Star BUSINESS

Fitch revises Bangladesh outlook to negative amid Middle East fallout

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Fitch Ratings has revised its outlook on Bangladesh to "negative" from "stable", citing rising external financing pressures and macroeconomic vulnerabilities linked to exposure to the Middle East conflict.

The global ratings agency kept Bangladesh's long-term foreign-currency issuer default rating (IDR), which measures the ability to service foreign-currency-denominated debt over time, unchanged at B+.

"The Middle East conflict creates significant downside risks, particularly through the supply and cost of energy imports and remittances," Fitch said in a statement yesterday.

Nearly half of the country's remittances come from the Middle East, while crude oil and petroleum products together account for almost 15 percent of imports, worth about $10 billion in 2025.

"Strong remittances so far in financial year 2026 provide near-term support to external finances; however, uncertainty regarding the conflict's duration poses substantial downside risks," said Fitch, an American-British credit rating agency.

In July 2025, S&P Global, another member of the "Big Three" global credit rating agencies, said Bangladesh's long-term outlook was stable and kept the country's foreign and local currency sovereign credit ratings at B+.

Fitch, which kept its outlook on Bangladesh stable in May last year, said in the latest statement that limited progress in reforms to address weaknesses in the policy framework, public finances and financial sector, along with continued weak institutional governance, would gradually erode the economy's capacity to absorb shocks.

KEY OBSERVATIONS

- High vulnerability to Middle East conflict
- Relatively low external buffers
- Reform outlook uncertain
- Low revenue-GDP ratio: 7.9% in FY25
- High inflation risks
- NPLs could rise further
- Economy to grow by 3.7% in FY26, 3.5% in FY27

"The ratings reflect moderate government debt and access to concessional external financing, balanced against a still relatively weak external liquidity position, governance standards lower than those of peers, significant financial sector challenges, and lagging structural metrics compared with peers," Fitch said.

It said Bangladesh has relatively low external buffers, with foreign exchange reserves standing at $29.5 billion in March 2026, equivalent to about four months of external payments.

The agency cautioned that wider current account deficits, stronger domestic demand for foreign currency or reduced external financing due to uncertainty around the IMF programme could renew pressure on the currency and reserves.

"Reform outlook uncertain," it said, citing rising uncertainty over the new government's willingness to push through changes.

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Superstore scene heats up as newcomers join the race

Retailers compete for share of supermarket sector growing about 20% annually as demand shifts from wet markets to organised retail

MARKET OVERVIEW | Size Tk 20,000cr | Share of total retail 3% | Annual growth over 20%

GROWTH DRIVERS

- Urban lifestyles leaving less time for wet markets
- Price transparency, fixed rates
- One-stop shopping convenience
- Wider product variety
- VAT withdrawal on superstore purchases

KEY PLAYERS EXPANDING

- Shwapno expands to 900 outlets
- Daily Shopping increases network to 112 outlets
- Meghna Group launches Fresh Super Mart at metro stations
- Alfamart enters the market with $120m investment

SUPERSTORE JOURNEY

2001	2002	2008	2013	2014	2025	2026
Agora Super Stores	Meena Bazar	Shwapno	Unimart	Daily Shopping	Alfamart	Fresh Super Mart

SUKANTA HALDER

For generations, Bangladeshis began their mornings at wet markets, checking hilsa by the gills, poking gourds for tenderness and haggling over banana blossoms before heading home with heavy bags.

But rapid urbanisation and changing lifestyles have altered that routine. Few city dwellers now have time for early market trips, and many are no longer confident about selecting fresh fish.

Around 25 years ago, the country's first superstores arrived to serve urban shoppers.

Over the years, modern retail followed a similar model across different chains, focusing on quality products, fresh groceries and convenience. With this recipe, the sector's share of the wider market has remained at about 3 percent, or Tk 20,000 crore, over the past two and a half decades.

However, following a sales boost during the pandemic and the recent withdrawal of the additional value-added tax (VAT) on superstore purchases, more local and foreign firms are competing for a share of the retail segment with an estimated growth of 20 percent annually.

Unlike earlier models, many new entrants are adopting different approaches. For instance, Fresh Super Mart, a new brand from Meghna Group of Industries, has been opening stores at metro rail stations in Dhaka.

Like modern cities such as Tokyo and London, Fresh Mart says it is following footfall patterns rather than opening outlets only in residential neighbourhoods.

Currently, there are 30 major superstore brands in the country, according to the Bangladesh Supermarket Owners Association.

The sector basically started in the major cities, but franchise models from ACI's Shwapno and Pran Group's Daily Shopping have pushed it into some upazila towns.

Many urban consumers now buy monthly groceries, including rice, vegetables, fish, meat and household goods, from superstores. However, most still combine supermarket visits with traditional wet market shopping, especially for fresh produce.

Roksana Afroz, a resident of Dhaka's Badda area, said she mainly buys products that are easier to find in superstores than in local shops. "In grocery stores, there is usually a limited variety of packaged goods and the brands are limited to a few specific ones. However, super shops make a wider range of products easily available."

"Since I do not have to pay extra VAT, I can buy products at the same price, and sometimes even get discounts. In some cases, certain vegetables are also cheaper than in the market, and there is no hassle of bargaining," she added.

She also said imported goods offer added assurance in superstores. "Additionally, for imported products, the importer's seal ensures confidence and allows for safe purchases."

Shahjahan Ali, a resident of Mirpur in Dhaka, said he uses both superstores and kitchen markets depending on need. He said superstores offer more stable pricing.

As an example, he said edible oil prices recently increased by Tk 10 to Tk 20 per litre in the open market without notice, while superstores continued selling at earlier rates.

READ MORE ON B2

NBR plans wealth tax revival

FY27 REVENUE TARGET
Tk 6.04 lakh crore

TAX-FREE INCOME THRESHOLD
Unchanged at Tk 375,000

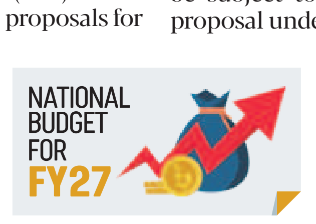
OTHER KEY PROPOSALS

Major tax proposals to be placed before PM today	Wealth tax may be reintroduced, replacing surcharge
Export cash incentive tax may double from 10%	AIT planned for motorcycles, autorickshaws
AIT may rise for cars of higher engine capacity	Online VAT registration to become mandatory

STAR BUSINESS REPORT

The National Board of Revenue (NBR) is set to place a series of tax proposals before Prime Minister Tarique Rahman today, including reintroducing a wealth tax, doubling the tax on export cash incentives, and imposing a new advance tax on some vehicles in the upcoming fiscal year.

All three wings of the revenue board -- income tax, customs, and value-added tax (VAT) -- are scheduled to present their respective proposals for fiscal year 2026-27.



As part of the proposed measures for the FY27 budget, the revenue authority is considering replacing the existing wealth surcharge with a revised wealth tax to widen the tax net and boost revenue mobilisation amid mounting fiscal pressure.

Initially, the wealth tax would likely be calculated based on net wealth declared in tax returns, as complexities surrounding asset valuation remain a major challenge, officials said.

The revenue authority plans to gradually develop a mechanism to assess assets at actual market value, according to officials familiar with the proposal.

"It will go up to 1 percent. But definitely there will be a cap," said a top finance ministry official.

He said net wealth of up to Tk 4 crore may remain exempt from the proposed tax, in line with the current threshold for the wealth surcharge.

Under the initial proposal, net wealth between Tk 4 crore and Tk 6 crore could face a 0.25 percent tax. The next Tk 5 crore of wealth may be taxed at 0.50 percent, while another Tk 5 crore could face a 0.75 percent levy.

Any remaining wealth above Tk 16 crore may be subject to a 1 percent tax, according to the proposal under consideration.

The NBR is also planning to raise the tax deducted at source on export cash incentives from the existing 10 percent to 20 percent, according to officials familiar with the discussions.

Besides, the tax authority is weighing a new advance income tax (AIT) regime targeting high-capacity motorcycles, battery-run rickshaws, as well as raising the limit on high-value vehicles.

At the same time, the revenue authority is preparing a set of business-friendly measures aimed at simplifying the VAT system and improving compliance.

Under the proposed changes, all businesses will be required to obtain online VAT registration from the next fiscal year, making the process fully digital.

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No more bank-funded training for BB staff

STAR BUSINESS REPORT

Bangladesh Bank (BB) has imposed new restrictions on its officials' participation in training sessions, seminars, symposiums, and workshops organised or funded by banks, financial institutions, and other entities, aiming to strengthen transparency in the financial sector and prevent conflicts of interest.

The central bank issued a circular stating that officials and employees of Bangladesh Bank will no longer be allowed to participate as trainees or trainers in any type of training or workshop, at home or abroad, if the programme is funded by banks or financial institutions.

It also prohibited participation in foreign, non-contractual training sessions, seminars, or workshops funded by institutions that receive services from or supply goods and services to the central bank.

However, with prior approval from the Human Resources Department-2, Bangladesh Bank officials may attend domestic seminars or discussion events organised by banks, financial institutions, or other organisations as speakers or trainers. In such cases, they will not be allowed to receive any honorarium from the host organisation.

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Pharma sector faces post-LDC challenges

Warn experts at a workshop

STAR BUSINESS REPORT

Bangladesh's pharmaceutical industry could face major challenges after graduation from least developed country (LDC) status due to weak research capacity, reliance on imported raw materials, and the possible loss of patent waivers, which could raise medicine prices, according to experts.

"Recent studies have raised concerns about Bangladesh's pharmaceutical sector ahead of the post-LDC graduation period, particularly its weak research and development capacity," said Syed Abdul Hamid, professor at the Institute of Health Economics at the University of Dhaka.

He made the remarks yesterday while presenting the keynote at a workshop titled "Strengthening pharmaceutical industry competitiveness and innovation for sustainable growth in the context of LDC graduation".

The workshop was jointly organised by the Institute of Health Economics, the health ministry and the Asian Development Bank (ADB) at the Pan Pacific Sonargaon Dhaka.

Citing a Centre for Policy Dialogue study, he said that "only 3.4 percent of total investment in the sector goes to research and development," adding that many firms are more interested in buying patent rights after the TRIPS waiver expires than investing in innovation.

Hamid warned that "medicine prices, especially for patented drugs, could rise sharply once Bangladesh loses the waiver benefits," as local manufacturers would no longer be able to reverse-engineer patented medicines without licences.

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Fortune Shoes officials fined Tk 7.2cr

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has fined the chairman, directors and several officials of Fortune Shoes Limited a total of Tk 7.2 crore for failing to distribute declared dividends.

The decision was taken at a commission meeting on Tuesday, according to a press release issued yesterday.

The company's board had declared a 10 percent cash dividend and a 5 percent bonus share for the fiscal year 2022. However, it did not pay Tk 3.98 crore in cash dividends out of a total payable amount of Tk 16.25 crore.

The company also failed to pay listing fees of Tk 18.29 lakh for the period up to July 31, 2023.

The commission has directed Fortune Shoes to distribute the unpaid cash dividends and clear the listing fees within 30 days of the order.

Following the failure to pay dividends, the regulatory body decided to impose financial penalties on several individuals associated with the company for breaching securities laws.

Chairman Md Mizanur Rahman has been fined Tk 5 crore. Directors Md Amanur Rahman and Robiul Islam, former director Md Khosrul Islam, and Managing Director Roksana Rahman have each been fined Tk 50 lakh.

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