

## 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

### STAR BUSINESS REPORT

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 the gazette 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

### STAR BUSINESS REPORT

Textile millers have demanded the immediate withdrawal of the 2 percent advance income tax (AIT) on cotton imports within one week, saying the levy is hurting the sector in a time of crisis.

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 the latest tariff blows from the Trump administration.

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

### STAR BUSINESS REPORT

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.

He said the High Court has already issued a directive to install rooftop solar systems on all buildings, but a clear roadmap—such as on the engineering, procurement, construction, and financing aspects—has yet to be made available.

The press conference highlighted that increasing the generation of renewable energy is now a national imperative.

Bangladesh is becoming increasingly dependent on energy imports due to a steady decline in gas production, putting substantial pressure on foreign currency reserves, it said.

The association demanded tax benefits for the renewable sector and thanked the government for reducing the customs duty on solar inverters to 1 percent from 10 percent.

"We believe that this kind of tax reduction should be extended to other essential solar components as well, like mounting structures, DC cables, controllers, batteries, and solar pumps—duties on which are still high," it said.

Their demand includes the implementation of net metering guidelines, ensuring the installation of rooftop solar panels on all residential buildings in urban areas, forming a modern monitoring and support framework, and the withdrawal of the 7.5 percent trade VAT.

## Eastern Bank, Mastercard unveil biometric metal credit card

### STAR BUSINESS DESK

Global digital payment solutions provider Mastercard, in collaboration with Eastern Bank PLC (EBL), yesterday launched a biometric metal credit card, marking a significant leap in Bangladesh's payment technology landscape.

Ahsan H Mansur, Governor of the Bangladesh Bank, inaugurated the biometric metal card at a ceremony held at the Radisson Blu Water Garden Hotel in Dhaka, according to a press release.

The launch of the card was co-powered by IDEX Biometrics, Kona I, and Infineon Technologies.

As part of the ultra-premium World Elite Mastercard portfolio, this innovative card combines cutting-edge biometric authentication with the elegance of a metal design, offering both enhanced security and a premium user experience.

Park Young Sik, the Korean ambassador to Bangladesh; Fredrik Karlsrud, chargé d'affaires at the



Ahsan H Mansur, Governor of the Bangladesh Bank, unveils biometric metal credit card launched by Eastern Bank PLC and Mastercard at the Radisson Blu Water Garden Hotel in Dhaka yesterday. Ali Reza Iftekhar, managing director and CEO of Eastern Bank PLC, and Syed Mohammad Kamal, Country Manager for Bangladesh at Mastercard, were also present, among others.

Embassy of Norway in Bangladesh; and Zakir Hassan Chowdhury, deputy governor of the Bangladesh Bank, also attended the programme.

Ali Reza Iftekhar, managing director and CEO at EBL, said,

"Eastern Bank PLC is proud to lead this global milestone from Bangladesh. The launch of the world's first biometric metal credit card highlights our commitment to innovation and excellence."

## Islamic banks' deposit, investment growth slows to 4-year low

### FROM PAGE B1

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.

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

Areif 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.