

Star BUSINESS



Govt drafts cross-border e-commerce policy

Plans to introduce int'l standard payment system

REJAUL KARIM BYRON and MAHMUDUL HASAN

Bangladesh has drafted the Cross-Border Digital Commerce Policy 2024, marking a significant step towards integrating the economy with the global digital marketplace as it looks to facilitate globally accepted payment methods.

An internationally accepted payment system will be introduced for digital commerce which will be connected to the country's existing payment systems, according to the policy.

The draft will be finalised after discussions with stakeholders, who were provided the documents yesterday, according to commerce ministry officials.

To ensure reliability in the payment system, a cross-border escrow service will be introduced in coordination with Bangladesh Bank, according to the policy.

Measures will be taken to facilitate the repatriation of export earnings and the payment of import expenses for registered digital commerce enterprises, it said.

To encourage exports, special incentives will be provided if payments are made from abroad and the funds are brought into the country.

During the import of any product or service, the name of the associated marketplace or digital platform must be included on the invoice alongside the buyer's name to facilitate payments.

In such cases, Bangladesh Bank will issue necessary guidelines in accordance with the Foreign Exchange Regulation Act of 1947.

Additionally, a central coordination committee comprising stakeholders will be formed to facilitate cross-border payments for imports and exports through digital commerce as well as to resolve any related complexities.

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Stocks jump as NBR cuts capital gains tax

Investors welcome the move, analyst calls it unfair

MD ASADUZ ZAMAN and MD ABU TALHA SARKER

Stocks soared yesterday as investors cheered the substantial cut in capital gains tax by the National Board of Revenue (NBR) to encourage big local and foreign investors.

The benchmark index DSEX of the Dhaka Stock Exchange (DSE), which fell in the first three hours of trading to 5,175 points, began to rise after the tax authority announced its decision to cut the capital gains tax rate by half to 15 percent on gains above Tk 50 lakh from selling shares.

The DSEX closed at 5,252.49, a two-week high, adding 61.63 points, or 1.18 percent, from the previous day.

The move by the revenue board comes at a time when the country's stock market has been volatile, with liquidity drying up partly due to a lack of interest among large investors and the central bank's tight monetary policy.

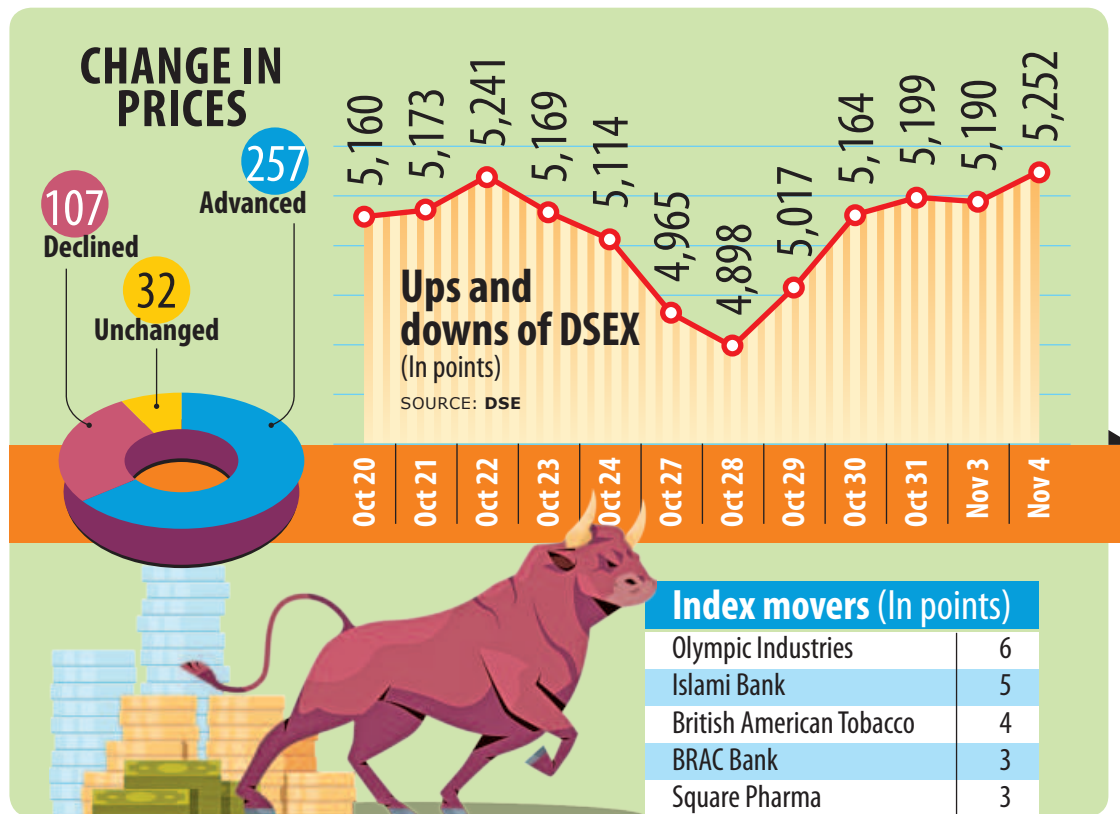
At the DSE, the country's premier bourse, turnover jumped 31 percent yesterday to Tk 566 crore, the highest since September 25 this year.

While investors welcomed the tax cut, an economist criticised the move, saying it would act as a barrier to fighting income inequality.

"This is not a fair and prudent decision," said MA Razzaque, research director of the Policy Research Institute (PRI) of Bangladesh.

He said capital market investors always demand low taxation, blaming market volatility.

"But when they will make a profit of over Tk 50 lakh, why won't they pay more tax despite the taxpayers paying up to 25 percent on their income?"



he questioned.

"Now is the time to examine the tax exemption and scrutinise it to raise the tax-GDP ratio. But the tax authority has taken the opposite stand. The government could keep the rate unchanged," he added.

However, Muhammad Abdul Mazid, former chairman of the NBR, said the step might help bring order and attract investors to the stock market.

Saiful Islam, president of the DSE Brokers Association of Bangladesh (DBA), said the market reacted positively due to the reduction in the tax rate on capital gains.

"Everything in the market was negative. And when a positive thing comes in the market, people accept it gladly," he said.

"There was always an apprehension among the large investors of the share market about the corporate tax. After the announcement by the NBR to lower the tax rate, the apprehension has removed mostly."

"Both the market and the investors took the initiative positively. Let's see how long it lasts," he added.

Yesterday, the DSEX index, which tracks the Shariah-based companies, made the highest gains. The DS30, which is an index composing blue-chip firms, also advanced.

All the sectors that account for large amounts in market capitalisation, the value of a company's outstanding shares, posted a positive performance, according to BRAC EPL Stock Brokerage Ltd.

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BB to lift LC restrictions on crisis-hit banks

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has decided in principle to withdraw the restrictions on opening letters of credit (LCs) by six crisis-hit banks, according to officials.

The measure, which was imposed in August this year, prevented banks from opening LCs only by keeping a 100 percent margin.

The development came following a meeting at the Bangladesh Bank headquarters yesterday between officials of the ailing banks and central bank officials.

Bangladesh Bank Governor Ahsan H Mansur presided over the meeting while Nurun Nahar, Md Habibur Rahman and Md Kabir Ahmed, deputy governors of the central bank, were also present.

The six banks also requested the central bank to quickly process liquidity support, which is being offered through inter-bank money market

On the other hand, the managing directors and chairmen of Bangladesh Commerce Bank, Padma Bank, Union Bank, Social Islami Bank, First Security Islami Bank, and ICB Islami Bank were present.

Contacted, Mohammad Forkanullah, managing director (acting) of Social Islami Bank, told The Daily Star that the governor responded positively to their request.

Forkanullah said the central bank invited them to learn about the latest developments, including loan recovery, deposit mobilisation and overall banking activities.

After the political changeover on August 5, all six lenders except Padma Bank saw their boards reconstituted.

Seeking anonymity, a senior central bank official also confirmed to The Daily Star that the governor had agreed to relax the restrictions.

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They also urged the central bank to intervene and reduce the profit rates that they were being charged for availing liquidity support.

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Generation Next left to languish as leaders abroad

STAR BUSINESS REPORT

Generation Next Fashion, a listed apparel maker in Bangladesh, is struggling to continue operations due to labour unrest and a working capital shortage amid the absence of its top leaders, according to a disclosure on the Dhaka Stock Exchange (DSE).

Tauhidul Islam Chaudhury, chairman of Generation Next, has been absent from duty ever since the Awami League government was ousted by a mass uprising on August 5.

Tauhidul is married to Saida Muna Tasneem, who served as Bangladesh's high commissioner in the UK from November 2018 until September 2024. She was also a shareholder of the apparel maker.

In September, the interim government ordered her immediate return to Dhaka as part of an ongoing process to recall envoys appointed by the previous government.

However, Tasneem did not respond to this directive and remains abroad.

On November 3, Shaheen Akter Chaudhury, a director of Generation Next, informed the DSE that they had submitted a letter to the Bangladesh Securities and Exchange Commission (BSEC) on October 20.

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Denim demand rebounds gradually: experts

Bangladesh Denim Expo kicks off in the capital

REFAYET ULLAH MIRDHA

The demand outlook for locally made denim garments is gradually improving as Western economies rebound, local and foreign businessmen said yesterday.

There is intense competition in the global denim market as almost all competing countries, including Turkey, Pakistan and Vietnam, have always been strong denim producers.

Sales of denim products slowed over the last three years due to the severe fallout of the Covid-19 pandemic, Russia-Ukraine war, and high inflationary pressures in the Western world, including the European Union (EU) and the US.

"Major challenges are coming for the overall export-oriented garment sector since Bangladesh will have to fulfil EU due diligence conditions by 2026 and reduce carbon emissions significantly by 2030," said Syed M Tanvir, managing director of Pacific Jeans, which produces more than 1.5 lakh denim trousers a day.

He also said that denim mills in the country need more value-addition to better compete on the global stage, adding that his company was targeting at least 12 percent export growth by the end of the year.

He made the remarks while visiting the 17th Bangladesh Denim Expo, which kicked off at the International Convention City Bashundhara in Dhaka yesterday.

Md Ali Rasul (Tuhin), director of Team Group, said international clothing retailers and brands were worried by the recent spate of labour unrest in industrial belts as well as political volatility because they want timely delivery of goods.

If normalcy prevails, business will grow and work orders, which shifted to other countries in the aftermath of the political changeover on August 5, will begin to return, he said.



The 17th Bangladesh Denim Expo began at the International Convention City Bashundhara in Dhaka yesterday, with industry insiders expressing optimism that the demand for products made from the popular garment would rebound after slowing in recent years. PHOTO: ANISUR RAHMAN

At a seminar on the sidelines of the expo, Ziaur Rahman, regional country manager, production (Bangladesh, Pakistan and Ethiopia) of Swedish retail giant H&M, outlined the commitments and improvements that customers would like to see.

"If you have demand or grievances, you can't opt for unrest. You need collective discussion. From vandalism, no one wins. Safety and security of the supply chain is a minimum requirement," Rahman said.

"Transparency is key. The supply chain should be self-sufficient. No one will monitor us but us. We should be responsible for our own operations."

He also suggested investing more in people

and their development. "Embrace technology. Innovation and research are really missing here," Rahman added. He also suggested producing more value-added products to grab a bigger slice of the pie in the global apparel market, which was estimated to be valued at around \$1.8 trillion.

Yilmaz Demir, a representative of Bossa, a Turkish denim fabrics supplier, said the slow demand for denim is temporary. Business will grow as inflationary pressures are also easing.

Muhammad Monsoor Bilal, senior vice-president of Karachi-based Naveena Group, said Bangladesh remains competitive globally because of price and quality.

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