

Stocks fall for eighth day

STAR BUSINESS REPORT

Share prices fell for the eighth straight session at the Dhaka Stock Exchange (DSE) yesterday along with the turnover, reflecting reduced investor participation.

Earlier, the DSEX, the benchmark index of the premier bourse, gained 14.14 points, or 0.28 percent, to reach 5,040.71 as of 11:26 am.

However, the early gains did not hold as the index eventually dropped 4.09 points, or 0.08 percent, to close at 5,022.47.

The Shariah-based DSES index declined 0.05 percent to end at 1,121.20, while the DS30, which comprises blue-chip stocks, went up 0.41 percent to 1,867.51.

Turnover, a key indicator of market activity, declined 11 percent to Tk 300.61 crore from the previous session.

Of the 395 issues traded, 119 advanced, 214 declined, and 62 remained unchanged.

Focus on local tech for revenue automation: TIB

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Transparency International Bangladesh (TIB) has called on the government to prioritise domestic technological capacity and potential while adopting new automation projects in revenue management.

The anti-corruption watchdog also warned against the repeated failure of donor-driven initiatives that have yielded little tangible result.

The TIB made the call yesterday following reports that the National Board of Revenue (NBR), with World Bank support, is preparing to launch a new Tk 1,000 crore project aimed at boosting income tax collection and curbing tax evasion.

The TIB cautioned that moving ahead

with such a project without examining past failures and lessons learned would amount to wasteful spending.

"Despite multiple digitalisation efforts over the past 15 years, key processes like online income tax return filing is not fully available. Tax filing processes are still heavily paper-based," said Iftekharuzzaman, executive director of the TIB, in a statement.

"Harassment and corruption persist, and the tax-to-GDP ratio continues to decline," he said.

Bangladesh's tax-to-GDP ratio dropped to 8.5 percent in FY24, down from 9.1 percent 12 years ago, hovering at an average of 7.4 percent during the period—one of the lowest globally.

The TIB expressed concern that the planned "Strengthening Institutions for

Transparency and Accountability" project, involving a \$250 million World Bank loan, may follow the same path of failures.

Earlier efforts failed due to donor-prescribed, vendor-locked software solutions and inadequate implementation, it said.

The organisation stressed the need to involve local tech firms and avoid establishing unnecessary infrastructures, such as system, application and product (SAP) training centres funded by borrowed money.

"Technology decisions must be based on practical utility and long-term sustainability, not donor dictates," Iftekharuzzaman said.

The TIB urged policymakers to invest in building the NBR's technical infrastructure by leveraging local expertise and innovation.

Why gold costs more in Bangladesh

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lakh per bhor— the highest ever recorded. It dropped slightly to Tk 1.72 lakh yesterday.

The Bajus makes gold price announcement after meetings of its standing committee on pricing and price monitoring.

Bajus cited a surge in the price of pure gold in the local market as the reason for the hike.

Tuesday's price hike marked the 19th time this year that Bajus has raised gold prices, having reduced them only six times.

According to insiders, gold pricing decisions are largely influenced by traders in Old Dhaka's Tantibazar, who follow a routine schedule for setting daily rates.

A source involved in the trade said that traders in Kolkata usually determine their prices around midday, after which Dhaka traders announce local rates.

These rates are not for retail customers; rather, they are for jewellers who collect the metal from the local market.

Although the government does not prohibit gold imports, the jewellery sector

is largely dependent on unofficial channels.

According to Masudur Rahman, the high tax on legally imported gold is the main deterrent.

While importing gold,

jewellers have to pay Tk 2,000 as tax, and 5 percent value-added tax (VAT) per bhor. Plus, there are also insurance costs on it.

Another barrier is that banks are not interested in opening letters of credit (LCs) for gold import due to the ongoing foreign currency crunch.

According to Reuters, spot gold dropped 1.5 percent to \$3,372.68 an ounce, following an earlier peak of \$3,500.05. US gold futures also closed 0.2 percent lower at \$3,419.40.

The dip came after US

Treasury Secretary Scott Bessent made remarks suggesting a potential easing of trade tensions with China, which boosted confidence in equities and strengthened the dollar.

"Comments (of the US Treasury Secretary) this afternoon that hinted towards a possible thaw in the trade war with China were really when (gold) started to sell off," said Bob Haberkorn, senior market

strategist at RJO Futures.

'WEAK OVERSIGHT DRIVING UP PRICES'

Rumana Huque, a professor at the Department of Economics at University of Dhaka, said there is no reliable data on gold imports, demand, and supply in the local market.

"Traders rely on their own estimates of market demand," she told The Daily Star, adding that pricing decisions are often based

on informal assessments rather than official figures.

She blamed smuggling as a major force behind the way the gold trade currently operates. "If the government takes a firm stance, governance will be restored, and the market will become formalised," she said.

Although traders

frequently claim that high taxes make legal imports unviable, Huque dismissed

this as a weak justification.

"Gold is not an essential commodity, so a higher tax structure is expected," she said.

She also pushed back against the claim that an informal market benefits consumers with cheaper prices. "It is not exactly the case that traders are keeping prices low because the market is informal.

On the contrary, in many cases, they are charging higher prices."

Economists and jewellers point to a significant mismatch between domestic demand and the official supply of gold as the primary driver behind the unusually high prices.

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121, which deals with the loss of future earnings following any industrial accident.

The convention ensures proper payment to deceased or permanently injured workers under certain rules of the ILO, he said.

Ahmed mentioned that he submitted the labour reform recommendations to Chief Adviser Professor Muhammad Yunus in Dhaka on Monday.

He said that, in many cases, the safety committees are formed simply to meet legal requirements and keep foreign buyers happy.

Some 1,107 safety committees were formed in the industrial sector in 2021-22, according to data from the Department of Inspection for Factories and Establishments (DIFE).

The number increased to 5,959 in 2022-23, of which 3,269 were in the garment sector and 2,690 were in non-garment sectors, a labour inspection report found.

Existing mobile operators, ISPs, and Public Switched Telephone Network providers will migrate to these categories, with fixed-line operators barred from holding mobile licences to prevent market dominance.

The NICSP licence will

focus on building and leasing nationwide telecom infrastructure, such as towers and fibre, though spectrum sharing will require BTRC approval.

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replace legacy permits such as submarine cable.

ICSPs will manage submarine cables, terrestrial links, IP transit, and carrier contracts.

This shift aims to optimise underutilised submarine cable capacity and reduce reliance on foreign digital infrastructure.

Alongside these licences, the policy introduces lighter regulatory frameworks for

small-scale operators.

Small ISP service enlistment will allow upazila/thana-level internet providers to operate under the oversight of Fixed Telecom Licensees or ICSPs, while Small Telecom Service enlistment will enable niche providers, such as SMS aggregators and enterprise solution vendors, to enter the market with minimal bureaucratic hurdles.

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World Bank flags deepening crisis

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September 2024, and the NPL rate rose to 20.2 percent in December 2024.

About 46 percent of the banking sector's NPLs were confined to nine state-owned banks, it said.

Citing the BB, it said the central bank expects that NPLs would likely exceed 30 percent in view of the 90 days past-due rule under the new NPL definition aligned with international standards, effective in April 2025, and strict enforcement.

The WB said weak banks were experiencing liquidity shortages despite recent improvements in overall sector liquidity.

The WB said widespread capital shortfalls across banks reveal deep structural weaknesses, necessitating urgent regulatory and policy interventions.

"State-owned commercial banks are the most vulnerable in the banking sector, contributing significantly to its overall strain," it said.

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