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Star BUSINESS



Agri lending jumps 15% as banks beat BB's target
B3

Taka ranks among region's most stable currencies: BB

STAR BUSINESS REPORT

The Bangladeshi taka remained one of the most stable currencies in South Asia and neighbouring economies over the past year, depreciating by just 0.59 percent against the US dollar between March 2025 and March 2026, according to the Bangladesh Bank quarterly report.

The central bank's latest data showed that only Cambodia performed slightly better, with its currency weakening by 0.44 percent during the period.

Among the peer countries, India experienced the sharpest depreciation, with the rupee losing 8.94 percent of its value against the US dollar.

The Sri Lankan rupee depreciated by 5.11 percent, followed by the Philippine peso at 3.70 percent and the Indonesian rupiah at 2.67 percent.

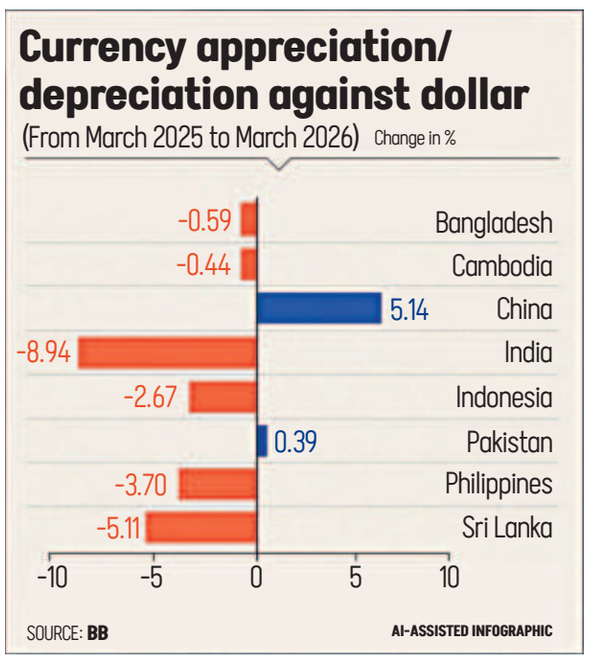
In contrast, the Chinese yuan appreciated by 5.14 percent, making it the strongest-performing currency among the countries compared. The Pakistani rupee also posted a modest appreciation of 0.39 percent against the US dollar.

Officials at the central bank said that the relatively limited depreciation of the taka came after Bangladesh Bank adopted a more market-based exchange rate regime and tightened monetary and foreign exchange management to reduce volatility in the currency market.

In May last year, Bangladesh adopted a market-based exchange rate regime to meet a condition by the International Monetary Fund (IMF).

The central bank has also been able to rebuild foreign exchange reserves through stronger remittance inflows and improved export earnings, helping ease pressure on the local currency.

READ MORE ON B3



Tax return filing rate falls in FY26 to multi-year low

Only 38% of TIN holders filed income tax returns, with experts blaming an outdated database and weak enforcement

MD ASADUZ ZAMAN

Although the deadline for filing income tax returns was extended four times until March, the return filing rate fell in fiscal year 2025-26 from a year earlier.

It was also the lowest in nearly a decade, except in FY22, when the economy was emerging from the Covid-19 pandemic, which disrupted personal incomes and business activity.

Only about 38 percent of registered taxpayers, including companies, filed income tax returns in FY26, highlighting a persistent gap between taxpayer registration and compliance despite a growing number of taxpayer identification number (TIN) holders.

Tax experts and business leaders attribute the low filing rate to two factors: an outdated and inflated TIN database containing many inactive registrants, and weak enforcement that leaves many eligible taxpayers outside the tax net.

To improve compliance, the National Board of Revenue (NBR) has introduced year-round return filing under the new Income Tax Act, strengthened enforcement and, most recently, offered a tax rebate of up to 5 percent for early filers.

Whether those measures will significantly improve compliance remains to be seen, experts say.

NBR data show the number of TIN holders rose 11 percent to 1.30 crore by June 2026 from 1.17 crore a year earlier. Yet only 49.55 lakh returns were filed, meaning nearly 62 percent of registered TIN holders did not submit returns despite repeated deadline extensions.

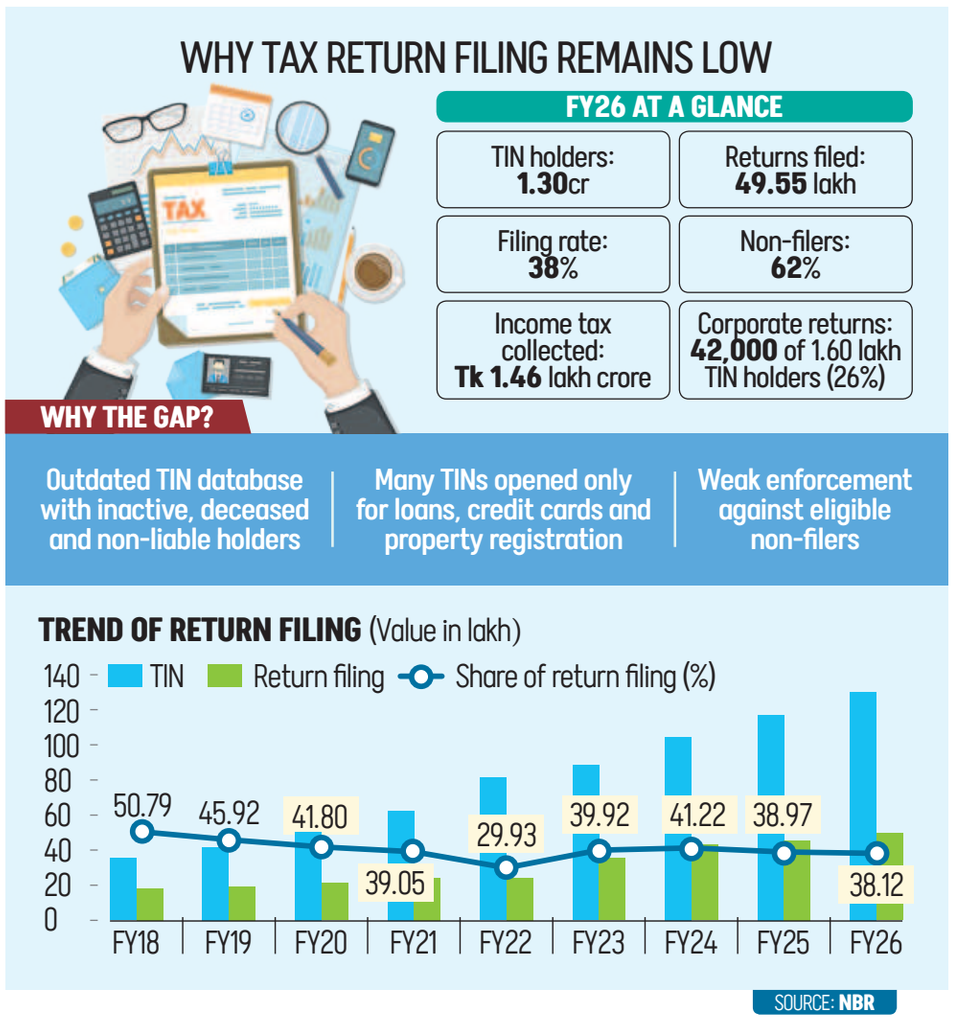
Income tax collection nevertheless rose 13.2 percent year-on-year to Tk 1.46 lakh crore in FY26 from Tk 1.29 lakh crore.

The stronger growth in tax revenue despite weaker return filing suggests collections still rely heavily on tax deducted or collected at source and advance tax payments rather than voluntary compliance.

The corporate picture is similar. Of 1.60 lakh corporate TIN holders, only 42,000 filed returns in FY26, up from 39,659 a year earlier.

Corporate income tax contributes about a quarter of total tax revenue. Yet collections amount to only 1.5 to 1.8 percent of GDP, roughly half the level in peer economies, according to the Organisation for Economic Co-operation and Development (OECD), and below several small Latin American and Caribbean economies.

The shortfall leaves the government more dependent on VAT, customs duties and borrowing, with the burden ultimately falling on ordinary people.



WHY COMPLIANCE LAGS

Both Kamran T Rahman, president of the Metropolitan Chamber of Commerce and Industry (MCCI), and Snehasish Barua, director of SMAC Advisory Services Limited, attribute much of the mismatch to an outdated database.

Many TINs were issued not because their holders had taxable income, but because a TIN is required to buy land, register property, open a bank account, obtain a credit card or secure a loan, Kamran said.

Others belong to people who have since died, left the country or become inactive, yet their records have never been removed.

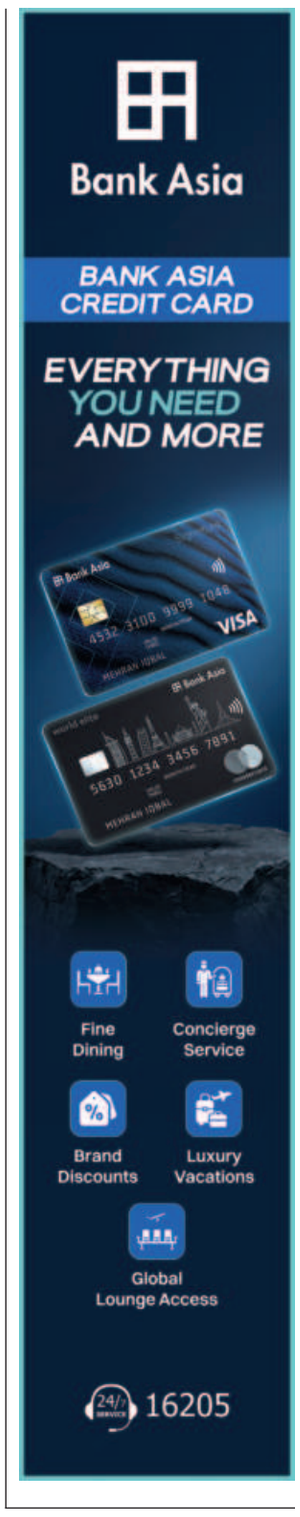
"The database should be updated regularly so that inactive TINs are removed. That will give a more realistic picture of the country's active taxpayer base," he told The Daily Star on Saturday.

The two, however, differ on priorities.

Kamran said even the return-filer count overstates compliance because many returns show zero tax due. The priority, he argued, should be expanding the pool of active taxpayers rather than increasing the number of TIN holders, or "the burden will keep falling on existing compliant taxpayers."

Snehasish, by contrast, said cleaning up the database alone would not solve the deeper problem. A large pool of eligible taxpayers remains outside the net, and the real solution is enforcing existing rules, particularly the mandatory Proof of Submission of Return (PSR) requirement under Section 264 of the Income Tax Act.

READ MORE ON B3



Oil price rises to $80.43

REUTERS, *London*

Oil prices rose on Wednesday after Yemen's Iran-aligned Houthi rebels said they attacked a Saudi oil tanker in the Red Sea, denting hopes of a de-escalation in Iran war hostilities that could restore shipping traffic and oil flows in the Middle East.

Brent crude futures were up $1.07, or 1.35 percent, at $80.43 a barrel by 0734 GMT. US West Texas Intermediate futures gained 45 cents, or 0.59 percent, to $76.22.

The Houthis said they had launched a missile attack on a Saudi oil tanker off the coast of Yanbu, a key port for Saudi crude oil exports.

That drove oil prices higher on Wednesday, UBS analyst Giovanni Staunovo said. Saudi officials did not respond immediately to a request for comment.

The reports of the attack dented investor hopes of a de-escalation in the Middle East conflict after Qatar said on Tuesday that mediators were making progress with efforts to end the war.

That drove down oil prices by 5 percent on Tuesday, with Brent closing below $80 a barrel for the first time since July 13.

Tehran, meanwhile, denied that peace talks were under way, contrary to assertions by US President Donald Trump.

"While the immediate geopolitical premium has unwound, the broader supply picture warrants caution," said Priyanka Sachdeva, head of market insights at Phillip Nova.

Before the war started, about 20 percent of the world's oil and liquefied natural gas passed through the Strait of Hormuz.

"The main sticking point appears to be whether Iran will continue to insist on a degree of control over the waterway, and whether the US will stand its ground and refuse that outcome," IG analysts said in a note.

Overseas jobs hit five-year low amid Gulf uncertainty

SOHEL PARVEZ

The number of Bangladeshis leaving for overseas jobs fell to a five-year low in the recently concluded fiscal year 2025-26 as demand from the Middle East weakened amid uncertainty following the US-Israel war on Iran.

More than 9.69 lakh people left Bangladesh for overseas jobs during the last fiscal year, down 5 percent from a year earlier, according to data from the Bureau of Manpower, Employment and Training (BMET).

The number of Bangladeshis taking up jobs overseas has been declining over the past two years. The weak outlook for the current fiscal year has also raised concerns about a slowdown in remittance inflows, which have helped shield the economy from external shocks in recent years.

"We have been seeing a slowdown in the outflow since March because of the war and the disruption of flights to Middle Eastern destinations," said Shariful Hasan, associate director of the migration programme and youth platform at BRAC.

He said around 1 lakh people had been going abroad for jobs each month in recent years. That flow has now been affected.

Between FY2015 and FY2025, more than 86 lakh people left Bangladesh for overseas jobs.

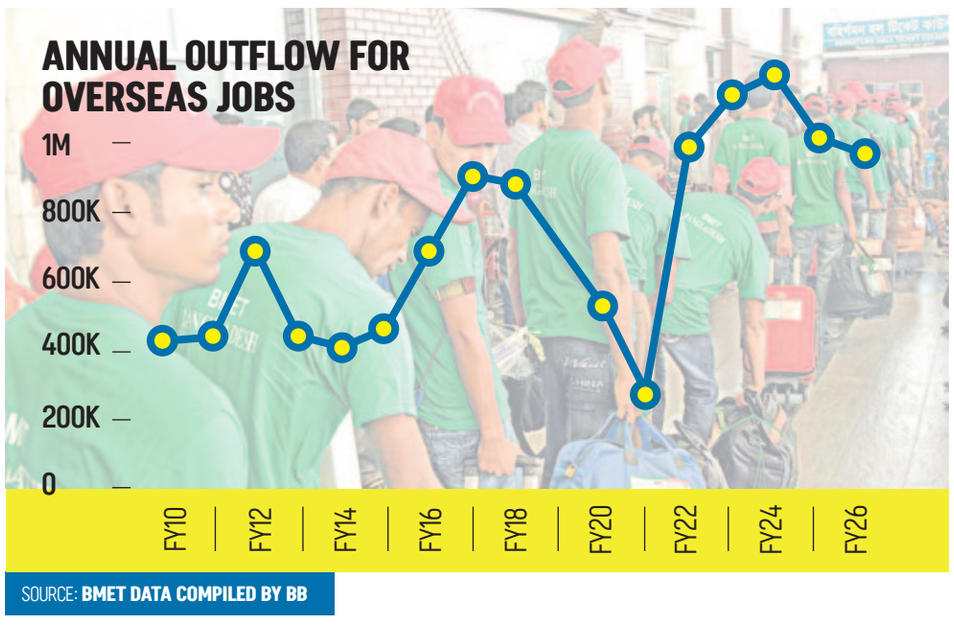
The Middle East accounted for three-quarters of all overseas employment during that period. In FY2024, Bangladesh sent nearly 12 lakh people abroad for work, the highest number on record.

"The region has been the main source of jobs for Bangladesh's migrant workers and of remittance inflows for the last four decades," said Shariful. "However, the war-induced uncertainty has affected investment and employment in the major destination countries -- Saudi Arabia, Qatar and the United Arab Emirates."

There are 60-70 lakh Bangladeshi nationals working in the region, and a large proportion of them do not have permanent jobs, he added.

"The Iran war has shaken the confidence of many foreign investors in Qatar and Dubai," he said. "What we are seeing is that many workers are returning. If the war continues, the impact will be more visible."

"So, if we cannot make a breakthrough in creating alternative employment destinations, there will be an impact on remittance," he said.



Bangladesh received a record of more than $35 billion in remittances in FY2025-26. In July, remittance inflows rose 15 percent from a year earlier but remained below $3 billion for the second consecutive month, according to Bangladesh Bank data.

Ali Haider Chowdhury, a former secretary general of the Bangladesh Association of International Recruiting Agencies (Baira), said Saudi Arabia is the only market currently recruiting Bangladeshi workers.

"The rest of the destinations are virtually closed," he said. "Good news is that the opportunity for migrant workers in Malaysia is going to open. If that happens, more jobs will be created."

Shameem Ahmed Chowdhury Noman, proprietor of recruiting agency Sadia International, said Prime Minister Tarique Rahman's recent visit has created an opportunity to reopen the Malaysian labour market.

There is a demand for 2-3 lakh workers in the Southeast Asian country.

Recruitment could begin as early as September, he added.

Noman, a former secretary general of Baira, said there is also demand for workers in Eastern Europe, but Bangladesh faces problems with visa processing.

READ MORE ON B3

Apparel bodies recommend 370 factories for govt stimulus

REFAYET ULLAH MIRDHA

Three textile and apparel trade bodies have recommended 370 closed and struggling factories to the Bangladesh Bank for loans under the government's Tk 60,000 crore stimulus package.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) submitted 140 garment factories, the Bangladesh Textile Mills Association (BTMA) recommended 130 textile, spinning, weaving, dyeing, finishing and printing mills, while the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) put forward 100 factories.

Presidents of the trade bodies confirmed the development to The Daily Star.

The recommended factories account for more than half of the nearly 700 closed or financially distressed textile and garment units hit by political instability, labour unrest and operational disruptions over the past two years.

The recommended factories account for more than half of the nearly 700 closed or financially distressed textile and garment units hit by political instability, labour unrest and other disruptions

Trade bodies said factories were selected based on prolonged shutdowns, financial deterioration and loan rescheduling during the period. The recommendations were finalised after third-party verification.

"We certified the factories only after a third-party audit so that the fund reaches the right recipients," said BGMEA President Mahmud Hasan Khan.

The textile and apparel sector suffered severe disruptions during and after the student-led July Uprising in 2024, affecting factory production and exports.

After the fall of the Sheikh Hasina government in August that year, labour unrest spread across major industrial belts, including Savar, Ashulia, Gazipur, Narayanganj and Bhaluka, where more than 60 percent of the country's textile and

READ MORE ON B3

Prime Bank clients to get car servicing benefits from Asian Distributions

STAR BUSINESS DESK

Prime Bank PLC recently signed an agreement with Asian Distributions Ltd, the authorised distributor of Omoda Jaecoo vehicles in Bangladesh, to offer benefits to its customers.

Joarder Tanvir Faisal, head of consumer assets and cards at the bank, and Shadiqul Mostuk, executive director of the automobile company, signed the agreement at a ceremony held at the bank's corporate office in Dhaka, according to a press release.

Under the partnership, Prime Bank customers will enjoy car servicing benefits and special offers from Asian Distributions Ltd, enhancing the overall customer experience and delivering greater value through strategic collaboration.

The collaboration reflects the shared commitment of both organisations to delivering customer-centric solutions and strengthening value-added services through innovative partnerships, the release added.

Takiyan Chowdhury, executive vice-president of secured consumer financing and embedded payments at the bank; Mahabub Alam, senior manager and head of corporate sales; and Md Zafrul Khan, deputy manager of marketing at the automobile company, along with other senior officials from both organisations, were also present at the signing ceremony.



Shadiqul Mostuk, executive director of Asian Distributions Ltd, and Joarder Tanvir Faisal, head of consumer assets and cards of Prime Bank PLC, pose for a photograph after signing the agreement at the bank's corporate office in Dhaka recently. PHOTO: PRIME BANK

Al-Arafah Islami Bank integrates NPSB into remittance platform



Mohd Rafat Ullah Khan, managing director of Al-Arafah Islami Bank PLC, poses for a photograph after launching the service at the bank's head office in Dhaka on Tuesday. PHOTO: AL-ARAFAH ISLAMI BANK

STAR BUSINESS DESK

Al-Arafah Islami Bank PLC has integrated the National Payment Switch Bangladesh (NPSB) with its remittance management software.

Through this integration, remittances processed by the bank can now be credited instantly, at any time, to accounts maintained with any bank in Bangladesh via the NPSB network, according to a press release.

Mohd Rafat Ullah Khan, managing director of the bank, inaugurated the service as the chief guest at the bank's head office in Dhaka on Tuesday.

Speaking on the occasion, Rafat Ullah said the integration of NPSB into the bank's remittance management software marks another significant step towards delivering faster, more convenient and reliable remittance services to expatriate customers and their beneficiaries.

He reaffirmed the bank's commitment to leveraging modern technology to provide secure, efficient and customer-centric banking solutions.

He also encouraged expatriate Bangladeshis to continue sending remittances through formal banking channels to contribute to the country's economic development.

The introduction of NPSB connectivity is expected to significantly enhance customer convenience by enabling real-time interbank fund transfers nationwide, while further strengthening confidence in secure and formal remittance channels.

The initiative reflects Al-Arafah Islami Bank's continued commitment to innovation, digital transformation and excellence in customer service, the release added.

NRBC Bank launches 'Triple One Campaign'

STAR BUSINESS DESK

NRBC Bank PLC has launched its month-long "Triple One Campaign 2026", an initiative designed to enhance customer engagement, accelerate deposit mobilisation, and expand the bank's credit card portfolio.

Md Touhidul Alam Khan, managing director and CEO of the bank, inaugurated the campaign at the bank's head office in Dhaka recently, according to a press release. Addressing the gathering, Touhidul said the campaign's transformative potential represents a strategic lever for accelerating NRBC Bank's business growth by cultivating a culture of collective ownership, strengthening customer-centric commitments, and advancing sustainable business development.

"The unified efforts of our entire workforce will significantly strengthen the bank's path towards operational excellence and long-term institutional resilience," he said. Through this initiative, the bank aims to increase deposit mobilisation and expand its credit card business while encouraging the active participation of employees across the organisation.

The campaign is also expected to contribute to strengthening NRBC Bank's position as a dynamic and sustainable financial institution committed to delivering greater value to its customers and stakeholders.



Md Touhidul Alam Khan, managing director and CEO of NRBC Bank PLC, poses for a photograph after launching the "Triple One Campaign 2026" at the bank's head office in Dhaka recently. PHOTO: NRBC BANK

Alliance Finance launches SMS platform to enhance customer connectivity



PHOTO: ALLIANCE FINANCE

Kanti Kumar Saha, chief executive officer of Alliance Finance PLC, and Muhammad Abdul Mabud, chief executive officer of Era Infotech Ltd, pose for a photograph after launching the SMS software at the non-bank financial institution's head office in Dhaka recently.

STAR BUSINESS DESK

Alliance Finance PLC, a joint venture finance company between Sri Lanka and Bangladesh, in collaboration with Era Infotech Ltd, recently launched its new SMS software, marking a key step toward digital excellence and improved customer communication.

The platform is designed to ensure faster, more efficient and reliable messaging services, enabling better connectivity with clients through real-time updates and alerts, according to a press release.

Kanti Kumar Saha, chief executive officer of the non-bank financial institution, inaugurated the platform as the chief guest at the institution's head office in Dhaka.

On the occasion, Kanti Kumar said, "Alliance Finance wants to ensure its service delivery entirely through a digital platform with real-time connectivity for its valued clients."

At the launch ceremony, company leadership reiterated their commitment to adopting innovative technologies to enhance service quality and customer experience.

Muhammad Abdul Mabud, chief executive officer of the software company; Md Shahadat Hossain, senior project manager of Era Infotech Ltd; Shahidul Islam Mazumder, head of information technology; and Shahanur Rashid, head of business at the financial institution, along with other executives of both organisations, were also present.

US trade gap narrows in June

AFP, *Washington*

The US trade deficit narrowed slightly in June, government data showed on Tuesday, with both imports and exports contracting over the month before.

The overall trade gap came in at $73.3 billion, down 5.6 percent from May on the back of a bigger decrease in imports than exports.

The data missed expectations slightly, with Briefing.com forecasting the deficit to come in at $69.6 billion.

US President Donald Trump has sought to remake the global trade order since taking office last year, imposing a raft of sometimes eyewatering tariffs on Washington's friends and foes alike.

Some of the tariffs have been withdrawn after being contested in court. His latest salvo faced a similar challenge earlier this week in the New York-based Court of International Trade.

The Republican billionaire has made narrowing the US trade gap by increasing exports while onshoring industries and manufacturing a key promise of this term.

In June, imports came in at $388 billion, down $7.3 billion from the month before, while exports dropped $2.9 billion compared to May.

The reduction in exports saw the biggest drop coming from crude oil and fuel oil, as energy prices fell on the back of positive negotiations in the US war on Iran in June.

Trump's war on Iran has roiled global energy markets as Tehran's retaliatory action has virtually closed the Strait of Hormuz, through which about a fifth of the world's oil and gas normally travels.

Iran has also hit Washington's Gulf allies with missile and drone attacks, affecting key energy production facilities.

Over the course of 2026 so far, the US goods and services deficit has decreased by 33.8 percent compared to the same period in 2025, mostly off the back of a 11.7 percent increase in exports.

BRAC Bank to offer auto loans for Hyundai vehicles



Md Zahidul Kabir, head of treasury and credit management at Fair Technology Ltd, and Md Mahiul Islam, deputy managing director and head of retail banking at BRAC Bank PLC, pose for a photograph after signing the agreement in Dhaka recently. PHOTO: BRAC BANK

STAR BUSINESS DESK

BRAC Bank PLC has entered into a partnership agreement with Fair Technology Ltd, the distributor of Hyundai vehicles in Bangladesh, to offer auto loan benefits to customers purchasing selected Hyundai models.

The partnership offers attractive pricing, value-added gifts and convenient financing for customers purchasing the Hyundai Creta Luxury and Hyundai Stargazer through a BRAC Bank auto loan.

Md Mahiul Islam, deputy managing director and head of retail banking at the bank, and Md Zahidul Kabir, head of treasury and credit management at the automobile company, signed the agreement in Dhaka recently, according to a press release.

Under the partnership, the Hyundai Creta Luxury is available at a price of Tk 39 lakh, along with a Hisense 1.5-tonne smart compact AC and a Tk 10,000 secret recipe coupon.

The Hyundai Stargazer is offered at a price of Tk 34.50 lakh with free registration and a Tk 10,000 secret recipe coupon.

Customers availing themselves of the auto loan will also enjoy a 100 percent waiver of the processing fee, a complimentary BRAC Bank credit card with the first year's annual fee waived (excluding the Visa Infinite credit card), prevailing interest rates and fast-track loan approval.

The initiative reinforces BRAC Bank's commitment to expanding access to retail financing through strategic partnerships that deliver greater value, convenience and a seamless vehicle financing experience for customers, the release added.

Among others, Mahabubul Farook Khan, head of national sales at the bank; Arifuzzaman, regional head of the branch distribution network; Sirajus Saleken, head of the auto loan product; JM Taslim Kabir, head of marketing at the automobile company; and Md Lutful Karim, assistant general manager of business development, were also present at the signing ceremony.

Ariful Bari made DMD of Bank Asia

STAR BUSINESS DESK



Md Ariful Bari

Md Ariful Bari, a seasoned banker, has been appointed as the deputy managing director (DMD) of Bank Asia PLC.

He will concurrently serve the bank as chief credit officer, according to a press release.

Prior to assuming his new role at Bank Asia PLC, he was serving in senior leadership roles in the wholesale banking division of City Bank PLC.

He has more than 25 years of progressive experience in the banking industry.

Throughout his banking career, Ariful has earned an outstanding reputation for driving sustainable business growth, strengthening institutional relationships, and fostering a culture of prudent risk management.

Earlier in his career, he built a strong professional foundation at HSBC Bangladesh, where he gained broad-based experience across multiple banking disciplines. Ariful completed his higher studies in economics.

bKash rolls out stronger security for 'Add Money' service

STAR BUSINESS DESK

Country's largest mobile financial service (MFS) provider, bKash Limited, has introduced enhanced security features for its "Add Money" service from Visa, Mastercard and American Express cards, making transactions more secure and seamless.

From now on, customers using the "Add Money" service from a card for the first time will need to save their card in the bKash app.

The new security feature will not apply to cards that have already been saved in the app, according to a press release.

To save a card, customers must complete biometric verification by matching a live selfie with the national identity (NID) photograph submitted during bKash wallet registration.

As part of the card-saving process, customers are required to complete a Tk 500 "Add Money" transaction. After 24 hours of completing the initial transaction, they can use the saved card for regular "Add Money" transactions.

A customer can save up to five cards in a single bKash account.

The card-to-bKash "Add Money" service enables customers to add funds to their bKash accounts anytime, anywhere, making cashless transactions easier and more convenient.

Using Visa, Mastercard and American Express cards, customers can instantly add money to their bKash accounts and access various bKash services, including online and offline shopping, utility bill payments, savings and insurance premium payments.

Rupee sails past 95 to one-month high

REUTERS, *Mumbai*

The Indian rupee rose to its highest level in a month on Wednesday, buoyed by lower oil prices and a weaker dollar, while forward premiums dropped ahead of the Reserve Bank of India's policy decision.

The currency opened 0.5 percent higher at 94.92 per US dollar, its highest level since July 1, and has been moving in the 94.92-95.02 range in early trade.

The Brent crude oil benchmark tumbled 5.2 percent on Tuesday, extending losses by another 1 percent in Asian trade amid comments from Qatari and US officials that fuelled hopes of a diplomatic resolution to the months-long Iran conflict.

The latest decline in crude oil prices reinforced the rupee's positive bias, which has been building over recent sessions. Despite the recent momentum, traders said the break past the 95-per-dollar mark came as a surprise.

"I hadn't expected the 95 level to give way," a currency trader at a private-sector bank said.

"It appears the underlying trend has become so supportive that positive developments are having a bigger impact (on lifting the rupee) than they normally would."

The decline in oil prices comes ahead of the Reserve Bank of India's policy decision due shortly, where it is widely expected to leave interest rates unchanged.

Traders expect the policy outcome to have only a limited impact on the rupee, with oil prices, the dollar and RBI FX intervention seen as dominant drivers of the currency in the near-term.

Gold price rises over 2%

REUTERS

Gold rose more than 2 percent on Wednesday to a one-month high as hopes of a US-Iran peace deal tempered some inflation concerns, while investors awaited key US jobs data for clues on the Federal Reserve's policy path.

Spot gold climbed 2.2 percent to $4,164.13 per ounce by 0836 GMT, its highest level since July 7. US gold futures rose 1.7 percent to $4,223.60.

US President Donald Trump said his administration had "very good discussions" with Iran during all-day negotiations on Tuesday, fuelling expectations of an imminent end to the five-month conflict.

"There are increasing signs of a Gulf ceasefire deal, which means Treasury yields are moving lower on easing inflation worries, which helps make non-yielding assets like gold more attractive," said Jamie Dutta, a market analyst at trading platform Nemo.money.

AGRICULTURAL AND RURAL CREDIT IN FY26

Total disbursed **Tk 42,834.16** crore

Year-on-year growth **+14.76%**

Target achieved **109.83%** of Tk 39,000 crore target

Bank category	Total lending	Target achieved
Private commercial banks	43.15%	108.05%
Specialised banks	29.45%	123.40%
Islamic banks	14.15%	94.37%
State-owned banks	9.38%	109.89%
Foreign banks	3.87%	104.05%

SOURCE: **BANGLADESH BANK**



AI-ASSISTED INFOGRAPHIC

Agri lending jumps 15% as banks beat BB's target

STAR BUSINESS REPORT

Agricultural lending by Bangladesh's banking sector rose nearly 15 percent in fiscal year 2025-26, exceeding the central bank's annual target, driven by strong lending from specialised and private commercial banks.

Banks disbursed Tk 42,834.16 crore in agricultural and rural credit during the year, up 14.76 percent from Tk 37,326.52 crore a year earlier and equivalent to 109.83 percent of Bangladesh Bank's Tk 39,000 crore lending target for the country's 58 participating banks, according to the central bank's latest agricultural and rural credit report.

Private commercial banks accounted for the largest share of total lending at 43.15 percent, followed by specialised banks, while Islamic banks contributed 14.15 percent.

Specialised banks posted the strongest performance against their targets, disbursing Tk 12,615.57 crore, or 123.4 percent of their allocation.

State-owned commercial banks achieved 109.89 percent of their target, private commercial banks 108.05 percent and foreign commercial banks 104.05 percent.

Islamic banks were the only category to miss their target, disbursing Tk 6,059.32 crore, or 94.37 percent of the planned amount.

The report also highlighted a mismatch between policy priorities and the distribution of credit across sectors. Crop production received 47.32 percent of total lending, below the policy target of 55 percent, while livestock and poultry accounted for 26.38 percent, exceeding the 20 percent target. Fisheries and non-farm rural activities also surpassed their respective allocations.

By contrast, lending for irrigation and agricultural machinery accounted for just 0.93 percent of total disbursement, less than half the policy target of 2 percent.

Agricultural loan recovery rose 19.99 percent year-on-year to Tk 45,626.93 crore. Recoveries increased across all bank categories except Islamic banks, the report said.

Asset quality also improved overall. Overdue agricultural loans fell 8.43 percent year-on-year to Tk 19,807.33 crore at the end of June, while classified loans declined 5.92 percent to Tk 18,578.47 crore.

Foreign commercial banks more than doubled their loan recoveries from the previous fiscal year and reported no overdue or classified agricultural loans for a second consecutive year.

Bangladesh Bank said the stronger lending performance signalled a positive outlook for agricultural finance. However, it warned that the large stock of overdue and classified loans remained a key challenge, underscoring the need to prioritise loan recovery and strengthen the management of defaulted loans.

Public-private partnership key to circular economy shift

Says environment secretary

STAR BUSINESS DESK

Bangladesh needs stronger collaboration between the government and the private sector to accelerate the transition to a circular economy and meet the European Union's growing sustainability requirements, said Fahmida Khanam, secretary in charge of the Ministry of Environment, Forest and Climate Change.

She made the remarks at the "5th Sustainability & Green Growth Working Committee Meeting", organised by Business Initiative Leading Development (BUILD) in collaboration with the Ministry of Environment, Forest and Climate Change at the ministry's office in Dhaka recently.

Fahmida said the ministry has been assigned to implement circular economy initiatives as part of Bangladesh's commitments under the United Nations Framework Convention on Climate Change and the United Nations Environment Programme to reduce environmental pollution.

"Meeting the European Union's circularity requirements is essential, while promoting green businesses remains a key government priority," she added.

She thanked BUILD for highlighting the issue, saying the circular economy has become a priority for both the government and the private sector.

Fahmida said the government is gradually phasing out single-use plastics, beginning with plastic stick-based cotton buds, stirrers and straws. However, she stressed that industries need sufficient time to shift towards environmentally sustainable production before the policy is fully enforced.

Bangladesh generates more than 821,000 tonnes of plastic waste annually, but only 36 percent of it is recycled

She also called for further discussions with industry associations, saying the environment ministry and the commerce ministry have information on businesses operating in the sector.

At the meeting, Ferdaus Ara Begum, chief executive officer of BUILD, presented a policy paper on the opportunities and challenges of plastic-to-textile recycling. She said Bangladesh could increase garment exports by $4 billion to $5 billion by formalising and expanding the plastic recycling sector.

The study found that Bangladesh generates more than 821,000 tonnes of plastic waste annually, but only 36 percent of it is recycled. A large part of the value chain remains informal and lacks adequate investment.

The paper said expanding plastic-to-textile recycling would reduce dependence on imported man-made fibres and help Bangladesh comply with the European Union's Green Deal and extended producer responsibility requirements. It recommended adopting a National Circular Economy Policy and forming a Circular Economy Council with representatives from relevant stakeholders to ensure coordinated governance.

The study also suggested government policies on waste collection, standards and traceability, along with quality checks and certification of polyethene terephthalate (PET) scrap before shipment and allowing its import.

SHM Mustafiz, director of the Bangladesh Garment Manufacturers and Exporters Association, stressed the need for proper waste collection points and fixed rates for waste collection.

US job openings decline

REUTERS, *Washington*

US job openings dropped in June as vacancies in the healthcare and social assistance sector declined by the most in nearly a year, but an improvement in hiring and low layoffs suggested the labor market remained stable.

The report from the Labor Department on Tuesday also showed a marginal increase in people quitting their jobs, presumably in search of greener pastures, which should limit wage growth and strengthen economists' views that the labor market was not a source of inflation.

Still, most economists expected the Federal Reserve to raise interest rates this year to tame inflation fueled by the Middle East conflict.

"The picture is of a steady labor market," said Carl Weinberg, chief economist at High Frequency Economics. "This picture of the labor market will change as the economy adjusts to $100 plus a barrel oil, higher inflation, possibly tighter monetary conditions and global recession starting in Asia, where many production supply chains are rooted."

Job openings, a measure of labor demand, had decreased by 178,000 to 7.359 million by the last day of June, the Labor Department's Bureau of Labor Statistics said in its Job Openings and Labor Turnover Survey, or JOLTS report. Economists polled by Reuters had forecast 7.400 million unfilled positions in June.

Some have said the JOLTS report should be treated with caution, noting that the response rate to the survey had declined considerably.

Economists continue to view the labor market as remaining in a "slow-hire, slow-fire" mode, which they say should allow the US central bank to focus on inflation.



Job seekers speak with a recruiter during a job fair at Miami International Airport in Florida. PHOTO: AFP/FILE

Tax return filing rate falls

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City corporations renewing trade licences, banks accepting large term deposits or opening letters of credit, and chambers issuing memberships should require a PSR wherever the law mandates it.

"The NBR needs to first run awareness sessions and then work closely with these institutions to enforce the existing provisions."

Both Kamran and Snehasish were sceptical that the NBR's year-round filing option and incentives for early filers would move the needle.

"People who already file returns will continue to do so," Snehasish said.

"The incentives may encourage some small taxpayers, but they are unlikely to persuade habitual non-filers or large taxpayers."

Kamran agreed. He said that without a fully digitised tax administration and firmer enforcement, the tax net is expanding, but the pace is still too slow.

NBR'S POSITION

Md Rafiqul Islam Chowdhury, NBR member for tax survey and inspection, pushed back against interpreting the low filing rate as evidence of widespread tax evasion, echoing concerns raised by Snehasish and Kamran about the TIN database.

RECOMMENDATIONS

- Update TIN database
- Enforce mandatory Proof of Submission of Return

NBR's plan

- Year-round return filing
- Tax rebates for early filers
- Stronger action against non-filers

A significant share of TINs, he said, likely belongs to people who have died but whose records have not been purged, or to people who obtained TINs for credit cards or bank loans without ever having a filing obligation.

Rafiqul said business closures in recent years have also contributed to the low filing rate, as many taxpayers have since become inactive.

He added that thousands of teachers and other professionals were brought into the tax net through administrative drives, but many may no longer be filing returns.

To improve compliance, the NBR has introduced year-round return filing under the new Income Tax Act and strengthened enforcement. Tax offices can now simultaneously issue notices requiring taxpayers to file returns and impose penalties on non-filers.

Rafiqul expressed optimism that year-round filing, stronger enforcement and incentives for early filers would encourage more taxpayers to submit returns in the coming years as Bangladesh seeks to raise its tax-to-GDP ratio, one of the lowest in South Asia.

Apparel bodies recommend

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of the country's textile and garment factories are located, according to the trade bodies.

They said several factories and goods-laden trucks bound for Chattogram port were set on fire, disrupting supply chains. Delayed shipments forced many exporters to offer steep discounts to international buyers, rely on costly air freight and absorb order cancellations. Many factories have yet to fully recover.

The industry's woes have been compounded by a prolonged domestic energy crisis and supply chain disruptions linked to geopolitical conflicts, particularly the wars involving Russia and Iran, exporters said. Against this backdrop, the central bank unveiled a Tk 60,000 crore stimulus package on May 23 to support distressed businesses, revive investment and accelerate economic recovery.

The package comprises a Tk 41,000 crore refinancing fund sourced from banks with excess liquidity through deposits of at least three years at a 10 percent interest rate, and a Tk 19,000 crore fund financed from the central bank's own resources with a government guarantee.

Under the refinancing scheme, Tk 20,000 crore has been earmarked for closed factories, Tk 10,000 crore for agriculture and rural activities, Tk 5,000 crore for cottage, micro, small and medium enterprises, and Tk 3,000 crore each for export diversification and the North Bengal Agricultural Hub.

Factories certified by BGMEA, BTMA and BKMEA will be able to apply for the loans through their lien banks, which will process the applications with the Bangladesh Bank.

However, industry leaders cautioned that strict eligibility criteria could limit access to the fund.

"Many applying mills and factories will not be able to avail the loan from the fund because of stringent conditions in the package, such as classified loans, said BTMA President Showkat Aziz Russell.

He added that the stimulus fund alone will not be enough to revive the factories without adequate supply of gas and electricity.

BKMEA President Mohammad Hatem said the fund would help many small and medium-sized factories recover and repay overdue bank loans, although restoring the sector's overall health would take time.

Overseas jobs hit

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"It takes up to five months for visa issuance. The foreign affairs ministry should look into this. Jobs for migrant workers will increase if the visa process is made easy," he said.

"The Middle East as a traditional market will remain. We need to explore Eastern Europe, Far East and Pacific countries such as New Zealand," he said. "We have plenty of job markets. But we should create quality workers. We have to modernise training facilities and establish labs so that workers can learn practically."

He urged the government to invest in the sector.

Taka ranks among region's most stable currencies

FROM PAGE B1

After the fall of the Awami League-led government in August 2024, remittance inflows continued to rise, and the BB was able to build its forex reserves, according to BB officials.

As of July 30, the foreign exchange reserves (BPM6) stood at $31.60 billion, up from $24.86 billion during the same period last year, according to Bangladesh Bank data.

Over the past year, the exchange rate of the US dollar against the local currency has hovered between Tk 122 and Tk 123, indicating a stable currency.

Industry insiders said that a relatively stable exchange rate can help contain imported inflation by reducing the cost of essential imports such as fuel, food, and industrial raw materials.

However, in recent months, the US dollar has continued to strengthen against the taka amid increased demand for foreign currency to settle import bills.

On August 4, the interbank exchange rate of the US dollar stood at Tk 123.81, up from Tk 123.69 per dollar a few days earlier, according to Bangladesh Bank data.

Money and inflation



Sadiq Ahmed
writes for Star Business

Bangladesh has been experiencing a long episode of near-double-digit inflation since FY2023. This inflation rate considerably exceeds the global inflation rate. Efforts to control inflation have yielded some limited results, but the inflation rate remains persistently high, hovering around 9 percent annually. Along with rising inflation, GDP growth has slumped. This has raised the question, is Bangladesh passing through a phase of stagflation?

Sustained high inflation, along with a sharp deceleration in GDP growth, has hurt employment and increased poverty. The World Bank estimates that the incidence of both poverty and extreme poverty has increased since 2022. This reversal of poverty progress is a serious social problem. The employment challenge is reflected in the reduction in employment in all three broad sectors of agriculture, industry and services.

This stagflationary phase cannot prevail for long without creating social discontent and must be addressed swiftly. The policy focus should concentrate on lowering the inflation rate sustainably, while supporting the recovery of GDP growth.

The first question is why the inflation rate is persistently high in Bangladesh even as global inflation has fallen. In a market economy, prices are determined by demand and supply. The aggregate price level for the economy as a whole, which is the weighted average of individual prices, is similarly influenced by forces of aggregate demand and supply. So, the inflation rate, defined as the rate of change of the aggregate price level, is determined by factors that affect the growth of aggregate demand and supply.

The oldest theory of inflation, known as the quantity theory of inflation, owes its origins to Polish mathematician Nicolaus Copernicus and states that the rate of growth of prices (inflation) is the difference between the rate of growth of money supply and the rate of growth of real GDP. While this simple theory has faced fierce criticism from Keynesian economists, it has grown in sophistication, led by monetarist economists like Milton Friedman. The Keynesian economists have argued that the demand for money can change and affect the velocity of circulation and thereby destroy the one-to-one correspondence between the growth of money supply and inflation. Yet, the substantial role of monetary impulse in affecting inflation has remained intact.

However, instead of targeting the growth of money supply as recommended by monetarists, modern central banks target the inflation rate directly by influencing the interest rate. When inflation is high, a typical central bank raises the interest rate to reduce demand through cutbacks in spending, which then lowers inflationary pressure.

In my book "Bangladesh Stabilizing the Macroeconomy" published in December 2023, I provided evidence that the main factors that initially fueled the acceleration in inflation in Bangladesh since August 2022 were the excess growth of domestic credit, mostly public sector credit, owing to the large stimulus packages of the Covid-19 period (FY20-FY21) funded mostly through budgetary deficits and money creation, the continued financing of fiscal and quasi-fiscal deficits (FY22-FY23) through money creation, and control over interest rates (July 2020-November 2023) that pushed up private sector credit growth and lowered the growth of bank deposits.

Monetary policy correction started in November 2023 when the interest rate was deregulated, and the financing of the budget deficit through money creation was stopped. These policies were strengthened in May 2024 and further tightened during August-October 2024. They have largely remained in place since then. The interest rate is now deregulated, and the official stance of monetary policy is to control inflation through interest-rate management.

Many observers are disappointed that despite considerable monetary tightening, inflation remains stubbornly high at near double digits. There is also some scepticism about whether monetary tightening has gone too far without favourable outcomes for inflation. This scepticism, however, is based on a partial view. A fuller analysis will show that the main reason the full benefit of demand tightening for lowering inflation has not emerged is because of a large supply downturn that has happened over the past several years.

in FY25 to 10.2 percent in FY26. Additionally, the velocity of circulation increased from 2.4 in FY23 to 3.0 in FY26, possibly reflecting higher inflationary expectations. This expansion in monetary and credit growth, along with rising velocity of circulation in the face of a falling growth of aggregate supply, has inevitably stoked inflation as predicted by the quantity theory of inflation.

The acceleration in money supply growth is partly the outcome of the creation of high-powered money through the Bangladesh Bank's purchase of foreign assets. Financing of a large budget deficit through bank borrowing by the Treasury has also contributed to the growth of money supply and domestic credit. Indeed, the Treasury deficit financing has tended to offset the reduction in total credit growth resulting from a reduction in private credit growth and thereby lowered the effectiveness of interest rate increases in reducing inflation. While private credit growth has fallen to a mere 5.3 percent, public sector credit growth surged to 26 percent. The conduct of fiscal policy is clearly not consistent with the targets of monetary policy. Moving forward, this must be corrected.

DETERMINANTS OF INFLATION

GROWTH RATE	FY2022	FY2023	FY2024	FY2025	FY2026
GDP	7.1	5.8	4.2	3.5	3.5
Manufacturing	11.4	8.9	3.2	5.8	3.3
Agriculture	3.1	3.4	3.3	2.4	2.8
Imports (Taka constant prices)	31.2	-9.8	-4.6	6.8	-1.2
Average lending rate	7.2	7.2	9.4	12.1	11.9
M2*	9.5	10.5	7.7	7.0	10.8
Growth of credit	13.7	10.6	10.0	8.3	10.2
BD inflation rate	6.3	9.4	8.9	9.5	8.8
World inflation rate	8.7	6.7	5.8	4.1	4.7

*Total amount of money circulating in an economy

GDP growth rate declined by 51 percent between FY22 and FY26. All sectoral components of GDP have experienced a reduction in growth; the sharpest cutback was registered by the manufacturing sector with a 71 percent decline in the growth rate between FY22 and FY26. At the same time, the volume of imports has been falling, with the deepest cuts in imports of consumer and capital goods. This magnitude of supply shock over a 5-year period is unprecedented in the recent history of Bangladesh and is a major factor for the persistence of high inflation.

A sustainable strategy for fighting inflation is to continue to restrain demand while seeking to restore the growth momentum for both GDP and imports. Indeed, the growth of GDP and imports is correlated, and GDP growth cannot be restored without allowing imports to grow. Similarly, to lower inflation, in addition to boosting domestic supply, it is important to lower trade barriers that restrict the import of consumer goods into Bangladesh at a time when there are supply constraints.

The policies for demand and supply management must be internally consistent. This consistency of policy-making has become a major challenge. Despite the stated monetary policy stance of monetary tightening to fight inflation, in recent months money and credit growth have exceeded prudent limits consistent with lowering inflation. After falling between FY23 and FY25, the growth of money supply accelerated in FY26 from 7 percent to 10.8 percent. Similarly, total credit grew from 8.3 percent

What is the role of money and credit policies for restoring the growth momentum? Looking at the supply side, it is hard to argue that GDP growth is constrained by a lack of liquidity. While the turmoil in the banking sector has created liquidity problems for the weak banks, the strong banks are flush with liquidity because they cannot find adequate traditionally defined creditworthy borrowers who are willing to borrow.

This slowdown in the demand for credit in the organised private sector is mostly a reflection of weak profitability of investment owing to several binding constraints, including high cost of doing business, a severe energy supply crunch, weak trade logistics, and shortage of skills. These constraints must be addressed swiftly to increase investment and GDP growth, but they cannot be removed by lowering the interest rate and increasing domestic liquidity.

Channelling greater credit growth to areas where there is indeed a credit constraint, such as the micro and small enterprises sector, would support a supply response by relaxing the credit constraint. But this credit expansion must be made consistent with the growth of total credit and money supply required for reducing inflation by lowering the bank financing of the budget deficit.

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World faces fresh food price surge, FAO warns

REUTERS, *Frankfurt*

The world is on the verge of another bout of food inflation as wars in Iran and Ukraine along with El Nino create a perfect storm of higher costs and lower crop yields, the chief economist of the United Nations Food and Agriculture Organization said.

Food prices were a key driver of the 2022 global inflation surge but have been relatively benign so far this year, even tempering in some places the surge caused by high energy costs.

This calm is likely to be temporary, however, as higher crude oil prices, the loss of fertiliser from the Gulf region, the shortage of diesel in some parts of the world and extreme weather are feeding through to costs and will show up in consumer prices, even if with a delay.

COSTS SEEN ACCELERATING BY YEAR-END, NEXT YEAR

"I expect that commodity prices will start to increase more now ... and food prices will start increasing by the end of the year, and next year for sure they will increase more," Maximo Torero told Reuters in an interview.

"The transmission from the commodity to the final food price is around three to six months," he said. Although some commodity prices, such as wheat, maize and rice have increased in recent months, most still reflect relatively good harvests, rather than likely difficulties in the coming year.

"The Strait of Hormuz is a problem that affects all the inputs of agricultural commodities, agricultural systems," Torero said.



PHOTO: REUTERS

"Brent oil, because it's used for pumping, packaging, processing, and transportation. And natural gas because it's used for fertilisers."

Meanwhile the damage inflicted by Ukraine on Russia's oil and gas infrastructure curtails the export market for diesel and natural gas, both of them key inputs in food production.

Since commodity prices are global, this inflicts pain across the world, even if richer countries have more cash to buffer producers.

"You're hearing this in Europe, in the US, Brazil and in Asia," Torero said. "Tight margins are putting stress in planting decisions."

Indeed, even in the US, which is self-sufficient for most key inputs, without federal assistance farmers growing nine principal crops may lose $32 billion in 2027, the American Farm Bureau Federation, an industry lobby group, said.

On a per-acre basis, every crop analysed is projected to remain below breakeven in 2027, it said. Global wheat and corn planting was already cut in the first three months of the Iran war and some US producers have shifted to soybeans, because they require lower fertiliser inputs.

Indian central bank holds rates as it assesses Mideast shock

AFP, *Mumbai*

India's central bank kept interest rates unchanged on Wednesday as it waits to see whether volatile oil prices caused by the Iran war feed wider inflationary pressures.

The Reserve Bank of India (RBI) said the benchmark repurchase rate, the level at which it lends to commercial banks, would remain at 5.25 percent after a unanimous vote by a six-member panel.

Emerging and frontier market central banks from Indonesia to Sri Lanka have raised rates to curb price rises and boost their currencies since the outbreak of the Middle East crisis in February.

Limited and staggered fuel price hikes by the Indian government have so far shielded citizens from the worst of the war's economic impact but there are signs that this may not hold.

Retail inflation rose to 4.4 percent in June -- breaching the central bank's medium target of four percent for the first time in 17 months

Retail inflation rose to 4.4 percent in June -- breaching the central bank's medium target of four percent for the first time in 17 months -- though it remains within RBI's 2-6 percent tolerance band.

Bank governor Sanjay Malhotra said economic growth was supported by "resilient domestic demand" and inflation was not "broad-based" yet.

"The MPC (Monetary Policy Committee) noted that even though headline inflation is projected to increase, it is primarily on account of supply side pressures caused by food and fuel. It is not getting broad-based," Malhotra said in a televised address from the financial capital Mumbai.

"There is a need for greater clarity to emerge, especially regarding inflation, its path and composition before taking any policy action."

Analysts said Malhotra's speech had a dovish tinge.

"What stood out just as much as the tone itself was what was missing from it," Sneha Pandey of Quantum AMC said. With the war still unresolved and already influencing both oil markets and yields, there were ample reasons for the central bank to express greater concern, she said.

"It didn't... and that comfort is a genuine positive for equities." Adding to the central bank's calculations is pressure on the Indian rupee, which slid to a record low before its June policy meeting.

WB warns developing countries to embrace AI or be left behind

AFP, *Washington*

The World Bank on Tuesday called on developing countries to embrace artificial intelligence technology tools to deliver better governance outcomes, warning that they risked being left behind if they failed to do so.

"AI has thrown developing economies a lifeline, and they should seize it," Indermit Gill, chief economist of the World Bank Group, said as the organization launched its annual World Development Report.

"They do not need large models or big data centers to reap its benefits," he added, advocating for the adaptation of lower-cost AI tools to local conditions to deliver results in the health, education, justice and agricultural sectors.

Advanced AI models -- largely developed in the United States and China -- offer the ability to quickly analyze data and automate many tasks that otherwise take skilled humans longer to do.

These AI models, however, require huge data centers and large amounts of complex computing power, using massive amounts of electricity and water -- with implications for climate change.

"Developing economies today are in the midst of their weakest average growth performance in three decades," said a World Bank statement accompanying the report. "AI could significantly boost that performance before the end of the 2020s while delivering tangible benefits to people."

The report calls for countries to use AI to "help extend otherwise costly medical, legal, educational, and agricultural services to underserved billions -- doing in a decade what might otherwise take a century."

Lower-income countries have struggled through the 2020s, hit by a series of successive shocks that saw the World Bank earlier this year dub it a "lost decade" for their economic growth.

The Bank has lowered its 2026 global growth forecast to its lowest level since the pandemic, with the economic fallout of the Iran war battering countries around the world.

The shock has hit low-income and developing countries hardest, with Asia the worst-affected region.

The Bank's new report advocates for developing countries to start working with localized AI tools and solutions now, and to invest in electricity generation and distribution; expand access to computing power; and improve the availability of local data.

"The window to get this right is narrow," said Gaurav Nayyar, director of the report.

"AI presents a once-in-a-lifetime opportunity to solve problems that have resisted solutions for generations," he added.

For the 6.8 billion people -- 83 percent of humanity -- who live in low-income and developing countries, AI tools will need to be adapted to meet their needs.

The report shares examples of AI applications in governance, such as to increase diabetes screening volumes in Bangladesh, or in reducing costs for Indian farmers through advanced weather forecasts.

The solutions, the report stresses, will need to meet people where they are.

"For example, AI solutions will need to be delivered through voice calls on basic mobile phones for those who cannot read or afford smartphones," it says.

"Simply importing an AI model does not mean it will work well locally."

The report calls for policymakers to also build public trust as they expand AI use.

"Improved public services and better learning outcomes in schools will reinforce trust -- but if AI embeds bias in government decisions or erodes data privacy, that trust will be difficult to recover," said the statement.

The report delivers a stark warning, too: "AI could widen gaps between countries, increase inequality within them, concentrate market power, weaken trust in public institutions, and create new risks for safety, rights, and social cohesion."

And while risks to employment in developing countries are low at the moment, it warns that in the long run AI tools could cut off economic mobility by eliminating many of the middle-class jobs that enable it.

The report was written with the aid of several of the world's most advanced AI tools, including offerings from OpenAI, DeepSeek, Google and Anthropic, according to a disclosure.



People visit the Alibaba booth during the World Artificial Intelligence Conference in Shanghai on July 18. PHOTO: AFP