

Star BUSINESS



Bangladesh to get \$250m from WB

STAR BUSINESS REPORT

The World Bank (WB) has approved \$250 million in financing to support Bangladesh in enhancing transparency, accountability, and efficiency across key government institutions.

The funding, under the "Strengthening Institutions for Transparency and Accountability (SITA) Project," will support ongoing government reform efforts to modernise public sector functions that are essential for improving data transparency, domestic revenue mobilisation, public investment management, public procurement, and financial oversight, the multilateral lender said in a press release yesterday.

The project will focus on strengthening governance structures and operational capacities in five major government agencies: the Bangladesh Bureau of Statistics, the National Board of Revenue, the Planning Division, the Bangladesh Public Procurement Authority, and the Office of the Comptroller and Auditor General.

"This investment will leverage digitisation to improve transparency and reduce corruption, helping Bangladesh modernise public institutions suited for an emerging economy," said WB Interim Country Director for Bangladesh, Gayle Martin.

"It will also improve public service delivery and enhance trust in government institutions."

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Govt to amend insurance law, limiting family ownership

REGULATORY REFORMS

Govt set to amend insurance law for the first time in 15 years

Idra to be empowered to dissolve and restructure company boards

Family shareholding in insurance companies to be capped at 10%

New law to allow Idra to search and seize documents with police assistance

Higher fines and stricter jail terms proposed for law violations

Commission structure for life insurance agents to be revised

PERFORMANCE & COMPLIANCE

- Over 26 lakh life insurance policies lapsed in the past 14 years
- Only 57% of insurance claims were settled in 2024
- Six life insurers directed to submit policy revival plans
- Regulatory action triggered by poor claim settlement performance

EXPERT OPINION

Experts welcome reforms but caution against potential misuse of new powers

SUKANTA HALDER

The government has taken the initiative to amend the insurance law, aiming to give the regulator greater authority to dissolve and restructure the boards of insurers, limit family ownership concentration, and impose hefty fines for breaking the rules.

The Insurance Development and Regulatory Authority (Idra) has taken the initiative, as the current 15-year-old law does not

adequately empower the regulator to act against delinquent insurers.

"Comprehensive amendments are being undertaken to strengthen its enforcement powers," said Tanjina Ismail, Idra member for law.

Another senior Idra official said that revising the law is essential to ensure tougher penalties, particularly given the widespread allegations of non-compliance, including the failure of many insurers to settle large numbers of

claims.

The draft of the revised Insurance Act will soon be published on the Idra website to invite public comments and feedback from stakeholders.

According to Idra, only 57 percent of insurance claims were settled in 2024. Insurers paid out Tk 9,476 crore against total claims of Tk 16,484 crore.

The situation has become so serious that in March this year, the regulator ordered six struggling life insurers to submit action plans after years of failing to settle claims, leaving policyholders in the lurch.

The country has 82 insurance companies — 36 life insurers and 46 non-life insurers. Idra data

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BB aims to raise \$100m to recover laundered assets

STAR BUSINESS REPORT

Bangladesh Bank (BB) Governor Ahsan H Mansur aims to raise \$100 million from global litigation funders to finance asset recovery from business and political figures tied to the regime of ousted prime minister Sheikh Hasina by 2025.

A litigation funder is a third party that provides financial support to a litigant to cover legal costs associated with a lawsuit, in exchange for a share of the potential financial recovery from the case.

The central bank governor recently met with leading global litigation firms in London and discussed a roadmap to achieve his goal of mobilising \$100 million in litigation funding to finance 30 asset recovery cases.

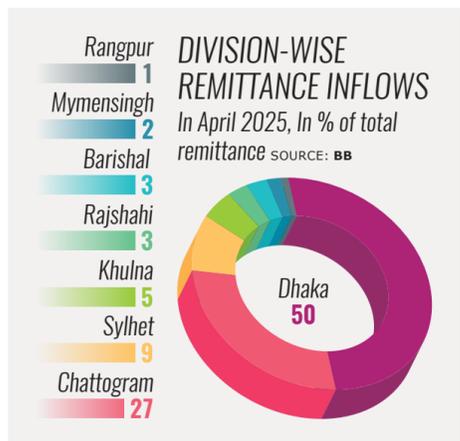
According to a statement from the central bank, Ahsan H Mansur visited London from June 10 to June 13 as a part of the Chief Advisor's delegation.

The BB governor held a number of meetings in support of key policy issues.

Mansur and other members of the delegation visited the UK National Crime Agency (NCA) and met several senior officials, including Daniel Murphy, head of the International Anti-Corruption Coordination Centre (IACCC).

The governor expressed his appreciation for the ongoing support and close collaboration the IACCC has provided to Bangladesh's Asset Recovery Taskforce, including technical assistance for the II Joint Investigation Teams (JITs) formed to investigate the II priority asset recovery cases.

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Over 75% of April remittance went to Dhaka, Ctg

STAR BUSINESS REPORT

Dhaka and Chattogram divisions received over three quarters of the remittance sent by Bangladeshis living abroad in April this year, while six other divisions accounted for 27 percent of the total.

Dhaka alone received half of the total remittance of \$2.75 billion received in the month.

Dhaka and Tangail were the division's two main districts in terms of the largest amounts of remittance inflows, which have become a cornerstone of Bangladesh's economy and serve as one of the largest sources of foreign exchange.

The southeastern division of Chattogram received 27 percent, according to a monthly report on remittances by Bangladesh Bank (BB) released earlier this month.

Bangladeshis living abroad sent \$0.73 billion to Chattogram division, within which Chattogram and Cumilla districts were the top two recipients.

Among the remaining divisions, Sylhet received \$0.23 billion, or 9 percent of the total, followed by Khulna, Barishal, and Rajshahi divisions, according to the BB report.

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How frequent policy shifts deter firms from going public

AHSAN HABIB

If a company gets listed, it will enjoy tax benefits, and this is one of the major incentives for them to go public.

However, the government's frequent policy changes have disheartened listed firms many times, as they faced higher tax rates once they got listed.

It gave a clear, negative message

Take the example of paint manufacturer Berger Paints Bangladesh Limited.

The multinational company had offloaded 5 percent of shares through IPO in 2006.

Last month, it decided to offload more than 5 percent of shares to the public through rights shares after receiving repeated requests from stock market investors and stock

POLICY INSTABILITY & TAX DISINCENTIVES

Listed companies offloading under 10% shares via IPO will lose tax benefits

IPO is allowed once in a lifetime, leaving no path for the listed firms to regain tax breaks

Listed tobacco firms and Grameenphone lost earlier tax advantages due to shifting rules

IMPACT ON COMPANIES

Berger Paints' attempt to raise public shares via rights issue won't qualify for tax incentive

Walton and other firms penalised despite later increasing public shareholding

COMPLIANCE BURDEN

Frequent policy changes and compliance burdens dissuade quality firms from going public

to all good companies about getting listed in the market.

In the Finance Ordinance 2025, the government announced that the corporate tax rate for listed firms will be raised to 27.5 percent from the existing 20 percent to 22.5 percent from fiscal year FY27.

The only exemption was for those who offloaded more than 10 percent of shares through initial public offering (IPO).

exchanges in order to improve the supply of good shares.

Another incentive was to avail better tax benefits compared to firms that have offloaded a lower percentage of shares.

However, the multinational company will not enjoy the tax benefit as its IPO share offloading will remain the same even if it raises its share in the market through rights shares.

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Mahmud new BGMEA president

STAR BUSINESS REPORT

Mahmud Hasan Khan has been elected president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) unopposed, as the election board did not find any other candidate.

The election board also declared seven other vice-presidents for the association for the 2025-27 tenure, according to a statement from the board. The seven are: Salim Rahman, first vice-president; Inamul Haq Khan, senior vice-president; Mijanur Rahman, vice-president for finance; Md Rezwana Selim, Vidiya Amrit Khan, Md Sehab Udduza Chowdhury, and Mohammad Rafique Chowdhury.

The newly elected members will take charge of the BGMEA on June 16, Mahmud Hasan Khan said.

Earlier, the biennial election of the BGMEA was held on May 31 simultaneously in Dhaka and Chattogram, where Mahmud Hasan Khan led

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IT exports witness slight rise in July-March

MAHMUDUL HASAN

Bangladesh's IT exports witnessed a slight rise in the first nine months of the current financial year, buoyed by growing global demand for AI-powered services.

According to data from the Export Promotion Bureau (EPB), export earnings from the IT sector rose by 12.99 percent year-on-year, reaching \$458.18 million between July and March of FY 2024-25.

In the same period a year earlier, exports stood at \$407.07 million.

The growth comes as a positive development for the sector, which had experienced a significant slowdown in recent years.

In FY 2022-23, Bangladesh's IT exports declined for the first time in five years. The following year, growth was limited to just 2 percent.

This prolonged digital blackout dealt a serious blow to the IT industry. Many firms reported missed deadlines, disrupted communication with overseas clients, and halted development work.

Among the key segments, IT-enabled services (ITES) remained the largest contributor, registering a 9.36 percent increase to \$395.31 million.

Software exports grew modestly by 4 percent to \$30 million.

However, the most striking growth was observed in computer consultancy services, which jumped by 102 percent to \$30 million.

Installation, maintenance, and repair services related to computer and peripheral equipment also saw a 26 percent rise to \$2.95 million.

Industry leaders attributed this rebound to the increasing adoption of AI-powered solutions in global markets.

"The sector is gradually recovering, not through direct AI products like ChatGPT, but through platforms and software that enhance efficiency and maximise tasks with the help of AI," said Raisul Kabir, CEO of Brain Station 23, one of the country's leading software firms.

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Attendees tour stands at the VivaTech technology startups and innovation fair at the Paris Expo Porte de Versailles in Paris on June 12. An International Labour Organization report found that around "one in four workers across the world are in an occupation with some degree of exposure" to generative AI models' capabilities.

PHOTO: AFP

AI's arrival at work reshaping employers' hunt for talent

AFP, Paris

Predictions of imminent AI-driven mass unemployment are likely overblown, but employers will seek workers with different skills as the technology matures, a top executive at global recruiter ManpowerGroup told AFP at Paris's Vivattech trade fair.

The world's third-largest staffing firm by revenue ran a startup contest at Vivattech in which one of the contenders was building systems to hire out customisable autonomous AI "agents", rather than humans.

Their service was reminiscent of a warning last month from Dario Amodi, head of American AI giant Anthropic, that the technology could wipe out half of entry-level white-collar jobs within one to five years.

For ManpowerGroup, AI agents are "certainly not going to become our core business any time soon," the company's Chief Innovation Officer Tomas Chamorro-Premuzic said.

"If history shows us one thing, it's most of these forecasts are wrong."

An International Labour Organization (ILO) report published in May found that around "one in four workers across the world are in an occupation with some degree of exposure" to

generative AI models' capabilities. "Few jobs are currently at high risk of full automation," the ILO added.

But the UN body also highlighted "rapid expansion of AI capabilities since our previous study" in 2023, including the emergence of "agentic" models more able to act autonomously or semi-autonomously and use software like web browsers and email.

Chamorro-Premuzic predicted that the introduction of efficiency-enhancing AI tools would put

In a survey, employers identified ethical judgement, customer service, team management and strategic thinking as top skills AI could not replace

pressure on workers, managers and firms to make the most of the time they will save.

"If what happens is that AI helps knowledge workers save 30, 40, maybe 50 percent of their time, but that time is then wasted on social media, that's not an increase in net output," he said.

Adoption of AI could give workers "more time to do creative work" — or impose "greater standardization of their roles and

reduced autonomy," the ILO said.

There's general agreement that interpersonal skills and an entrepreneurial attitude will become more important for knowledge workers as their daily tasks shift towards corralling AIs.

Employers identified ethical judgement, customer service, team management and strategic thinking as top skills AI could not replace in a ManpowerGroup survey of over 40,000 employers across 42 countries published this week.

Nevertheless, training that adopts those new priorities has not increased in step with AI adoption, Chamorro-Premuzic lamented.

"For every dollar you invest in technology, you need to invest eight or nine on HR, culture transformation, change management," he said.

He argued that such gaps suggest companies are still chasing automation, rather than the often-stated aim of augmenting human workers' capabilities with AI.

One of the areas where AI is transforming the world of work most rapidly is ManpowerGroup's core business of recruitment.

But here candidates are adopting the tools just as quickly as recruiters and companies, disrupting the old way of doing things from the bottom up.

"Candidates are able to send

500 perfect applications in one day, they are able to send their bots to interview, they are even able to game elements of the assessments," Chamorro-Premuzic said.

That extreme picture was not borne out in a survey of over 1,000 job seekers released this week by recruitment platform TestGorilla, which found just 17 percent of applicants admitting to cheating on tests, and only some of those to using AI.

Jobseekers' use of consumer AI tools meets recruiters doing the same.

The same TestGorilla survey found almost two-thirds of the more-than-1,000 hiring decision-makers polled used AI to generate job descriptions and screen applications.

But a far smaller share are already using the technology to actually interview candidates.

Where employers today are focused on candidates' skills over credentials, Chamorro-Premuzic predicted that "the next evolution is to focus on potential, not even skills even if I know the skills you bring to the table today, they might be obsolete in six months."

"I'm better off knowing that you're hard-working, that you are curious, that you have good people skills, that you're not a jerk — and that, AI can help you evaluate," he believes.

Meta makes major investment in Scale AI, takes in CEO

AFP, San Francisco

Scale AI announced a major new investment by Meta late Thursday that values the startup at more than \$29 billion and puts its founder to work for the tech titan.

Company founder and chief executive Alexandr Wang will join Meta to help with the tech giant's own artificial intelligence efforts as part of the deal, according to the startup.

Meta was reportedly pouring more than \$10 billion into San Francisco-based Scale AI, and acquires its 28-year-old CEO amid fierce competition in the AI race with rivals such as OpenAI, Google and Microsoft.

"Meta has finalized our strategic partnership and investment in Scale AI," a Meta spokesperson said in response to an AFP inquiry.

"As part of this, we will deepen the

"bittersweet," adding he will remain a member of the Scale AI board of directors.

Along with work that includes AI data, agents, and optimizing systems, Scale AI late last year announced an artificial intelligence model built on Meta's Llama 3 model that is customized for US national security missions including planning military or intelligence operations and understanding adversary vulnerabilities.

Listed capabilities of "Defense Llama" include assessing scenarios and answering tactical questions such as how enemies might attack and how to effectively counter, according to Scale AI.

"Scale AI is committed to ongoing collaboration with the defense community to ensure Defense Llama remains a trusted and effective asset for US military and intelligence operations," Wang said at the time.



work we do together producing data for AI models and Alexandr Wang will join Meta to work on our superintelligence efforts."

Meta promised more details about the move in coming weeks.

Scale AI works with business, governments and labs to exploit the benefits of artificial intelligence, according to the startup.

"Meta's investment recognizes Scale's accomplishments to date and reaffirms that our path forward — like that of AI — is limitless," Wang said in a release.

"Scale bridges the gap between human values and technology to help our customers realize AI's full potential."

Since Wang founded Scale AI in 2016, it has grown to more than 1,500 people, he wrote in a post on X.

He said a few other employees, whom he referred to as "Scaliens," will go with him to work on Meta's AI initiative.

Wang described his departure as

Scale AI will use the infusion of capital to accelerate innovation and strengthen partnerships, along with distributing proceeds to equity holders, according to the startup.

Meta will hold a minority stake in Scale AI after the investment deal closes, but an exact figure was not revealed.

Tech industry veteran and investor Jason Droege, a co-founder of Uber Eats food delivery platform, will take over as chief of Scale AI, according to the company.

"Scale has led the charge in accelerating AI development," Droege said in a release.

"We have built the strongest foundation to tackle AI's data challenges and push the boundaries of what's possible."

Meta chief Mark Zuckerberg recently touted his tech firm's generative artificial intelligence (Gen AI) assistant, telling shareholders it is used by a billion people each month across its platforms.

Eastern Bank launches 'Shopno Jabe Bari' prepaid card with Grameenphone

STAR BUSINESS DESK

Eastern Bank PLC (EBL) has launched a co-branded Visa prepaid card, titled "Shopno Jabe Bari" with Grameenphone Limited (GP), the country's leading mobile phone operator.

MKhorshed Anwar, deputy managing director and head of retail and SME banking at EBL, inaugurated the card at the GP head office in the capital recently, according to a press release issued by the bank.

Anwar remarked, "The EBL GP Shopno Jabe Bari Visa Card reflects our shared vision of fostering financial inclusion and promoting digital empowerment."

"This is more than a mere payment card; it serves as a gateway to enriching experiences, enhancing the value of



PHOTO: EASTERN BANK

M Khorshed Anwar, deputy managing director and head of retail and SME banking at Eastern Bank PLC, inaugurates the co-branded Visa prepaid card titled "Shopno Jabe Bari" with Grameenphone Limited at the GP head office in the capital recently.

everyday transactions, and fostering stronger family connections," he added. The prepaid card offers dual-

elevated security through two-factor authentication (2FA) and comes with a three-year validity period.

Beyond standard features, the card provides exclusive benefits, such as complimentary subscriptions to popular OTT platforms, including T-Sports, Hoicho, and Chorli, delivering premium entertainment to users at no additional cost.

Shamsul Arefin, head of cards compliance, acquiring, and product management at the bank; and Sayem Mosthala, head of corporate cards sales and alliance; and Farha Naz Zaman, chief marketing officer of GP; Md Iftekhar Alam, head of brand and market communications; Munia Ghani, head of partnerships; and SM Zahadul Arafin, head of emerging accounts; among others, were also present.

Opec+ would struggle

FROM PAGE B4

Saudi Arabia, the de facto leader of Opec, has been the driving force behind an acceleration in the group's output increases, in part to punish allies that have pumped more oil than they were supposed to under Opec+ agreements.

The increases have already strained the capacity of some members to produce more, causing them to fall short of their new targets.

Even after recent increases, the group still has output curbs in place of about 4.5 million bpd, which were agreed over the past five years to balance supply and demand.

But some of that spare oil capacity — the difference between actual output and notional production potential that can be

brought online quickly and sustained — exists only on paper.

After years of production cuts and reduced oilfield investment following the COVID-19 pandemic, the oilfields and facilities may no longer be able to restart quickly, said analysts and Opec watchers.

Western sanctions on Iran, Russia and Venezuela have also led to decreases in oil investment in those countries.

"Following the July hike, most Opec members, excluding Saudi Arabia, appear to be producing at or near maximum capacity," J.P. Morgan said in a note.

Outside of Saudi Arabia and the UAE, spare capacity was negligible, said a senior industry source who works with Opec+ producers.

Midland Bank declares 6% dividends

STAR BUSINESS DESK

Midland Bank PLC has announced 6 percent dividends for the financial year 2024, including a 3 percent cash dividend.

The announcement was made at the bank's 12th annual general meeting (AGM), which was recently held virtually, according to a press release.

Ahsan Khan Chowdhury, chairman of the bank, presided over the AGM.

Rezaul Karim, chairman of the executive committee of the bank; Mohammad Asif uz-Zaman, chairman of the audit committee; and Mostafizur Rahman, chairman of the risk management committee;

joined the meeting.

A significant number of general and institutional shareholders participated in the AGM, both physically and through the digital platform.

The shareholders approved the financial statements along with other relevant agenda of the bank.

Md Ahsan uz Zaman, managing director and CEO of the bank; Md Zahid Hossain, deputy managing director; Khalid Mohammad Sharif, company secretary; and Didarul Islam, chief financial officer, were also present at the meeting, alongside independent directors, sponsor shareholders, external auditors, and the independent scrutiniser.



Ahsan Khan Chowdhury, chairman of Midland Bank PLC, presides over the bank's 12th annual general meeting, which was held virtually recently. The meeting declared 6 percent dividends for 2024, including a 3 percent cash dividend.

PHOTO: MIDLAND BANK

Stocks slide

FROM PAGE B4

Air raid sirens and explosions rang out across Israel after Prime Minister Benjamin Netanyahu took to the airways to issue a word of caution, saying he expected "several waves of Iranian attacks" in response.

Smoke could later be seen billowing above the skyscrapers in downtown Tel Aviv, according to an AFP journalist, as Iran's Revolutionary Guards said they had attacked dozens of targets in Israel.

While Friday was a decisively negative day for equities, analysts described the selling as orderly.

Investors "are paring back some risk, but this is hardly a panicky sell-off," said Steve Sosnick of Interactive Brokers.

The market is partially in "a wait and see approach to what happens over the weekend because it's obviously a very fluid volatile situation," Sosnick added.

But further escalation would add more upward pressure to oil prices.

Matthew Ryan, head of market strategy at global financial services firm Ebury, said: "The big fear for investors is that an escalation to the tensions will not only raise the risk of a prolonged conflict, but it could disrupt Iranian oil production."

Rising oil prices have "broader implications," Ryan said, noting that they "could both weigh on the global growth outlook and keep inflationary pressures higher for longer."



A fisherman throws a cast net during low tide in the Shoilmari river in Khulna's Batiaghata upazila. When the tide recedes, various local fish can be caught, including shrimp, which is sold in nearby markets. Each day, a fisherman can earn around Tk 300 to Tk 500 from selling fish. PHOTO: HABIBUR RAHMAN

Japan and US explored possibility of trade deal

Japan's trade negotiator says

REUTERS

Japan and the US on Friday explored the possibility of a trade agreement, Japan's top tariff negotiator, Ryosei Akazawa, told a briefing, while refraining from commenting how close they are to reaching a deal.

"We had a very detailed exchange and explored the possibility of a trade agreement," Akazawa told reporters after he met with US Treasury Secretary Scott Bessent and Commerce Secretary Howard Lutnick separately in Washington in a sixth round of tariff negotiations.

It is likely to be the last round before Prime Minister Shigeru Ishiba and US President Donald Trump are to meet in Canada on the sidelines of the Group of Seven leaders' summit, where Japan has been hoping to clinch a deal.

Akazawa refrained from commenting on whether the talks have matured enough to reach an agreement, saying a deal is possible only when the leaders of both countries approve everything as a package.

He also declined to comment on the chance of Ishiba and Trump reaching an agreement at their upcoming meeting.

Japan faces a 24 percent tariff rate starting in July unless it can negotiate a deal with the US. It is also scrambling to find ways to get Washington to exempt its automakers from 25 percent tariffs on automobiles, Japan's biggest industry.

US consumer sentiment up but economic worries remain: survey

AFP, Washington

US consumers bounced back somewhat in June from the shock of President Donald Trump's wide-ranging tariffs, survey data showed Friday, but they still remain pessimistic about the economy.

The University of Michigan's index for consumer sentiment rose for the first time in six months, jumping 16 percent to 60.5 from a 52.2 reading in May.

But the preliminary result remains about 20 percent below what it was in December 2024, underscoring worries about business conditions and personal finances.

After returning to the presidency, Trump in April imposed a 10 percent tariff on most US trading partners. Steeper duties for dozens of economies are due to take effect in July unless a pause is extended.

Trump has also slapped sharp levies on imports of steel, aluminum and automobiles, roiling financial markets, snarling supply chains and tanking consumer sentiment.

But the impact on inflation remains muted for now as businesses rely on existing inventory and the president's tempered his approach to some of his most punishing duties.

"Consumers appear to have settled somewhat from the shock of the extremely high tariffs announced in April and the policy volatility seen in

Trump has slapped sharp levies on imports of steel, aluminum and automobiles, roiling financial markets, snarling supply chains and tanking consumer sentiment.

the weeks that followed," said Survey of Consumers Director Joanne Hsu in a statement.

"However, consumers still perceive wide-ranging downside risks to the economy," she added.

Consumers' views of business conditions, personal finances, the jobs market and stock market all

remain "well below six months ago," Hsu said.

"Despite this month's notable improvement, consumers remain guarded and concerned about the trajectory of the economy," she added.

Inflation expectations for the long run also slipped to the lowest in three months.

But Hsu cautioned that expectations of price hikes are still above readings from the second half of 2024.

This reflects "widespread beliefs that trade policy may still contribute to an increase in inflation in the year ahead," she added.

Consumers are still on high alert for price increases, said Navy Federal Credit Union chief economist Heather Long.

"It's unsettling how many Americans believe they will be financially worse off in a year," she added. "Uncertainty and anxiety are still high, and now there is renewed geopolitical concern with Israel striking Iran."

How frequent policy

FROM PAGE B1

Because only IPO offloading counts, several good companies will have to pay higher corporate tax — such as Walton Hi-Tech Industries — as it offloaded less than 1 percent of shares through IPO, although it increased share offloading later.

The examples of victims of frequent policy changes do not end here.

Once, listed tobacco-producing companies received more tax benefits than non-listed firms. However, now they are under the same tax structure.

Grameenphone got listed in 2009 knowing that it would have to pay a corporate tax 10 percentage points lower than non-listed telecom companies' 45 percent.

In 2013, however, the government halved the tax benefit by raising the corporate tax of listed telecom companies to 40 percent.

A company can offload shares through IPO only once, said Snehasish Barua, a tax analyst and managing director of SMAC Advisory Services Ltd.

So, companies that have already become listed by offloading 10 percent or a lesser percentage of shares have no chance to avail the tax benefit, he said.

"This is a disparity for them, as the tax rate will suddenly go up by 5

percent," he said.

Rupali Chowdhury, managing director of Berger, recently expressed her disappointment upon learning this. "We had decided to offload shares based on the NBR's previous rule. The BSEC (Bangladesh Securities and Exchange Commission) also assured us of the tax benefit," she said.

However, this sudden change will surely disappoint its investors. "If this type of frequent policy change continues, how will a company get the incentive to get listed?" she asked.

Such systems will dishearten all other companies and prevent them from getting listed in Bangladesh. Another major reason for the reluctance to get listed in Bangladesh is the strict compliance requirements for listed firms, she said.

If non-listed firms also faced compliance requirements similar to those of listed firms, it would have encouraged them to go public, she said.

The compliance requirements of submitting financial reports and appointing independent directors exist even for non-listed firms in many countries, she added.

On top of that, she focused on reducing IPO processing time so that firms can get funds quickly, she added.

Over 75%

FROM PAGE B1

Overall, the \$2.75 billion sent as remittance in April reflected a decline of 16.49 percent from that of March 2025. However, the inflow marked a significant year-on-year increase of 34.64 percent, meaning from that of April 2024.

From July to April of the ongoing fiscal year of 2024-25, the total remittance inflow stood at \$24.53 billion, representing a 28.34 percent year-on-year increase.

The United States was the largest source of remittance during the period, followed by the United Arab Emirates and Saudi Arabia.

The BB report noted that approximately 1.30 crore Bangladeshis nationals are currently working in various parts of the world.

As inflation, exchange rate volatility, and rising import costs place pressure on the economy, remittance inflows have helped sustain

foreign exchange reserves, ease liquidity constraints in the banking sector, and reduce reliance on external borrowing, the report said. "Manpower export plays an important role in poverty alleviation and helps reduce unemployment — the core issue in a densely populated country like Bangladesh," it said.

The BB report also stated that workers' remittance inflows have been crucial for maintaining economic stability, particularly in the face of global economic uncertainties and domestic challenges.

"In the current political and economic landscape, marked by inflationary pressures, exchange rate fluctuations, and rising import costs, remittances have provided much-needed relief by bolstering foreign currency reserves and supporting millions of households across the country," it said.

BB aims to raise \$100m IT exports witness

FROM PAGE B1

He also thanked the NCA for freezing £170 million worth of properties belonging to former land minister Saifuzzaman Chowdhury Javed in the UK.

This followed a £90 million asset freeze last month targeting Shayan Rahman and Shariar Rahman of Beximco Group.

The governor expressed hope for deeper collaboration with the NCA and IACCC in the future.

He noted that the UK's decision to take the lead with an aggregate £250 million in asset freezes would inspire other major money-laundering destination countries to take similar action in support of Bangladesh's asset recovery efforts, showed the BB statement.

Following the NCA visit, the governor was the chief guest at an asset recovery roundtable hosted by leading global law firm DLA Piper.

The event was attended by major litigation funders such as Omni Bridgeway and Benchwalk Capital, as well as investigation firms including Alvarez & Marsal and Unitas Global, a sovereign advisory and strategic communications firm.

Several participants emphasised the need to quickly sign non-disclosure agreements (NDAs) with Bangladesh Bank and individual banks

to facilitate data sharing on non-performing loans (NPLs) and initiate the asset-tracing and legal recovery process.

The governor also expressed support for a suggestion made by roundtable attendees to establish a Special Purpose Vehicle (SPV) to pursue legal claims in key target countries such as the UK and Singapore.

This would help institutionalise the asset recovery process and make it more resilient to political change.

Additionally, Mansur met with BlackRock, the world's largest asset manager, to update them on the improving macroeconomic outlook of Bangladesh and to encourage increased investment in the banking sector and capital markets.

He also met with the mayor of London and leading fintech companies to discuss deeper investment and collaboration between London and Bangladesh's financial sector.

The governor extended an invitation for the mayor to visit Bangladesh at his earliest convenience.

The governor also held meetings with several money exchange houses in London to better understand how to streamline the remittance process and sustain the strong momentum in remittance growth, the BB statement showed.

FROM PAGE B1

He stressed that while AI-related orders were increasing, the overall global market remains sluggish.

He pointed out a regulatory hurdle.

While Bangladesh Bank recently allowed startups less than 10 years old to invest up to \$10,000 abroad for setting up legal entities, restrictions still prevail on established IT firms.

"As exporters of software and services, we desperately need this facility. A small policy amendment could unlock much greater potential," he said.

Fahim Mashroor, former president of the Bangladesh Association of Software and Information Services (BASIS), urged caution in interpreting the growth.

"Much of this year's rise is a rebound from the negative trends of the last two years. It's not a sustained upward trajectory yet," he said.

He also said Bangladesh continues to lag behind neighbours like India and Pakistan in terms of overall IT export performance. M Manjur Mahmud, president of Datasoft Systems, highlighted that the actual size of Bangladesh's IT exports could be much higher than what the EPB data shows.

"Many small companies and freelancers remit earnings that aren't captured in official figures. The true figure might be more than double," he said.

Mahmud recommended that Bangladesh follow Vietnam's model, where local firms provide cutting-edge solutions for national ID, toll management, treasury, and port operations.

"If we prioritise local companies in such critical projects, the IT export potential could grow tenfold," he said.

As demand for AI-powered solutions increases, Bangladesh's IT industry sees a new path for growth — one that hinges on policy reforms and local industry empowerment, he added.

The fiscal year was also marred by government-imposed internet shutdowns and widespread connectivity disruptions, severely affecting the IT sector's productivity and global reputation.

In July and August 2024, amid student protests demanding reforms to the public job quota system, the government enforced a sweeping crackdown that included disabling digital communications.

Mobile internet services were suspended for over 10 days, while broadband services remained offline for five days in July.

Although broadband was restored on July 24 and mobile internet on July 28, heavy restrictions on social media platforms and the implementation of deep packet filtering mechanisms continued to hamper connectivity until August 5 — the day the previous regime collapsed.

Govt to amend insurance law

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show that more than 26 lakh policies have lapsed over the past 14 years.

Officials say the draft law contains sweeping changes to the sector.

A new section allows the regulator to restructure the board of an insurer or its subsidiary if its activities harm the interests of the company or its policyholders.

Besides, the regulator may also dissolve such boards, though any dissolution cannot exceed two years.

Ownership will face tighter limits too.

No individual, institution, company, or family members will be allowed to hold more than 10 percent of an insurer's shares, whether directly, indirectly, or jointly.

Commissions for life insurance agents are also set to change. The draft proposes lowering the commission on first-year premiums from 35 percent to 25 percent.

In contrast, renewal commissions would rise — from 10 percent to 15 percent in the second year — while remaining at 5 percent for subsequent years.

As per the new law, regulatory officials could enter and search insurers' offices if they suspect the presence of key documents.

They would be permitted to break locks if necessary and seize documents, with police assistance if required. The regulator could even sell a company's assets to settle policyholders' claims.

If a company fails to address capital shortfalls within a set deadline, the regulator could ban it from selling new policies or collecting premiums. Fines between Tk 10 lakh and Tk 1 crore could follow, alongside daily penalties of up to Tk 50,000 until the shortfall is met.

Other proposed safeguards in the draft include barring insurers from pledging assets to secure loans for directors, shareholders, or their families.

Besides, no one will be eligible to serve as a director or chairman without at least 10 years' managerial, business, or professional experience. Directors would be limited to a six-year consecutive term.

The draft law proposes hefty penalties. Whereas current fines start at Tk 5 lakh, the amendments introduce the possibility of up to two years in prison, or both fines and jail.

The Daily Star on Thursday approached Ibra Chairman M Aslam Alam for comments about the draft, but to no avail.

Saifunnahar Sumi, Ibra's media and communication consultant, said, "Unlike the central bank's authority over the banking sector, our oversight powers are significantly limited."

Meaningful change would not be possible without strengthening the regulator's hand, she added.

Adeeba Rahman, first vice-president of the Bangladesh Insurance Association, said, "The law

has not been amended since it was enacted in 2010. Given the current situation of the sector, certain areas should obviously be revised."

While amending the law, the government must ensure that it is drafted in a way that prevents any potential misuse of power, she added.

Barrister Khan Mohammad Shameem Aziz, an advocate of the Supreme Court, described the proposals as a step towards restoring discipline and accountability.

He said the Bangladesh Bank enjoys similar powers under the Bank Companies Act 1991.

"This is a positive development. If the law is amended and these provisions are properly incorporated and implemented, it will help restore discipline in the sector," Aziz said.

Md Main Uddin, professor at the Department of Banking and Insurance at the University of Dhaka, pointed out that the real test would lie in how effectively the law is enforced.

Mahmud new

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the Forum panel, which won 31 out of 35 posts of directors. The Sammito Parishad panel, the other contending group, won one post in Dhaka and three in Chattogram.

The association's last election was held in March

2024, but its president, SM Mannan Kochi, resigned in October that year after the fall of the Sheikh Hasina-led government.

In October last year, the government appointed Md Anwar Hossain as the BGMIA administrator to oversee the election.



Ahsan Khan Chowdhury

Budget falls short on raising industrial competitiveness

Pran-RFL Group Chairman & CEO Ahsan Khan Chowdhury tells The Daily Star

AHSAN HABIB

The government must prioritise boosting the competitiveness of all industries if it wants to create more jobs, capture a bigger share of global markets, and strengthen the economy.

However, this focus was absent from the national budget for the fiscal year 2025-26, despite hopes from the business community, according to Ahsan Khan Chowdhury, chairman and CEO of Pran-RFL Group.

Speaking to The Daily Star after the budget was announced earlier this month, Chowdhury said the country must strengthen its income-generating sectors to become a developed nation.

"To create thousands of small entrepreneurs and make export-oriented industries more competitive, we needed stronger initiatives such as modernising the Chattogram port and upgrading three other ports to the same standard," said the CEO.

He believes drastic budgetary measures, like a 90-day action plan to increase global competitiveness, could have been taken up. "But that kind of mindset was not reflected in the new budget," he said.

"For example, take the garments industry — a sector that makes up more than 80 percent of exports. Couldn't we have aimed for double-digit growth or doubling the size of it in three years? Absolutely we could," Chowdhury added.

"To create thousands of small entrepreneurs and make export-oriented industries more competitive, we needed stronger initiatives such as modernising the Chattogram port and upgrading three other ports to the same standard."

He said businesspeople have long been crying out for reliable electricity and gas to increase exports.

"These are basic necessities for business, just like water and infrastructure. But I didn't see a sincere effort in the proposed budget to bring about the massive infrastructure overhaul we require," he said.

"As a businessman, I face many hurdles just to get a gas supply line extended. I have to go from office to office. It's exhausting. Yet I receive no clear direction about gas. This harms the business environment," said the CEO while sharing his experience.

Chowdhury's Pran-RFL Group is one of the leading local conglomerates. It has an annual turnover of about \$3 billion. The group, which includes around 34 companies, employs more than 1.5 lakh people across various sectors. It exports goods worth about

TAKEAWAYS FROM INTERVIEW

BUDGET AND POLICY GAPS

Budget lacks concrete steps to boost business competitiveness

No bold reforms were visible to ensure better business environment

Routine budget offers little hope for meaningful change in business landscape

Budget missed opportunity to expand tax net

INFRASTRUCTURE NEEDS

Businesses need gas, logistics, efficient ports, and security for survival

Massive infrastructure overhaul was absent despite being long overdue

Export-ready sectors like furniture still lack bond facilities to go global

SMEs, TAX AND FINANCING

- ▶ 1% turnover tax is harsh for SMEs with low profit margins
- ▶ High interest rates are crippling small businesses
- ▶ Microcredit must be expanded

\$550 million to 145 countries annually.

"As businesspeople, we prefer to put it in bullet points: give us gas, security, efficient ports, better Dhaka-Chattogram connectivity, improved logistics from the north, and protection from extortionists. These don't all have to be in the budget, but the budget should indicate that direction," he added.

According to the businessman, the new budget is much like previous ones, though the people had hoped for something different.

The CEO said people want reforms, fundamental change, fair distribution of wealth, and innovative budget plans that create jobs.

"But from my perspective, this is a conventional, routine budget. I commend those who prepared it, given the many constraints, but I don't think it will bring significant change to Bangladesh's business landscape," he commented.

The businessman said the new budget does not contain fresh efforts to widen the tax net. Without such moves, the government will continue to burden existing taxpayers.

On small businesses, Chowdhury — who is also the chairman of Midland Bank — said he works closely with farmers and rural entrepreneurs. Given the high interest rates, small businesses are under serious strain.

He called for greater access to microcredit to support collective efforts that can move the country forward.

At the same time, he advocated for higher investment in education. "If you compare Bangladesh with Vietnam or the Philippines, their spending on education and health is much higher."

The CEO believes Bangladesh does not need to depend solely on foreign investors.

"We are a country of 18 crore people, with countless capable entrepreneurs who can drive transformation — but they face obstacles. If we want to change the business environment, we must act boldly. Without initiative, we will not unlock new opportunities."

He pointed to sectors such as furniture, which have export potential but still rely mainly on local sales. "Without bond facilities, these industries will never be able to expand into exports. Sectors with export potential should be given bond facilities."

On the increase in turnover tax to 1 percent, he said he views it "very negatively."

"Very few SMEs in Bangladesh make a 10 percent profit margin. A 1 percent turnover tax essentially forces them to pay high effective taxes."

Addressing the NBR, he questioned how much profit small ventures make. "If they have to pay 1 percent on total sales, is that viable?"

He thinks this could create a system of leakages and unhealthy practices. "We waste too much time in this game of thieves and police. We understand the challenges the NBR faces. But we must

create opportunities for businesses to grow."

"If we can raise compliance, income levels, and business momentum, we can expand the tax net," added Chowdhury.

He cited Taiwan as an example. "It has a smaller population but exports far more than Bangladesh. That doesn't mean we do not have talent. Bangladesh's youth and workers are incredibly capable."

He admitted that doing business in Bangladesh is extremely difficult.

"But despite all challenges, the country is rising. No matter how hard it gets, how adverse your family's situation is, or how difficult it is to repay loans, keep moving forward. Stay positive. Give the country a chance. Invest here, and through your investment, help move the country forward."

If that happens, he said, the nation may avoid the kind of public outcry seen this year. "Otherwise, one protest will follow another, and we will fail to progress."

The top businessman urged young people to focus on constructive economic development.

"Reforms will come, those responsible will do their part. Your job is to study. Focus on education and technical skills. Focus on the knowledge that interests you."

"Let's drive Bangladesh forward through true economic development. Only then will we see real progress," he concluded.



VISION

Govt should focus more on education, technical skills, and entrepreneurship

Budget offers little to build national capital

MAMUN RASHID

The interim government has presented its first national budget, possibly the last under this setup. Despite widespread calls for urgent reforms and the need to move beyond outdated public financial management architecture, the new budget offers little in terms of a clear roadmap for the future or in building the strong equity base needed to support growth.

We all know that the July revolution, driven by youth and other political forces, significantly raised expectations for structural change and a fresh vision. Yet this budget has largely failed to align with those aspirations. What we see instead is a continuation of old practices, merely repainted to appear new.

Some explanations lie in structural limitations: low government earnings, heavy public borrowing, weak foreign aid disbursement, and dwindling foreign direct investment (FDI). Bangladesh's persistently low tax-to-GDP and revenue-to-GDP ratios continue to hamper economic growth.

The National Board of Revenue (NBR) has been unable to broaden its tax base effectively. The number of active taxpayers remains critically low, and the rate of company listings on the stock market is stagnant. Many firms prefer to stay outside the formal tax net, often manipulating figures to avoid the high tax burden. The pressure is unfairly skewed towards the middle and emerging middle class, mainly private sector executives and salaried professionals, who are already struggling under rising tax obligations. Because of the shortfall in direct tax earnings, the revenue authority remains overly dependent on indirect taxes, creating additional burdens.

Dividend tax from the stock market is also unreasonably high, discouraging investment and making companies reluctant to go public and share their successes. Meanwhile, the thresholds for lower income tax brackets remain outdated, offering little relief to salaried professionals. This system, in effect, demotivates young professionals from opening a tax identification number (TIN) or becoming tax-compliant unless compelled.

The introduction of a 1 percent turnover tax raises serious concerns about viability in a country like Bangladesh. In practice, it penalises those who are already compliant, registered businesses with BINs, while many others operate outside the system without consequence. This does not encourage the mainstreaming of the economy. A major portion of our economy thus remains in the shadows, masking its real potential.

Our textbooks tell us that a fair and progressive tax system is a prerequisite for building national capital and expanding the investment base. Unless reforms are made to simplify compliance, widen the tax base, lower tax rates and protect honest taxpayers from disproportionate burdens, national capital formation will remain a distant dream. Financing growth will continue to elude us.

Not all these blemishes can be attributed to the interim government. Poor governance frameworks, ineffective monitoring, low technology use, weak accountability, a failure by politicians to enforce laws, and a trust gap between the public and private sectors have constrained our budget and planning process for a long time. Capacity building is also an issue.

Successive governments have shied away from thinking beyond the box and have failed to lower tax rates or innovatively broaden the tax base. Integrating national identity cards with bank accounts, as India's "Aadhaar" scheme has done, could have paved the way for more transparency and stronger revenue collection, but we made little progress.

Saying goodbye to a culture of tax waivers, rewarding higher tax payments at the individual level, and maintaining better expenditure discipline could have set us on a stronger path.

That did not happen, due to divisions within the revenue administration and a lack of synergy among economic management agencies. Last-minute number-crunching rather than deep, forward-looking planning also contributes to this ineffective budgetary process.

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



Stocks slide after Israel strikes Iran

AFP, New York

Oil prices soared and stocks sank Friday after Israel launched strikes on Iran, prompting retaliation from Tehran and stoking fears of a full-blown war.

Oil futures rocketed more than 13 percent at one point before coming back to gains nearer seven percent, reigniting worries about a renewed spike to inflation.

After a down day in Europe and Asia, Wall Street indices spent the entire day in the red before finishing the day down more than one percent.

"After having a pretty solid run in May and the first part of June, markets found an excuse to take some profits," said Art Hogan, chief market strategist of B. Riley Wealth.

Shares in major airlines tumbled after flights around the Middle East were suspended.

The dollar climbed higher, while gold — viewed as a safe haven investment — was close to its record high of above \$3,500 an ounce set in April, having added around 30 percent since the start of the year.

The drop in equities and rise in safe-haven assets "all go to show just how fragile sentiment remains in the face of major geopolitical events," said David Morrison, senior market analyst at financial services provider Trade Nation.

"The question now is whether investors view this flare-up as a relatively contained incident within the longstanding animosity between Israel and Iran, or if this is the spark that ignites a conflagration across the Middle East and then beyond?"

On Friday, Iran fired a barrage of ballistic missiles at Israel in a counter-strike just hours after the Israeli strikes targeting the Islamic republic's nuclear facilities and bases.

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Opec+ would struggle to cover major Iranian oil supply disruption

REUTERS, London

Oil market participants have switched to dreading a shortage in fuel from focusing on impending oversupply in just two days this week.

After Israel attacked Iran and Tehran pledged to retaliate, oil prices jumped as much as 13 percent to their highest since January as investors price in an increased probability of a major disruption in Middle East oil supplies.

Part of the reason for the rapid spike is that spare capacity among Opec and allies to pump more oil to offset any disruption is roughly equivalent to Iran's output, according to analysts and Opec watchers.

Saudi Arabia and the United Arab Emirates are the only Opec+ members capable of quickly boosting output and could pump around 3.5 million barrels per day (bpd) more, analysts and industry sources said.

Iran's production stands at around 3.3 million bpd, and it exports over 2 million bpd of oil and fuel. There has been no impact on output so far from Israel's attacks on Iran's oil and gas infrastructure, nor on exports from the region.

But fears that Israel may destroy Iranian oil facilities to deprive it of its main source of revenue have driven oil prices higher.



A crude oil tanker arrives at the port in Qingdao, in China's eastern Shandong province. Oil prices soared by more than 8 percent to \$75 a barrel on Friday on the news of Israel's attacks on Iran.

PHOTO: AFP/FILE

The Brent benchmark last traded up nearly 7 percent at over \$74 on Friday.

An attack with a significant impact on Iranian output that required other

producers to pump more to plug the gap would leave very little spare capacity to deal with other disruptions — which can happen due to war, natural disasters or accidents.

And that with a caveat that Iran does not attack its neighbours in retaliation for Israeli strikes.

Iran has in the past threatened to disrupt shipping through the Strait of Hormuz if it is attacked. The Strait is the exit route from the Middle East Gulf for around 20 percent of the world's oil supply, including Saudi, UAE, Kuwaiti, Iraqi and Iranian exports.

Iran has also previously stated that it would attack other oil suppliers that filled any gap in supplies left due to sanctions or attacks on Iran.

"If Iran responds by disrupting oil flows through the Strait of Hormuz, targeting regional oil infrastructure, or striking US military assets, the market reaction could be much more severe, potentially pushing prices up by \$20 per barrel or more," said Jorge Leon, head of geopolitical analysis at Rystad and a former Opec official.

Oil prices have surged after Israel struck Iran, but what could escalation in the Middle East mean globally?

The abrupt change in calculus for oil investors this week comes after months in which output increases from Opec and its allies, a group known as Opec+, have led to investor concern about future oversupply and a potential price crash.

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