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Delegation to visit US next week to discuss tariffs

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A high-powered delegation from Bangladesh is scheduled to visit the US next week to discuss the tariffs imposed by the Trump administration, Commerce Adviser Sk Bashir Uddin said yesterday.

"The delegation will explore the factors behind the trade imbalance, tariff and non-tariff barriers, and strategies to increase the supply of complementary goods between the two countries," he said at a view-exchange meeting organised by the Bangladesh Secretariat Reporters Forum.

They will also seek a clearer understanding of US expectations regarding tariff matters, he added.

Bashir said the government is formulating a strategy to address the new tariffs slapped by the Trump administration on goods entering the American market.

Products made in Bangladesh will face a fresh 37 percent tariff when entering the US market after the end of a 90-day pause announced by Trump on countries except China.

"The US unilaterally imposed the tariffs. Although the decision has been suspended for 90 days, we are actively working on ways to make any future imposition more tolerable," he said in response to queries.

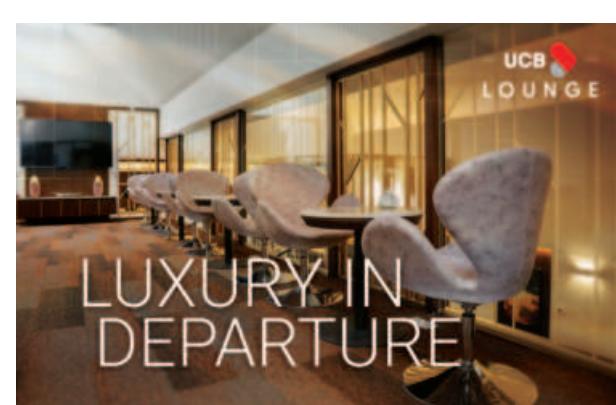
The commerce adviser said the tariff being imposed to reduce the trade imbalance is unjustified.

This is because the US has considered only goods trade while ignoring service-based exchanges.

"We are using various American platforms such as Google and Facebook and utilising multiple banking channels, but those services have not been taken into account," he said.

"Also, a significant portion of US goods is imported through third countries. If all factors are calculated, the actual trade deficit with the US would look quite different."

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Bida expresses concern over gas price hike

STAR BUSINESS REPORT

The newly fixed gas tariff discriminates against new investors, as it compels them to pay 33 percent more in bills than existing ones, said Chowdhury Ashik Mahmud Bin Harun, executive chairman of the Bangladesh Investment Development Authority (Bida).

In a letter sent to the Bangladesh Energy Regulatory Commission (BERC) on April 15, Bida called for a tariff revision, warning that the move to hike prices could hurt the country's investment prospects and economic momentum.

"This discriminatory policy will discourage new investments," Chowdhury said in the letter. "Investors are already considering this decision unfair and have taken a stand against it."

The investment promotion agency said it does not oppose the government's plan to reduce subsidies. However, any such decisions should be transparent.

The letter also pointed to the timing of the announcement, which came just days after the Bangladesh Investment Summit 2025 was organised by Bida.

The event drew around 450 investors and business leaders from 40 countries, many of whom expressed interest in investing in Bangladesh, Bida said.

"Several investors signed MoUs and agreements to invest in the country. The announcement of a discriminatory gas price hike right after the summit will undoubtedly create negative sentiment among them," Chowdhury said, urging BERC to reconsider the decision in favour of an investment-friendly pricing model.

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BFIU fines Premier Bank for unfreezing HBM Iqbal's account

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The Bangladesh Financial Intelligence Unit (BFIU) has fined Premier Bank Tk 1.11 crore and \$30,000 (in equivalent local currency) for unfreezing the bank account of HBM Iqbal, the former chairman of the bank, and allowing fund withdrawals from the account in violation of law.

The anti-money laundering agency sent a letter to the bank in this regard on Wednesday.

A former member of parliament, Iqbal is also the chairman of Premier Group of Companies Ltd.

In November last year, the BFIU instructed all banks to freeze the personal and solely owned company accounts of HBM Iqbal, then chairman of Premier Bank, and his family members.

However, the BFIU found that Premier Bank had unfrozen the bank account of its former chairman HBM Iqbal and allowed the withdrawal of Tk 1.11 crore and \$30,000 from the accounts.

An official of the BFIU, seeking anonymity, told The Daily Star that the bank unfroze Iqbal's account and allowed fund withdrawals, thereby violating the law.

He added that the fine was imposed under Subsection 6 of Section 23 of the Money Laundering Prevention Act, 2012.

According to this subsection, if any reporting organisation fails to

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Govt sets Tk 4.99 lakh crore target for NBR in FY26

BY THE NUMBERS

- NBR's revenue target Tk 499,000cr in FY26
- Revised target set at Tk 463,500cr for FY25
- Actual receipts in FY24 stood at Tk 361,452cr
- As of Feb, NBR's revenue collection stood at Tk 217,971cr

REVENUE COLLECTION AND TARGETS

(In crore taka)



SOURCE: FINANCE MINISTRY

REJAUL KARIM BYRON and MD ASADUZ ZAMAN

The government has set a revenue collection target of Tk 4.99 lakh crore for the National Board of Revenue (NBR) in the upcoming fiscal year 2025-26 – a 7.6 percent increase from the revised target for this year.

The decision came from a meeting of the Fiscal Coordination Committee, chaired by Finance Adviser Salehuddin Ahmed, on Tuesday this week, according to finance ministry officials.

Although the numerical jump compared to the current year's

revised target appears modest, the new target has raised eyebrows, given the underwhelming performance in revenue collection so far.

Until fiscal year (FY) 2023-24, the tax authority had missed its annual targets for 12 consecutive years.

This year appears no different. Revenue collection remains sluggish, with receipts falling far short of expectations.

Many within the finance ministry, the revenue board, and among independent analysts believe the FY26 target is overly optimistic and out of step with the current capacity of the tax

administration.

To achieve the revised target for the current fiscal year, the revenue board would need to collect at least 28 percent more than what it managed in the previous fiscal year.

The revised target for FY25 has been set at Tk 4.63 lakh crore, while actual receipts in FY24 amounted to Tk 3.61 lakh crore, according to finance ministry data.

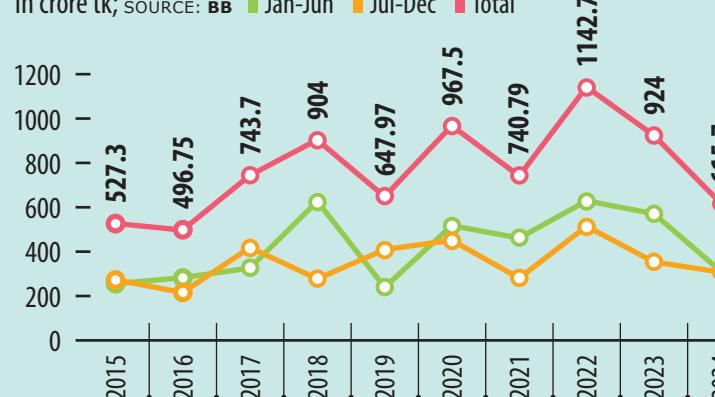
The shortfall is already evident. In the first eight months of the current fiscal year, the NBR collected just Tk 2.18 lakh crore – reflecting a year-on-year growth of only 1.76 percent.

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Banks' CSR spending falls to 8-year low

CSR SPENDING BY BANKS

In crore tk; SOURCE: BB



STAR BUSINESS REPORT

Banks' spending on corporate social responsibility (CSR) activities fell to an eight-year low in 2024 as the pressure to provide finance from higher-ups declined following the political changeover in August.

Banks spent Tk 615 crore last year, down 33 percent year-on-year, according to Bangladeshi Bank data.

This was the second consecutive year that spending by banks for CSR purposes declined since the highest spending of Tk 1,142 crore was registered in 2022.

Despite that, almost half of the funds were spent on disaster management, such as the distribution of blankets among the poor during winter and relief and food among flood victims.

The central bank's latest data showed that CSR spending by banks amounted to Tk 307 crore in the July-December period of 2024, 49 percent of which went to disaster management.

In the first half of 2024, banks spent 45 percent of Tk 309 crore on disaster management, with a good amount going towards blankets and various funds maintained by the Prime Minister's Office before the political changeover on August 5.

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Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank PLC, said banks had to give a major portion of funds to various foundations and the prime minister's fund during the previous government's tenure.

This was because of pressure from higher authorities, he said.

"That pressure has reduced in the changed context, especially in the last five months," Rahman added.

The central bank has been publishing CSR spending reports since 2015.

Prior to that, it had prepared an indicative guideline for CSR expenditure and end-use oversight for banks, allowing them to spend a portion of their net profit on CSR.

The Bangladesh Bank has a provision requiring banks in the country to spend 60 percent of their CSR funds on education and healthcare, with 30 percent allocated for each sector.

It has also suggested that banks allocate 20 percent of their CSR funds for schemes that support climate change adaptation and mitigate its impact.

However, the central bank's latest publication showed that banks are far from complying with the directive on spending for education.

During the July-December period of 2024, banks spent an average of only 14.5 percent of their CSR funds on education. However, 27 percent of their CSR spending was for healthcare, such as providing financial support to the poor and helpless, clinical services, and the free distribution of medical items.

Meanwhile, central bank data showed that banks spent 4.89 percent on disaster management and climate risk mitigation during the period.

The remaining Tk 161 crore, or 53.55 percent, was spent on other categories.

The report said private banks contributed 92 percent of the total CSR spending in the July-December period, followed by state-owned commercial banks and foreign banks.

Shah Md Ahsan Habib, a professor at the Bangladesh Institute of Bank Management, said spending by banks on CSR activities is a kind of philanthropy.

He also said that banks' CSR funds are highly misused, as various vested quarters have used them for personal gain over the years.

"From that perspective, if the funds are spent effectively even after the drop, I don't mind," he added.

Insurance sector under strain as claim settlements drop

SUKANTA HALDER

The rate of claim settlements in Bangladesh's insurance sector declined last year, deepening concerns over transparency and further eroding the confidence of policyholders in an industry already trailing behind global standards.

In 2024, only 57 percent of insurance claims were settled, according to the Insurance Development and Regulatory Authority (Idra).

This marks a sharp decline from around 65 percent the previous year.

In monetary terms, insurers paid out Tk 9,476 crore last year against total claims amounting to Tk 16,484 crore.

According to the breakdown, life insurance fared slightly better than its non-life counterpart.

The settlement rate for life insurance policies fell from 72 percent to 65 percent,

policy has matured.

Md Solaiman, deputy director of Idra's non-life department and the acting spokesperson, said six life insurance firms are currently facing serious challenges due to irregularities and corruption, which have pulled down the overall settlement rate.

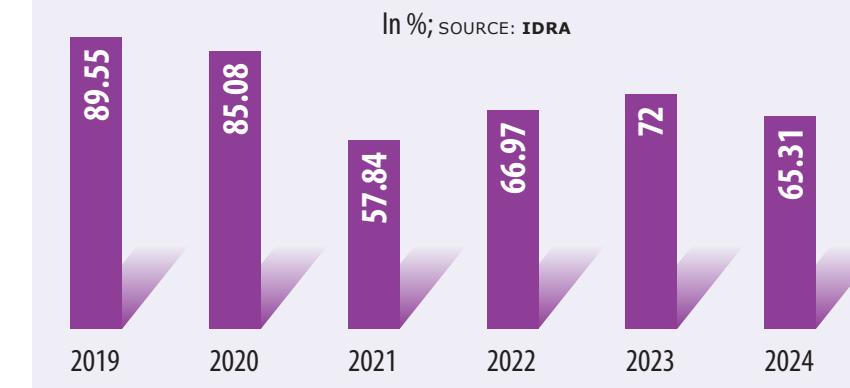
"Their claim settlement rate is below 10 percent, which has had a severely negative impact on the life insurance sector. As a result, claim settlements in 2024 have declined," he told The Daily Star.

The Idra has asked these six firms – Bairia Life Insurance, Farcost Islami Life Insurance, Sunlife Insurance, Sunflower Life Insurance, Padma Islami Life Insurance and Golden Life Insurance – to submit detailed action plans outlining how they intend to improve their subpar claim settlement rates.

In the non-life segment, Solaiman

LIFE INSURANCE CLAIM SETTLEMENT

In %; SOURCE: IDRA



while non-life insurance dropped from 41 percent to just 32 percent.

Globally, the average claim settlement rate hovers around 97.98 percent. In neighbouring India, it stood at around 98 percent in the fiscal year 2022-23, according to media reports.

At present, Bangladesh has 36 life insurance companies and 46 non-life insurers. One firm, Golden Life Insurance, has yet to submit its data to the regulator.

As per the Insurance Act 2010, insurers must settle claims within 90 days of receiving all necessary documents after a

said the regulator recently met senior executives from several companies to resolve ongoing challenges.

He said that while most firms have reinsurance their policies with Sadharan Bima Corporation, many claims remain unsettled because the insurers failed to provide the required investigation reports.

"Sadharan Bima Corporation was tasked with formulating a guideline in this regard in November last year, but it failed to deliver," he said.

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