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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

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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.

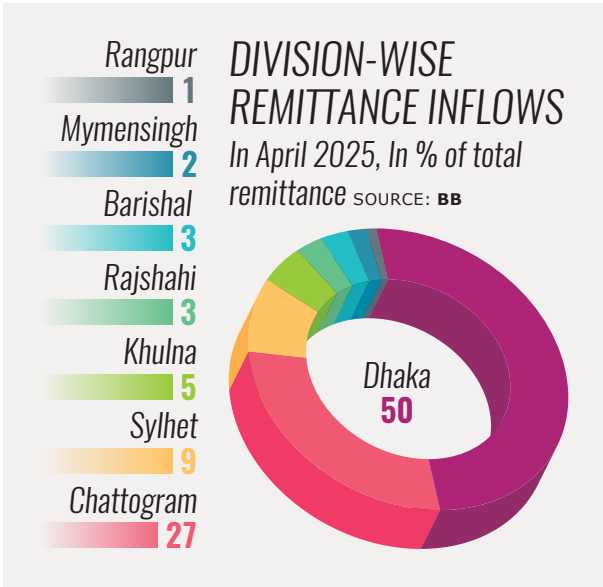
According to a statement from the central bank, Ahsan H Mansur visited London from June 10 to June 13 as a part of the Chief Advisor's delegation.

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 11 Joint Investigation Teams (JITs) formed to investigate the 11 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

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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 Rezwan 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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