

## Claim settlement up 4% in 2023: IDRA

National Insurance Day on March 1

STAR BUSINESS REPORT

The claim settlement rate of life and non-life insurance companies in the country increased by 4 percent year-on-year in 2023, said Mohammad Jainul Bari, chairman of the Insurance Development and Regulatory Authority (IDRA).

Claim settlement rates have increased as the regulator passed a strict directive to insurance companies to focus on claim settlements to improve the image of the insurance sector, he said.

Bari made the comments at a press conference organised by IDRA at its office in the capital's Motijheel yesterday to inform of celebrations marking National Insurance Day, which is scheduled to be celebrated on March 1.

At present, there are 35 life insurance and 46 non-life insurance companies active in the country. Of them, 49 are listed with the stock market.

Currently, there are 17.11 million people in the country who have availed insurance.

Corporate governance and regulatory guidelines have been issued to make the country's insurance system up-to-date, Bari added.

Recently, provisions for bancassurance have been formulated, enabling the sales of insurance products through banks, he said. The prime minister is scheduled to launch those services officially on March 1.

There are 15 crore bank accounts in the country, but a large portion of accountholders are without insurance.

When trained and skilled manpower of the banks will engage in selling insurance products, the number of insurance customers will increase and the rate of policy lapse will decrease, he said.

Besides, insurance penetration will increase and there will be a positive perception among people about this industry, he added.

Five banks have already been licensed for bancassurance and licences of another five to six banks are in the pipeline, he informed.

Bari said the regulator alone could not do anything for the development of the sector if companies did not want to improve their situation, he added.

## Alif Industries to take over two companies

STAR BUSINESS REPORT

Alif Industries Ltd (AIL), a publicly traded company, said it plans to take over an export-oriented denim plant and a dredging company.

The company said its board authorised Managing Director Md Azimul Islam to initiate the takeover process of Royal Denim Ltd, a 100 percent export-oriented denim maker with a current capacity of 750,000 yards per month.

The factory is located at the Cumilla Export Processing Zone, AIL said yesterday in a filing to the Dhaka Stock Exchange.

The company's board has directed the MD to begin the takeover after proper due diligence that complies with the relevant laws. Similarly, the AIL board has authorised the company MD to initiate the takeover process of Diamond Dredging Ltd.

"The board has further directed Md Azimul Islam to submit all relevant documents along with the detailed feasibility report, estimated cost of purchase and mode of financing within 30 working days to the board for further decision," AIL said in the filing.

Shares of AIL increased 1.50 percent to Tk 94.50 yesterday.

AIL's Company Secretary Mahfuzur Rahman could not be reached over the phone for comment.

## Social Islami Bank arranges agent banking conference

STAR BUSINESS DESK

Social Islami Bank recently arranged its "Agent Banking Conference-2024" at a hotel in Dhaka.

Md Abul Bashar, executive director of the Bangladesh Bank, attended the conference as chief guest, read a press conference.

Bashar said the central bank has formulated "Agent Banking Guidelines" in 2017 for the proper management of agent banking activities.

"Social Islami Bank is efficiently managing the agent banking activities through the guidelines and there is no unexpected incident in the bank so far, I thank the bank for this," he said.

Zafar Alam, managing director and CEO of the bank, presided over the programme, where Mohammad Forkanullah, and Abdul Hannan Khan and Mohammad Habibur Rahman, deputy managing directors of the bank, were present.

"Social Islami Bank as a mass people's bank has introduced several services for people of all classes and professions. Customers can easily avail these services through agent outlets," Alam said. Representatives from 370 agent outlets from across the country attended the conference.

Md Mashiur Rahman, head of agent banking division of the bank, along with various divisional heads of the bank, were also present.



Md Abul Bashar, executive director of Bangladesh Bank, attends an "Agent Banking Conference-2024" organised by Social Islami Bank at a hotel in Dhaka recently.

PHOTO: SOCIAL ISLAMI BANK

## Standard Bank, Placid Express sign deal on remittance service

STAR BUSINESS DESK

Standard Bank recently signed an agreement with Placid Express SDN BHD, a global remittance company, with a view to expanding the range of remittance services.

Md Siddiqur Rahman, deputy managing director and chief operating officer of the bank, and Mohammed Rashid, director of the global remittance company, inked the deal at

the former's head office in Dhaka, read a press release.

Under this agreement, expatriate Bangladeshis will be able to send money directly to their beneficiaries' accounts in Bangladesh.

Md Habibur Rahman, managing director and CEO of the bank, Md Mohon Miah, deputy managing director and head of IRM, and Md Mosharraf Hossain, senior executive vice-president and chief remittance officer, were present.



Md Siddiqur Rahman, deputy managing director and chief operating officer of Standard Bank, and Mohammed Rashid, director of Placid Express SDN BHD, shake hands and exchange signed documents of an agreement at the bank's head office in Dhaka recently.

PHOTO: STANDARD BANK



Farmers are seen harvesting carrot, a popular vegetable, in this photo taken from Bogura's Gabtali upazila recently.

PHOTO: MOSTAFA SHABU

# BCI demands 5-year tax holiday for small businesses

STAR BUSINESS REPORT

The Bangladesh Chamber of Industries (BCI) yesterday demanded a five-year tax holiday for cottage, micro and small and medium enterprises (CMSMEs) beginning from fiscal year 2024-25 in order to foster their growth.

Alongside that, the body also proposed a value-added tax (VAT) exemption for all kinds of utilities of small entrepreneurs.

"Almost 45 percent of micro and small entrepreneurs have shut down their businesses in the past two years," BCI President Anwar Ul Alam Chowdhury said during a pre-budget discussion with National Board of Revenue (NBR) Chairman Abu Hena Md Rahmatul Muneem.

He placed the budget recommendations yesterday on behalf of the chamber at a meeting at the NBR headquarters in Dhaka.

The chamber recommended forming a special fund for young entrepreneurs to encourage them.

Chowdhury also proposed an unconditional reduction of the corporate income tax (CIT) by 2.5 percentage points. Currently, the CIT is 22.5 percent for listed companies and 27.5 percent for non-listed companies.

"The CIT in Bangladesh is still higher compared to nearby countries. If the CIT is reduced, it

will encourage local businesses," said Chowdhury.

The chamber also proposed to raise the personal income tax threshold to Tk 5 lakh from the existing Tk 3.5 lakh and reschedule the tax rate taking into account elevated inflation and rising cost of living.

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In the industrial sector, the upper ceiling for annual taxable turnover should be raised to Tk 4 crore from Tk 3 crore considering inflation and higher production costs, said the chamber.

MA Razzak Khan Raj, chairman of Minister Group, pointed out delays in customs clearance.

"We have to wait more than 15-20 days to get the laboratory test results. They charge an additional fee from importers. It should be much easier," he added.

However, Muneem said the NBR was not responsible for delays in

customs.

"Only 7 to 8 percent of the customs delay is due to NBR activities," he said, pointing to a study by the NBR. "It happens in most cases for other reasons, including C&F agents and others."

At another pre-budget meeting, the Bangladesh Association of Pharmaceutical Industries proposed to increase the promotional expenditure limit for pharmaceutical companies from 0.50 percent of turnover to 5 percent.

The organisation also urged the NBR to change the filing of tax return at source to a six-month basis instead of monthly.

The Bangladesh Hygiene Products Manufacturing Association demanded that the VAT exemption on the import of raw materials for sanitary napkins and diapers be extended until 2027.

The LPG Auto Gas Station and Conversion Workshop Owners Association Bangladesh urged the NBR to provide the LPG Autogas sector with a tax holiday.

Another trade body, the Bangladesh Tiles Dealers and Importers Association, demanded to withdraw the supplementary duty in the import stage for ceramic tiles and sanitary products.

The NBR chairman said they would examine the proposals carefully.

## BB gets two new deputy governors



Khurshid Alam

Habibur Rahman

STAR BUSINESS REPORT

Khurshid Alam and Habibur Rahman have been appointed as new deputy governors of Bangladesh Bank.

The finance ministry yesterday issued an order for the contractual appointments for a three-year term. With the new two, Bangladesh Bank now has four deputy governors.

Md Habibur Rahman is currently serving the central bank as the chief economist. Previously, he worked in the research department, monetary management, and technical unit of the banking regulator.

He also worked in the policy analysis unit of Bangladesh Bank as a senior research economist under the World Bank's capacity building project.

Rahman has a PhD in practical economics. He joined Bangladesh Bank's research department in 1990 as an assistant director.

Md Khurshid Alam is currently serving Bangladesh Bank as the executive director.

He began his tenure with Bangladesh Bank in 1988 and has since served in various departments, including banking regulation and policy, banking inspection, SME and special programmes, green banking and CSR and debt management.

## Stocks fall after electricity price goes up

STAR BUSINESS DESK

Shares at the Dhaka Stock Exchange (DSE) slipped yesterday, a day after the government decided to increase electricity prices by Tk 0.34 and Tk 0.70 per unit from March.

The share prices dropped in the absence of sufficient trading as investors fear that companies could become less profitable for higher production costs amid the price hike of power, experts said.

The DSEX, the benchmark index of the country's premier bourse, decreased 0.06 percent to close the day at 6,268 points.

The DSES, which represents shariah-compliant companies, dipped 0.14 percent to 1,363 points while the DS30, an index comprised of blue-chip stocks, edged down 0.25 percent to 2,132 points.

Daily turnover, which indicates the volume of shares traded during the session, decreased 1.05 percent from the day prior to Tk 888 crore.

Of the issues traded at the DSE, 145 closed higher, 177 ended lower and 74 remained unchanged.

NRB Bank Ltd took the pole position on the gainer's list, with the private commercial lender marking a 10 percent increase for the second consecutive day following its debut on Tuesday.

## Ensure cold chain

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He also said local financial institutions should consider facilitating development-oriented funding options that will help achieve sustainable outcomes through the development of the TCL industry.

Salman F Rahman, the prime minister's adviser on private industry and investment, said food security is very important for Bangladesh, with agriculture being one of the pillars of the economy.

"For this reason, we are creating physical infrastructure, including port, road and rail networks," he said.

Rahman added that private sector investment in the TCL industry would play a vital role in diversifying the country's exports with perishable

goods and food.

Md Selim Uddin, secretary to the fisheries and livestock ministry, said Bangladesh loses 10 to 40 percent of its agricultural products each year as such perishable items must be consumed quickly after harvesting in absence of TCL systems.

So, the TCL could play an important role in reducing post-harvest losses while also meeting certain needs of food producers and exporters, including cattle farms and fisheries, Uddin added.

Mostafa Azad Chowdhury Babu, president of Bangladesh Cold Storage Association, said there are around 550 cold storage units across the country that were established in 1960 to preserve potatoes.

"The investors had no idea about the need to

preserve other agricultural products like onions, carrots and tomatoes," he added.

As such, ensuring cold storage facilities for other agricultural items would help reduce prices and imports during the off-season as local harvests would be preserved.

M Masrur Reaz, chief executive officer of Policy Exchange Bangladesh, said TCL systems are going to be very useful for export diversification in the future.

While informing that the TCL industry will be prioritised in the upcoming logistics policy, Reaz said agricultural products contribute just 1.54 percent of the country's current export basket.

"But the sector has huge potential as agricultural

exports would definitely increase if the TCL industry is developed," he said.

To boost growth in the TCL industry, Reaz suggested forming public-private partnership in production areas and facilitating imports of cold chain equipment.

Sarah Gilleski, agriculture attaché at the US embassy in Dhaka, assured that they would provide additional financial support to develop the TCL industry as needed to meet the growing domestic demand.

Presiding over the programme, BIDA Executive Chairman Lokman Hossain Miah said investing in TCL systems would reduce post-harvest losses and import dependence, leading to stable prices for staple foods.

## Oil falls 1% on Fed rate cut caution

REUTERS, London

Oil prices pulled back on Wednesday as the prospect of delays to US interest rate cuts and a jump in US crude stocks that trounced expectations offset a boost from a potential extension to Opec+ supply curbs.

Brent crude futures fell 76 cents, or 0.91 percent, to \$82.89 a barrel by 1227 GMT. US West Texas Intermediate futures (WTI) were down 83 cents, or 1.05 percent, at \$78.04. Both benchmarks had fallen \$1 in earlier trading.

## Offshore unit

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Banks have to apply to the BB to carry out offshore banking business. However, banks that are already operating offshore banking units will not need to apply.

Offshore banking operations have to be started within six months of obtaining the licence. Otherwise, the permission will be cancelled, said the draft.

Funds can be transferred from domestic units to OBU's with the special approval of the BB.

The units can mobilise deposits from foreign-owned companies at export processing zones,

## Proton CEO

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a Chinese state-owned automobile manufacturer based in Shi Yan, in 1987.

In 2002, he was appointed executive vice-president of Dongfeng Yueda Kia Motors Co Ltd. In 2007, he became vice president, chief operating officer and CEO of Dongfeng Passenger Vehicle Company, another subsidiary of Dongfeng Motor Group.

The company and the brand were started from the ground up by Dr LI, who was crucial in building up the company's product, design, and brand, the press release said.

He was appointed as CEO of Proton in 2017.