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BUSINESS



Bank Asia to acquire Bank Alfalah’s local operations

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Bank Asia signed a memorandum of understanding (MoU) with Bank Alfalah to acquire the latter's operations in Bangladesh, subject to regulatory approval and the completion of legal formalities.

The MoU was signed on May 28, according to a disclosure from Bank Asia on the Dhaka Stock Exchange yesterday.

The acquisition is contingent upon approval from the Bangladesh Bank, the State Bank of Pakistan, and other relevant regulatory bodies, as well as compliance with legal and procedural requirements and the execution of definitive agreements, the disclosure said.

In a separate filing with the Pakistan Stock Exchange, Bank Alfalah confirmed that its board of directors had approved the proposed sale of its operations in Bangladesh to Bank Asia.

The Dhaka-based bank will move forward with the acquisition once all necessary regulatory clearances are secured and definitive agreements are signed, the disclosure added.

Industry insiders estimated the initial acquisition cost at around Tk 600 crore.

According to Bangladesh Bank guidelines on mergers

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Cancer drugs, insulin to get cheaper as NBR plans tax cuts

Duty-free import list to expand by 79 items



JAGARAN CHAKMA and MOHAMMAD SUMAN

The government is going to expand import duty exemptions on pharmaceutical raw materials and medical equipment, with 79 new items expected to be added to the duty-free list in the upcoming national budget.

The move aims to ease pressure on drug manufacturers and make treatments for cancer, kidney, and vascular diseases more affordable for patients.

In the budget for the fiscal year (FY) 2025-26, the government plans to waive import duties on 23 new raw materials used in cancer drug production, 36 for chronic illnesses such as diabetes, and 20 types of medical equipment, according to finance ministry officials.

Currently, at least 200 pharmaceutical products enjoy similar exemptions.

As part of its broader push to improve healthcare access, the government also plans to waive the existing 10 percent customs duty on medical equipment imports by hospitals.

It is also likely to introduce a 1 percent duty on imports of the Tangential Flow Filtration (TFF) system, a vital technology in vaccine production, under a new import category.

79 PHARMA ITEMS MAY GET DUTY EXEMPTIONS

THESE INCLUDE

23 raw materials for cancer drug making

36 raw materials for general pharma use

20 types of equipment for healthcare

Currently, 200 pharma items enjoy duty benefit

Drug directorate proposed the new items for duty cut

IMPLICATIONS

Patients with chronic diseases to get affordable treatments

Local drug makers to benefit from high export potential

POLICY DEVELOPMENTS

Tangential Flow Filtration system may get own HS code

Hospitals may get 10% duty waived for equipment import

Currently, TFF imports fall under import categories with higher duties.

In addition, customs duty on imports listed under HS Code 3917.39.90, commonly used by pharmaceutical manufacturers, may be reduced to 15 percent from 25 percent.

The local pharma industry is also pressing for a separate HS code for the sterile connector, a component in insulin manufacturing that currently faces a 25 percent duty under

this category.

Drug makers said that the existing classification raises production costs and limits affordability.

“The government's decision to continue duty exemptions on essential pharmaceutical raw materials in the FY 2025-26 budget is a welcome move,” said Arefin Ahmed, executive director at Incepta Pharmaceuticals.

“It will benefit both drug manufacturers and patients,” he added.

“This measure will not only make critical medicines, such as oncology drugs and

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Duty-free threshold for bank deposits may rise to Tk 3 lakh

MD ASADUZ ZAMAN

In order to provide relief to small savers, the government is likely to increase the excise duty exemption threshold for bank deposits in the upcoming budget for fiscal year 2025-26.

Under the proposed measure, individuals with bank deposits of up to Tk 3 lakh will be exempt from paying excise duty starting from the new fiscal year.

At present, the duty-free bank deposit limit is Tk 1 lakh, with an excise duty of Tk 150 being levied on deposits above Tk 1 lakh and up to Tk 5 lakh.

Finance Adviser Salehuddin Ahmed is expected to announce the revised provision on June 2 while presenting the national budget for FY26 in a televised address at 4 pm.

“The limits for the next slabs will remain unchanged,” a senior finance ministry official familiar with the matter said yesterday.

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Budget to be placed on June 2

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The interim government is going to place the proposed budget for fiscal year 2025-26 on June 2.

Finance Adviser Salehuddin Ahmed will present the budget at 4:00pm in a televised address, which will be a pre-recorded speech, according to

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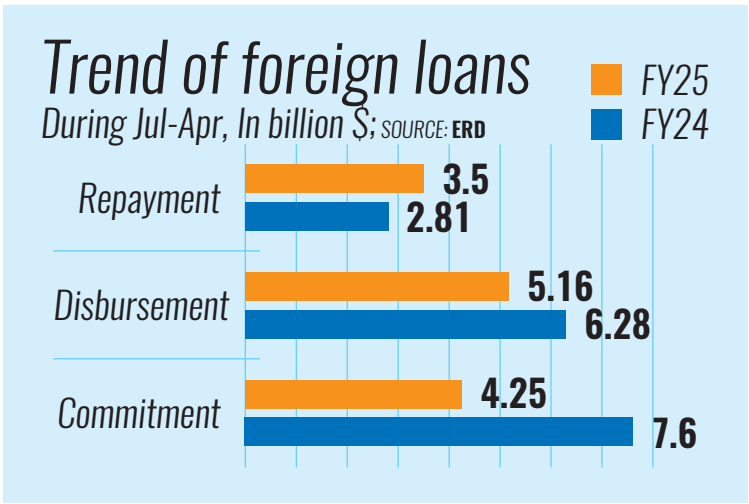
Foreign debt repayment surges 25%

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Bangladesh's repayment of foreign loans surged in the first 10 months while the inflow of loans from bilateral and multilateral lenders continued to fall, according to provisional data from the Economic Relations Division (ERD) released yesterday.

The country repaid \$3.5 billion during the July-April period of the 2024-25 fiscal year, up 25 percent year-on-year.

In Bangladeshi taka terms, debt servicing costs rose nearly 37 percent year-on-year to Tk 42,281 crore during this period.



Ashikur Rahman, principal economist at the Policy Research Institute (PRI) of Bangladesh, said Bangladesh's foreign debt servicing had increased due to an expanded external loan portfolio, rising global interest rates, and moderate depreciation of the taka.

“Despite this increase, the risk of default remains minimal,” he said.

Robust foreign exchange inflows—projected to exceed \$75 billion this fiscal year from exports and remittances—provide a substantial cushion for meeting external debt obligations, even if annual servicing requirements rise to \$5-6 billion, he added.

“However, the implications for domestic fiscal management are more nuanced. Continued exchange rate depreciation may elevate the local currency cost of debt servicing, placing additional pressure on the national budget.”

“This underscores the importance of sustained efforts by the Ministry of Finance to enhance domestic resource mobilisation and broaden the fiscal base,” he said. Strengthening these mechanisms will be critical to ensuring that Bangladesh retains adequate fiscal space to manage its external commitments without undermining domestic development priorities, Rahman said.

ERD data showed that the disbursement of foreign loans dropped 18 percent year-on-year to \$5.16 billion in the first 10 months of the year.

After repayment of principal and interest, net foreign loans fell by more than half to \$1.65 billion during the July-April period of this fiscal year, from \$3.47 billion a year ago, the ERD data showed.

The commitment of fresh loans by lenders dropped 44 percent year-on-year to \$4.25 billion in the first 10 months of the 2024-25 fiscal year.

69% overwhelmed by ‘excessive’ VAT on essentials

Survey on low-income people finds

SUKANTA HALDER and MOHAMMAD SUMAN

About 69 percent of low-income people view the value-added tax (VAT) on essential items as excessive, according to a survey, with most seeing it as a significant financial burden.

Around 28 percent of respondents said the current VAT is tolerable, while 1 percent said it does not impact them. The remaining 2 percent did not comment.

The survey, conducted by the Youth Policy Network, collected responses from 1,022 low-income individuals, including night guards, security guards, deliverymen who use ride-sharing platforms, rickshaw pullers, farmers, and day labourers. It was conducted in 15 locations in and outside Dhaka.

Most respondents earned between Tk 10,000 and Tk 15,000 per month, followed by those in the Tk 5,000 to Tk 10,000 bracket.

The survey highlighted the growing economic hardships for the poor as rising prices and stagnant incomes eat away at their purchasing power.

The survey also found that a significant number of respondents felt the previous government's budget did not reflect their needs, indicating disillusionment with past fiscal policies.

Against the backdrop of persistent inflation, hovering above nine percent since March 2023, these people appealed to the government to take appropriate measures in the upcoming budget to enable them to access affordable food.

The survey comes to light not only against the backdrop of persistent inflation but also during a period of economic slowdown and consequent job losses.

According to recent projections by the World Bank, overall poverty in Bangladesh could increase to 22.9 percent in 2025, up from 18.7 percent in 2022.

Alarming, the proportion of people living in extreme poverty—those earning less than \$2.15 a day—is expected to nearly double to 9.3 percent, potentially pushing an additional 30 lakh individuals into this vulnerable group, the WB said.

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Eastern Bank PLC.

AAA

EBL SECURES AAA CREDIT RATING FOR THE THIRD YEAR IN A ROW

Eastern Bank is proud to announce that we have once again received the highest AAA credit rating from Credit Rating Agency of Bangladesh Ltd. (CRAB), along with short-term rating of ST-1 and a stable outlook—for the third year in a row.

This remarkable achievement reflects EBL's strong financial health and consistent performance, backed by prudent risk management and a well-managed asset portfolio. It demonstrates our continued commitment to maintaining strong credit discipline and creating long-term value for our shareholders.