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Star BUSINESS



# Bangladesh doesn't need IMF funds, but right policies: governor

STAR BUSINESS REPORT

Bangladesh does not need funds from the International Monetary Fund (IMF) if it can mobilise enough domestic resources, said Bangladesh Bank Governor Ahsan H Mansur, as he stressed that the country requires the right policies rather than "begging for foreign funds".

"Bangladesh's financial position is strong. The only weak area is revenue collection, and the solution lies in improving revenue generation," Mansur said at a roundtable yesterday.

"This fiscal year, the country has nearly $29 billion in remittances and $50 billion in exports. These two sources alone contribute about $80 billion. After deducting letters of credit (LCs), the country still has $10 billion in hand," the central bank governor said at a roundtable organised by The Business Standard at its office at Eskaton in Dhaka.

"Why should I have to go and beg for money?"

Speaking at the event titled "Path to Recovery for the Banking Sector", Mansur said, "I still publicly say that we don't need IMF money, but we do need the right policies. If our policies are correct, we won't need foreign funds; we can manage with our own resources."

He pointed out that despite rising interest rates, deposit growth remains sluggish. The banking sector's ultimate solution lies in increasing deposits.

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>
> **Ahsan H Mansur**
> Bangladesh Bank governor

"To resolve non-performing loans (NPLs), deposit growth must be high, and that will happen only with good governance. When there are enough deposits, it becomes easier to tackle other banking sector issues," said Mansur, an economist who served the IMF earlier in his career.

He said the Bangladesh Bank will soon conduct a fit and proper test for bank directors to assess their suitability. "If found unfit, they will be asked to resign."

"We don't want to see housewives, daughters and sons on boards who have no proper experience."

The governor said the central bank will also form a panel of independent directors so that banks can appoint them. The government has sought suggestions from the Association of Bankers, Bangladesh (ABB) on the qualifications required for directors.

"The central bank will not allow the country's

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# Exports edge up in further relief to economy

JAGARAN CHAKMA *and* REFAYET ULLAH MIRDHA

Bangladesh's exports have shown resilience, displaying steady growth in key sectors such as garments, plastics and seafood in the first eight months of fiscal year (FY) 2024-25, somewhat defying global economic headwinds and domestic concerns like high inflation and political uncertainty.

In February, export earnings stood at $3.97 billion, a 2.77 percent year-on-year increase from $3.86 billion, according to data published by the Export Promotion Bureau (EPB) yesterday.

This development comes days after the Bangladesh Bank reported a jump in remittance inflows, which surged 25 percent year-on-year to $2.52 billion last month, offering much-needed relief to a strained economy.

Total exports in the first eight months of FY25 reached $32.94 billion, up 10.5 percent year-on-year.

Exports of the readymade garment (RMG) sector, Bangladesh's largest export earner, grew 1.66 percent last month.

Overall, apparel exports rose 10.64 percent to $26.79 billion in the July-February period compared to the preceding year.

In the same period, knitwear exports climbed 11.01 percent to $14.34 billion, while exports of woven garments increased 10.22 percent to $12.45 billion.

The RMG sector accounted for over 81 percent of total export earnings, yet again underlining its dominance in the country's export basket.

"The outlook of our garment exports is promising as work orders are rebounding," said Faruque Hassan, a former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

However, he said law and order must be improved as international clothing retailers frequently raise concerns over security.

According to Hassan, the country is also benefiting from US President Donald Trump's tariff policies. Higher tariffs on Chinese and Mexican apparel exports to the US are redirecting orders to Bangladeshi manufacturers, he opined.

However, low pricing remains a key challenge, he mentioned.

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**BY THE NUMBERS**

- February exports: $3.97b
- Growth: 2.77%

**IN FIRST 8 MONTHS OF FY25**

- Total exports: $32.94b
- Growth: 10.53%

**LEATHER: MIXED PERFORMANCE**

- Leather footwear: 24.02%
- Raw leather: -8.68%

**ENGINEERING ON THE RISE**

- Electric products: 13.51%
- Bicycle: 64.7%

**KEY SECTORS DRIVING GROWTH**

**GARMENTS**

- 81% of total exports
- Total exports: $26.79b
- Knitwear: $14.34b
- Woven garments: $12.45b

**PLASTICS**

- Growth: 22.25%

**RUBBER**

- Growth: 34.71%



# Businesses demand easing rules to enjoy tax benefits

STAR BUSINESS REPORT

Two leading business chambers yesterday demanded the cancellation of a Tk 36 lakh cap on cash expenses to qualify for lower corporate tax rates, calling the requirement impractical.

In an economy where a large portion of transactions take place outside the banking system -- particularly in the informal sector -- such restrictions create barriers for businesses seeking tax benefits, they said.

"Although corporate tax rates have been gradually reduced in recent fiscal years, the conditions on cash transactions mean no company is able to fully utilise these benefits," said Kamran T Rahman, president of the Metropolitan Chamber of Commerce and Industry (MCCI).

He made the comments while presenting the MCCI's tax-related proposals at a pre-budget discussion at the National Board of Revenue (NBR) headquarters in the capital's Agargaon.

The NBR organised the discussion as part of its exercise to consult business chambers, professional bodies, and economists, and seek proposals on tax measures for the fiscal year 2025-26.

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# Tapan to buy Tk 32cr shares in Square Pharma

STAR BUSINESS REPORT

Tapan Chowdhury, managing director of Square Pharmaceuticals, has expressed his intention to purchase 15 lakh shares of the company—the largest drug producer of the country—valued at around Tk 32.5 crore at the current market price.

Chowdhury, also a sponsor of the company, plans to acquire the shares at the prevailing market price in both the public and block markets through the Dhaka Stock Exchange (DSE) within the next 30 working days, Square Pharmaceuticals said in a disclosure on the premier bourse's website.

Shares of Square Pharmaceuticals declined 0.09 percent to Tk 216.9 yesterday on the DSE.

Chowdhury's announcement comes two weeks after a similar declaration by Anjan Chowdhury, another sponsor director of Square, who also intended to buy 15 lakh shares, valued at Tk 32 crore at the market price at that time.

As of November 30 last year, Tapan Chowdhury held a 9.47 percent stake in Square Pharmaceuticals, a major concern of Square Group. Following the purchase, his total stake in the company will increase to 9.65 percent.

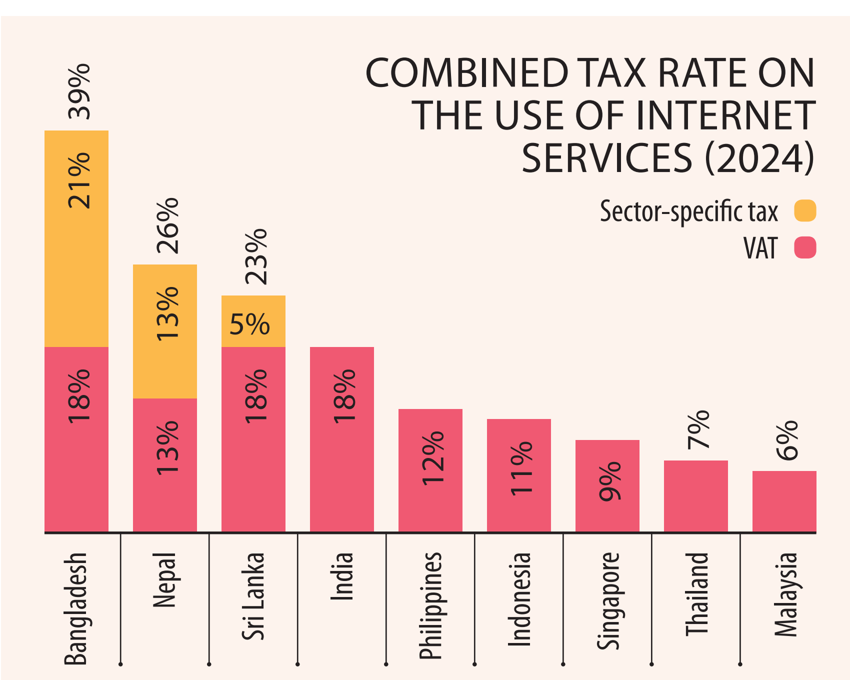
As of January this year, sponsors and directors collectively held 42.91 percent of Square Pharmaceuticals' shares, while the public owned 27.67 percent.

Foreign and institutional investors held 15.54 percent and 13.88 percent, respectively.

The pharmaceutical producer and exporter's net profit rose 26 percent year-on-year to Tk 660 crore in the October-December period of the 2024-25 fiscal year.

# Bangladeshis burdened with high internet taxes

## GSMA says it exacerbates digital divide




MAHMUDUL HASAN

Bangladeshi citizens were burdened with some of the highest taxes on internet usage in Asia in 2024, with a combined tax rate of 39 percent on internet services, according to a recent report by GSMA, a non-profit organisation that represents the interests of mobile network operators worldwide.

This high tax rate, comprising 21 percent in sector-specific taxes and 18 percent in VAT, exacerbates the digital divide and poses a significant barrier to the country's digital transformation efforts, the report said.

The report, titled "Enabling Mobile Network Investment: Policy Reforms for Bangladesh", reveals that Bangladesh's internet tax rate far exceeds that of its regional peers.

Nepal imposes a 26 percent tax on internet services, Sri Lanka 23 percent, India 18 percent, the Philippines 12 percent, and Indonesia 11 percent.

The GSMA report highlights that the telecom sector in Bangladesh faces additional financial challenges, including notably higher corporate income tax rates compared to other industries.

Publicly traded telecom companies are taxed at 40 percent, while non-publicly traded companies face a 45 percent rate—higher than rates in India and comparable to those applied to industries like tobacco.

Furthermore, telecom operators are subject to a minimum turnover tax of 2 percent, significantly higher than the 0.6 percent applied to other sectors.

The lack of a credit mechanism for input taxes further increases operational costs, reducing profitability for telecom operators. For instance, operators incur an additional 7.5 percent cost because the Bangladesh Telecommunication Regulatory Commission does not register them for VAT.

The report underscores that Bangladesh stands at a critical juncture in its journey towards becoming a trillion-dollar economy and achieving developed nation status.

The telecom sector, as a vital enabler of this transformation, is expected to drive economic growth, foster innovation, and ensure digital inclusion.

However, achieving these goals will require substantial investments in telecom infrastructure, which are currently hindered by high taxes and regulatory challenges.

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