Tech, innovation crucial for agro-industrial growth

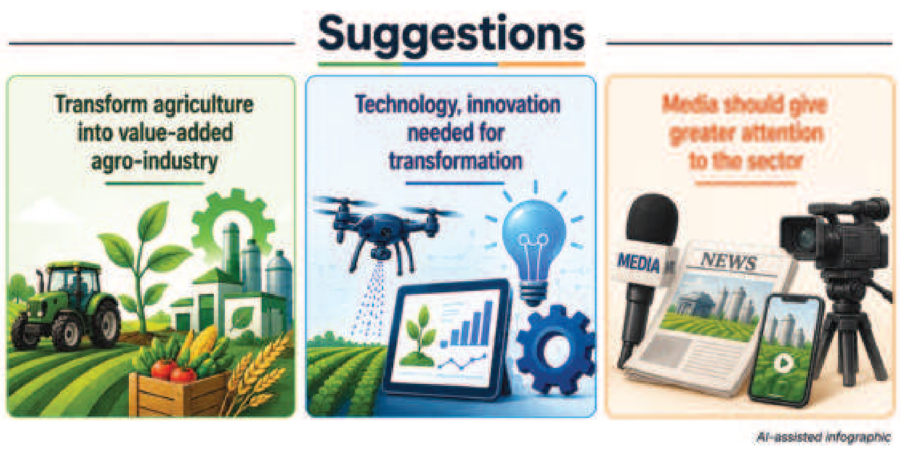
Information minister calls for more value addition

STAR BUSINESS REPORT

Agricultural products must be transformed into value-added agro-industrial products in order to transition from an agriculture-based economy to an industrial one, Information and Broadcasting Minister Zahir Uddin Swapan said yesterday. "Achieving this transformation requires the effective integration of technology, innovation, and knowledge," the minister said at the award ceremony of the Bangladesh Agro-Industry Media Award 2025, organised by Pran-RFL Group, at the MCCI Conference Hall of Police Plaza Concord in Dhaka.

"It will strengthen domestic markets, enhance export competitiveness, and contribute significantly to economic growth," he also said, adding that investigative journalism can play a crucial role in promoting the development of the agriculture and agro-processing sectors.

"I believe that journalists' investigative reports will not only inspire entrepreneurs to explore new opportunities but also help the government formulate more effective agriculture- and industry-friendly policies," he said.



AI-assisted infographic

Referring to the government's development agenda, the minister said, "Our government was elected through a credible electoral process. Before assuming office, Prime Minister Tarique Rahman declared, 'I have a plan.' Today, that vision has evolved into 'We have a plan,' with agriculture occupying a central place in our national development strategy."

He also highlighted the government's decision to waive interest on agricultural loans of up to Tk 10,000 shortly after taking office.

"At a time when the country faces substantial domestic and external debt obligations, along with nearly Tk 600,000 crore in non-performing loans, this initiative carries considerable strategic importance," he said.

Calling on the media to focus greater attention on the sector, Swapan urged journalists to produce more in-depth reports on the opportunities and challenges facing the agriculture and agro-processing industries.

"Such reporting can contribute to more informed policymaking. As the information minister, I will make every effort to compile these reports and ensure they reach the relevant policymakers," he added.

Speaking at the event, Pran Group Managing Director Ilias Mridha described agro-processing as one of Bangladesh's most promising industries.

Imported at Tk 370

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The organisation recorded 3,029 motorcycle-related accidents that year, killing 2,671 riders and passengers.

The World Health Organization (WHO) says quality helmets can reduce the risk of death in a road crash by more than six times and lower the risk of brain injury by up to 74 percent.

While most Vega, Steelbird and Gliders helmets were declared at around $3 per unit, premium brands such as Studds, SMK and Graphic were declared at values ranging from $8.50 to $30.80. These products usually retail for between Tk 2,200 and Tk 6,000 in Bangladesh.

An NBR official, speaking on condition of anonymity, said under-invoicing in helmet import remains a major problem.

According to an analysis by the NBR's valuation committee, around 95 percent of helmets imported in 2025 were declared at $3 or less per unit. Another 4 percent were declared at values between $3.50 and $15, while only about 1 percent were declared within the $15-$31 range.

"Whenever importers declare values of $3 or less, we usually apply a loading of $0.20 to $0.50 cents during assessment. This helps recover part of the revenue loss, although we know the actual value is often much higher," the official said on condition of anonymity.

Industry representatives argue that the consequences extend beyond lost revenue and are also affecting road safety and domestic manufacturing.

RN Paul, managing director of RFL, which manufactures Safemet helmets, said local manufacturers could expand production if imported helmets were assessed at their proper value during customs clearance.

"Increasing capacity is not difficult for us," he said. "But if the existing duty structure continues, there is little point in expanding because consumers will not buy our products."

Shah Muhammad Ashequr Rahman, chief marketing officer of Bangladesh Honda Private Limited, which imports Honda helmets, said quality-certified helmets are becoming less competitive because of lower import value declarations by non-compliant traders.

He said the practice allows cheaper and lower-quality helmets to dominate the market, discouraging imports of internationally certified products.

Rahman also said the BSTI approval process requires multiple sample units for each size and model, along with testing and certification fees, increasing costs for compliant importers.

"If regulatory costs, approval time and import duties are reduced while maintaining proper quality standards, internationally certified helmets will become more accessible and affordable," Rahman said.

Govt charts path to $1tn economy

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Titumir also defended the government's position in negotiations with the International Monetary Fund on loan-related conditions, saying the country would not adopt a uniform 15 percent value-added tax rate despite pressure from the lender.

"If a flat 15 percent VAT is imposed on all goods and services, 1.65 crore people could fall below the poverty line," he said.

The adviser said the government inherited a fragile economic situation marked by mounting debt, weakened fiscal capacity, and declining international credit assessments.

He added that the government's economic strategy would be guided by domestic policy priorities rather than externally imposed prescriptions.

According to Titumir, expanding the economy and creating jobs are the most sustainable ways to increase government revenue, with higher employment and business activity naturally boosting direct tax collection, corporate earnings, and VAT receipts without raising tax rates.

Titumir also identified tax evasion, customs irregularities, and inefficient revenue administration as major challenges. To address these issues, he added that the government plans to strengthen digital tax systems, adopt risk-based management practices, and expand cashless transactions.

Also speaking at the event, State Minister for Planning Zonayed Saki said Bangladesh suffers more from resource wastage than from corruption.

"In my view, resource wastage is an even bigger problem than corruption," Saki said. "A hospital may be constructed, but without the necessary equipment, skilled technicians, or doctors, it remains unused for years. Such unplanned initiatives amount to nothing but a waste of national resources."

Syed Nasim Manzur, managing director of Apex Footwear Ltd, called for major reforms in the tax structure to encourage private-sector growth and attract investment.

He proposed cutting the corporate tax rate from 27.5 percent to 20 percent, in line with Vietnam, and said investors need stable tax policy for at least three years.

The Apex MD also pointed to the absence of modern warehousing facilities at airports, which he said costs hundreds of millions of dollars in raw material losses annually.

Researcher Maha Mirza urged the government to raise agricultural budget allocations from 5 percent to 10 percent to strengthen food security and rural development, and called for affordable crop dryers, combine harvesters, and other modern equipment to be made directly available to farmers.

Govt plans tax relief

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The initiative is part of the government's wider efforts to promote the information technology and digital services sectors, which have become key sources of jobs, entrepreneurship and foreign exchange earnings.

Officials added that the tax relief is expected to encourage young entrepreneurs, freelancers and digital content creators to expand their activities, while also helping to formalise the country's fast-growing creator economy.

The move gained momentum after the prime minister recently met content creator Zuel Rana, owner of "Citto Media," who produces nature-related content on social media.

Following the meeting, the creator said the government had assured steps to withdraw the source tax on freelance and content-creation income.

Meanwhile, Dutch-Bangla Bank has formally suspended the deduction of withholding tax on freelance earnings. It also said it has started the process of refunding taxes previously deducted from freelancers' accounts.

Bangladesh currently has around 500,000 freelancers working in digital services and content creation, making it one of the largest freelance talent pools in the region.

METRO RAIL VAT EXEMPTION LIKELY TO CONTINUE

The government is likely to extend the existing value-added tax (VAT) exemption on fares of the Dhaka metro rail for another year, as the service continues to gain strong popularity since its launch.

The finance minister is expected to include the proposal in the upcoming budget. The current exemption is set to expire in June this year.

Dhaka metro rail began commercial operations in late December 2022 and quickly became popular among commuters, especially office workers and students seeking relief from crowded and congested bus travel.

One-third of local CEOs

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PwC notes that the main challenge is not regional underperformance, but scaling AI across organisations.

"To move beyond pilot projects, Bangladeshi companies like ours need to get the fundamentals right first -- a clear AI roadmap, strong data systems, and governance frameworks that fit our local context," said Asif Bhuiyan, group CEO of AK Khan & Company Ltd, in the report.

The survey findings highlight this gap. Slightly more than four in 10 CEOs say their organisations have a clearly defined AI roadmap, while fewer than one in five report that their AI systems have access to all relevant organisational data. This places Bangladesh behind both regional and global peers in core AI readiness.

Only a small share of organisations have established formal responsible AI and risk-management frameworks. Just over one in five CEOs believe current AI investment levels are sufficient to meet their goals.

The readiness gap is also visible in manufacturing. While AI adoption remains at an early stage, executives see strong potential in predictive maintenance, quality control and supply-chain visibility, as global buyers increasingly demand speed, transparency and compliance.

"AI adoption in manufacturing in Bangladesh is still at an early stage, but there is strong potential in areas like predictive maintenance, quality control and supply-chain visibility," said Sharif Zahir, managing director of Ananta Apparels Ltd, adding that global buyers are demanding greater efficiency and accountability.

Despite these gaps, the report highlights some positive signals. About 64.1 percent of CEOs say their organisational culture supports AI adoption, while 58.9 percent say their technology environments are capable of integrating AI. Grameenphone CEO Yasir Azman said companies are now balancing efficiency gains with broader strategic priorities.

"The integration of AI into core operations is no longer optional — it is essential for improving efficiency and creating new growth opportunities. At the same time, sustainability, risk preparedness and climate resilience must remain central to our strategies," he said.

On financial outcomes, 20.5 percent of CEOs report that AI has increased revenue over the past year, while 25.6 percent say it has reduced costs. However, these gains are still concentrated among a limited number of firms rather than being widespread.

85% of default loans

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The country's largest shariah-based bank is now facing fresh uncertainty over the appointment of a new chairman.

"A large share of its defaulted loans is linked to the S Alam Group, with recovery remaining minimal," said Md Altaf Hossain, acting managing director of the bank.

He told The Daily Star that the bank is trying to recover loans from other borrowers, but progress has been limited as even regular customers have become reluctant to repay.

"Under the current circumstances, the bank is prioritising the prevention of deposit withdrawals, while loan recovery efforts have received less attention," he added.

At Exim Bank, bad loans stood at Tk 36,724 crore in March, representing 68.58 percent of total loans.

The bank was largely influenced by Nazrul Islam Mazumder, chairman of Nassa Group and former chairman of the Bangladesh Association of Banks (BAB). Loan irregularities and weak corporate governance have pushed the lender into a merger process with four other troubled banks.

Among lenders linked to the S Alam Group, First Security Islami Bank reported NPLs of Tk 60,843 crore, or 97.39 percent of total loans.

Global Islami Bank's NPLs stood at Tk 14,243 crore, or 97.47 percent, while Social Islami Bank reported NPLs of Tk 30,439 crore, or 80 percent. Union Bank recorded NPLs of Tk 27,102 crore, or 97 percent of its loan portfolio.

These banks were heavily influenced by the S Alam Group, which secured a large portion of loans from them.

AB Bank's NPLs stood at Tk 19,506.79 crore, accounting for 54 percent of total loans, while National Bank reported Tk 24,305 crore, or 57 percent.

Both lenders faced loan irregularities, governance failures and financial scandals during the Awami League government.

IFIC Bank was dominated by Salman F Rahman, vice-chairman of Beximco Group and an influential adviser to ousted prime minister Sheikh Hasina. Its bad loans stood at Tk 28,174 crore in March, equivalent to 63.36 percent of total loans.

Md Mehmood Husain, independent director and current chairman of the bank, said the volume of defaulted loans has not increased significantly, although the ratio has risen.