DHAKA MONDAY MAY 19, 2025, JAISHTHA 5, 1432 BS ● starbusiness@thedailystar.net

Star BUSINESS

Govt to reduce tax exemptions in next budget

STAR BUSINESS REPORT

The government is set to scale back the generous tax exemptions given to various sectors and firms in the upcoming national budget for fiscal year 2025-26, in line with efforts to increase revenue collection and reduce dependence on borrowing to finance the national budget.

Speaking at a roundtable organised by The Daily Star at its office titled "Time to Make Public Procurement Work for Bangladeshi Manufacturers" yesterday, Finance Adviser Salehuddin Ahmed said the government would no longer allow exemptions to be used as an instrument of privilege.

"We're trying to make the budget a bit more business-friendly, though that doesn't mean giving exemptions to everything. I am in the mood to do away with all tax exemptions. I'm committed to cutting unnecessary exemptions," he said.

The comments come against the backdrop of growing pressure from the International Monetary Fund to streamline fiscal incentives as part of its $4.7 billion loan programme.

Multilateral lenders and domestic economists alike have long argued that Bangladesh's web of exemptions, often tailored to specific sectors or firms, erodes revenue collection and distorts competition.

For example, tax exemptions given by the government to various sectors will cost the exchequer around Tk 163,000 crore in the current fiscal year. That amount would be 11 percent higher year-on-year, and would account for more than one-third of the total revised target for revenue collection, set at Tk 463,500 crore for this fiscal year.

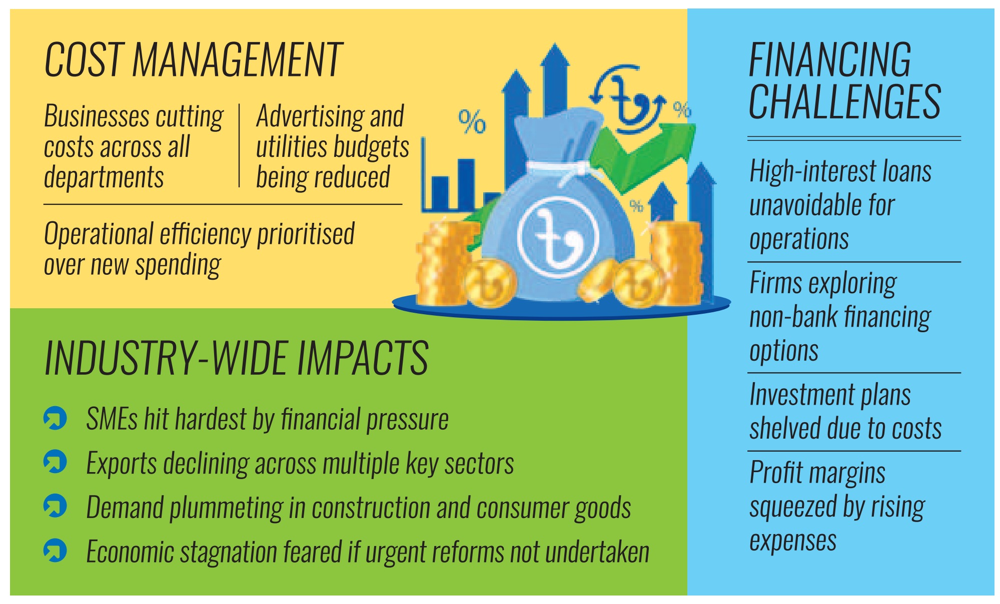
Ahmed said the government had already begun reining in such waivers.

"A few days ago, I rejected a request for an exemption. Someone came asking for a rebate for a particular industry, in a particular location. I cancelled it."

READ MORE ON B3

High inflation, costly loans force firms to cut spending

JAGARAN CHAKMA



From mild steel rods to electronics and food products, advertisements in newspapers and on televisions have decreased as businesses say they have tightened their belts to weather stubbornly high inflation, the steep devaluation of the local currency, and punishingly high bank interest rates.

Besides, some manufacturers say they are now opting to reduce office utility consumption, optimise office supplies, minimise bank dependence, and find alternative funding sources.

Others are taking a closer look at operational expenses, trimming excess spending, and trying to get the maximum output with limited resources.

"The situation is really difficult," said Md Nurul Afsar, deputy managing director of Electro Mart Group, a manufacturer and marketer of electronics and home appliances.

In recent months, Electro Mart has scaled back its promotional activities, including newspaper and television ads, as part of a cost-cutting strategy.

Despite mounting financial pressures, the company has refrained from raising product prices, fearing that such a move could impact sales amid the inflationary pinch.

"Instead, we are focusing on cost-effective measures," said Afsar.

The top executive said that the company is being squeezed by bank interest rates as high as 17 percent, severely impacting profit margins.

Three years ago, banks used to charge single-digit interest on loans, exchange rates were around Tk 80, and inflation was roughly 6–7 percent.

"Due to the high interest rates over the previous years, our business margins have shrunk significantly. We are trying to cut unnecessary expenses wherever possible to absorb the extra burden," he told The Daily Star.

This effort includes limiting utility usage, optimising office supplies, and cutting down on non-essential expenditures.

"We are reducing costs across all minor areas of daily office expenses — wherever there is room to save," he said.

Similarly, BSRM Steels Limited is adopting a number of cost-cutting measures to cope with rising bank interest rates and brutal inflation, said Tapan Sengupta, the company's deputy managing director.

"We are trying to manage the impact of high bank interest and inflation by cutting costs in every area and making optimal use of technology," Sengupta told The Daily Star.

According to him, the steelmaker is focusing on cost efficiency by trimming daily expenses while ensuring employee salaries remain unaffected.

"We are only spending on cost-effective areas that provide value for money. For instance, our marketing budget has been scaled back," he said.

However, avoiding high bank interest is not feasible, as borrowing is essential for business investment, he mentioned.

"There is no escaping bank interest rates. Borrowing to run the business is a necessary part of investment, so the high rates must be managed," he added.

Meanwhile, leading conglomerate PRAN-RFL Group is trying to reduce its reliance on bank loans to minimise the impact.

"We have had to cut down on bank borrowing, reduce costs, and think outside the box just to survive," said Ahsan Khan Chowdhury, the group's CEO. "Doing business in this climate has become extremely challenging."

According to him, the company has focused on lowering production costs, reducing dependency on bank financing, and exploring alternative sources of funds.

"Our employees have been working tirelessly, and we are continuously applying innovative approaches to control costs and improve efficiency," he said.

Chowdhury said that the fight against red-hot inflation by raising bank interest rates over the past two years has severely hurt small and medium enterprises.

Meanwhile, Anwar-ul-Alam Chowdhury Parvez, president of the Bangladesh Chamber of Industries (BCI), said soaring utility bills are further compounding the challenges for businesses.

Regarding the small and medium business segment, Parvez said that gas and electricity price hikes have pushed up production costs, while high bank interest rates are making it nearly impossible for them to survive.

READ MORE ON B3

Govt to form independent board to run Nagad

Salehuddin says

STAR BUSINESS REPORT

The government will form an independent board to run mobile financial service provider Nagad, Finance Adviser Salehuddin Ahmed said yesterday.

The decision came from a high-level meeting of the interim government.

Bangladesh Bank Governor Ahsan H Mansur, Attorney General Md Asaduzzaman, and ICT Policy Adviser Faiz Ahmad Taiyeb were also present at the meeting held in Dhaka.

"We identified the irregularities at Nagad, and all of a sudden, a group took over the MFS provider. The government is going to take action against them," the finance adviser told The Daily Star.

The postal department will not manage the MFS, despite being Nagad's parent entity; instead, an independent board will run the service, he added.

Md Shafayet Alam, who assumed the role of CEO of Nagad, will have to step down because the takeover was illegal, according to the finance adviser.

During a press briefing on Saturday, Bangladesh Bank Executive Director and spokesperson Arief Hossain Khan said that further fraudulent activities could have occurred at the mobile financial service provider.

Because individuals

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PHOTO: AFP/FILE

Exchange rate of dollar rises slightly

STAR BUSINESS REPORT

The interbank exchange rate of the US dollar rose slightly yesterday, two working days after the central bank adopted a market-driven exchange rate system.

Banks traded the greenback at Tk 122.78 per dollar, up from Tk 122.60 the previous day, according to Bangladesh Bank data.

The interbank selling rate was Tk 122 per dollar on Wednesday last week, when the central bank introduced the market-driven framework — a key requirement tied to the International Monetary Fund's (IMF) $4.7 billion loan programme.

Central bank officials described the current situation as stable and credited a higher inflow of US dollars in recent months.

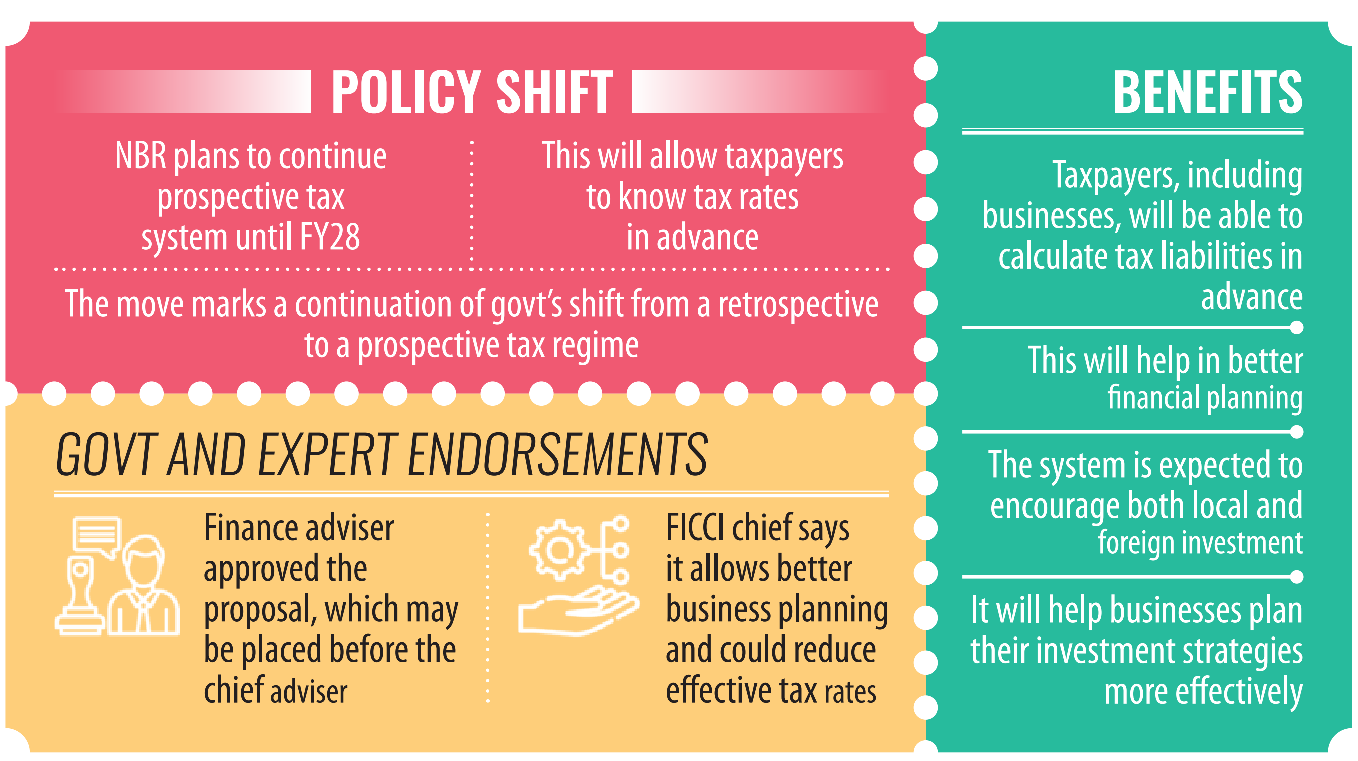
Most banks are now selling dollars to importers at Tk 122.70, while buying them from exporters and exchange houses at rates of Tk 122.30–Tk 122.50 per dollar.

Contacted, Bangladesh Bank Executive Director and Spokesperson Arief Hossain Khan said the central bank is monitoring the foreign exchange market, which is steady due to a surge in remittance inflows and export earnings.

"We are closely observing the market to prevent any manipulation," he told The Daily Star, adding that the central bank has warned banks against any such activities.

READ MORE ON B3

NBR may continue prospective tax system until FY28



MD ASADUZ ZAMAN

The National Board of Revenue (NBR) is expected to continue the prospective tax system until fiscal year 2027-28, allowing taxpayers and businesses to determine applicable tax rates in advance instead of waiting until the end of the income year.

Starting with the national budget for FY25, the government shifted from a retrospective to a prospective tax regime, aiming to support better investment and tax planning.

Under the traditional retrospective system, the NBR announced tax rates for firms and individuals only after the completion of an income year.

For instance, the current income year runs from July 2024 to June 2025. Under the earlier system, taxpayers would file their income and wealth statements and pay taxes for the assessment year, in this case FY25, in the following year, based on rates announced after the income year ended.

However, under the prospective system, individuals and businesses can calculate their tax liabilities for the income year in advance and pay taxes by the end of the same income year.

BUDGET FOR FY26

The NBR is expected to adopt the prospective system in response to longstanding taxpayer demands, a finance ministry official, requesting anonymity, told The Daily Star recently.

"After FY25 and FY26, we are planning to introduce it for another two years. We are working on it," the official said.

He added that this system would help build confidence among individuals and investors by allowing them to plan their tax management and investment plans.

On May 15, Finance Adviser Salehuddin Ahmed gave the nod to the proposal, which may be presented to Chief Adviser Prof Muhammad Yunus today, the official said.

Investors and tax analysts welcomed the NBR's move, saying it would boost investor confidence and encourage local and foreign investment.

"If it truly happens, this will be wonderful news indeed," said Zaved Akhtar, president of the Foreign Investors' Chamber of Commerce and Industry (FICCI).

"It helps businesses plan better and ensure business plans reflect realities," he said.

READ MORE ON B3

Strikes to go on unless CA intervenes

NBR officials say as import activities continue to suffer

STAR BUSINESS REPORT

Employees of the National Board of Revenue (NBR) yesterday vowed to continue their pen-down strike against a May 12 ordinance on restructuring the revenue administration, unless Chief Adviser (CA) Prof Muhammad Yunus or a representative proposes a mediation.

"We have learned through the media that the finance adviser (Salehuddin Ahmed) will sit for a discussion with the NBR officials on Tuesday," said Sehela Siddiqua, additional commissioner of the NBR.

"But we are yet to receive any formal or specific proposal. If we get any formal proposal from the CA or his representatives, we will send a team for the discussion. Without the CA's concern, we won't sit for discussion," she added.

"Based on the circumstances, our strike will continue tomorrow (Monday) in the same manner, from 9:00am to 3:00pm," she said.

Revenue activities for import and export have been disrupted nationwide, posing a serious risk to overall revenue collection and business operations

Siddiqua made the announcement at a press briefing at the NBR headquarters in Agargaon to press home their three-point demand, including the repeal of the ordinance.

The other demands are for the public disclosure of a state advisory committee's report on reforms required for the NBR, which was submitted to the finance ministry, and inclusive, consultative, and sustainable reforms for the revenue administration.

Yesterday, the strike was observed for the fourth consecutive day, led by the "NBR Reform Unity Council", a platform of cadre and non-cadre officials.

Meanwhile, revenue activities — including import and export — have been disrupted nationwide, posing a serious risk to overall revenue collection and causing significant setbacks for regular business operations.

Business leaders warn that if the situation persists, it could lead to delays in the release of imported raw materials, shortages of essential goods, and disruptions to industrial production.

According to sources in the NBR, officials at 25 customs stations — including the Chattogram and Mongla ports and Kamalapur Inland Container Depot — and over 100 VAT, customs, and tax offices nationwide were observing the strike.

READ MORE ON B3

Dhaka Bank surpasses Tk 1,000cr in digital deposits

STAR BUSINESS DESK

Dhaka Bank PLC has surpassed Tk 1,000 crore in customer deposits through its digital banking channels, marking a significant milestone in the bank's continued commitment to innovation, convenience, and customer-centric digital transformation.

This achievement reflects the increasing trust and confidence that customers place in Dhaka Bank's digital services, including the Dhaka Bank Go Plus app, ezyBank, Self-Banking, Internet Banking, and Mobile Financial Service integrations.

Over the past year, the bank has experienced a notable rise in digital adoption, with steady growth in the number of digitally active customers and transaction volumes, according to a press release.

To celebrate this accomplishment, the bank organised a programme at its head office in Dhaka. Sheikh Mohammad Maroof, managing director of the bank, attended the event.

Commenting on the milestone, Maroof stated, "Crossing the Tk 1,000 crore mark in digital deposits is a testament to our customers' confidence in our secure and seamless digital banking experience."

"We are grateful for their trust and remain dedicated to enhancing our digital platforms to provide greater financial access and convenience for all," he added.

Sheikh Mohammad Maroof, managing director of Dhaka Bank PLC, poses for group photographs with senior officials of the bank during a celebratory programme at its head office in Dhaka recently.
PHOTO: DHAKA BANK

This success forms a key part of Dhaka Bank's broader digital strategy aimed at transforming the banking experience in Bangladesh. The bank continues to invest in cutting-edge technology, enhancements in user experience, and cybersecurity to meet the evolving needs of its customers in an increasingly digital world.

With this milestone, Dhaka Bank reaffirms its position as a leading innovator in the country's banking sector and remains committed to expanding its digital footprint to serve a broader segment of the population with inclusive and accessible financial solutions.

AKM Shahnawaj, additional managing director of the bank; AMM Moyen Uddin, deputy managing director and chief operating officer; Md Mostaque Ahmed, deputy managing director and chief emerging market officer; and Akhlaqur Rahman, deputy managing director for corporate, were present.

HM Mostafizur Rahaman, senior executive vice-president and head of retail business division at the bank, was also present, along with other senior officials during the celebration.

Mohd Zayed Alam, honorary consul general of Zambia in Bangladesh, and Tareq Refat Ullah Khan, additional managing director and head of corporate and institutional banking at BRAC Bank, exchange signed documents of the memorandum of understanding at the Sheraton Dhaka in the capital's Banani recently.
PHOTO: BRAC BANK

Consulate of Zambia in Bangladesh gets BRAC Bank's customised banking services

STAR BUSINESS DESK

BRAC Bank PLC has recently signed a memorandum of understanding (MoU) with the Consulate of Zambia in Bangladesh, establishing a strategic banking partnership.

Under the MoU, the diplomatic office will benefit from advanced banking services through tailor-made transaction banking solutions and Corpnet, the bank's technologically advanced internet banking platform, the bank said in a press release.

Mohd Zayed Alam, honorary consul general of Zambia in Bangladesh, and Tareq Refat Ullah Khan, additional managing director and head of corporate and institutional banking at the bank, signed the MoU on the sidelines of the launch of the office of the honorary consulate of the Republic of Zambia in the country during the Zambia-Bangladesh Business Forum, held at the Sheraton Dhaka in the capital's Banani.

On the occasion, Khan said, "This partnership marks a meaningful step toward strengthening trade, commerce, and investment between our two nations."

"At BRAC Bank, we remain committed to excellence, innovation, and delivering tailored banking solutions to cater to clients' banking needs with the highest service standards," he added.

A delegation from Zambia led by Crusivia C Hichikumba, permanent secretary for investment and industrialisation at the Ministry of Commerce, Trade and Industry, attended the signing ceremony, according to a press release.

Md Anwar Hossain, vice-chairman and CEO of Export Promotion Bureau; Md Mushfiqur Rahman, chairperson of SME Foundation; and Mahbubur Rahman, secretary to the Ministry of Commerce, were also present.

AKM Faisal Halim, head of transaction banking of the bank, and Arif Chowdhury, unit head for transaction banking, were also in attendance, along with senior officials of the bank and the Zambian consulate.

Prime Bank leads school banking conference in Rajshahi

STAR BUSINESS DESK

Prime Bank PLC, in collaboration with all scheduled banks operating in Rajshahi, recently organised "School Banking Conference-2025" at the Rajshahi Zila Parishad auditorium.

The initiative aimed to foster financial literacy and instil a culture of saving among school students, in alignment with the financial inclusion directives of Bangladesh Bank.

The conference drew enthusiastic participation from over 400 students and teachers representing various schools across the district, alongside representatives from local banks. Husne Ara Shikha, executive director and head of the Bangladesh Bank Rajshahi office, inaugurated the conference as the chief guest, according to a press release.

In her address, Shikha emphasised the crucial role of school banking in cultivating a financially inclusive society and empowering the next generation.

M Nazeem A Choudhury, deputy managing director of Prime Bank PLC, highlighted the significance of nurturing financial responsibility and a savings mindset among young people.

"Financial education for students is not merely a skill—it is the cornerstone of future economic stability. Today's students are the architects of tomorrow's economy. It is our duty to guide them effectively and introduce them to the banking system," he said while presiding over the conference.

The event also featured the presence of senior officials from Prime Bank PLC and representatives from 45 scheduled banks, underscoring a collective commitment to advancing financial inclusion.

Qazi Mutmainna Tahmida, additional director of the Financial Inclusion Department (FID) at the central bank; Mahmudul Hasan, assistant director of the FID; Md Abdul Wahab, education officer in Rajshahi; MM Mahbub Hasan, head of financial inclusion and school banking at Prime Bank PLC; Shaila Abedin, head of liability; and Md Abdul Halim, head for Rajshahi region, along with other senior officials of the bank, were also present.

Husne Ara Shikha, executive director and head of the Bangladesh Bank Rajshahi office, attends "School Banking Conference-2025" organised by Prime Bank PLC in collaboration with all scheduled banks operating in Rajshahi, at the Rajshahi Zila Parishad auditorium recently.
PHOTO: PRIME BANK

PHOTO: TECHVITAL SYSTEMS

E Dwi Etnawati, vice-president of internal affairs at Mega Andalan Kalasan (MAK), and Nizamuddin Hasan Rashid, managing director of Techvital Systems Limited, pose for photographs after signing the agreement in Dhaka recently.

Techvital Systems, MAK team up to boost healthcare

STAR BUSINESS DESK

Techvital Systems Limited has entered into a strategic sales partnership agreement with Indonesia-based Mega Andalan Kalasan (MAK) during the 16th Meditex Bangladesh 2025 exhibition, aiming to enhance access to advanced medical equipment in Bangladesh.

Nizamuddin Hasan Rashid, managing director of Techvital Systems, and E Dwi Etnawati, vice-president of internal affairs at MAK, signed the agreement at United House in Dhaka recently, according to a press release.

"This partnership reflects our unwavering commitment to delivering reliable, technology-driven healthcare solutions to the people of Bangladesh," said Rashid.

"We are proud to join hands with Techvital to address Bangladesh's healthcare needs through innovative and trusted solutions," said Etnawati.

Arif Suyoko, acting ambassador of Indonesia to Bangladesh, attended the signing ceremony.

Senior officials of MAK visited United Medical College and Hospital, where the deployed systems were showcased.

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B3

Stocks drop as investors remain cautious

STAR BUSINESS REPORT

The stock indices in Bangladesh slipped back into negative territory yesterday, erasing gains from the previous session amid cautious investor sentiment.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), fell by 29.38 points, or 0.61 percent, to close at 4,791.09.

The DSES Index, which tracks Shariah-compliant companies, declined by 6.63 points, or 0.63 percent, to 1,046.15.

Meanwhile, the DS30 Index, comprising blue-chip stocks, lost 8.02 points, or 0.44 percent, finishing the day at 1,780.28.

Turnover — a key indicator of market participation — stood at Tk 292.6 crore, marking an 11.32 percent increase from the previous trading session.

Beach Hatchery Limited emerged as the most traded stock with a turnover of Tk 14.9 crore, while the banking sector led the turnover chart, contributing 19.84 percent of total trades.

DSEX, the benchmark index of the Dhaka Stock Exchange, fell by 29.38 points, or 0.61 percent, to close at 4,791.09

Tannery, general insurance and telecom sectors ended in positive territory, according to UCB Stock Brokerage's daily market update. However, mutual funds, cement, and services and real estate were among the worst-performing sectors of the day.

Out of 400 issues traded on the DSE, 102 advanced, 241 declined, and 57 remained unchanged — highlighting subdued market activity and negative investor sentiment.

Sonargaon Textiles was the day's top gainer with a 9 percent rise, whereas First Bangladesh Fixed Income Fund suffered the steepest decline, plunging by 9 percent.

In its daily commentary, BRAC EPL Stock Brokerage reported that most large-cap sectors closed lower. The fuel and power sector posted the sharpest fall, down 1.03 percent, followed by banking (0.94 percent), food and allied (0.63 percent), pharmaceuticals (0.61 percent), engineering (0.48 percent), and non-bank financial institutions (0.31 percent).

Telecommunication was the sole sector to end in the green, with a marginal gain of 0.06 percent.

The downtrend extended to the Chittagong Stock Exchange (CSE) as well, where the CASPI — the broad index of the port city bourse — shed 78.05 points, or 0.58 percent, to settle at 13,403.51.

US consumer sentiment slumps

REUTERS, *Washington*

US consumer sentiment deteriorated further in May, with one-year inflation expectations soaring to levels last seen in late 1981 amid escalating fears over the economic impact of President Donald Trump's trade policy.

The University of Michigan's Surveys of Consumers on Friday showed a significant decline in morale among Republicans, suggesting that even Trump's base was becoming concerned with the president's sweeping tariffs, which this week led retail giant Walmart to warn that it would start raising prices at the end of month because of increased costs from import duties.

It was the first time that sentiment dropped among Republicans since Trump's November 5 electoral victory. The continued slump in overall sentiment and jump in inflation expectations suggested a retrenchment in consumer spending was probably underway that could temper economists' expectations for a rebound in economic growth this quarter.

This is a line chart that shows the monthly consumer sentiment index by political party. In the month of May, the outlook of Democrats was 33.9, the outlook of Republicans was 84.2 and the outlook of independents was 48.2.

This is a line chart that shows the monthly consumer sentiment index by political party. In the month of May, the outlook of Democrats was 33.9, the outlook of Republicans was 84.2 and the outlook of independents was 48.2.

The economy contracted in the first quarter for the first time in three years amid a flood of imports as businesses tried to beat the higher costs associated with tariffs. Retail sales were almost flat in April.

"The consumer is plainly worried and reading between the lines it is not just price increases that are worrying, it is the fact that many goods may be impossible to find as the reduction in port activity means shortages could develop within months," said Christopher Rupkey, chief economist at FWDBONDS.

Exchange rate of dollar rises slightly

FROM PAGE B1

As part of the shift to a market-based exchange rate, the central bank on May 14 lifted the Tk 1 spread between the buying and selling rates of the US dollar, rescinding a directive issued in January.

At the same time, it reinstated a circular from December 2024, allowing banks to negotiate dollar rates for both interbank and customer transactions.

This move reinstates a pricing framework determined by market demand and supply.

Speaking on condition of anonymity, a senior treasury official at a private bank said that the central bank and other regulatory bodies have urged market players to act prudently given the currency situation.

"With Eid-ul-Azha approaching, dollar inflows are expected to increase. There is general confidence that the market will remain stable," the official said.

At a recent event, Bangladesh Bank Deputy Governor Md Habibur Rahman said the central bank would step in if exchange rates rise beyond acceptable levels.

"We have the necessary tools to intervene," Rahman said, adding that despite slight fluctuations in the exchange rate following the shift to a market-driven system, no major taka depreciation has occurred.

"There is no pressure for devaluation at the moment," he said. "We will continue to monitor the situation closely."

High inflation, costly loans

FROM PAGE B1

Given such conditions, domestic producers are being forced to raise prices, directly burdening consumers already struggling with high living costs, he added.

As a result, sales and profit margins have plummeted compared to last year, a trend clearly reflected in the quarterly reports of listed companies.

"If listed firms are struggling this much, one can only imagine the plight of unlisted ones," Parvez added.

Citing a recent BCI assessment of the business environment under the current political context, Parvez cautioned of deep stagnation without urgent policy actions.

Strikes to go on

FROM PAGE B1

While export consignments are still being processed, importers say they have been unable to avail their goods, affecting exports that rely on imported raw materials.

Shawkat Osman, owner of Silver Steel Company, said his imports arrived at the Chattogram port in eight containers on May 14 but he has been unable to receive them.

"Customs officials usually work from 9:00am to 8:00pm, but now they are leaving by 5:00pm," he said.

"With only two active hours from 3:00pm to 5:00pm, I couldn't get physical inspections conducted. Without it, I can't clear customs or pay duties to release my goods," he said.

Osman also noted that his container demurrage and port charges amounted to around Tk 1.5 lakh per day.

Several clearing and forwarding agents echoed similar concerns, stating that while exports were technically exempt from the strike, the slowdown was affecting outbound shipments as well.

The inability to take away imported raw materials is already having a knock-on effect on export orders.

Mohammad Saidul Islam, deputy commissioner of Chattogram Custom House, said directives have been issued to ensure that no file remains stuck at any desk after the work abstention hours.

"Officials have been instructed to process and release files before leaving office, even if it means staying back after 5:00pm," he said.

He also claimed that export operations and airport services have remained functional during the protest, and his office has not received any official complaint regarding the issue.

However, with 78 percent of the country's imports and 84 percent of the country's exports passing through the Chattogram port, any disruption in import clearance has a ripple effect across the entire economy, business leaders warned.

According to data from Chattogram Custom House, the average number of import consignment assessments and inspections per day has dropped by half over the past four days — from around 4,000 to approximately 2,000.

Without assessment and inspection, importers are unable to receive their goods.

According to customs data of May 13, some 3,460 import bills of entry were processed, whereas the number fell to 1,874 the next day — the first day of the strike.

The number stood at 1,897 on May 15 and 1,895 on May 17.

Yesterday, customs activities remained suspended until 3:00pm due to the ongoing strike, officials said.

The number of containers at the yards increased by 1,000 TEUs (twenty-foot equivalent units) during the same period, rising from 40,708 TEUs on May 15 to 41,695 TEUs on May 18.

NBR may continue

FROM PAGE B1

"There are no sudden surprises. I am hoping that prospective tax visibility also helps in reducing the effective tax rates as well," added Zaved, also the chairman and managing director of Unilever Bangladesh Limited.

According to Zaved, it was previously quite difficult to assess a year's tax using rates announced at the end of the income year, as companies had already closed their books and, in many cases, disbursed dividends.

"Knowing future tax rates reduces uncertainty, enabling more confident decisions about savings, investments, and debt management," said Snehasish Barua, managing director of SMAC Advisory Services.

A clearer understanding of upcoming tax obligations empowers individuals and businesses to plan their long-term finances more effectively, he said.

Barua added that it also allows for proactive planning that can yield significant tax savings.

However, in Bangladesh, simply knowing the rates in advance may not benefit taxpayers if the rates are not rationalised and the effective tax rates remain higher than the statutory rates.

Mohammed Humayun Kabir, vice-president of the South Asian Federation of Accountants, also welcomed the move.

"This policy continuation will work as a positive initiative for attracting local and foreign investors," he said.

If the country can draw investment, it will positively impact employment generation, Kabir added.

Kabir, also a former president of the Institute of Chartered Accountants of Bangladesh, hoped the NBR would continue this policy even after FY28.

Currently, Bangladesh has nearly 1.13 crore Taxpayers' Identification Number (TIN) holders. However, around 60 percent of those taxpayers did not submit returns in the current fiscal year.

Vietnam steps up talks with US to cut tariff

REUTERS, *Hanoi*

Vietnam and the United States held their first direct ministerial-level negotiations on Friday against the backdrop of an impending US tariff of 46 percent on imports from the Southeast Asian nation, which could significantly impact its growth.

The Vietnamese trade ministry said in a statement released on Saturday that the meeting, which occurred in Jeju, South Korea, following the 31st APEC Ministerial Meeting on Trade, symbolised both nations' commitment to fostering a stable economic, trade, and investment relationship.

The talks follow a phone call last month between Vietnamese trade minister Nguyen Hong Dien and US Trade Representative Jamieson Greer that officially started negotiations.

Govt to reduce

FROM PAGE B1

He added that the authorities are reviewing all expenditures. "Now we're trying to align expenditure with capacity. We're reviewing whether those seeking exemptions are really doing something."

Ahmed added that thousands of crores in revenue had been stuck in court cases. "If that money were free, I wouldn't need IMF help."

Last week, the IMF suggested fiscal consolidation, adding that it should focus on the prompt implementation of additional revenue measures — such as the streamlining of tax exemptions — while containing non-essential expenditures.

"Bangladesh's low tax-to-GDP ratio underscores the urgent need for tax reforms to build a fairer, more transparent, and simpler system while sustainably boosting revenues," it said, adding that key priorities include streamlining exemptions, enhancing compliance, and delineating tax policy from administration.

In order to reform the tax system, the government issued an ordinance separating tax policy from administration on May 12, he said.

Ahmed, citing protests being held by NBR officials at its headquarters for the past four days to do away with the ordinance, said no one at the revenue board would lose their job. "Rather, we need skilled human resources who can work to implement policies.

"I need people with an understanding of the economy, the ability to forecast, and a research mindset."

Ahmed also said the government is trying to improve the situation in the banking sector.

Govt to form

FROM PAGE B1

previously implicated in fraud cases are now operating the platform, which serves a client base of around 9.5 crore, according to Khan.

The High Court stayed the activities of the central bank-appointed administrator, Motasem Billah, on May 7 this year, following a petition by one of Nagad's former directors.

In the absence of the administrator, former Nagad director Md Shafayet Alam assumed the role of CEO, despite facing fraud charges in a case filed by the Bangladesh Bank.

Trust Bank's Q1 profit drops 8%

STAR BUSINESS REPORT

Trust Bank PLC reported a fall in profit for the first quarter of 2025, as rising expenses dented its earnings.

The bank's profit declined by 8 percent year-on-year to Tk 29.37 crore, according to its financial statement.

Meanwhile, the bank's annual profit dropped by 11 percent year-on-year to Tk 372.31 crore in 2024.

Its earnings per share (EPS) declined to Tk 0.32 in the January-March period from Tk 0.35 in the same period a year earlier.

The bank attributed the fall in EPS to an increase in expenses.

Its net operating cash flow per share (NOCFPS) rose to Tk 13.82 from Tk 7.10 in the same quarter last year.

The increase in NOCFPS was driven by higher deposits from customers and a reduction in loans and advances, the bank said in the financial statement.

Its earnings per share (EPS) declined to Tk 0.32 in the January-March period from Tk 0.35 in the same period a year earlier

Trust Bank saw significant growth in its income from investments, which surged 91 percent year-on-year to Tk 313.26 crore in the first quarter, mainly due to increased investments in treasury bills and bonds.

Its commission, exchange and brokerage income rose by 25 percent year-on-year to Tk 96.99 crore, supported by higher exchange gains on foreign currencies, as per the financial statement.

Trust Bank's provisions against loans and advances and other accounts stood at Tk 214.70 crore, up 7 percent from the same quarter a year ago, owing to a rise in classified loans.

The bank also said that its current tax expenses increased due to higher operating profit.

As of April 3, 2025, sponsor-directors held 60 percent of the bank's shares, institutional investors 22.24 percent, foreign investors 0.02 percent and general investors 17.14 percent, according to Dhaka Stock Exchange data.

Trust Bank, operating since 1999, is sponsored by the Army Welfare Trust. It operates 119 branches and SME centres and eight sub-branches throughout the country, as per its website.

Farmers harvest maize at Char Saniajan along the Teesta river in Hatibandha upazila of Lalmonirhat. The sandy char lands in this region are known for yielding bumper maize crops, contributing significantly to rural livelihoods. PHOTO: S DILIP ROY

Maize farmers lament price drop amid a rise in costs

S DILIP ROY

Maize cultivation remains a profitable venture for farmers, although many in districts where production is concentrated have voiced concerns over a drop in market prices this season amid a rise in production costs.

The crop's cultivation is concentrated in the country's northern region, with the leading districts being Lalmonirhat, Dinajpur, Chuadanga, Thakurgaon, Rangpur, Panchagarh, Nilphamari, Jhenaidah, Jamalpur and Gaibandha.

Farmers in Lalmonirhat, Kurigram, Rangpur and Dinajpur report that prices have declined by Tk 2 to Tk 3 from those in the previous season to Tk 28 to Tk 29 per kilogramme (kg).

The cost of production has increased by a similar margin to Tk 11 to Tk 13 per kg.

In terms of land area or every bigha (2,529 square metres), the cost stands between Tk 14,000 and Tk 16,000, subject to variations due to land lease rates and ancillary expenses.

A typical yield per bigha ranges from 35 maunds to 45 maunds (one maund equals around 37 kg).

Each maund sells for Tk 1,100 to Tk 1,300.

This results in net profits of approximately Tk 28,000 to Tk 34,000 per bigha, cementing maize's status as one of the most financially viable crops.

Nevertheless, traders are reportedly purchasing maize at lower prices this year, citing acreage expansion and a bumper harvest.

Farmers argue that while yields are indeed robust, the combination of reduced prices and increased input costs is eroding their profit margins and may deter future planting.

Such volatility has prompted calls for more stable pricing mechanisms and fairer market access—factors that many believe are crucial to the long-term sustainability of maize farming. According to the Department of Agricultural Extension (DAE), Bangladesh produced 68.84 lakh tonnes of maize from 6.42 lakh hectares of land in fiscal year 2023–24. The target for fiscal year 2024–25 has been set at 71.60 lakh tonnes from 6.51 lakh hectares of land.

National demand currently hovers around 70 lakh tonnes to 75 lakh tonnes.

Agricultural economist Jahangir Alam noted, "Last year, we had to import four lakh tonnes of maize. This year, dependency on imports will reduce. Until domestic production satisfies national demand, expansion must continue."

He cautioned that increased production combined with falling global prices could further depress domestic prices.

A government-fixed market price for maize would be beneficial, he added, describing the crop as a mode of cash generation that has reinvigorated rural economies.

In the Rangpur region, comprising Lalmonirhat, Kurigram, Gaibandha, Rangpur and Nilphamari, maize has been cultivated on 1.47 lakh hectares of land this year with a production target of 15.60 lakh tonnes.

Notably, approximately half of this is char areas—fertile floodplains prone to seasonal submersion.

In Lalmonirhat, maize is cultivated on 39,505 hectares, primarily on the sandy char lands of the Teesta river. Many local farmers have seen transformative improvements in their livelihoods through maize cultivation.

Shafiqul Islam, additional director of the DAE's Rangpur division, explained that maize was predominantly cultivated during the Rabi (winter) season, with planting running in October–November and harvests in March–April.

The season benefits from favourable weather and allows companion cropping. Although some cultivation occurs in the Kharif or monsoon season, yields are typically lower.

Shahidar Rahman, a seasoned farmer of Char Saniajan in Lalmonirhat's Hatibandha upazila, has been growing maize on 10 bighas of sandy land along the Teesta for 15 years.

"I've harvested 43 maunds per bigha on eight bighas so far, spending a total of Tk 2.8 lakh. Without maize, I would still be mired in poverty," he said.

Similarly, Afiar Rahman of Char Bhotmari in Lalmonirhat's Kaliganj upazila voiced disappointment over this year's price drop. "If prices matched last year's, we could have earned much more," he said, informing that he had harvested 326 maunds from eight bighas, incurring a cost of Tk 1.28 lakh.

Wholesalers also noted tight profit margins.

Jamilur Rahman of Chilmari, Kurigram, said, "We buy maize at Tk 27–28 per kg and sell it to feed mills for Tk 29. After transport, our margin is minimal."

He cited abundant supply and increased cultivation as factors driving the price dip.

Bablu Mia, a wholesaler in Bhotmari, echoed this, stating, "Transport costs from the char areas are high. I buy from char farmers at Tk 27 and sell at Tk 29. With strong yields, prices could fall further."

From the industry side, Azizar Rahman, a procurement representative of Aftab Feed Mill, explained that purchases were aligned with global trends.

"We prioritise local produce over imports. If global prices rise, farmers will benefit domestically," he said.

Afzal Hossain, a Rangpur-based feed producer, noted that despite robust production, feed prices are unlikely to drop due to high bank interest rates, service charges and other operating costs.

Procurement centres in high-output areas enable direct purchases from farmers, improving supply chain efficiency, he said. Mizanur Haque, senior vice-president of Bangladesh Maize Association, warned of growing monopolistic behaviour.

"Previously, we could ensure fair returns for farmers. Now, syndicates led by feed mill owners are dictating prices," he claimed.

He added that falling global wheat prices and increased maize production have further suppressed the market.

Only splitting the NBR may not help

MAMUN RASHID

Bangladesh's government recently enacted a long-awaited reform measure: dissolving the National Board of Revenue (NBR) and splitting it into two new agencies. The goal is to separate the tax policymaking and implementation processes, in line with a key conditionality of the International Monetary Fund (IMF) for the next tranche of disbursements.

With a dismal revenue-GDP ratio, a narrow tax base, and bias towards indirect taxes, an overhaul of the revenue administration has been overdue for many years, and many of us have been talking about this. The government even formed a task force to look at the NBR and its activities more closely and recommend actions in order to bolster revenue growth.

I had the opportunity to work closely with NBR seniors since the early nineties and was associated with many impactful reform projects there.

Under the TACTS (tax administration capacity building and taxpayers' services) project, where we reviewed the revenue administration and structure in India and Thailand, we even talked about a possible split along the direct (corporate & income tax) and indirect taxes (customs & VAT) lines along with capacity building in those agencies to be able to handle leakages.

Right scoping, planning, reaching out to the right target market, right communication, handling corruption and timely implementation have been issues with many agencies in Bangladesh, not only NBR. Existing NBR strength was severely constrained with day-to-day operational work, not much time available to think beyond and creatively for a visible revenue increase.

My long interface with NBR as a large institutional and individual taxpayer, a faculty at the tax academy and other government set up as well as consultancy experience with World Bank and UKAID projects, I would also say that there had been serious jelling issues between NBR professionals and seniors coming from outside.

By dissolving the NBR along with the Internal Resources Division (IRD) through an ordinance, the government is trying to pave the way for the Revenue Policy Division and Revenue Management Division. The first will be tasked with designing the tax policy framework, formulating tax laws, determining various rates, and overseeing the coordination of international tax treaties and trade-related tariffs.

The second, on the other hand, will be responsible for tax administration, compliance, audit, and enforcement of income tax, VAT, customs and other taxes and duties.

The split of duties is deemed to make the tax system more efficient and increase overall revenue earnings. Until now, the NBR has been responsible for all these tasks – both policymaking and policy enforcement – something that has been criticised for creating an overlap of functions leading to poor revenue earning performance and coordination.

As we know, Bangladesh has one of the lowest tax-GDP ratios in Asia (below 8 percent). The NBR has consistently failed to ensure effective resource mobilisation, increase revenue generation through direct taxes, and plug loopholes to prevent tax evasion, among other things. Moreover, in its objective to meet revenue collection targets, it has often ended up enforcing policies that created unjust and uneven pressure on taxpayers and businesses.

However, merely overhauling the structure may not bear the desired results if the problems beneath the carpet are not addressed. Much has been said time and again, the government should reduce its overreliance on indirect taxes and expand the tax base to improve our tax-GDP ratio by bringing surplus-generating sectors and individuals under the tax net. Tax exemptions must also be reconsidered and allowed more judiciously, and corrupt practices in tax collection must be stopped. The entire system must be designed in a way that encourages eligible taxpayers so they can pay taxes without hassle.

We saw NBR officials protesting against the move, arguing that the new ordinance sidelines experienced tax professionals and does not recognise their career progression issues. Many, however, feel this can be sorted out through dialogue and necessary readjustments.

However, the ongoing reform and reconstruction drive must be followed through since it is in line with international best practices and the desire of the major stakeholders- development partners, domestic & foreign investors along with poor people hard pressed by large indirect tax-biased architecture.

The writer is an economic analyst and chairman at Financial Excellence Ltd.

Trump tells Walmart to 'eat the tariffs' instead of raising prices

REUTERS, *Washington*

US President Donald Trump said on Saturday that Walmart should "eat the tariffs" instead of blaming duties imposed by his administration on imported goods for the retailer's increased prices.

His comments were in response to the world's largest retailer saying this week it would have to start raising prices later this month due to high tariffs.

"Walmart should STOP trying to blame Tariffs as the reason for raising prices throughout the chain. Walmart made BILLIONS OF DOLLARS last year, far more than expected," Trump said in a social media post.

"Between Walmart and China they should, as is said, 'EAT THE TARIFFS,' and not charge valued customers ANYTHING." Walmart said it has always worked to keep its prices as low as possible, adding that this practice will not stop.

"We'll keep prices as low as we can for as long as we can given the reality of small retail margins," the company said in a statement to Reuters.

Walmart CEO Doug McMillon said on Thursday the retailer could not absorb all the tariff costs because of narrow retail margins. Even so, he said, the company was committed to ensuring that tariff-related costs on general merchandise, which primarily comes from China, would not drive food prices higher.

Many US companies have either slashed or pulled their full-year expectations amid friction between the US and its trading partners, particularly China, as consumers curtail spending.

Moody's downgrade intensifies investor worry about US fiscal path

REUTERS, *New York*

A US sovereign ratings downgrade by Moody's has exacerbated investor worries about a looming debt time-bomb that could spur bond market vigilantes who want to see more fiscal restraint from Washington.

The ratings agency cut America's pristine sovereign credit rating by one notch on Friday, the last of the major ratings agencies to downgrade the country, citing concerns about the nation's growing $36 trillion debt pile.

The move came as Republicans who control the House of Representatives and the Senate seek to approve a sweeping package of tax cuts, spending hikes and safety-net reductions, which could add trillions to the US debt pile. Uncertainty over the final shape of the so-called "Big Beautiful Bill" has investors on edge even as optimism has emerged over trade. The bill failed to clear a key hurdle on Friday even as US President Donald Trump called for unity around the legislation.

"The bond market has been keeping a sharp eye on what transpires in Washington this year in particular," said Carol Schleif, chief market strategist at BMO Private Wealth, who said that Moody's downgrade may make investors more cautious.

"As Congress debates the 'big, beautiful bill' the bond vigilantes will be keeping a sharp eye on making them toe a fiscally responsible line," she said, referring to bond investors who punish bad policy by making it prohibitively expensive for governments to borrow.

The downgrade from Moody's, which follows similar moves from Fitch in 2023 and Standard & Poor's in 2011, will "eventually lead to higher borrowing costs for the public and private sector in the United States," said Spencer Hakimian, founder of Tolou Capital Management in New York.

Traders work on the floor of the New York Stock Exchange on May 13. The downgrade from Moody's, which follows similar moves from Fitch in 2023 and Standard & Poor's in 2011, will eventually lead to higher borrowing costs for the public and private sectors in the United States. PHOTO: AFP

Even so, the ratings cut was unlikely to trigger forced selling from funds that can only invest in top-rated securities, said Gennadiy Goldberg, head of US rates strategy at TD Securities, as most funds revised guidelines after the S&P downgrade. "But we expect it to refocus the market's attention on fiscal policy and the bill currently being negotiated in Congress," Goldberg said.

US stocks closed higher on Friday, with the Dow gaining more than three quarters of a percent, the S&P 500 climbing seven-tenths of a percent and the Nasdaq adding half a percent.

One question is how much pushback there will be in Congress over whether fiscal principles are being sacrificed, said Scott Clemons, chief investment strategist at Brown Brothers Harriman, adding that a bill that shows profligate spending could be a disincentive to add exposure to long-dated Treasuries.

The Committee for a Responsible Federal Budget, a nonpartisan think tank, estimates the bill could add roughly $3.3 trillion to the country's debt by 2034 or around $5.2 trillion if policymakers extend temporary provisions.