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

FROM PAGE B1

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

FROM PAGE B1

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

FROM PAGE B1

"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.