Farmers with smart cards to get priority in farm loans: BB

STAR BUSINESS REPORT

Marginal and landless farmers holding farmer smart cards will receive priority in loan disbursement under the Bangladesh Bank's refinancing scheme.

Banks will open Tk 10 accounts for these cardholders and prioritise them for credit allocation under the scheme, in line with the "Farmers Smart Card Policy-2025" proposed by the Department of Agricultural Extension, according to a circular released by the central bank yesterday.

The banking watchdog, however, directed lenders to make efforts to ensure that marginal and landless farmers who do not possess these cards are not deprived of access to loans under the programme.

The instructions also asked banks to prioritise loans for marginal and landless farmers who suffered crop losses caused by recent heavy summer rains.

Extensive damage to ripe paddy and other crops has been reported in different parts of the country, particularly in haor areas.

Priority must be given to the affected marginal and landless farmers in the haor areas of Sylhet, Sunamganj, Habiganj, Kishoreganj, Netrokona, and Mymensingh, as well as in other affected districts, the circular said.

PHOTO: STAR/FILE

Dollar stuck in narrow band

REUTERS

The dollar traded in a tight range on Tuesday as investors watched for progress on a potential deal to reopen the Strait of Hormuz, while awaiting key US economic data later in the day, which could shape the Federal Reserve's policy path.

A peace deal between the US and Iran would ease pressure on currencies from oil-importing countries like Japan and the euro zone while curbing safe-haven demand for the dollar.

US President Donald Trump said on Monday that talks with Iran were ongoing, despite a report that Tehran had suspended indirect negotiations with the United States to end hostilities, a move that prompted a slight drop in oil prices.

Investors have treated news of any progress toward ending the US-Israeli war on Iran with caution, given the fragility of a ceasefire between Washington and Tehran struck in early April. Lebanon's announcement on Monday of a limited ceasefire between the Iran-backed Hezbollah and Israel also did little to give the market impetus.

The dollar index , which measures the currency against six peers, was down 0.05 percent at 99.05. It has hovered in a narrow range of about 98.9 to 99.5 since May 15.

Low-income families

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The minister acknowledged that weak implementation has long undermined the effectiveness of public spending, despite successive governments announcing large budgets and development programmes.

"Budget implementation has been a problem. That is a correct observation," he said, adding that the government is now trying to identify where projects get stuck and who is responsible for delays.

To address the issue, the government plans to introduce digital dashboards to monitor every development project, he said. "The dashboards will be accessible to individual ministries, the finance ministry and the Prime Minister's Office, enabling authorities to track progress in real time and identify officials responsible for missed deadlines."

Also speaking at the event, Fahmida Khatun, executive director of the Centre for Policy Dialogue (CPD), identified revenue mobilisation as one of the biggest challenges for the upcoming budget, warning that Bangladesh has consistently failed to meet its tax collection targets over the past decade.

She spoke in favour of higher spending on education, healthcare and social protection, but noted that the real concern is whether the government can generate the revenue needed to finance its ambitions.

"Simply raising tax targets will not work without deep institutional reforms in revenue administration," she said, adding that successive governments have relied on piecemeal measures instead of comprehensive reforms.

The policy expert also cautioned against putting greater pressure on existing taxpayers while failing to widen the tax net and tackle evasion.

She warned that excessive bank borrowing by the government could fuel inflation and crowd out private investment by pushing up lending rates.

Fahmida described inflation control as the budget's foremost challenge, urging policymakers to focus spending on agriculture, energy, transport and logistics to ease supply constraints and boost production.

Sustainable growth, she said, will ultimately depend on better governance, stronger institutions, improved investment conditions and a stable law-and-order situation.

Azam J Chowdhury, chairman of East Coast Group, emphasised several longstanding concerns, including reforms to the Workers' Profit Participation Fund (WPPF), removal of dividend double taxation, continuation of tax incentives for the ocean-going shipping industry, and simplification of land mutation procedures.

He called for a revision of the WPPF framework to ensure benefits reach workers as intended, while also addressing compliance challenges faced by listed companies.

Chowdhury emphasised the need for a more predictable tax regime and policy continuity to encourage private investment.

He also urged the government to go for administrative reforms, saying lengthy approval processes, particularly for land mutation and energy-sector investments, continue to deter businesses and delay new projects.

Showkat Aziz Russell, president of the Bangladesh Textile Mills Association (BTMA), said supporting existing factories to upgrade capital machinery would yield faster and greater returns than building new facilities from scratch.

Modern equipment could raise productivity by 30-40 percent on average and, in some cases, by as much as 300 percent, while reducing gas and electricity consumption by around 30 percent, he said.

He stressed that such assistance should be implemented without delay, warning that lengthy decision-making processes have weakened the sector's competitiveness.

The BTMA chief also criticised the interim government's handling of the industry, saying timely policy support could have prevented the closure of hundreds of spinning mills and garment factories.

Russel further expressed concern over rising extortion and deteriorating law and order, noting that creating jobs and sustaining industrial growth remain essential to addressing such problems.

Chaired by Doulot Akter Mala, president of ERF, the event was moderated by Abul Kashem, general secretary of ERF.

Pay workers 'as much as possible', Nvidia's Huang says

AFP, *Taipei*

Companies should pay workers "as much as possible", Nvidia boss Jensen Huang said Tuesday ahead of a trip to South Korea, where Samsung Electronics recently averted a strike by making an agreement on bonuses with its union.

Huang, head of the US artificial intelligence hardware giant that is the world's most valuable company, was asked about the Samsung dispute at a news conference in Taipei, where a major tech show is taking place this week.

"I'm not an expert in that area," he said. "I think people should be paid as much as possible. Ask my employees -- literally, I do that."

"I pay my employees as much as I can," he added. "But that's just what I do. It doesn't make this right."

The AI boom has driven Nvidia's stock price up more than 1,170 percent over the past five years, making many employees holding stock options millionaires practically overnight.

Samsung, which makes memory chips essential for AI data centres, has also seen its value and profits soar as global demand skyrockets.

That has fuelled frustration among staff, and under the union deal around 60 percent of Samsung's domestic workforce is eligible to receive a bonus of roughly $330,000 this year, based on a market estimate of operating profit.

Huang is due to arrive in South Korea on Friday and will reportedly meet with companies including SK Group and Hyundai to discuss robotics and so-called "physical AI".

He will also appear on one of the country's most popular TV talk shows, "You Quiz on the Block", and is expected to feast on Korean barbecue with the leaders of the country's top tech firms.

On Monday, before the start of Taiwan's Computex expo, Nvidia unveiled a powerful laptop chip for Windows machines, staking its claim in the market for next-generation PCs integrated with AI tech.

The move challenges the likes of Apple, AMD and Intel -- whose CEO Lip-Bu Tan is due to speak Tuesday at Computex -- in the consumer PC domain.

Oil prices slip

REUTERS

Oil prices trended lower on Tuesday following the previous session's sharp gains as the market remained cautious about progress in US-Iran peace talks.

US President Donald Trump said on Monday talks with Iran were ongoing, while Tasnim news agency reported earlier that Tehran had suspended indirect negotiations with Washington.

Brent crude futures lost 53 cents, or 0.56 percent, to $94.45 a barrel at 0649 GMT, while US West Texas Intermediate fell 56 cents, or 0.61 percent, to $91.60 a barrel.

Both benchmarks rose more than 5 percent in the previous session, having posted a monthly loss of more than 16 percent in May on hopes of a peace deal.

"While markets had hoped to move past the uncertainty amid prospects of a potential deal, nothing appears to have changed for oil as of this morning," said Priyanka Sachdeva, senior market analyst at Phillip Nova.

In an interview with CNBC on Monday, Trump said he did not mind if the talks were over. But shortly after, he issued a social media post saying talks with Iran were continuing and told ABC News that he expected a deal to extend the ceasefire and reopen the Strait of Hormuz "over the next week".

"The market is currently focused on whether there's any concrete progress or setbacks in US-Iran negotiations, the tone and substance of statements from both sides (particularly Iran's threats regarding the Strait of Hormuz), and actual physical tanker movements through the waterway," said Tim Waterer, chief market analyst at KCM Trade.

The status of the US-Iran negotiations at any given point will ultimately determine whether the current risk premium stays embedded in oil prices or starts to unwind, Waterer added.

Lebanon on Monday announced a partial ceasefire between Hezbollah and Israel, in what would amount to a limited de-escalation of a conflict that has inflamed the broader war with Iran.

Iran has effectively halted nearly all non-Iranian shipping into and out of the Gulf since the war began, choking off about a fifth of global oil and liquefied natural gas flows and driving prices up by 50 percent or more.

NPLs up by Tk 31,487cr

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Large borrowers such as S Alam, Beximco, AnonTex, Abdul Monem, Nassa Group, and Sikder Group defaulted on a large scale after the fall of the Awami League government in August 2024, causing an unprecedented rise in bad loans.

Central bank data states that NPLs at state-run banks stood at Tk 149,785 crore, accounting for 46 percent of their disbursed loans. Bad loans at private commercial banks stood at Tk 416,482 crore, representing 31.1 percent of their disbursed loans.

NPLs at foreign banks stood at Tk 3,263 crore, or 5 percent of their outstanding loans.

NPLs at specialised banks stood at Tk 19,175 crore, or 41 percent of their disbursed loans, the data shows.

Govt to unveil

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"Locking in fixed tax brackets until 2031 means that as prices rise, people will be pushed into higher tax brackets without any real increase in their purchasing power or wealth," said Barua, managing director of SMAC Advisory Services.

He also expressed concerns about fairness, saying that partial adjustments could disproportionately affect middle-income earners. "Global tax standards also emphasise vertical equity. If only the initial tax-free threshold is raised while higher slabs remain unchanged, it creates an unfair 'middle-class squeeze'," he said.

Barua added that predictability should be balanced with flexibility, arguing that "long-term fiscal certainty must be paired with proportional, inflation-linked adjustments across all income slabs, rather than rigidly fixed rates stretching to 2030-31," to align with global norms.