

Star BUSINESS

Endowment is the most popular life insurance plan in Bangladesh while plans based on education and savings schemes have also gained traction among customers



Story on B4

Govt may offer tax exemption for foreign research grants

MD ASADUZ ZAMAN

The government is considering a tax exemption for foreign grants provided to local researchers in order to boost their activities and earn more foreign currency.

The researchers currently pay taxes of up to 30 percent on their foreign grants.

On condition of anonymity, a senior official of the NBR confirmed yesterday that the National Board of Revenue (NBR) is working on the matter and will soon issue a statutory regulatory order in this regard.

The NBR official also informed that the government may set some provisions to ensure the funds received through foreign grants were properly utilised.

Welcoming the move, Fahmida Khatun, executive director of the Centre for Policy Dialogue (CPD), said this initiative will definitely help promote research in the country.

"This will encourage researchers to work more and may gradually help form a knowledge-based country," she added.

The economist pointed out that like the CPD, other non-government research organisations also contribute to the foreign currency reserves by earning foreign grants.

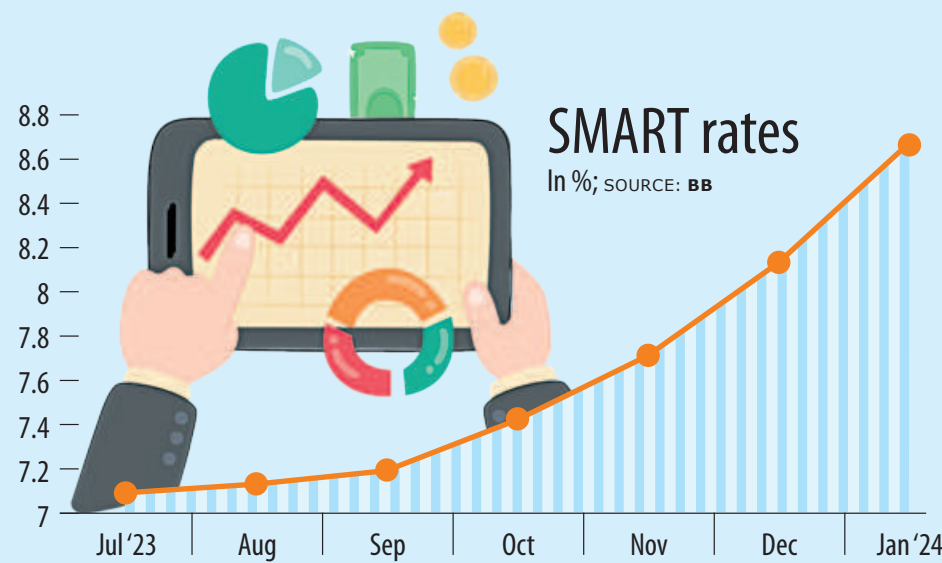
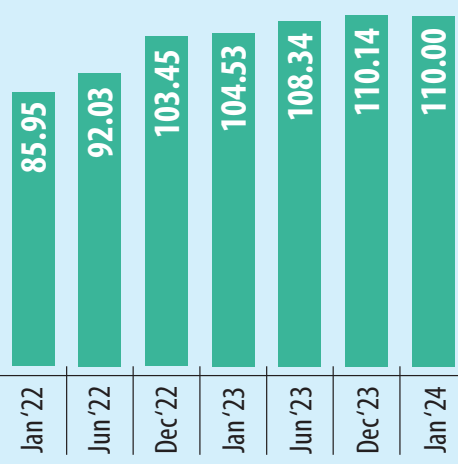
"And although the amount is small, it has a good impact," she added.

READ MORE ON B3

Costlier loans hand yet another blow to entrepreneurs

Exchange rate of dollar

In taka (monthly average) SOURCE: BB



SOHEL PARVEZ and JAGARAN CHAKMA

For the past two and a half years, entrepreneurs in Bangladesh have been facing numerous hurdles, beginning from a dollar shortage and a sharp rise in import costs for their escalated rates in global markets and the depreciation of the taka.

Electricity and gas tariffs have been adjusted upwards by the government as it looked to lessen the burden stemming from state subsidies amid lower revenue collections, raising the energy bills for businesses and industries.

The government has increased the prices of electricity in four phases since January last year. This has pushed up the electricity cost for industrial consumers and small and medium enterprises by 21 percent, according to the

Centre for Policy Dialogue.

Despite the import contraction intensified by the dollar crunch, the taka lost its value by 5 percent against the US dollar in the one year to January 24. Over the last two years, it was weakened by 28 percent, Bangladesh Bank data showed.

A gradual tightening of the money supply by the central bank is now driving up the interest rate

on loans, thereby ballooning the finance cost for businesses.

The weighted average interest rate on advances was 7.24 percent in January 2023. It exceeded 12 percent in January this year as the BB is allowing banks to add a 3.5 percent margin to its Six Months Moving Average Rate of Treasury bills (SMART), the benchmark rate.

In January, SMART was 8.68

percent.

"The repayment of loans has become a major issue," said Mir Nasir Hossain, managing director of Mir Akhter Hossain Ltd, one of the leading construction companies in Bangladesh.

He said businesses factor in all possible costs when they consider a project and go on to undertake the scheme based on indicators such as the return on investment.

"Here, the finance cost is not a small amount."

Businesses become upset when the finance cost surges by 30 percent to 40 percent, added Hossain, also a former president of the Federation of Bangladesh Chambers of Commerce and Industry.

He said businesses did not expect that the cost of dollars would rise substantially.

READ MORE ON B3

BB now sets criteria for NBFIs' independent directors

STAR BUSINESS REPORT

The Bangladesh Bank has issued its first-ever guideline for the appointment of independent directors at non-bank financial institutions (NBFIs) in order to protect the interest of depositors and general shareholders.

Prior to the guideline, publicly listed NBFIs had to appoint independent directors as per the corporate governance rule of the Bangladesh Securities and Exchange Commission, said Kanti Kumar Saha, CEO of Alliance Finance PLC.

"Now, all NBFIs, both listed and non-listed, will have to appoint independent directors. This will be good for the sector as qualified people will be hired," said Saha, also the vice-chairman of the Bangladesh Leasing and Finance Companies Association.

The latest BB move comes as most of the NBFIs are struggling to stay afloat owing to loan irregularities and a liquidity crisis, driven by weak corporate governance. Even, half a dozen companies failed to repay the depositors' money in recent times.

The sector's bad loans stood at Tk 21,658 crore in September, central bank data showed. The bad loan ratio is more than 80 percent in seven companies. There are 35 NBFIs in the country.

In a circular on the appointment of independent directors yesterday, the BB said an NBFIs can appoint a maximum of two independent directors to its 15 member board.

It also fixed criteria on work experience, minimum and maximum age and other

READ MORE ON B3



22nd

DHL The Daily Star

BANGLADESH BUSINESS AWARDS

Awarding Excellence in Business

22nd DHL-The Daily Star Bangladesh Business Awards

CALL FOR NOMINATIONS

ENTERPRISE OF THE YEAR 2023

BUSINESS PERSON OF THE YEAR 2023

BEST FINANCIAL INSTITUTION OF THE YEAR 2023

OUTSTANDING WOMAN IN BUSINESS OF THE YEAR 2023

Last date for submitting nominations is April 10, 2024.

For the 22nd time, we are going to honour individuals and organizations for their outstanding contributions to business and the economic growth of Bangladesh. Your valuable nomination will help us select the right nominees.

For further details regarding the information required in the submission, visit our website:
<https://www.dhl.com/bd-en/home/footer/additional-information/bangladesh-business-awards.html>

You can nominate via email : BBA.awards@dhl.com

BBA secretariat:
 Ka-96/8, Joar Shahara Kuril, Dhaka-1229, Bangladesh
 Contact :
 Noor-E-Yeasany, Phone: +88 (02) 556 68101 Ext. 46007

scan the QR code for nomination

HONOURING OUR BUSINESS LEADERS