

Allow use of movable assets as loan collateral SMEs demand

STAR BUSINESS REPORT

Small and medium enterprise (SME) entrepreneurs have called for the implementation of the Secure Transactions (Movable Assets) Act, 2023, which enables the use of movable assets as collateral for bank loans.

The demand was raised at a workshop jointly organised by the SME Foundation and the International Finance Corporation (IFC), where the participants emphasised the law's potential to widen access to finance for SME businesses.

Martin Holtmann, country manager of the IFC, presided over the workshop, while SME Foundation Chairperson Md Musfikur Rahman attended as the chief guest, according to a press release.

Bangladesh Bank Deputy Governor Nurun Nahar also spoke at the event.

Speakers noted that many SME entrepreneurs, particularly those in rural and informal sectors, as well as women entrepreneurs, lack immovable assets such as land or buildings, which limits their ability to secure bank financing to start or expand their businesses.



Betel leaf growers in the Isladi area of Wazirpur upazila in Barishal hold markets on Mondays and Thursdays. Farmers bundle 72 leaves by quality and size using banana leaves, and then sell them to traders from Dhaka and other parts of the country at Tk 5 to Tk 100 per bundle.

PHOTO: TITTO DAS

Govt approves tax administration modernisation project

Ecneec approves 17 projects worth Tk 8,974.28cr

UNB and BSS

The government is set to launch the "Strengthening Domestic Revenue Mobilisation Project", which is aimed at modernising the tax administration and enhancing internal revenue collection.

To be spearheaded by the Internal Resources Division and implemented by the National Board of Revenue (NBR), the project will cost Tk 1,009.20 crore.

Of this, Tk 8.80 crore will come from the government, and the remaining Tk 1,000.40 crore will be financed by the World Bank.

Approved by the Executive Committee of the National Economic Council (Ecneec) yesterday, the project will run from July 2025 to June 2030, covering all tax and VAT offices across Bangladesh, including the NBR headquarters in Dhaka.

The project aims to strengthen the NBR's institutional capacity to increase domestic revenue collection.

Its key components include establishing a research and statistics unit, launching policy analysis and training programmes, and implementing comprehensive automation reforms aligned with the NBR's modernisation master plan.

Notable digital upgrades under the project include enhancements to existing platforms such as the one for electronic

tax identification number (e-TIN), online tax return submission system (e-Return), and online source tax submission system (e-TDS/TCS).

It will also introduce new systems, bearing the names "eRevACC", "eITLM", "eAudit", "eTax Office", "ETAM", and "eSupport", all of which are said to be designed for seamless integration and improved administrative efficiency.

In addition, the project will modernise the VAT system through a new "SAP Competency Centre" and develop an "Integrated VAT Administration System" (IVAS), alongside a national e-invoicing system.

A unified unique identification number for both income tax and VAT will be introduced.

Integration will be carried out between NBR systems like the computerised customs management system ASYCUDA World and the IVAS, and national platforms such as IBAS++ (Integrated Budget and Accounting System).

Other initiatives include the establishment of an automated call centre to provide support to taxpayers and the launch of a modern e-learning platform for NBR staff and stakeholders.

According to project documents, reforming the revenue collection process is critical for the country's development and economic growth.

Over the past 16 years, revenue collection has grown at an average annual rate of 13.5 percent, rising from Tk 485 billion in FY2007 to Tk 3,666 billion in FY2023, a 7.5-fold increase.

Despite global disruptions such as the Covid-19 pandemic, the Russia-Ukraine war, and recessionary pressures, revenue collection grew by 11.1 percent on average over the last five years.

However, Bangladesh's overall revenue collection remains low. The revenue-to-GDP ratio fell from 9.1 percent in FY2012 to 8.5 percent in FY2024.

The tax-to-GDP ratio also dropped to 7.4 percent in FY2024-25, lagging behind South Asian peers.

The new project seeks to address these challenges by expanding the taxpayer base, rationalising tax expenditure, reducing compliance gaps, and fully digitising and automating the tax administration.

The Planning Commission believes that the project would support crucial reforms to raise revenue through improved taxpayer services and better administrative efficiency.

The Ecneec meeting, chaired by Chief Adviser Professor Muhammad Yunus, approved 17 projects in total, involving Tk 8,974.28 crore. Among these, 11 are new, five revised, and one received a time

extension without incurring any cost.

Of the total cost of the projects, Tk 3,180.34 crore will come from the government, Tk 5,563.43 crore through project loans, and Tk 230.51 crore from the organisations concerned.

Among the 17 is an "Upazila Complex Expansion Project" (2nd phase), a programme for Rohingya and host communities, and projects for drug rehabilitation centres in divisional cities, marine academy enhancements, and the establishment of a 3rd submarine cable.

Projects to improve access to justice for women, create clubs for youngsters, and enhance mobile library services were also approved.

The Strengthening Domestic Revenue Mobilisation Project, along with projects under some government bodies, will fall under a broader World Bank-funded initiative titled "Strengthening Institutions for Transparency and Accountability".

The government bodies are the Planning Division, Implementation Monitoring and Evaluation Division, the Comptroller and Auditor General's Office, and the Bureau of Statistics.

A total of 15 projects that had been approved previously were also presented during the meeting, attended by advisers, Planning Commission members, and the secretaries concerned.

Relax rules for BB's capital market fund: banks

STAR BUSINESS REPORT

Several banks have urged the government to relax the conditions attached to the special fund introduced by Bangladesh Bank in 2020 to support the capital market.

The appeal was made at a meeting on Monday, where the finance ministry sat with top officials of different banks to explore ways to boost investment in the stock market.

Many banks have yet to fully utilise the fund, prompting the call for easing regulations, the banks said.

Under the current rules, banks are restricted from purchasing more than 10 percent of the units of a closed-end mutual fund and 15 percent of those of an open-ended mutual fund.

In addition, eligible mutual funds must have disbursed at least 5 percent cash dividends in each of the past three consecutive years to qualify for receiving new investment.

Banks requested revisions to these requirements, citing multiple reasons, according to a senior official of the Bangladesh Securities and Exchange Commission (BSEC) present at the meeting.

While the central bank has already extended the tenure of the fund facility to December 31, 2026, bank representatives sought a further extension.

The meeting was attended by Anisuzzaman Chowdhury, special assistant to the chief adviser and chairman of the Capital Market Development Committee; Najma Mubarak, secretary of the Financial Institutions Division; Khondoker Rashed Maqsood, chairman of the BSEC; and Nurun Nahar, deputy governor of Bangladesh Bank, along with others.

Representatives from different banks, including BRAC Bank, Eastern, Pubali, Mutual Trust, Uttara, Dutch Bangla, and Trust, were also present at the meeting.

Axentec unveils tier-4 cloud platform

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Axentec, a subsidiary of Robi Axiata, yesterday launched the country's first locally hosted tier-4 cloud platform – Axentec Cloud.

Unveiled at a press event held at Axentec's headquarters in Dhaka, the platform promises to deliver enterprise-grade cloud services, fully managed and operated within Bangladesh.

The company said Axentec Cloud is purpose-built to meet the demands of data sovereignty, security, and digital transformation, with a tier-4 data centre in Jashore and an additional hosting facility in Bhulta.

The platform, which complies with national data policies, is expected to reduce reliance on foreign cloud providers and enable businesses to operate with full control over their data.

It also removes currency exchange hurdles by offering billing based on the local currency.

"Local cloud infrastructure is not just critical for securing our data – it's essential for unlocking long-term economic potential," said Shish Haider Chowdhury, secretary of the ICT Division.

"Axentec Cloud is a timely and strategic move that will elevate domestic enterprises and attract global business."

Govt to amend labour law by October

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Pragoti Industries Limited was awarded under the automobile industry factory category.

Three factories were awarded under the electric and electronics goods manufacturing category—Transcom Electronics Limited, Fair Electronics Limited, and Walton Hi-Tech Industries PLC.

Adzi Trims Ltd was awarded under the accessories and backward linkage factory category.

Akij Food and Beverage Ltd and Habiganj Agro Ltd were awarded under the processed food factory category.

Zareen Tea Garden and Mirzapore Tea Garden were awarded under the tea industry category. Shoeniverse Footwear Ltd was awarded under the hide industry (finished goods) category.

Karupannya Rangpur Limited and X Ceramics Ltd were awarded under the jute mills and tiles and ceramics industries categories, respectively.

Remark HB Limited and Square Toiletries Limited received the award under the cosmetics factory category. Eskayef Pharmaceuticals Limited won the award under the pharmaceutical industries category.

PHP Ship Breaking Industries Limited, Khulna Shipyard Limited, and KR Ship Recycling Yard were given the award under the shipbuilding and shipbreaking industries category.

Seven Circle (Bangladesh) Ltd received the award under the cement factory category, while BSRM Steels Ltd was given the award under the steel mill category.

Each award came with a certificate, a memorabilia, and a cheque of Tk 100,000.

One lakh stock accounts

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The new commission scrapped the floor price shortly after assuming office, triggering a brief rally that pushed the index past 6,000 points. However, it soon began to slide again as the reality of weak corporate performance took hold.

The daily average turnover of the DSE has also suffered, falling by 30 percent year-on-year to Tk 462 crore, according to DSE data.

Saiful Islam, president of the DSE Brokers Association of Bangladesh (DBA), pointed to the long-standing irregularities plaguing the market.

"The current state of the market is the result of years of corruption and disorder," Islam said. "Protecting investors' money was a key responsibility that was neglected. It has been a fundamental failure on the part of all stakeholders, from regulators to brokers."

He added that the poor return on equities compared with other asset classes has further dented confidence.

"Treasury bonds and bills offer 11 to 12 percent, but stock market returns are much lower. In fact, many people have made losses. The low returns show a lack of governance, accountability, and an adverse macroeconomic backdrop."

The DBA president commented that many investors opened BO accounts solely to apply for IPOs, but with no new offers, their interest

NBR officials'

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The move was being considered a part of a broader reform package aimed at boosting tax collection, one of the key conditions by the International Monetary Fund (IMF) for its ongoing \$4.7 billion loan deal.

In response, NBR officials staged protests and work stoppages until May 26.

They postponed the demonstration after the government pledged not to dissolve the NBR but to upgrade it into an independent, specialised agency. Authorities also promised to review and amend the ordinance in this regard.

Since then, however, revenue

waned. "So, we are losing investors."

So far, 309 listed firms, including banks, have released their financial reports for the January-March quarter.

Of these, 177 reported lower profits compared with the same period last year, with combined earnings down 25 percent. Among them, 27 companies slid into losses despite having been profitable a year earlier, a sign of the tough business environment.

"Now the market is full of rotten apples," Islam said. "If we want to make it attractive again, we need to bring in a higher number of good apples."

Md Abul Kalam, spokesperson for the Bangladesh Securities and Exchange Commission (BSEC), acknowledged that the current valuation rules are the main reason for the lack of IPOs in FY25.

"The BSEC is working on amending the rules as part of its reform agenda," he said. "We hope that good companies will feel encouraged to come to the market once this is done."

The regulator has tightened its oversight of compliance, rejecting IPOs from companies that failed to meet standards, Kalam added. "Issue managers do not even dare submit questionable proposals now, as the commission takes compliance very seriously."

officials have complained of being excluded from the review process. They allege that key protest figures have been subjected to vengeful transfers and harassment.

The council has also accused the NBR chairman of "trying to destabilise" both the revenue system and the country.

"The expected NBR reform is not possible under the current NBR chairman, as he won't let it happen," said Sehela Siddiqua, general secretary of the council, on Monday.

NBR Chairman Md Abdur Rahman Khan rejected the allegations but did not comment further.

Reserves to edge up

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performance despite political instability, rising trade barriers, and financial sector stress in the wake of the 2024 popular uprising that unseated the previous government. "Advancing the reform agenda is critical to restoring economic stability, protecting the vulnerable, and supporting inclusive and environmentally sustainable growth," the IMF said.

Trade figures highlight ongoing volatility. Exports are expected to grow by 5.2 percent in FY2025, recovering from a 17.1 percent decline the previous year. Momentum is projected to accelerate in the next fiscal year, with exports rising 19.8 percent. Imports are also set to increase by 5.8 percent in FY2025 and 11.6 percent the following year, reflecting a gradual pickup in domestic demand and higher energy-related costs.

Economic growth is now projected at 5.4 percent in the next fiscal year, a downward revision from the IMF's earlier 6.5 percent forecast, and broadly in line with the government's

own estimate of 5.5 percent. Annual average inflation is expected to fall to 6.2 percent in FY2026, down from 9.9 percent in the current year. In April, the IMF had forecast a lower 5.18 percent inflation rate.

"Near-term policies should prioritise rebuilding external resilience and reducing inflation," Clarke said. "The authorities' recent steps to implement a new exchange rate regime and include revenue-enhancing measures in the FY2026 budget are welcome."

Clarke warned that "efforts to raise tax revenues and rationalise expenditures, including through subsidy reduction, are critical for creating the fiscal space needed to strengthen social, development, and climate initiatives."

"Sustained progress in reducing government subsidies to a fiscally sustainable level, along with enhanced public financial management, is essential to improving spending efficiency and mitigating fiscal risks," he added.

The IMF also flagged continued stress in the financial sector and

urged authorities to accelerate banking reform. "Financial sector policy should prioritise safeguarding stability and addressing rising vulnerabilities," Clarke said.

"Developing a comprehensive, sequenced strategy to guide reforms is an immediate priority, followed by the swift implementation of the new legal frameworks to enable orderly bank restructuring while protecting small depositors."

On climate finance, the IMF reiterated that reforms must be anchored in institutional efficiency. "Building resilience to natural disasters is essential for achieving high and inclusive growth," Clarke said.

While the IMF granted a waiver for the temporary breach of a performance criterion related to exchange restrictions, citing corrective measures, the IMF made clear that the path ahead will require sustained reform. "Sustained structural reforms are essential for Bangladesh to achieve its goal of attaining upper-middle-income status," Clarke said.

Google Pay goes live

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managing director and CEO of City Bank PLC.

"We are proud to bring this innovative solution to our customers and enable a smarter, more convenient way to pay," he said.

He said Bangladesh had now truly joined the ranks of countries capable of digital financial transactions.

"It's time to take our cards out of wallets and switch to Google Pay. This service enables transactions not just within the country, but across the globe—opening new possibilities for Bangladeshis and boosting financial inclusion," he added.

Syed Mohammad Kamal, country manager for Bangladesh at Mastercard, said, "This launch represents a significant step forward in Mastercard's mission to accelerate the adoption of digital payments in Bangladesh."

"By introducing Google Wallet in collaboration with City Bank, Mastercard is not only expanding access to cutting-edge payment technologies but also empowering consumers with greater convenience, security, and choice in how they transact," he said.

Tracey Ann Jacobson, charg  d'affaires, ad interim, at the US Embassy in Dhaka, said it really was a wonderful collaboration.

Three iconic American brands—Google, Mastercard, Visa—and City Bank were working together to bring a state-of-the-art product to the Bangladeshi consumer and the Bangladesh business community, she said.

"And this is a sign of the growing sophistication and integration of Bangladesh into the global financial system that will pay benefits for years to come," she added.

"I do hope that Apple Pay will take note of this and make their own decision that everybody would like to see them make," said Jacobson.

Shammi Qudus, group product manager at Google Payments, and Sabbir Ahmed, country manager, Visa Bangladesh, were present.

Ahmed said, "We are excited to partner with Google and The City Bank PLC to bring Google Wallet to Visa cardholders in Bangladesh."

"Today's launch marks a significant step forward in our country's digital payments evolution, offering consumers a faster, safer, and more convenient way to pay. At Visa, we are committed to driving innovation and expanding access to secure digital payment solutions, and this is yet another milestone in our ongoing efforts to make everyday transactions seamless and contactless," he added.