

# Perishable goods exporters urge Biman to introduce cargo flights

REFAYET ULLAH MIRDHA

Vegetable and fruit exporters have demanded the national flag carrier Biman introduce special cargo flights to reduce fares and increase the quantity of goods transported.

After two months of closure owing to the coronavirus pandemic, a few international airlines started carrying cargoes from the Hazrat Shahjalal International Airport (HSIA) from June 1.

However, the fares have now more than doubled compared to the pre-pandemic time largely because of the space crisis in the flights and the limited number of carriers.

The exporters of perishable goods now pay between \$4 and \$4.5 for carrying a kilogram of vegetable from the HSIA to London, way higher than \$1.5 and \$1.7 levied before the pandemic.

"We can hardly make any profit from the vegetable and fruit exports after paying such an exorbitant fare to international cargo airlines," said Paritosh Das Manik, proprietor of Dip International, an exporter.

Manik used to ship nearly 100 tonnes of vegetables and fruits a week before the COVID-19 outbreak. Now he exports three tonnes of the perishable goods a week due to the space crisis and lower demand from buyers.

"Although the profit is very low, I have to ship goods in order to maintain relations with the buyers," he said. He mainly exports to the countries in the Middle East and the UK.

Qatar and another airline have begun



carrying goods from the HSIA and some other carriers would soon follow suit, the exporter said. This would increase the quantity of goods exported.

Biman Bangladesh Airlines should start a dedicated cargo flight so that local exporters can enjoy lower fare and grab more share in the international markets, he said.

Only the international airlines are carrying goods, said Shahab Uddin, proprietor of Green Trade House

International.

"As a result, I have to pay five times the normal fares despite the fall in quantity of shipment," he said.

He currently exports betel leaves as the demand for vegetables dropped in the Middle East.

"I hope I will be able to ship more soon as other airlines will resume flights in full-scale," he said. He ships two tonnes of goods a week, whereas it was more than 12 tonnes in normal times.

Biman should start a separate cargo flight soon, he also said.

If Biman starts a special flight dedicated for cargoes, it would be better for the local exporters, said Kabir Ahmed, president of the Bangladesh Freight Forwarders Association.

The HSIA is gradually returning to business as international airlines are coming back. However, most of them are chartered flights. As a result, the fares are very high, he said.

In most of the cases, the fares are 300 per cent higher than the normal rates, according to Ahmed, also the president of the International Air Express Association of Bangladesh.

The airlines can't be blamed for the higher fares because of rising operational costs owing to the COVID-19 and security reasons.

"Biman has long been assuring us of introducing cargo flights to important destinations," said Mohammad Mansur, general secretary of the Bangladesh Fruits, Vegetables and Allied Products Exporters Association.

Vegetable and fruit exporters also demanded the construction of an agro-processing warehouse near the HSIA.

"We want the government to build this warehouse as soon as possible," Mansur told The Daily Star by phone.

Usually, the peak season for vegetable and fruit exports begins from April. Because of the pandemic, exports in the first two months of the season were dull.

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# Prime Bank propping up embattled ICT sector

STAR BUSINESS REPORT

Prime Bank and the Bangladesh Association of Software & Information Services (BASIS) yesterday announced a partnership deal to facilitate financing in the IT sector as it would enable easy access to funds for tech and software companies.

Under the campaign, eligible BASIS members can avail themselves of collateral-free loans of up to Tk 50 lakh in addition to other tailor-made financing solutions.

The announcement was made through an online event attended, among others, by ICT State Minister Zunaid Ahmed Palak.

Both Prime Bank and BASIS believe that this initiative will provide a big boost for the country's booming ICT and IT-enabled services industry.

The partnership styled 'Prime Bank-BASIS Alliance for ICT-MSME Financing Solution' will help digital service companies expand their operations in line with the government's vision of a 'digital Bangladesh', officials from both parties said.

IT firms will now be able to source working capital, term loans for fixed asset purchase and capital expenditures, various international trade solutions and bank guarantees.

Companies can also benefit from a wide range of deposit schemes and free internet banking for electronic transactions.

To be eligible for a loan under the programme, potential borrowers will need proof of two years' business experience and an introduction letter from BASIS.

If eligible, loan applications can be made from the comfort of home or the office as Prime Bank has assigned dedicated relationship managers for BASIS members.

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# Vehicle importers relieved as taxes remain unchanged



JAGARAN CHAKMA

Reconditioned vehicle importers and distributors have breathed a sigh of relief at the tax and duty structure being kept the same in the proposed budget, saying this would help keep pressure off and business stable amidst the pandemic.

"The good thing for the sector is that the government has not changed the tax and duty structure," said Mohammed Shahidul Islam, secretary general of the Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida).

"So in this point of view the proposed budget is positive for automobile sector."

Barvida welcomes the proposed budget, saying it was placed with an initiative of stimulating the economy and to protect the local industry from the economic fallouts of COVID-19.

Credit flow should become

**CAR SECTOR AT A GLANCE**

- Total investment: **Tk 20,000 cr**
- No. of BARVIDA members: **870**
- Unsold car at showrooms: **>4,000 units**
- Direct and indirect employment: **>1 lakh**
- Govt revenue: **Tk 3,000 cr/year**
- New measures to add another **Tk 1,000 cr**

smoother to stimulate the market of reconditioned vehicles, said Islam, calling for the inclusion of the importers and traders in the government's incentive package.

According to Barvida, the duty on import of reconditioned vehicles in some cases is almost double compared to those of new cars because of discrimination by customs in the valuation of cars.

As a result, the import of reconditioned cars declined due to falling demand from the customers and the businessmen in this sector have been facing a lot of financial losses over the last couple of years, it said.

Barvida understands that the government is under pressure for the need to generate revenue amidst the coronavirus crisis, said Islam, adding that they want to help the government in revenue generation.

Regarding hiking fees payable by automobile owners, Islam said the government set a target to earn revenue in an easy way. But it would create pressure on the middle class who maintain vehicles for smooth movement amidst limited income,

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MASUK HRIDYO

Export-import activities between Bangladesh and India through the Akhaura land port resumed yesterday after a pause of 10 days. Trade through the land port was shut on June 6 after the Indian Border Security Force, immigration and customs officials were infected with coronavirus. The Tripura government has since disinfected the Agartala land port. A maximum of 40 trucks will be allowed into the Indian territory every day during the pandemic.

# Interlinkages, Creditsafe to provide global counterparty credit reports

STAR BUSINESS REPORT

Interlinkages Online in association with Creditsafe will now provide Bangladesh with global counterparty credit reports, which will help the country's financial institutions make informed decisions when fulfilling payment obligations for international trade.

Interlinkages, a cross-border trade finance marketplace for corporations and banks, has expertise in the trade finance domain and a solid understanding of Bangladesh's banking ecosystem.

"That is why we are very excited to announce our strategic collaboration with Interlinkages to expand our presence in Bangladesh by bringing our industry leading business credit reports to the country's banks," said Cato Syverson, CEO of Creditsafe. A counterparty credit report is an assessment of a buyer's potential risk to default on their payments.

For example, a letter of credit (LC) is a guarantee from the bank that a buyer's payment to a seller will be received on time and for the correct amount.

In the event that the buyer is unable to make a payment on the purchase, the bank will be required to cover the full or remaining amount of the purchase.

This means that if banks are equipped with accurate risk assessments, the odds for any financial institution to end up bearing the burden of a defaulter are greatly decreased.

Currently, most financial and non-financial institutions in the country employ third party companies to carry out risk assessments.

These companies, and at times the banks themselves, revise a potential buyer's credit history through data collected from the Credit Information Bureau and other sources before authorising any funding or LCs.

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# Some sectors get relief from advance tax

SOHEL PARVEZ

Over the past year, manufacturers have had to pay advance tax (AT) when importing raw materials that resulted in increased operating costs while also blocking working capital for various companies like mobile phone and refrigerator makers.

Although many sectors are exempted from value-added tax at the manufacturing stage, the companies had to pay 5 per cent as AT and wait for a refund after the transaction was completed.

Now the manufacturers who enjoy VAT exemption at the manufacturing stage will no longer be needed to pay AT, a form of VAT which was levied on imports at the beginning of the

current fiscal year, said an official of the National Board of Revenue yesterday.

"We have withdrawn the AT as the manufacturers do not have the scope to adjust the paid tax. They can only wait for refunds," he said.

The official also believes that the move will help relieve some of the monetary burden faced by the manufacturers of air conditioner and freezer products, cars, elevators, and pharmaceuticals when importing raw materials.

"As such, they no longer have to wait for refunds," he said, asking not to be named.

The revenue authority introduced 5 per cent AT under the new VAT law on imports of

goods from this fiscal year in order to encourage businesses to keep records and accounts properly.

The idea is to widen the VAT net and curb money laundering

through trade misinvoicing.

The new AT will be adjustable with the total payable VAT in their returns while the excess value will be refunded to the taxpayer, the

NBR official said.

But businesses, particularly those dependent on the domestic market, said that the new AT will increase operating costs as the taxpayer has to bear the interest on bank loans taken to make up working capital deficits as the process to get VAT refunds is painstakingly slow.

Since it came into effect on Friday, various sectors have already demanded the removal of AT. In response, the NBR reduced the AT rate to 4 per cent for the import of industrial raw materials.

The revenue authority, however, attached some conditions for firms to enjoy the exemption from AT.

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# Motorcycle industry again demands registration fee cuts



STAR BUSINESS REPORT

Motorcycle assemblers and manufacturers have again demanded a reduction in registration fees in the final budget so that the industry can recover from the economic losses induced by the pandemic of COVID-19 and contribute more to the GDP.

The government has not addressed

their demands in the proposed budget, rather imposed an additional 10 per cent supplementary duty on registration of motorcycles.

The Bangladesh Motorcycle Assemblers and Manufacturers Association (BMAMA) placed their demands before the National Board of Revenue (NBR) on Monday.

Amid the ongoing economic crisis, the motorcycle industry will face a sharp fall in demand by 30 to 40 per cent due to a significant drop in purchasing power of people, according to the assessment of the platform.

Mass people will not be able to afford motorcycles and the manufacturers will not

be able to keep factories as well as the sales network unaffected, ultimately resulting in mass job cuts.

"Therefore, we would like to request an immediate reduction of registration fees, road tax, supplementary duties and other charges on an average total of Tk 4,000 against per unit of motorcycle," said Matiur Rahman, president of the BMAMA.

Registration costs are now on an average Tk 22,000, which is about 25 per cent of the price of a 100cc motorcycle, the engine capacity that sells the most, according to Rahman, also the chairman of Uttara Motors.

Earlier, the BMAMA placed the same demands for reducing registration fees and supplementary duty right before the budget was placed in parliament.

Rahman said such initiatives would help increase the demand of motorcycles, enabling the industry to survive and save jobs.

However, the BMAMA appreciated the promulgation of the "Motorcycle Industry Development Policy 2018" which aims to increase the sector's contribution to the GDP from 0.5 to 2.5 per cent by 2025 and facilitate the establishment of a world-class motorcycle industry in Bangladesh.

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