

MFS transactions to top Tk 25 lakh cr this yr
Says BB governor

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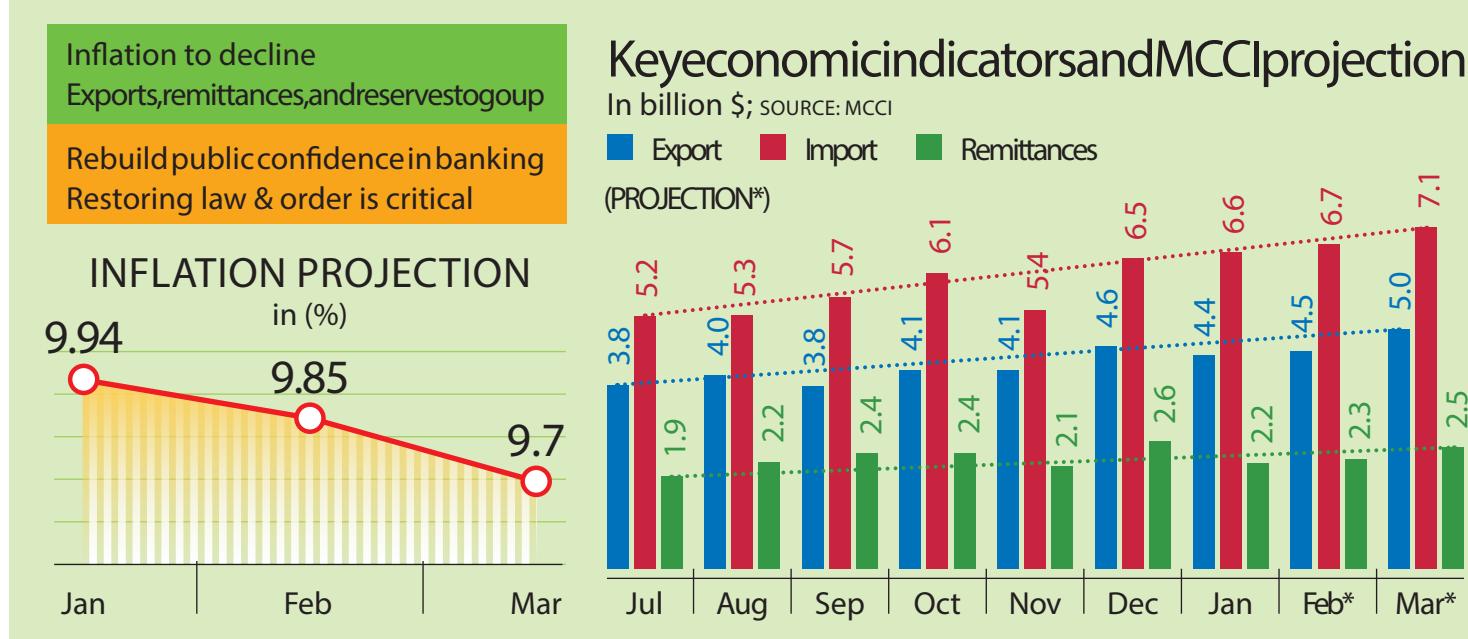
The volume of transactions through mobile financial services (MFS) is expected to exceed Tk 25 lakh crore this year, Bangladesh Bank Governor Ahsan H Mansur said yesterday.

He stated that current annual transactions through MFS amount to Tk 17 lakh crore, but this figure is likely to surpass Tk 25 lakh crore by the end of the year.

This means the transaction volume through MFS alone will be nearly three times the national budget, he added.

The governor made these remarks at an event titled "Transforming the Payment Landscape: An Era of Evolution", organised by the Bangladesh Bank at the Pan Pacific Sonargaon Dhaka.

At the event, it was announced that the central bank had launched



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Bangladesh's economy exhibited a gradual recovery in the second quarter of fiscal year 2024-25, but it faces substantial hurdles, including inflationary pressures, a shortfall in revenue collection, slow public spending, diminished job opportunities and a sluggish investment climate.

In addition, there is a need to rebuild public confidence in the banking system, the Metropolitan Chamber of Commerce and Industry (MCCI) said in its quarterly review of Bangladesh's economic situation for the October-December quarter of FY25.

"Restoring law and order is indeed a critical priority to create a stable environment for economic activities," the MCCI said in the review released yesterday.

The leading chamber said key economic indicators such as exports and remittances demonstrated positive trends.

"The economy has been recovering gradually from political instability that began in the first week of July 2024."

"The slide experienced by the foreign exchange reserves was halted, and the exchange rate of Bangladeshi taka against major currencies stabilised, although some volatility in the reserve position continues to persist."

"Improved trade and current account balance, and the overall balance of payments situation, allowed for some de-restriction of import activities," the trade body added.

However, high inflation and slow revenue collection remain major concerns.

Bangladesh has been grappling with over 9 percent inflation since March of 2023. In January, the consumer price index, a measure of changes in the price of a basket

of goods and services, stood at 9.94 percent. Despite improvements in foreign trade and remittances, inflation remains a critical concern, the MCCI said, adding that the country's central bank has maintained a tight monetary policy stance to curb inflation and stabilise the exchange rate.

The chamber projects that inflation, which eased for the second consecutive month in January, may decline to 9.85 percent this month and 9.7 percent in March.

It said the Bangladesh Bank's efforts, along with the positive trends in exports and remittances, are expected to support broader economic recovery in the coming months.



The chamber said Bangladesh's exports rose 12.8 percent year on year to \$24.54 billion, primarily driven by the ready-made garments sector.

It said buoyancy in exports might continue in the third quarter with shipments gradually rising. Exporters may ship products worth \$4.9 billion in March, up from a projected \$4.5 billion in February, the chamber added.

Similarly, Bangladeshi migrants working and living abroad are expected to send a good amount of remittance next month ahead of Eid-ul-Fitr, the biggest religious

festival for Muslims and a time when the overall economy gets a big boost because of a shopping bonanza to celebrate the festival.

Remittance inflows, which saw a 27.5 percent uptick in the first half of the current fiscal year, are likely to be around \$2.5 billion next month. Better remittance inflow has been attributed to improved banking governance and foreign exchange stability, boosting expatriate confidence.

Consequently, Bangladesh's foreign exchange reserves, which have been strained for nearly three years, are expected to go up. The MCCI said gross forex reserves might cross \$26 billion in March.

The chamber said the country's trade deficit narrowed and the pressure on the balance of payments, which shows a country's transactions with the rest of the world, improved in the first half of FY25.

The trade deficit narrowed year-on-year to \$9.76 billion in the July-December period of this fiscal year from \$10.88 billion.

However, the industry and services sectors showed a mixed performance.

The MCCI said the industrial sector registered lower growth in the first quarter of FY25 compared to the previous quarter as it suffered due to a sharp slowdown in manufacturing growth. The services sector also witnessed weaker growth.

Foreign investment also fell amid economic uncertainties, infrastructure constraints and regulatory inconsistencies.

The MCCI said Bangladesh's economy is gradually overcoming the difficulties brought on by the present political uncertainty and conflicting world scenario.

"Therefore, the performances of the selected economic indicators are mixed."

AmCham voices concern over law and order situation

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A group of businessmen expressed concern about the debilitating law and order situation, saying it has been affecting enterprises, and sought remedies from the government.

The businessmen highlighted the issue at a dialogue hosted by the American Chamber of Commerce in Bangladesh (AmCham), titled "Trade and Investment Growth: Business Consultation, Law & Order, and Energy Crisis Management Hold the Key" at Sheraton Dhaka.

AmCham President Syed Ershad Ahmed emphasised the need to stabilise law and order and enhance business sector consultations. He also advocated for the National Board of Revenue (NBR) to establish separate wings for policy and implementation.

He further called for customs automation, the elimination of manual signatures, and relief from double taxation.

Ahmed stressed the importance of the Export Promotion Bureau (EPB) focusing on new export markets, research and development, and training as trade shows are proving ineffective.

He raised concerns about the insufficient facilitation of cargo transportation between the inland container depot in Dhaka and Chattogram port, leading to delays in raw material shipments.

Furthermore, he underscored the significance of policy stability to attract long-term investment while strengthening the Bangladesh Competition Commission and intellectual property rights.

During the dialogue, businessmen focused on the need to improve the law and order situation to support business operations. They also circled the importance of better consultation with local and foreign investors to enhance the trade and investment climate.

Beverage industry representatives from Coca-Cola and PepsiCo raised concerns over high supplementary duty (SD), sugar tax and minimum tax, urging a reduction in SD from 30 percent to 25 percent and turnover tax from 3 percent to 0.6 percent to boost investment, create jobs, and drive business growth.

A key point raised by representatives of the financial services industry was a request for waiver of mandatory income tax return slips for credit card issuance up to Tk 5 lakh, in alignment with the Income Tax Ordinance, to

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SINGAPORE ▼ 0.3% 3,915.87	SHANGHAI ▼ 0.80% 3,346.04

Singer becomes first to launch operations in Araihaazar SEZ

JAGARAN CHAKMA

Singer Bangladesh has started the commercial production of home appliances at its new plant, becoming the first company to operate in the Bangladesh Special Economic Zone (BSEZ) in Araihaazar of Narayanganj.

The Bangladesh Economic Zones Authority (BEZA) on Monday approved the commercial production, as reported by the company on the Dhaka Stock Exchange website.

Kazi Ashiqur Rahman, company secretary of Singer Bangladesh, said the trial run at the new factory began in June 2024. However, subsequent political turmoil delayed other production-related construction, machinery imports and installations.

The new facility, established with a \$78 million investment from Turkish multinational Arcelik -- which holds the majority of shares of Singer Bangladesh -- is designed to reduce reliance on imports by locally manufacturing over 90 percent of its components.

"We are starting with an initial workforce of 2,000 employees. Once the project is fully implemented, we anticipate expanding our team to as many as 4,000," Rahman said.

This new facility will serve as a comprehensive manufacturing centre, producing a full line of home appliances, including refrigerators, televisions, air conditioners, washing machines and more.

He added that this diverse production capability would drive the company's market



share expansion in the coming year.

According to Singer Bangladesh, the plant has the capacity to produce up to 1 million refrigerators annually.

Rahman further said that while their Savar plant does not have modern machinery, the new facility, which covers 35 acres, is equipped with the latest equipment to ensure that products meet global standards.

"By focusing on consumer needs, Singer Bangladesh is transforming its operations to offer contemporary, globally standard products to local customers," Rahman added.

As one of the largest retailers of consumer durables in Bangladesh, Singer offers brands

like Singer, Beko, and others, with 463 retail stores and over 1,000 dealer shops nationwide.

Arcelik owns 57 percent of Singer Bangladesh, with the remaining shares publicly traded. The company's stock closed at Tk 107 yesterday, marking an increase of 2.59 percent compared to the previous day.

Since its listing on the Dhaka Stock Exchange in 1983, the company's paid-up capital has reached Tk 98 crore, with its market capitalisation standing at Tk 1,465 crore.

The company reported a loss of Tk 49 crore in 2024, a significant reversal from the profit recorded in the previous year.

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