

BANGLADESH BUDGET 2025-26



Arun Devnath

Mon Jun 2, 2025 12:21 AM

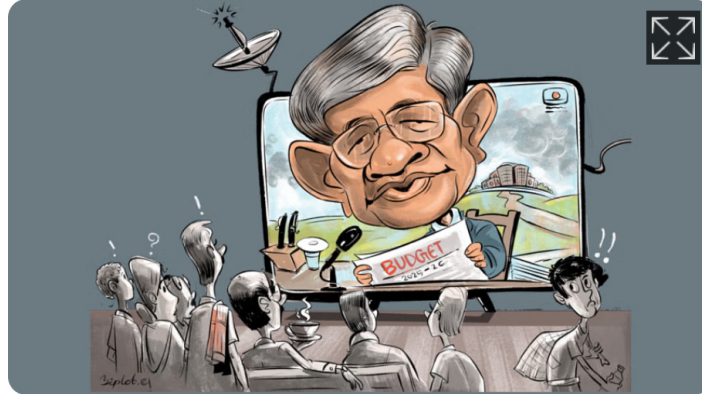
Last update on: Mon Jun 2, 2025 10:01 AM

Most Viewed

- 1 A budget without illusions
- 2 Central bank at odds with BPO over Nagad's future
- 3 Key takeaways from FY26 budget
- 4 Govt spending in Bangladesh lowest among LDC graduating peers

A budget without illusions

In a year stripped of spectacle, interim govt set to deliver an outlay shaped by restraint, realism and possibly, reform



No soaring GDP promises. No obsession with mega projects. No grand applause in parliament. This year, it's just the finance adviser and his unemotional speech to be broadcast in the quiet hum of state television.

Today, Salehuddin Ahmed will go on air at 3:00pm to deliver the first budget of the interim government -- and the first of his life. There will be no fanfare, but a nation listening in measured anticipation. It's the first realistic budget in years, if you like, precisely because it will offer a long-overdue fiscal detox.

As expected, Ahmed will speak plainly of endurance and hard choices. A nation long fed on big promises will possibly hear the "language of realism" -- something stripped of illusion. The budget will run a razor-thin 3.6 percent deficit, the leanest in more than a decade, marking a sharp departure from the looser fiscal stance of the past. It will be a day of reckoning about the controversial legacy left by the previous regime.

Ahmed will understandably seek to break with the past and, in a rare gesture of restraint, will trim the overall outlay by Tk 7,000 crore down to Tk 790,000 crore for the new fiscal year. It's not a dramatic cut, but a deliberate signal that the belts are being tightened.

A leaner budget doesn't have to ignore key areas, though. If it chooses, it can channel that power into public investments in education, healthcare and essential infrastructure for long-term prosperity. To spend or not to spend is not merely a fiscal choice; it is a political one. Yes, the government holds the power of the purse. Spending must not be shackled by arbitrary ceilings or a blind devotion to the dogma of "sound finance".

One critical area long left in the margins is unemployment. It deserves more attention from this government than ever before, as it aligns with Chief Adviser Muhammad Yunus's vision for zero unemployment. For decades, the economy has grown -- but without growing jobs. It has built roads, buildings, and bridges, yet left millions without meaningful work. A job-scarce economy took shape in the shadows of progress, quietly eroding dignity and hope. Now, that silence can no longer be ignored. It is time -- long past time -- to confront the scourge of unemployment as a central test of

Related News



What are the likely tax and duty measures in FY26?

3d ago



How the FY2026 budget can make a difference amid challenges

1w ago

The Daily Star বাংলা



the country's economic vision. Growth that does not employ is growth that forgets its people.

"A growing disconnect between the skills imparted by our education system and the requirements of the private sector continues to limit employment opportunities," said Selim Raihan, a professor of economics at Dhaka University. "At the same time, a significant portion of the workforce remains trapped in the informal sector, where job security and benefits are minimal or absent," he added.

The budget arrives at a moment when the political skies are overcast. Optimism is being tempered by uncertainty, as political parties continue to seek clarity on the election timeline. Discontent has begun to ripple outward.

Protests broke out at the National Board of Revenue over an IMF-backed ordinance, disrupting operations in the final stretch before budget day. Demonstrations hit the Dhaka South City Corporation over control of the mayoral office. Another wave of protest swept through the secretariat over yet another ordinance. All of it -- almost simultaneously.

NO FANTASY

In his pre-recorded speech, Ahmed won't peddle GDP fantasies. No rosy projections -- at least not this year. The government's growth forecast, 5.5 percent, lags behind even the IMF's cautious estimate. There will be no more chasing growth at any cost, no more hollow boasts.

Last week, Bangladesh Bureau of Statistics released its provisional estimate, and it confirmed what many feared. The economy in the current fiscal year grew just 3.97 percent, the slowest pace since the pandemic year. The slowdown came from within: agriculture.

Still, there's a big number on the table: Bangladesh's GDP is expected to cross \$500 billion in the new fiscal year. Many will greet the estimate with scepticism, but in a year defined by restraint, it remains a milestone worth acknowledging.

Behind these numbers is a deeper story: a country in the midst of an economic reset. For the first time in years, the budget is being shaped by economic necessity, not political whims.

But some economists have voiced concern that the interim government has yet to design a clear roadmap for economic recovery. In their view, the numbers may be sober, even honest, but without direction, they risk drifting. A budget, they argue, is more than an annual ledger. It can be a moment, perhaps the best moment, to set out a coherent strategy for rebuilding, reforming and reimagining the economy.

The metrics of judgment will shift this year. Will subsidies continue? Only for food and agricultural inputs. Will infrastructure spending surge? Not likely. The focus will shift to what the rural economy needs, not what cities want.

"The government would do well to prioritise investment in labour-intensive sectors such as agro-processing, light engineering and ICT. A robust employment strategy that supports SMEs, promotes entrepreneurship, and expands access to vocational and technical training could make a meaningful difference," Raihan said.

And taxes? Ahmed's message leaves little room for ambiguity. "I'm in the mood to end every exemption," he said at an event on May 18. The age of selective generosity may be drawing to a close.

This government will not be judged by promises, but by the progress it makes on reforms. And reforms are never gentle. In the banking sector, the central bank acted swiftly, stamping out the first flames before they could swell into a full-blown inferno. Holding reckless banks to account requires more than policy — it demands quiet resolve. In this, Bangladesh Bank passed its first true test.

Now, this administration will aim to ensure stability in the financial sector and reduce inflation. With that foundation, the forthcoming budget will prioritise social sectors to boost employment and inclusive growth.

Amid rising food prices and intensifying climate shocks, the government also plans to expand its social protection programmes and fund food security initiatives, including subsidised food for low-income households. At the same time, agricultural transformation remains a core focus. Continued subsidies for mechanisation, irrigation, and seeds are aimed at rebuilding rural resilience and supporting smallholder farmers.

Debt Roulette

Bangladesh still shoulders the financial burdens of the old regime. Officially, the aim is to lower the country's debt risk from moderate to low, as Ahmed indicated. It's not a small feat.

Yet here's the paradox: foreign borrowing will rise. Not for flashy megaprojects or political vanity, but to keep the lights on while cleaning up the mess. The higher foreign borrowing target reflects bills that can't be dodged. Energy sector gaps need plugging. The ghosts of overpriced infrastructure still haunt the balance sheet.

In a year of belt-tightening and caution, exports and remittances brought much-needed relief. Trade deficits narrowed. The current account, long in the red, showed signs of healing. Even the balance of payments, often a mirror of external vulnerability, began to tilt in the right direction. Foreign reserves hold steady at \$20 billion, a sign of resilience.

But the story isn't without shadows.

Imports have recovered, but only just. Machinery imports, a barometer of investment appetite, have fallen. Letters of credit for capital goods have declined, signalling hesitation in the economy.

Globally, the winds are shifting. The trading landscape is growing more turbulent. President Donald Trump's reciprocal tariffs introduce fresh uncertainty. Closer to home, India's rising non-tariff barriers threaten to constrict trade routes.

For all this, Bangladesh's ability to negotiate -- at home and abroad -- will be tested as never before. As the country moves toward LDC graduation in November 2026, the government will come under growing pressure to navigate the complex web of bilateral and multilateral negotiations that lie ahead.

The new fiscal year stretches like a steep mountain trail -- narrow, uncertain and demanding careful steps. In this fresh beginning, caution is the only sure path forward.

Related topic: [Bangladesh budget 2025-26](#) [Bangladesh national budget 2025-26](#) [Budget FY26](#)

৩১০ মিনিট আগে

অপরাধ ও বিচার
হাসিনাসহ ৭ জনের বিরুদ্ধে
'গুমের' অভিযোগ
সালাহউদ্দিনের

[Click to comment](#)

© ১৪৩৬ আলহাজ্জ

The Daily Star

Journalism without fear or favour

[About Us](#)

[Contact Us](#)

[Apps](#)

[Comment Policy](#)

[RSS](#)

[Sitemap](#)

[Advertisement](#)

[Newsletter](#)

[Privacy Policy](#)

[Conference Hall](#)

[Archives](#)

© 2025 thedailystar.net | Powered by: RSI LAB

Copyright: Any unauthorized use or reproduction of The Daily Star content for commercial purposes is strictly prohibited and constitutes copyright infringement liable to legal action.

