

Star

BUSINESS



KEYPOINTS

Nagad faces case for alleged embezzlement involving Tk 645 cr

Lawsuit is against 24 individuals, including Nagad chairman, MD

The case is based on false and fabricated claims: Ex-CEO Tanvir AMishuk

BB files Tk 645cr embezzlement case against Nagad

STAR BUSINESS REPORT

Bangladesh Bank (BB) has filed a case against mobile financial service (MFS) provider Nagad, alleging fraud, embezzlement, and financial irregularities amounting to Tk 645 crore.

On behalf of the central bank, Sarker Mohammad Amir Khusru, joint director of BB's payment systems department, filed the case at Motijheel Police Station on Monday.

The lawsuit names 24 individuals, including 16 officials of Nagad Ltd and eight officials of the Directorate of Posts.

They include Syed Mohammad Kamal, former chairman of Nagad Ltd; Tanvir Ahmed Mishuk, former managing director; and directors Md Shafayet Alam, Maruful Islam Jhalak, Mohammad Aminul Haque, Faisal Ahsan Chowdhury, and Giles Alastair James Farley.

Others from Nagad include Md Rakibul Islam, head of finance operations; Md Abu Raihan, chief technology officer; Ashish Chakraborty, former chief information officer; former directors M Tamzid Rahman, Syed Arshad Reza, Md Mizanur Rahman, and Rezaul Hossain; and Rahel Ahmed, former CEO.

The defendants from the Directorate of Posts include former director generals SM Shahab Uddin, Sushanta Kumar Mondal, Sudhanshu Shekhar Bhadra, Bahija Akter, Md Siraj Uddin, Md Fayzul Azim, Md Harunur Rashid, and Tarun Kanti Shikdar.

Nagad introduced itself as a financial arm of the Bangladesh Post Office when it entered the market in 2019 and is still operating on a temporary licence from the central bank.

After the interim government took office in August 2024, Bangladesh Bank appointed an administrator to Nagad due to concerns over operational irregularities.

The administrator's investigation revealed several alleged discrepancies, most notably a Tk 600 crore shortfall resulting from the creation of e-money without corresponding cash backing—an alarming violation in the financial sector.

Additionally, unauthorised withdrawals totalling approximately Tk 1,711 crore were identified from 41 distribution accounts designated for government allowances.

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Steel, cement makers witness drop in Q2 profits

Reasons include higher raw material costs, lower govt spending

AHSAN HABIB

Major listed construction-related firms witnessed a massive year-on-year drop in profits during the October-December period of the current fiscal year of 2024-25.

This was mainly due to a rise in raw material costs and a drop in government spending on infrastructure projects amid macroeconomic challenges.

Among the eight major listed steel rod, cement, and ceramic producers, only Berger Paints Bangladesh Limited saw a rise in profits.

BSRM Steels Limited, BSRM Ltd, and GPH Ispat Limited—all rod producers—experienced a drop in profit.

Among the cement producers, the profits of Crown Cement PLC and Premier Cement Mills PLC also declined, while Meghna Cement Mills PLC sank into losses.

RAK Ceramics registered lower profits during the same three-month period.

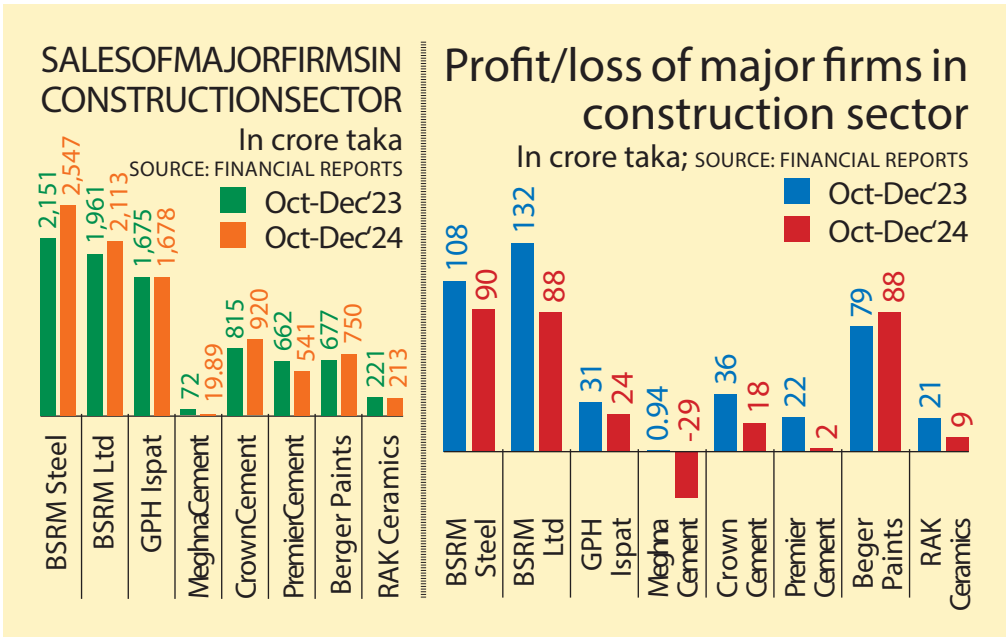
Despite higher sales, these companies saw a decline in profits mainly due to lower margins, said Kamrul Islam, executive director of GPH Ispat Limited.

In particular, finance costs soared as the banking sector raised interest rates, leading to lower profits. On top of that, labour costs also increased, he said.

Although sales returned to their previous level in the second quarter of this fiscal year, they were impacted in the first quarter due to nationwide political movements and sluggish government expenditure, he added.

GPH Ispat Limited's profits dropped 29 percent to Tk 24 crore in the second quarter, while its sales grew slightly to Tk 1,678 crore.

BSRM Ltd and BSRM Steels Limited saw



their profits drop by 40 percent and 16 percent, respectively, over the three-month period.

Since construction-related companies require huge investments, they have high leverage with banks. As a result, their profits are affected when interest rates rise, said a researcher at a leading brokerage house.

The three steel rod companies' combined bank loans exceed Tk 10,000 crore. Consequently, their net finance costs rose by around 8 percent to Tk 302 crore.

Meanwhile, Crown Cement PLC's profits halved to Tk 18 crore in the second quarter, even as its sales rose by 12 percent to Tk 920 crore.

Due to high inflationary pressure, people's spending on construction declined, which impacted the high growth of sales for construction-related goods producers, according to a stockbroker.

Crown Cement PLC stated in its disclosure that its profit dropped due to additional depreciation resulting from an expansion of its capacity and the impact of interest charged on long-term loans taken for the expansion.

A hike in electricity prices and an increase in investment in advertising and manpower in efforts to expand its market share also raised costs, it added.

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80% of jewellers remain outside VAT net

SUKANTA HALDER

Around 32,000 jewellery shops in the country are operating without value-added tax (VAT) registration, apparently evading the indirect tax paid by their consumers, according to the National Board of Revenue (NBR).

The revenue administration said that only 8,000 gold ornament shops out of a total of 40,000

with the Bangladesh Jewellers' Association (Bajus) to bring its 23,000 members under the EFD system. So far, it has managed to install only 1,000 EFDs in jewellery shops.

As such, the revenue board has requested Bajus to write to all jewellery associations and sellers, urging them to obtain VAT registration and install EFDs.

Badal Chandra Roy, general

Meanwhile, Bajus estimates that gold worth around Tk 73,000 crore is smuggled into the country each year.

At present, jewellery stores need to pay 5 percent VAT on sales, and a huge chunk of VAT could be collected once all shops are brought under the tax net. This would subsequently increase the government's overall revenue collection from domestic sources.

BY THE NUMBERS

There are about 40,000 jewellery shops in Bangladesh

In FY23-24, 8,000 registered jewellery shops paid Tk 100 cr in VAT

Around 32,000 shops operate without VAT registration

Electronic fiscal devices have been installed in only 1,000 shops

SOURCE: NBR DOCUMENT

INDUSTRY

Demand for gold in Bangladesh stands at 20 to 40 tonnes per year

Almost 80% of the demand is met through smuggled gold

Gold worth around Tk 73,000 cr is smuggled into the country each year

SOURCE: BAJUS, COMMERCE MINISTRY

stores are under the VAT net, and it collected roughly Tk 100 crore in the last fiscal year.

The issue has come into the spotlight as the revenue board moves to install Electronic Fiscal Devices (EFDs), or sales data controllers, to monitor sales at retail and wholesale stores across the country.

According to the NBR, installing the devices would help curb VAT evasion and increase domestic revenue collection, which is one of the lowest in the world in terms of gross domestic product (GDP).

Over the past 15 years, the government has been trying to bring retailers under the VAT net to boost overall tax collection by introducing electronic sales registers. Yet, compliance remains largely absent.

As part of its efforts to improve compliance, the NBR recently met

secretary of Bajus, told The Daily Star that they want to bring all such businesses under the tax net to create a level playing field so that everyone complies.

"Since 2021, we have made repeated efforts to bring other jewellery businesses under VAT and tax regulations, urging the revenue board to ensure compliance," Roy said.

He also said that VAT-compliant businesses are struggling to survive because of non-compliant ones, which can offer gold items at lower prices by bypassing VAT.

According to government estimates, the demand for gold in Bangladesh is roughly 20-40 tonnes per year.

The commerce ministry says that almost 80 percent of this demand is met through smuggling.

Given this situation, EFDs will be installed in all jewellery shops in the Dhaka and Chattogram divisions in the first phase, said an NBR official.

Md Abdur Rouf, a member of the VAT policy division at the NBR, said, "This is a long-standing issue. It is not just jewellers—many other sectors also remain outside the VAT net."

"Now, we have taken the initiative to go sector by sector. We have started with jewellers. Bajus has said that it would cooperate with the NBR," he told The Daily Star.

Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue (CPD), told The Daily Star that bringing businesses without VAT registration under the tax system is a "straightforward task."

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Inflation eases to single digits in January

STAR BUSINESS REPORT

Inflation in Bangladesh eased for the second consecutive month in January, driven by stable food prices due mainly to an abundant supply of winter vegetables to the local market.

The country's Consumer Price Index fell to 9.94 percent in January from 10.89 percent in December, according to data released by the Bangladesh Bureau of Statistics (BBS) yesterday.

Food inflation saw a notable decline, dropping to 10.72 percent in January from 12.92 percent in December. This reduction comes as an influx of seasonal vegetables helped stabilise prices, providing relief to consumers.

However, non-food inflation edged up slightly, rising to 9.32 percent in January from 9.26 percent in December, indicating continued price pressures in other sectors.

In November, overall inflation stood at 11.38 percent, marking the second-highest level in the last 14 years.

Although overall inflation has been declining for the last few months, consumers in Bangladesh have been struggling with persistent inflationary pressures over the past two years, with inflation remaining above 9 percent since March 2023.

Consumer Price Index fell to 9.94 percent in January from 10.89 percent in December

In this context, Finance Adviser Salehuddin Ahmed said yesterday that the country's inflation is expected to decline to a tolerable level within the next three months.

"We will take several measures in February, March, and April to curb inflation," he said after a meeting of the Cabinet Committee on Government Purchase at the Secretariat in Dhaka.

"If inflation can be brought down to 6 percent to 7 percent by June, the interim government will consider it satisfactory."

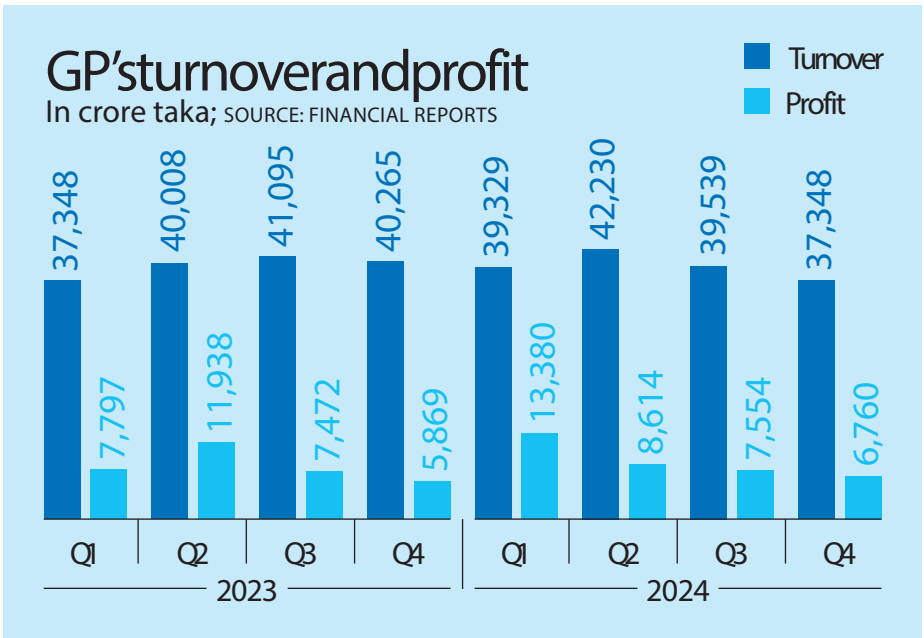
The 12-month annual average inflation rose to 10.34 percent in January from 9.59 percent a year earlier, according to official data.

"This [decline] was driven notably by an improvement in food production—especially seasonal vegetables—which is reflected in the drop in food inflation," said Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh.

Furthermore, given that imports picked up substantially in December, there is a likelihood that supply chain disruptions are gradually easing, which should aid in managing inflation, he said.

"However, this level of inflation is still very high and is causing hardship for people with fixed incomes or those living below the poverty line," Rahman added.

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GP's sales declined, profits rose in 2024

STAR BUSINESS REPORT

Grameenphone's profits rose in 2024, although its sales dropped slightly during the year amid weak macroeconomic conditions and high inflation.

The country's top telecommunications company registered a revenue of Tk 15,844 crore last year, compared to Tk 15,871 crore in the previous year.

The yearly turnover declined as the company witnessed lower turnovers in the last two quarters of the year.

The GP's net profit grew by 9.7 percent year-on-year to Tk 3,630 crore from the previous year's Tk 3,307 crore.

An analysis of its financial reports

found that its profit rose mainly due to lower finance expenses.

Finance expenses declined primarily due to the company keeping a provision of Tk 20 crore against regulatory disputes in 2024, compared to Tk 426 crore in the previous year.

The company set aside a lower provision against regulatory disputes this year as it had already paid off a large portion of the disputed amount.

It has been maintaining provisions against regulatory disputes over the past couple of years based on the outcome of court proceedings. Grameenphone has several ongoing disputes.

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