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UN asks Bangladesh about LDC graduation progress

STAR BUSINESS REPORT

The United Nations Committee for Development Policy (UN CDP), which reviews the least developed country (LDC) category, has invited Bangladesh to report on the progress of its preparation for graduation from LDC.

José Antonio Ocampo, chair of the UN CDP, sent a letter on August 25 to the Economic Relations Division of the Ministry of Finance. Similar letters have been sent to other graduating LDCs, requesting them for submitting annual reports on the preparation and implementation of the Smooth Transition Strategies (STSS) by October this year.

The CDP seeks updates at a time when businesses have been demanding that the interim government take the initiative to defer Bangladesh's LDC graduation by up to six years.

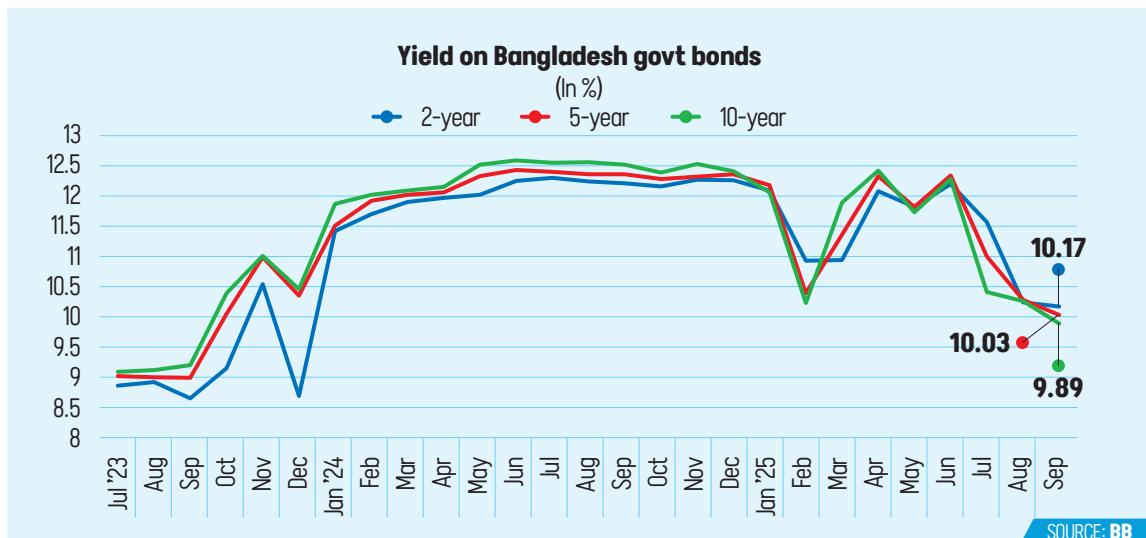
The country is scheduled to graduate to developing country category in November next year, along with Nepal and Lao People's Democratic Republic (known as Laos).

Businesses said this is not the right time, as the economy faces several challenges, including an economic slowdown, a crisis in the financial sector, and inadequate preparation to compete in the global market after graduation.

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Treasury yields fall around policy rate

Expectations grow for a cut in key lending rate soon



SOHEL PARVEZ

Yields on treasury bills and government bonds have been falling over the past three months, ending the upward trend that began two years ago amid rising demand for funds from both the government and the private sector.

This week, interest rates on all Bangladesh government bonds for all tenures declined further.

The yield on the 10-year bond dropped to 9.89 percent, its lowest since September 2023 and below the Bangladesh Bank's policy rate of 10 percent.

"It is a reflection of market sentiment that the policy rate may decline in the coming months," said Ashim Kumar Saha, deputy managing director of Mercantile Bank PLC.

This is the first time in two years that the 10-year government bond yield has fallen below 10 percent.

In June last year, the interest rate on the same bond stood at 12.59 percent, the highest since July 2023.

At present, the 20-year bond carries the highest yield at 10.30 percent, thanks to a gradual improvement in liquidity in the market.

A number of factors, such as easing inflation, weak credit

rising remittance stream.

Saha said more than Tk 20,000 crore had been injected into the money market through the greenback purchase by the central bank to ensure stability in foreign exchange.

SM Galibur Rahman, head of research & strategic planning at Shanta Securities, said the government had not borrowed from the market in August and September.

Besides, non-bank investors have increased their holdings of government securities, indicating a stronger flow of funds.

"Liquidity flow is rising and the downward pressure on interest rates may continue. But it is unlikely that overall yields will drop drastically. It may hover around 9 percent in the next six months," Rahman said.

Mamun Rashid, chairman of

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Shares for free: ACME Pesticides faces ACC action

STAR BUSINESS REPORT

Several top officials of ACME Pesticides, along with individuals and firms, received company shares without payment during its initial public offering (IPO), depriving the firm of capital and misleading general investors, the stock market regulator said yesterday.

Despite not paying for the shares, they received all the benefits as a general shareholder, ultimately depriving others, the regulator disclosed in a meeting at its office in the capital.

Following the discovery of the irregularity, the Bangladesh Securities and Exchange Commission (BSEC) has referred the case to the Anti-Corruption Commission (ACC) for legal action against those involved.

Among the accused are ACME Pesticides Chairman Shanta Sinha, Managing Director Reza-ur-Rahman Sinha, Director Ahsan Habib Sinha, and KM Heluar, Company Secretary Sabuj Kumar Ghose and Chief Financial Officer Selim Reza. They received shares without any payment, according to the BSEC.



The commission said some other individuals and firms also took shares of the company through private placement without payment prior to the company's 2021 IPO, which raised Tk 30 crore (\$2.7 million) by issuing 3 crore shares.

The entities named include Md Afzal Hossain, SK Trims, Md Matior Rahman, Bikrampur Potato Flakes Industries, Tafazzal Hossain Forhad, Javed A Matin, Bengal Assets Holdings, Chittagong Pesticides & Fisheries, Heritage Capital Management, NRB Equity Management, Anjomam Ara Begum, Sheikh Mohammad Sarwar, Toubida Akter, Ruhul Azad, and Ranu Islam.

Shahjalal Equity Management, the IPO's issue manager, was found to have submitted false data in the prospectus. Its license has been revoked.

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Banks' CSR spending drops as bad loans surge

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Corporate social responsibility (CSR) spending by Bangladesh's banks nearly halved in the first half of 2025 amid rising bad loans, according to Bangladesh Bank's (BB) half-yearly report on CSR activities of scheduled banks and non-bank financial institutions.

Banks spent around Tk 151 crore on CSR from January to June this year, down from Tk 309 crore in the same period last year, the report shows.

About half of this expenditure was directed towards disaster management, particularly flood-related initiatives. Education accounted for 23 percent, health for 19 percent, while the remainder went to the environment, sports, and miscellaneous causes.

Analysis of the central bank report shows that almost all banks reduced their CSR spending, regardless of whether their profits rose or fell. While some banks struggled to make profits last year, several top lenders saw their earnings grow, yet most kept CSR spending limited.

About half of this expenditure was directed towards disaster management, particularly flood-related initiatives

Mercantile Bank, which has consistently ranked among the top CSR contributors in recent half-yearly reports, led the spending in the first half of 2025, allocating around Tk 24 crore despite posting a profit of Tk 63 crore last year.

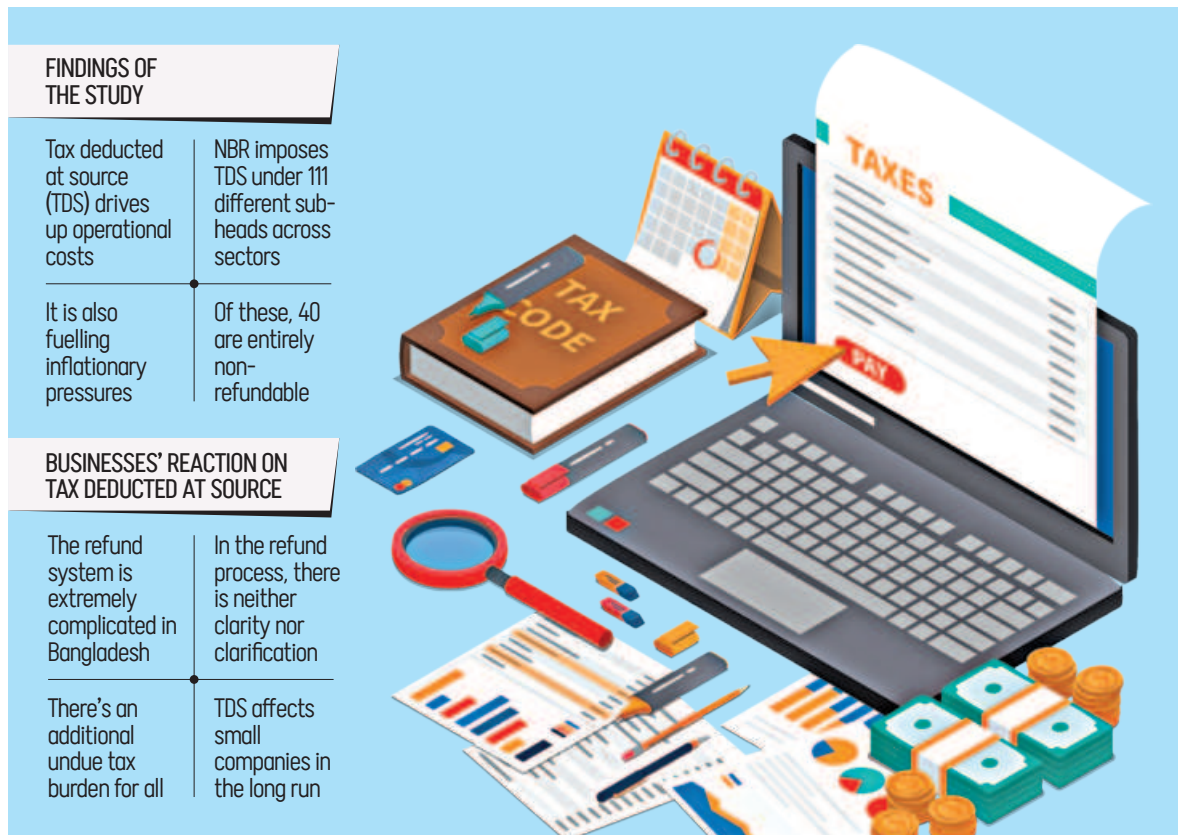
Shahjalal Islami Bank spent approximately Tk 14 crore, followed by Jamuna Bank with Tk 12 crore and Premier Bank with Tk 11 crore.

BANKS WITH ZERO SPENDING

Meanwhile, the number of banks that did not spend anything on CSR increased from seven in 2024 to 13 in 2025.

Banks that reported zero CSR spending this year are: Janata Bank, Agrani Bank, BASIC Bank, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, Bangladesh Commerce Bank, Community Bank, National Bank, Global Islami Bank, Padma Bank, SBAC Bank, Union Bank, and the National Bank of Pakistan.

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Source tax a burden for many: study

STAR BUSINESS REPORT

Tax deducted at source (TDS) has emerged as a heavy burden for businesses, driving up operational costs and fuelling inflationary pressure, said a new study by Business Initiative Leading Development (BUILD), a public-private dialogue platform.

According to the findings, the National Board of Revenue (NBR) imposes TDS under 111 sub-heads across sectors.

Of these, 40 are entirely non-refundable. Even among the 71 refundable sub-heads, businesses have managed to recover only 0.29 percent of the deducted sums.

This means that in practice, 99.71 percent of TDS ends up functioning as a minimum tax, the study found.

Wasel Bin Shadat, research director of BUILD, revealed the findings at a dialogue on "Policy Reform Requirements for Non-Adjustable TDS" organised by BUILD at the Dhaka Chamber of Commerce

& Industry in Dhaka yesterday.

TDS becomes a part of the value of the product or service, which directly increases the price and finally fuels yearly inflation, he said.

In FY23, TDS on local letters of credit (L/C) collected by the NBR was Tk 124 crore.

Taxpayers are discouraged from being in the tax network as the taxable entity feels that TDS paid is a final discharge as minimum tax, he said.

Talking with The Daily Star, Md Nooruzzaman, senior research associate of BUILD, said many industries were also subject to separate minimum tax requirements.

"When you combine TDS with minimum tax, the total tax incidence increases threefold," he added.

Citing examples, he said the total tax incidence in the cement sector stands at around 75 percent, while in the steel industry it is nearly 89 percent.

Echoing the same, Abul Kasem Khan, chairperson of BUILD, said, "The refund system is extremely complicated in Bangladesh. And in this refund process, there is neither clarity nor certainty."

"There's an additional undue tax burden for all, especially affecting small companies for a long time," he said.

"Large firms can afford tax teams, but for small entrepreneurs with only a few people, compliance is extremely difficult," he said.

For entrepreneurs of small-scale enterprises — one-man shows, two-man shows, even 10-man teams — it becomes extremely difficult to manage, he said.

"That's where it starts: people don't declare their income or don't declare the business at all. And that's happening because of structural or policy deficiencies."

Tax is typically applied on profit, but in Bangladesh, TDS is often imposed on revenue instead.

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Chip industry seeks Bida's backing to build \$1b export hub

MAHMUDUL HASAN

Bangladesh's semiconductor industry, still in its infancy, has outlined an ambitious vision to emerge as a \$1 billion export hub for chips and embedded systems by 2030.

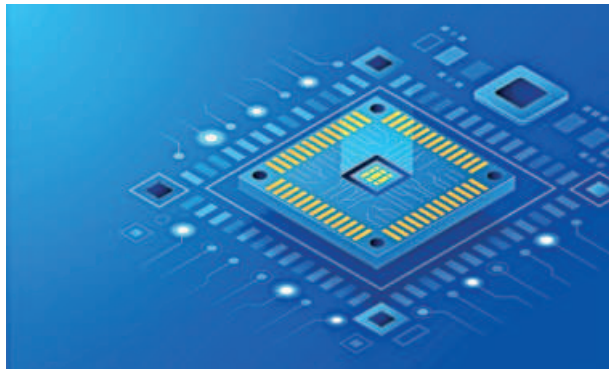
To get there, industry leaders are turning to Bangladesh Investment Development Authority (Bida), asking it to play a central role in policy support, international branding, and incentive facilitation.

The Bangladesh Semiconductor Industry Association (BSIA), representing local companies and professionals, placed a set of proposals before the Bida yesterday. The Daily Star has seen a copy of the proposal.

At their core is a call for a public-private partnership that would combine the authority's global reach and regulatory muscle with the industry's technical expertise and on-the-ground knowledge.

The proposals arrive at a moment of global realignment. The semiconductor industry, valued at \$618 billion in 2023, is projected to cross \$1 trillion by 2030.

The embedded systems segment, comprising chips and software that power everything from medical devices to smart cities, is expected to exceed \$160 billion in the same period.



Bangladesh's semiconductor industry currently has around 20 companies, with 13 registered under the BSIA.

The sector employs approximately 800 to 1,000 engineers and professionals. Annual exports remain modest, at about \$8 million to \$10 million, highlighting significant growth potential as the industry seeks to scale and enter global markets.

BRANDING BANGLADESH GLOBALLY

The first pillar of the BSIA's proposal is international branding.

Countries like Vietnam and Malaysia have aggressively marketed themselves as semiconductor destinations, staging roadshows and wooing global clients. Bangladesh, the industry fears, risks being invisible in this competition.

The BSIA has asked the Bida to lead roadshows in Japan, South Korea, Taiwan, Malaysia, and the United States.

Local firms would participate alongside, showcasing their capabilities. Such visibility, the association argues, is crucial for Bangladesh to be taken seriously in supply chain discussions.

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