

Star BUSINESS



Extortion remains rampant, threatens business confidence

Business leaders say

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Extortion continues to be a widespread problem for businesses across the country although eight months have passed since the fall of the previous authoritarian regime, business leaders said yesterday.

"Extortion has become an abscess for businesses. Even now, businesspeople cannot operate without fear," said Taskeen Ahmed, president of the Dhaka Chamber of Commerce and Industry (DCCI).

He made the remarks while delivering the opening speech at a discussion titled "Importance of Maintaining Improved Law and Order for Easing Trade and Commerce", held at the DCCI auditorium in Motijheel yesterday.

Ahmed urged the government to ensure a truly investment-friendly environment where enterprises can operate smoothly, transparently, and securely, and called for coordinated policy actions that address law and order challenges directly.

"In this situation, a clear and reasonable expectation from the business community is that they will be allowed to conduct business without fear," he said.

"At this moment, our top priority must be to adopt a coordinated policy framework and take decisive action, especially focusing on business-related law and order issues."

He stressed the importance of building mutual trust and cooperation among the business community, law enforcement agencies, and city administrations.

"Extortion has become an abscess for businesses. Even now, businesspeople cannot operate without fear," said DCCI President Taskeen Ahmed

"Without a secure and predictable environment, investor confidence cannot be ensured," he added.

Despite the change in regime, Ahmed noted, the law-and-order situation has yet to improve to the expected level. "Businesses are still worried. Extortion remains a serious threat to day-to-day operations."

Highlighting further obstacles, the DCCI president pointed to challenges such as online fraud, threats to the transportation of goods, counterfeiting, and cybercrime, all of which are undermining investor confidence.

He also drew attention to a disparity in law enforcement response times. "While the authorities act quickly in the garment sector, small and medium-sized enterprises employing 50 to 100 people are often ignored," he observed.

Recalling expectations following last year's regime change, Taskeen said many had hoped for improved governance and stronger law enforcement. "Unfortunately, the opposite has happened. In a country like Bangladesh, ensuring law and order is fundamental for any kind of socioeconomic progress."

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Only 0.1% of account holders control 42% of deposits: PRI study

STAR BUSINESS REPORT

A tiny fraction of account holders and just two districts – Dhaka and Chattogram – dominate banking deposits and loans, exposing deep inequalities in access to financial services in Bangladesh, according to a new study by the Policy Research Institute (PRI).

Only 0.1 percent of account holders, each with deposits of Tk 1 crore or more, control nearly 42 percent of total bank deposits as of the end of the fiscal year (FY) 2023-24, according to the research.

This points to a worrying concentration of wealth in the hands of a few, according to the report by the local think tank, titled "Spatial and Historical Trends of Financial Development in Bangladesh", presented yesterday at an event at a hotel in Dhaka.

The imbalance extends beyond deposits. Just 1.2 percent of loan accounts hold loans worth Tk 1 crore or more, yet they account for nearly 75 percent of all loans in the banking system.

Presenting the findings, PRI Principal Economist Ashkur Rahman said, "Despite decades of financial liberalisation and branch expansion, the promise of equitable banking remains largely unfulfilled."

The study shows that 78 percent of all bank loans are concentrated in Dhaka and Chattogram, while just 1 percent of borrowers control three-quarters of the lending.

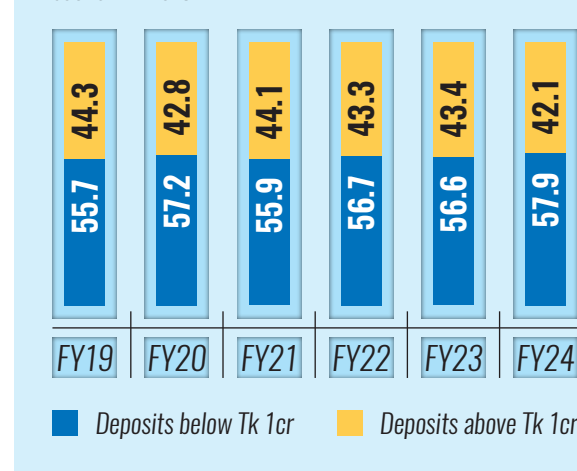
"This is not just a statistical anomaly. It reflects a structural bias in financial intermediation," Rahman said.

He criticised private banks for being nominally present across the country, yet actually confined to the wealthier eastern belt,

TRENDS OF DEPOSITS BY ACCOUNT SIZE

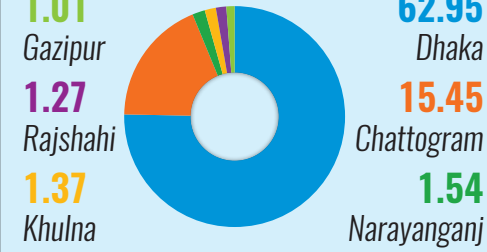
In % of total deposits

SOURCE: PRI STUDY



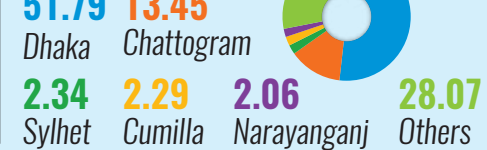
District-wise loans in FY24

(In % of total loans)



District-wise deposits in FY24

(In % of total deposits)



reinforcing financial exclusion.

"What emerges is a system where credit is not democratised but hoarded, where banks are not instruments of inclusive development but facilitators of entrenched inequality," the economist said.

Rahman added that if finance is the lifeblood of the economy, then the country's peripheral districts remain chronically anemic.

In his final remarks, Zaidi Sattar, chairman of the PRI, said, "The data indicates private banks are not banking the poor."

"So, the goal of the banking sector should make the financial system inclusive while their complementary role would be contributing to the development of the country," he added.

The study also shows that regional disparity in lending and deposit is also high.

PRI found that more than 64 percent of all deposits come from Dhaka and Chattogram alone.

Lending follows the same pattern. As much as 78 percent of loans are issued in these two districts.

At the programme, Bangladesh Bank (BB) Governor Ahsan H Mansur said the government needs to take these findings into account for policymaking. The central bank was already moving towards a strategy to ensure financial inclusion.

"Bangladesh has one of the highest banking branch densities in the world," said the governor. "So our priority is not to open more branches, but to make better use of the ones we have."

The banking sector must reach customers at their doorstep, said Mansur.

He said that banks were being encouraged to appoint more

female agents, especially in rural areas, where women could gain access to households and help bring informal savings into the formal system.

Once agent banking expands to rural lending, microcredit interest rates will naturally fall due to competition, he said.

As part of its financial inclusion drive, the BB is also pushing for wider use of QR code transactions.

However, Mansur believes that unless local governments are empowered, local economies will remain weak, and political steps must be taken to minimise such imbalances.

The PRI report also flagged troubling localised trends. Over the past five years, 126 upazilas saw a decline in loan accounts, while in 60 upazilas, the number of loan accounts more than doubled.

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Broadband internet prices cut by Tk 100

MAHMUDUL HASAN

The internet regulator has reduced broadband internet prices at the consumer level by up to 20 percent in a bid to make internet access more affordable across the country.

The Bangladesh Telecommunication Regulatory Commission (BTRC) issued the directive to broadband internet service providers on Tuesday.

Documents show that BTRC submitted the proposal to lower end-user internet tariffs to the telecom ministry for pre-approval on December 3 last year – a necessary step before the commission can approve major decisions.

However, it took around four and a half months to secure approval from both the telecom and finance ministries.

Under the new pricing, a 5 Mbps broadband connection will now cost Tk 400 per month, down from the previously fixed Tk 500 in 2021. The 10 Mbps package has been reduced to Tk 700 from Tk 800, and the 20 Mbps tariff is now Tk 1,100 instead of Tk 1,200.

BTRC Chairman Emdad ul Bari, who assumed the role in September last year, has repeatedly emphasised the need to bring down internet prices. Accordingly, the BTRC began a comprehensive analysis of the entire internet supply ecosystem.

"We have thoroughly analysed the entire internet market ecosystem and identified opportunities to reduce prices at various stages," Bari told The Daily Star in January.

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STALEMATE OVER TAX REFORM ORDINANCE



Separation of powers no magic bullet for reform

DR IFTEKHARUZZAMAN

Separation of policy from implementation has been a crucial and long-overdue item in the reform agenda of the National Board of Revenue (NBR).

But it is not the end itself, nor is it the only magic bullet that would serve the purpose of reforming an institution responsible for Bangladesh's disrepute as one of the countries with the worst tax-gross domestic product ratio in the world.

The NBR reform is also too important an agenda of public interest to be vulnerable to ad-hocism to meet donor prescription, or to parochial interest to make it hostage to a particular bureaucratic cadre and thereby deepen governance ineffectiveness in the country due to long-bedeviled intra-cadre discrimination.

Before proceeding further an independent strategic analysis should be undertaken bringing together relevant experts to assess the opportunities and risks to determine the most appropriate operational model of separation of powers that will truly serve the main purpose of creating an independent, transparent, accountable and efficient NBR that can serve its cause with professional integrity and a sense of pride.

This review should take the NBR Reform Committee report into account and draw upon international best practice lessons. More importantly, it should be informed about sources of deep-rooted internal resistance, who have over the years transformed NBR into heaven for tax evaders and money launderers and hell for honest taxpayers.

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Engage all stakeholders to address protests

TOWFIQUL ISLAM KHAN

Separating tax policy from tax collection has long been recommended. This idea was strongly proposed in a recent white paper on the economy. About four months ago, the National Board of Revenue's (NBR) Advisory Committee, which is working on broader reforms for the NBR, submitted an interim report.

This was allegedly prompted by pressure from the International Monetary Fund, as the government wanted to act quickly rather than waiting for the complete reform recommendations.

The committee has reportedly engaged in discussions with stakeholders to prepare their recommendations on this separation. Current NBR staff also recognise the necessity of implementing this separation.

At the end of the day, the decision to dissolve the NBR and the Internal Resources Division into two new entities – the Revenue Policy Division and the Revenue Management Division – has sparked controversy, leading to the current debacle.

This situation should not simply be perceived as a power struggle among civil service factions. We must remember the objectives of this reform: to ensure the independence of tax policy from collection, thereby avoiding conflicts of interest, and to promote the government's economic goals beyond merely mobilising resources by upholding principles of tax justice. To achieve this, the proposed government tax policy agency should be professional and capable.

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Pay workers by May 28 or face jail

Warns labour adviser

STAR BUSINESS REPORT

Labour and Employment Adviser to the caretaker government Brig Gen (ret) M Sakhawat Hussain yesterday said that garment factory owners must clear outstanding wages of their workers by May 28 ahead of Eid-ul-Azha or risk imprisonment.

"Otherwise, they could land in jail," he said, adding, "warrants have been issued" against nearly all owners who have failed to pay their workers and gone into hiding, according to a private television channel.

Sakhawat, also the adviser of the shipping ministry, was speaking to reporters at the shipping ministry, according to state news agency Bangladesh Sangbad Sangstha (BSS).

He said a meeting with several factory owners had taken place on Tuesday, during which the decision was made to settle all wage dues by May 28.



Garment factory workers blocked the road in front of Kakrail Mosque in the capital on Tuesday, demanding unpaid wages and other service benefits.

PHOTO: PALASH KHAN

His remarks followed protests earlier that day, when several hundred workers from eight factories of TNZ Group blocked the road in front of Kakrail Mosque in the capital, demanding unpaid wages and other service benefits.

Police earlier stopped the workers from marching towards the chief adviser's residence at the State Guest House Jamuna.

The protesters gathered at Shrom Bhaban, which houses the Department of Inspection for Factories and Establishments, the Department of Labour, and the Labour Welfare Foundation, according to witnesses.

Speaking to journalists, Sakhawat said that issues related to the readymade garment sector usually fall under the jurisdiction of the industries and commerce ministries.

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Islami Bank removes MD

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The board of directors of Islami Bank has removed its managing director, Muhammad Monirul Moula, due to his alleged involvement in loan irregularities and mismanagement unearthed by an external audit.

The bank made the decision in its 395th board meeting, held on April 6 this year, which received the go-ahead from Bangladesh Bank on May 20.

The central bank issued a letter in this regard and also instructed the bank to take legal measures regarding the allegations of investment irregularities and mismanagement identified through the external audit against Muhammad Monirul Moula and to inform the department accordingly.

Islami Bank was also asked to inform the banking watchdog in writing, including the full biography and other relevant details of the acting managing director.

The bank was further directed to appoint a managing director within the stipulated timeframe.

Earlier, in April, Islami Bank Bangladesh had decided to send its managing director, Muhammad Monirul Moula, on leave for three months.

Moula was appointed as the managing director of Islami Bank in January 2021, when the controversial S Alam Group was dominating the bank's board.

He began his career with the Shariah-based bank in March 1986.

Moula came under pressure after the S Alam Group lost control of Islami Bank following the ouster of the previous Awami League government in August 2024.

The BB subsequently dissolved the former board, which had been heavily dominated by individuals linked to the S Alam Group.

By the end of last year, the Anti-Corruption Commission had filed a case against 58 people, including Ahsanul Alam, former chairman of Islami Bank and son of S Alam Group owner Mohammed Saiful Alam, and Muhammad Monirul Moula, on allegations of embezzling Tk 109.2 crore from Islami Bank through loan fraud.

Md Omar Faruk Khan, additional managing director of the bank, was appointed as acting MD of Islami Bank.

The Daily Star tried to reach Moula over the phone, but he did not respond until the filing of the report.