Business

DHAKA SUNDAY OCTOBER 11, 2026, ASHWIN 26, 1433 BS
starbusiness@thedailystar.net



For new loan, IMF may seek deadline for fixing weak banks

REJAUL KARIM BYRON

The International Monetary Fund (IMF) is likely to seek time-bound measures to resolve problems in vulnerable banks and set specific targets and deadlines for domestic revenue collection as conditions for a new loan programme, according to government officials.

The possible conditions will be discussed when a Bangladesh delegation led by the finance minister meets senior IMF officials in Bangkok later this week on the sidelines of the IMF-World Bank Annual Meetings, scheduled for October 12-17, finance ministry officials confirmed to The Daily Star on condition of anonymity.

The delegation is set to leave for Bangkok today, with Dhaka seeking to finalise a new loan programme by January next year.

The team will hold separate meetings with Nigel Clarke, the IMF's deputy managing director, and Krishna Srinivasan, director of the lender's Asia and Pacific Department.

Discussions will focus on economic reforms, structural adjustment conditions and the timeline for finalising the proposed financial package, according to officials.

An IMF mission is likely to visit Dhaka later this month to work out the details of the proposed programme following the Bangkok meetings.

A loan proposal generally takes at least two months to reach the IMF's executive board for approval after a staff-level mission completes its on-the-ground assessment, officials said.

CONDITIONS EXPECTED

On the banking front, the IMF is likely to seek clear deadlines for resolving problems at vulnerable banks, reducing high non-performing loans (NPLs) and recapitalising lenders, including state-owned commercial banks, according to sources.

A finance ministry official, seeking anonymity, said the government would prepare an action plan with specific implementation deadlines, which would then be finalised through mutual agreement with the IMF.

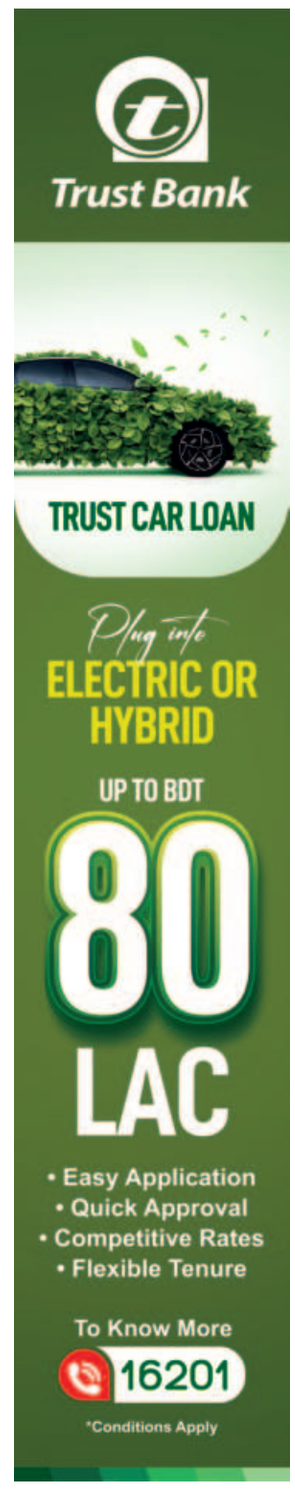
The lender is also expected to press for subsidy rationalisation in the power, gas and agriculture sectors.

On revenue mobilisation, the IMF is expected to seek specific collection targets and deadlines for meeting them, alongside measures to bring more people and businesses into the tax net, sources said.

LOAN TALKS GATHER PACE AS GOVT NEEDS $4b

Amid mounting economic uncertainty stemming from the ongoing conflict in the Middle East, Bangladesh plans to seek around $4 billion in budget support from multilateral and bilateral lenders in the current fiscal year, 2026-27.

READ MORE ON B3



Businesses urged to rely less on bank loans

STAR BUSINESS REPORT

Bangladesh needs to bring more companies to the stock market and diversify corporate financing beyond bank loans to build a more balanced and resilient financial system, speakers said at a capital market conclave in Dhaka yesterday.

Speaking at the IDLC Capital Market Conclave 2026 at Renaissance Dhaka Gulshan Hotel yesterday, they also called for encouraging financially sound companies to raise funds through initial public offerings (IPOs), direct listings and bonds, while strengthening corporate governance and investor confidence.

"We want companies to enter the capital market voluntarily, without being compelled to do so, and benefit from it," said Masud Khan, chairman of the Bangladesh Securities and Exchange Commission (BSEC).

The BSEC has already held direct discussions with several domestic, foreign and multinational companies, he said, urging private-sector entrepreneurs to give serious consideration to listing on the stock market.

Mesbah Uddin Ahmed, managing director of IDLC Investments Ltd., said companies in Bangladesh rely on bank borrowing for around 75 percent of their financing, compared with about 53 percent in India and 15-20 percent in more developed markets.

Bangladesh also has the lowest market capitalisation among neighbouring countries, underscoring the need to develop alternative sources of corporate financing.

"We are not saying that dependence on banks is bad. However, we need to work towards building a more resilient and balanced financial structure," he said.

Mominul Islam, chairman of the Dhaka Stock Exchange (DSE), said the country's market capitalisation was below 8 percent of gross domestic product, and the exchange aimed to raise the ratio to 20 percent by 2030.

READ MORE ON B3

Subsidised food distribution falls, raising poverty concerns

SOHEL PARVEZ

Foodgrain distribution at subsidised rates declined in the first quarter of the current fiscal year, mainly because of a fall in open market sales (OMS), raising concerns about the impact on poverty and food security.

Government agencies, including the Directorate General of Food, distributed 7.55 lakh tonnes of grains in the July-September period of fiscal year 2026-27, down 7 percent from the same period a year earlier, according to food ministry data.

The downturn comes at a time when inflation remains persistently high and wage growth continues to lag behind rising consumer prices, eroding purchasing power and increasing the risk of higher poverty.

Selim Raihan, executive director of the South Asian Network on Economic Modeling (SANEM), said the fall in public food distribution raises questions about Bangladesh's policy priorities.

"With inflation still high and wage growth for unskilled workers lagging behind prices, households need stronger protection against falling purchasing power," he said.

Bangladesh has been facing high inflation since fiscal year 2022-23. Consumer prices rose by 10 percent in FY25 before inflation eased to 8.7 percent in FY26, primarily because food inflation moderated.

In September, the 12-month average inflation rate stood at 8.65 percent, according to the Bangladesh Bureau of Statistics (BBS). Meanwhile, real wage growth for low-paid workers remained negative in FY26, according to the World Bank's Bangladesh Development Update, released last week.

The multilateral lender warned that nearly 6.2 crore people in Bangladesh are currently living just one economic shock away from falling below the poverty line, as persistently high inflation and severe energy shortages are reversing years of hard-won economic gains.

The World Bank report estimated that national poverty would rise to 22.5 percent in 2026 from 18.7 percent in 2022, as a prolonged economic slowdown erodes household welfare through weak labour demand and persistent inflation.

Selim, also a professor of economics at Dhaka University, said cutting food distribution at such a time risks worsening food insecurity and indebtedness, while forcing households to spend less on health and education.

"With about half of the poorest households still outside social protection programmes, fiscal pressures should lead to better targeting, not weaker essential support," he said.

Food ministry data showed that open market sales of rice and wheat flour at prices well below market rates fell 22 percent to 2.05 lakh tonnes in the July-September period of FY27.

However, grain distribution under the government's Vulnerable Group Development (VGD), Vulnerable Women Benefit (VWB) and Food Friendly Programme (FFP) increased slightly, according to the ministry.

Nazneen Ahmed, executive director of the Centre for Policy Dialogue (CPD), said OMS sales provide significant support to vulnerable households that do not qualify as poor during periods of high inflation.

"In view of inflation, food distribution should have been increased. We see the opposite," she said. "This is not a good sign. The decline in distribution amid falling real incomes will have an impact on poverty."

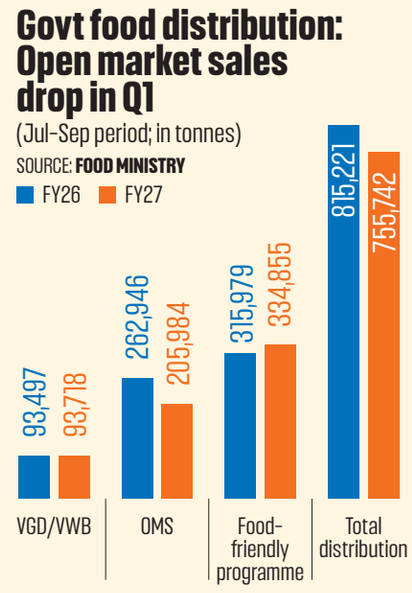
Food Secretary Abu Taher Md Masud Rana could not be reached for comment by phone despite repeated attempts.

Early last month, the Food and Agriculture Organization (FAO) projected that about 1.81 crore people in Bangladesh would face high levels of acute food insecurity between September and December 2026, 18 percent more than the estimated number for May-August this year.

The increase was mainly attributed to constrained household purchasing power amid persistently high inflation, driven by elevated fuel and energy costs associated with disruptions in the Strait of Hormuz. Floods had also affected livelihoods in some areas, the FAO said.



Crowds gather around a government-run open market sale (OMS) truck on Aurangzeb Road in Mohammadpur, Dhaka. As inflation squeezes household budgets, declining food supplies threaten low-income families' access to essentials. PHOTO: PRABIR DAS



Recognise halal sector as key to export diversification

Businesses urge govt

STAR BUSINESS REPORT

Bangladesh could capture a share of the global halal food market, estimated at $5.2 trillion, if it adopts a comprehensive national policy and internationally accepted certification, business leaders said.

According to them, this will diversify the country's export basket and help it reach its ambitious $1 trillion economy goal by 2034.

Speaking at the launch of a report titled "Halal Product Exports: One of the Key Sectors for Diversification" in Dhaka yesterday, they urged the government to recognise halal as a key sector, as exports still depend heavily on readymade garments.

The report recommends tax exemptions and export incentives for halal product manufacturers and exporters

The report, prepared by the Bangladesh Chamber of Industries (BCI), proposes a national policy to coordinate the ministries involved. It suggests the Ministry of Industries could act as the lead ministry, with the Ministry of Commerce as co-lead.

It also recommends tax exemptions and export incentives for halal manufacturers and exporters to help the industry take root. To make this work, the government must put forward a stable support and incentive plan spanning 10 to 15 years, it said.

The halal sector should be named in the current five-year plan and firmly embedded in the next as a national priority, the report added. This would make it easier to approve and carry out the infrastructure projects the sector needs.

READ MORE ON B3

Steelmakers pin hopes on revival of govt projects

JAGARAN CHAKMA

The resumption of public infrastructure projects has raised hopes of a recovery among steelmakers, who have been struggling with weak demand, rising costs and financial pressure. However, a lasting recovery will depend on whether renewed construction activity translates into stronger steel sales.

Steel demand declined mainly because public construction and government infrastructure projects slowed after the political changeover in August 2024, said Sumon Chowdhury, secretary general of the Bangladesh Steel Manufacturers Association (BSMA).

"The steel sector has been struggling for nearly two and a half years as the domestic economy and construction activity remain sluggish," said Md Mamun Kabir, director of sales and marketing at KSRM.

Manufacturers said the prolonged downturn had exposed the industry's heavy dependence on public spending. Sluggish property development and weak private construction have added to the pressure.

Annual domestic steel consumption has fallen to an estimated 40 lakh tonnes from around 70 lakh tonnes previously, Sumon said. The government's share of steel consumption has also dropped from around 60 percent to 20 percent, he added.

At the same time, steelmakers are facing higher raw material and utility costs, expensive bank loans and a shortage of working capital.

International scrap prices have risen by around $20 per tonne, while electricity prices have increased by 18 percent. Gas and power shortages have also disrupted production. However, weak demand has prevented manufacturers from passing on the full increase in costs to customers, Mamun said.

READ MORE ON B3



Demand and prices

- Public infrastructure projects may revive steel demand
- Annual consumption falls from 70 lakh to 40 lakh tonnes
- Rod prices rise despite weak demand

Rising costs

Higher scrap, power and financing costs squeeze steelmakers

Production

- Seven out of 39 steel mills reportedly shut down
- Operating mills run at just 40% to 60% capacity

SPOTLIGHT

BTRC puts Tk 500 emergency balance proposal on hold

MAHMUDUL HASAN

The Bangladesh Telecommunication Regulatory Commission (BTRC) is considering a proposal to raise the maximum Emergency Balance (EB) limit for mobile subscribers from Tk 200 to Tk 500, but has put the proposal on hold for now to scrutinise the conditions attached to the service and ensure that customers are not adversely affected.

"We want to increase the Emergency Balance limit, but we need to study the conditions first. Different conditions are attached to different services, so we need to evaluate them carefully to ensure that customers do not suffer," Md Emdad ul Bari, chairman of the BTRC, told The Daily Star.

"After the evaluation, we will consider increasing the limit at the next commission meeting," he added.

The decision to conduct further scrutiny was taken at a recent commission meeting after reviewing proposals from mobile operators and the Association of Mobile Telecom Operators of Bangladesh (AMTOB) to increase the Emergency Balance limit.

Emergency Balance allows subscribers with insufficient account balances to continue using voice calls, SMS and data services, with the amount recovered after they recharge.

BTRC introduced regulatory guidelines on the facility following customer complaints. In February 2019, the commission directed operators to provide at least Tk 10 as Emergency Balance without charge.

READ MORE ON B3