PHOTO: AMCHAM

Economists and business leaders attend a post-budget discussion organised by the American Chamber of Commerce in Bangladesh at the Sheraton Dhaka yesterday.

Business leaders push for deregulation

Entrepreneurs say meaningful measures could improve ease of doing business, attract more FDI

STAR BUSINESS REPORT

A group of private sector entrepreneurs has called for meaningful deregulation to improve the ease of doing business and attract more foreign direct investment (FDI), particularly from the United States.

They voiced their suggestions and concerns at a post-budget discussion organised by the American Chamber of Commerce in Bangladesh (AmCham) at the Sheraton Dhaka yesterday.

Economists and business leaders attended the event, urging the government to improve power and energy supplies, ensure the safety and security of both foreign and domestic investments, and undertake vital reforms to encourage greater private-sector investment.

The entrepreneurs said the proposed national budget for fiscal year 2026-27 had addressed many of their concerns, but not comprehensively.

Presenting the keynote paper, M Masrur Reaz, chairman and chief executive officer of Policy Exchange Bangladesh, said the budget was a pragmatic effort to support economic recovery while laying the foundation for long-term transformation.

He said the budget sent positive signals for private sector-led growth through measures aimed at easing business costs, encouraging investment and strengthening social protection.

However, achieving its objectives would require overcoming significant challenges, including the ambitious GDP growth target of 6.5 percent, higher revenue mobilisation, persistent inflationary pressures, and vulnerabilities in the banking and energy sectors.

He stressed that effective implementation would be crucial to translating policy intentions into tangible outcomes.

"I feel business people face the same challenges when doing business in Bangladesh," said Ahsan Khan Chowdhury, chairman and chief executive officer of PRAN-RFL Group, one of the country's largest business conglomerates. He was speaking as a panellist.

Economists and business leaders urged the government to improve power and energy supplies and ensure safety and security of both foreign and domestic investors

"Making money in Bangladesh should be easier so that people from around the world come here to invest and do business. As an export hub, Bangladesh should compete with Vietnam and Cambodia to attract investment from China."

He said Bangladesh should place greater emphasis on skills development, noting that the country receives around $17 billion to $18 billion in inward remittances annually.

However, he questioned whether the budget addressed why an average Filipino worker in the Gulf earns roughly double the salary of an average Bangladeshi worker.

Bangladesh should focus on producing a more skilled workforce so that inward remittances can increase from $18 billion to $36 billion, he added.

Also speaking as a panellist, Naser Ezaz Bijoy, immediate past chief executive officer of Standard Chartered Bangladesh, said financing the budget would be a major challenge, as the government would need to generate more than 50 percent of the additional revenue from collections above the revised target for the outgoing fiscal year.

Government borrowing is also likely to increase further to finance the budget, he said.

AmCham President Syed Mohammad Kamal said that although achieving the inflation target of 7.5 percent was possible, the government must implement deregulation measures to attract foreign investment, particularly from the United States.

Immediate past AmCham president Syed Ershad Ahmed urged the government to implement the logistics policy to facilitate business, reduce hassles, improve efficiency in trade and commerce, and lower the cost of doing business.

Fahmida Khatun, executive director of the Centre for Policy Dialogue, questioned how the budget would be financed, given the revenue authority's recent failure to meet its collection targets.

She said that if the government relied on borrowing from banks and foreign sources, the private sector could face a liquidity squeeze in the banking system, while the country's external borrowing level was also approaching a moderately risky position.

Dollar hovers around 10-day low

REUTERS, *London/Hong Kong*

The US dollar traded around a 10-day low against other major currencies on Monday as a preliminary agreement to end the war between the US and Iran sent oil prices tumbling and boosted demand for riskier assets. US and Iranian officials said on Sunday they had agreed on a framework for a deal to end their war, halt the US blockade of Iran and reopen the Strait of Hormuz.

The memorandum of understanding is scheduled to be officially signed on Friday in Switzerland, but caution still lingered as markets awaited more details and as the fate of Iran's nuclear program was left for further negotiations.

Oil prices slumped, with Brent crude futures down around 5 percent to $82.9 a barrel. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, was little changed at 99.52, hovering around its lowest since June 5.

Nick Rees, head of macro research at Monex Europe, said that despite the preliminary deal between the US and Iran, markets would likely be cautious about pricing in further optimism.

Oil price hits 3-month low as US, Iran reach peace deal

REUTERS, *Singapore*

Oil prices slipped to a three-month low on Monday after US President Donald Trump and Iran's deputy foreign minister said they had reached an initial deal to end the war and to resume traffic through the Strait of Hormuz.

Brent crude futures fell $3.65, or 4.2 percent, to $83.68 a barrel by 0630 GMT and US West Texas Intermediate was at $80.75, down $4.13, or 4.9 percent. Both contracts fell to their lowest levels since March 10 on Monday after tumbling more than 3 percent on Friday.

The US and Iran will sign a memorandum of understanding in Switzerland on Friday, said the prime minister of Pakistan, whose country has served as a mediator.

Trump said on Sunday that the Strait of Hormuz would be open "toll free" and that a US naval blockade of Iranian ports would also end. Iran's semi-official Mehr news agency said the draft deal called for reopening the Strait of Hormuz within 30 days under Iranian arrangements.

PHOTO: REUTERS/FILE

"The geopolitical risk premium that had been built into crude is now being unwound quite aggressively as traders price in the prospect of restored oil flows," said Tim Waterer, chief market analyst at KCM Trade.

The world has lost millions of barrels of oil and gas supply since the war closed the Strait of Hormuz, a chokepoint for a fifth of the world's oil and liquefied natural gas supplies, for more than three months. Investors are also watching cautiously how quickly Middle Eastern producers can resume oil production and exports following damage from the war and whether more ships will enter the region.

"While these uncertainties suggest upside risks to our forecast for Brent oil futures to reach $80/bbl by the end of the year, it's worth noting that oil flows through the Strait of Hormuz just needs to reach 60-70 percent of pre-war levels to return oil markets to pre-war oversupply expectations," Vivek Dhar, a commodities strategist at Commonwealth Bank of Australia, said in a note.

Iran's deputy foreign minister, Kazem Gharibabadi, said a more expansive agreement would be negotiated during a 60-day ceasefire period.

E4 nations, which include the UK, France, Germany and Italy, said on Sunday the countries were prepared to lift sanctions on Iran in response to steps on its nuclear programme.

Gold extends gains

REUTERS

Gold rose more than 2 percent on Monday after US and Iranian officials said they had reached an initial agreement to end their war, pushing oil prices lower and easing concerns about inflation and higher interest rates.

Spot gold climbed 2.3 percent to $4,316.03 per ounce by 0730 GMT, hitting its highest level since June 9 and extending gains for a third straight session. US gold futures for August delivery rose 2.3 percent to $4,337.20.

US and Iranian officials said on Sunday they had agreed on a framework to end their war, halt the US blockade of Iran and reopen the Strait of Hormuz. The pact will be officially signed on Friday in Switzerland, Pakistani Prime Minister Shehbaz Sharif said in a post on X.

The US dollar fell to a 10-day low, making greenback-priced bullion cheaper for other currency holders, while oil prices slipped more than 4 percent.

"Lower oil prices and a softer dollar, stemming from reduced geopolitical risk and the anticipated reopening of the Strait of Hormuz, are helping to calm inflation expectations," said Tim Waterer, chief market analyst at KCM Trade.

Consumption falling, yet rice eats up

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It said fertiliser subsidies remain the largest form of farming support, accounting for about 80 percent of the agri ministry budget.

These subsidies have helped farmers maintain production and price stability. However, because support is linked to the amount of fertiliser purchased, farmers with more land receive a larger share of the benefits, the report said.

The World Bank noted that Bangladesh places a high priority on agriculture, allocating about 10 percent of total public spending to the sector.

"Yet, agricultural growth has slowed, productivity gains have weakened, and diversification into higher-value products has lagged."

According to the report, correcting these imbalances could substantially raise yields and improve productivity.

The World Bank recommended expanding soil testing, strengthening farmer advisory services and rolling out the Farmer's Card and e-voucher system so that agricultural support reaches poorer and climate-vulnerable areas.

It said better-targeted support could gradually free up resources for investments that raise productivity, promote higher-value agriculture and benefit poorer farmers.

MAKING SUBSIDIES MORE PRODUCTIVE

Jean Pesme, division director for Bangladesh and Bhutan, said that by modernising subsidy delivery and aligning public spending with emerging opportunities, Bangladesh can build a more resilient and productive agricultural sector while ensuring better value for public resources.

Selim Raihan, professor of economics at Dhaka University and executive director of Sanem, said the composition of agricultural spending has become a central concern.

"A growing share of the budget is allocated to recurrent subsidies, which limits fiscal space for high-return public investments such as research, extension services, irrigation, rural infrastructure, storage, marketing systems, food safety, and climate adaptation. These are the areas that drive long-term productivity growth and structural transformation," he said.

Food and Agriculture Organization (FAO) Representative in Bangladesh Jiaoqun Shi said Bangladesh faces significant challenges in fertiliser use because of reliance on traditional farming practices, urea-heavy subsidies, limited soil testing and weak extension services.

"Fertiliser use is often guided by generalised recommendations rather than soil-specific nutrient requirements, as access to soil and fertility mapping remains limited. The subsidy structure favours urea, encouraging its overuse while discouraging balanced application of other essential nutrients and organic inputs," he said.

Uzma Chowdhury, director at the PRAN-RFL Group, said all government departments are working to increase production, but insufficient attention is being paid to market development and distribution systems.

"Without alignment between producers and consumers, market distortions arise. The presence of multiple intermediaries prevents farmers from receiving prices that cover production costs or generate adequate income," she said.

"Livestock, fisheries, and other sectors operate under different cycles, and even products like salt have distinct supply chains. A uniform policy approach cannot address these diverse needs," she added.

Agriculture Minister Mohammed Amin Ur Rashid highlighted ongoing efforts to reduce production costs and improve efficiency through better soil management, reduced fertiliser overuse and the expansion of solar-powered irrigation systems.

"We are also working to reduce import dependence in selected commodities such as onions, jute seeds, and ginger through structured medium-term planning," he said.

Referring to structural challenges in the sector, the minister highlighted issues related to market information gaps, post-harvest losses and price volatility.

"To address these challenges, we are promoting better demand forecasting, decentralised storage solutions, and improved supply chain efficiency to ensure fair prices for farmers and stable access for consumers," he said.

He also noted efforts to improve soil health and irrigation systems.

Finance Division gets

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Addressing the parliament yesterday, Khosru said since assuming power, one of the government's top priorities has been to restructure the economy by tackling global instability, internal structural weaknesses, and inflationary pressures.

"We are trying to reduce waste in every area of government expenditure, cut spending in non-priority sectors, and ensure frugality in administrative costs. At the same time, we are working to implement the government's electoral manifesto."

"However, due to global circumstances, we had to adjust subsidies for electricity and energy," he added.

Opposition MPs raised concerns over weaknesses in the banking sector, rising default loans, shrinking private-sector credit flow, and the government's capacity to finance the budget deficit.

They also questioned the government's plan to borrow large sums from banks despite mounting default loans and liquidity crises, while simultaneously creating rescue funds for troubled banks.

They warned that this could further strain the financial sector.

Khosru, in response, said additional allocations were needed to finance priority programmes, including waiving principal and interest on agricultural loans of up to Tk 10,000 and funding two Annual Development Programme (ADP) and four non-ADP projects.

He stressed that the extra funds were not sought for the Finance Division's own expenses and defended the proposal as justified, rejecting the cut motions.

Islami Bank shares surge

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had triggered depositor protests that accelerated an earlier sell-off.

The rebound follows a steep decline. After the Bangladesh Securities and Exchange Commission removed the floor price on June 8, the stock shed around 19 percent in just two days through June 10, as depositor unrest and political controversy compounded market pressure.

Islami Bank carries the banking sector's largest non-performing loan burden -- Tk 95,629 crore, equivalent to 50.88 percent of its total outstanding loans.The bank paid a 10 percent cash dividend in 2023 but skipped payouts in the two years since, a lapse that saw its stock downgraded to the Z category.

Govt to assess Family Card impact

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"The programme's strength lies in direct household verification," he said, adding that the process helped identify inconsistencies and ensure that only eligible beneficiaries were included.

He also clarified that families headed by widowed fathers raising children would be eligible for support under the programme.

The adviser said the overall programme would be reviewed every six months, with evaluations conducted by the ministries of social welfare and finance, as well as independent third parties. Several internationally reputed universities have expressed interest in assessing the programme, he added.

Asked when the Family Card policy would be published, he said it had received in-principle approval and would be forwarded to the prime minister for final approval before being made publicly available on the government's website.

At the meeting, the administrative costs for implementing the programme were approved. The committee also finalised the Family Card Piloting Implementation (Revised) Guidelines 2026 and granted in-principle approval to the draft Family Card Implementation Policy 2026.

Officials said beneficiaries would be reassessed every four years. Families whose economic conditions improve would be removed from the programme, while newly eligible households would be included.

The Family Card Programme was a key social protection pledge in the Bangladesh Nationalist Party's (BNP) election manifesto.

Launched shortly after the current government led by Tarique Rahman took office, it is designed to expand gradually across the country by 2030.

To promote women's empowerment, cards are being issued in the name of mothers or female heads of households, strengthening women's economic and social standing within families and communities.

The government also plans to gradually replace the allowance-based components of other social protection schemes through the Family Card system. Ultimately, the programme is expected to evolve into a universal social identification platform.

In his budget speech, the finance minister proposed allocating Tk 14,500 crore to distribute Family Cards to 41 lakh women in the coming fiscal year.

During the pilot phase, 60,044 female heads of households have received allowances under the programme.

Farzana Sharmin, state minister for social welfare; Mir Shahe Alam, state minister for local government, rural development and cooperatives; Finance Secretary Md Khairuzzaman Mozumder; Social Welfare Secretary Mohammad Abu Yusuf; and Planning Secretary SM Shakil Akhter also attended the meeting.