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Political leadership is pretty serious. But I have every doubt about the bureaucratic part of the government. [...] The ultimate delivery will come from the bureaucratic side, not the political side.

Md Fazlul Hoque
Administrator, FBCCI



The extension of the preparatory period for graduation is not a blessing. Bangladesh has been given this additional time to prepare for a smooth transition to developing-country status.

Mostafa Abid Khan
CEO, Bangladesh Foreign Trade Institute



"China Plus One" sourcing opportunities that Bangladesh could have attracted are increasingly going to India, as international buyers make sourcing decisions years in advance and position their supply chains accordingly.

Faisal Samad
Director, BGMEA



Subsidies and concessional loans cannot continue indefinitely at the expense of taxpayers and depositors. The government must also address rising energy costs and supply-chain bottlenecks as part of the preparations.

Aminul Huda Aman
Country economist, International Growth Centre

BUSINESS AND BEYOND

RECOMMENDATIONS

Reform
- Make sure action plans, reforms actually get implemented
- Track progress and hold implementers accountable
- Keep government spending and monetary policy disciplined

Business costs
- Reduce port and logistics costs, turnaround times
- Lower bank lending rates for businesses
- Lay out a clear roadmap for reliable energy

Trade
- Conduct thorough assessments before signing trade deals

Capacity building
- Develop skilled workforce to diversify exports
- Let BGMEA, BKMEA prepare export-oriented SMEs
- Raise awareness of private sector's challenges

Don't waste the LDC graduation extension

Trade leaders say the extra three years must go towards long-overdue reforms

STAR BUSINESS REPORT

The three-year extension for Bangladesh to graduate from the least developed country (LDC) club should be used to carry out long-overdue reforms and action plans, according to trade leaders and analysts, who say maintaining seriousness and consistency in the preparations will be very challenging.

At a dialogue at The Daily Star Centre yesterday, the business leaders said the private sector had to do the heavy lifting alone even when a serious incident such as the Rana Plaza RMG factory collapse took place.

But the private sector cannot manage the preparations on its own, they said, since many issues, such as improving ports and logistics, require the government to do its part.

"Reducing the cost of doing business and improving the ease of doing business are in the hands of the government. It will have to act," Md Fazlul Hoque, administrator of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), told the discussion.

The Daily Star organised the programme, titled "LDC Graduation and RMG: What Must Change Before 2029", as the tenth episode of its "Business & Beyond" series.

Bangladesh was due to graduate from the UN's LDC category on November 24, 2026. At the government's request, however, the UN General Assembly has formally approved a three-year extension, moving the date to November 24, 2029.

Referring to the extension, Fazlul said the country should treat two and a half years as preparation and the last six months as a review of its overall performance. "It's like answering the questions in an exam and using the last minutes for a revision."

"Now, we have to study like a good student for the next two and a half years," he said.

Fazlul, a former president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA),

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REHAB demands curbs on land-share housing schemes

STAR BUSINESS REPORT

The Real Estate and Housing Association of Bangladesh (REHAB) has demanded an end to the unregulated housing business model in which land shares are sold with promises of delivering specific flats.

REHAB President Ali Afzal made the demand at a press conference yesterday at the CIRDAP auditorium in Dhaka.

He said the model, in which a share of land is sold with a promise to build and hand over a flat of a specified size, is spreading alarmingly.

In many such cases, he said, key details remain unclear, including land ownership, approved building designs, construction capacity, the use of funds, the exact location of the flat, and legal guarantees of handover.

As a result, buyers have no assurance that they will receive a flat on time, obtain legal ownership, or recover their investment, he said.

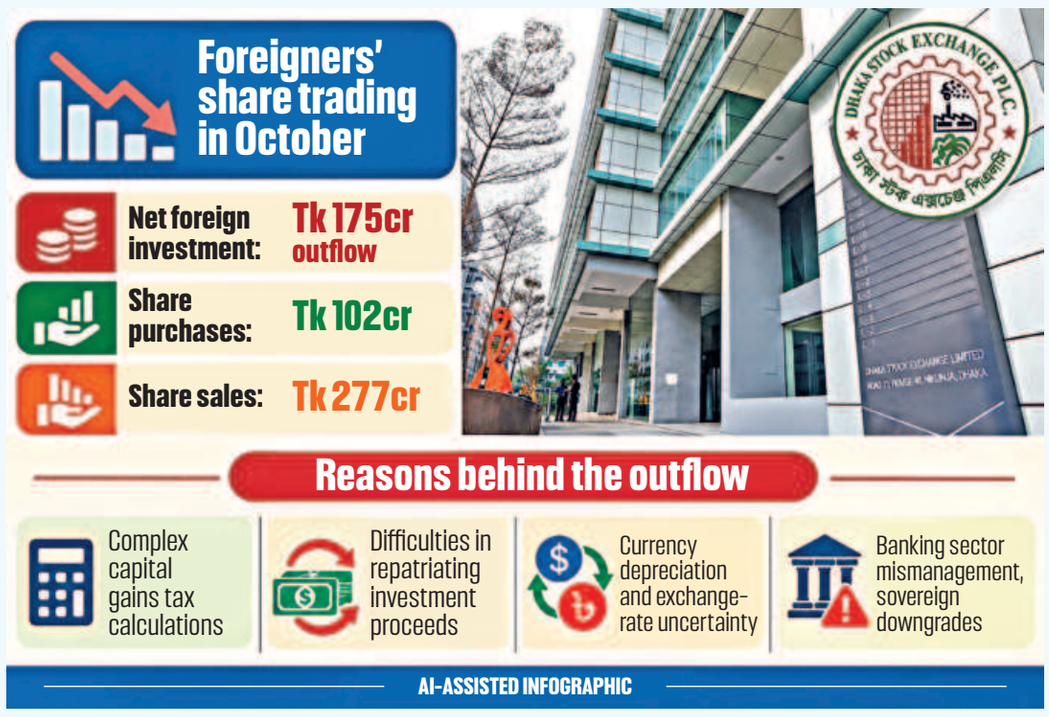


PHOTO: STAR/FILE

He added that 40,000 people had already been harmed by such schemes, and many feared losing everything.

If the trend continues, Ali warned, around Tk 50,000 crore could be tied up in lawsuits and legal disputes over share-based projects in the next two to three years.

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Foreign investors pull Tk 175cr from DSE in Oct

AHSAN HABIB

Foreign investors sold shares worth Tk 175 crore more than they bought on the Dhaka Stock Exchange (DSE) in October, as selling pressure intensified sharply in the latter half of the month.

According to data compiled by Prime Bank Securities Ltd, foreign investors bought shares worth Tk 102 crore and sold shares worth Tk 277 crore during the month. Their sales accounted for more than 3 percent of the market's total turnover.

One of the major reasons foreign investors are selling shares is the capital gains tax introduced during the tenure of the interim government, said Saiful Islam, president of the DSE Brokers Association of Bangladesh (DBA).

"The problem is that calculating this tax is highly complicated," he said.

An investor may buy the same share at different prices and at different times, and sell it in several instalments. As a result, determining the actual capital gain becomes complicated, he explained.

The process is even more difficult for foreign investors, as exchange rate fluctuations also need to be taken into account, said Saiful, adding that their returns are affected by changes in the dollar exchange rate between the time they buy and sell shares.

To retain foreign investors, the government should introduce a simpler alternative tax mechanism instead of the existing capital gains tax, said an expert

To retain foreign investors, he recommended that the government consider an alternative tax mechanism that is easier to calculate, rather than retaining capital gains tax in its current form.

"The tax system should leave no room for ambiguity or complications," the DBA president said.

He added that some investors have also faced difficulties bringing their money back home after selling shares, creating negative perceptions among foreign investors.

Foreign investors have welcomed the reforms the government is undertaking in the capital market, according to Saiful.

If the market depth can be increased, including through the listing of 50 good-quality companies over the next two years, foreign investors will return, he said.

Md Moniruzzaman, managing director and chief executive officer of Prime Bank Securities, said foreign investors have been

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SPOTLIGHT

Discrepancies found in AL-era GDP data

Zonayed Saki says

STAR BUSINESS REPORT

A forensic audit committee formed by the Ministry of Planning has found discrepancies in the data used to calculate GDP in previous years, State Minister for Planning Zonayed Abdur Rahim Saki said.

The government will make the audit findings and underlying data gaps public, he said yesterday at an event marking National Statistics Day at the Bangladesh Bureau of Statistics (BBS) headquarters in Agargaon.

Saki said the findings were part of efforts to restore public confidence in official statistics amid questions over the reliability of economic data published in the past.

The review was conducted by a seven-member committee comprising two university teachers and headed by Statistics and Informatics Division (SID) Secretary Md Firoz Sarker.

Saki, however, did not specify the discrepancies or identify the years covered by the review.

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BB eases LC cash margin for Ramadan essentials

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has directed commercial banks to keep the cash margin for opening import letters of credit (LCs) for a set of essential food items at the minimum level ahead of Ramadan.

In a circular issued yesterday, BB said the minimum margin should be applied based on the relationship between the bank and its customer.

A cash margin is the portion of an LC's value that an importer must deposit upfront with the bank when opening the LC. A lower margin reduces the upfront funds importers need to tie up.

The items covered are rice, wheat (flour), onion, lentil, edible oil (soybean and palm oil), sugar, chickpea, peas, spices and dates.

The central bank said the move aims to meet the rise in demand for these items during Ramadan, facilitate imports, keep prices tolerable and ensure adequate supply.

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