

Land transfer tax cut in some areas

STAR BUSINESS REPORT

The government has cut the land transfer tax in certain areas of Dhaka and Chattogram districts in order to make it affordable, encourage the registration of property transfers and increase revenue collection.

A transfer tax is a charge levied on the transfer of ownership or title of property from one individual or entity to another. A transfer tax may be imposed by a state, county or municipality, according to Investopedia.

Earlier, 8 percent of the value of the land mentioned in the deed or Tk 50,000 per katha (1.65 decimals), whichever is higher, used to be charged in Gulshan, Banani, Motijheel and Tejgaon of Dhaka.

The new rate is 6 percent or Tk 50,000, whichever is higher, according to a National Board of Revenue



In Chattogram, the land transfer rate at Khulshi, Panchlaish, Pahartoli, Halishahar and Kotwali was 6 percent or Tk 80,000 per katha, whichever is higher. It has now come down to 6 percent or Tk 50,000 per katha, whichever is higher. The photo was taken at Chowmuhani area of the port city recently.

PHOTO: RAJIB RAIHAN

The new rate for Gulshan, Banani, Motijheel and Tejgaon of Dhaka is 6 percent or Tk 50,000, whichever is higher

notification last month.

The rate in Dhamondi, Wari, Tejgaon Industrial Area, Shahbagh, Ramna, Paltan, Bangshal, New Market and Kalabagan was 8 percent or Tk 300,000, whichever is higher. It has now been reduced to 6 percent or Tk 300,000, whichever is higher.

The rate in the airport area, Uttara (west), Mugga, Hazaribagh, Demra and Adabor was 8 percent, or Tk 100,000, whichever is higher. It has now been fixed at 6 percent or Tk 100,000, whichever is higher.

The rate in Dohar, Nawabganj, Keraniganj, Savar and Dhamrai upazilas of Dhaka was 6 percent or Tk 50,000. It has been brought down to 6 percent or Tk 20,000.

In Chattogram, the rate in Khulshi, Panchlaish, Pahartoli, Halishahar and Kotwali will be 6 percent or Tk 50,000, whichever is higher, from 6 percent or Tk 80,000 previously.

REJAUL KARIM BYRON

Bangladesh is expected to receive more than \$1 billion in budget support from the Asian Development Bank (ADB) and the International Monetary Fund (IMF) next week, which could bring some relief to the nation's dwindling foreign currency reserves.

A finance ministry official said a loan proposal of \$400 million is likely to be placed at the ADB board meeting on December 12.

On the same day, Bangladesh's proposal to get the second tranche of the IMF's \$4.7 billion loan, amounting to around \$681 million, will also be placed at an IMF board meeting, the official said.

If both proposals are approved, a total of \$1.08 billion will be added to Bangladesh's foreign reserves.

The reserves have been gradually declining for the last one and a half years owing to higher import bills compared to moderate export and remittance earnings.

On November 29, the country's reserves as per IMF calculations stood at \$19.4 billion, against \$40.7 billion in August 2021.

The ADB, a Manila-based multilateral lender, took the initiative to support Bangladesh's climate risk mitigation and adaptation – including in the areas of renewable energy, energy efficiency and green transportation.

An ADB team already met with officials

of the finance ministry and the Ministry of Environment, Forest and Climate Change to work out the conditions for funding.

The loan proposal was placed at the ADB after meeting all conditions.

One of the conditions pertained to arresting pollution of water bodies. An enforcement guideline must be drafted for polluters, complete with an environment court and penalty for pollution.

Similarly, a multi-sectoral action plan to control air pollution was drafted.

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The government also has had to design a green energy policy.

State-owned enterprises will also have to adopt climate-related policies and the government was asked to come up with a solid action plan for the implementation of its Delta Plan 2100.

The General Economic Division will have a Delta wing and will monitor whether environmentally-friendly projects are being adopted by ministries and divisions.

The local government division will also have a cell for environmental risk identification and mitigation.

On Sunday, the IMF said in a statement

that international financial institutions, bilateral donors, and the private sector announced a collaborative approach with the Bangladesh government to establish the Bangladesh Climate and Development Platform (BCDP).

The ADB was processing a \$400 million policy-based loan to Bangladesh in 2023, it said.

In the statement, ADB President Masatsugu Asakawa said: "Climate risk is growing and addressing it requires progressive action and strong partnerships."

"With commitment and leadership, Bangladesh has made significant progress in advancing its climate agenda."

He added: "The National Committee for Environment and Climate Change will forge a whole-of-government approach to advance the climate agenda, and the BCDP will facilitate increased and coordinated support to Bangladesh."

"The ADB is firmly committed to working with all development partners to support Bangladesh in the fight against climate change."

About 53 percent of the ADB's 2023 project financing (\$1.9 billion) has been allocated towards climate financing so far, and the lender said it is committed to earmarking more than half of its 2024-26 allocation for Bangladesh (\$5.5 billion) in support of the climate agenda.

Exports fall

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The growth in overall export earnings from merchandise shipments slowed to 1.30 percent in the five-month period as exporters shipped goods worth \$22.23 billion.

Apparel sales rose 2.75 percent to \$18.84 billion, with knitwear shipments rising 8.66 percent to \$10.99 billion. Woven garment shipments fell 4.52 percent to \$7.85 billion.

Earnings from home textiles plunged 42.27 percent to \$299.42 million while specialised textile manufacturers posted 22.78 percent year-on-year export growth to bring home \$124 million, according to the EPB.

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, highlighted the factors behind the downward

exports.

"Most garment factories are currently running at 50 percent capacity for two reasons. The first is a fall in inflow of work orders from international clothing retailers and brands while the second is inadequate gas supply for industrial units."

He warned that the work order situation may worsen in the near future as buyers are offering too low prices even after the wage hikes for garment workers.

"The irony is that many factory owners are accepting bookings even with such low prices merely in order to stay afloat until potential profits in the future."

BGMEA President Faruque Hassan said woven was performing worse than earlier compared to knitwear as prices for sweaters, which fall under the knitwear

category, recently rose.

"Besides, the knitwear sector has greater scope for value addition."

He said the recent labour unrest was also responsible for the lower export earnings from garment shipments in November. Also, the unit price of garment items sourced from Bangladesh has fallen.

Exports of jute and jute goods declined 10.99 percent to \$361.91 million, led by a 32.48 percent drop in raw jute shipment and 20.80 percent reduction in jute sack and bag sales.

The receipts from the export of leather and leather products stood at \$427 million in July-November, down 20.55 percent year-on-year. The dip was driven by a 34.75 percent decline in leather footwear exports.

Leather shipments rose 0.56

percent and leather products sales were up 2.11 percent, EPB data showed. Meanwhile, footwear sales were down 7.16 percent at \$194.51 million.

Pharmaceutical sales in external markets rose 8.14 percent to \$80.26 million.

Frozen and live fish exporters, who ship shrimps and crabs among others, recorded a 15.88 percent year-on-year decrease in sales to register a combined \$175 million.

The manufacturers of agriculture products who export goods such as tea, vegetables, tobacco, fruits and spices posted a 0.86 percent decline in receipts at \$420.59 million.

The government has set a target to earn \$62 billion from merchandise exports in fiscal 2023-24 while it was \$55.55 billion a year ago.

Equity funds

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greenback trading at around Tk 120 each, which is higher than the official rate Tk 110.5 for imports. The central bank is yet to allow a floating exchange rate.

Reaz said the plunge in equity capital flow is a reflection of the ongoing macroeconomic challenges, although Bangladesh's long-term economic growth prospects remain solid.

"At a time when the local currency is facing depreciation and discouragement in imports, new investors will hesitate to invest," he said.

"Bringing back stability to the local currency and improving the availability of dollar will bring confidence."

BB data showed that inflow of equity capital was the lowest in FY23.

Besides, the amount of

disinvestment such as capital repatriation, loans to parents, and repayments of intra-company loans to parents stood at \$1,178 million during the year. The amount of disinvestment was nearly \$1,200 million the previous year.

The decline in the flow of foreign investment, even after so many efforts, is a matter of concern, said Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue (CPD), citing establishment of economic zones and enactment of one-stop service law.

"Investors are getting land. But we are yet to ensure various other services that are needed to attract investors," he said. "So the only incentive does not work. Without an integrated approach, the expected amount of investment, which is needed to become a

developed economy, will be tough to materialise."

Reaz said there are long-standing issues that still prevail in Bangladesh's investment climate.

"A lot more improvement is necessary to catch up with comparators, namely India, Vietnam and Indonesia," he said.

"There is a need for modernisation of age-old policies and improvement of regulatory service delivery. We also need a significant improvement in trade facilitation."

Syed Ershad Ahmed, President of The American Chamber of Commerce in Bangladesh (AmCham), said the global economic slowdown and the Russia-Ukraine war were major reasons for the fall in the entry of equity capital.

"Maybe we could not do enough

economic diplomacy. There are challenges in logistics. Lead times here are lengthier than in countries such as Vietnam," he said, also citing delays in customs clearance.

"We need to improve efficiency, automation and transparency in customs to attract increased flow of foreign investment," he said.

Mohsina Yasmin, executive member for investment promotion at the Bangladesh Investment Development Authority, said foreign investment proposals had reduced this year.

"It may be that the war is a reason. There has been no dramatic change in incentives and taxes for foreign investors. Rather, incentives have increased in some areas," she said, adding that the agency did not conduct any research to unearth the reasons behind falling foreign investment flow.



Mohammed Rabiul Hossain, managing director and CEO of Uttara Bank PLC, cuts a ribbon to virtually inaugurate a sub-branch of the bank in Kamrangirchar, Dhaka recently. Among others, Maksudul Hasan, Md Abul Hashem, Md Ashraf-uz-Zaman and Md Rezaul Karim, deputy managing directors of the bank, were also present.

PHOTO: UTTARA BANK

Cash crunch lingers

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said that the five banks failed to keep the minimum cash and liquidity with the central bank, prompting the BB to impose fines on them.

He said Islami Bank, Social Islami Bank, First Security Islami Bank, Union Bank, and Global Islami Bank have been facing a shortfall in cash reserve ratio (CRR) and statutory liquidity ratio (SLR) since last year after they were hit by loan irregularities. The scams led many depositors to withdraw funds.

As per rules, banks have to keep a certain amount of deposit with the central bank every night in the form of CRR. They also have to keep a minimum percentage of customers' deposits in the form of liquid cash, gold or other securities overnight, which is known as SLR.

For Islamic banks, the minimum

requirement is 4 percent of cash

and the SLR requirement is 5.5 percent of deposits. If they fail to meet the targets, the BB imposes a penalty, which is 9 percent and 8.5 percent of the shortfall for the day.

Amid the lingering deficit, the central bank has continued to provide liquidity support to the five banks.

In Bangladesh, Islamic banks were sitting on huge excess liquidity two to three years ago. Now, the sector is going through challenges due to the massive loan irregularities at the five banks, the central banker said.

In September, the excess liquidity at Islamic banks stood at Tk 7,767 crore, down 56 percent from Tk 17,525 crore a year earlier, the BB report said.

In a positive development, the total deposit at Islamic banks rose 2.52 percent year-on-year to Tk 431,989 crore in September.

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Chinese company to invest \$89m in Mongla EPZ

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Chinese company Yun Sheng BD Co Ltd will invest \$89 million to establish a composite factory to produce textile, garments and accessories in Mongla Export Processing Zone (EPZ).

It will be the first such factory in the Mongla EPZ.

It is also the highest amount of proposed investment ever from a single company, the Bangladesh Export Processing Zones Authority (Bepza) said in a press release.

Yun Sheng BD will produce woven or knitted fabrics, padding, quilts, printed fabrics, embroidered fabrics, coated fabrics, laminated fabrics and all kinds of tape.

The investment will generate employment opportunities for 5,421 Bangladeshi nationals, according to the press release.

The company signed an agreement with Bepza to this end today, Bepza said.

Ali Reza Mazid, investment promotion member of Bepza, and Ji Lai Yang, managing director of Yun Sheng BD, signed the agreement.

ICC Bangladesh holds workshop

STAR BUSINESS DESK

ICC Bangladesh organised a daylong workshop on "Settlement of Documentary Credit Disputes through ADR: Review of ICC Arbitration & DOCDEX Cases" in Dhaka recently.

Naser Ezaz Bijoy, vice-president of ICC Bangladesh and CEO of Standard Chartered Bangladesh, inaugurated the workshop, the global business organisation said in a press release.

Ataur Rahman, secretary general of ICCB, and KM Lutfor Rahman, a resource person of the workshop, were present in the inaugural session of the workshop. A total of 96 participants from 25 banks, including four from the Bangladesh Institute of Business Management, attended the event.

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