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Veon proposes Teletalk tie-up, seeks to acquire Nagad

STAR BUSINESS REPORT

Global digital operator Veon has expressed interest in exploring a strategic combination with Bangladesh's state-owned mobile operator Teletalk as part of a broader plan to expand its digital footprint and investments in Bangladesh.

In a letter sent to Prime Minister Tarique Rahman recently, Veon said it was prepared to significantly increase its investment in Bangladesh and sought discussions on potential collaborations involving strategic public assets.

The proposal includes a possible strategic combination with Teletalk Bangladesh Limited and the acquisition of Nagad from the Bangladesh Post Office.

"Veon and Banglalink believe Bangladesh has the potential to become one of Asia's most dynamic digital economies and are committed to supporting that vision," said Johan Buse, CEO of Banglalink, a wholly owned subsidiary of Veon.

"Building on more than $2.5 billion invested in Bangladesh over the past 21 years, we are keen to make significant investments in the near term, supported by a conducive and predictable regulatory environment," he said.

"As a digital operator, we are focused on making lives better and simpler by expanding access to connectivity, digital services, affordable devices, and innovative solutions in areas such as healthcare, education, and agriculture, helping accelerate digital transformation and sustainable economic growth," said the CEO of the Banglalink, which currently has 3.74 crore customers as of April.

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Veon's proposal comes as several other foreign companies -- including Malaysia's Axiata, as well as Japanese and South Korean firms -- have also expressed interest in investing in or acquiring a stake in Nagad, according to sources.

Several local companies have also explored potential acquisition opportunities.

The mobile financial service provider's large customer base and significant transaction volume have made it a lucrative target for both domestic and international investors.

However, no company has submitted a formal financial offer so far. Sources said uncertainties surrounding Nagad's ownership structure, allegations of illegal e-money creation, and its substantial liabilities have discouraged both local and foreign investors from making concrete proposals.

Veon said it has already applied for a digital bank licence and received a no-objection certificate from Bangladesh Bank to operate as a payment service provider.

Building on its digital banking and mobile financial services experience in multiple markets, the company said it was ready to deploy more than $100 million in immediate investment in Bangladesh.

"Veon stands ready to significantly expand its investment in the country and partnership with the government," the company said in the letter.

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Solar power, EVs set to gain from green budget measures

MD ASADUZ ZAMAN

Commercial solar power generation is likely to receive a zero percent income tax benefit in the upcoming budget, while the government is considering a five percent rebate on electricity bills for retail consumers who use solar power.

Besides, the proposed budget for the 2026-27 fiscal year may exempt imports of raw materials used to manufacture lithium-ion batteries, sodium-ion batteries and lithium-ion battery packs from duties and taxes until 2030.

These batteries are widely used in solar power systems. Imports currently face a total tax incidence of about 60 percent.

Finance ministry officials familiar with the matter said a significant share of customs tax incentives in FY27 could be directed towards the solar sector as the government seeks to reduce dependence on conventional energy sources amid volatility in global fuel markets.

As part of its broader green energy agenda, the BNP government is also considering lowering advance income tax on electric vehicles (EVs) during registration and renewal.

The current levy of Tk 2 lakh would be reduced to Tk 25,000, Tk 50,000, Tk 75,000 and Tk 1 lakh, depending on vehicle capacity.

The proposed rates would apply to EVs with capacities of up to 200kW, 300kW, 400kW and above 400kW, respectively.

The government is also considering extending concessional import benefits to local EV parts makers, alongside manufacturers and assemblers.

"Duties on charging stations for e-bikes and EVs may also be reduced in the budget," said one of the officials.

Finance Minister Amir Khosru Mahmud Chowdhury is expected to announce the measures when he presents 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.

Feroz Kabir, senior general manager of Runner Motors, which sells imported electric scooters, welcomed the proposals, saying they were in line with the global shift towards cleaner transport.

However, he said charging infrastructure remains a major concern.

"Government action will largely shape how EV demand grows," said Kabir, adding that while most users still rely on home charging, a structured charging network will be crucial for wider adoption.

He said consumer acceptance is rising as vehicle range, comfort and practicality have improved. Although EVs cost more upfront, buyers focus on savings in day-to-day use.

Zakir Hossain Khan, chief executive officer of the Change Initiative, said the government's green transition efforts should be accompanied by a broader overhaul of renewable energy and EV policies.

He argued that the current tax regime creates distortions and inefficiencies, noting that even low tariffs can lead to complex customs assessments and the risk of misclassification.

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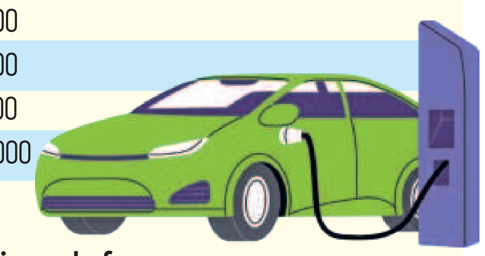
SOLAR ENERGY

Zero percent income tax on solar sector → until 2035 | 5% tax rebate for consumers' electricity bills | Customs-end tax exemptions: significant share going to solar

PROPOSED AIT ON EV REGISTRATION & RENEWAL

Vehicle capacity	Current levy	Proposed levy
Up to 200 kW	Tk 2,00,000	Tk 25,000
Up to 300 kW	Tk 2,00,000	Tk 50,000
Up to 400 kW	Tk 2,00,000	Tk 75,000
Above 400 kW	Tk 2,00,000	Tk 1,00,000



BATTERIES & STORAGE

Duty & tax exemptions on raw material imports for:

Lithium-ion batteries | Sodium-ion batteries | Lithium-ion battery packs

Valid until: June 30, 2030

Beximco, Islami Bank shares tumble as floor price is lifted

STAR BUSINESS REPORT

Shares of Beximco Ltd and Islami Bank fell the most among all listed firms on the first trading day after the stock regulator lifted a nearly four-year-old floor price restriction on the two companies.

Dhaka Stock Exchange data show that Beximco shares dropped 9.99 percent and Islami Bank's shares fell 9.81 percent -- just below the daily 10 percent limit set by the circuit breaker, a standard market mechanism that caps how much a share price can move in a single session.

The Bangladesh Securities and Exchange Commission (BSEC) issued an order on Monday, lifting the restrictions on the firms from yesterday, "in the interest of investors" and for the "development of the securities market".

The regulatory decision follows newly appointed BSEC Chairman Masud Khan's public opposition to the mechanism.

At his first press briefing, held on the day of his appointment last week, Khan said the regulator would not impose floor prices under any circumstances in the future.

The floor price was first introduced in March 2020 to curb volatility during the Covid-19 pandemic and expanded in July 2022 to shield the market from economic shocks stemming from the Russia-Ukraine war. Although the commission at the time said it was a short-term measure, the restriction remained in place for around four years.

The mechanism was widely criticised by foreign and institutional investors.

Bangladesh's revenue-to-GDP ratio just above Sudan, Yemen

AHSAN HABIB

The amount of money Bangladesh collects in government revenue each year relative to the size of its economy is among the lowest in the world, ranking just above war-torn Yemen and Sudan, according to data from the International Monetary Fund (IMF).

The shortfall leaves the government with less money to invest in health, education, infrastructure and other public services, while limiting its ability to respond to economic shocks.

This measure, known as the revenue-to-GDP ratio, stood at 8.34 percent in 2024, the lowest among Asian countries and many of Bangladesh's peer economies.

There are at least half a dozen reasons why the government's revenue compared with the size of the economy has remained low for such a long time.

According to the London-based International Growth Centre (IGC), Bangladeshis have weak trust in government spending because of high levels of corruption, which reduces willingness to pay taxes. Tax compliance also depends on the quality of public services people receive.

Meanwhile, economists say the low revenue-to-GDP ratio is also the result of a narrow tax base, the dominance of the hard-to-tax informal sector, generous tax exemptions and holidays, weak compliance and enforcement, and heavy reliance on indirect taxes instead of broad-based income and property taxes.

"Due to the country's low revenue-to-GDP ratio, the government's fiscal space remained limited over the years. It had negative consequences for development," said Mohammad Abdur Razzaque, chairman of Research and Policy Integration for Development (RAPID).

As an example, the economist pointed to long-standing underinvestment in the health and education sectors.

He said Bangladesh's spending on health and education is among the lowest in the world. As a result, the country has not achieved the expected growth in human capital. Other infrastructure projects that should have been developed also failed to materialise.

The RAPID chairman said the low revenue-to-GDP ratio supported economic growth up to a certain point because it benefited the private sector.

"With lower tax collection, people paid less tax and retained greater purchasing power, helping private sector growth," he added.

HOW BANGLADESH COMPARES WITH ITS PEERS

In neighbouring India, the revenue-to-GDP ratio stands at 20.48 percent. It is at 12.67 percent in Pakistan and 13.68 percent in Sri Lanka. In Bhutan, government revenue amounts to 26.97 percent of GDP.

Among countries graduating from the least developed country (LDC) club, data for Lao PDR and Nepal were unavailable. Even so, Bangladesh ranked lowest within the group.

The IMF data showed that the Solomon Islands recorded a revenue-to-GDP ratio of 32.7 percent, while the figure stood at 14.58 percent in Cambodia and 20.13 percent in Senegal.

Internationally, a tax-to-GDP ratio of 15 percent is often regarded as a minimum benchmark. Falling below that level can hamper economic growth and development.

Below this threshold, government effectiveness, financial development and economic growth tend to stagnate. Yet more than 70 developing economies still collect less than 15 percent of GDP in taxes, constraining development and leaving governments vulnerable to economic shocks.

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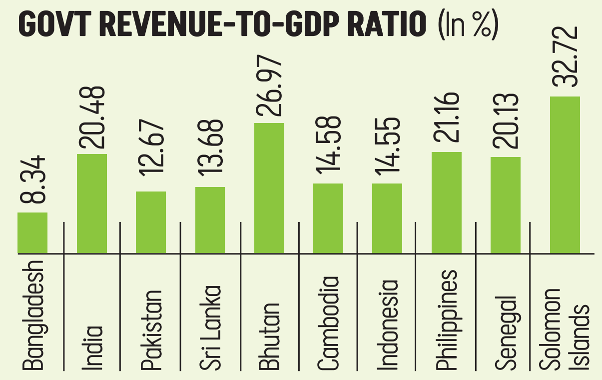
GOVT REVENUE-TO-GDP RATIO (In %)



SOURCE: IMF

COUNTRIES WITH LOWER GOVT REVENUE-TO-GDP RATIO THAN BANGLADESH

Countries	Ratio in %
Ethiopia	7.55
Sudan	2.93
Yemen	6.44

Japan to give $312m loan for energy security, economic resilience

STAR BUSINESS REPORT

Japan will provide Bangladesh a concessional loan of around $312 million to help bolster energy security and economic resilience as the conflict in the Middle East places growing strain on the country's finances.

To that end, officials from both sides signed the "Emergency Support Loan for Enhancing Economic Resilience and Stable Energy Supply" agreement in Dhaka yesterday, according to a press statement.

Preliminary estimates suggest the country will require an additional Tk 42,600 crore in subsidies for oil, gas, electricity and fertiliser sectors by June, finance minister said in parliament yesterday

Md Shahriar Kader Siddiky, secretary of the Economic Relations Division (ERD), and Takahashi Junko, chief representative of the Japan International Cooperation Agency (Jica) Bangladesh Office, signed the documents on behalf of their respective sides at the ERD in Sher-e-Bangla Nagar.

The loan -- equivalent to 50 billion yen and to be co-financed by the Asian Development Bank (ADB) -- is intended to help Bangladesh address socio-economic pressures stemming from higher energy prices and supply uncertainties linked to the Middle East conflict involving the US, Israel and Iran.

The signing comes as Bangladesh faces mounting fiscal pressure from the conflict. Finance Minister Amir Khosru Mahmud Chowdhury told parliament yesterday that preliminary estimates suggest the country will require an additional

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