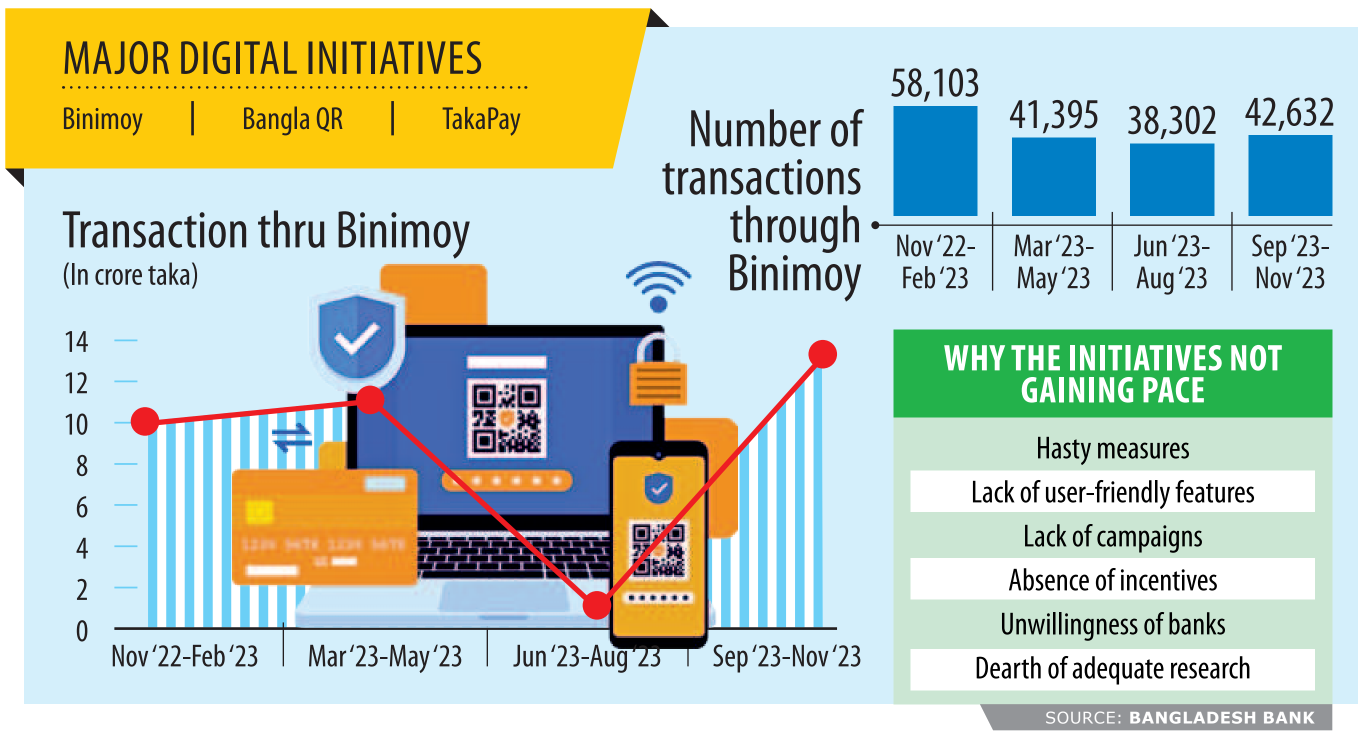
Star BUSINESS

Limited procurement of domestic software by the government is restricting the growth of local companies, economist Ahsan H Mansur said

Story on B4

BB digital efforts off to a slow start



MD MEHEDI HASAN

Bangladesh Bank has rolled out three major digital initiatives -- Binimoy, Bangla QR and TakaPay – as part of the government's vision to build a cashless society but they have failed to gain an expected traction.

The services have received lukewarm responses from the targeted customers because they were launched hastily and lack user-friendly features and campaigns were not run to make them popular. Besides, there is no incentive and banks are unwilling, industry insiders said.

They pointed out that the digital initiatives have been rolled out by following the examples of India. However, adequate research was not carried out to find out whether there is demand for the services.

"Binimoy has almost stagnated for some reasons and this is yet to become a user-friendly digital platform," said Syed Mahbubur Rahman, a former chairman of the Association of Bankers Bangladesh.

He, however, thinks there is a huge opportunity for Bangla QR and TakaPay cards to become vibrant platforms. "It will take time for them."

Binimoy

Binimoy, an interoperable digital transaction platform, was launched in November 2022, to enable transactions across mobile financial service (MFS) providers and banks. The Innovation Design and Entrepreneurship Academy (IDEA) of the ICT Division developed the platform, which is operated by the BB.

IDEA has followed India's United Payment Interface (UPI) as a model to develop it at a cost of Tk 65 crore. By registering with Binimoy, users can perform transactions via MFS providers or banks.

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WB retains Bangladesh's growth forecast at 5.7% for FY25

STAR BUSINESS REPORT

The World Bank has kept its economic growth forecast for Bangladesh unchanged at 5.7 percent for the upcoming fiscal year although the government is shooting for a much higher GDP expansion.

The projection from the Washington-based lender comes a couple of days after the government targeted a 6.75 percent growth of the gross domestic product -- the final value of goods and services produced in an economy in a certain period -- for 2024-25.

Bangladesh's economy is likely to grow 5.7 percent in FY25, supported by increased private consumption for easing inflation and a pick-up in overall investment for implementation of large investment projects, the WB said yesterday in its Global Economic Prospects.

"Shortages of inputs and imported goods are expected to ease gradually. A more flexible exchange rate policy is envisaged to help increase remittance inflows and reduce balance of payments pressures."

The agency said overall output would expand 5.6 percent in the current fiscal year, which ends this month. The Bangladesh Bureau of Statistics provisionally estimates the GDP growth to be at 5.82 percent in 2023-24.

Industrial activity was disrupted in Bangladesh partly due to ongoing import restrictions, which have caused shortages of materials and intermediate goods.

"The government consumption and investment have supported activity, while elevated inflation has dampened real wage growth and the purchasing

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Gifts not sweet anymore as NBR mulls taxes

MD ASADUZ ZAMAN

Getting a gift from anyone is always fantastic, but that pleasure may dull from the next fiscal year as the National Board of Revenue (NBR) will consider presents received from a loved one as additional income, meaning presents may end up costing the recipient.

If someone receives a gift, they will have to show it in their income tax return at the end of the year. At the same time, the person who gives the present will also have to inform it in their income tax return.

However, this tax will not apply to gifts for an individual's husband, wife, parents or children although those gifts must also be included in tax returns.

Finance Minister Abul Hassan Mahmood Ali proposed the provision in the Finance Bill 2024 while unveiling the budget for fiscal year 2024-25 on Thursday.

The revenue authority is adopting the measure to curb tax evasion and narrow the opportunity to illegally transact income through banking

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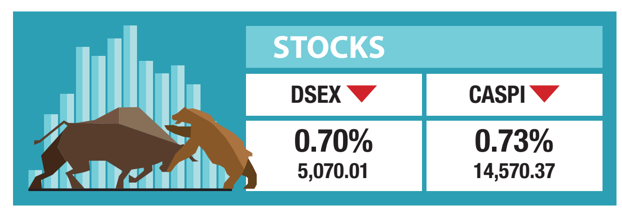
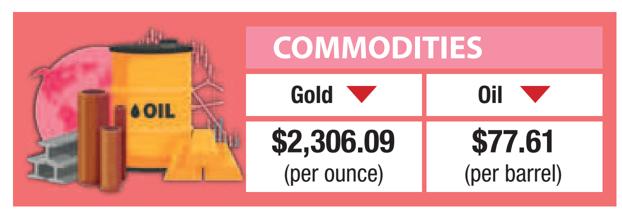
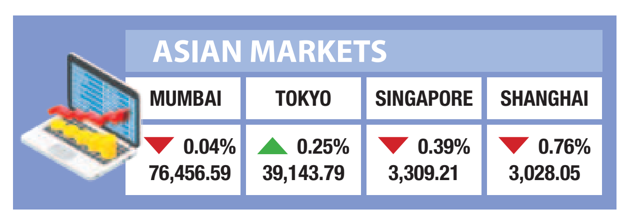






Travel restrictions on bankers relaxed

STAR BUSINESS REPORT

Bangladesh Bank yesterday relaxed travel restrictions that had been imposed on bank employees since May 2022 to stop the erosion of the country's foreign currency reserves.

Bankers will no longer need permission from the central bank to go abroad for official or personal purposes, according to a notice in this regard.

However, managing directors of banks will still require prior approval if they want to go abroad.

Besides, bank officials and employees will not be allowed to travel abroad to participate in any training, seminar, workshop or study tour funded by the respective bank, the notice said.

It also said bankers can travel abroad for personal purposes or special needs, such as to perform Hajj or receive emergency medical treatment, subject to recommendations of specialist physicians and approval of the authorities concerned.

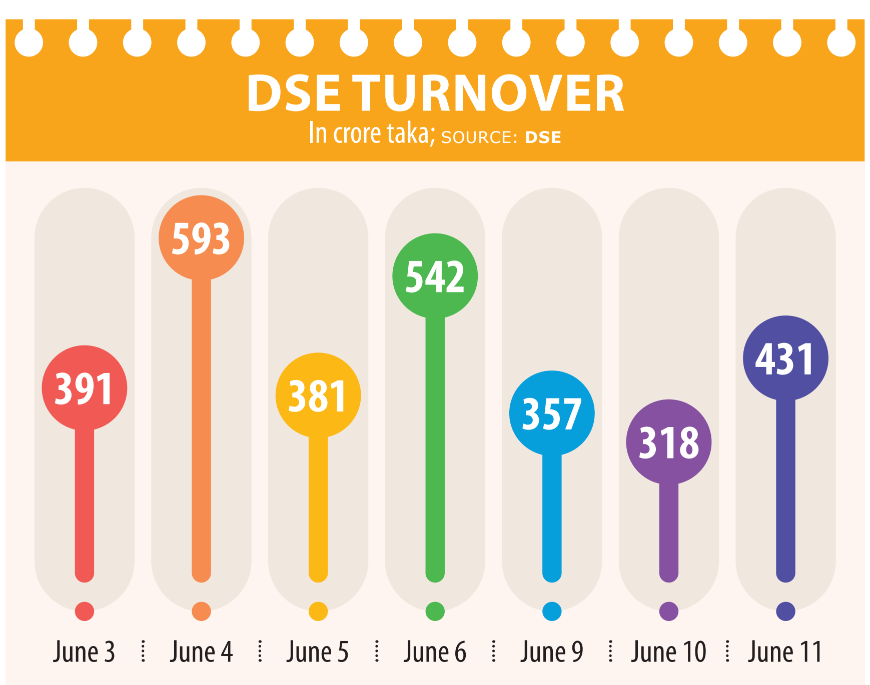
Managing directors of banks will still require prior approval if they want to go abroad

Foreigners employed in banks in the country will be able to go to their homeland without prior approval. Besides, officials who work at the branches of international banks can visit their banks' headquarters, said the central bank.

It also said bankers can travel abroad to attend trainings, seminars, meetings, workshops and study tours organised and fully sponsored by foreign entities.

Stock indices at nearly 4-year low

Brokers call for deferring imposition of capital gains tax until FY26



STAR BUSINESS REPORT

Major indices of Dhaka Stock Exchange (DSE) yesterday extended their losing streak, marking a third day of decline after the government unveiled its proposed national budget for fiscal year 2024-25.

The DSEX, the benchmark index of the country's premier bourse, dropped 0.70 percent to close the session at 5,070 points. This is the lowest point to be reached since December 9, 2020, when the index stood at 5069.88 points.

The DSEX shed a total of 167 points, or 3 percent, over the past three days with many analysts pointing to some proposed budgetary measures as the reason for its decline.

For example, the government plans to reinstate capital gains tax of at least 15 percent on investors' income of more than Tk 50 lakh.

However, the DSE Brokers Association (DBA) has urged the government to hold off on this move for at least another year as it could worsen the market's condition by eroding investor confidence.

Citing how the local stock market has been in a bear-run for about four years now, DBA President Saiful Islam said while they are not against the capital gains tax, now was not the right time for such a measure.

"Floor prices prevented many investors from trading shares in the past two years," he said while speaking at a press conference at the DSE members' lounge in Motijheel yesterday.

Besides, the indices have been falling constantly ever since the lifting of the mechanism limiting price falls, leading to the negative sentiment that now prevails across the market, he said.

And other than investors, even the Bangladesh Securities and Exchange Commission (BSEC) did not know that such a tax measure would be proposed. So, many stakeholders were surprised when the decision was announced, he said.

Against this backdrop, Islam suggested that the National Board of Revenue (NBR) should not only put off imposing the tax, but also simplify its definition so that the investors can properly understand the way it comes into effect.

Additionally, an explanation should be circulated regarding whether investors will be allowed to carry forward their capital losses for adjustments with potential gains in subsequent years when calculating the tax.

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