

# Star BUSINESS



## Bangladesh's tax-GDP ratio lowest in Asia-Pacific: OECD

SOHEL PARVEZ

Bangladesh sits at the bottom of a list of 37 countries in the Asia-Pacific region in terms of the tax-to-GDP ratio, largely stemming from the failure to tap into the potential originating from the steady growth of the economy and a lack of reform.

The South Asian country had a tax-GDP (Gross Domestic Product) ratio of 7.3 percent in 2023, almost one-fifth of the Pacific Island nation Niue, which had a tax-GDP ratio of 35.3 percent, according to the latest report by the Organisation for Economic Co-operation and Development (OECD).

Bangladesh's revenue collection was also far below the regional average of 19.6 percent of GDP across the region as a whole, shows the report titled Revenue Statistics in Asia and the Pacific 2025.

It states that tax revenues increased on average across the Asia-Pacific region for the third consecutive year in 2023, driven by higher VAT receipts.

### Most revenue comes from VAT, import tariffs

As per the OECD report, Bangladesh, along with 23 other countries in the region, is heavily dependent on value-added tax (VAT) and import tariffs for its tax revenue.

In 2023, the country collected most of its revenue — 4.7 percent of its GDP — from goods and services, namely through VAT and import tariffs, it states.

In terms of direct taxes, the country's income tax collection amounted to only 2.5 percent of the GDP, well below the average of 7.4 percent of GDP in Asia-Pacific, the report also states.

In total, 34 percent of the revenue collected by the country in 2023 came from income taxes, while the rest came from taxes on goods and services.

The OECD report noted that Bangladesh, like many other developing economies, struggles

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## Taka gains ground under flexible rate regime

BB buys \$171m as economists back rebound to ease inflation

MD MEHEDI HASAN

Local currency taka has started to gain strength against the US dollar for the first time in several years, as a steady inflow of foreign currency drives down the official exchange rate.

Over the past five days, the inter-bank rate for selling dollars has fallen by Tk 2.20. As of Monday, it stood at Tk 120.1, down from Tk 122.3 on July 9, according to the Bangladesh Bank (BB).

The buying rate at the inter-bank level was Tk 119.5 per dollar.

This is completely the opposite of the weakening trend that began in 2022. Following the economic shocks of the Covid-19 pandemic, the taka depreciated by roughly 30 percent as instability hit both the global and domestic markets.

Industry insiders point to several reasons behind the currency's recent recovery.

These include a rise in remittance flows after the political changeover last year, a drop in illegal cross-border transactions and money laundering, and fresh fund disbursements by multilateral lenders.

Remittances in the recently concluded fiscal year (FY) 2024-25 reached a record \$30.32 billion, up by 26.81 percent or \$6.4 billion year-on-year, according to BB data.

In May this year, the central bank moved towards a more flexible exchange rate regime,

one of the conditions tied to the ongoing \$4.7 billion loan package from the International Monetary Fund (IMF).

Although there were initial concerns that this would lead to further depreciation of the taka, it has shown the opposite effect so far.

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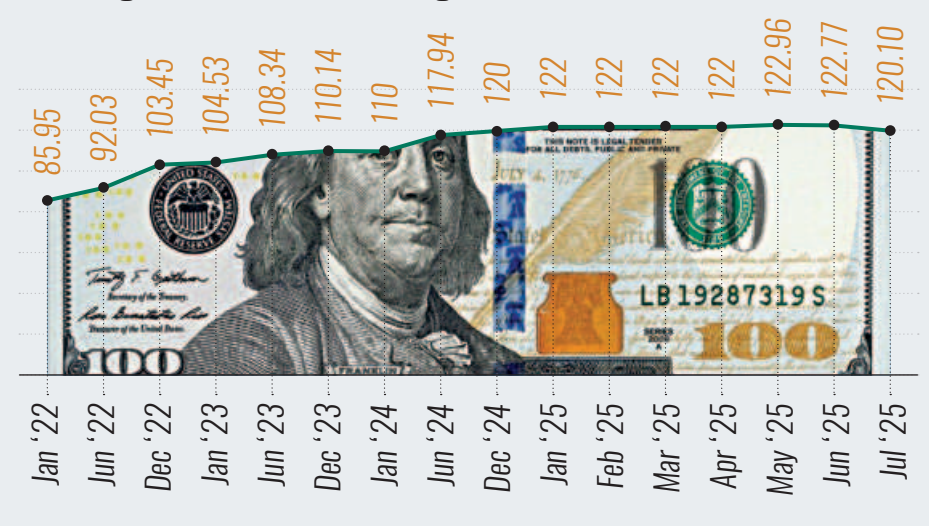
### WHAT STABILISED THE MARKET

- Record remittance inflow
- A drop in hundi
- Floating exchange rate

### KEY POINTS

- Stronger taka may help ease inflation
- BB bought \$171m from 18 banks on July 13 to prevent excessive weakening of dollar
- BB intervened to ensure market stability, says spokesperson

### Exchange rate of US dollar against taka



SOURCE: BB



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## BSTI opens lab to certify halal products

STAR BUSINESS REPORT

State-run Bangladesh Standards and Testing Institution (BSTI) yesterday opened two laboratories to certify whether products labelled halal meet Islamic dietary laws and ethical standards, and whether helmets meet safety requirements.

Adilur Rahman Khan, adviser for the industries and housing and public works ministries, inaugurated the two labs at the BSTI.

The government is working to establish a multidimensional and resilient industrial sector, he said.

Establishing the halal certification laboratory is a timely and crucial milestone that will help Bangladesh tap into the growing global demand for halal products, he added.

"I am confident that this laboratory will play a vital role in expanding Bangladesh's exports," he said.

Md Obaidur Rahman, secretary to the industries ministry, said global demand for halal-certified products was rising steadily.

Against this backdrop, the launch of the halal certification laboratory and BSTI's journey into issuing halal certifications is a timely decision, he said.

He also urged all stakeholders involved in manufacturing, selling, and using helmets to ensure that products bear the BSTI logo and QR codes before they are purchased and used.

Highlighting the safety concerns associated with motorcycle use, the industries secretary said

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## Middlemen, extortion push up vegetable prices: report



Vegetable traders say that vegetable-laden vehicles are extorted by "law enforcement agencies" and "private organisations" at key entry points to Dhaka, such as Jatrabari, Aminbazar, and Abdullahpur, according to a report by Bangladesh Trade and Tariff Commission.

PHOTO: STAR/FILE

SUKANTA HALDER

The dominance of middlemen, a lack of information, extortion, and unpredictable transportation costs have a significant impact, resulting in the high retail prices of vegetables, according to a recent Bangladesh Trade and Tariff Commission (BTTC) report.

On June 29, the BTTC sent the report to the Ministry of Commerce identifying problems in vegetable market management, recommending solutions, and seeking necessary action.

According to data from the Bangladesh Bureau of Statistics for 2024, the agriculture sector accounts for 11.52 percent of the country's gross domestic product.

In order to prepare the report, a four-member team from the commission visited more than 20 wholesale and retail markets in the districts of Bogura, Gaibandha, Faridpur, Jashore, and Dhaka.

The Daily Star obtained a copy of the report, which

said middlemen hold significant dominance in the vegetable market, buying produce from farmers at low prices and selling it at high rates.

Due to the lack of timely access to information on market demand, product pricing, and modern agricultural practices, farmers are often unable to make the right decisions at the right time, it said.

Vegetable traders have reported that vegetable-laden transport vehicles are extorted by "law enforcement agencies" and "private organisations" at key entry points to Dhaka, such as Jatrabari, Aminbazar, and

Abdullahpur, it added.

However, they did not specify the amount of money extorted.

Truck rental costs vary depending on availability. For example, if a return trip fare cannot be secured, the rental charges increase, the report mentioned.

The report quoted a vegetable wholesaler in Bogura as saying that he faces

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## BFIU seeks bank account details of Islami Bank chair, family

STAR BUSINESS REPORT

The Bangladesh Financial Intelligence Unit (BFIU) has sought bank account details of Md Obayed Ullah Al Masud, chairman and independent director of Islami Bank Bangladesh, and his family members.

The anti-money laundering agency has instructed banks to submit all relevant information and documents of accounts related to Masud, in the names of his family members or in any other names connected to their interests, by July 15.

**The BFIU has instructed banks to submit all relevant information and documents by July 15**

The requested information includes all types of accounts (account opening forms and updated transaction statements), information related to savings certificates and bonds, locker services, student files, credit cards, prepaid cards, gift cards, and transaction vouchers involving amounts of Tk 5 lakh or above, according to the BFIU letter.

Following the political changeover on August 5 last year, Bangladesh Bank formed a new board of directors for the crisis-hit Islami Bank Bangladesh, appointing five independent directors to the Shariah-based lender.

Masud had earlier served as managing director of Rupali Bank.

## Ring Shine directors, auditors face action over share scam

STAR BUSINESS REPORT

Top executives, directors, auditors, and issue managers of Ring Shine Textiles are facing regulatory action after a share placement scandal came to light.

The Bangladesh Securities and Exchange Commission (BSEC) yesterday said the company fraudulently raised Tk 275 crore through a private placement of shares, but the funds were never deposited.

Rather, it artificially inflated the firm's paid-up capital to Tk 285 crore and misled investors and the regulator.

After an investigation, the stock regulator yesterday said that it would forward the case to the Anti-Corruption Commission (ACC) and impose travel bans on more than a dozen individuals.

The travel ban covers former directors, managing directors, the executive director, chief financial officer, and company secretary. The BSEC accused them of submitting false information in the company's initial public offering (IPO) prospectus.



The regulator made these decisions during a commission meeting at its headquarters in Dhaka.

The BSEC said it would bar the chief executives of two issue managers of the company, AFC Capital and CAPM Advisory, from taking part in any stock market activities for five years.

In the BSEC investigation, both firms were found to have submitted false information in due diligence certificates and IPO documents, eventually contributing to the fraudulent capital raising by Ring Shine.

The commission also began the process of cancelling their issue management licences.

In 2019, Ring Shine raised Tk 150 crore from the stock market through an IPO, in addition to the Tk 275 crore it claimed to have secured privately.

The BSEC will also refer four audit firms to the Financial Reporting Council (FRC) for certifying false financial statements covering the years 2015-16 through 2019-20. The firms are Ahmed and Akhter, Shiraz Khan Basak and Co, Mahfel Huq and Co, and ATA Khan and Co.

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