

Gold hits  
fresh record

STAR BUSINESS REPORT

Jewellers have raised the price of 22-carat gold to a record Tk 154,944 per bhori (11.664 grammes), the highest in the country's history.

The Bangladesh Jewellers' Association's standing committee on pricing and price monitoring made the decision at a meeting yesterday, citing a rise in pure gold prices in the local market, according to a press release.

Previously, 22-carat gold ornaments were priced at Tk 153,474 per bhori. On February 20, gold prices hit Tk 154,525 per bhori, marking a historic high.

Gold prices in Bangladesh have been rising steadily for over a year, driven by international market trends and volatility in domestic supply.

In July 2023, the price of gold crossed the Tk 100,000 mark for the first time in Bangladesh.

# Extend VAT exemption on edible oils until June 30

Tariff commission urges NBR

STAR BUSINESS REPORT

The Bangladesh Trade and Tariff Commission (BTTC) has requested the revenue authority to extend the VAT exemption period for edible oils until June 30 this year to ensure a stable supply and protect consumer interests.

The existing VAT waiver on the import of soybean, palm, sunflower, and canola oils is set to expire on March 31.

On December 15 last year, the National Board of Revenue (NBR) reduced VAT to 5 percent on crude and refined soybean oil and crude palm oil imports. It also maintained a full VAT exemption on the processing and trading of edible oil until the end of March.

Additionally, the NBR slashed VAT to 5 percent and removed the 5 percent advance tax on sunflower and canola oil imports until the end of this month to encourage imports, boost supply, and curb rising domestic prices.

Edible oil importers and processors had requested an extension of the VAT exemption, citing persistently high international prices, the BTTC said in a letter to the NBR yesterday.

Since October 17 last year, the revenue authority has twice reduced VAT on soybean and palm oil imports and exempted the



indirect tax on their production and trading to offset soaring costs.

The BTTC noted that while crude soybean oil prices have slightly declined since last October, the price of RBD (refined, bleached, and deodorised) palm oil has risen.

Palm oil accounts for 55-60 percent of Bangladesh's annual edible oil consumption, which stands at around 23 lakh tonnes.

The country relies on imports to meet approximately 85 percent of its cooking oil demand. "It appears that international prices of cooking oil have not yet stabilised," the BTTC mentioned in the letter.

BTTC Chairman Moinul Khan said edible oil is legally classified as an "essential

commodity," and Bangladesh remains heavily dependent on imports.

"This prompts the BTTC to prioritise market stability. After reviewing international prices and local demand, we concluded that the current duty cuts should be extended until Eid-ul-Azha in the greater interest of consumers," he said.

"We believe the benefits of this extension will outweigh the revenue losses, ultimately benefiting the public in multiple ways."

The BTTC also recommended that the NBR reduce customs duties and other taxes on sunflower and canola oil imports.

At present, total import taxes stand at 32 percent for sunflower oil and 58.6 percent for canola oil. "High import taxes have discouraged the import of sunflower and canola oil," the BTTC said. The commission added that these oils serve as alternatives to soybean and palm oil, with international prices comparable to the latter two.

"To increase supply, introduce diversity, and protect consumers, it is necessary to align customs duties and taxes on sunflower and canola oil with those applied to soybean and palm oil," the BTTC said, urging the NBR to standardise import duties across all edible oils.

# NBR again cuts duties on imported fresh fruits

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The National Board of Revenue (NBR) has once again slashed duties on imported fresh fruits to help stabilise domestic prices during Ramadan and beyond.

In two separate notifications issued on Monday, the tax authority announced a 5 percent reduction in the supplementary duty (SD) on fresh fruits, including oranges, apples, grapes, and pears.

Importers will now be required to pay a 25 percent duty on fresh fruit imports, down from the previous 30 percent.

Additionally, the NBR has fully exempted the 5 percent advance tax (AT) on fresh fruit imports.

Earlier, on March 10, the NBR halved the advance income tax (AIT) on fruit imports to 5 percent in an effort to reduce costs and lower prices during Ramadan, when consumption increases.

"This decision aims to make imported fruits more affordable for consumers," said a senior NBR official, requesting anonymity.

## Offload stakes

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This would create an environment that is attractive to new investors with long-term orientations, which would primarily address liquidity issues in the market, said the DBA.

A large number of fundamentally sound stocks may create resistance against market manipulation and speculation tendencies, helping to promote long-term investment, it said.

The SOEs would be subject to more scrutiny by investors and market intermediaries for their activities and corporate actions, improving their accountability framework and resulting in better governance, it said.

"By bringing those companies together, we could create a vibrant market environment that would help the local conglomerates reduce their dependency on debt financing from the banking system," said the DBA.

"...and shift to alternative long-term sourcing of funds, raising equity capital from the public market, eventually deleveraging and de-risking the financial system."

Regarding the current situation, the DBA said the Bangladesh capital market has experienced extreme bubbles and bursts, misgovernance, untenable leverage, and institutional failures for the past 15 years.

These have resulted in persistent negative actual returns and capital erosion, shrinking the market by around 40 percent in real terms, it said.

"Sadly, the number of registered investors in the market has fallen to 17 lakh from 33 lakh, primarily due to the shortage of good companies that can generate real value for

investors," it said.

Most notably, thousands of crores of taka have been looted from the market through the listing of bad or namesake IPOs, which, in turn, created a permanent loss of confidence and a liquidity crisis in the market."

By manipulating the share prices of these bad companies, the capital originating from the savings of ordinary investors was siphoned away, it said.

The DBA and the DSE stockbrokers' community have repeatedly spoken against these listings and warned ordinary investors against investing in low-quality companies.

However, investors turned to substandard or low-quality stocks as part of a market-wide speculation spree, further damaging their funds and investments, it said.

All that happened due to a lack of supply of high-quality large capital stocks and an oversupply of low-quality stocks, among other reasons. This necessitates bringing high-quality IPOs to the capital market as soon as possible, it added.

"Should we fail to come out of this crisis soon under your leadership, we will lose an excellent opportunity to turn the market around, bring discipline to it, and create an environment for entrepreneurs and the state to raise capital," it said.

This will not only help expand business or infrastructural projects for the nation but also build the economy and enable employment generation, said the DBA.

Copies of the letter were sent to Finance Adviser Salehuddin Ahmed, Chief Adviser's Special Assistant Anisuzzaman Chowdhury, and BSEC Chairman Khondoker Rashed Maqsood.

## Bad loans at scam-hit banks

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During the 16-year tenure of the previous Awami League government, business conglomerate Sikder Group dominated the bank. After the political changeover, Abdul Awal Mintoo, a businessman and vice-chairman of the Bangladesh Nationalist Party (BNP), was appointed as the chairman of National Bank.

Default loans at Islami Bank Bangladesh spiralled to Tk 32,817 crore by the end of 2024, up from Tk 6,919 crore a year earlier. The amount accounts for 21 percent of its total lending.

Islami Bank was one of the worst-affected banks due mainly to the controversial business conglomerate S Alam Group, which dominated the board of the largest Shariah-based bank until mid-August last year.

The Chattogram-based conglomerate and its affiliated firms borrowed more than 80 percent of Islami Bank's total Tk 155,659 crore in loans. Other banks under S Alam Group's influence were First Security Islami Bank, Union Bank, BCB, and Global Islami Bank. These lenders also saw a sharp rise in bad loans last year.

Year-on-year, defaulted loans at First Security Islami Bank surged by Tk 15,710 crore to Tk 17,851 crore. At Union Bank, bad loans rose by Tk 23,992 crore to Tk 24,835 crore, while at BCB, they increased by Tk 224 crore to Tk 1,432 crore.

At Global Islami Bank, defaulted loans climbed by Tk 4,216 crore to Tk 4,442 crore. Following the political changeover, these banks

were freed from S Alam Group's influence after the central bank dissolved their boards and appointed new ones.

Officials at these banks said that a large portion of the loans disbursed to S Alam Group and its associated companies is now in default.

Defaulted loans at AB Bank stood at Tk 8,573 crore at the end of last year, up from Tk 5,272 crore a year earlier. Bad loans at IFIC Bank rose by Tk 14,603 crore to Tk 17,182 crore over the same period.

Salman F Rahman, a close adviser to ousted prime minister Sheikh Hasina, was the chairman of IFIC Bank. After the government's fall, the central bank restructured the board and removed the Rahman-led management.

Officials at the bank told The Daily Star that although Rahman's Beximco Group had only a 6 percent stake, the group exerted significant influence over IFIC and secured around Tk 10,000 crore in loans -- posing a major risk for a bank of its size.

Bad loans at state-run Agrani Bank reached Tk 27,932 crore, or 38.45 percent of its total lending.

The bank ran into trouble due to excessive exposure to a few large borrowers, including Bashundhara Group, Orion Group, Zakia Group, and Joj Bhuyia Group, according to BB documents.

Social Islami Bank, another lender previously controlled by the S Alam Group, saw its bad loans rise to Tk 13,267 crore, or 35 percent of total disbursed loans.

Padma Bank's defaulted

loans increased to Tk 4,870 crore, or 87 percent of its total lending. A few years after its launch, the bank was hit by a massive scam and loan irregularities.

ICB Islamic Bank had the highest default loan ratio, with bad loans accounting for 91 percent of its total lending at the end of last year.

Bankers said defaulted loans surged in 2024 as large borrowers defaulted heavily after the Awami League's fall, pushing overall bad loans to an unprecedented level.

Besides, they said the central bank's directive for more transparency had led banks to disclose more accurate figures, including previously concealed bad loans.

### Oil up 1% on Mideast risks

REUTERS, London

Oil prices rose more than 1 percent on Tuesday to their highest levels since the beginning of the month, supported by instability in the Middle East and China's plans for 2025.

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## Potato exports jump

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produce for as little as Tk 11 per kilogramme (kg), far lower by the DAE's estimated production costs of Tk 15 per kg this season.

Experts believe this development occurred due to a production glut following cultivation on a record area of land.

The starchy vegetable was cultivated on a record 5.24 lakh hectares of land this fiscal year, up 15 percent year-on-year, propelled by prices reaching as high as Tk 80 per kg last November.

"The increase in potato exports this year is due to low prices," said Hafizur Rahman Mintu, who has exported around 9,000 tonnes of potatoes to Nepal, Malaysia, and Singapore so far this year.

He has already recorded an 80 percent increase compared to his total exports in FY24.

This year, exporters have been able to purchase potatoes at Tk 10 to Tk 20 per kg whereas the price ranged from Tk 30 to Tk 40 per kg last year, he said.

Tawhidul Islam, another exporter, said he exported around 8,400 tonnes of potatoes this fiscal year to Malaysia, Singapore, and Bahrain, whereas it was incurring losses while harvests were running in full swing.

Already, prices have

for around Tk 10 per kg whereas the price was Tk 30 per kg last year, he said.

Another exporter said the low prices this year allowed him to export 1,300 tonnes of potatoes to Sri Lanka this year, marking the first time he has shipped to the island nation.

Exporters are primarily

sourcing high demand

varieties like Granola,

Diamond 7 and Majestic.

However, despite high

production

volumes,

exporters are facing

challenges in

sourcing

enough

export quality

potatoes as

the supply of

premium grade

potatoes is

limited," said Md Alzal Hossain,

acting deputy director of the DAE in Rangpur.

As such, the DAE has

advised farmers to cultivate

export-oriented varieties

such as Granola,

Santana,

Majestic

and Diamond 7.

Last fiscal year, total

production of

potatoes

reached 1.06

crore tonnes,

according to

Bangladesh