

# Star BUSINESS

Some 45 garment factories in Ashulia and Gazipur were forced to shut down in the middle of the day yesterday amidst workers' demonstrations.



Story on B4

## Taskforce for banking sector to start work in 10 days

Governor says

STAR BUSINESS REPORT

Bangladesh Bank Governor Ahsan H Mansur yesterday said the taskforce being formed for identifying areas of concern in the country's banking sector will begin working within the next 10 days.

The work on forming this taskforce has progressed a lot, Mansur said while addressing a press conference at the central bank headquarters in Motijheel, Dhaka.

"The taskforce will work to assess the health of the banks. The Asian Development Bank will assist local banks in preparing their forensic reports. We can start work within the next 10 days," he added.

Mansur further said that at present, they are closely observing banking activities in the country.

"Bank transactions are being verified daily and their cash flow is also being monitored," he added.

Mansur informed that as a part of the central bank's efforts to restore depositors' trust, they have doubled the deposit insurance to Tk 2 lakh from Tk 1



Ahsan H Mansur

lakh previously.

This means insured depositors will get back Tk 2 lakh from their deposit insurance if the associated bank becomes bankrupt.

And with 95 percent of depositors having around Tk 2 lakh in their accounts, this deposit insurance will ensure that a majority will get back their funds.

"No other country provides such security," he said.

"Although there is no plan to declare any bank as bankrupt for now, this decision was taken to boost confidence among the depositors," Mansur added.

Regarding the liquidity support for Exim Bank, Mansur said it was given the facility under the central bank's previous plans.

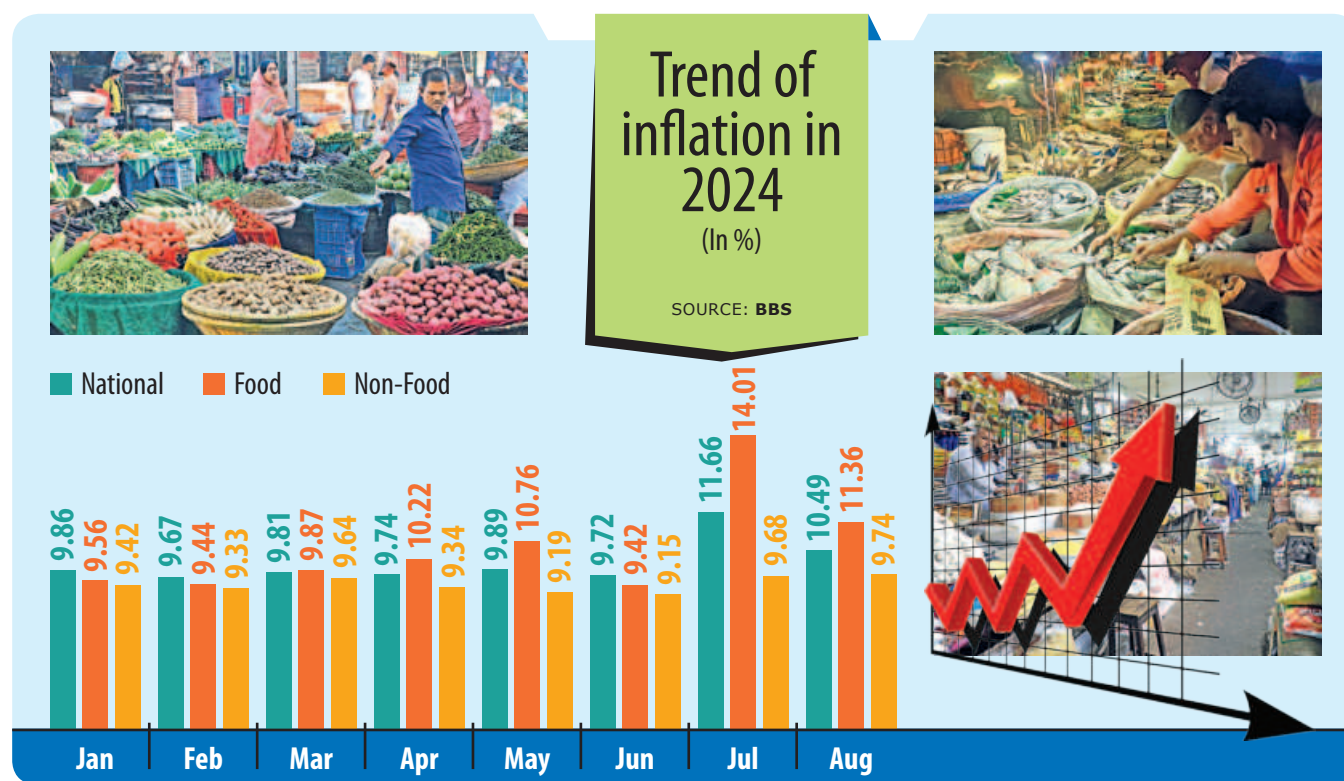
"Now, no one will be given [such liquidity support]," he said.

However, the central bank will allow banks to borrow from each other to get liquidity support.

"In this case, the central bank will be

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## Inflation eases in August but stays above 10%



MD ASADUZ ZAMAN

Inflation eased in August but remained at over 10 percent, as higher prices of goods and services continued to strain the purchasing power of consumers.

Last month, Consumer Price Index (CPI), which measures changes in the prices paid by consumers over time, stood at 10.49 percent, according to data released by the Bangladesh Bureau of Statistics (BBS) yesterday.

This is the second-biggest rise in the CPI of the last 13 years. It was 11.66 percent in July.

Besides, overall inflation in August stayed at more than 9 percent for the 18th straight month.

The dip could be ascribed to factors such as a normalising political landscape following the fierce nationwide anti-government campaign, blockade and curfew in July.

Besides, August saw a decline in extortions by ruling party men from food and vegetable-laden trucks coming to major cities, which, according to an economist, could be a reason for food inflation marking a significant drop.

In August, food inflation declined to 11.36 percent from 14.01 percent in July.

However, non-food inflation increased slightly to 9.74 percent from 9.68 percent in July, according to the state-run statistical agency BBS.

Average inflation over the past 12 months was 9.95 percent whereas 9.24 percent in the corresponding month last year.

Moderate inflation is a fact of life but high inflation rates badly hurt people with a fixed income, as purchasing power is lost faster. To tackle the brutal price

pressure, many people are forced to chip away at their precious savings.

"August's inflation is still quite high," said Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development, a non-profit institution.

Consumers' purchasing capacity has been eroding over the last two years, he said.

However, former lead economist of the World Bank's Dhaka office Zahid Hussain found the drop in price pressure inspiring.

"This is an encouraging news that food inflation declined in both urban and rural markets," he said.

has been sustained," he added.

Echoing the same, Hussain said the impact of monetary tightening on inflation was not visible yet because the tightening came after a lot of talks.

"We can hope to see better results on non-food inflation going forward," he said.

The new central bank governor is determined to hold on to the tighter stance until inflation starts to decline convincingly. The foreign exchange situation has also improved somewhat, he said.

"But it won't be enough to drastically reduce food inflation," he said.

Hussain thinks the impact of floods on food prices might transpire in September.

He said non-food inflation declined slightly in urban areas throughout August, perhaps reflecting demand compression due to disruptive demonstrations.

In August, non-food inflation in cities dropped to 9.20 percent from 9.43 percent in the previous month, as per the BBS data.

"We have to stop the resurgence of extortion and price gouging by big players in markets on essential food items," Hussain suggested.

The interim government, which came to power on August 8, has made combating inflation a priority.

On Thursday, Finance and Commerce Adviser Salehuddin Ahmed said the government has taken various steps and its outcome would be visible soon.

In this regard, the National Board of Revenue (NBR) has slashed duties on imports of onions and potatoes to boost supply and curb the rising prices of these essential items.

"This is due mainly to a decline in extortion from food-laden trucks. But it may not last long," he said.

Meanwhile, Mujeri, a former chief economist at Bangladesh Bank, said the contractionary monetary regime and poor health of some banks might have contributed to the reining in of inflation.

Money supply to the market has been significantly constrained, he said.

"It will be premature to comment on the sudden drop in inflation...when the country just witnessed a decline in a single month," he added.

"We have to wait for some months to ascertain whether the downward trend

## Export target set at \$57.5b for FY25

REJAU KARIM BYRON and REFAYET ULLAH MIRDHA

Bangladesh aims to increase its merchandise and service exports by about 12.74 percent year-on-year to \$57.5 billion in the fiscal year 2024-25, according to Finance and Commerce Adviser Salehuddin Ahmed.

Ahmed announced the new target during a press briefing at the commerce ministry in Dhaka yesterday.

Merchandise and service exports are expected to see year-on-year growth of 12.35 percent and 15.38 percent respectively to reach \$50 billion and \$7.5 billion apiece, according to commerce ministry data.

An official of the commerce ministry, seeking anonymity, said that the interim government considered the ongoing unrest in the garments industry, flooding in parts of the country and international crises when fixing the export target.

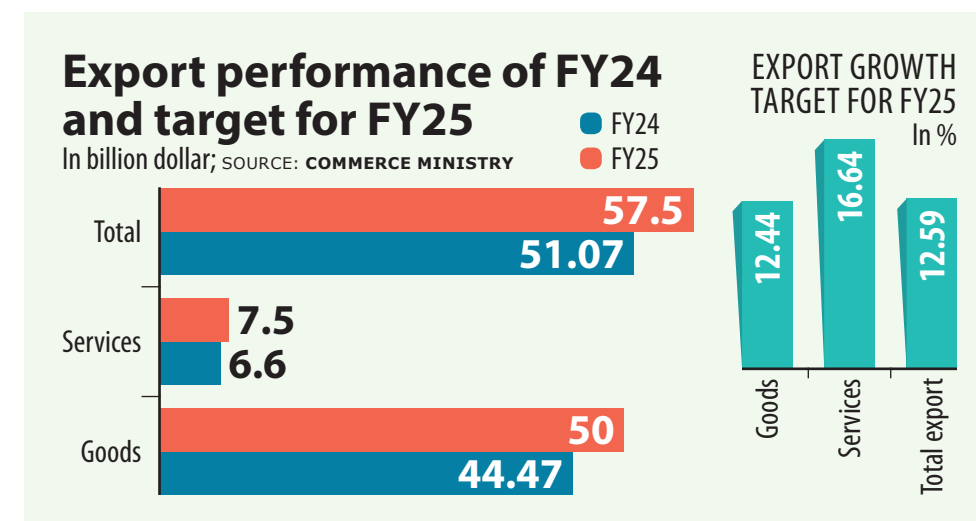
The government is also monitoring both the domestic and international economic landscape, and believes the target is achievable in these circumstances, the official said.

The official expects that business confidence will soon bounce back amid the current regime change that began when the Awami League government led by Sheikh Hasina was ousted by a mass uprising on August 5.

Khandoker Rafiqul Islam, president of the

Bangladesh Garment Manufacturers and Exporters Association, said this year's export target is not unrealistic.

"But the logistics, port and transportation services alongside energy supply must be very smooth to achieve this goal," he added.

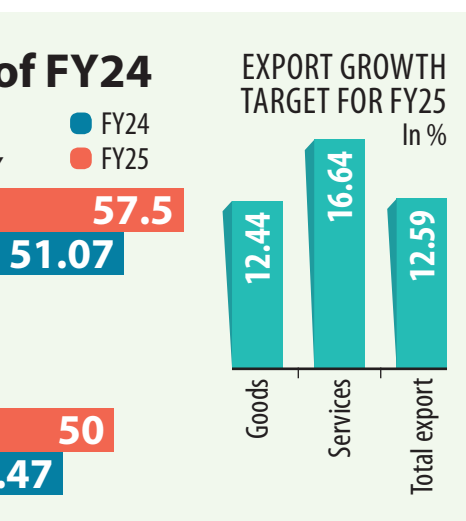


Islam also said that above all, political stability as well as the law-and-order situation must be improved to restore the confidence of investors, entrepreneurs and all others concerned.

MA Razaque, chairman of the Research

and Policy Integration for Development, echoed the same.

"This target is very realistic," he said, citing how the projected 12.74 percent export growth is achievable considering how low last year's receipts were.



"Export growth is usually higher following a year of low achievement. So, the new target is realistic and achievable even though the export trend is sluggish right now," Razaque added.

However, he further said there is a supply

side challenge for Bangladesh due to the labour unrest and other issues.

But if those issues are addressed, then the target should be quite achievable, Razaque added.

Md Anwar Hossain, vice-chairman of the Export Promotion Bureau (EPB), said they, alongside the National Board of Revenue (NBR) and the Bangladesh Bank, will provide real-time export data to avoid errors.

Also, the NBR, the central bank and EPB will revise the export data every three months starting from October this year to ensure accurate reporting.

The move comes on the back of a recent incident, where there was a massive data mismatch in the EPB due to the double entry of export data by the customs department of the NBR.

From now, export data will be released with the coordination of all agencies concerned, said Finance and Commerce Adviser Ahmed.

Regarding their aims to increase exports, he said the government will remove anti-export barriers and review tax related export challenges.

The interim government will also work to diversify the country's export basket, Ahmed added. Asked about the revival of the Generalised System of Preferences to the US, he said discussions are underway to this end and the American government remains positive in this regard.

## S Alam entities have Tk 26,000cr in six banks

STAR BUSINESS REPORT

Some entities of the much-talked-about S Alam Group and some family members of the group's founder Mohammed Saiful Alam have around Tk 26,000 crore in six banks, said insiders, citing data sent by the banks to the National Board of Revenue (NBR).

The six banks are Islami Bank Bangladesh, Al-Arafah Islami Bank, Exim Bank, Bangladesh Commerce Bank, National Bank and First Security Islami Bank.

As per the information sent by these banks, the firms -- namely S Alam Luxury Chair Coach Service and S Alam Cold Rolled Steel Ltd -- have transacted around Tk 109,000 crore mainly after the Covid-19 pandemic.

A good amount of funds came as loans from banks to S Alam Cold Rolled Steel Ltd, said officials at the NBR.

Chattogram-based businessman Mohammed Saiful Alam's mother, Chemon Ara Begum, wife Farzana Parveen, and his brother Mohammed Abdullah Hasan are directors of the two entities.

Contacted, Ahsan Habib, commissioner of taxes, Tax Zone-15, said, "It is our routine duty to detect tax evasion and collect the taxes for the state. It is part of our routine duty."

Last month, the field office of the NBR asked banks to provide account details of Alam's family members to check if they have been paying their taxes properly.

Subsequently, the NBR wrote to 91 banks and financial institutions seeking the bank details. This was roughly after two weeks following a mass uprising toppled Sheikh Hasina's government.

Alam was close to the previous government and other regulatory agencies. But after the regime changes, the agencies moved to take measures, including searching the bank details of Alam, his 12 family members, and their companies.

The Bangladesh Bank restructured the boards of six banks, which were dominated by the Chattogram-based businessman and his relatives.

In the letters, the NBR sought information about the bank accounts and credit cards of Alam's brother Hasan, his mother Chemon Ara Begum, and his wife Farzana.

Additionally, details about any personal or business accounts jointly held in the names of Alam's sister, daughter, or son were also sought.

STOCKS	
DSEX ▼	CASPI ▼
0.86%	0.86%
5,679.30	16,237.67

COMMODITIES	
Gold ▼	Oil ▼
\$2,497.39	\$68.16
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.24%	▼ 0.72%	▼ 0.12%	▼ 0.81%
81,183.93	36,391.47	3,454.47	2,765.81

## NBR to open e-tax filing portal today

STAR BUSINESS REPORT

The National Board of Revenue (NBR) will open its online tax return submission portal today to facilitate digital income tax, wealth statement and other tax submissions by individual taxpayers for fiscal year 2024-25.

"We have upgraded our server so that it can accommodate higher numbers of users and we can offer them smooth services round the clock," said NBR Spokesperson Syed A Momen.

The tax administration said individual taxpayers will be able to prepare their tax returns, and submit or take out prints for manual submission. They can pay tax through online banking, cards or mobile financial services.

Taxpayers will get acknowledgement receipts for their filed tax returns and tax payment certificates. They will also be able to register for taxpayer identification numbers (TIN) and TIN certificates.

The electronic system will give scope to taxpayers to get copies of electronically filed tax returns of the previous years, the NBR said.

To sign up, taxpayers will require biometrically verified mobile phone numbers, it added.

The tax authority said taxpayers have

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