

Star BUSINESS



BB unearths fresh irregularities in Islami Bank

MD MEHEDI HASAN

The Bangladesh Bank (BB) has unearthed fresh loan irregularities at Islami Bank Bangladesh, even after the board of directors was restructured following the fall of the Sheikh Hasina-led government in August last year.

The banking regulator found the involvement of Md Abdul Jalil, independent director and executive committee chairman of the bank, in these loan irregularities.

After detecting the rule violations, the central bank on January 12 asked the chairman of the bank to provide an explanation within five working days.

LOAN IRREGULARITIES

Prior approval from the central bank is now mandatory for Islami Bank to disburse loans of over Tk 5 crore, according to a central bank inspection report.

However, the commercial lender's executive committee, on December 10 last year, approved a loan rescheduling facility of Tk 210 crore and a fresh loan of Tk 40 crore as working capital for TRU Fabrics Ltd, said the report.

The probe report reviewed a relevant executive committee memo. It showed that the rescheduling and fresh proposals were presented before the bank's executive committee without any approval from the central bank.

Md Abdul Jalil, chairman of the executive committee, is liable for the irregularities, the report stated.



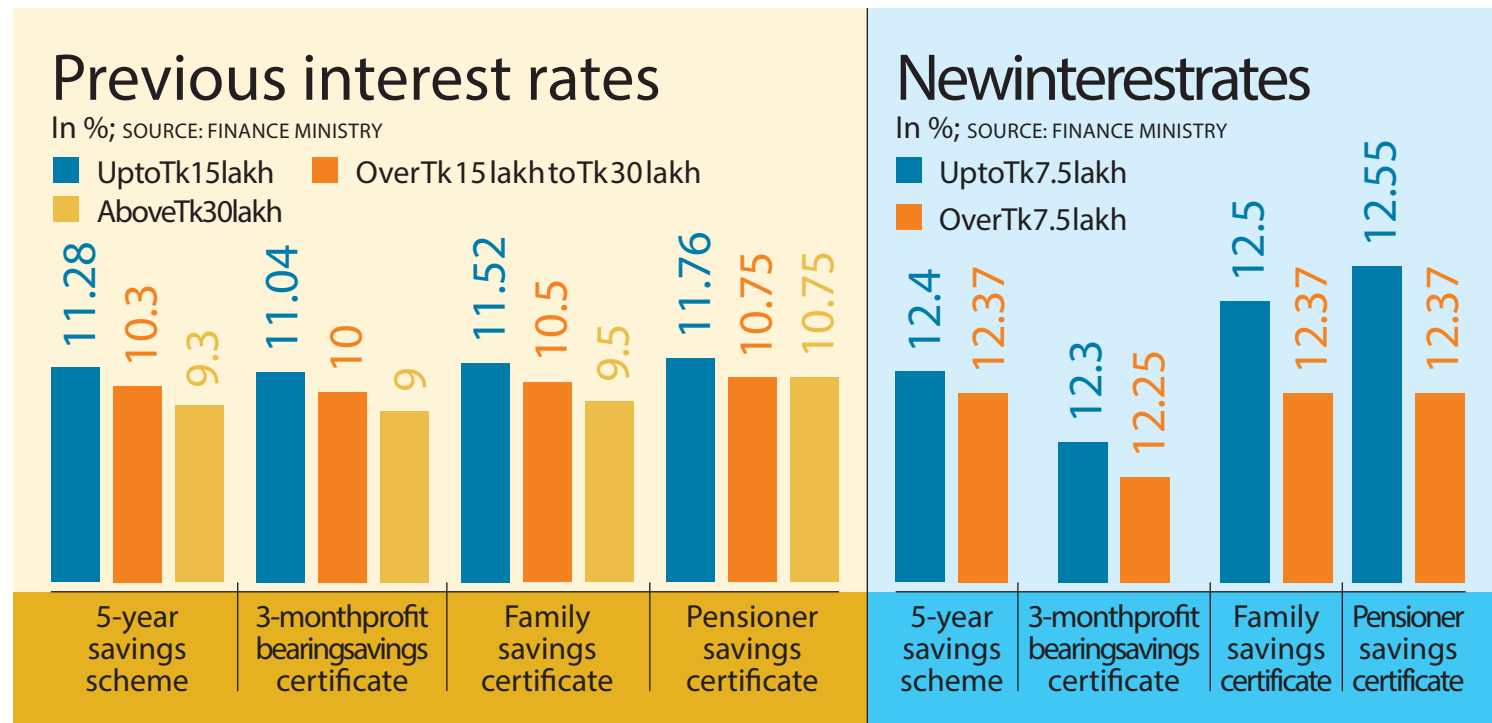
He worked as a finance advisor at TRU Fabrics Ltd and its associate company, Unifill Textile Mills Ltd, for more than six years before joining the bank as a board member, as per the BB probe.

The Shariah-based bank cancelled both the loan rescheduling and loan approvals on December 23 last year.

However, the fresh fund was allowed to be withdrawn between December 10 and December 26, which is a serious irregularity, according to the BB inspection report.

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Govt raises savings rates to cool inflation, woo investors



REJAU KARIM BYRON and AHSAN HABIB

The interim government has increased interest rates on various national savings certificates to upwards of 12 percent in an effort to make these instruments more attractive to savers and to cool inflation.

The finance ministry issued a circular yesterday regarding the interest rate hike on savings tools. The new rates will be effective from January 1, according to the circular.

the rate applicable during their investment period.

Additionally, a premium of up to 50 basis points will be added to the weighted average treasury bond interest rates when setting savings certificate rates, according to a finance ministry source.

The savings instruments include the five-year Bangladesh savings certificate, the three-monthly profit-bearing Sanchayapatra, the five-year family savings certificate and the

loan repayment burden.

On the other hand, he said, it will make it more difficult for the private sector to get loans from the banking sector.

"People may keep their funds in the banking sector. But it may not flow to private players. Rather, it will flow to the government," Rahman said.

"As the non-bank financial institutions [NBFIs] were offering higher interest rates, people earlier were not encouraged to invest funds in the savings tools," he said.

The economist noted that the government has taken this decision as an inflation control measure, which aligns with its contractionary monetary policy.

At the same time, it will also provide the government with more liquidity to cover its expenditures, he added.

For the family savings instrument, the new interest rates will range from 12.5 percent to 12.37 percent while the existing interest rates range from 11.5 percent to 9.5 percent.

Similarly, the interest rates on the pensioners' scheme will be 12.55 percent to 12.37 percent under the new rates. At present, these rates range from 11.76 percent to 9.75 percent.

Meanwhile, interest rates on other savings instruments – the wage earners' bond, the US dollar investment bond and the US dollar premium bond – will remain unchanged.

The interest rate on post office term deposits ranges from 12.30 percent to 12.25 percent.

GOVT IN SEARCH OF MONEY

During the July-September period of fiscal 2024-25, the total sale of national savings tools amounted to Tk 14,991.95 crore, which was 30.77 percent lower compared to the same period of previous year.

During the first quarter of FY25, total

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STOCKS	
DSEX ▼	CASPI ▲
0.16%	0.03%
5,142.52	14,389.82

COMMODITIES	
Gold ▲	Oil ▼
\$2,686.55	\$77.58
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.30%	▼ 0.08%	▼ 0.43%	▼ 0.43%
76,732.47	38,444.58	3,772.58	3,227.12

NBR to reduce VAT on restaurants

STAR BUSINESS REPORT

The National Board of Revenue (NBR) is set to revise the value-added tax (VAT) on restaurants, reducing it from the standard rate of 15 percent.

The tax administration informed the Bangladesh Restaurant Owners Association of the decision in a letter, though it did not specify the new rate.

The NBR stated that the decision was made after reviewing a letter sent earlier by the association.

"Under the circumstances, your cooperation is sought for increased revenue collection and maintaining peace and stability," the letter said.

This move follows mounting pressure from restaurant owners, who had threatened to strike indefinitely in response to the increased VAT.

The NBR's decision comes less than a week after the interim government issued an ordinance raising VAT and Supplementary Duty on nearly 100 goods and services, including restaurants and non-AC hotels.

Lack of marine insurance coverage, awareness costing industry: expert

STAR BUSINESS REPORT

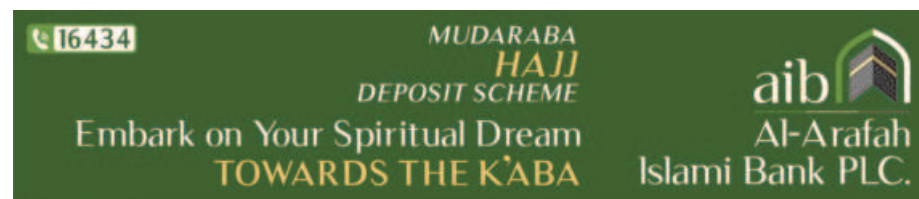
The maritime industry in Bangladesh is facing challenges due to outdated regulatory frameworks, limited access to specialised insurance products, and a lack of awareness among its stakeholders about the importance of comprehensive marine insurance coverage.

Addressing these gaps requires a concerted effort by policymakers, industry leaders, and legal professionals, according to Justice Khizir Ahmed Choudhury of the High Court Division of the country's Supreme Court.

He made this comment at a seminar on "Contemporary Issues of Marine Insurance Law" at the CIRDP auditorium in Dhaka yesterday.

The event was organised by the Bangladesh Maritime Law Society (BMLS), with the support of the Maritime Anti-Corruption Network (MACN) and MCLaw Services Ltd.

Choudhury emphasised that education and awareness are key, as shipowners, operators,



The move comes in face of falling revenue collection, plummeting foreign funds and higher debt servicing pressure, prompting the government to look for money to meet the overall expenditure.

The rise in interest rates will offer some relief to fixed income groups, whose earnings have been squeezed by elevated inflation for about two years.

However, previous investors will continue to receive interest based on the earlier rates.

Previously, interest rates on the four savings certificates offered by the Department of National Savings ranged from 11.04 percent to 11.76 percent.

The interest rates will now be set according to the weighted average interest rates of five-year and two-year treasury bonds. Every six months, the savings certificate rates will be adjusted after reviewing these treasury bond interest rates.

Investors will receive interest based on

five-year pensioners' savings certificate.

Currently, there are three different interest ceilings for these four savings certificates.

Under the new system, the interest rate on the five-year Bangladesh savings certificate will be 12.4 percent for investments up to Tk 7.5 lakh. For savings above Tk 7.5 lakh, the interest rate will be 12.37 percent.

Currently, a saver receives 11.28 percent interest for investments up to Tk 15 lakh after maturity, 10.30 percent for investments between Tk 15 lakh and Tk 30 lakh, and 9.3 percent for investments above Tk 30 lakh.

In the case of the three-monthly profit-bearing Sanchayapatra, the new interest rate will be 12.3 percent to 12.25 percent. Currently, the interest rates are 11.04 percent to 9 percent.

Professor Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue (CPD), said the interest rate hike will, on one hand, increase the government's



One of the two ships of Bangladesh Shipping Corporation that were damaged by fire. Marine insurance law is critical for mitigating maritime risks, experts said.

PHOTO: COLLECTED

and relevant policymakers must have the tools and knowledge to effectively navigate the challenges of modern maritime operations.

"As we deliberate on the complexities of marine insurance today, let us not lose sight of the broader goal: creating a resilient and sustainable maritime

industry," he said.

This requires not only robust legal and regulatory frameworks but also the active engagement of all stakeholders, Choudhury added.

He pointed out that the country's reliance on maritime

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Businesses express frustration for red tape, VAT hike

STAR BUSINESS REPORT

Businesspeople yesterday expressed frustration over bureaucratic red tape, increasing value added tax (VAT), and a recent proposal to raise gas prices, stating that these are barriers to fresh investment.

They alleged that the government did not hold any discussions with stakeholders before raising VAT rates and proposing higher energy prices, nor did it conduct any cost-benefit analysis.

Everyone wants to exploit businesspeople, claimed AK Azad, a former president of the Federation of Bangladesh Chambers of Commerce and Industry.

Businesspeople alleged that the government did not hold any discussions with stakeholders before raising VAT rates and proposing higher energy prices

Some 40 percent of business expenses are behind bribes. "No one comes to move files a little quicker... There is no one to advocate for us. So, who will invest in this country?" he said.

Azad was addressing a seminar on the country's investment prospects and challenges at Economic Reporters Forum (ERF) in Dhaka.

The country is not attracting new investments due to policy inconsistencies. But Bangladesh has potential and businesses should be allowed to conveniently conduct trade, he said.

Speaking about the recent VAT and gas price hikes, Azad emphasised the need for careful planning.

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€14.45m deals signed with Germany for sustainability

STAR BUSINESS REPORT

Bangladesh and Germany signed three new technical cooperation agreements yesterday.

The deals, valued at €14.45 million, focus on transforming the textile sector, enhancing climate adaptation efforts, and advancing sustainable electric mobility, according to a press release.

Md Shahriar Kader Siddiky, secretary of the Economic Relations Division (ERD), and Andreas Kuck, country director of GIZ Bangladesh, signed the agreements, highlighting the shared commitment of both nations to sustainable growth.

The agreement on the "Programme for Sustainability in the Textile Sector II (STILE-II)", with funding of €7.3 million under the Ministry of Commerce, aims to modernise Bangladesh's textile and ready-made garment (RMG) industries, aligning them with EU sustainability standards.

Key outcomes include policy alignment, strengthened sectoral instruments, and the promotion of gender equality.

The "Localisation of National Climate Adaptation Targets (LOCAT)" deal, backed by €3 million, will help the Local Government Division enhance institutional capacities for urban climate action plans aligned with the National Adaptation Plan. Outputs include gender-responsive tools and a learning framework for city-level climate strategies.

The "Transition to Sustainable E-Mobility (Trans2SMo)" deal will enable the Power Division to utilise €4.15 million to promote electric mobility.