

Roundtable Insights Brief

Implementation Pathways for FY27 Budget Priorities for Crop Agriculture

From Allocation to Impact

Date: June 30, 2026





CONTEXT OF THE PAPER

Bangladesh’s crop agriculture sector remains critical to food security, rural livelihoods, agro-industrial value chains, and export earnings. Against this backdrop, LightCastle Partners and the Sustainable Agriculture Foundation Bangladesh co-hosted the roundtable “Strategic Discussion on Crop Agriculture – Budget FY 2026–27” on June 17, 2026, in Dhaka, bringing together policymakers, private sector actors, development partners, researchers, and sector experts. This brief consolidates the key insights from the discussion and presents actionable recommendations to strengthen inter-agency coordination, improve delivery mechanisms, and support a more productive, climate-resilient, and inclusive agriculture sector.

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High-level stakeholders from government, private sector, development partners, financial institutions, research institutes, and academia.

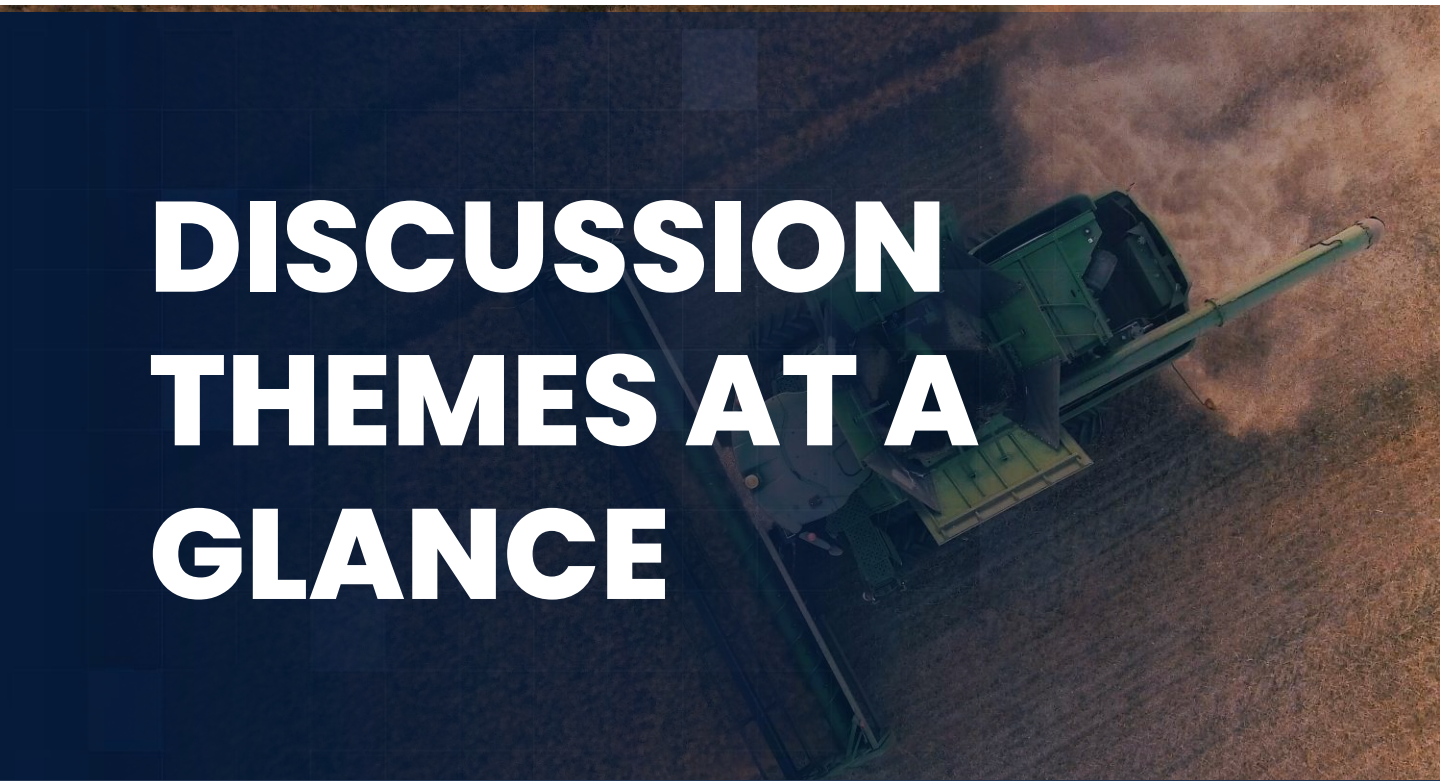
Name	Designation / Organization
Mr. Hasan Zafir Tuhin	Chairman, Barind Multipurpose Development Authority
Mr. Md. Habibullah	Director, Admin & Finance Wing, DAE
Dr. Md. Harunur Rashid	Member Director, BARC
Dr. Syed Md. Rafiqul Amin	Ex-Managing Director, Hortex Foundation
Mr. Anwar Faruque	Board Director, Bangladesh Krishi Bank
Prof. Dr. MA Sattar Mondal	First Emeritus Professor, Bangladesh Agriculture University
Mr. Ataus Sopan Malik	Managing Director, AR Malik Seeds Ltd
Mr. Mohammad Shahidul Islam	Corporate Affairs Director, Syngenta BD
Mr. Khurshid Ahmad Farhad	General Manager, Bombay Sweets
Mr. Abid Ahmed Sadik	Assistant Manager, Metal Agritech Ltd
Mr. A.K. Osman Haruni	Senior Policy Advisor, Dutch Embassy
Dr. Wais Wabir	National Consultant, CIMMYT

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High-level stakeholders from government, private sector, development partners, financial institutions, research institutes, and academia.

Name	Designation / Organization
Dr. Ravi Nandi	Food Systems Economist, CIMMYT
Dr. M. Wakilur Rahman	Professor, Bangladesh Agriculture University
Mr. Ikhtiar Sobhan	Head of Business, iFarmer
Mr. Matin Shardar	Advisor, Eco-Social Dev. Organization
Mr. Mohammad Ali	Country Director, Europe Bangladesh Federation of Commerce
Mr. Iftekharul Islam	Finance Controller, Green Delta Insurance PLC
Mr. Tahamid Araf	Assistant Manager, Green Delta Insurance PLC
Mr. Sayef Tanzeem Qayyum	Upstream Operations Officer, IFC
Dr. Abu Ahmed Mokammel Hoque	Agri-Consultant, World Bank
Dr. Mohammad Humayun Kabir	Professor, Sher-e-Bangla Agricultural University

DISCUSSION THEMES AT A GLANCE



Subsidy Reform & Input Access

Participants welcomed fertilizer tax cuts and VAT exemptions, while flagging risk of over-reliance on chemical subsidies.

Cold Chain & Post-Harvest Infrastructure

Cold chain infrastructure was identified as a critical gap. Participants called for PPP frameworks and commercially viable models beyond duty exemptions.

Farmer Card Potential

Farmer cards were seen as a promising digital inclusion tool – with potential beyond subsidies for enabling market linkages and targeted credit access.

Implementation Concerns

Broad consensus that institutional accountability must accompany the doubling of the development budget to ensure ground-level impact.

Seed Ecosystem & R&D

Private seed companies highlighted uneven competitive landscape with BADC; hidden taxes on seed imports and lack of policy support for private R&D.

Crop Insurance Gap

Multiple voices flagged the absence of a dedicated crop insurance line item – drawing contrast with India's ₹16,000 Cr allocation for crop insurance.

Abbreviation	Full Form
AIT	Advance Income Tax
BADC	Bangladesh Agricultural Development Corporation
BARC	Bangladesh Agricultural Research Council
BARI	Bangladesh Agricultural Research Institute
BB	Bangladesh Bank
BIDA	Bangladesh Investment Development Authority
BINA	Bangladesh Institute of Nuclear Agriculture
BMDA	Barind Multipurpose Development Authority
BRRRI	Bangladesh Rice Research Institute
CAAB	Civil Aviation Authority Bangladesh
CSA	Climate-Smart Agriculture
CIMMYT	International Maize and Wheat Improvement Center
DAE	Department of Agricultural Extension
DAM	Department of Agricultural Marketing
FIs	Financial Institutions
HS Code	Harmonized System Code
IFC	International Finance Corporation
LSP	Local Service Provider
MoA	Ministry of Agriculture
MoC	Ministry of Commerce
MoF	Ministry of Finance
NBR	National Board of Revenue
O&M	Operations and Maintenance
PPP	Public-Private Partnership
R&D	Research and Development
RBFY	Revised Budget Fiscal Year
VAT	Value Added Tax
WDB	Water Development Board

01 | Assessing FY27 Budget Against Sector Needs: Are the Right Signals in Place?

BDT 28,881 Cr

Total allocation for MoA in FY27

~2X

Development budget as compared to RBFY26

Production



Sector Bottleneck



FY27 Budget Signal



Implementation Risk



Chemical Fertilizer

80% imported
Only 5% of farmers use balanced nutrients

Tk 17,001 Cr subsidy held
VAT & advance-tax exemption on imports

Subsidy lock-in
Works against soil health & CSA goals



Seed Ecosystem

90–95% seeds imported
Private sector outpaced by BADC

BINA & BRRI prioritized
Withholding tax cut to 0.5%

Reach gap
Weak extension; 1993 seed policy outdated



Water

Groundwater over-extraction
Power subsidy misaligned to farmers

Solar push: 98 pumps, 27 wells
680 km canals to be dug in FY27

Irrigation projects underperform by 40%
Dual WDB–MoA governance confusion



Mechanization

Mechanization still harvester-based
Double digit customs duty on certain agri-machineries

Mechanization subsidy revived

Weak targeting
May disproportionately benefit better-off farmers or machinery owners.

Post-Harvest



Storage & Cold Chain



Agro-Processing



Sector Bottleneck

\$2.4 Bn lost annually

- 90% cold storage is potato-only
- Operators on market-rate finance



FY27 Budget Signal

First crop-specific cold chain

- Mango cold storage in Barind
- Packing-house lab
- Duty waiver on compressor



Implementation Risk

No demand-pull financing

- Duty cuts alone won't shift investment
- No PPP model for infrastructure

Thin processing capacity

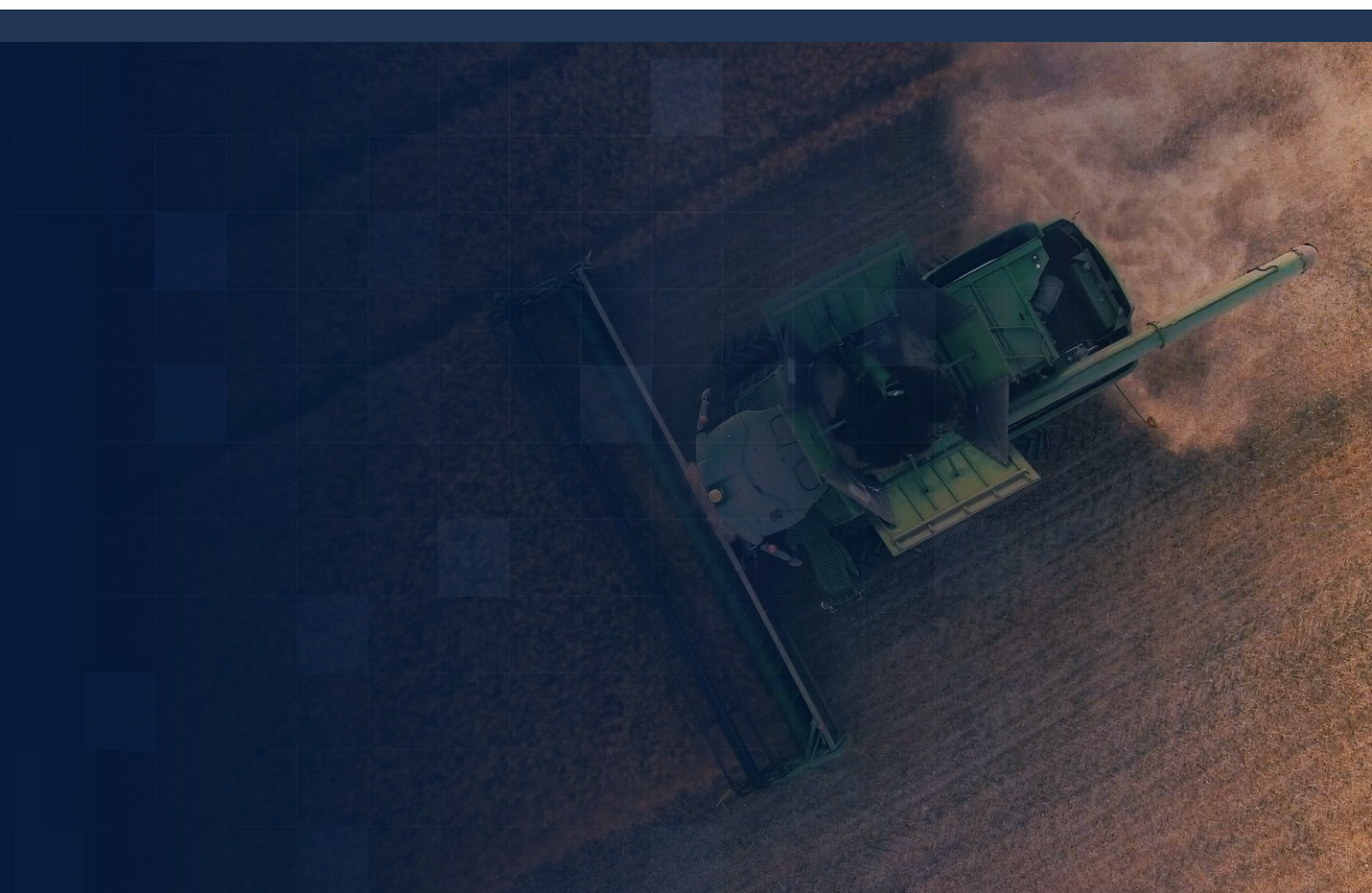
- Underbuilt despite strong export potential

Export incentives & duty support

- Post-harvest infrastructure signaled

No dedicated processing fund

- Inadequate research-industry linkage



02 | Implementation Pathways: How the Budget Can be Delivered Effectively

Inputs & Subsidy

Proposed Actions for Consideration

- Deploy Farmer Card as per the farmers database for a more equitable subsidy distribution system
- Redistributing Support for organic fertilizer/bio-pesticides
- Incorporating liquid fertilizers/nano fertilizers into the national policy framework
- Reallocating funds to high-value subsectors like agro-processing

Lead Agency

MoA

Co-ordinating partners

BADC, DAE, MoF, BB, Fls

Monitoring Indicator

- Digital monitoring dashboard for subsidy utilization
- No. of farmers using card for market transactions
- Agri-input cost reduction for farmers

Proposed Actions for Consideration

- Separate HS codes for vegetables/spices & their seeds.
- Reduce or eliminate AIT on imported seeds
- Create a Private Seed R&D Support Scheme to enable domestic production
- Fiscal incentives like tax break and concessional loans for private seed companies.

Lead Agency

NBR and MoA

Co-ordinating partners

BADC, BARI, DAE, MoF

Monitoring Indicator

- No. of private seed varieties commercialized
- Seed self-sufficiency ratio by crop

Mechanization

Proposed Actions for Consideration

- Strengthen the local service provider (LSP) model for youth employment generation
- Reduce customs duty/tariffs on agri-machineries
- Concessional loans for LSPs/distributors

Lead Agency

MoA

Co-ordinating partners

DAE, NBR/MoF, BB/FIs

Monitoring Indicator

- Number of active LSPs and average annual income earned
- Number of farmers served by LSPs

Proposed Actions for Consideration

- Introduce precision agriculture tools for precision spraying, pest monitoring, or surveillance
- Establish a drone policy framework drawing on Vietnam and Malaysia models.

Lead Agency

MoA & CAAB

Co-ordinating partners

DAE, BARC, BARI, technology companies

Monitoring Indicator

- Change in input-use efficiency due to precision agriculture tools
- No. of farmers using precision agriculture
- Drone policy enactment status

Post Harvest, Agro-Processing & Cold Chain

Proposed Actions for Consideration

- Identify high-potential agro-processing products and create dedicated investment incentives, research-industry linkages, and export facilitation

Lead Agency

MoA & MoC

Co-ordinating partners

DAE, NBR/MoF, BB/FIs

Monitoring Indicator

- Agro-processing investment committed
- No. of research-industry MoUs signed
- No. of new categories of processed food exports

Proposed Actions for Consideration

- Expand the Barind mango cold storage model to other high-value crops (tomato, chilli, leafy vegetables) with multi-season utilization plans.
- Ensure operational continuity beyond project closure by mandating private O&M contracts.

Lead Agency

BMDA & DAE

Co-ordinating partners

Hortex Foundation, BB, farmer cooperatives

Monitoring Indicator

- Number of crop-specific cold chain facilities
- Reduction in seasonal price volatility for target crops

Post Harvest, Agro-Processing & Cold Chain

Proposed Actions for Consideration

- Develop a Cold Chain PPP Framework: government provides land and concessional financing; private sector operates.
- Operationalize the Agro-Processing Promotion Policy

Lead Agency

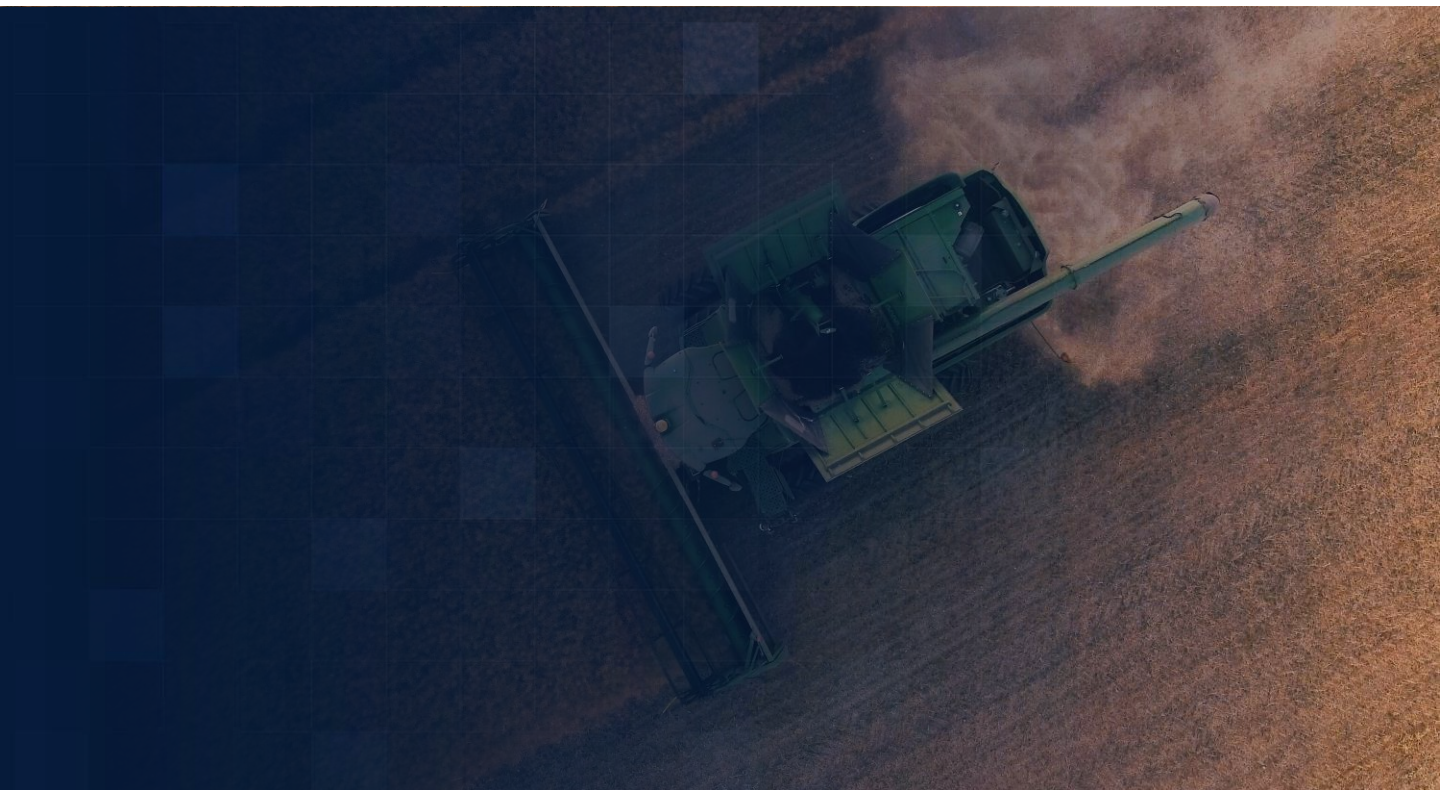
MoA & MoC

Co-ordinating partners

BB, Multilateral Development Banks,
DAM, Private logistics operators

Monitoring Indicator

- No. of PPP cold chain projects signed
- Percentage of reduction in post-harvest loss



Climate Resilience

Proposed Actions for Consideration

- Emphasis on Protected Agriculture by engaging private sector

Lead Agency

MoA & DAE

Co-ordinating partners

Private companies, FIs, Development partners

Monitoring Indicator

- Area brought under protected agriculture
- Number of private-sector partnerships/investments mobilized

Proposed Actions for Consideration

- Crop Insurance should move beyond weather-related crop failure to include price protection
- Tax and VAT burden on insurance companies should be addressed

Lead Agency

MoF and MoA

Co-ordinating partners

BB, Local FIs, Multilateral Development Banks

Monitoring Indicator

- No. of farmers enrolled in crop insurance;
- Claims settlement rate

Proposed Actions for Consideration

- Ensure community-led ownership for canal excavation

Lead Agency

BWDB

Co-ordinating partners

MoA, DAE, Local Government, NGO extension networks

Monitoring Indicator

- No. of canals excavated with community water user agreements
- IMED audit score

03 | Indicative Decision Framework for Sequencing Priority Actions

A preliminary categorization of selected high-priority actions by implementation effort:

01

Minor Adjustment

Targeted fiscal & administrative corrections

- Mandate utilization audits for subsidies, canal excavation & public infrastructure projects
- Eliminate hidden taxes on imported seeds
- Reduce tariffs and duties on priority agri-machineries

02

Incremental Improvements

Low-risk enhancements building on existing systems

- Deploy Farmer Card for targeted subsidies,, credit linkage & market transactions
- Strengthen the LSP-based mechanization model with concessional loans for LSPs / distributors
- Expand the Barind mango cold-storage model to other high-value crops with private O&M contracts

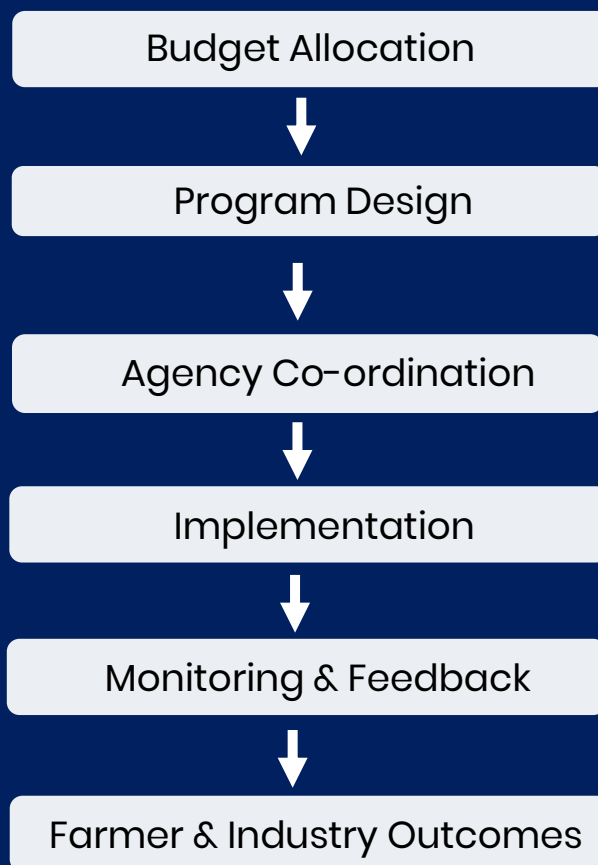
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Radical Reform

Requires significant political will & institutional capacity

- Rebalance fertilizer subsidy toward organic, bio-pesticides, liquid / nano & climate-smart inputs
- Develop a national Cold Chain PPP Framework
- Introduce crop insurance beyond weather-related failure, including price protection
- Operationalize the Agro-Processing Promotion Policy by ensuring multi-agency co-ordination

Moving forward, the focus should shift from budget announcements to measurable results. Establishing clear institutional responsibilities, performance indicators, and feedback mechanisms can help translate public expenditure into higher productivity, reduced losses, enhanced climate resilience, and improved farmer livelihoods.





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