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Star BUSINESS

BB rolls out Tk 19,000cr in refinance schemes

Four separate funds cover agriculture, CMSMEs, exports, and green factories

STAR BUSINESS REPORT

The Bangladesh Bank has launched four refinance schemes worth a combined Tk 19,000 crore to ease financing constraints on small businesses and farmers, stimulate green investment, generate employment and reduce the country's heavy dependence on the readymade garment sector for export earnings.

The central bank announced the funds through separate circulars issued on June 7 and June 8, covering a Tk 5,000 crore working capital fund for cottage, micro, small and medium enterprises (CMSMEs); a Tk 3,000 crore export diversification scheme; a Tk 10,000 crore agricultural refinance scheme; and a Tk 1,000 crore green industries and factories fund.

Under all four schemes, participating banks may obtain refinancing from Bangladesh Bank at rates ranging from 2 to 4 percent and lend to customers at maximum rates between 5 and 9 percent, depending on the scheme.

Funds for the CMSME and the export diversification schemes will be drawn from the surplus liquidity of scheduled banks, while the agriculture and green factory schemes will be funded from Bangladesh Bank's own resources.

The announcements come as businesses continue to struggle with high borrowing costs, liquidity shortages and weak demand, while policymakers seek to broaden the country's export base and strengthen food security amid growing global competition.

Tk 5,000cr FOR CMSMEs

CMSMEs remain a key driver of Bangladesh's economy through job creation, supporting local industries and production of import-substituting goods. Yet many such enterprises struggle to secure adequate working capital, preventing them from operating at full capacity.

The revolving fund will stay operational for three years. It will cover working capital loans and investments extended to CMSMEs that cannot run at full capacity due to working capital shortages.

Renewed working-capital facilities will also qualify. Borrowers classified as defaulters in the Credit Information Bureau (CIB) database will not be eligible.

The central bank said the objective of the fund is to help businesses increase production capacity, strengthen economic activity and create both direct and indirect employment opportunities across the country.

Tk 3,000cr FOR EXPORTS

The export refinance scheme targets non-garment sectors, with the BB citing the economy's heavy concentration in RMG as a vulnerability to sector-specific shocks and shifts in global demand.

Refinancing support will be available for industries listed under the highest-priority and special development sectors in the Export Policy 2024-27. Priority will go to producers and exporters using domestically sourced raw materials, particularly in jute and leather.

Financing will be in the form of term loans or investments in local currency. The scheme will run for three years and may include a grace period of up to six months, BB stated in the circular.

Borrowers must maintain a satisfactory credit record. Defaulters will not qualify, and applications will be rejected if export proceeds are not repatriated through the formal banking channel.

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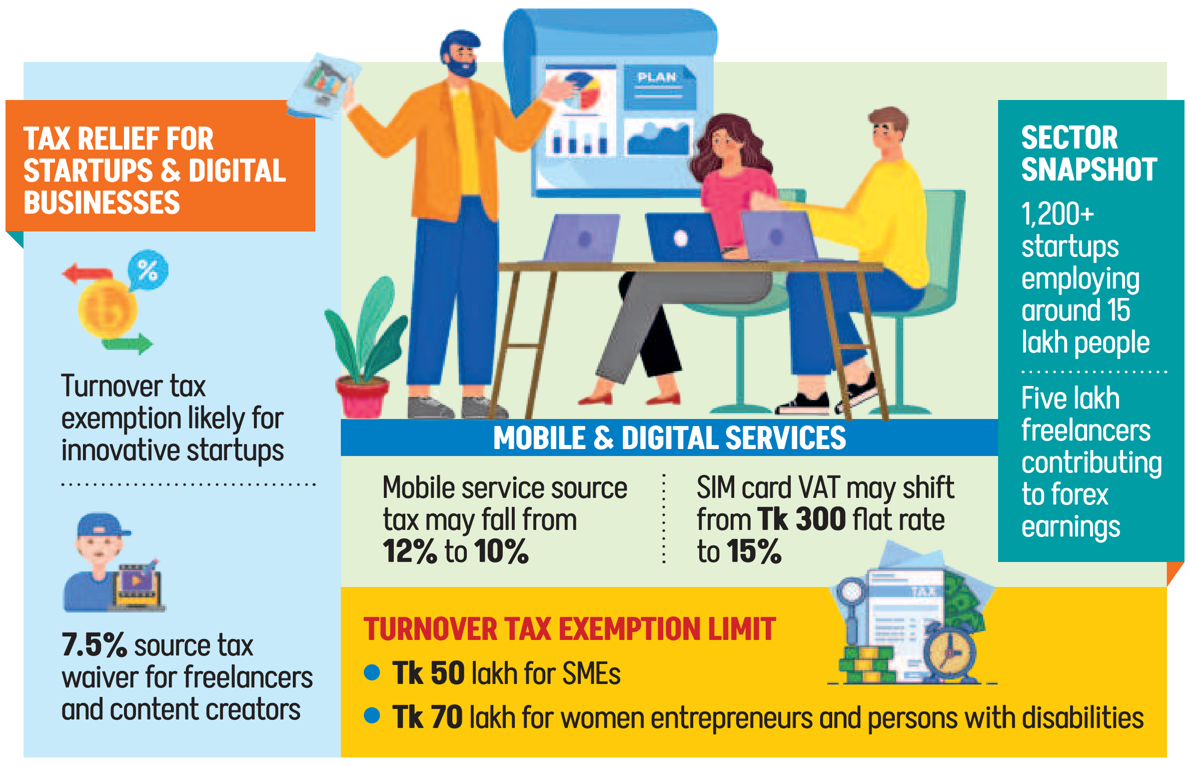
Budget boost targets entrepreneurs, tech innovators



MAHMUDUL HASAN *and* MD ASADUZ ZAMAN

Startups and IT-based businesses may no longer have to pay turnover tax from the next fiscal year, as the government looks to encourage entrepreneurship and innovation.

Around 5 lakh freelancers and individual content creators are also likely to be exempt from the existing 7.5 percent source tax in the 2026-27 national budget.

In addition, the government is considering reducing source tax on mobile network services, such as phone calls, text messages and data packages, from 12 percent to 10 percent.

"A zero turnover tax provision is likely to be applicable for innovative startups, marking one of the most notable fiscal relaxations for the sector in recent years," said a finance ministry official, seeking anonymity.

A startup is a newly established business, usually small, built around an innovative idea, product or service. Under tax law, annual turnover must be below Tk 100 crore to qualify in this category. Some well-known local startups include Pathao, Shohoz.com and Chaldal.com.

According to industry estimates, Bangladesh now has more than 1,200 active startups, directly and indirectly employing around 15 lakh people. These small businesses currently pay a 0.1 percent turnover tax -- a tax levied on the gross sales of a business regardless of expenses or profitability.

On the other hand, an IT-based business is any company that mainly uses information technology to deliver products or services, ranging from Facebook pages selling goods to mobile financial services such as bKash.

Regarding the budget boost for the telecom sector, finance ministry officials said the government plans to impose 15 percent VAT on SIM cards instead of the existing flat fee of Tk 300.

They said these measures are designed to support the country's rapidly expanding digital economy at a time of intensifying global competition in the tech sector.

Finance Minister Amir Khosru Mahmud Chowdhury is expected to formally propose the measures while presenting the national budget in parliament on June 11. Officials said the proposals have already received in-principle approval from Prime Minister Tarique Rahman at a high-level meeting last month.

Industry people said removing the turnover tax could help new startups survive the critical early years, when many businesses struggle with cash flow and operational sustainability.

Former BASIS president AKM Fahim Mashroor said the decision would particularly benefit early-stage firms, allowing them to reinvest initial revenues into growth rather than tax payments, and that easing fiscal pressure could improve survival rates among early-stage companies.

Raisul Kabir, founder and chief executive officer of Brain Station 23, one of Bangladesh's largest software firms, also welcomed the move, saying tax burdens often weigh heavily on businesses in their early stages.

Kabir said simplifying the tax structure would allow entrepreneurs to focus more on building products and scaling operations.

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Naser Ezaz Bijoy resigns as CEO of StanChart

STAR BUSINESS REPORT

Naser Ezaz Bijoy is stepping down from his role as chief executive of Standard Chartered Bangladesh after serving for nearly nine years.

The resignation is subject to regulatory approval, the multinational bank said in a statement yesterday, adding that he will continue his employment with the bank in a different role.

"Naser has decided to focus on other priorities, due to personal reasons, until his next role is announced in due course," the bank said.

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US envoy for deeper trade ties with Bangladesh

STAR BUSINESS REPORT

The core objective of the recently signed trade agreement between Bangladesh and the United States is to build a more balanced, sustainable and mutually beneficial economic partnership, creating new opportunities for businesses and consumers in both countries, said US Ambassador to Bangladesh Brent T Christensen yesterday.

Speaking on the Bangladesh-United States Agreement on Reciprocal Trade (ART), he said public debate and scrutiny are natural parts

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Economy might have expanded faster in May: PMI

STAR BUSINESS REPORT

Bangladesh's economy appears to have expanded at a faster pace in May than in the previous month, supported largely by stronger activity in the manufacturing and services sectors, as the Bangladesh Purchasing Managers' Index (PMI) climbed 8.2 points from April to 62.8 in May.

Meanwhile, the construction sector returned to expansion, while growth in the agriculture sector slowed, according to the May PMI report released by the Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka, and Policy Exchange Bangladesh (PEB).

"The May PMI shows that the Bangladesh economy moved onto a stronger expansionary path, with manufacturing, construction and services recording faster growth compared with April," said M Masrur Reaz, chairman and CEO of PEB.

"Although the Middle East conflict has continued to raise energy costs, disrupt supply chains and sustain inflationary pressures, stronger domestic demand and increased business activity ahead of Eid appear to have supported broader-based expansion across major sectors."

The PMI is a pioneering initiative designed to provide timely and accurate insights into the country's economic health, helping businesses, investors and policymakers make informed decisions.

It was developed by MCCI and Policy Exchange, with support from the UK government and technical assistance from the Singapore Institute of Purchasing & Materials Management (SIPMM).

According to the report, the agriculture sector recorded its ninth consecutive month of expansion, albeit at a slightly slower pace.

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Japanese buyers seek more apparel sourcing under EPA

REFAYET ULLAH MIRDHA

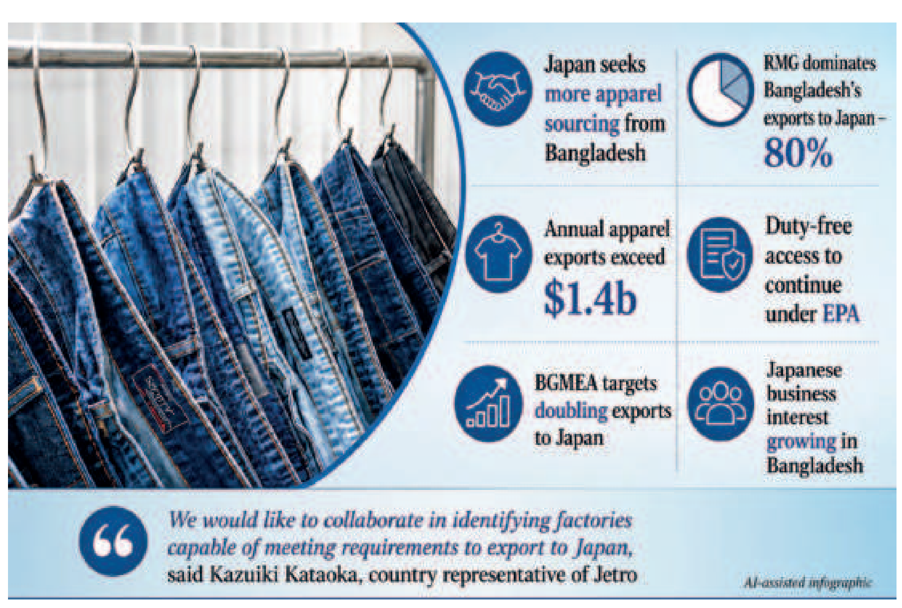
Japan is looking to increase imports of garment products from Bangladesh, with Japanese companies seeking local business partners to strengthen sourcing under the Economic Partnership Agreement (EPA) signed between the two countries.

The interest was expressed at a meeting held yesterday between leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and representatives of Japanese businesses, including officials from the Japanese Commerce and Industry Association in Dhaka (JCIAD), the Japan External Trade Organization (Jetro) Dhaka office, and the Japan-Bangladesh Chamber of Commerce and Industry (JBCCI).

The chairman and chairman-elect of the Apparels and Textiles Committee of JCIAD also attended the meeting to discuss potential sourcing opportunities from Bangladesh.

Both BGMEA and Japanese entrepreneurs are keen to deepen engagement between businesses in the two countries and strengthen partnerships to source more apparel products from Bangladesh, said Kazuiki Kataoka, country representative of Jetro Dhaka, over the phone after the meeting.

This was the first meeting between Japanese apparel entrepreneurs and BGMEA leaders. It is expected to pave the way for expanded business ties between Bangladesh and Japan, particularly through the proposed committee, Kataoka said.



"We would like to collaborate in identifying factories capable of meeting requirements to export to Japan," the Jetro country representative said.

Suitable manufacturing facilities are needed to supply the right products and expand Bangladesh's apparel exports to Japan, he said, adding that the country currently exports more than $1.4 billion worth of garment products to Japan annually.

Of Bangladesh's total exports to Japan, around 80 percent comprise garment products, while the remaining 20 percent consists of other goods, he said.

Entrepreneurs from both countries are eager to see the EPA, signed on February 6 this year, implemented to elevate bilateral trade and investment, Kataoka added.

The membership of JCIAD has been growing steadily, reaching 163, reflecting Japanese businesses' confidence in expanding operations in Bangladesh, he said.

Meanwhile, the Special Economic Zone (SEZ), dedicated to Japanese entrepreneurs in Araihazar, Narayanganj, has already become operational and is expected to accommodate more Japanese companies in the future. Japanese investors are seeking to expand or relocate operations to Bangladesh under Japan's China Plus One strategy, adopted in 2008.

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Govt to make BIN mandatory for MFS merchants

MD ASADUZ ZAMAN

The government is set to make it mandatory for businesses to have a Business Identification Number (BIN) to open merchant accounts with mobile financial services (MFS) providers in the fiscal year 2026-27 national budget.

Under the proposed measure, businesses seeking to open merchant accounts with any MFS provider will be required to submit either a valid BIN or proof of enrolment.

Merchant accounts allow businesses to receive digital payments from customers through platforms such as bKash, Nagad, Rocket and Upay.

"A provision will be incorporated into the Finance Bill 2026 to expandthe value-added tax (VAT) base," said a finance ministry official familiar with the matter, requesting anonymity.

The proposal is part of a broader set of provisions that would make BINs or enrolment certificates mandatory for a range of business-related services, as an effort to strengthen VAT compliance, expand the formal tax net and improve monitoring of business transactions conducted through digital financial platforms.

Finance Minister Amir Khosru Mahmud Chowdhury is expected to formally propose the measure while presenting the national budget in parliament on June 11.

Officials said the proposal has already received in-principle approval from Prime Minister Tarique Rahman at a high-level meeting.

However, industry insiders criticised the move, warning that it could discourage small businesses from adopting digital payments and slow the country's transition towards a cashless economy.

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