



With four months left, tax target remains elusive

Collection grew only 1.76% in July–February

MD ASADUZ ZAMAN and SOHEL PARVEZ

The tax target for the National Board of Revenue (NBR) has become more daunting against the backdrop of slowing collection as the economy continues to grapple with worsening consumer purchasing power due to stubbornly high inflation and declining private and public investment.

February's data, released by the NBR, showed that revenue collection grew by roughly one percent year-on-year for the month and 1.76 percent in the eight months since the beginning of the fiscal year 2024-25.

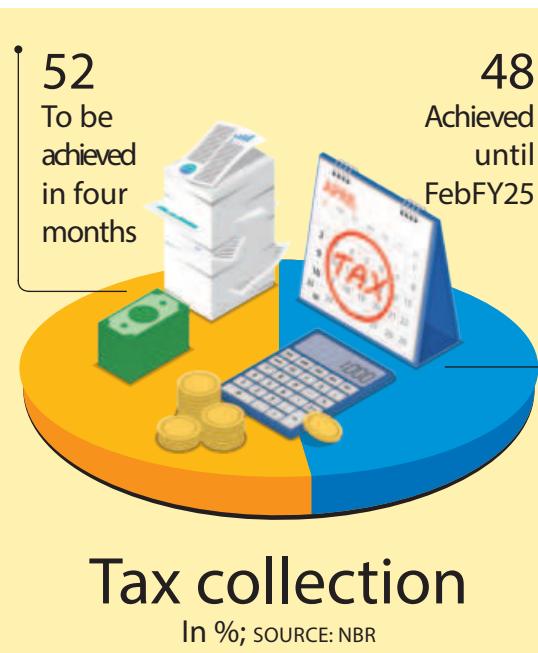
Until February, the NBR, which mobilises 86 percent of the state's total revenue, collected Tk 221,817 crore, meeting roughly 80 percent of its target of Tk 280,059 crore for the eight-month period.

With only four months remaining in the fiscal year, the onus is now on the tax authority to collect a further Tk 241,683 crore in order to meet the revised target of Tk 463,500 crore – a herculean task given the sluggish nature of the economy and looming political uncertainty.

The weak revenue performance has raised concerns that the government will be more reliant on domestic borrowing to finance the national budget as foreign funding declines and debt repayment obligations rise.

"Revenue mobilisation has remained lukewarm, and this chronic underperformance is increasing our dependence on domestic borrowing to finance development expenditure," said Ashikur Rahman, a senior economist at the Policy Research Institute (PRI) of Bangladesh.

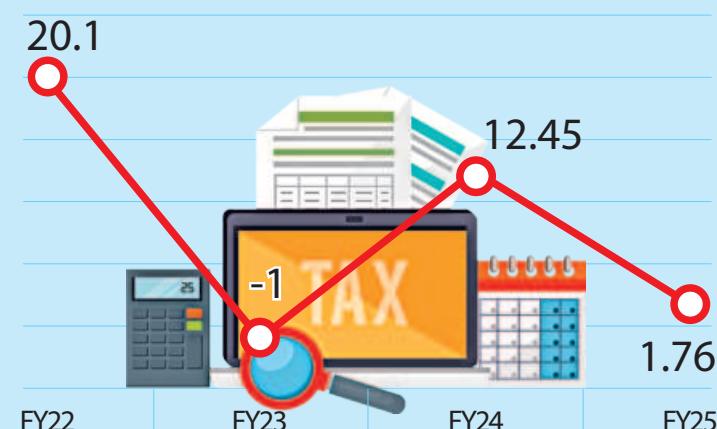
"Unfortunately, this is also amplifying



Growth of NBR's tax collection

In %; In Jul-Feb period

SOURCE: NBR & FINANCE MINISTRY



our interest payments each year, crowding out private investments.

"It is also essential to note that the IMF is expecting noticeable improvements in revenue mobilisation capacity. Weak reforms on this front will become a point of contention between the Ministry of Finance and the IMF," he added.

The Bangladesh Bank data showed that government borrowing from the banking sector increased by Tk 15,605 crore between July 1 and February 13 this year, an increase compared to the same period a year ago.

Referring to the revenue collection in the first half of FY25, the Centre for Policy Dialogue (CPD) projected earlier this week that total collection would need to increase by a staggering 55.5 percent in the second half of FY25 for the target to be met.

"This is indeed a highly unlikely prospect," the CPD noted, adding that if the current trend of revenue mobilisation continues, the shortfall could reach Tk 105,000

crore by the end of FY25.

Preliminary NBR data showed that customs revenue fell during the July–February period of this year, as Bangladesh's imports, despite recovering from a downturn, still remained low.

Overall imports grew by 3.32 percent year-on-year to \$38.11 billion in the July–January period of this fiscal year.

Value-Added Tax (VAT), the largest source of tax revenue, accounting for 38 percent of total NBR-tax, also declined. In the eight months to February, VAT collection fell 3 percent year-on-year to Tk 83,383 crore.

Income tax provided some relief for NBR officials, edging up 4.44 percent in the July–February period.

The revenue board collected Tk 71,914 crore in income tax until February, up from Tk 68,855 crore the year prior.

However, direct tax revenue fell well short of the target.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said sluggish tax collection in Bangladesh has significant implications for the economy.

"It limits the government's ability to generate revenue for essential public

services such as healthcare, education, and various development projects. Without adequate tax income, the government may struggle to meet its spending needs, potentially leading to increased borrowing or a rise in public debt.

"This can harm the country's fiscal stability. Additionally, slower tax collection affects the government's ability to implement social welfare programmes and reduce poverty, hindering efforts to achieve inclusive growth.

"It may also exacerbate income inequality, as the wealthiest individuals and large corporations, who often evade taxes, remain unaffected, while ordinary citizens bear a disproportionate burden."

Raihan, also a professor of economics at Dhaka University, noted that reduced tax revenue can lead to budget shortfalls, resulting in delays or cancellations of critical infrastructure projects that are key drivers of long-term economic development.

"Ultimately, sluggish tax collection can stifle both short-term economic progress and long-term prosperity, affecting the overall stability of the economy."

Eid windfall: Remittance soars 78% in 19 days

STAR BUSINESS REPORT

Remittance inflows surged by around 78 percent year-on-year in the first 19 days of March as migrant workers sent more money home to relatives ahead of Eid-ul-Fitr, the largest religious occasion in the country.

Remittance inflow soared to \$2.25 billion in the 19 days of the month, providing additional relief to the interim government, which faced serious challenges when it came to power amid turbulence in macroeconomic indicators and the depletion of foreign exchange reserves.

On March 19 alone, \$132 million in remittance flowed into Bangladesh, according to Bangladesh Bank (BB) data.

On March 19 alone, \$132 million in remittance flowed into Bangladesh, according to Bangladesh Bank data

Between July last year and March 19 of this year, Bangladesh received \$20.74 billion in remittance, 27 percent higher than the \$16.33 billion that flowed in during the same period of the year prior.

According to economists, the rise in remittance is a common scenario ahead of any major festival. They added that low demand for hundi ensured that such transactions were now being made through formal channels.

"Remittance rose as Eid is knocking on the door. This is a common scenario every year," said Towfiqul Islam Khan, a senior research fellow at the Centre for Policy Dialogue (CPD).

"People send money ahead of time to ensure their relatives can complete their shopping as the banking sector will remain closed for around one week centring Eid," he said.

"Generally, our remittance has been low as people send money through informal channels. However, after the change in government, the demand for hundi has fallen as the pressure of money laundering fell. As a result, inward remittance rose after the change."

READ MORE ON B3



Garment exports to EU surged 53% in January

STAR BUSINESS REPORT

Garment shipments from Bangladesh to the European Union (EU) surged by 52.56 percent year-on-year to \$1.97 billion in January this year, according to data from Eurostat.

The shipment was worth \$1.29 billion in January last year, said the EU's statistical office.

In terms of volume, the apparel export to the EU rose by 58.08 percent. Meanwhile, average unit prices decreased by 3.49 percent.

In January 2025, apparel imports by the EU surged by 25.12 percent, reaching \$8.57 billion, accompanied by a notable 41.10 percent spike in volume and an 11.33 percent decrease in average unit prices.

Various factors contributed to this positive export trend, said Mohiuddin Rubel, former director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), in a WhatsApp message.

The factors include a rise in value added garment production, benefits from the new US tariffs, duty-free market access, adherence to safety standards, and collaborative efforts of manufacturers and workers, he said.

These developments enhanced buyer confidence, solidifying Bangladesh's position in the export landscape, he added.

He was optimistic about future projections, anticipating a rise in work orders throughout 2025, sustaining growth momentum. As buyers expand sourcing activities in Bangladesh, the growth trajectory is set to continue, he said.

Comparatively, China experienced a 33.55 percent growth in garment exports to the EU in January 2025 while India, Pakistan, and Cambodia also posted substantial growth rates of 36.99 percent, 25.12 percent, and 63.54 percent respectively.

China's apparel exports to the EU totalled \$2.46 billion in January 2025, up from \$1.84 billion in January 2024.

Conversely, Turkey saw a marginal 0.03 percent decrease in apparel imports to the EU, amounting to \$904 million in January 2025, while Vietnam recorded a 27.35 percent growth, reaching \$412 million.



BCI calls for tax reforms to support industrial growth

STAR BUSINESS REPORT

The Bangladesh Chamber of Industries (BCI) has called for urgent reforms to enhance industrial competitiveness in the rapidly evolving global market, saying they would subsequently ensure sustainable growth.

The reforms were sought through proposals for the national budget for the fiscal year 2025-26, submitted to the National Board of Revenue (NBR) by BCI President Anwarul Alam Chowdhury Parvez yesterday.

The proposals highlighted the challenges of Bangladesh's upcoming graduation from a least developed country to a developing one, along with ongoing issues such as rising energy costs, inflation, and slow infrastructure development.

While the graduation will usher in significant economic progress, it also means the country will lose vital trade privileges, particularly the benefits of the Generalised System of Preferences for exports, said Parvez.

The BCI urged the NBR to address these challenges by implementing policies that would support industries during this transition, ensuring they remain competitive in global markets despite losing preferential access.

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Should BSEC hire govt officials?

ANALYSIS

AHSAN HABIB

The Bangladesh Securities and Exchange Commission (BSEC) has sent a letter to the government requesting the appointment of 19 officials with degrees in economics, finance, commerce, accounting, statistics, mathematics, law, and information technology.

Among these officials, three will be executive directors, three will be directors, one will be the commission secretary, and 12 will hold joint or additional director positions.

The BSEC's rationale for seeking these officials is to reduce complete reliance on its own staff, improve the quality of its work, speed up processes, and maintain confidentiality.

However, the request has sparked mixed opinions among BSEC officials and stakeholders. While the top leadership of the BSEC strongly justifies the need, others have raised concerns.

Faruq Ahmad Siddiqi, a former chairman of the regulatory body, stated that securities law is one of the most complex legal frameworks in the country, clarified through numerous directives and circulars.

Therefore, it is not easy for officials from different government cadres to implement the rules and regulations. They would need two to three years to understand them and might have to rely on their subordinates.

He pointed out that the BSEC is a unique, independent body with the authority to frame its own rules, setting it apart from other regulatory bodies such as the central bank and Anti-Corruption Commission.

The government cannot appoint the BSEC chairman or commissioners from its own officials on deputation. Thus, the spirit of the law does not support appointing BSEC officials from other government cadres, Siddiqi said.

"Appointing government officials may impact the independence of the BSEC, regardless of their capacity and role," he added.

A mid-level BSEC official, speaking anonymously, said that including new officials

from the ministry may create divisions within the regulatory body as they might attempt to dominate others.

Moreover, they may try to remain in the BSEC for an extended period, which could create problems for existing officials seeking promotions after gaining experience within the regulatory body.

BSEC Chairman Khondoker Rashed Maqsood stated that the BSEC does not have a long history like the central bank and has a significant number of vacancies, a fact acknowledged by BSEC officials.

BSEC'S PROPOSALS

- BSEC seeks 19 govt officials for key positions
- Officials will be appointed as executive directors, directors, and joint/additional directors

OBJECTIVES

- Reducing reliance on in-house staff and improving efficiency
- Ensuring confidentiality and faster decision-making

ARGUMENTS IN FAVOUR

BSEC chairman says vacancies are overburdening current staff

Positions in administration and IT do not require specialised market expertise

CONCERN OVER THE PROPOSALS

A former BSEC chairman warns that securities law is too complex for outside officials

The move may compromise BSEC's independence as a regulatory body

Internal divisions may arise if ministry officials try to dominate decision-making

Officials will eventually return to their parent ministries, bringing stock market knowledge with them

Ministry officials may help improve governance and ensure accountability

It is not possible to fill these vacancies overnight. Due to this shortage, the existing officials are overburdened, leading to significant delays in completing tasks.

Since the BSEC is seeking officials with backgrounds in finance, economics, and related fields, integrating them into the regulatory body should not be difficult, Maqsood said.

Moreover, not all BSEC departments require technical expertise, he added.

For instance, the administration and

"In one instance, BSEC officials intentionally changed the minutes of a commission meeting. At the very least, such tasks can be handled more properly with these officials," he added.

Saiful Islam, president of the DSE Brokers Association, said he does not support the decision to bring in officials from the ministry for operational functions, except for the commission secretary and the chairman's personal secretary.

READ MORE ON B3

EBL donates Tk 40 lakh to Bangladesh Eye Trust Hospital

STAR BUSINESS DESK

Eastern Bank PLC (EBL) donated Tk 40 lakh to Bangladesh Eye Trust Hospital (BETH) to facilitate critical eye care services, including free cataract surgeries, for underprivileged people across the country as part of its corporate social responsibility fund.

Ahmed Shaheen, additional managing director of EBL, handed over a cheque worth 40 lakh to Niaz Abdur Rahman, managing director of the Bangladesh Eye Hospital and Institute (BEHI), at the bank's head office in Dhaka yesterday, said a press release.

"This partnership with Bangladesh Eye Trust Hospital allows us to bring hope and light to thousands who suffer from preventable blindness. Together, we aim to build a healthier and more equitable Bangladesh," said Shaheen.

"The relationship we are building today with EBL will be long-term and that together we will make a significant impact in the fight against blindness in Bangladesh," said Rahman.

Bangladesh Eye Trust Hospital, a concern of the BEHI, has been providing essential eye care services to underprivileged communities since its inception in 2014.



Niaz Abdur Rahman, managing director of Bangladesh Eye Hospital and Institute, receives the cheque worth Tk 40 lakh from Ahmed Shaheen, additional managing director of Eastern Bank PLC, at the bank's head office in Dhaka yesterday.

PHOTO: EASTERN BANK

control, were present.

Mahziba Rahman Chowdhury, executive director of BETH; Mehraj Rahman Chowdhury, consultant; and Md Kamrul Islam Shanzeed, general manager, along with other senior officials from both organisations, were also present.



Prof Golam Rahman, president of Dhaka Ahsania Mission, and Md Nazeem A Choudhury, deputy managing director of Prime Bank, pose for photographs after signing the agreement at the bank's corporate office in the capital's Gulshan.

PHOTO: PRIME BANK

administration; Md Abdullah Al Mamun, company secretary; Md Maskur Reza, head of business information systems; Md Shahjahan Ali, head of compliance; Mostafa Sarwar, head of credit risk management; and Md Sajiqu Islam Zahid, head of financial operations and

control, were present.

Mahziba Rahman Chowdhury, executive director of BETH; Mehraj Rahman Chowdhury, consultant; and Md Kamrul Islam Shanzeed, general manager, along with other senior officials from both organisations, were also present.

Prime Bank teams up with Dhaka Ahsania Mission for charity work

STAR BUSINESS DESK

Prime Bank PLC recently entered into a partnership agreement with Dhaka Ahsania Mission, a non-profit social services organisation based in Dhaka.

Md Nazeem A Choudhury, deputy managing director of the bank, and Prof Golam Rahman, president of the organisation, signed the agreement at the bank's corporate office in the capital's Gulshan, according to a press release.

Under the agreement, Prime Bank will facilitate deposits under the "Sadaqah Jariyah" account and invest them according to the Mudaraba principle, ensuring both ethical and Shariah-compliant financial growth.

The profits accumulated from these investments will be allocated to Dhaka Ahsania Mission at agreed intervals, strictly adhering to established guidelines.

In return, Dhaka Ahsania Mission will ensure the funds are used exclusively for charitable and welfare purposes, furthering their long-term social impact.

This initiative aims to encourage continuous charitable giving while promoting both economic and social development within Bangladesh.

Syed Ibne Sharif, vice president and head of the bank's Islamic banking division, and AFM Gholam Sharuddin, general secretary of the mission, along with other senior officials from both organisations, also attended the event.

UCB signs deal with Visa to boost digital payment services

STAR BUSINESS DESK

United Commercial Bank PLC (UCB) recently signed an agreement with the global digital payment service provider Visa.

Under this agreement, UCB will receive \$4.1 million (approximately Tk 50 crore) over the next five years, marking one of the largest payment scheme agreements in the bank's history.

Mohammad Shafiqur Rahman, head of retail business division at UCB, and Sabbir Ahmed, country manager for Nepal, Bhutan and Bangladesh at Visa, signed the agreement in Dhaka, according to a press release.

Mohammad Mamdudur Rashid, managing director and



PHOTO: UNITED COMMERCIAL BANK

CEO of the bank, attended the programme and stated, "This agreement marks a historic moment for UCB. We are committed to leveraging this partnership to play a pivotal role in the digital transformation of the country's financial sector."

কিশোরগঞ্জ বিশ্ববিদ্যালয়

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রেজিস্ট্রেশন
কিশোরগঞ্জ বিশ্ববিদ্যালয়

GD-726

Moody's affirms City Bank's B2 rating for 2024

STAR BUSINESS DESK

Moody's Investors Service has released its latest credit opinion on City Bank, acknowledging the bank's moderate profitability and capital in the context of rising asset risks.

These risks are offset by the bank's stable liquidity and an improving deposit base, according to a press release.

City Bank has maintained its issuer rating of B2, with an updated negative outlook that aligns with the recent country rating assigned to Bangladesh by Moody's, which also reflects the moderate likelihood of government support from Bangladesh (B2 negative).



The bank's notable strengths include its robust consumer banking and credit card divisions, strong liquidity position, and substantial holdings in government securities. These factors are seen as key credit positives.

However, heightened asset risks, stemming from challenging operating conditions and a high concentration within specific sectors, coupled with moderate capitalisation, have influenced some of the critical rating factors.

City Bank extends its gratitude to its customers, shareholders, employees, regulators, and well-wishers for their ongoing support.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (MAR 20, 2025)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 72-Tk 80	0.64 ↑	14.60 ↑
Coarse rice (kg)	Tk 52-Tk 55	0	5.00 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-10.53 ↓
Lentil (kg)	Tk 105-Tk 110	0	-2.27 ↓
Soybean (litre)	Tk 157-Tk 168	-13.33 ↓	7.26 ↑
Potato (kg)	Tk 18-Tk 30	-4.00 ↓	-36.00 ↓
Onion (kg)	Tk 30-Tk 50	11.11 ↓	-38.46 ↓
Egg (4 pcs)	Tk 38-Tk 45	-2.35 ↓	-2.35 ↓

SOURCE: TCB

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তারিখঃ ১৯/০৩/২০২৫

পুনঃ দরপত্র বিজ্ঞপ্তি

২০২৪-২০২৫ অর্থবছরে সিরাজগঞ্জ জেলা প্রশাসকের কার্যালয়ের শহীদ এ.কে.শামসুদ্দিন সম্মেলন কর্তৃপক্ষে টেবিল এবং চেয়ার সরবরাহের নিমিত্ত প্রকৃত ও পূর্ব অভিজ্ঞতা সম্পর্ক সরবরাহকারী/প্রস্তুতকারী/বিক্রিতকারী/প্রতিষ্ঠানের নিকট হতে পাবলিক প্রক্রিয়ামেট আইন (PPA-2006) এবং পাবলিক প্রক্রিয়ামেট বিহিমালা (PPR-2008) (সরবশেষ সংশোধনকৃত) অনুসারে নিম্নলিখিত শর্তানুযায়ী সীলনোহরকৃত খামে পুনরায় দরপত্র আহবান করা যাচ্ছে।

ক্রম বিবরণ বিস্তারিত বিবরণ

- মাছলায়/বিডাগ জেলা প্রশাসকের কার্যালয়ের শহীদ এ.কে.শামসুদ্দিন সম্মেলন কর্তৃপক্ষে টেবিল এবং চেয়ার স্থানের প্রত্যেক নথি প্র

Trade bodies demand easier tax structure

STAR BUSINESS REPORT

Trade associations in Bangladesh are demanding a simpler and investment-friendly tax structure that would ensure sustainable economic growth and broaden tax collection in the country.

Leaders of the Bangladesh Chamber of Industries (BCI), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Dhaka Chamber of Commerce and Industry (DCCI), and other trade bodies placed this demand at a meeting with officials of the finance ministry and the National Board of Revenue (NBR) yesterday.

Held at the finance ministry, the pre-budget meeting discussed potential support for local businesses, particularly small and medium enterprises (SMEs), in the fiscal year 2025-26 amid ongoing economic challenges at home and abroad.

The participating trade bodies issued several demands, such as reducing the source tax on exports to 0.5 percent from 1 percent, as exporters are facing global competition.

Additionally, they proposed lowering customs duties on raw materials, machinery, and essential inputs to

encourage local production and competitiveness.

They also recommended offering special tax benefits for SMEs, lowering corporate tax rates, and easing the tax return filing process to boost entrepreneurship.

They emphasised modernising VAT management, ensuring fair input tax credit, and rationalising advance income tax and advance tax rates.

Furthermore, they urged the restructuring of minimum tax calculations to prevent loss-making companies from becoming overburdened.

To address challenges following the country's graduation from the least developed country category, they proposed special incentives for labour-intensive and export-oriented sectors.

After the meeting, Finance Adviser Salehuddin Ahmed said the interim government is aiming for a business-friendly budget that will maximise investment, stimulate business activities, and drive GDP growth to its highest potential.

"We are also encouraging businesses to not only submit tax returns online but also make tax payments digitally," he

added.

He informed that the participants had raised concerns over certain inconsistencies in the tax system.

"We will address these anomalies and bring necessary corrections," Ahmed said.

BCI President Anwar ul Alam Chowdhury said the finance adviser specifically asked for their views on taxation.

The trade bodies proposed lowering customs duties on raw materials, machinery, and essential inputs to encourage local production and competitiveness

"He asked us to submit our demands regarding fiscal and banking issues in writing," he added.

Chowdhury also said that the finance minister appears determined to take stricter measures to enhance revenue collection.

"We highlighted how empowering industries could strengthen our economic capacity," he added.

Chowdhury pointed out that a 1

percent advance income tax is deducted from garment export proceeds, even when companies incur losses.

"The NBR has assured us that they will review this issue," he said.

Chowdhury also stressed that VAT on SMEs should be reduced to enhance their competitiveness, particularly in rural areas.

BKMEA President Mohammad Hatem told reporters that businesses face significant hurdles in accessing incentives.

"So, we have demanded that incentives be paid directly to exporters," he said.

Asked about allegations of fraud and counterfeit claims for incentives through false documents, Hatem dismissed the claims as inaccurate.

DCCI President Taskeen Ahmed said they placed numerous demands, including expanding the tax net instead of increasing the tax burden, fully digitising the tax system, introducing online corporate tax payments, and implementing a unified single digit VAT.

They also urged the Bangladesh Bank to offer at least a six-month moratorium and easy loan restructuring, as businesses are facing economic pressure.

BCI calls for tax reforms

FROM PAGE B1

The ongoing energy crisis, inflation, and slow progress of the Annual Development Programme (ADP) have been negatively affecting industries of all sizes, particularly small and medium enterprises (SMEs), which are facing significant financial pressure, said Parvez.

The BCI proposed several reforms aimed at reducing operational costs and improving the tax system to provide relief for businesses struggling with these challenges.

The government must adopt a tax framework that is not only revenue-centric but also conducive to industrial growth, said Parvez.

The BCI called for the simplification of the tax system to expand the income tax and VAT net, with the goal of increasing tax compliance across all sectors.

It proposed making tax registration mandatory for both government and private sector organisations to ensure that transactions are properly tracked and reported.

To further reduce costs for businesses, the BCI suggested that government fees related to land acquisition, licensing, and port services be aligned with administrative cost models rather than arbitrary fees.

This would bring Bangladesh's tax practices in line with World Trade Organization (WTO) guidelines, it said.

The BCI also advocated for reforms in customs and tax laws, aiming to streamline processes at the production, import, and export stages and improve the overall efficiency of the tax system.

The BCI recommended implementing a zero VAT rate on energy supplies for industrial and export sectors to help reduce production costs.

Additionally, it proposed tax relief for SMEs, particularly in rural areas, and suggested the introduction of bonded warehouses and distribution systems to help these businesses compete in the e-commerce market.

For Bangladesh to maintain its competitiveness and protect profit margins, value addition and market diversification are still crucial, said Rubel.

for special incentives for women entrepreneurs in the rural sector.

"We are optimistic that the NBR will pay heed to our proposals, which are designed to safeguard the interests of our industries and ensure continued progress," said Parvez.

Garment exports

FROM PAGE B1

India, Pakistan, and Cambodia secured \$411 million, \$360 million, and \$435 million in January 2025, respectively, from the EU clothing market.

In conclusion, the data indicates a more pressing need for strategic changes for future growth, even though Bangladesh demonstrated resilience in preserving export quantity and value.

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Eid windfall

FROM PAGE B1

In the eight months to February this year, inward remittances recorded a 23.8 percent year-on-year growth, according to BB data.

Bangladesh received a total of \$18.49 billion in remittances in that time, up from \$14.93 billion in the same period of the previous year.

Khan said growing inward remittance was a positive sign for the country's economy, especially as it helps build foreign exchange reserves. Thanks to higher remittance earnings in recent months, the central bank is clearing dues and has relaxed import restrictions.

As of March 13, Bangladesh's foreign exchange reserves stood at \$19.73 billion (BPM6). On the same day a year prior, the amount was \$19.99 billion.

"Now, the central bank should disclose how much of the due payments it has cleared and how much remains outstanding. This data will boost people's confidence," Khan said.

Apart from high inflation, fiscal control, and restoring stability

in the banking sector, the government's major concern is foreign exchange, which should be allowed to accumulate with high remittance earnings, he added.

A mid-level banker of IslamiBank said remittance increases during every festival month.

"This rise in remittance is because non-resident Bangladeshis are sending their income to their relatives. It is a common phenomenon and has been observed in every Eid-related month," the banker said.

"Moreover, the availability of hundi has dropped, so people are sending money through formal channels. As a result, a rising trend in remittance has been observed in the last several months."

Another major reason why people prefer formal channels is the fact that the gap between the price of the dollar through formal and informal channels has narrowed to Tk 1.5 to Tk 2, the banker said.

"So, people have lost interest in sending remittance through the informal sector."

Should BSEC hire govt officials?

FROM PAGE B1

His concern is that bringing in such officials may allow the ministry to exert influence, which would violate the fundamental spirit of the regulatory body.

The SEC is a specialised regulatory body that is not a government organ and is kept separate from the government worldwide.

It is a service-oriented, quasi-judicial body with the power to hold hearings and enforce judicial decisions, he added.

Referring to the chief adviser's statement, Islam said that all institutions had deteriorated, so capacity building and good governance should be reinstated within the system.

Islam stressed that only corrupt officials should face punishment while others should be promoted, and new recruitments

should be expedited.

Even the Bangladesh Bank has never hired officials from other government bodies as it follows the principle that the officials of regulatory body require specialised training, he said.

MD Moniruzzaman, managing director and CEO of Prime Bank Securities, said that some departments do not require much technical expertise, so if the BSEC believes it is necessary, it could hire officials for those departments.

However, if the regulator hires only two or three, it will miss the opportunity to develop in-house expertise.

Currently, it can rotate its officials across different departments to enhance their skills, he said.

If new officials are appointed in technical departments, it may create problems, he added.

Gold steadies near record highs in global market

REUTERS

Gold prices were steady on Thursday, after touching another record high earlier in the session, driven by the Federal Reserve's indication of likely interest rate cuts later this year and geopolitical and economic uncertainty fuelling safe-haven demand for the bullion.

Spot gold held steady at \$3,044.44 an ounce as of 0928 GMT, after hitting a record high of \$3,057.21 earlier in the session.

US gold futures gained 0.3 percent to \$3,050.90.

"The US dollar index is up, weighing on the prices of the precious metals," Quantitative Commodity Research analyst Peter Fertig said.

But with the support of ongoing geopolitical factors and strong central bank demand, gold could still see upward momentum, he added.

The US dollar was up 0.3 percent, making bullion more expensive for foreign buyers.

Trump's tariffs are widely seen as inflationary and have prompted gold to notch 16 record highs so far this year, four of them above the \$3,000 milestone.

Meanwhile, the US central bank left its key interest rate unchanged on Wednesday, but the Fed is still expected to deliver rate cuts by the end of this year.

US labour market stable, but job opportunities limited

REUTERS, Washington

The number of Americans filing new applications for unemployment benefits increased slightly last week, suggesting the labor market remained stable in March, though the outlook is darkening amid rising trade tensions and deep cuts in government spending.

Despite the low level of layoffs, more people are staying on jobless rolls longer compared to the same period last year. Economists say still high interest rates and policy uncertainty are making companies cautious about increasing headcount.

"The data continue to tell a story of relatively few private-sector layoffs but limited employment opportunities for those who are unemployed," said Nancy Vanden Houten, lead US economist at Oxford Economics.

Initial claims for state unemployment benefits rose 2,000 to a seasonally adjusted 223,000 for the week ended March 15, the Labor Department said on Thursday. Economists polled by Reuters had forecast 224,000 claims for the latest week.

Claims have been bouncing in the middle of the 203,000-242,000 range this year, with layoffs generally staying low and hiring cooling off.

A separate program for unemployment compensation for federal employees (UCFE), which is reported with a one-week lag, still showed a

marginal impact of the mass firings of public workers by President Donald Trump's administration as part of an unprecedented push to shrink the government.

Labor analysts said the rapid firings led by tech billionaire Elon Musk's Department of Government Efficiency, or DOGE, were in some cases being undertaken in ways that made it harder for laid-off workers to file for unemployment benefits.

"But the chaotic nature of the terminations has jerked federal workers through firings, reinstatements, and in-between statuses like 'administrative leave,' meaning many don't show up as fully unemployed yet," said Andrew Stettner, a senior fellow at the Century Foundation.

The government in court filings this week acknowledged that nearly 25,000 recently hired workers had been fired. A court ruled their terminations were likely illegal, resulting in them being reinstated, though placed on administrative leave at least temporarily.

SLOW BUSINESS FORMATION

Trump's often chaotic tariffs campaign has hurt business sentiment, with economists saying policy volatility was making it harder for companies to plan ahead.

Aggregated credit and debit card data published this week by Bank of America showed a broad moderation in small business spending.

Should BSEC hire govt officials?

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Lentil acreage falls

FROM PAGE B4

DAE in Faridpur, said lentil cultivation has declined in the past five years due to low prices and disease outbreaks.

"To meet demand, the government has to import lentils directly from farmers and process them into pulses for sale. But now, the government has to import lentils to meet demand, forcing small mill owners like us to shut down," he said.

Shahadujaman said if this trend continues, they hope to see an increase in lentil cultivation next year.

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PGPR-38/2024-2025

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UK job market steadies

REUTERS, London

The pace of British pay growth was little changed and there were others signs of stability in the jobs market, according to official data that contrasted with warnings of a hit to hiring from employers upset about an imminent tax increase.

Private sector pay, excluding bonuses, - a key gauge for the Bank of England - rose by 6.1 percent in the three months to January, compared with the same period a year earlier, marginally slower than a 6.2 percent increase at the end of 2024, Thursday's data showed.

The BoE - which has said recent wage growth is too high - is widely expected to keep interest rates on hold at 1200 GMT.

Private sector pay, excluding bonuses, rose by 6.1 percent year-on-year in the three months to January

Pay growth across the economy, excluding bonuses, stood at 5.9 percent, unchanged from the fourth quarter, the Office for National Statistics said. Including bonuses, pay growth slowed to 5.8 percent from 6.1 percent.

A Reuters poll of economists had pointed to both economy-wide measures of wage growth rising by 5.9 percent.

"There's no shortage of surveys pointing to weaker hiring intentions in the face of next month's employer tax hikes," said James Smith, an economist with ING. "But for now, at least, the official data shows little sign of that translating into lower employment or higher redundancies."

Data provided by employers to the tax authorities showed the number of employees climbed by 21,000 in February, stronger than a revised increase of 9,000 in January.



ANNUAL DEMAND VS SUPPLY

Demand: 7 lakh tonnes
Imports: 6 lakh tonnes

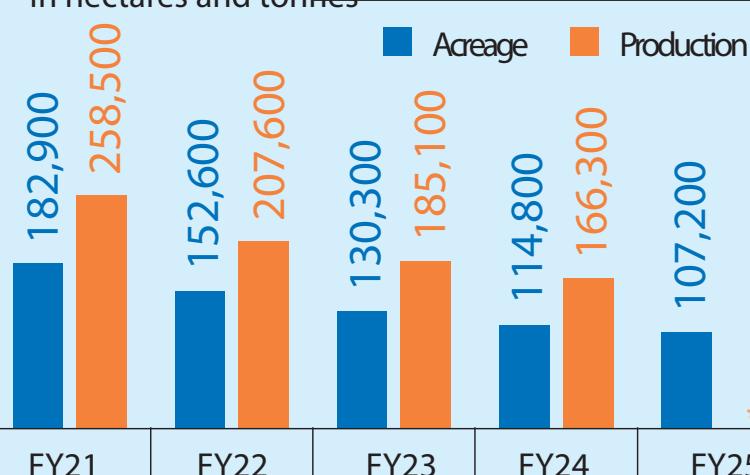
WHY FARMERS SHIFTING TO OTHER CROPS

- Low market prices in past years
- Frequent crop diseases
- Unfavourable weather conditions
- Comparatively lower profitability
- Inconsistent yields with traditional varieties

PHOTO: SUZIT KUMAR DAS

LENTIL PRODUCTION AND ACREAGE

In hectares and tonnes



Lentil acreage declines

Farmers shift to more profitable crops

SUZIT KUMAR DAS

Both the acreage and production of lentils have been declining over the years, according to official data, as farmers cite a combination of factors, including lower profitability, frequent crop diseases and unfavourable weather.

Over the past five years, lentil cultivation has fallen by 75,700 hectares across the country, according to the Department of Agricultural Extension (DAE). Meanwhile, production dropped to 166,300 tonnes in fiscal year 2023-24, down from 258,500 tonnes in FY 2020-21.

The country's demand for lentils is around 700,000 tonnes a year, while 600,000 tonnes are imported.

At least 15 lentil farmers from different districts said they have been shifting away from lentil cultivation due to frequent crop diseases, unfavourable weather conditions and low profit grains compared to other crops.

As a result, lands once dedicated to lentil farming are now being used for more profitable crops such as onions, maize, wheat and bananas.

Naba Kumar Kundu, a lentil grower from Routara village in Magura Sadar upazila, said he used to cultivate lentils on six bighas of land, but this year, he has reduced it to four bighas due to declining yields caused by disease.

Instead, he has started cultivating maize, which brings him better earnings.

Md Abdur Rajjak, a lentil farmer from Darpa Narayanganj village in Rajbari Sadar upazila, said he cultivated lentils on 135 decimals of land this year, down from 180 decimals.

However, he recorded his highest yield in five years, harvesting 24 maunds of lentils. Prices this year range between Tk 3,400-3,600 per maund, compared to Tk 2,400-2,800 last year.

Abdus Sattar, a farmer from Gobardanga village in Kaliganj upazila of Jhenaidah,

said, "Although farmers have harvested good yields and are getting higher prices this year, the decline in acreage would not have happened if they had received good prices and yields in previous years."

Jahid Sheikh, a lentil farmer from Basunarashinodia village in Faridpur Sadar upazila, said they usually grow BARI-2, BARI-3, BARI-4, and local varieties, but poor yields in previous years discouraged farmers.

This year, he cultivated BARI-8 on two bighas of land and saw an improved yield. Natun Bazar in Magura is one of the biggest lentil markets in Bangladesh.

Md Abdus Salam, a lentil trader and president of Magura Natun Bazar Traders' Association, said that traders and millers from across the country used to buy and sell between 5,000-20,000 maunds of lentils daily, but now sales have dropped to 1,500-12,000 maunds.

Nipu Sikder, who owns a pulses processing mill in

READ MORE ON B3

How animal spirits affect the economy

JOEL FLYNN and KARTHIK SAstry

Storytelling is central to how we interpret economic events. We recall economic history through haunting images of anxious crowds waiting to take money out of banks during the Great Depression or dejected office workers carrying cardboard boxes out of Lehman Brothers in 2008. We gauge inflation by comparing shopping baskets with friends and family. We grapple with the consequences of artificial intelligence by channeling our hopes and fears into science fiction.

But do stories themselves influence the economy? This idea has a long precedent in economic thought. John Maynard Keynes wrote extensively about how "animal spirits" - instincts and emotions that influence behavior - prompt people's economic actions, like spending or investing in businesses. He argued that these herd emotional urges lie at the heart of economic booms and busts.

Taking this idea one step further, Robert Shiller, an economist at Yale University, has pushed for a more detailed study of economic narratives - the contagious stories that shape how individuals view the economy and make decisions. Shiller hypothesizes that sufficiently popular narratives can go viral and have society-wide impact (Shiller 2020).

Viral narratives could be the missing link between emotions and economic fluctuations. But policymakers, researchers, and practitioners alike currently lack effective tools to identify these narratives, measure their contagiousness, and quantify their contribution toward economic events.

We made a first attempt to understand the macroeconomic consequences of narratives in a recent paper (Flynn and Sastry 2024). We introduced new tools for measuring and quantifying economic narratives and used these tools to assess their importance for the US business cycle. Our findings suggest that narratives play a central role. They also raise

fresh questions about how and why such stories emerge and what policymakers might do differently in such a world.

Natural language processing

To measure narratives, we use resources not available to Keynes: large textual databases of what economic decision-makers are saying and natural-language-processing tools that can translate these words into hard data.

The key datasets we study are the text of US public firms' conference calls, typically held every quarter to review financial results, and Form 10-K filings, regulatory reports filed with the US Securities and Exchange Commission each year. Both are outlets for company management not just to report company results but to offer explanations: They fill in the how and why of business results

Shaping business decisions

We find that companies with more optimistic narratives tend to accelerate hiring and capital investment. In particular, the pace of hiring at a company that uses optimistic language increases by 2.6 percentage points more in a year than a comparable company that uses pessimistic language. This effect is above and beyond what would be predicted by firms' productivity or recent financial success. These results challenge conventional economic theories, which suggest that these fundamentals, and the "rational" expectations about the future that they embody, should entirely explain firms' economic decisions.

Macroeconomic impact

To interpret these results, we developed a macroeconomic model in which contagious narratives spread between firms. Because narratives are contagious, they draw out economic

power of AI, others seem to follow suit. This narrative contagion seems to start within groups of peer firms that directly compete in the same industry and then spread to the aggregate level. Moreover, there is an especially large effect for narratives that arise at large companies. This raises the possibility that large companies are thought leaders in the narrative economy, with more influence than traditional measures of market power might suggest.

Macroeconomic impact

To interpret these results, we developed a macroeconomic model in which contagious narratives spread between firms. Because narratives are contagious, they draw out economic

How strong are the narratives driving the US economy? Using our model and our empirical measurements, we estimate that narratives explain about 20 percent of fluctuations in the US business cycle since 1995. In particular, we estimate that narratives explain about 32 percent of the early 2000s recession and 18 percent of the Great Recession of 2008-09. This is consistent with the idea that contagious stories of technological optimism fueled the 1990s dot-com bubble and mid-2000s housing bubble. Contagious stories of collapse and despair led to the corresponding crashes.

While the overall mood of the US economy seems to fluctuate slowly around a long-term average, individual narratives - like those surrounding new technologies - tend to be more volatile. These granular narratives are much more likely to go viral and fully infect the population, our research shows. In other words, a constellation of fast-moving fears and fads contributes to the relatively stable behavior of aggregate economic sentiment.

Policy implications

Our analysis suggests that contagious narratives are an important driving force in the business cycle. But it also qualifies this conclusion in important ways. Not all narratives are equal in their potential to shape the economy, and the fate of a given narrative may rest heavily on its (intended or accidental) confluence with other narratives or economic events.

How should policymakers act in a narrative-driven economy? Our analysis has at least three major conclusions, which also suggest future directions for both academic and policy research.

First, what people say is highly informative about both individual attitudes and broader trends in the economy. Public regulatory filings and earnings calls contain lots of valuable information already. Both policymakers and researchers can use improved machine learning

algorithms and data processing tools to analyze this information. There are possible implications for how researchers and governments collect information, too. The same data science advances have increased the value of novel surveys that allow households or businesses to explain the "why" behind their attitudes and decisions (Andre and others 2024).

Second, some narratives are more influential and contagious than others. It is therefore important to combine descriptive studies measuring narratives with empirical analysis of their effects on decisions and their spread throughout populations.

Third, the narratives introduced by policymakers have the potential to significantly impact. We know relatively little about what makes a policy narrative into a great story: Why, for example, did Mario Draghi's unscripted remarks about doing "whatever it takes" make a much more compelling story than similar statements by other central banks?

The study of narrative economics is still in its infancy. But a detailed understanding of the origins, spread, and economic consequences of narratives could significantly change how we collect information about the economy and tell the story of the business cycle's ups and downs.

While we like to think our financial decisions are based on logic, the truth is, they are largely driven by emotion. So when John Maynard Keynes looked for methods to measure economic fluctuations, animal spirits were a key ingredient. Karthik Sastry is a macroeconomist and assistant professor at Princeton University. In this podcast, he says personal instincts and primal urges are known to cause cycles of boom and bust, and one way to gauge those emotions is through economic narratives.

Joel Flynn is assistant professor of economics at Yale University, while Karthik Sastry is assistant professor of economics and public affairs at Princeton University. The article was first published on the IMF website.

Paramount Ins announces 10% cash dividend

STAR BUSINESS REPORT

Paramount Insurance PLC has announced a 10 percent cash dividend for its shareholders for 2024, driven by higher profits. The company declared the same dividend amount in the previous year as well.

Yesterday, Paramount disclosed the information through an announcement on the Dhaka Stock Exchange (DSE) website.

Meanwhile, the company reported earnings per share of Tk 2.23 for 2024, up from Tk 1.73 in the previous year. Its net asset value per share also increased to Tk 27.26 last year, compared to Tk 26.56 in 2023.

Despite the announcement, shares of the general insurance company dropped 3.64 percent to Tk 39 as the closing price of the day yesterday.

Global debt exceeds \$100tn OECD says

REUTERS, London

Outstanding government and corporate bonds globally exceeded \$100 trillion last year, the OECD said on Thursday, with rising interest costs leaving borrowers facing tough choices and needing to prioritise productive investments.

While central banks are cutting interest rates now, borrowing costs remain much higher than before 2022's rate hikes, so low-rate debt is continuing to be replaced and interest costs are likely to rise ahead.

That comes at a time when governments face big spending bills. Germany's parliament approved a massive plan to boost infrastructure and support a broader European defence spending push this week. Long standing costs from the green transition to ageing populations loom for major economies.

"This combination of higher costs and higher debt risks restricting capacity for future borrowing at a time when investment needs are greater than ever," the Organisation for Economic Co-operation and Development said in its annual debt report.

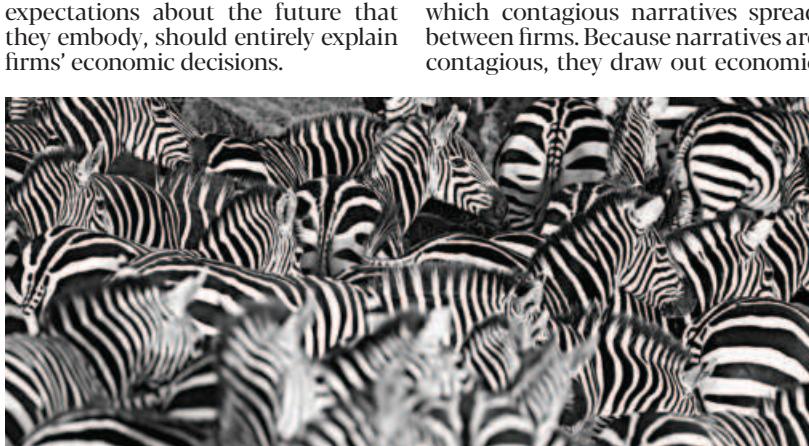
Between 2021 and 2024, interest costs as a share of output rose from the lowest to the highest in the last 20 years.

Yet interest costs are still below prevailing market rates for over half of OECD countries' and nearly a third of emerging market government debt, as well as for just under two thirds of high-grade corporate debt and for nearly three quarters of junk corporate debt, the report said.

Nearly half of the government debt of OECD countries and emerging markets and around a third of corporate debt will mature by 2027.

Low-income, high-risk countries face the greatest refinancing risks, with over half of their debt maturing in the next three years and more than 20 percent of it this year, the organisation said.

As debt becomes more costly, governments and companies need to ensure their borrowing supports long-term growth and productivity, OECD head of capital markets and financial institutions Serdar Celik said.



CREDIT: GETTY IMAGES

and offer clues to how management and investors are thinking about broader trends. To identify narratives, we apply a variety of natural language techniques. These range from simple dictionary-based methods that scan for keywords and phrases to more complex algorithmic methods that uncover less structured topics. The narratives we uncover pertain to varied topics, such as firms' general optimism about the future, their excitement about artificial intelligence, or their adoption of new digital marketing techniques. Using this database, we can empirically model the extent to which narratives drive firms' decisions and the process by which such stories spread in the US economy.

Strikingly, firms with optimistic narratives do not see higher stock returns or profitability in the future and also make overoptimistic forecasts to investors. This suggests that narratives do not simply capture positive news about the future. In this way, firms' optimistic and pessimistic narratives bear the hallmarks of Keynes's animal spirits: forces that drive managers to expand and shrink their businesses but are based on emotions rather than fundamentals.

The data also support the idea that narratives spread contagiously, like a virus. That is, companies tend to adopt the narratives of their peers: When one company adopts an optimistic mood or starts talking up the transformative