

Online system launched for instant deposit of customs duties

STAR BUSINESS REPORT

A new system has been introduced allowing importers, exporters, and clearing and forwarding agents to deposit customs duties and taxes directly to the government treasury online using an automated challan (a- challan).

The a-challan system, launched at the start of the new fiscal year by the Finance Division and the National Board of Revenue (NBR), has been integrated with the customs' Asycuda World platform and the Finance Division's iBAS++ platform.

The integration enables making real-time deposits of customs duties via online banking, debit or credit cards, and mobile financial services like bKash, Nagad, and Rocket.

According to a press release from the NBR, customs duties can also be paid offline at 11,700 branches of 61 banks.

In contrast to the previous real-time gross settlement (RTGS)-based system, where payments took days to reach the treasury, the a-challan allows making instant deposits and faster release of goods.

The system was successfully piloted at Kamalapur inland container depot (ICD) and Custom House, Pangaon earlier.

On July 3, Custom House, Chattogram adopted the system, collecting over Tk 13 crore in duties in a single day.

From July 7, all other customs houses, including Customs House Dhaka, will begin using the system.

Stockbrokers can now use 75% of client fund interest

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Stockbrokers and dealers can now use 75 percent of the interest income from the funds of their clients, according to the amended Securities and Exchange Rules, 2020.

But there is a condition — the brokers have to deposit 25 percent of the interest income every six months from the consolidated customers' account (CCA) into the Investors' Protection Fund of the respective exchanges.

The interest must be deposited within 30 days after the end of each period, according to a gazettee on the amended rules published on July 3.

Such deposits in the protection fund shall be reported to the respective stock exchanges with intimation to the commission, incorporating details of the calculation and supporting documents within 10 days of the deposit being made.

Previously, brokers were supposed to divide interest income among their clients. Then the stockbrokers demanded permission to use the fund, as the process of calculating the interest payment is complex.

Before 2021, the stockbrokers could use the interest income from the CCA without sharing it with the clients.



Traders from Atghar Bazar of Pirojpur district's Nesarabad upazila are selling their homemade fish traps (locally known as “chai”) made from bamboo. During the rainy season, people from the villages buy these fish traps for Tk 300 to Tk 400 each to catch fish from their ponds, canals and rivers. The photo was taken recently.

PHOTO: TITU DAS

Spinners demand withdrawal of 2% AIT on cotton import within a week

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Textile millers have demanded the withdrawal of the 2 percent advance income tax (AIT) on cotton imports within one week, warning of possible factory closures otherwise.

Speaking at a press conference organised by the Bangladesh Textile Mills Association (BTMA) at the Gulshan Club in Dhaka yesterday, they pointed out that the tax was imposed in the new budget without consultation with the millers.

“The government should not do business everywhere, as the income of the government will in fact fall if the sector cannot perform well. At the end of the day, the impact of this 2 percent AIT is massive in business,” BTMA President Showkat Aziz Russell said on the occasion.

Hossain Mehmood, chairman of the Bangladesh Terry Towel and Linen Manufacturers and Exporters Association, warned that the 2 percent AIT will increase costs by an additional 7 to 8 percent in the business and push the profit margin further down.

Amal Podder, vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), criticised the move, saying the government should have taken such a decision in consultation

with industry leaders.

Restrictive policies hinder growth

The call for withdrawal of the AIT comes as the primary textile sector, with an investment value of \$23 billion, is facing multifaceted challenges, including increasing reliance on yarn imports from India, low gas pressure, high bank interest rates, declining working capital due to the exchange rate, and looming US tariffs.

Md Badsha Mia, managing director of Badsha Textiles Ltd, said the government reduced the incentive to only 12 percent from 25 percent, hiked the gas price to Tk 32 per unit from Tk 4 per unit, raised the bank interest rate to 15 percent from single digits, and fixed the source tax at 1 percent—for which the sector is now in trouble.

Millers also noted that they suffered huge losses due to a 36 percent devaluation of the taka against the US dollar over the last three years.

Just before the beginning of the Russia-Ukraine war in February 2022, the exchange rate between the taka and the dollar was Tk 85. But the rate gradually reached Tk 122 per US dollar, causing many millers, traders, and importers to lose a massive amount of working capital, and they are now suffering from a capital shortage.

While the Bangladesh government

is moving towards more restrictive policies, the Indian government has been giving many incentives to the spinning, weaving, garment, and textile sectors, giving huge advantages to Indian millers in the competition, the millers also pointed out.

For instance, they said Indian millers can sell a kilogram of yarn at Tk 15 less than Bangladeshi millers due to the incentives introduced by the Indian government. This has led to local garment exporters showing interest in purchasing Indian-origin yarn to make garment items.

“When neighbouring countries have been giving a lot of incentives in the name of different developments for the sector, the Bangladesh government is reducing the incentive rate alarmingly, for which many units are about to be closed down,” said BTMA Vice-president Md Saleudh Zaman Khan.

He alleged that such restrictive policies will end up destroying the Bangladeshi primary textile sector. “I am tired of talking about all these problems.”

BTMA Director Razeeb Haider also echoed a similar sentiment. “Because of faulty policies, a massive amount of yarn comes from India now. The government should immediately reverse the decision to impose 2 percent AIT.”

Energy assoc urges review of scrapped solar plans

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The Bangladesh Sustainable and Renewable Energy Association yesterday urged the interim government to reconsider its cancellation of 31 letters of intent that the past regime had signed with potential investors in solar power projects without adopting any tender process.

A letter of intent is a document outlining the preliminary understanding between two or more parties who intend to enter into a formal agreement.

It is essentially a blueprint for a deal, setting out key terms and conditions before a legally binding contract is finalised.

Last week, the Centre for Policy Dialogue (CPD) also sought a review of the letters of intent.

The floating of tenders seeking bids for 55 new solar power projects was a positive development, but these did not draw foreign investors as expected, said the association.

“In some cases, only one bidder has shown interest, while in others, no one has participated at all,” said Mostafa Al Mahmud, president of the association, at a press conference at the Dhaka Reporters' Unity.

Around \$300 million has already been invested in the cancelled projects, and the interim government's decision might create a sense of distrust among investors, he said.

Besides, the interim government has cancelled a provision under “implementation agreements” that enabled refunds of investments in cancelled projects, he said.

The refunding is necessary for the expansion of renewable energy generation capacity in the country, he added.

Mahmud thanked the government for updating the renewable energy policy and demanded a specific roadmap towards meeting the renewable energy target.

Guardian Life’s claim settlements surge

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Guardian Life Insurance Limited's claim settlements rose by 34 percent to Tk 129 crore in the first quarter of 2025 compared to the same period last year.

In 2024, the life insurer settled insurance claims worth Tk 439 crore, according to a statement from the company. Demonstrating its operational efficiency and customer-first approach, 95 percent of all claims are now settled within just three working days, with initiatives underway to reduce this timeframe even further.

Guardian's insurance coverage currently protects over 1.26 crore people, including employees from more than 500 local and multinational organisations.

The company distributes its insurance policies through retail, microinsurance, digital, group, and most recently, through bancassurance.

According to internal market research, since the launch of bancassurance in March 2024, the life insurer has led the way in shaping this new distribution channel.

The insurer accounted for approximately 79 percent of total bancassurance sales in the industry as of December 2024, reaffirming its market leadership and strategic execution in this emerging channel.

BB unlikely to cut policy rate now

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released in a couple of days and inflation may come down to below 9 percent.

I would expect inflation to fall within the 8 percent range, he said.

“I am a bit concerned about the recent spike in rice prices. It is unclear why prices are going up even after ample production,” said the governor.

Mansur, who took the leadership role at the BB on August 14 last year, said his office aims to bring down inflation to 5 percent by the end of this fiscal year.

“Our target remains the same. The situation may change this way or that. But that does not mean that the goal will change now,” Mansur said, “Our point is what we have to do to bring down inflation to 5 percent.”

“But there will be some direction in the monetary policy and the BB, like other central banks, will shed light on some issues and give its observations regarding the economy.”

In the current monetary policy, the BB said the real policy rate turned slightly positive in January 2025 for the first time in recent months as point-to-point inflation fell below 10 percent.

Mansur said the real interest rate stood at one percent in May this year as inflation fell below the policy rate.

“What I want is to increase the real interest rate to 3 percent or above. So, when inflation declines below 7 percent, we will see the gap and then we can bring down the policy rate” he said.

EXCHANGE RATE

In the interview, Mansur, who worked with Middle Eastern, Asian, African, and Central American countries during his stint at the IMF, also spoke on exchange rates and foreign currency reserves.

“We have tried to keep the exchange rate stable. We have been able to do so,” he said.

Bringing stability to the exchange rate was necessary for two reasons. First, containing and reducing

inflation to the targeted level.

“This is not possible to contain inflation if the exchange rate is unstable. Taka will depreciate and inflation will not increase; this is not possible.”

According to the governor, stability in the exchange rate is also needed to give a message to all.

“Exchange rate stability is a major indicator of the stability of an economy. It creates trust. People keep confidence in a country that has a stable exchange rate. We have to take Bangladesh to that level.”

The third reason is increasing the level of foreign exchange reserves.

“Exchange rate stability is a major indicator of the stability of an economy. It creates trust. People keep confidence in a country that has a stable exchange rate. We have to take Bangladesh to that level.”

Mansur said, “Our reserves declined to as low as \$16 billion–\$17 billion. Now it has increased to \$26 billion as per the IMF calculation method.”

“The main reason is that we have been able to keep the exchange rate stable. On the other hand, we did not sell a single dollar to the market.”

“To accomplish this, we have utilised the interest rate as a supporting tool. Many said that it would not work. But it worked. We see the reflections in the falling inflation and succeeded in keeping the exchange rate stable,” he said.

A dollar is sold at Tk 122–Tk 123 and there is improvement in the Balance of Payments. I think we had a surplus in the current account balance at the end of June, he said.

Mansur, replying to a question on the IMF's view that the exchange rate is not market-based yet, said

the multilateral lender thought that the exchange rate would go up to Tk 135 once we go for a market-based regime.

“That did not happen.”

He said they could have reached an agreement with the IMF in the October–December period of 2024.

“We did not because they were pressurising us to allow the market to determine the exchange rate. Had we done so at that time, it would have gone up to Tk 150 per dollar. We could not contain it given that set of circumstances.”

The BB governor said the currencies of Pakistan and Sri Lanka lost value significantly when the nations accepted the IMF's conditions.

Pakistan's rupee fell to 370 per dollar. In Sri Lanka, the Lankan rupee fell to 280 per dollar.

“If I leave the exchange rate in an unstable environment, it's like leaving a child on the road amid risks of accidents. I didn't want to take that responsibility,” he said, “We said we will make it market-based when the time comes.”

Mansur, who began his career as a lecturer of economics at Dhaka University, said Bangladesh got the result.

“Like Pakistan and Sri Lanka, our exchange rate did not go up in the air. Ours is still standing on the ground, standing in the same place. There has been no intervention in the market. It is totally market-based.”

“We have to understand our own economy. They (IMF) think in the light of the experience of other countries. They see it has been done in Sri Lanka, Pakistan and other places, why can't it happen here?”

He said the IMF released funds one and a half months after the BB introduced a market-based exchange rate.

“Even then, they are giving the statement that it is not yet fully market-based. We have nothing to do.”

Islamic banks’ deposit, investment growth

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and then slightly recovered, rising to 6.75 percent in the first quarter of 2024.

However, in the first quarter of 2025, it dropped to around 0.80 percent, the BB data showed.

Meanwhile, an analysis of central bank data for the same period showed another trend of decline in the investment growth rate.

The investment growth rate was 11.88 percent in the first quarter of 2022. It increased to 14 percent in the first quarter of 2023.

It then dropped to 10.82 percent in the first quarter of 2024 and further declined to 9.96 percent in the first quarter of 2025.

COST OF DEFYING GOOD GOVERNANCE

Mohammad Abdul Mannan, chairman of First Security Islami Bank PLC, said the bank began deviating from the basic principles of good governance in 2017.

Over time, this erosion of standards significantly weakened the institution. As confidence declined, depositors gradually moved their funds elsewhere, ultimately contributing to the bank's current challenges, he said.

They have undertaken various initiatives to overcome the current situation, he added.

Shafiuzzaman, managing director of Social Islami Bank PLC, said that due to a crisis of customer confidence, deposit growth has been declining—a continuation of last year's trend.

He added that the decline in their deposit growth in the first half of this year has not been as sharp as it was during the second half of last year.

He mentioned that the deposit erosion was now at a relatively manageable level, and the panic withdrawal trend seen last year had significantly subsided. Customer confidence was also being regained.

Since deposit growth has declined,

it has had an overall impact on investments as well, he said.

That said, he added, it would still take more time for customer confidence to recover fully.

Mohammed Nurul Amin, chairman of Global Islami Bank PLC, said that in 2024, several banks that were identified as weak or reportedly controlled by a specific group revealed their true state in various official reports following the political changeover in August last year.

These reports showed that large amounts of money had been siphoned off from these banks—either laundered abroad or used for unauthorised purposes, he said.

As a result, crowds of depositors rushed to bank counters to withdraw their funds, he added.

After the political changeover in August last year, several businesses either shut down or scaled back operations—many of which had received significant financing from Islamic banks

Banks struggled to meet customer demands, leading to widespread panic among depositors, which ultimately triggered the current situation, he added.

This rush of withdrawals continued until December last year, after which the situation began to turn around. People are no longer crowding bank counters to withdraw cash as they did before, he mentioned.

However, while customer confidence in certain Islamic banks has weakened, overall trust in the banking system has not diminished—a fact evident in various indicators, he said.

Many depositors have shifted their funds to the Islamic banking

windows of conventional banks, he said, adding that high inflation is another factor contributing to the slowdown in deposit growth.

Apart from the ten full-fledged Islamic banks, 16 conventional lenders have Islamic banking branches, while 11 offer Shariah-based banking solutions through Islamic windows.

WHAT REGULATOR, EXPERTS ARE SAYING

Aref Hussain Khan, spokesperson of the Bangladesh Bank, said deposit growth across the banking sector has slowed due to the country's overall situation, accompanied by a decline in investment momentum.

He said that after the August political changeover, several businesses either shut down or scaled back operations—many of which had received significant financing from Islamic banks.

This has contributed to a slowdown in those banks' deposit and investment activities and overall growth, he mentioned.

Khan also pointed out that major irregularities reported in two Islamic banks in 2022 had a lasting impact on the sector, significantly undermining public confidence.

Shah Md Ahsan Habib, a professor at the Bangladesh Institute of Bank Management, said the credit flow in the country's Islamic banks had remained unusually high since 2021, driven by aggressive lending practices.

“At one point, the central bank appointed observers due to irregularities and scams in some Islamic banks—an indication that underlying problems had emerged,” he said.

Consequently, deposit growth began to slow, Habib mentioned.

“Following August 5 last year, multiple reports have exposed the severity of the crisis facing these banks,” he said, adding that both deposit and investment growth have since declined.