

Seminar on “Biannual Economic State & Future Outlook of Bangladesh Economy: Private Sector Perspective”

Dhaka Chamber of Commerce & Industry (DCCI) organized a seminar titled “Biannual Economic State & Future Outlook of Bangladesh Economy: Private Sector Perspective” on Sunday, 24th August, 2025. The event was attended by distinguished expert researchers, high-ranking government officials, business leaders, civil society members, media representatives, and Board of Directors & members of DCCI.

Taskeen Ahmed, President of DCCI, delivered Welcome Address and Keynote presentation. After the presentation, he also moderated the seminar. The esteemed panelists included Md. Rabiul Islam, Economics Officer, Asian Development Bank (ADB); Nawshad Mustafa, Director, SME & Special Programmes Department, Bangladesh Bank; Mahmud Salahuddin Naser, Director (Research), Monetary Policy Department, Bangladesh Bank; Dr. A K Enamul Haque, Director General, Bangladesh Institute of Development Studies; and Dr. Mustafizur Rahman, Distinguished Fellow, Centre for Policy Dialogue (CPD). Dr. Monzur Hossain, Member (Secretary), General Economics Division, Bangladesh Planning Commission, Government of Bangladesh graced the seminar as the Chief Guest.

The formulation of the Biannual Economic State of Bangladesh is a cornerstone of DCCI’s activities. This comprehensive analysis, produced every six months, provides an inclusive analysis of the country’s economic performance, focusing on private sector development. It outlines key economic priorities, identifies challenges, and offers actionable insights that guide both government and industry stakeholders.

Keynote Presentation by Taskeen Ahmed, President, DCCI

- Exports increased to USD 23.77 billion in H2FY25, up from 24.53 billion in H1FY25, reflecting a decrease in trade performance.
- Imports surged remarkable to USD 40.66 billion, marking an increase of USD 12.97 billion compared to H1FY25.
- Inflation eased 8.48% in June 2025 but it was 10.89% in December 2024, indicating persistent cost pressures in the economy.
- Private sector credit growth experienced a significant decline, dropping from 7.3% in H2FY25 to 6.4% in H1FY25, representing a 12.31% decrease, highlighting a slowdown in investment and business expansion.
- Deferring LDC graduation by 3 years (at least) is crucial to strengthen competitiveness, implement a robust transition strategy, and update policies amid current economic conditions.
- The tax-to-GDP ratio in FY2025 has increased to 8.3% from 8% in FY2024. Despite improvement, the ratio remains relatively low: India at 12%, Nepal at 17.5%, Bhutan at 12.3%.
- Corporate tax rate will remain at 20% for listed companies, while non-listed companies’ rate will rise to 27.5%.
- In the FY2026 budget, the Advance Income Tax (AIT) on import is set at 7.5%, with no adjustment for businesses that have less than 50% value addition.
- Credit growth to the private sector decreased by 6.4% in June FY25, which is lowest in 22 years.
- For the next six months, the private sector credit growth target has been set at 7.2%, down from 9.8% and increased public sector credit growth target to 20.4%.
- General inflation rate decreased to 8.48% in June 2025 from 9.05% in May 2025.
- Food inflation and non food inflation dropped to 7.45% and 9.37% respectively in June 2025.
- Private investment dropped to 22.48% of the GDP in the FY25, lowest in the last 5 years.
- Total net FDI in Q1 2025 alone reached USD 864.63 million, which is nearly 68% of the total net FDI recorded in 2024.
- In the last six months, Bangladesh recorded a 3.09% decline in exports, while imports grew by 46.8%
- Contribution of Agriculture sector to GDP in the third quarter (Jan-Mar) of FY25 is 2.42%, which is lower than the 4.02% contribution in the same quarter of the previous fiscal year.
- Enhance access to finance with zero collateral by scaling up inclusive agricultural credit schemes and blended finance model tailored for smallholder and marginal farmer.
- Bangladesh’s RMG exports reached USD 19.46 billion, posting a 2.16% negative growth corresponding to H2FY25.
- U.S. reduced tariffs on Bangladeshi goods from 35% to 20%.
- Bangladesh has low product concentration, exporting only 102 products to the U.S., compared to Vietnam’s 500+, India’s nearly 1,000, Pakistan’s 152, and Cambodia’s 160.
- To improve export competitiveness, Bangladesh needs to diversify its product base, upgrade quality, build stronger buyer networks, invest in backward linkages and ensure ESG compliance.
- The leather & leather goods sector is the 2nd top export-earning sector of Bangladesh, but holds only 3% of the global market. Export decreased 1.67% to USD 567.78 million in H2 FY25.
- A fully operational CETP could potentially double leather exports. A time-bound action plan is needed to upgrade the CETP through the Public-Private Partnership Authority (PPPA).

- Export of Pharmaceutical sector decreases 15.88% to USD 98.74 million in H2 FY25, with 98% of local demand met and exports reaching 150+ countries.
- Off-patent status for existing medicines must be secured before LDC graduation, alongside WTO negotiations for a waiver extension of TRIPS until 2032.
- Export of Light Engineering sector increased by 12.40% to USD 285.49 million in H2FY25. It contributes 3% to GDP.
- The disbursement of CMSME loans decreased by 23.6% during January-March of FY25 compared to previous quarter of FY25.
- CMSMEs need targeted policy support through fiscal incentives, reliable energy supply, affordable financing, exchange rate stability and simplified compliance to reduce cost and enhance competitiveness.
- Country's daily gas demand is about 3,965 MMCFD, while total supply from local production and imported LNG is only 2,900 MMCFD.
- To ensure long-term energy security, there is no alternative to expanding gas exploration. At the same time, long-term agreements with GCC countries must be pursued for LNG imports.
- Logistics Performance Index (LPI) scores are 2.6 for Bangladesh, 2.8 for Sri Lanka, 3.4 for India, and 3.7 for China, with Bangladesh having the lowest score among them.
- Assess whether high lending rates or a lack of an investment-friendly environment is constraining investment, and reduce interest rates where appropriate to restore investor confidence.
- Increase private sector credit flow by simplifying loan procedures, lowering lending rates, and expanding digital disbursement mechanisms.
- Allow foreign exchange rates to be more market-driven, minimizing excessive central bank intervention.
- Implement a flexible, inclusive, and sector-responsive monetary policy in alignment with fiscal discipline.
- Encourage direct taxation, broaden the tax base, and prioritize compliance over punitive measures to raise the tax-to-GDP ratio.
- Keep corporate tax rates competitive, particularly for SMEs, to avoid discouraging investment.
- Continue preparations for LDC graduation through strong government-private sector engagement, while cautiously seeking a three-year extension but ensuring readiness to graduate even without approval.
- Strengthen industrial linkages so SMEs can integrate into production networks instead of remaining limited to trading and services.
- Limit excessive corporate dominance in domestic markets to ensure the survival and growth of small and micro enterprises.

Speech by Chief Guest: Dr. Monzur Hossain, Member (Secretary), GED, Bangladesh Planning Commission, GoB

- However, persistently high rice prices continue to fuel inflationary pressure. Controlling staple food prices is critical to further reducing inflation.
- It is important to assess whether high lending rates alone or the broader lack of an investment-friendly environment is deterring investment.
- As economic growth has slowed, there is no alternative to increasing credit flow to the private sector.
- A severe crisis is prevailing in the SME sector, with more than 100,000 manufacturing enterprises already closed.
- Unlike East Asian economies, where SMEs are integrated into production networks through backward and forward linkages, Bangladesh's SMEs remain concentrated in trading and services, limiting competitiveness.
- Lessons from past global trade challenges (e.g., tariffs) show Bangladesh's resilience, but long-term competitiveness will depend on institutional and policy reforms.
- Priority areas include restructuring the banking sector, boosting investment in human capital, and promoting sustainable economic transformation.
- Improve law and order, transparency, and ease of doing business to restore confidence in investment and industrial activity.
- Reduce dependency on imported Active Pharmaceutical Ingredients (APIs) by scaling up domestic production capacity, securing TRIPS waiver extensions, and ensuring adequate API park infrastructure.
- Upgrade infrastructure such as CETP/ETP, industrial parks, logistics facilities, and implement the Bay Terminal project without delays.
- Ensure ESG compliance and backward linkage development to enhance global competitiveness.
- Expand domestic gas exploration, secure long-term LNG supply agreements, and increase budget allocation for energy and power infrastructure to meet rising demand.
- Strengthen logistics infrastructure through technology adoption (IoT, blockchain) and streamlined bureaucracy to improve efficiency.
- Promote sector-specific upskilling through digital platforms, market-oriented training, and youth development programs.

Summary of Recommendations

- Maintain foreign reserves above USD 30 billion and manage staple food prices, particularly rice, to keep inflation under control.
- Strengthen institutional capacity for trade facilitation and industrial policy implementation to improve competitiveness.