Shahjalal Islami elects chairman

STAR BUSINESS DESK

Sanaullah Shahid has recently been elected chairman of Shahjalal Islami Bank.

The bank also elected Md Harun Miah and Md Abdul Barek as vice chairmen.

Shahid is a sponsor shareholder of the bank and vice chairman of Shahjalal Islami Bank Securities. He is chairman of Electra International and a director of Electra Consumer Electronics and Federal Securities and Investment.

New COO for DSE

STAR BUSINESS DESK

M Shaifur Rahman Mazumdar yesterday joined Dhaka Stock Exchange as chief operating officer. He was previously working as a director and CEO of Corporate Support, a management and financial consultancy firm.

Mazumdar is a fellow member and former vice president of the Institute of Chartered Accountants of Bangladesh and the Institute of Cost and Management Accountants of Bangladesh. He obtained his Bachelor of Commerce and Master of Commerce degrees in accounting from University of Chittagong.

Novoair SMILES members get 12pc discount

STAR BUSINESS DESK

Novoair is offering 12 percent discount to members of SMILES, its frequent flyers programme, marking stepping into its eighth year of operations.

The local airline first flew on the Dhaka-Chattogram route on January 9, 2013, the airline said in a statement yesterday.

"…our commitment will be ensuring safe passenger services with the inclusion of more aircrafts, expanding domestic and international routes, consistent with our valuable passengers' needs," said Managing Director Mofizur Rahman.

With seven aircraft in its fleet, the airline carried around 33 lakh passengers on more than 61,000 flights, the statement added.

Its destinations include Chattogram, Cox's Bazar, Jashore, Sylhet, Saidpur, Rajshahi, Barishal and Kolkata.

SHOHOZ

Prime Minister Sheikh Hasina hands over the 'Best ICT Woman Entrepreneur Award' to Maliha M Quadir, founder and managing director of Shohoz, at the National Digital Bangladesh Day 2019 at the Bangabandhu International Conference Centre in the capital on Wednesday.

BB's stimulus for stock market flops

FROM PAGE B1

The banks that are taking the loan would have to open a separate beneficiary owners' account to utilise the fund, according to the central bank notice.

"Maybe the banks thought they would not invest in the stock market then, so they had not taken the loan," said Ali Reza Iftekhar, chairman of the Association of Bankers, Bangladesh, a platform of private banks' managing directors.

Every bank has its own strategy to invest in the stock market, so they took their decision in line with that.

"We decided not to increase our stock market exposure," said Iftekhar, also the managing director and chief executive officer of Eastern Bank.

However, market analysts said such lending incentives are not the solution to stopping the capital market slide.

More than anything, the government needs to take firm steps to ensure good governance in the stock market regulator and listed companies in order to bring back investor confidence.

Steps must also be taken to bring well-performing companies to the market.

Sirajul Islam, spokesperson of the central bank, said they offered the incentive after analysis and six months is enough time to get returns from an investment.

"Maybe banks don't want to invest or they have no need to borrow money, so they have not taken loans," he added.

The central bank also provided a revolving fund to the Investment Corporation of Bangladesh to invest in the stock market for the same end. It also redefined banks' exposure definition to increase their investment capacity.

GP maintains it did nothing wrong

FROM PAGE B1

The telecom watchdog maintains it is owed Tk 12,579.95 crore by Grameenphone and Tk 867.24 crore by Robi. The BTRC also sent a copy to the Bangladesh Customs under the National Board of Revenue and requested them not to release any equipment of the two operators.

But on October 17 a High Court bench issued a two-month injunction on the BTRC's move to realise money it says Grameenphone owes the government and the letter the telecom watchdog had issued on July 22.

In its letter yesterday, Grameenphone said it had approached customs based on this HC order and the equipment were released based on previously issued approval by the BTRC.

Despite the stay order by the HC, the BTRC has not issued any approval to date and all applications from Grameenphone are pending since May 27 last year, said the letter from the operator, which was signed by its Chief Corporate Affair Officer Ole Bjørn Sjulstad.

Then on November 24 last year the Supreme Court restrained the BTRC from taking any action on Grameenphone based on the disputed audit demand, the letter also said.

Subsequently, the operator asked the BTRC to withdraw the show cause notice as it disregards orders provided by the highest court of the country.

A top official of the BTRC's spectrum management division said they will look into the response and will act according to the rules of procedure.

Capacity building key to higher GDP growth: Kamal

FROM PAGE B4

The second phase of the urban primary health care service delivery project worth Tk 39.73 crore also also approved.

The government will construct 50 multipurpose disaster shelter centres in Chattogram. Twenty-five of them will cost Tk 103.75 crore while the rest Tk 107.05 crore.

Earlier, the cabinet committee on economic affairs approved two projects: "Further development of Cumilla University" involving Tk 1,655.50 crore and the "Procurement of equipment for 329 municipal offices countrywide".

The Dock Yard Engineering Workshop of Bangladesh Navy will implement the procurement project, the minister said.

Commerce ministry seeks VAT, duty cuts on edible oil, sugar

FROM PAGE B1

Palm oil in loose or unpackaged form edged up 19 percent to Tk 81 per litre from December 10 last year.

Refiners hiked the price of soybean oil too: the average price of refined soybean oil was Tk 92 a litre yesterday, up 10 percent from a month earlier.

In a report submitted to the commerce ministry, the BTC linked the recent price hike to the increasing price in the international market, depreciation of the taka against the US dollar and the change in VAT structure from this fiscal year.

The National Board of Revenue (NBR) levied 15 percent VAT on all three stages -- import, production and distribution -- of soybean and palm oil from this fiscal year, ending the previous rule of collecting the indirect tax at the import stage only, said the commission report, a copy of which The Daily Star obtained from the commerce ministry.

The tax collector also slapped 5 percent advance tax on imports under the VAT and Supplementary Duty Act 2012, which came into effect on July 1.

The AT is adjustable and has been introduced to encourage businesses to keep records of transactions and accounts properly, the revenue authority says.

Because of the changes in the VAT structure, the import costs of crude degummed soybean oil (CDSO) and refined, bleached and deodorised (RBD) palmolein, which local refiners import and process to market locally, have soared, according to the BTC report.

In addition, the NBR imposed 5 percent VAT at trading and distribution stage from the current fiscal year.

The commerce ministry cited the changes to the VAT structure in a letter to the NBR on January 7 and said levying the indirect tax on the import, production, distribution and trading stages of the essential item like edible oil is "not desirable."

"Prices of soybean oil, palm oil and palm olein had been stable in the past as VAT was exempted at production and sales stages," the letter said.

Additional tax and VAT should be adjusted to keep edible oil market steady, the ministry said, citing the price spike in the international market and the ensuing Ramadan starting in the end of April.

The ministry came up with two separate proposals regarding the imposition of VAT on CDSO, crude palm oil and palmolein. It recommended levying 15 percent VAT only at the import stage of crude edible oil and exemption of the tax in other stages of the supply chain.

Alternatively, the ministry proposed VAT collection based on tariff value to keep prices stable during the fasting month, which sees higher consumption of commodities compared with other months because of various oil and sugar-based snacks and dishes.

The specific duty on raw sugar rose 50 percent year-on-year to Tk 3,000 per tonne in fiscal 2019-20, the commerce ministry said in another letter to the NBR.

The revenue board also increased the regulatory duty on the commodity by 10 percentage points to 30 percent in the current fiscal year.

Refiners who import raw sugar also saw the imposition of 5 percent AT and 5 percent AIT apart from the highest rate of VAT, according to the letter.

As a result, importers have to pay Tk 23,000 in tax and duty for per tonne of raw sugar.

So, it is necessary to adjust additional VAT and tax in view of Ramadan and increased prices in the global market, the commerce ministry said.

It will be possible to contain sugar prices and keep supply stable if additional taxes and duty imposed this year are removed from raw sugar imports, the ministry said.

Explore new markets

FROM PAGE B1

Later, Hasina opened the multipurpose textiles fair where nine organisations were honoured with crests for their contribution to the development of the country's textile sector.

They were: Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, Bangladesh Textile Mills Association, Bangladesh Garment Buying House Association, Bangladesh Specialised Textile Mills & Powerloom Industries Association, Bangladesh University of Textiles, Bangladesh Cotton Association and National Crafts Council of Bangladesh.

Textiles and Jute Minister Golam Dastigir Gazi presided over the function, while Commerce Minister Tipu Munshi, State Minister for Labour and Employment Begum Monnujan Sufian and Chairman of the Parliamentary Standing Committee on Textiles and Jute Ministry Mirza Azam spoke on the occasion.

Textiles and Jute Secretary Lokman Hossain Miah delivered the welcome speech.

Though the national textiles day was observed for the first time in the country on December 4 last, its main programme was arranged yesterday.

WB trims Bangladesh growth forecast

FROM PAGE B1

Hanging over this lethargic recovery are two other trends that raise questions about the course of economic growth: the unprecedented run-up in debt worldwide and the prolonged deceleration of productivity growth, which needs to pick up to bolster standards of living and poverty eradication.

Global growth is set to rise by 2.5 percent this year, a small uptick from 2.4 percent in 2019, as trade and investment gradually recover. Advanced economies are expected to slow as a group to 1.4 percent from 1.6 percent, mainly reflecting lingering weakness in manufacturing.

Emerging market and developing economies will see growth accelerate to 4.1 percent from 3.5 percent last year.

However, the pickup is anticipated to come largely from a small number of large emerging economies shaking off economic doldrums or stabilising after recession or turbulence.

For many other economies, growth is on track to decelerate as exports and investment remain weak, the report said.

Bangladesh's exports showed signs of softening in recent months, after a substantial increase in exports to major trade partners in the last fiscal year. While regional exports softened in aggregate, Bangladesh's export growth accelerated, partly reflecting trade diversion amid trade tensions between major economies, according to the report.

Bangladesh's export earnings fell 5.84 percent year-on-year to $19.3 billion in the first six months of the fiscal year, according to data from the Export Promotion Bureau.

Regional economic activity is expected to benefit from policy accommodation (India, Sri Lanka), improvement in business confidence and support from infrastructure investments (Afghanistan, Bangladesh and Pakistan), the WB said.

Another aspect of the disappointing pace of global growth is the broad-based slowdown in productivity growth over the last ten years.

Growth in productivity, which is output per worker, is essential to raising living standards and achieving development goals.

In Bangladesh, post-crisis productivity growth benefited from improved macroeconomic and political stability, which supported both public and private fixed investment.

As a result, productivity growth in Bangladesh was robust during 2013-18 at 5.1 percent, slightly above the pre-crisis average of 4.7 percent and in the top decile of emerging and developing economies.

According to the report, demand faltered amid credit tightening, reflecting structurally high non-performing assets in countries such as Bangladesh, India and Pakistan.

South Asia's growth outlook has deteriorated considerably over the past six months. Private consumption and investment weakened sharply amid challenges in the financial sector, which hampered confidence.

Risks to the growth outlook remain tilted to the downside and relate primarily to the financial sector vulnerabilities, geopolitical tensions and lack of progress on reforms.

Although recent tensions between India and Pakistan have abated, a re-escalation would damage confidence and weigh on investment in the region.

Non-performing assets in the financial sector remain high amid weakening regional growth. Further deterioration of balance sheets of banks and corporates would threaten the funding of productive investments.

Failure to close the infrastructure gaps would hold back output and employment.

Announced initiatives such as the recapitalisation and consolidation of public sector banks and measures to foster foreign direct investment inflows are expected to support activity. Insufficient progress in implementing the reforms would set back growth in the region.

According to the report, lack of progress in reforms to improve tax collection could result in more acute revenue shortfalls in Bangladesh and Sri Lanka and put further pressure on elevated fiscal deficits in Pakistan.

"This is could have negative consequences for infrastructure investment and hence for projected growth as well as for the fiscal space available to respond to a future cyclical downturn."

World Bank forecasts are frequently updated based on new information and changing circumstances.

FB, Robi drop plan to set up 10,000 Wi-Fi hotspots

FROM PAGE B1

He went on to cite Google's establishing of free Wi-Fi hotspots in about 400 of India's railway stations about a year back to further his point.

It will be impossible to ensure quality internet services without first establishing sufficient Wi-Fi connectivity both inside and outside the city, said market insiders.

On another note, while the government is prioritising setting up Wi-Fi in educational institutions, it has a bar on mobile operators rolling out Wi-Fi inside metropolitan cities to protect the business of ISPs.

The Daily Star contacted Facebook a few months ago through their local public relations agency in Dhaka. They expressed unwillingness to comment on the matter.

Robi also denied making any official comment.

Contacted, BTRC Chairman Md Jahurul Haque said they held discussions on the offers in detail at several commission meetings.

"The offer was lucrative in terms of accessibility but there were security challenges."

The project had the ability to circumvent internet shutdowns enforced by the government.

"We were not sure whether we could monitor their content or not," he added.

Officials pointed out two other issues for which the government was not happy with Facebook and Robi.

One was Facebook's refusal to set up office in the country and the other was Robi's tussle with the BTRC over audit claims.

The government wanted the tech giant to either set up offices in Bangladesh or appoint agents such that it can collect value-added tax on advertisements made on the platform by local firms.

Robi had gone to court against a BTRC claim of Tk 867.24 crore following audits on it from inception until December 2014. The High Court had later directed the mobile operator to pay Tk 138 crore.

The economics of remittance growth

FROM PAGE B4

Developed countries minimise these risks through welfare state and insurance systems. All such risks have to be faced by the household in developing economies. Migration is a strategy to diversify these risks.

Thus, if the domestic income of the families left behind falls, migrant workers tend to compensate the fall by increasing the amount remitted and vice versa. GDP growth in FY07 was about 0.38 percentage points higher than in FY06 and 0.96 percentage points lower in FY09 relative to FY08. While the latter is consistent with strong remittance growth, the former is not. Note, however, that growth in the stock of workers abroad rose sharply in the year preceding FY07 which may have more than offset the decreased motivation to remit due to higher domestic income of recipient households in FY07.

The point of the discussion is to caution that attributing this year's remittance boom to the 2 percent cash subsidy is an oversimplification that underestimates the role of other factors such as growth of the stock of workers abroad and in their earnings as well as savings. This is not to suggest that the subsidy made no difference at all. But it cannot account for the entire 25 percent growth.

All growth-related economic indicators this year are suggesting an economic slowdown. Remittance is the only one that has far outstripped performance in the previous year. Domestic economic slowdown may have motivated workers abroad to remit more than they usually do. For instance, nearly 30,000 workers reportedly lost jobs in 2019 in the garment sector alone. Members of their families working abroad could have increased the amount they remit because of the income loss suffered by their families in Bangladesh. Such remittances from abroad play the role of insurance either because of altruistic linkages between the remitters and the recipients or because of migration being driven by households' strategy to diversify risks.

The author is an economist.

Form taskforce to devise export turnaround

FROM PAGE B1

They also urged the government to include commerce, labour and foreign ministries along with the BGMEA and the Bangladesh Knitwear Manufacturers and Exporters Association in the taskforce.

The garment sector's trade body wants Kaikaus to head the taskforce, according to the letter.

It will mainly resolve different short- and long-term outstanding issues of the sector, like establishment of coordination among different ministries and trade bodies and do future planning for the sake of the sector's development.

The taskforce will also work on drafting a policy to promote manufacturing of non-cotton textile as the demand for clothing made from manmade fibre is on the rise.

But Bangladesh has been failing to avail a bigger piece of the global $150 billion-market for manmade garment items as the country does not produce such yarns and garment in large volumes.

Bangladesh is still very focused on cotton-based garment although the demand for such apparel is on the wane worldwide due to changes in lifestyle and fashion of Western consumers.

The special taskforce will also resolve any dispute regarding the minimum wage of workers, skills development of workers and assessing whether the garment industry has surplus capacity or not.

It will also work for preparation of a database on production capacity and find out ways to adjust overproduction in the sector.

The taskforce will work towards: assessing the good and bad bank borrowers and their definitions, sector diversification, creation of innovative and fresh entrepreneurs in the garment sector; and further development of the garment sector.

The BGMEA also requested the presence of Prime Minister Sheikh Hasina at the inauguration of the manufacturing of the world's largest T-shirt on the occasion of the centennial celebration of the International Labour Organisation.

The apparel trade body also expressed their interest to disseminate information worldwide about the Mujib Coat, which is now preserved at the Bangabandhu Museum.

The Mujib Coat is a vest favoured by Bangabandhu Sheikh Mujibur Rahman.

The BGMEA suggested the government to preserve the intellectual property rights and geographical indication rights of the Mujib Coat as the nation is going to celebrate the Mujib Borsho this year.

Usually, the source tax related decision is taken on the first day of July every year. But last year the decision was published in October, so the apparel exporters demanded retrospective implementation of the 0.25 percent source tax.

In the letter, the garment makers also demanded at least Tk 5 devaluation of the local currency against the dollar for 25 percent of their exports to give them a leg up in global apparel trade.

The BGMEA also demanded the government write off some Tk 649.74 crore of 133 sick garment factories as they are not in operation now.

In the first five months of fiscal 2019-20, Bangladesh's garment exports declined 7.74 percent year-on-year, whereas its two competing countries, Vietnam and Pakistan, saw their shipments jump 5.56 percent and 4.76 percent respectively, the BGMEA said in the letter.