

# Star BUSINESS

Bangladesh's mobile data prices are among the highest in the region, surpassing Pakistan, India, and even developed countries



Column on B4

DHL, Daily Star to honour best in business today

STAR BUSINESS REPORT

The DHL and The Daily Star come together every year to recognise the best businesses in Bangladesh.

Bangladesh Business Awards (BBA), a flagship annual event of the two organisations, will celebrate the outstanding achievements of businesses at a ceremony in Dhaka today.

DHL, a global logistics service provider, and The Daily Star, the most circulated English newspaper in Bangladesh, have been honouring the best in the business community since 2000 for their entrepreneurial spirit, creativity and hard work.

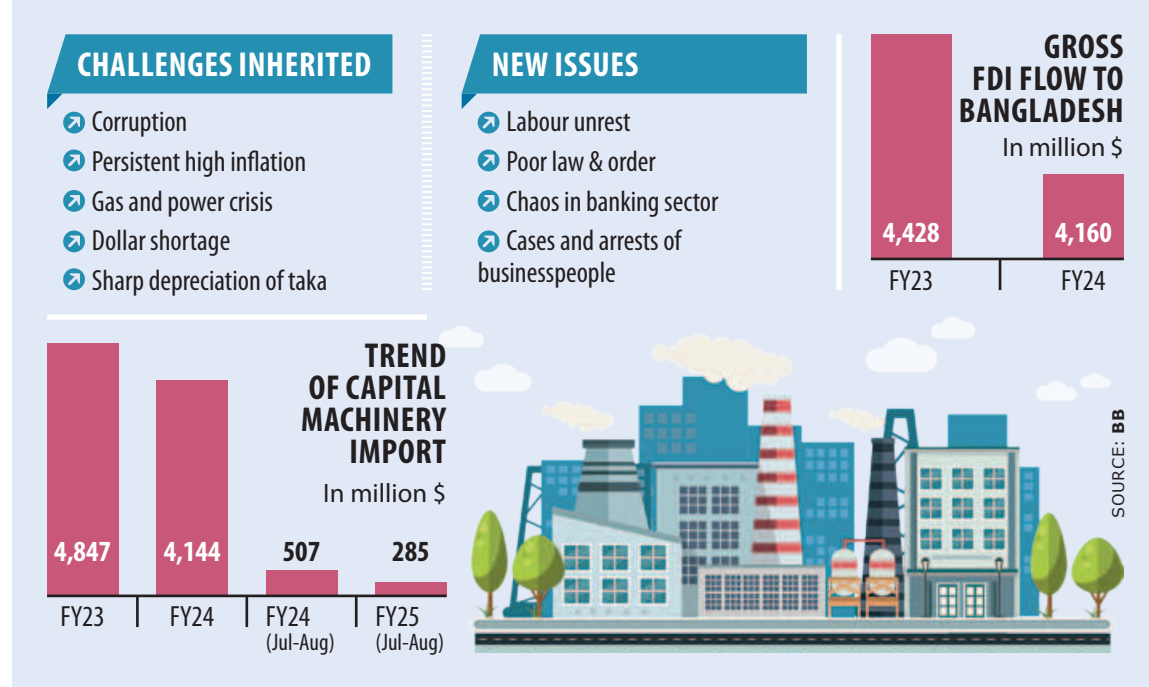
Finance and Commerce Adviser Salehuddin Ahmed is scheduled to attend the 22nd edition of the event – Bangladesh Business Awards 2023 – as the chief guest at Radisson Blu Dhaka Water Garden.

This year, the BBA will be given in five categories: Business Person of the Year, Best Financial Institution of the Year, Best Enterprise of the Year, Best Woman in Business, and a Life Time Achievement Award.

Kihak Sung, chairman of Youngone Corporation, is scheduled to deliver a keynote speech at the ceremony.

The BBA is given to create an environment of excellence and competitiveness so that businesses achieve greater heights of productivity and efficiency.

## Uncertainty shrouds business recovery



REFAYET ULLAH MIRDHA

The uphill battle to restore confidence among the business community is progressing slowly as the Prof Muhammad Yunus-led interim government marks its second month in office.

Businesspeople, who now adopt a "wait-and-see" approach, say they are worried but still optimistic that the situation will improve soon. Meanwhile, business expansion, foreign direct investment (FDI) and new local investment plans remain on hold.

After weeks of fierce nationwide protests and mass uprisings, the Awami League government was ousted on August 5. Subsequently, the interim government led by Nobel laureate Yunus was sworn in on August 8.

The new government inherited at least half a dozen business challenges, such as corruption, persistent high inflation, gas and power crises, dollar shortages and a sharp depreciation of the taka.

These challenges already translated into declining FDIs, slumping capital machinery and raw material imports, according to official data.

Even before the new government could begin confidence restoration work, widespread labour unrest, deteriorating law and order, arson, factory looting and the arrest of businesspeople added to the

existing challenges.

"We expected a higher level of business confidence from the incumbent government," said AK Azad, chairman and managing director of Ha-Meem Group, a leading garment exporter. "The future of business and investment depends on the government's restoration of law and order."

The apparel exporter said the student movement in July and August impacted their fashion orders from Western buyers. At the

time of the movement and soon after the government's fall, timely shipment of export orders became very difficult.

Apart from exports, the opening of letters of credit (LCs) for imports declined by 4.76 percent in July-August compared to the corresponding period last year, according to Bangladesh Bank data.

In late August and early September, labour unrest erupted in major industrial belts, disrupting production lines that were already struggling to meet tight deadlines.

Although the situation has now improved largely, Azad said international clothing retailers and brands placed fewer work orders for the next seasons due mainly to the inability to contain labour unrest promptly.

"Amid this turmoil, the investment climate is almost missing," he commented. "We are worried, but not entirely disappointed. We hope the business and investment climate will improve soon."

Ashraf Ahmed, president of the Dhaka Chamber of Commerce and Industry (DCCI), said three key factors diminished the business confidence after the political changeover.

Those are poor state of law and order, labour unrest and energy shortages in industrial units.

In such a situation, the DCCI president said new investment is unimaginable, as it is difficult to protect existing investments. "We are under immense pressure and need rapid improvement."

While Azad and Ahmed worried about law and order, Abdul Hai Sarker, chairman of the Bangladesh Association of Banks (BAB), said investment primarily depends on an adequate supply of gas and power to industrial units.

He said inconsistent supplies of these industrial inputs are worsening business optimism.

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## NBR detects Tk 1,400cr of unpaid VAT of S Alam firms

MOHAMMAD SUMAN, Ctg

Ten companies of S Alam Group have been ordered to pay Tk 1,414 crore of unpaid value-added tax (VAT) they allegedly "evaded" in the past two years.

Of the firms, S Alam Refined Sugar Ltd, SS Power Ltd, S Alam Cold Re-Rolling Mills, and Chemon Ispat Ltd have around Tk 1,319 crore of unpaid VAT, an indirect tax paid by the ultimate consumers.

The remaining six concerns of the Chattogram-based group have around Tk 100 crore of unpaid VAT, according to the audit reports by the Customs, Excise & VAT Commissionerate, Chattogram.

The field office of the National Board of Revenue (NBR) came up with the findings more than a month after it formed four teams to conduct audits into business activities and transactions of 18 concerns of S Alam Group to verify if they have paid the VAT properly.

Tafsir Uddin Bhuiyan and Kamrul Hasan, joint commissioners of VAT, were appointed as heads of the four teams formed on August 19.

The Daily Star could not reach S Alam Group's Chief Financial Officer Subrata Kuman Bhowmik despite repeated phone calls and text messages for comments.

With the latest findings, the total amount of unpaid VAT by the concerns of S Alam stands at around Tk 5,000 crore.

The field office of VAT, in separate audit reports submitted in May 2024, found that S Alam Vegetable Oil Ltd and S Alam Super Edible Oil Ltd allegedly "evaded" Tk 3,538 crore through various means, including by presenting lower purchase and sales data in VAT returns between 2019 and 2022.

**The field office of the NBR came up with the findings more than a month after it formed four teams to conduct audits into business activities and transactions of 18 concerns of S Alam Group**

In its latest audit, the NBR's field office of VAT found that S Alam Refined Sugar allegedly "evaded" Tk 755 crore of VAT.

S Alam Sugar claimed Tk 7,219 crore in sales in its audited financial statement for the 2021-22 and 2022-23 financial years, according to the reports by audit teams formed by VAT Commissionerate Chattogram.

However, the company showed Tk 1,751.47 crore in its VAT return in the two years.

As such, the company did not show Tk 5,468 crore as sales in the VAT returns and "evaded" Tk 713 crore as VAT, as per the report.

The company also "evaded" Tk 42.18 crore of source VAT during the period, as per the reports.

Similarly, SS Power Limited claimed payment of the source VAT of Tk 516 crore in its financial statement audited by a chartered accountancy firm.

Actually, the company paid Tk 316 crore, according to the audit reports by the VAT office.

As such, the VAT Commissionerate in Chattogram issued a show cause notice asking the company for payment of the outstanding source VAT of Tk 200 crore.

The audit team of the field office of VAT also found out that S Alam Cold Re-Rolling Mills has Tk 215 crore of

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## S Alam took out Tk 7,000cr loan from Social Islami Bank

Says new chairman of the bank

STAR BUSINESS REPORT

Chattogram-based business conglomerate S Alam Group took out around Tk 7,000 crore from Social Islami Bank, which is over 18 percent of the total outstanding loans of the cash-strapped commercial lender.

Of the Tk 7,000 crore, the bank has identified that Tk 6,400 crore are funded loans, meaning which involved the direct transfer of cash, said Professor M Sadiqul Islam, the new chairman of the bank.

As of June this year, the total outstanding loan of the Shariah-based lender stood at Tk 37,285 crore, he told a views-exchange meeting with journalists at its head office yesterday.

Social Islami Bank is one of the six Shariah-based lenders that were controlled by the Chattogram-based business giant. The conglomerate took over the bank through coercion in 2017.

Following the political changeover in August, the central bank reconstituted the bank's board, freeing the lender from the grip of S Alam.

At the views-exchange meeting, the new chairman said there had been a lack of good governance at the bank and a huge amount of money was channelled out from the bank.

However, it is possible to recover S Alam loans as many projects of the group are still ongoing, believes Sadiqul Islam.

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## Taskforce formed for stock market reform

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The Bangladesh Securities and Exchange Commission (BSEC) yesterday formed a five-member taskforce to prepare a report comprising recommendations for bringing about reforms to ensure good governance in the stock market.

Mohammed Helal Uddin, a professor of the economics department of the University of Dhaka, and KAM Majedur Rahman, a former managing director of Dhaka Stock Exchange, are two of the members.

AFM Nesaruddin, senior partner of Hoda Vasi Chowdhury & Co, Md Mostofa Akbar, a professor of computer science and electronics of the Bangladesh University of Engineering and Technology, are also in the taskforce.

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## Manipulators behind protests against BSEC

Commission says in letter sent to finance ministry

AHSAN HABIB

The Bangladesh Securities and Exchange Commission (BSEC) has alleged that manipulators were fuelling protests against the regulator to prevent it from taking a stand against corruption and reforming the stock market.

The involvement of manipulators and an "AGM Party" was uncovered through an investigation, the BSEC said in a letter sent to the Financial Institutions Division of the Ministry of Finance on Sunday.

According to the BSEC, "AGM Party" are people who pass agendas at annual general meetings (AGM) of listed companies in order to take illegal benefits.

Protests have been staged outside the BSEC office in Agargaon and in Motijheel for more than a week.

These so-called investors came under the banner of the general investors but in reality they are not general investors, the BSEC said.

Major steps of BSEC

- Committees formed to probe manipulations
- 25 individuals and firms fined
- 80 accounts of several people frozen
- Fund raising appeal of several companies cancelled for noncompliance
- Steps taken against companies who broke rules
- Floor price, circuit breaker lifted

MAJOR DEMANDS FROM INVESTORS

- Boosting stock market
- Returning 27 junk stocks to A, B categories
- Delaying punishment to manipulators
- Giving financial support to those who lost funds

They are trying to destabilise the situation with their demands, most of which are illogical. They also raised questions regarding the companies that were sent to the Z category.

Recently, the stock exchanges demoted 27 companies to Z category from A and B categories as

they failed to pay dividends properly. The BSEC said its mandate is only to monitor whether the rules and regulations were followed in demoting the companies. Its job is not to look after the indices but to ensure accountability and transparency.

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## Bangladesh economy to grow 7.1% in FY26: HSBC

STAR BUSINESS REPORT

Bangladesh's economy is expected to clock a 7.1 percent growth in fiscal year 2025-26, driven by exports and remittances, according to an HSBC Global Research report.

Both exports and remittances are showing positive signs despite the ongoing challenges in the global economy, the HSBC said in a statement following a webinar on economic outlook organised by the British multinational bank's Dhaka office recently.

At the event, Frederic Neumann, chief Asia economist and co-head of HSBC Global Research Asia, said even though Bangladesh's GDP growth rate for fiscal year 2024-25 was revised to 4.5 percent, it would jump to 7.1 percent in the following year.

The garment sector, which accounts for 83 percent of the country's exports, is expected to grow through an increase in demand from international markets, he said.

"At the same time, imports, which had been strained by rising global energy prices, are now stabilising reflecting a recovery in domestic demand and easing cost pressures," he said.

The official said

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