Family card can cut poverty, but targeting remains key

Experts say at pre-budget discussion

STAR BUSINESS REPORT

While the proposed Family Card programme could substantially reduce poverty, economists cautioned that accurately identifying beneficiaries will be its biggest challenge.

"Bangladesh's track record in targeting social protection recipients has been weak, with many eligible households left out while ineligible beneficiaries are included," said Abdur Razzaque, chairman of Research and Policy Integration for Development (RAPID).

Speaking at a discussion on "The New Government's First Budget and the Road to a Welfare State: How Important Is Social Protection?" organised by Voice for Reform at its Karwan Bazar office yesterday, he said accurate beneficiary selection would be critical to the success of the proposed Family Card programme.

"If we fail to identify the right households, the programme could suffer from significant leakage," he said.

Razzaque said that the proposed monthly benefit of Tk 2,500 is substantially higher than existing social safety net allowances, which typically range between Tk 600 and Tk 700, making targeting errors even more costly.

According to RAPID estimates, the programme could reduce the poverty rate from around 18 percent to 11 percent if all poor households are covered.

However, he cautioned that even advanced statistical methods cannot guarantee perfect targeting, warning that implementation failures could quickly turn a popular initiative into an unpopular one. Fahmida Khatun, executive director of the Centre for Policy Dialogue, said social protection should not only support vulnerable groups but also help reduce inequality through redistribution.

She noted that Bangladesh has more than 100 social protection programmes, yet many fail to reach intended beneficiaries due to persistent targeting errors.

"Those who are supposed to receive benefits are often left out, while some who are not eligible continue to receive support," she said.

Khatun argued that a welfare state is about more than cash allowances. It requires investments in education, healthcare and skills so people can better withstand economic shocks and improve their livelihoods.

She also pointed to structural challenges, including low tax collection and limited fiscal space, which constrain public spending on social protection and essential services.

According to her, social protection programmes should be streamlined to reduce duplication and improve efficiency. While technology can improve delivery, strong institutions and good governance are equally important to ensure benefits reach the right people.

"Targeted social protection remains our only realistic option at this stage," she added.

Md Rubaiyat Sarwar, managing director of Innovision, said the government's welfare-state ambition is understandable given rising inequality, slowing poverty reduction and the growing vulnerability of workers in the informal sector. But he cautioned that the vision could falter without stronger institutions and a realistic financing plan.

Bangladesh's tax-to-GDP ratio remains among the lowest in the region, while spending on health and education lags behind neighbouring countries, he noted. "The question is whether the state has the fiscal capacity to sustain a welfare model."

He also stressed that welfare programmes should be targeted and time-bound, helping households move out of poverty rather than creating long-term dependence.

"A welfare state is not built overnight," he said. "It requires stronger revenue collection, better governance and gradual expansion over many years."

Sharif Ahmed Chowdhury, former director general of Palli Karma-Sahayak Foundation (PKSF), said one of the biggest weaknesses of Bangladesh's social protection system is poor targeting.

"People facing different risks cannot be treated the same way," he said, noting that the needs of households in coastal, haor and flood-prone areas differ significantly from those in less vulnerable regions.

He argued that mis-targeting is built into the current system, with many deserving households excluded while others receive benefits to which they are not entitled. Drawing on PKSF's experience during the pandemic, he said household-level targeting helped keep leakage close to zero.

Internet subscribers grew by 18 lakh in April

MAHMUDUL HASAN

Internet subscriptions in Bangladesh posted a sharp recovery in April, driven by a rebound in mobile data usage and continued growth in fixed broadband connections, according to the latest data from the Bangladesh Telecommunication Regulatory Commission (BTRC).

The total number of internet subscribers rose to 13.14 crore in April 2026 from 12.96 crore in March, marking month-on-month growth of 1.39 percent and a net addition of 18 lakh users.

The market had previously experienced a prolonged downturn, culminating in a fall to 12.82 crore subscribers in February 2026, the lowest level in three years.

The consecutive gains recorded in March and April suggest the telecom sector has stemmed the subscriber losses seen during the winter months, according to industry insiders.

Mobile internet remained the primary driver of growth. The number of mobile internet users increased to 11.64 crore in April from 11.48 crore in March, adding 16.2 lakh active connections during the month.

Despite the rebound, mobile internet subscriptions remain below the record high of 12.91 crore recorded in June 2024.

Meanwhile, broadband subscriptions rose to 1.49 crore in April 2026 from 1.47 crore, a level that had remained unchanged throughout January, February and March.

An internet subscriber is defined as a user who has accessed the internet at least once during the preceding 90 days.

BTRC compiles ISP subscriber data through market analysis, consultations and information collected from most internet service providers, and publishes the figures on a quarterly basis.

"The growth in internet subscribers mainly reflects the country's overall economic development and the strengthening of the digital economy," said Shahed Alam, chief corporate and regulatory officer of Robi Axiata PLC.

"As a result, the demand for digital services and connectivity is increasing, which overall indicates continued progress."

Gold falls over 2%

REUTERS

Gold fell over 2 percent to a more than two-month low on Wednesday as fresh fighting in the Middle East dimmed hopes of a resolution to the US-Israeli war with Iran, heightening concerns about inflation and interest rate hikes.

Spot gold was down 2.1 percent at $4,172.44 per ounce by 0849 GMT, its lowest level since March 23. US gold futures for August delivery shed 2.1 percent to $4,195.60.

"Gold remains a victim of growing inflation risks despite geopolitical tensions fuelling risk aversion. Renewed US-Iran hostilities have essentially sabotaged efforts to end the war," said Lukman Otunuga, senior research analyst at FXTM.

$404m WB loan

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quality, accessibility and coverage of health and nutrition services across the country, with special emphasis on the Chattogram and Sylhet divisions, while strengthening the overall resilience and efficiency of the health system.

The second project, the Climate-Responsive Reproductive Health and Population Services Improvement and System Strengthening Project for Results, will be implemented by the Directorate General of Family Planning.

It aims to enhance the quality, equity and expansion of reproductive health and population services through climate-resilient systems and strengthened institutional frameworks.

The $379 million loan will be repayable over a period of 30 years, including a five-year grace period.

The financing carries a service charge of 0.75 percent per annum and an interest rate of 1.25 percent per annum on the disbursed amount.

A commitment fee of 0.50 percent per annum will apply to the undisbursed balance. However, the World Bank has refrained from collecting this fee in recent fiscal years.

Economic Relations Division (ERD) Secretary Md Shahriar Kader Siddiky and Jean Pesme, division director of the World Bank Group for Bangladesh and Bhutan, signed the agreement, according to a press release issued by the ERD.

US trade gap narrows in April on oil exports boost

AFP, *Washington*

The US trade deficit shrank slightly in April, government data showed Tuesday, with energy exports bolstered by a supply crunch following war in the Middle East.

The overall trade gap narrowed 1.2 percent to $55.9 billion, said the Commerce Department. Economists surveyed by Dow Jones Newswires and The Wall Street Journal had expected a $56.1 billion figure.

US exports of crude oil and petroleum products have surged since US-Israeli strikes on Iran from late February, which triggered Tehran's retaliation in virtually blocking the Strait of Hormuz.

The strait is a key waterway for energy transit, sending prices soaring.

"Energy exports are an important factor here with the US supplying more in international markets, largely from existing inventories," ING chief international economist James Knightley told AFP.

This has "helped keep something of a lid on global energy prices that have been under upward pressure" from the supply shock, he added.

But he warned that the deficit widened when petroleum products were excluded.

"Should we get a resolution that leads to a recovery in oil and gas supply then the US trade deficit will quickly deteriorate once again," he said.

In April, exports rose 2.6 percent to $327.1 billion, fueled by crude oil, fuel oil and other petroleum products.

Government data showed that exports of capital goods like computers and civilian aircraft also climbed.

While the global economy appears to be managing through the war, Nationwide financial market economist Oren Klachkin cautioned that "the standoff poses a threat to the US outlook as long as the strait (of Hormuz) remains closed."

US imports, meanwhile, rose by 2.0 percent to $383 billion in April.

This was boosted by imports of products like computers and semiconductors, thanks to an ongoing demand for hardware needed in the artificial intelligence buildout.

"With demand for the AI build out still elevated, we expect capital goods imports will remain solid this year," US economist Grace Zwemmer of Oxford Economics told AFP.

BB appoints new observer

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After the meeting, Mashrur Arefin, chairman of ABB, said the growing unrest at Islami Bank had taken on a political dimension, raising serious concerns among bankers about its potential impact on the wider financial sector.

He said the situation was eroding confidence in the banking industry and could pose risks to overall financial stability.

On May 24, the eve of the nearly week-long Eid-ul-Azha holiday, the BB appointed Khurshid Alam, a former deputy governor, as chairman of Islami Bank, just hours after the previous chairman resigned.

Khurshid was among the senior BB officials who were forced to leave the central bank by more than 100 protesting officials on August 6, 2024, a day after the fall of the Sheikh Hasina government in the face of a mass uprising.

The appointment has sparked unrest at the bank since June 1, and the situation remains unresolved.

Yesterday, a delegation led by the Conscious Customers' Forum went to the Ministry of Finance to submit a memorandum demanding the resignation of Khurshid Alam.

Bangladesh's GDP crosses

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To achieve the government's growth goal, it will be necessary for economic growth to increase by more than two percentage points in one year, according to Prof Islam. To do this, there will be a need for a strong resurgence in private investments, higher exports, adequate energy availability, political stability, better credit flow to the productive sectors, and revival of domestic demand.

Although growth above 6 percent is possible, based on the present trend of the economy, which shows several obstacles such as high interest rates, stress on private investments, problems within the banking system, and economic uncertainties globally, he added.

A more realistic expectation for growth could be somewhere between 5 and 6 percent unless there is any change in the situation with respect to investments and industrial performance, Islam said.

The professor went on to note that if private investment becomes favourable, inflation falls and external pressures decrease, the level of growth would certainly pick up. "However, attaining the targeted 6.5 percent is certainly a distant possibility for the time being."

Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh (PRI), said the government's growth ambition is understandable and well-intentioned, but pursuing it through an expansionary fiscal and monetary policy mix carries serious risks given the current macroeconomic context.

Inflation remains close to 10 percent, export growth is weak, global uncertainty persists, the banking sector is under severe stress with non-performing loans reportedly above 32 percent, and the tax-to-GDP ratio barely reaches 7 percent, he noted.

"Against this backdrop, any attempt to stimulate growth through higher public spending and easier money could intensify inflationary pressures, worsen external imbalances and put renewed depreciation pressure on the exchange rate," he said.

Such a course, according to him, would risk undermining the macroeconomic stability Bangladesh has painfully regained over the past two years.

"The priority, therefore, should not be to chase a headline growth number through demand-side stimulus. Instead, policymakers should focus on productivity-enhancing reforms that can raise potential growth without fueling instability," said the economist.

This means deregulation, improving the investment climate, reforming and where appropriate privatising state-owned enterprises, strengthening the banking sector, and making critical investments in power, energy, logistics and infrastructure, he said.

Bangladesh should certainly aim for higher growth, but the path to that growth must be built on fiscal and financial sector reforms, productivity and confidence, not on policies that could reignite inflation and weaken macroeconomic stability, Rahman added.

Budget FY27: Who stands to win

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The pharmaceutical sector could benefit from a further series of duty reductions aimed at lowering production costs and strengthening local manufacturing capacity.

The excise duty exemption threshold on bank balances is also proposed to rise to Tk 4 lakh from Tk 3 lakh, offering some relief to small depositors.

PROTECTION FOR LOCAL INDUSTRY CREATES LOSERS

The new budget may seek to provide greater protection for domestic industries through higher duties and other measures on imported products that compete with local manufacturers.

One key proposal is to increase import duty on raw and processed cashew nuts to 25 percent from the current 1 percent and 5 percent, respectively, with the aim of encouraging local cultivation and processing.

Higher protective measures are also expected on imports of ceramic tiles, sanitary ware, wash basins, cotton and rayon fabrics, PVC-coated textile products, curtain fabrics, cosmetics, foam products, honey and betel nuts.

Tobacco consumers are also likely to face a heavier tax burden.

Taxes and duties on cigarettes and other tobacco products are set to increase, pushing up retail prices.

Imported cigarettes and nicotine-related products may face additional levies as part of efforts to discourage tobacco consumption while boosting government revenue. Importers of fossil fuel-powered vehicles could emerge as another affected group.

While the budget is expected to offer extensive incentives for electric vehicles, batteries and charging infrastructure, conventional petrol and diesel vehicles are unlikely to receive similar support, signalling a shift towards cleaner transport.

Towfiqul Islam Khan, additional director (Research) at Centre for Policy Dialogue (CPD), said the budget reflects an attempt to balance several politically important and fiscally demanding priorities at a time when revenue mobilisation remains the government's biggest constraint.

He said persistent pressure on the operating budget continues to limit fiscal flexibility, while the need to finance electoral commitments further narrows room for discretionary spending.

According to him, although the budget signals an intention to stimulate private investment and provide some relief to consumers, these competing objectives also expose underlying tensions in the government's fiscal strategy.

Khan added that the real test of the budget would not be the measures announced, but the government's ability to strengthen tax governance, improve the efficiency of public spending and advance long-delayed reforms in public financial management.