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Bangladesh plans PayPal integration to boost SME market access

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Bangladesh is moving to integrate international payment systems such as PayPal to expand global market access for small entrepreneurs and modernise the cottage and small industries sector through stronger digital connectivity, said Bangladesh Bank Governor Ahsan H Mansur yesterday. "We have already removed regulatory barriers. SMEs should be able to receive payments seamlessly through platforms like PayPal," he said while addressing the Annual Conference and Workshop 2025 at the Bangladesh Small and Cottage Industries Corporation (BSCIC) headquarters in Dhaka.

Citing global shifts, he highlighted the importance of linking international payment gateways to help local entrepreneurs reach global markets.

He stressed the urgent need to modernise and support small and cottage industries by strengthening supply chains, encouraging integration with larger firms, and building robust digital and sustainable platforms.

"Here, firms try to do everything on their own," he said, attributing part of the challenge to tax complications and policy inconsistencies that

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Mega project costs surge in currency shock

Higher bills for foreign-funded projects due to taka devaluation strain budget, and may force government to borrow again

REJJAUL KARIM BYRON and AHSAN HABIB

Government spending on several foreign-funded mega projects, including the Rooppur Nuclear Power Plant and metro rail works in Dhaka, has increased as the local currency Taka weakened sharply against the US dollar in recent years.

The increase has pushed up local currency costs even though dollar-based project values remain unchanged.

For the Rooppur plant alone, estimated costs may rise by 23 percent, equal to Tk 26,181 crore. However, the project value in dollars stays the same.

According to economists, a steep fall in the currency makes repayment for foreign-funded projects heavier. The impact is even harsher when the economy slows and revenue growth stalls, which is now the case in Bangladesh.

The Rooppur project was approved in 2016 at Tk 113,092 crore. Russian finance support was projected at Tk 91,040 crore, or \$11.38 billion, based on an exchange rate of Tk 80 per dollar. After approval, the rate hovered near Tk 85 for several years.

Pent-up demand after the Covid pandemic drove imports up, and the Russia-Ukraine war raised global prices. The country then saw its dollar stocks fall rapidly.

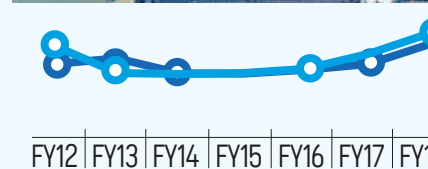
Subsequently, dollar shortage worsened, and the exchange rate climbed gradually as the International Monetary Fund (IMF) pressed for a market-based rate. It eventually rose from Tk 85 to around Tk 115 before the political changeover in August last year.

But the project cost was not revised in step with the depreciation.

Recently, the Ministry of Science and

US DOLLAR-TAKA EXCHANGE RATE

● Period Average
● End Period



FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20 FY21 FY22 FY23 FY24 FY25

Technology has sent the first revised proposal to the Planning Commission, seeking an increase to Tk 126,479 crore to account for the weaker currency.

The commission, however, has assessed that the dollar component was not fully reflected in the ministry's estimate. Its own calculation suggests the cost may reach Tk 139,274 crore.

So far, the project has used \$8.29 billion, valued at Tk 95.28 per dollar. The rest of the financing, equal to \$3.09 billion, is projected at an exchange rate of Tk 122.4.

The commission is reviewing the figures and expects to finalise them soon. It says the adjustment is necessary to determine the power generation

cost accurately so that the project can meet its cost-benefit requirements.

Discussions have begun on the likely tariff for electricity from the nuclear power plant, estimated at around Tk 7 per unit, although the rate has not been finalised yet.

Although costs in dollars have not risen, the taka depreciation has pushed up the local currency burden sharply, said Zahid Hussain, former lead economist of the World Bank's Dhaka office.

He said the higher repayment costs will strain the budget. If revenue collection fails to improve, the deficit will widen.

"To cover that shortfall, the government may need to borrow again," he said.

In the first four months of the current fiscal

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Govt may cut mobile phone import duty to curb illegal imports

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The government is considering reducing import duties on legally imported smartphones ahead of the launch of the National Equipment Identity Register (NEIR) on December 16.

The National Board of Revenue (NBR), the commerce ministry and the Bangladesh Telecommunication Regulatory Commission (BTRC) have agreed on measures to curb unauthorised imports, support local manufacturers and ease rules for expatriates, said Faiz Ahmad Taiyeb, special assistant to the chief adviser for the Ministry of Posts, Telecommunications and Information Technology, yesterday.

"Work on the duty cut is already in progress. Any reduction in duties on imported phones will be matched by adjustments to VAT and other taxes for the country's 13 to 14 assembly plants to ensure fair competition," Taiyeb said.

He warned that without such alignment, foreign investment in Bangladesh's mobile device manufacturing sector could face setbacks.

NBR Chairman Md Abdur Rahman Khan told The Daily Star, "We will make decisions based on the broader national interest. We are not saying that duties will be reduced immediately, but the matter is under consideration."

Currently, import duties on legally imported smartphones stand at about 61 percent.

The move comes after a protest by the Mobile Business Community Bangladesh on November 30, when many mobile shops closed their doors over high import taxes and the upcoming NEIR rollout.

NEIR is expected to block unauthorised and stolen devices. Industry leaders have welcomed the move, though traders fear unsold stock without a valid International Mobile Equipment Identity (IMEI) registration will become worthless.

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Refiners hike oil price without govt approval

SUKANTA HALDER and MOHAMMAD SUMAN

Refiners have reportedly once again increased the prices of soybean oil, even though the government says it has not authorised the hike in the essential commodity.

Retailers in Dhaka, Chattogram, and Barishal reported yesterday that a one-litre bottle of soybean oil is now selling at Tk 198, about 5 percent higher than a week ago. Five-litre bottles are priced at Tk 965, up Tk 45 or 5 percent from the previous week.

Market data from the Trading Corporation of Bangladesh (TCB) also confirmed the rise, with 5-litre bottles recorded at Tk 960, compared with Tk 910 a week earlier. Loose palm oil prices have similarly surged.

The latest increase comes amid persistently high inflation, which stood at 8.17 percent in October, adding financial pressure on households already struggling with

from Tk 920-Tk 922. One-litre bottles now retail at Tk 198, although newly priced stocks have yet to fully reach the market.

Mohammad Rafique, proprietor of Nabin Trading at Chattogra's Khatunganj, the country's largest wholesale market for consumer goods, claimed that refiners reduced supply ahead of Ramadan, contributing to the spike at the wholesale level too.

However, Md Shafiul Ather Taslim, director for finance and operations at TK Group, said the rise is driven by global market increase.

He said international prices rose by \$150-\$200 per tonne over the past two to three months. Import costs have also risen from \$1,090 to \$1,203 per tonne, affecting operational expenses.

"As a company, we have followed the law. We informed the Ministry of Commerce 15 days before the price adjustment and sought verification. Since the ministry did not respond or object, we proceeded within the legal

Govt updating Pakistan-era law on commodities

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The commerce ministry has started drafting amendments to Pakistan-era essential commodities law, saying the old law is inadequate for monitoring markets.

The law -- Control of Essential Commodities Act, 1956 (East Pakistan Act) -- was broad, and many clauses are now outdated because Bangladesh has created numerous ministries, departments, and organisations since independence, Commerce Secretary Mahubur Rahman said yesterday.

For example, the old law gave the commerce ministry control over cotton, yarn, biscuits, rayon, and food items. However, over the years, separate ministries, departments, and organisations have taken over the responsibility of regulating and monitoring these markets, he added.

The government has already set up the Bangladesh Competition Commission and the Directorate of National Consumers' Rights Protection to monitor commodity markets and prices.

Additionally, the ministry plans to update the definition of hoarding of essential commodities to prevent dishonest traders from creating artificial shortages and hiking prices, which harm consumers.

"The ministry is drafting the amendment, and the first inter-ministerial meeting on it was held at the ministry in Dhaka today (Wednesday)," Mahubur Rahman added.

After the meeting, he said the commerce ministry convened edible oil traders, association leaders, and millers yesterday to discuss soybean oil price fixing.

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RETRAIL PRICES OF SOYBEAN OIL IN DHAKA

	03-Nov	26-Nov	03-Dec
Loose	Tk 170-180	Tk 170-180	Tk 170-180
One litre bottle	Tk 189-195	Tk 189-192	Tk 189-198
5-litre bottle	Tk 900-930	Tk 900-925	Tk 910-960

SOURCE: TCB

rising living costs.

Speaking to the media at the Bangladesh Secretariat on Tuesday, Commerce Adviser Sk Bashir Uddin said the refiners' price hikes lack legal justification. "Traders raised prices without informing the authorities."

Retailers blame the big groups for the sudden hike.

"All brands have raised prices," said Hasibul Islam Ponir, a trader in Mirpur's Pallabi area.

Sagar Hossain, a retailer at Karwan Bazar, noted that customers frequently question sudden price spikes.

A market visit to Khatunganj, Kazir Dewri, Chawkbazar, and Choumuhani in Chattogram confirmed the increase, with major brands such as Rupchanda, Teer, Pusti, and Fresh selling five-litre bottles at Tk 965, up

framework," he said.

He added that without the ability to adjust prices according to global market conditions, companies risk heavy losses, struggling to pay bank loans, employee salaries, and operational costs. "Shutting down operations becomes the only remaining option."

According to the Bangladesh Trade and Tariff Commission, companies proposed the price hike on November 10, with a planned effective date of November 24. However, the government did not approve the bid.

Bangladesh's domestic consumption of soybean and palm oil in the 2024-25 marketing year, beginning in October, was estimated at 28.6 lakh tonnes, including 11.35 lakh tonnes of soybeans, with 85 percent imported, according to the US Department of Agriculture.

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