key oil port in the United Arab Emirates was set ablaze after an Iranian strike. Trump's attempt to use the US Navy to free up shipping is the war's biggest escalation since a ceasefire was declared four weeks ago.

HSBC pre-tax profit falls in Q1

AFP, Hong Kong

HSBC said Tuesday that pre-profit fell to US\$9.4 billion in the first quarter, missing expectations, as it was hit by credit losses from United Kingdom fraud-linked issues and the Middle East crisis.

The 1.1 percent on-year drop meant the lender came up short of the US\$9.6 billion it had forecast for the first three months of the year.

"The decrease reflected higher expected credit losses and other credit impairment charges in IQ 26, an adverse impact from notable items and a rise in operating expenses," HSBC said in a Tuesday statement.

The bank's expected credit losses surged to US\$1.3 billion, primarily reflected in a \$400 million "fraud-related, secondary, securitisation exposure with a financial sponsor in the UK," it said.

It added that a US\$300 million increase in allowances reflected "heightened uncertainty and a deterioration in the forward economic outlook" caused by the Iran war.

The company's Hong Kong-listed shares fell more than four percent in afternoon trade. The bank forecast "a mid-to-high single-digit percentage adverse impact on profit before tax" from a range of issues.

REUTERS

US President Donald Trump's military forays in Venezuela and Iran have weakened Opec more than anyone thought possible just months ago. The White House may view this as a major win, but it may ultimately leave both the US and energy markets worse off.

For decades, the Organization of the Petroleum Exporting Countries, under its de facto leader Saudi Arabia, has exercised outsized influence over oil markets, dialling output up or down by tapping spare capacity to manage prices and defend market share.

That influence has long been eroding as the US and other non-Opec members have gained prominence in the past decades. The percentage of global oil production Opec oversees fell from a peak of about 50 percent in the 1970s to roughly 35 percent last year – and down to around 26 percent in March in the wake of the closure of the Strait of Hormuz at the start of the Iran war.

The United Arab Emirates, the cartel's fourth-largest producer, quit the group last week after 60 years to pursue its energy strategy free of Opec production quotas, directly challenging Saudi Arabia and its Gulf neighbours.

Trump – a long-time critic of Opec – hailed the UAE's departure as "great," arguing it would help push oil prices lower.

That may prove true – and the US president's muscular foreign policy may ultimately prove to be the producer group's undoing. But a weaker Opec is not necessarily good news for consumers or producers – including the US.

Opec has long been a lightning



US President Donald Trump

rod for US lawmakers who accuse it of acting as a cartel. Trump has levelled blistering criticism at the group for years. In 2018, he accused Opec of being a monopoly that kept oil prices "artificially high." After returning to office last year, he renewed pressure on the group to keep prices low.

This year, he went far beyond tough talk.

The lightning-fast US raid on Venezuela in January saw long-serving President Nicolas Maduro captured and replaced by a Washington-friendly government.

The Trump administration swiftly took control of Venezuela's oil sector, redirecting most of its exports to the US and opening the country's vast oil reserves to Western companies.

Venezuela, a founding Opec member in 1960, saw its production wither over recent decades to under 1 million barrels per day as a result of mismanagement, chronic underinvestment and US sanctions. That is less than 1 percent of global supplies.