

Star BUSINESS

Kaus Mia led his business empire and became a top taxpayer in Bangladesh, from a room in the Hakimpuri Zarda factory in Old Dhaka.



Story on B4

IMF sets 33 conditions for next two loan instalments

REJAUl KARIM BYRON and AHSAN HABIB

Bangladesh will have to comply with 33 new conditions by June next year in order to receive the next two instalments under the International Monetary Fund's \$4.7 billion loan programme.

It came as the lender approved the third tranche of \$1.15 billion yesterday in a boost to Bangladesh's foreign exchange reserves.

The fresh conditions are aimed at helping Bangladesh overcome four persisting challenges: depleting foreign currency reserves, rising inflation rate, lower revenue earnings, and a lack of governance in the banking sector.

In a letter to IMF's Managing Director Kristalina Georgieva, Finance Minister Abul Hassan Mahmood Ali said: "Bangladesh continues to face challenges as external shocks persist, which has made it difficult to restore macroeconomic stability."

"Considering persistently difficult external conditions, we commit to step up our efforts."

He elaborated on the steps, saying it will raise revenues to enable higher development and social spending, enhance fiscal governance, modernise the monetary policy framework, and increase exchange rate

2024
December

Finalising medium and long-term revenue strategy and implementation framework

2024
December

Preparing strategy paper on multi-year public investment programmes for five sectors

2025
March

Conducting risk-based supervision of 20 banks

2024
December

Publishing climate stress test for financial system

2024
June

Publishing updated debt management strategy

2025
June

At least 50% government transaction should be done through electronic fund transfer

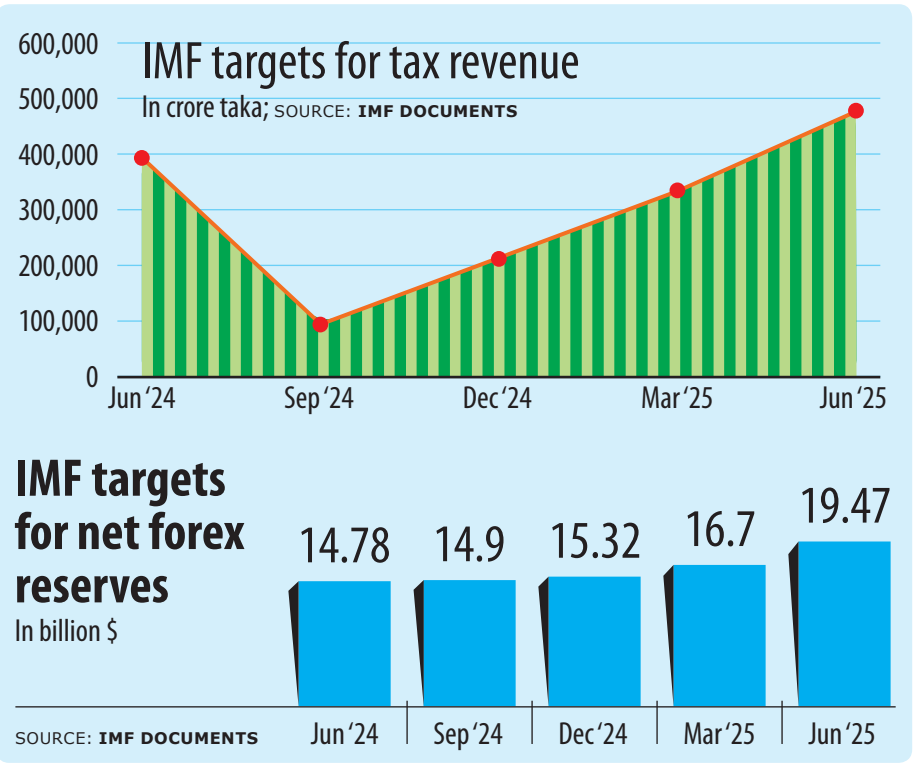
2025
June

Onsite examination of at least five high-risk banks

2025
June

BB should make a plan for the banking sector to adopt International Financial Reporting Standards

IMF's benchmark conditions and time to fulfil those



on June 30. So, the government will have to tighten its belts in 2024-25.

The primary deficit is the difference between government revenues and expenses, excluding interest payments.

The government will have to raise its tax revenue to Tk 478,050 crore where the collection goal was Tk 394,530 crore for FY24. This means the country will have to mobilise more than 21 percent higher revenue, which could prove to be difficult since receipts averaged 15 percent in recent years.

The other three performance criteria are controlling reserve money, expanding social spending, raising capital investment of the government, and getting rid of external payment arrears.

Among the structural benchmarks, Bangladesh needs to fulfil five conditions this month and most of them are related to revenue collections.

As part of the condition, the country will prepare a report on tax exemptions given in the areas of personal income tax, corporate income tax, and value-added tax.

By September, the Bangladesh Bank will have to complete the first phase of

the modernisation of its monetary policy framework in line with recommendations of the IMF in order to contain inflation.

"To address elevated inflation and falling foreign exchange reserves, we have realigned the exchange rate to the market-clearing level and simultaneously adopted a crawling peg with a band system as a transitional step toward greater exchange rate flexibility in line with the IMF recommendations," said the finance minister.

The government has also initiated measures to further safeguard the foreign exchange reserves buffer with IMF assistance, he said.

"We have also adopted a mechanism of readjusting the band to allow for additional exchange rate flexibility and to prevent excessive loss of FX reserves."

The country will have to fulfil five conditions by December. The National Board of Revenue (NBR) will have to adopt a tax compliance improvement plan covering VAT. It will finalise a medium and long-term revenue strategy covering indirect and direct taxes.

The planning ministry will formulate sector strategy papers and a multi-year public investment programme for five sectors.

The government will simplify organogram related to the supervision of each bank

by a single team. It will issue an updated regulation to align the definition of non-performing exposures and forbearance in line with the Basel guidelines.

By June 2025, at least 50 percent of

government transactions, excluding interest payments, subsidies, loans, equity, and liabilities will have to be carried out via electronic funds transfer.

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flexibility further.

He also said that his government would work to reduce financial sector vulnerabilities and develop capital markets, improve the investment climate and boost productivity, and establish an enabling environment to better adapt to climate change.

IMF's loan programme contains two types of conditions: seven are linked to performance criteria and the rest are related to structural benchmarks.

Of the seven, the country will have to increase its net international reserve (NIR) to \$19.47 billion by next June. The revised target was \$14.78 billion for June this year.

The primary budget deficit will have to be brought down to Tk 128,300 crore from the Tk 138,360 crore set for 2023-24, which ends

Govt commits improving on 50 issues to IMF

REJAUl KARIM BYRON and AHSAN HABIB

The government gave its commitment to the International Monetary Fund regarding around 50 issues to restore macroeconomic stability and good governance in the financial sector.

On Monday, the commitments were placed at a board meeting of the IMF.

The government has introduced a roadmap aiming to bring down the overall banking sector's non-performing loan (NPL) ratio to 8 percent by 2026 while maintaining an NPL ratio of around 10 percent in state-owned commercial

banks. To bring this about effectively, it plans to strengthen the legal departments of banks so that pending cases can be settled in the debt court quickly.

"We will continue to strengthen our NPL roadmap in consultation with the IMF," the government said in a statement to the financial agency.

About bank mergers, the government said it was encouraging a market-driven process for the consolidation of weak banks and strong banks within the next few years to strengthen the financial system.

READ MORE ON B3

BB issues new rules on home loan repayment

STAR BUSINESS REPORT

The Bangladesh Bank has issued new directives on the repayments of industrial term and home construction loans in line with the new market-based method of calculating the interest of bank loans.

The central bank scrapped the previous formula, which was based on the Six-month Moving Average Rate of Treasury bills, abbreviated as SMART, on May 8 this year in order to make interest rates fully market-based.

The adverse global economic situation and the new method of calculating interest on bank loans have caused the interest rate to surpass the fixed rate that was in effect before July 1, 2023, according to a central bank circular.

This rate hike has put borrowers in trouble as the amount of each instalment has increased.

Rescheduling the number of instalments without increasing the repayment amount needs to be considered so that the trend of industrialisation and export can be maintained. This would also boost the repayment capacity of borrowers with limited income, according to BB.

At present, bank-client relationships, demand for loans and the supply of loanable funds are the main factors in fixing the market-based interest rate.

The central bank's instructions regarding the collection of instalments of loans disbursed before July 1, 2023, include extending the period required for collection of instalments so that recovered loans do not become part of debt restructuring.

In the case of loans taken against the salary of employees, the bank may decide on its own regarding repayment within the period of retirement of the customer from employment.

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Amnesty to black money may continue despite criticism

MD ASADUZ ZAMAN

Despite widespread condemnation from economists, watchdogs, businesspeople and even multiple lawmakers, the government is expected to retain the amnesty allowing individuals and businesses to whiten black money without scrutiny by paying a 15 percent tax in the upcoming fiscal year.

In a meeting with the National Board of Revenue (NBR) yesterday, government high-ups gave their consent to keep the provision in the Finance Bill 2024, according to finance ministry officials.

If lawmakers raise no objection, the bill is likely to be passed in parliament on Thursday. Afterwards, individuals and businesses can enjoy the benefit from July 1 this year to June 30 next year.

According to the new provision, no authority can raise any question if a taxpayer pays tax at fixed rates for immovable properties such as flats and land, and 15 percent tax on other assets, including cash, securities, bank deposits, and savings schemes.

Finance Minister Abul Hassan Mahmood Ali placed the provision while unveiling the proposed budget on June 6, aiming to increase the flow of money into the economy.

Consequently, think tanks, watchdogs, chambers, and several lawmakers criticised the move, labelling it as unethical, unjust and unacceptable.

Independent lawmaker AK Azad from Faridpur-3 constituency said the proposal contradicts the Awami League's election manifesto, which declared zero tolerance for corruption, at the parliament this week.

"It is not comprehensible how the sovereign parliament can legalise the laundering of black money," he said, questioning why the origin of black money cannot be scrutinised.

A group of lawmakers, including Pran Gopal Datta from Cumilla-7, Zahid Maleque from Manikganj-1, former foreign minister AK Abdul Momen, and

KEY POINTS

- 15% tax has to be paid for whitening money
- Tax will be applicable for immovable properties such as land, apartment
- Other assets to be taxed: securities, cash, bank deposits, financial schemes and instruments, all savings

WHO CAN WHITEN MONEY?
Businesses and individuals

Jatiya Party lawmaker Nurun Nahar Begum, criticised the provision in the parliament recently, according to media reports.

On June 23, the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) wrote to the finance minister, calling him to allow the amnesty only to businesses and companies, not to individuals.

The apex trade body said companies should only be eligible for this facility if their income is legal.

"Such measures will protect the transparency and fairness of the tax

policy and ensure equal opportunities for all tax paying entities."

The Transparency International Bangladesh (TIB) has termed the amnesty as an "unethical provision".

"This will foster an environment that is conducive to carrying out corrupt practices."

The Centre for Policy Dialogue, the South Asian Network on Economic Modeling (SANEM), and the Bangladesh Economic Association also lambasted the provision.

The government is also likely to revise

READ MORE ON B3

External debt dips

Hits \$99.30b in March

STAR BUSINESS REPORT

Bangladesh's foreign debt decreased by \$1.34 billion in the first three months of this year.

The country's total public and private sector debt stood at \$99.30 billion as of March, according to data from the Bangladesh Bank.

The external debt crossed \$100 billion for the first time in December last year.

At the end of March this year, the private sector's total debt stood at \$20.29 billion, three percent lower than \$20.94 billion in December last year.

Meanwhile, the government's foreign debt stood at \$79 billion, down from \$79.69 billion at the end of 2023.

In March, the private sector's short-term foreign debt reached \$11.04 billion, a decrease of \$750 million from \$11.79 billion in December.

Meanwhile, the private sector's long-term external debt decreased to \$91.53 billion in March from \$92.56 billion in December.

Industry insiders said the private sector external debt decreased as borrowers were repaying existing loans due to the increased value of the US dollar against the taka and rising international loan interest rates.

STOCKS	
DSEX ▲	CASPI ▲
0.41%	0.75%
5,241.83	14,837.17

COMMODITIES	
Gold ▲	Oil ▼
\$2,332.56 (per ounce)	\$81.35 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.88%	▲ 0.95%	▲ 0.37%	▼ 0.44%
78,022.98	39,173.15	3,326.28	2,950.00

Airbus cuts 2024 aircraft delivery target

AFP, Paris

European aerospace giant Airbus said Monday it would deliver fewer aircraft than previously planned in 2024 due to supply chain problems.

It also announced it would book a charge of 900 million euros (\$965 million) for its satellite business.

"In commercial aircraft, Airbus is facing persistent specific supply chain issues mainly in engines, aerostructures and cabin equipment," the company said in a statement.

It said it now intends to deliver around 770 commercial aircraft in 2024, down from the 800 it forecast at the beginning of the year.

It delivered 735 commercial aircraft last year.

Deliveries are key for Airbus's finances as it gets paid when aircraft are transferred to customers.

Airbus also announced that Space Systems management team had conducted an extensive review of all programmes and decided to make the 900-million euro charge against first-half earnings.

It said the charge was "mainly related to updated assumptions on schedules, workload, sourcing, risks and costs over the lifetime of certain telecommunications, navigation and observation programmes".

Airbus also reduced its forecast for 2024 operating earnings to 5.5 billion euros, down from its previous guidance of between 6.5 and 7.0 billion euros.

Prime Bank arranges training programme in Chattogram



Arief Hossain Khan, executive director of Bangladesh Bank Chattogram office, poses for photographs with participants of a training programme organised by Prime Bank in Chattogram recently.

PHOTO: PRIME BANK

STAR BUSINESS DESK

Prime Bank recently organised a daylong training and awareness programme, styled "AML & CFT Compliance & Awareness", in Chattogram City.

Arief Hossain Khan, executive director of the Bangladesh Bank Chattogram office, inaugurated the programme as chief guest, according to a press release.

Md Ziaur Rahman, deputy managing director and CAMICO of Prime Bank, chaired the event, where Md Arifuzzaman, director of the Bangladesh Bank Chattogram office, was present as special guest.

The training programme, which was divided into four sessions, was conducted by Arifuzzaman and officials of the anti-money laundering (AML) and combatting the financing of terrorism (CFT) divisions

of Prime Bank.

The sessions covered various important topics related to the role and responsibility of bankers in combatting money laundering and financing of terrorism.

A total of 150 officials participated in the training programme.

Among others, Md Iqbal Hossain, deputy managing director and deputy CAMICO of Prime Bank, was also present.

Pubali Bank opens relocated Dhaka Stadium corporate branch

STAR BUSINESS DESK

Pubali Bank recently opened a relocated Dhaka Stadium corporate branch with a view to providing more advanced and modern banking services to its customers.

Mohammad Esha, deputy managing director of the bank, inaugurated the branch as chief guest, the bank said in a press release.

In his speech, Esha said that Pubali Bank has been providing a host of services to its customers since 1959 and promised to maintain its traditions.

"Pubali Bank gives priority to providing the opportunities and advantages to the doorsteps of the customers through application of modern technologies," he said.

Alamgir Zahan, head of the new branch, presided over the ceremony. Mosammat Shahida Begum, general manager and division head of establishment and general services division, Md Moniruzzaman, deputy general manager and regional manager for Narayanganj, and Mohammad Mizanur Rahman, assistant general manager and public relations officer, among others, were also present.



Mohammad Esha, deputy managing director of Pubali Bank, cuts a ribbon to inaugurate the relocated Dhaka Stadium corporate branch recently.

PHOTO: PUBALI BANK

Gold ticks up as investors await more clarity on US rate path

REUTERS, London

Gold prices edged higher on Tuesday as a weaker Chinese currency supported demand in Asia, while investors awaited the US inflation data due later this week to gain more certainty on the timing of future US rate cuts.

Spot gold rose 0.1 percent to \$2,335.30 per ounce by 1044 GMT.

The non-yielding bullion is down 4.7 percent from a record high of \$2,449.89 touched on May 20 amid a rally which happened against traditional headwinds such as a strong dollar and high interest rates.

"Gold has de-coupled from its traditional drivers just now and the prices are driven by sentiment in China amongst new players who are taking highly leveraged positions," said independent analyst Ross Norman.

"The problem for them is they have driven prices above where most others see the fair value price of gold. So it is yo-yoing in a trading range on relatively light volumes with modest participation from US and European investors."

In China, yuan hit its weakest since mid-November against the dollar on Tuesday, supporting demand for gold from local investors looking for a currency depreciation hedge. The yuan is set for its sixth straight monthly decline in June.

"Whether the West adjusts its perception of the fair value price of gold upwards and participates more fully, or the East lowers its expectations for prices downwards as gravity takes hold is the key question," Norman added.

In the West, traders were waiting for the US first-quarter gross domestic product (GDP) estimates due on Thursday and the personal consumption expenditures (PCE) price index report on Friday.

"The upside price potential for gold is limited in the short term, as the first interest rate cut in the US is only expected to take place at the end of the year," Commerzbank said in a note.

Meanwhile, global physically-backed gold exchange traded funds (ETFs), a crucial category of demand, saw inflows last week - of \$212 million, or 2.1 metric tons, according to the World Gold Council. It estimates the net outflows since the start of 2024 at \$7.3 billion.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JUNE 25, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 68-Tk 7	7.35 ↑	8.15 ↑
Coarse rice (kg)	Tk 50-Tk 54	4.00 ↑	6.12 ↑
Loose flour (kg)	Tk 40-Tk 45	6.25 ↑	-20.56 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 150-Tk 155	3.39 ↑	-10.82 ↓
Potato (kg)	Tk 55-Tk 60	9.52 ↑	53.33 ↑
Onion (kg)	Tk 85-Tk 90	20.69 ↑	29.63 ↑
Egg (4 pcs)	Tk 50-Tk 54	6.12 ↑	11.83 ↑

SOURCE: TCB



Md Ashraful Kabir, member (investment promotion) of the Bangladesh Export Processing Zones Authority, and Li Tanning, director of Alpen Banyan Garments BD Company Ltd, shake hands and exchange signed documents of an agreement at the Bepza Complex in Dhaka yesterday. Story on B4

PHOTO: BEPZA

Scholz urges EU, China to 'seize opportunity' in tariff talks

AFP, Berlin

German Chancellor Olaf Scholz Monday urged China and the EU to "seize the opportunity" after the two sides began talks to resolve a row over proposed tariffs on imported Chinese electric cars.

The European Union warned this month that it would slap additional duties of up to 38 percent on Chinese electric vehicle imports from July after an anti-subsidy probe, in a move that risks provoking a bitter trade war.

At the weekend, the EU said its trade chief and his Chinese counterpart held "candid and constructive" talks on the issue, with the two sides to have further consultations.

Speaking at the annual conference of the influential BDI industry lobby, Scholz said it was "important" for the EU and Beijing to "seize the opportunity by the end of the month... to reach an understanding".

"There is still a little time" until the tariffs come into force, he added.

Germany has been rattled by the EU's move, as its auto makers have massive investments in China that could be affected by any retaliatory measures, and has expressed hope the dispute can be resolved via negotiations.

Scholz also stressed however there would need to be "serious movement and progress from the Chinese side" for an agreement to be reached. Economy Minister Robert Habeck, speaking at the same event, warned that in the event of a trade war triggered by the higher tariffs "everyone would lose".

Habeck visited China last week, during which he stressed that the door was open for talks on the issue and the proposed tariffs were not supposed to be "punitive".

For German auto titans Mercedes-Benz, Volkswagen and BMW, the Chinese market represents up to 36 percent of their sales. Brussels's anti-subsidy probe was aimed at defending European manufacturers in the face of a surge of cheaper Chinese imports, but it sparked fury in Beijing.

Chinese firm

FROM PAGE B4

BD Company, signed an agreement in this regard at Bepza Complex in Dhaka yesterday.

Maj Gen Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bepza, thanked Alpen Banyan for choosing Bepza Economic Zone as its investment destination.

Rahman welcomed investments for Bepza Economic Zone from readymade garments and textile sector and encouraged businesses to invest more in diversified sectors like automobile, electronics and electrical and information technology products.

Investors from home and abroad shared positive responses over Bepza Economic Zone, the largest venture of Bepza, he said.

So far, some 29 companies have signed agreements to invest \$688 million in Bepza Economic Zone.

In addition to readymade garments and textiles, these companies are scheduled to produce diversified products such as footwear and footwear accessories, tents and camping equipment, hair care products and accessories, lubricating oil and disposable cutlery.

Three companies have already started running commercial production inside Bepza Economic Zone while three more are expected to make their first export by this year.

Dollar reined in by threat of Japanese intervention

REUTERS, London

The dollar backed off the key 160 yen level on Tuesday, as fears of intervention from Japanese officials deterred traders from punishing the yen too severely against any other currencies.

Elsewhere, bitcoin recovered some lost ground after its worst day in more than two months at the start of the week, in part due to flows out of bitcoin exchange-traded funds (ETFs), analysts said.

The dollar was last 0.1 percent lower at 159.43 yen, clinging to a tight range, as traders remained wary of testing a level that prompted a 9.79 trillion yen (\$61.33 billion) currency intervention from Tokyo in

late April and early May.

That kept the yen hemmed in and stopped it hitting fresh lows against other currencies, with sterling sitting just below a 16-year high at 202.34 yen.

"The market is showing ... that they are nervous, and they are very much on edge about this situation," said Chris Weston, head of research at Pepperstone.

"There are inherent risks to being short the Japanese yen now as a carry trade, which is of course what (authorities) want to see.

"The first port of call is to tell currency speculators and people holding for carry that you're on notice, if you hold those positions now, you run the risk of a 400, 500-

pip drop in dollar/yen."

The latest decline in the yen has come on the back of the Bank of Japan's (BOJ) June policy meeting, where policymakers disappointed investors who were betting on an immediate reduction of the BOJ's massive bond purchases.

Minutes of the meeting out on Monday showed the central bank debated the chance of a near-term interest rate hike with one policymaker calling for an increase "without too much delay".

In the broader market, the dollar eased slightly ahead of Friday's release of the US personal consumption expenditures (PCE) price index - the Federal Reserve's preferred measure of inflation.

Sri Lanka to sign debt restructuring deal

FROM PAGE B4

approximately \$5.9 billion of outstanding public debt and involved a mix of extending the maturity of long-term borrowings and reducing interest rates on the credit.

The majority of the debt is owed to Japan and India, which chair the OCC along with France.

A provisional agreement with the OCC was reached in November.

Sri Lanka, which has roughly \$37

billion in external debt, still needs to hammer out an agreement on \$12.5 billion owed to private bondholders as well as a final deal with the Export-Import Bank of China on \$4.2 billion in loans.

Aided by a \$2.9 billion bailout package from the International Monetary Fund, Sri Lanka's economy is expected to grow 3 percent in 2024 after two years of contraction.

Startups

FROM PAGE B4

online presence, data storage, and application deployment.

The tax imposition on this segment will increase the cost of doing business for the startups.

Investments in Bangladeshi startups plummeted 70 percent quarter-on-quarter to approximately \$6.7 million in January-March due to the ongoing global funding downturn.

Compared to the same period last year, the decline is even steeper at 82 percent, according to LightCastle Partners, a management consulting firm.

Gold price to rise by Tk 1,400 a bhoori from today

STAR BUSINESS REPORT

The jewellers have decided to increase gold price by Tk 1,400 per bhoori (11.664 grams) from tomorrow because of a rise in pure gold prices in the local market.

People will have to buy the precious metal at Tk 118,355 a bhoori, up from the previous Tk 116,955 a bhoori for 22 carat golds, the Bangladesh Jewellers Association (Bajus) said yesterday.

The standing committee on pricing and price monitoring of Bajus took the decision in a meeting, according to the Bajus press release.

Bangladesh saw gold prices rise above Tk 100,000 per bhoori for the first time on July 20 last year.



A group of vendors, who claim to have run clothing outlets in the Bangabazar Shopping Complex in the capital's Gulistan before a massive fire ripped through it in April last year, are selling apparel items from vans just beside the tinned wall surrounding the erstwhile popular shopping destination. The photo was taken yesterday.

PHOTO: ANISUR RAHMAN

Utilise national logistics policy properly to boost economy

Speakers say at FICCI seminar

STAR BUSINESS REPORT

National Logistics Policy 2024 is a wonderful step towards developing Bangladesh's economy and enhancing its position in the global market and therefore it needs to be properly utilised, said speakers at a seminar yesterday.

"We don't have a sort of a standard in our logistics system," said Mohammad Tofazzel Hossain Miah, principal secretary to the prime minister in the Prime Minister's Office (PMO).

"But the policy has provided scope to develop the logistics system to grow businesses," he told the seminar titled "National Logistics Policy 2024 of Bangladesh: From Policy Framework to Execution".

The Foreign Investors' Chamber of Commerce and Industry (FICCI) organised the event at The Westin Dhaka.

"So, now we need efficiency to utilise technology to reduce the cost of trade and business. So, I feel that this is what needs

to be executed first. So, you should bring about much more foreign partnerships," said Tofazzel.

He also suggested bringing changes in management teams through advanced technology and software.

The policy is aligned with the target to become a "high-income country" and evolve into a "Smart Bangladesh" as per "Vision 2041", he said.

According to him, the logistics policy aims to lower business costs, boost exports and integrate the local markets with the global value chain.

Mohammad Sohaih, chairman of Chittagong Port Authority, said this was Bangladesh's first-ever national logistics policy.

"By putting this policy into action effectively, we aim to develop a top-tier, up-to-date, and high-performing logistics network," he said.

He also said foreign investors were interested to provide \$3 billion to \$4 billion to set up a Bay Terminal.

An extension of the Chattogram port, the terminal is scheduled to be set up on an around 6-kilometre stretch of land from the back of Chattogram Export Processing Zone to Rasmonighat on the Bay of Bengal.

Once up and running, the Bay Terminal would be a game changer for the Chattogram port, he said.

Zaved Akhtar, president of the FICCI, said new monitoring mechanisms and councils would ensure the logistics policy's success.

He hoped that the formation of a national logistics development council and a national logistics development and coordination committee would help to provide necessary guidelines and coordination to ensure effective and efficient implementation of the policy.

"These measures, along with the performance monitoring and regular engagement with the private sector, are crucial for ensuring an efficient logistics

sector," he said.

In a keynote presentation, Nihad Kabir, former president of the Metropolitan Chamber of Commerce and Industry, said the policy would act as a catalyst in drawing private investment in vital areas like ports and railways.

She said the policy would attract investment, create jobs and build up new skills, reflecting a joint effort by the private and public sectors.

Kabir also said the policy would enhance logistics, increase competitiveness, and boost productivity.

The seminar was moderated by M Masrur Reaz, chairman of the Policy Exchange Bangladesh.

Syed Ershad Ahmed, president of the American Chamber of Commerce in Bangladesh, Abul Kasem Khan, vice-chairman of the AK Khan & Co, Shahida Sultana, director general (executive cell) at the PMO, and Nikhil D'Lima, managing director of Maersk Bangladesh, also spoke.

Romo Rouf Chowdhury re-elected as chairman of Bank Asia

STAR BUSINESS DESK



Romo Rouf Chowdhury has been re-elected as chairman of Bank Asia at a meeting of the bank's board of directors on Sunday.

Chowdhury is one of the sponsor shareholders and sponsor directors of the bank, said a press release.

He has more than 30 years of experience as an industrialist. He is one of the successful young entrepreneurs of

Bangladesh.

Chowdhury holds the position of chairman of Rancon Group.

The group has more than 30 subsidiaries, a few of those are Rancon Motorbikes Ltd, Rancon Motors Ltd, Rangs Ltd, Rangs Properties Ltd, Rancon Automobiles Ltd, Rancon Oceana Ltd, Rancon Sea Fishing Ltd and Rancon Electronics Ltd.

He is a graduate in engineering from Durham University in the United Kingdom.

ShopUp sets up office in India

STAR BUSINESS DESK

ShopUp, the largest business-to-business (B2B) commerce platform in Bangladesh, has set up a tech and innovation centre in Bengaluru, India.

This expansion is a major milestone for ShopUp, allowing it to leverage Bengaluru's status as the "Silicon Valley of the East".

By entering this market, the platform is accessing global technology talents and adopting the latest technology practices.

ShopUp's Bengaluru office has already employed around 100 top-tier engineers, data scientists, and product managers, who have experience of working in top startups and tech companies of the region like Walmart, GoJek, Infosys, Uber, Mynt, Vogo, and Falabella.

Navaneetha Krishnan, who leads the team as the chief technology officer of ShopUp, is a key engineering figure in the Bengaluru tech industry and one of the main minds behind the technological prowess of companies like Zoho and Freshworks.

After extensive layers of approval from both countries, the ShopUp India office was officially inaugurated in Bengaluru in March this year.

The establishment of this centre underscores the platform's commitment to investing in technology and human capital to support its growth and operational excellence.

China's retail outlook dims after mid-year shopping festival flop

REUTERS, Shanghai

Retailers in China face a daunting near-term future after a disappointing mid-year online shopping festival that has also clouded the recovery prospects of the world's second-largest economy.

E-commerce sales decline for the first time during the so-called 618 festival that ended last week, reports said, reflecting the pressures building up on retailers who are already locked in a gruelling price war.

The festival, named after the June 18 founding date of e-commerce provider JD.com but embraced by all platforms, is China's second-biggest annual sales event after 'Singles Day' in November and is seen as a key indicator of household consumption.

The two events once showcased the rampant rise of Chinese consumerism, providing a reliable bump in sales for platforms and brands alike. The last time Alibaba reported Singles Day revenue, in 2021, sales hit \$84.54 billion over the event's duration.

This year, 618 has instead proven just how hard it is to get consumers spending at all.

"Chinese spend has been basically focused on sales opportunities and coupons. If they're not spending during this (618 sale), when on earth are they going to consume?" said Alicia Garcia-Herrero, Asia Pacific chief economist at Natixis.

To be fair to the event, discounts have become available year round since the pandemic, with retailers competitively offering them to woo belt-tightening consumers, thereby helping stunt sales growth during big shopping festivals.

Airbus says it's facing up to some tougher times ahead.

Sales during the marquee Singles

Day shopping bonanza last year grew just 2 percent.

While the discounting has helped slow the flow of consumers away from platforms such as JD.com and Alibaba-owned Tmall and Taobao to low-cost players such as Pinduoduo, it has not supercharged consumer spending - recent quarterly results showed revenues for Alibaba's domestic e-commerce arm rose by only 4 percent.

Investors also remain unconvinced, with Alibaba shares trading around 5 percent down this year and JD.com down over 3 percent.

But the bigger concern is weak consumer sentiment, which has remained stubbornly low since 2022.

A new Bank of America's China consumer survey found that sentiment weakened further in June.

The share of respondents who plan to spend more over the next six months fell to 45 percent in June, compared to 55 percent in April. And only 31 percent of respondents are expecting an increase in income over the next six months, a fall of 10 percentage points from April.

Josh Gardner, CEO of Kung Fu Data, which manages online stores for over a dozen global brands, said e-commerce in China is commonly referred to as "Everest commerce" for its enormous sales peaks around 618 and Singles Day.

But these peaks may become less pointy as sales periods lengthen and consumers lose interest, turning instead to everyday discounts offered, for example by livestream shopping on platforms such as ByteDance-owned Douyin, he said.

"I think what we're seeing this year is a shift away from full price retail altogether... It's more rational consumption and caution and looking for value," Gardner said.

Consumers in China have been

reluctant to spend amid concerns about their personal wealth fuelled by a real estate slump, stunted wage growth and high youth unemployment, putting at risk China achieving its stated economic growth goal of "around 5 percent" this year.

But rather than stimulate consumption - as they once reliably did - festivals such as 618 might be working against a consumption rebound in a year like this in which everyone is focused on buying what they need at the lowest possible price.

Kang Li, a 45-year-old mother-of-one who works in sales in the southern city of Changsha, is among those who are turning more frugal and shunning purchases of non-essential items.

"(I bought) household essentials,

and some clothes and shoes for my kid, plus my own skincare products," Kang said, referring to her 618 shopping this year.

"Basically, I stock up on these when shopping events like 618 come around so I don't need to purchase them again for half a year," when Singles Day rolls around, she added.

Jason Yu, greater China managing director of market research firm Kantar Worldpanel, warned that the coming months would be challenging for retailers as people bought what they needed during 618.

"This pantry loading behaviour is an overdraft of the future consumption potential... July is going to be very challenging," he said.

Garcia-Herrero of Natixis forecast the second half is likely to see retail sales growing only by low single digits, meaning consumption's share of China's GDP will shrink rather than expand as many economists believe it needs to.

Govt commits improving

FROM PAGE B1

Memorandums of understanding (MoUs) for voluntary mergers have been signed between two private commercial banks and two state-run commercial banks. These mergers are likely to be completed in the next two years.

When a Prompt Corrective Action (PCA) framework enters into force in March 2025, the government will have the ability to enforce mandatory mergers if banks fail to implement their recovery plan, the statement said.

"To tackle NPLs and strengthen the merger process, we will align the NPL definition with international standards, conduct due diligence on the acquired banks, vet any merger proposal and send such proposals to the High Court for approval," it added.

"We plan to approve only those merger proposals which are commercially sound and are predicated on continued compliance with regulatory requirements; and will resolve weak banks that have no takers, with depositors protected by our insurance scheme," it said.

The government has completed Sector Strategy Papers or Sector Action Plans for seven out of 15 sectors to enable better integration of a medium-term budgetary framework and annual development programme process and strengthen

project selection.

It will formulate multi-year public investment programmes for an additional five sectors by the end of this year.

It also plans to gradually clear arrears and return subsidy spending to a level consistent with its fiscal programme targets by raising electricity prices as needed.

It will further avoid any new capacity charge commitments to power producers in case of contract renewals, the government said.

To increase tax revenue, the government is stepping up efforts to strengthen the tax administration through greater digitalisation, tax net expansion, and compliance risk management.

The government has also taken steps to increase taxpayer registration by making it mandatory to present proof of tax return submission for availing 38 services, which helped increase the number of registered taxpayers by 20 lakh in FY24.

"We plan to reach 1 crore registered taxpayers by FY25," the statement added.

The government has also installed 25,741 electronic fiscal devices (EFDs) as of April 2024, which it estimates has contributed around Tk 740 crore in additional revenue in FY24.

It plans to install three lakh EFDs in total over the next five years, according to the statement.

IMF sets 33 conditions

FROM PAGE B1

The finance ministry will have to publish a report on state-owned enterprises (SOEs). This will also cover a detailed analysis of the financial health of at least 40 SOEs.

"In addition, we are committed to further tightening the monetary policy stance and recalibrating fiscal policy to support monetary tightening," the minister added.

In a press release, Deputy Managing Director Antoinette M

Sayeh said near-term policies of the country should focus on rebuilding external resilience and bringing down inflation.

"The authorities' recent actions to realign the exchange rate and implement the new exchange rate arrangement are welcome."

"Periodic reviews of the crawling peg would be important to ensure its effectiveness. Continued monetary and fiscal policy tightening would help to rein in inflation."

Amnesty to black money

FROM PAGE B1

the proposal to withdraw the existing tax holiday benefits for investors in private economic zones (EZs) in order to encourage domestic and foreign investments.

"Investors of the private EZs may enjoy the existing facilities but they will have to meet some new conditions," a finance ministry official told The Daily Star yesterday.

Currently, investors in economic zones receive tax breaks ranging from 20 percent to 100 percent in the first ten years of their production. The proposed budget maintains these benefits for state-run EZs but eliminates for private economic zones.

The government is likely to keep the proposal to end the privilege that allows lawmakers to import cars duty-free, a facility they have been enjoying since 1988.

Additionally, the proposed tariff and duty structure for some products may be revised in the final budget proposal.

BB issues new rules

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Also, loans which were unclassified as of March 31 this year will also be restructured, but it will not be applicable in the case of converted term loans.

The central bank's instruction also clarified the loans that will not be under this scheme, such as loans given under incentive packages or special funds made or formed by BB or the government.

The central bank underscored the need for eligible borrowers to know about the rescheduling facility as they can apply for it by writing and then it can be provided subject to the receipt of the application.

Kaus Mia: a role model in a nation where tax noncompliance is rife

SUKANTA HALDER

Kaus Mia had no posh office like those running conglomerates from their comfortable chambers in the capital's Gulshan, Banani and Motijheel areas. A room in the Hakimpuri Zarda factory on Aga Nawab Dewri Road in Old Dhaka was his beloved chamber from where he led his business empire and became a top taxpayer in Bangladesh.

He was born on August 26, 1931, in Chandpur, but his ancestors were the residents of the state of Tripura in undivided India. He passed the eighth grade in 1945 before dropping out.

His father did not want him to get involved in business but since he was obsessed with it, he took Tk 2,500 from his mother and started his grocery trading in Chandpur's old market in 1950. This marked the beginning of a long journey for the 19-year-old.

Soon Kaus Mia became an agent of 18 brands of cigarettes, biscuits and soaps. For the next 20 years, he ran operations from Chandpur. He moved to Narayanganj in 1970 and started a tobacco business.

From the tobacco business, the idea of producing zarda (scented tobacco) came to his mind.

Kaus Mia launched Shantipuri Zarda in 1976 but it was counterfeited. In 1996, he



KAUS MIA
(1931-2024)

rolled out Hakimpuri Zarda, which went on to become a household name.

Until his death yesterday at the age of 94, the proprietor of Kaus Chemical Works ran 40 to 45 types of businesses. He owned assets worth Tk 10,000 crore, said the entrepreneur in an interview in 2016.

Apart from the Hakimpuri Zarda, it was his obsession to pay taxes regularly and retain the spot as a top taxpayer that helped him gain more prominence nationally.

The successful businessman had been one of the highest taxpayers in Bangladesh since 2010-2011. It sharply

contradicted the tax payments attitude in a country where tax evasion and dodging are rife, and the tax-to-GDP ratio is one of the lowest in the world. The International Monetary Fund also said there is much scope for further revenue mobilisation in the country.

He said it was patriotism and responsibility that led him to pay taxes for so many years.

"I have been paying taxes regularly since 1958. Paying taxes is a responsibility, not a legal obligation."

When people asked him why he was so passionate about paying taxes, he replied, "I pay tax as I make profits."

"Paying tax is a good thing. How will the state bear its expenses if we don't pay tax? If you pay tax, the money is white. I can do whatever I want," he said in interviews.

Kaus Mia became the epitome of tax compliance after the National Board of Revenue (NBR) introduced tax cards to honour top taxpayers and encourage compliance. He was celebrated as the best taxpayer in the Mujib Borsho, which marked the birth centenary of Bangabandhu Sheikh Mujibur Rahman.

Sharing his experiences, Shakil Ahmed, the tax adviser of the businessman, said in 2021 that the total tax of Mia came to Tk 99 lakh in one year. Mia suggested making it Tk 1 crore so that it made sense.

"He is ready to pay higher, if necessary," said Ahmed, a lawyer of the Supreme Court. He had looked after the tax issues of Mia and his business for 40 years.

Professor Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said: "Kaus Mia is an exception in a country where there is reluctance among many people to pay taxes and many do not pay tax even after having taxable income."

"He has set a good example and become a role model for many. Many people have been inspired by him."

Muhammad Abdul Mazid, a former chairman of the NBR, said many employ tricks to evade taxes whereas Kaus Mia had been the exact opposite.

Apurba Kanti Das, a former member for income tax of the NBR, said the number of people who pay taxes voluntarily is low.

"I have seen many people and businessmen who feel joy in not paying taxes. As a result, it has not been possible for the NBR to bring all businesspeople under the tax net and raise collections to the expected level."

Kaus Mia had been suffering from old age complications and breathed his last at the Asgar Ali Hospital, Anowar Sadat, a grandson of the businessman, told The Daily Star. He left behind his wife, eight sons and eight daughters.

Dhaka stocks rebound

STAR BUSINESS REPORT

The broad index of Dhaka Stock Exchange (DSE) rebounded yesterday after plunging on the preceding day.

The DSEX, the major index of the country's premier bourse, went up 21.65 points, or 0.41 percent, from that on the preceding day to close at 5,241.84.

The DSES, which comprises Shariah-based firms, also gained 6.7 points, or 0.59 percent, to reach 1,149.55.

The DS30, the index that represents the best blue-chip stocks, rose by 9.95 points, or 0.53 percent, to finally stand at 1,877.94.

In its daily market update, UCB Stock Brokerage said turnover, meaning the total value of shares changing hands on a day, giving an indication of the amount of trading activity, increased by 9.31 percent to reach Tk 524 crore.

The turnover of block trades, meaning large, privately negotiated securities transactions, however, amounted to Tk 99.86 crore, representing 19 percent of the day's total turnover.

The food and allied sector dominated the market's turnover, accounting for 18.97 percent of the total. With a rise of 4.8 percent, Unilever Consumer Care was the most-traded share with a turnover of Tk 53.7 crore.

Rupali Life Insurance Company, Beach Hatchery, and BRAC Bank were also on the list of those witnessing an increase in turnover, with a rise of 6.04 percent, 0.52 percent and 1.17 percent respectively.

Of the issues that changed hands at the DSE, 171 edged higher, 161 declined while 61 showcased no movement.

Non-bank financial institutions (NBFI), life insurance and mutual fund sectors closed in the positive while jute, tannery and engineering in the negative, said the brokerage.

NBFIs booked the highest gain of 3.89 percent followed by food and allied (0.80 percent), pharmaceuticals (0.74 percent), bank (0.30 percent), telecommunication (0.29 percent), fuel and power (0.23 percent) and engineering (1.41 percent).

It said companies which account for large amounts in market capitalisation posted a positive performance.

Market capitalisation refers to the value of a company calculated by multiplying the total number of shares by the present share price.

In another daily market update, Shanta Securities said the market was driven by positive changes in the market capitalisation of life insurance, financial institutions, and bank scrips.

Meanwhile, market capitalisation of travel and leisure, paper and printing, and tannery industries scrips underwent negative changes, it said.

Chittagong Stock Exchange also saw a similar trend, with its all-share price index gaining 111.02 points, 0.75 percent, to settle at 14,837.17.

Oil prices edge down

REUTERS

Brent crude fell on Tuesday while investors awaited US inflation data later this week, but prices held above the \$85 level after the previous session's gains on escalating geopolitical tensions and hopes of improved demand this summer.

Brent futures for August settlement were down 43 cents at \$85.58 a barrel by 1100 GMT. US crude futures also dipped by 43 cents to \$81.20.

Both benchmarks gained about 3 percent last week, marking two straight weeks of gains.

Front-month Brent prices could push into the upper \$80s in the short term, driven by the confluence of increasing geopolitical risk and bullish fundamentals, steepening the market's backwardation," said Rystad Energy analyst Claudio Galimberti.

Backwardation is when front-month prices are higher than the second month, making oil likelier to be used now rather than be left in storage for the future. Oil and fuel stockpiles have declined and gasoline demand is rising as the United States, the world's biggest oil consumer, enters its peak summer consumption period.

Chinese firm to invest \$109m in Bepza EZ

STAR BUSINESS REPORT

Alpen Banyan Garments BD Company, a Chinese company, will invest \$108.99 million to set up a woven and knit garment factory inside Bepza Economic Zone in Mirsharai of Chattogram.

This is the biggest investment proposal that the 1,138.55-acre zone received from a single company for establishing a factory, Bangladesh Export Processing Zones Authority (Bepza) said in a statement.

The factory will be established on 90,000 square metres of land and it targets to annually produce 43 million pieces of woven and knit garments.

The company will create employment opportunities for 11,995 Bangladeshi nationals, said Bepza.

Md Ashrafur Kabir, member for investment promotion at Bepza, and Li Tianning, director of Alpen Banyan Garments

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Startups neglected in proposed budget

Experts say as they demand continuation of duty-free facility

MAHMUDUL HASAN

The proposed budget for fiscal year 2024-25 offered no relief to startups and neglected their long-standing demands, in sharp contrast with the government's vision for a Smart Bangladesh, where startups are key economic drivers.

Industry experts commented that in addition to not addressing their demands, the budget has also discontinued certain benefits, exacerbating the challenges faced by startups, which are already reeling from a funding crunch.

For example, Finance Minister Abul Hasan Mahmood Ali announced that investors and developers of hi-tech parks are going to lose the 10-year tax waiver on their incomes from the next fiscal.

This will hinder the growth of 13 private hi-tech parks and dent the startups established there, according to industry people.

"Such a move also contradicts the government's vision," said Russell T Ahmed, president of the Bangladesh Association of Software and Information Services (BASIS), urging the government to retain the benefits.

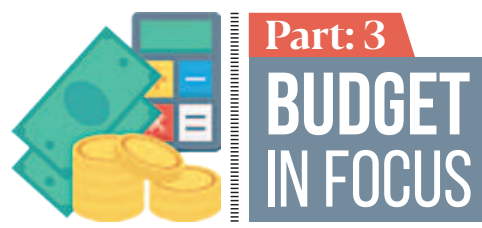
"Hi-tech parks are already struggling in terms of investments," he added.

As for government hi-tech parks, a 1 percent duty on capital machinery imports will be introduced from the upcoming fiscal year.

"Investors were mainly attracted to hi-

tech parks due to these benefits. Removing them will discourage investment," said Mir Shahrukh Islam of Bondstein Technologies Ltd, an IoT device manufacturer.

"We urge the government to maintain the existing duty-free facilities and collaborate with the private sector to boost investment. This will significantly increase foreign investment in hi-tech parks over the next few years," said Ahmed of BASIS.



The government has already laid out its vision for a Smart Bangladesh, with key pillars such as smart citizens, smart government, smart society, and smart economy.

Under the smart economy, the ICT sector's contribution to the economy was projected at \$50 billion with the goal of establishing at least 25 unicorns by 2041.

A unicorn is a startup valued at over \$1 billion. The term symbolises the rare success and rapid growth often seen in innovative sectors.

Fahim Mashroor, former president of BASIS, saw nothing in the budget that could accelerate the growth of startups.

He said e-commerce and logistic startups have been demanding the withdrawal of a 15 percent VAT on parcel delivery and 5 percent VAT on online product sales. But the demand has not been met.

In the budget for FY23, the government introduced a startup sandbox, reducing the rate of turnover tax to 0.1 percent from 0.6 percent.

However, a condition was added that startups older than 5 years would be unable to avail the benefits of the sandbox.

"Most of the top startups in Bangladesh are older than 5 years. So, they cannot apply for the benefit. As far as I know, no company has availed this benefit," Mashroor added.

In the proposed budget, the government has announced tax exemptions for 19 ICT businesses for the next three years, provided they implement cashless transactions.

However, companies that provide cloud services and web hosting were removed from the list, causing concern among startups that heavily rely on such services for their operations.

Industry people said web hosting and cloud services are crucial for startups as they provide scalable, cost-effective infrastructure for

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Sri Lanka to sign debt restructuring deal with creditor nations today

REUTERS, Colombo

Sri Lanka will sign a debt restructuring agreement with a group of creditor nations on Wednesday, the government said in a major step to help stabilise the country's finances following its economic crisis.

President Ranil Wickremesinghe updated his cabinet on the debt restructuring late on Monday, Foreign Minister Ali Sabry told Reuters by phone.

The cabinet also approved the debt restructuring framework, Cabinet spokesman Bandula Gunawardana told reporters, while declining to divulge details.

"The president informed cabinet the agreements with the official creditor committee will be signed tomorrow," he told the weekly cabinet press briefing.

"Details of the agreement will be presented to parliament later to ensure transparency."

The deal will allow creditor nations to resume lending to Sri Lanka. The economy crashed in 2022 when a fall in foreign exchange reserves prompted the island to default on its foreign debt.

Sri Lanka's bonds, were up 0.2-0.3 cents in late Asian trading, slightly outperforming most emerging markets and maintaining the more than 15 percent gains made since February.

Sri Lanka's finance ministry said in November that the debt restructuring agreement in principle covered

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Boeing is just too big to jail

REUTERS, New York

Justice isn't always blind. When it comes to levying punishments on powerful companies, the challenge is to inflict enough pain that bad behavior is deterred, but not so much that it creates unintended suffering elsewhere. Boeing, an American icon in a heap of trouble, exemplifies that quandary.

Prosecutors are recommending that the Department of Justice bring criminal charges against the \$104 billion aviation company, according to sources cited by Reuters, for breaching the terms of its deferred prosecution agreement. After two crashes killed 346 people, Boeing agreed in 2021 to a three-year settlement, that shielded it from criminal prosecution, but in which it admitted former employees had misled regulators, pledged to do better, and paid \$2.5 billion. The government says Boeing has failed to live up to its side of the bargain. Boeing disagrees.

There's a problem, though. Boeing is a national champion with a big economic footprint, and that could limit the amount of pain the government is able to inflict. For example, commercial aviation is essentially a duopoly shared between Boeing and its European rival Airbus. It's also the nation's single largest exporter,

with over \$30 billion of foreign revenue in 2023.

And what hurts the US aircraft-maker also hurts numerous small subcontractors who supply Boeing

planes' parts. Customers like Southwest Airlines, already reeling from delayed jet deliveries, might see their problems worsen.

One of the biggest threats of a

prosecution for a company like Boeing – debarment from government contracts – is also hard to enforce. Consolidation has already left too little competition in the sector, and over a third of the company's \$78 billion of revenue last year came from government contracts.

Past guilty pleas by Boeing, including for felonies, did not stop the company from quickly getting back on the government-contract gravy train. In 2003, for example, the Air Force suspended some of the company's units from winning work, but granted two waivers to the Boeing units for space and rocket contracts. Then there are fines. Those hurt, but not much for a company that has already lost around \$100 billion of market capitalization in the past five years.

Boeing could find itself subject to more mundane punishments, like the appointment of "monitors" who sit in the companies' offices and report back to regulators, something imposed on banks in the past for money-laundering slips, for example.

Such scrutiny might have an effect, since the company, and its outgoing CEO Dave Calhoun, haven't been able to fix various self-inflicted problems. Prosecutors will hope so anyway. Creating a national champion is hard; bringing one to heel is harder.



Boeing 777X and Boeing 737 MAX 10 airplanes are seen parked at King County International Airport-Boeing Field in Seattle, Washington. Prosecutors are recommending that the Department of Justice bring criminal charges against the \$104 billion aviation company.

PHOTO: REUTERS/FILE