Business

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IMF calls for tight monetary policy, broader reforms

MD MEHEDI HASAN, *from Bangkok*

Bangladesh needs to maintain tight monetary conditions and take up broader reforms, the International Monetary Fund (IMF) has said, while Finance and Planning Minister Amir Khosru Mahmud Chowdhury said the government agrees with most of the fund's observations and has already addressed many of them.

Speaking at a press briefing on the Regional Economic Outlook for Asia and the Pacific on the sidelines of the IMF-World Bank Annual Meetings in Bangkok yesterday, IMF Deputy Director for Asia and the Pacific Sonali Jain Chandra said Bangladesh continued to face challenges on the fiscal, financial and inflation fronts.

Bangladesh has been grappling with persistent inflation since fiscal year 2022-23. Annual average consumer prices increased by 8.7 percent in June, down from over 10 percent a year earlier.

The IMF has forecast inflation at 10.9 percent in the current fiscal year, FY2026-27, the highest in nearly two decades.

The finance minister said talks with the fund on a new lending programme would continue over the coming months. He did not disclose the proposed loan size or terms

Replying to a question about whether tighter monetary policy alone could tackle persistent inflationary pressure, Sonali said maintaining tight monetary conditions was important to contain inflation. However, she stressed that broader reforms were also necessary.

Bangladesh Bank kept the policy rate unchanged at 9.5 percent in its October-December monetary policy statement, issued on September 30, citing persistent inflation risks and a weak economy.

The risks include higher global energy prices, the ongoing Middle East conflict, the recent fuel price hike and the partial implementation of the new public-sector pay scale.

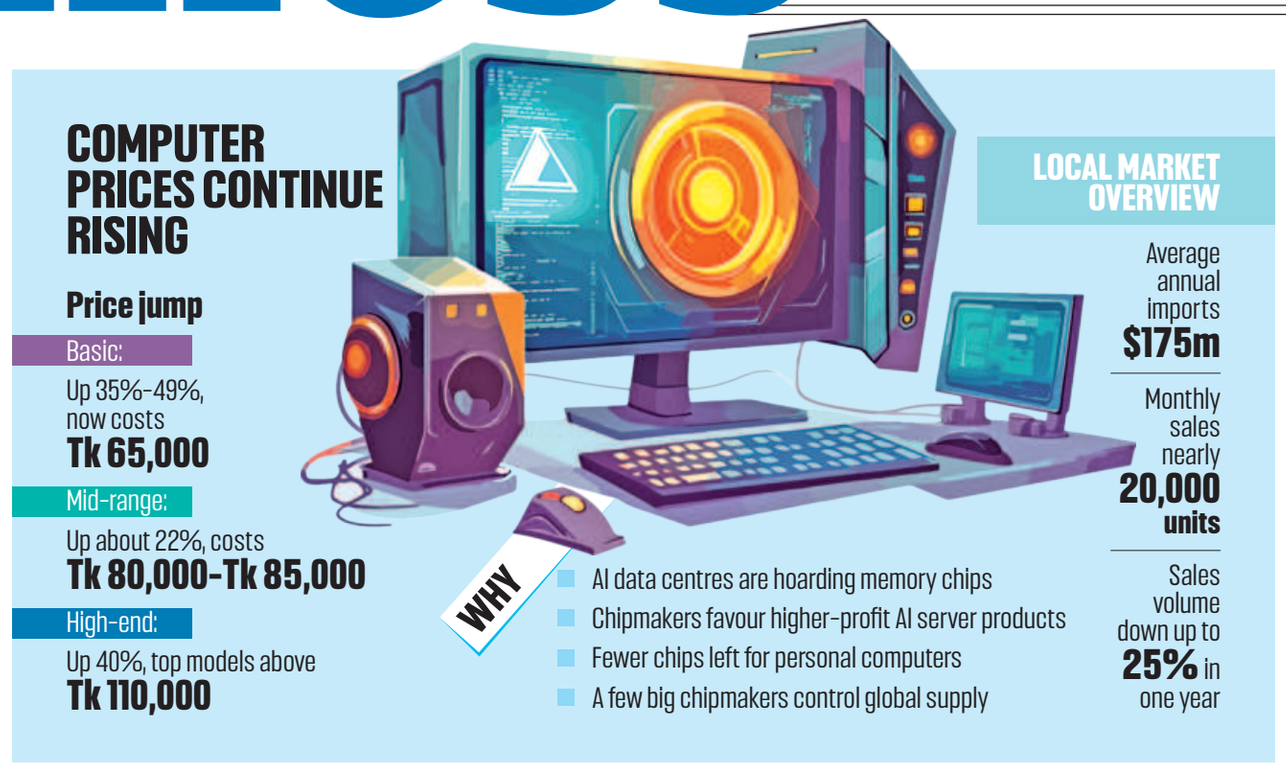
The central bank said it would wait before cutting rates again, having reduced the policy rate by 0.5 percentage points to 9.5 percent on August 2.

The IMF said Bangladesh needed a credible strategy to strengthen its financial sector, which it described as "very weak". The fund also flagged the country's low revenue mobilisation.

Bangladesh's revenue-to-GDP ratio has declined over time to around 7 percent, one of the lowest in the world. The IMF said concerted efforts were needed to boost revenue to finance development spending and strengthen the financial sector.

Meanwhile, Khosru said the IMF was satisfied with the progress made since the budget, taking into account the state of the economy the government had inherited and the effects of the war in the Middle East.

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AI boom is making computers way more expensive

Memory costs spurred by AI giant orders have pushed entry-level laptop models to Tk 65,000-70,000, with relief unlikely before 2027

MAHMUDUL HASAN

Arifuzzaman Biplob has spent the past two decades selling computers across a range of price points to businesses, individuals and students.

His company, Ryans Computers Limited, builds desktop computers and sells laptops from global brands such as HP, Dell, Acer and Asus. Building desktops requires solid-state drives (SSDs), which store data, and random-access memory (RAM), which temporarily holds data while other chips crunch numbers and display graphics.

Over the past year, Ryans Computers, one of the largest computer retail chains in Bangladesh, has faced a massive rise in RAM and SSD prices. Laptop import costs have also climbed, pushing the price of an entry-level model to Tk 65,000-Tk 70,000 from Tk 48,000 a year ago.

"Standard laptop prices have increased by 35 to 49 percent," said Arifuzzaman.

A mid-range laptop that previously cost Tk 65,000-Tk 70,000 now sells for around Tk 80,000-Tk 85,000. Higher-end models that once cost Tk 80,000-Tk 90,000 can now fetch Tk 110,000-Tk 125,000 or more, depending on their specifications, he said.

The surge is being driven by the global race to develop artificial intelligence (AI). OpenAI, Meta, Google and other technology giants are ordering increasing quantities of memory chips for their data centres, tightening supplies for personal computers and pushing up prices.

"The situation is worse than during the Covid-19 pandemic, when manufacturing units were largely shut," said Arifuzzaman. "There is no possibility that computer prices would cool off anytime soon in Bangladesh as prices are ticking up across the globe."

He said memory chips, SSDs and processors are among the main components driving up computer prices. Graphics cards have also become more expensive.

As AI companies place large orders for high-performance memory and other chips to build their computing infrastructure, manufacturers are giving priority to these more lucrative products, according to Mohammad Zahirul Islam, president of Bangladesh Computer Samity (BCS), the country's leading ICT trade and business organisation.

Zahirul said a small number of major semiconductor manufacturers supply much of the global market, while large technology companies are securing components for their AI infrastructure.

He said as manufacturers redirect production towards these customers, supplies for consumer devices are tightening, raising procurement costs for computer makers and retailers.

Global market intelligence and consulting firm TrendForce forecast in a September report that contract prices for conventional dynamic random-access memory (DRAM) would rise by 10-15 percent in the October-December quarter of 2026 compared with July-September.

The price of NAND flash, the technology used in SSDs, was forecast to increase by 15-20 percent over the same period.

The rising costs are already affecting computer sales in Bangladesh.

BCS President Zahirul said laptop and desktop sales volumes have fallen by around 20-25 percent over the past year, although the total value of sales has increased.

During the Covid-19 pandemic, movement restrictions, working from home and online classes triggered a sudden surge in demand for computers. The subsequent wave of pent-up purchases added to price pressures. The depreciation of the taka then dealt another blow to the IT business,

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Govt restores monthly VAT returns

STAR BUSINESS REPORT

The government has restored monthly value-added tax (VAT) return filing, scrapping the quarterly system introduced in July amid concerns over revenue collection and operational difficulties.

The change was formalised through the Value Added Tax and Supplementary Duty (Amendment) Ordinance, 2026, published in a gazette on October 14 and signed by President Mirza Fakhrul Islam Alamgir.

Under the amended law, businesses must submit VAT returns within 15 days of the end of each tax period, restoring the monthly filing requirement.

However, government, semi-government and autonomous organisations, banks and insurance companies, as well as taxpayers filing zero returns, will have 20 days to submit their returns.

If the 15th day falls on a public holiday, the deadline will shift to the next working day.

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RMG exporters seek PM's help over yarn stuck at Ctg port

REFAYET ULLAH MIRDHA

Garment exporters have sought Prime Minister Tarique Rahman's intervention to resolve a dispute over the clearance of imported coarse cotton yarn, saying that delays could disrupt production and hurt export orders from international retailers and brands.

In a letter to the prime minister yesterday, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) urged the government to resolve the

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SPOTLIGHT

Supreme Court allows FBCCI administrator to continue

STAR BUSINESS REPORT

The Supreme Court yesterday stayed a High Court order concerning the legality of the appointment of former Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) president Md Fazlul Hoque as administrator of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

The order clears the way for Fazlul Hoque to continue performing his duties and arranging the next election of the country's apex trade body, Attorney General Md Ruhul Quddus Kazal said.

Chamber Judge of the Appellate Division Justice Md Rezaul Haque passed the order after hearing a petition filed by the commerce ministry challenging the High Court order.

The chamber judge also directed writ petitioner Alauddin Al Masum, a former FBCCI executive committee member, to appear before the Appellate Division on November 16 to explain his conduct over filing multiple writ petitions on the issue, the attorney general said.

Ruhul Quddus and lawyer Md Tazul Islam represented the commerce ministry.

On July 26, the commerce ministry appointed Fazlul Hoque as FBCCI

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TCB enrolls nearly 80 lakh beneficiaries

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The Trading Corporation of Bangladesh (TCB) has verified and enrolled nearly 80 lakh genuine beneficiaries in its database and has activated about 73.7 lakh Smart Family Cards.

The TCB Family Card programme was introduced during the previous Awami League-led government to provide essential commodities at subsidised prices every month to 1 crore low-income families in the country.

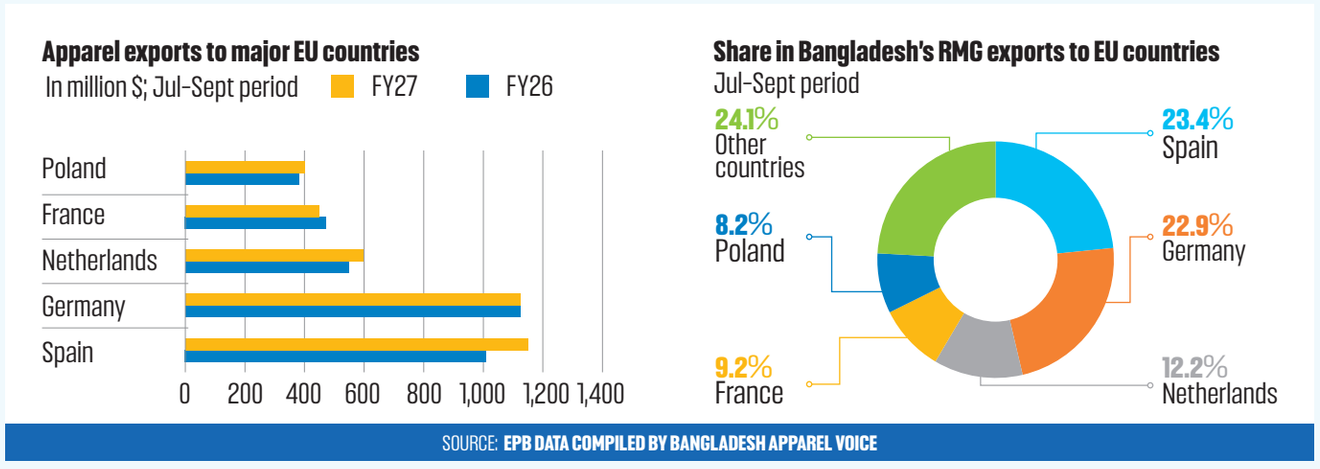
However, following allegations of irregularities in the distribution of TCB cards, the last interim government began a scrutiny process. After identifying irregularities, the number of cardholders was reduced by about 40 lakh.

These details were revealed in the keynote paper presented yesterday at the "Trade with TCB" event, held at the Golf Garden of the Army Golf Club in Dhaka. The keynote paper was presented by Badrun Nessa Ahmed, senior research fellow at the Bangladesh Institute of Development Studies.

Badrun Nessa said by boosting transparency, curbing the influence of middlemen, introducing direct bank API transactions and rolling out the Smart Family Card, the TCB had brought discipline to its operations and achieved substantial cost savings.

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Spain now Bangladesh's largest apparel buyer in EU



STAR BUSINESS REPORT

Spain is now the largest buyer of "Made in Bangladesh" apparel items in the European bloc, overtaking Germany in the first quarter of the current fiscal year.

According to Export Promotion Bureau (EPB) data, Bangladesh's ready-made garment (RMG) exports to Spain rose nearly 14 percent year-on-year to $1.14 billion in July-September.

Exports to Germany, traditionally Bangladesh's largest apparel market in the EU, stood at $1.12 billion, down 0.15 percent from a year earlier.

Spain accounted for 23.4 percent of Bangladesh's total RMG exports to the EU during the quarter, compared with Germany's 22.9 percent.

Among other major European markets, exports to the Netherlands grew 9 percent year-on-year to $597 million. The country accounted for more than 12 percent of Bangladesh's total RMG shipments to the EU during the period.

Exports to France, another major EU market, declined 5 percent to $449 million.

Shipments to the other EU countries also fell.

Overall, Bangladesh's RMG exports to the EU reached $4.9 billion in the first quarter of FY27, up 3 percent year-on-year.

Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said demand for apparel had weakened in major economies as consumers faced declining purchasing power.

In Germany, higher energy costs stemming from the Russia-Ukraine war had forced consumers to spend more on energy, leaving less room for clothing purchases, he said.

The resulting decline in apparel demand had affected Bangladesh's exports to Germany, he added. In contrast, shipments to Spain had increased as buyers there were doing well, Mahmud said.

However, he cautioned that the shift might be temporary, adding that Germany could regain its position as Bangladesh's largest apparel market in the near future.