

NBR to make all-out effort to make amnesty to black money a success this time

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The government is set to make an all-out effort from next month to generate an increased amount of revenue from the legalisation of untaxed money as it needs the sum to kickstart the coronavirus-ravaged economy.

After the upcoming Eid holiday, the National Board of Revenue (NBR) would get down to work to use the money whitening tool to boost earnings for the state coffers.

Under the initiative, the tax administration would run ads in newspapers and televisions, run TV programmes and publish leaflets and brochures to encourage people to bring their untaxed money, popularly known as black money, to the mainstream economy.

The NBR would particularly highlight the opportunities introduced in the current budget that no questions would be asked about the sources of the money disclosed, said an official of the government agency.

Black money is largely attributed to tax evasion and its direct impact is the loss of

government revenue.

Until the ongoing fiscal year, black money-holders had been able to whiten their assets by investing in residential buildings by paying a tax of 10 per cent on the amount invested, which for regular taxpayers is between 10 and 30 per cent.

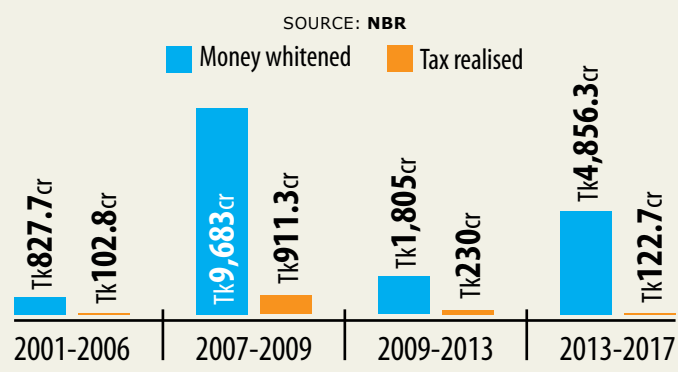
An addition was made in the last fiscal year -- black money holders will not face any questions about the sources of their income if they invest in economic zones and hi-tech parks.

In fiscal 2020-21, the amnesty has been widened as the instrument has so far failed to achieve its objectives of raising revenue for the government and induce investment.

Now, individual taxpayers will be allowed to disclose any type of undisclosed house properties, including land, building, flat and apartment by paying tax at a particular rate on per square metre.

Individual taxpayers will also be able to make any disclosure of undisclosed cash, bank deposits, savings certificates, shares, bonds or any other securities on paying taxes at a rate of 10 per cent.

AMNESTY TO BLACK MONEY HAS HISTORICALLY BEEN A SPECTACULAR FLOP



They can also invest in the capital market and show it in their tax returns. They have to maintain a lock-in period for a year.

No authorities, including the NBR and the Anti-Corruption Commission, would be able to raise any question on such declarations.

In fiscals 2007-08 and 2008-09, Tk 9,682.99 crore was legalised during the regime of the Army-backed caretaker government, which was the highest in the

country's history, NBR data showed.

In the previous two governments of the Awami League, Tk 1,805 crore and Tk 4,856 crore were respectively legalised.

The NBR has made tax return submission mandatory for all tax identification number (TIN) from the current fiscal year to generate revenues in a country that has one of the lowest tax-GDP ratios in the world.

Due to lax in the existing

provisions of the law, about 50 per cent of the TIN-holders can now easily afford not to submit tax returns, said Finance Minister AHM Mustafa Kamal in his budget speech on June 11.

Taking undue advantage of the situation, many eligible taxpayers are now avoiding submission of the tax return and evading payment of taxes, he said.

The number of taxpayers in Bangladesh is 20-22 lakh.

To increase the number of taxpayers, the income tax department identified 5 lakh new taxpayers last fiscal year.

Because of the pandemic, revenue collection dropped 2.26 per cent to Tk 218,406 crore in the just-concluded fiscal year against the revised target of Tk 300,500 crore.

This was the first-ever negative growth in Bangladesh's history.

Bangladesh's budget deficit may shoot to as high as 10 per cent of the GDP this fiscal year as the government would have to keep spending more to tackle the brunt of the coronavirus pandemic amid a drastic fall in revenue generation, the World Bank said recently.

Loans for CMS sector should be simplified

Says Bangladesh Bank

STAR BUSINESS REPORT

Banks should approve loans for as many companies as possible from the Tk 20,000 crore government stimulus package as the latter will provide credit guarantees and subsidies on interest payments, said a top Bangladesh Bank official yesterday.

Banks traditionally issue loans almost exclusively for existing clients to reduce default risks and are reluctant to disburse funds without knowing a potential borrower's track record.

However, the government will now share the risk by insuring up to 80 per cent of any loan taken from the stimulus package by cottage, micro and small (CMS) enterprises under the Credit Guarantee Scheme (CGS).

Moreover, of the 9 per cent interest rate, the government will bear 5 per cent.

Therefore, commercial banks should lend money to CMS enterprises, which play a vital role in the economy, on flexible conditions so that they can benefit from the stimulus package, said Abu Farah Md Naser, executive director of Bangladesh Bank. A Tk 60,000 crore fund will be rolled out in the Tk 20,000 crore packages over the next three years, Naser added.

He urged banks to make quick disbursements so that the various industries affected by the ongoing coronavirus pandemic can resume normal operations.

Naser also suggested that banks should even lend money to unbanked entrepreneurs after verifying their business turnover to maximise the number of borrowers.

For instance, Bangladesh Bank recently gave loans to microfinance institutions (MFIs) for the first time as they have over three crore individual borrowers.

The central bank has also been working with Bangladesh Investment Development Authority to support startups, Naser said during a virtual discussion styled "CMSME's Access to Finance and the Way forward".

The event, featuring senior officials of various commercial banks and businesspeople, was organised by the Dhaka Chamber of Commerce and Industry (DCCI).

Moderating the discussion, DCCI President Shams Mahmud said cottage, micro, small and medium enterprises (CMSME) represent 13 million business entities and account for about 35.49 per cent of employment.

However, many entrepreneurs are facing numerous challenges when trying to secure loans from the stimulus packages, he said, adding that non-banking channels could be useful in disbursing the loans. Besides, the definition of SMEs needs to be unified in all policies, Mahmud said.

Md Afzal Karim, deputy managing director of state-run Bangladesh Krishi Bank, said they provided the loans to 945 people, which was 29 per cent of their disbursement target.

Many are being deprived for a lack of collateral, he added. Only 28 per cent of the sector has access to finance compared to 44 per cent of large-scale enterprises, said Akhil Ranjan Tarafdar, general manager of the Bangladesh Small and Cottage Industries Corporation (BSCIC).

Documentation processes, a lack of collateral and banks' unwillingness are some of the reasons for disbursement delays. Moreover, the Tk 20,000 crore stimulus package is insufficient for the entire CMSME sector.

"The BSCIC plans to establish 50 industrial estates on 20,000 hectares of land," he added.

DCCI Vice President NKA Mobin said the CMSME sales have slumped 35 per cent for the pandemic.

About 62.4 per cent of CMSMEs are now unable to pay workers' wages or tax and VAT. Most entrepreneurs find fulfilling loan requirements challenging for which 59 per cent of CMSMEs find the loan disbursement process complex.

Nazeem Sattar, general manager of SME Foundation, urged framing a guideline for small-scale entrepreneurs, saying they had a few going through the industries ministry for approval. He also insisted on creating an alternative, flexible financing model.

Ferdousi Begum, joint secretary to the industries ministry, said banks' willingness was needed to successfully disburse the packages. More trading-based entrepreneurs should be allowed access to the fund, said Syed Abdul Momen, head of SME at BRAC Bank.

Sanjib Kumar Dey, head of SME at Mutual Trust Bank, said the package were yet to be fully explored. They aim to disburse Tk 301 crore from the fund, 40 per cent by August and the rest by December.

Anwar Faruque Talukder, executive vice president (EVP) of Dutch Bangla Bank, said interruptions to demand and supply were hampering the domestic market's revival.

His organisation plans to disburse Tk 340 crore, on which he suggested extending the repayment tenure from the existing one year.

Sk Moyeen Uddin, additional deputy managing director at EXIM Bank, stressed bringing unbanked SME entrepreneurs under official banking channels and on the need for financial literacy among CMSMEs.

Syed M Omar Tayub, head of MSME at Prime Bank, suggested more stimulus funds for the trading sector to avail the maximum advantage.

Mohammad Emiaz Uddin, EVP of Premier Bank, said such financial support needed to reach rural areas. "We got approval to disburse Tk 120 crore," he said.

Rawhide export allowed for select businesses and for limited time

STAR BUSINESS REPORT

The government has decided to allow the export of rawhide and wet blue or leather that is halfway through processing this year but imposed some conditions.

It aims to create demand in the local market and ensure proper prices for citizens who sacrifice animals and small traders during this Eid-ul-Azha.

Select businesses would be allowed to export and specific timeslots would be allotted to them to ship the rawhide, said the commerce ministry notice. They would not be allowed to export all year round.

Last year, nearly one crore pieces of rawhide worth Tk 100 crore were thrown away by citizens and small seasonal traders as they deemed the prices to be too low. A section of tanners was blamed for a trickle-down effect they had on the seasonal business.

Merchants have traditionally supplied

rawhide to tanners on credit. The tanners pay a significant amount of the arrears ahead of Eid.

The merchants lend this money to regionally functioning traders, who provide the same to seasonal traders for the collection of rawhide from citizens during the Eid, which accounts for about half of Bangladesh's annual rawhide production.

However, the arrears have grown since 1990, coming to stand at some Tk 500 crore at present. And the tanners have not paid up despite making commitments several times.

This created a dearth of funds in the market alongside resentment among the merchants, leading to the low prices and discarding of rawhides.

The other factors such as hot and humid weather conditions and the ongoing pandemic will also affect rawhide business during this Eid, scheduled to be celebrated on August 1.

Moreover, old stocks of unsold leather, a fall in demand from international retailers and a yet-to-function central effluent treatment plant (CETP) in Savar Tannery Industrial Estate (STIE) will cause severe detrimental effects, said exporters, experts, traders and tanners.

Last week, the government fixed the prices for rawhides. Cattle rawhide treated with salt has been set between Tk 35 to Tk 40 per square feet when being traded within Dhaka, which is 29 per cent lower than in last year.

Outside of Dhaka, the price will range between Tk 28 and Tk 32, which is 20 per cent less year-on-year.

Similarly, it is Tk 13 to Tk 15 for the processed skins of male goats (down 27 per cent) and Tk 10 to Tk 12 for that of female goats (down 23 per cent).

"Allowing the export of rawhide and wet blue is our last weapon. We will allow rawhide export so that citizens and

small traders can get the proper prices," Commerce Minister Tipu Munshi said at the price-fixing meeting.

The government had kept a ban on rawhide export in an attempt to retain it for value addition in the country's supply chain of leather and leather goods.

Since only tanners are capable of processing the product, the ban left the ordinary citizens and small traders with no choice but to give in to minimal prices offered by tanners almost every year.

This vicious cycle of unpaid arrears and minimal prices in rawhide trade has been on repeat over the past three decades.

It has come to trap many victims, including poor students of orphanages, mostly madrasas, to which ordinary people tend to donate the proceeds from the hide sales.

With arrears lingering for such a long time, some 95 per cent of the merchants have either gone bankrupt, left the businesses or simply passed away.

Robi now has the largest 4.5G network in Bangladesh

STAR BUSINESS REPORT

Robi has become the first mobile phone operator in Bangladesh to have established more than 11,000 active 4.5G sites, thus building the largest high-speed network.

The operator has reached the milestone by taking the 4.5G network to every upazila, the company said in a press release yesterday.

The 4.5G network of the second-largest operator now covers 80 per cent of the population.

"I am very proud to note that we are making good on our promise in this regard by being the first operator to cross 11,000 4.5G sites milestone," said

Mahtab Uddin Ahmed, managing director and chief executive officer of Robi, in the press release.

This sets Robi on a path to sustainably offer new experiences to its customers.

"The manner in which we launched our 4.5G service, we made it clear that we are determined to dominate the digital future," Ahmed added.

Using the dynamic spectrum technology, Robi has proved itself to be the most efficient operator in utilising spectrum to ensure the best video experience on its 4.5G network, it said.

Robi is the only operator that uses U900/L900 spectrum technology, which allows it to offer better coverage indoor.



It is also the first operator to roll out the voice over long term evolution (VoLTE) service in the country, providing customers with high-definition quality voice calling experience using the 4.5G network.

The HD video calling allows users to stay connected with friends and family and offers buffer-free streaming of videos.

The operator aims to provide the best video experience to its consumers, the press release said.

Robi Axiata is a joint venture between Axiata Group Berhad of Malaysia and Bharti Airtel of India. Axiata holds 68.69 per cent stake and Bharti the remaining 31.31 per cent.

Self-sufficiency in cattle thanks to fattening ops

JAGARAN CHAKMA

Farming sacrificial cattle has turned so lucrative that numerous small and large-scale fattening operations have been set up in the last couple of years, drawing huge investments and eventually meeting the demand during Eid-ul-Azha, the second largest religious festival of Muslims.

Last year, 1.06 crore animals were sacrificed against a supply of 1.16 crore, according to the Department of Livestock Services (DLS).

This year, 1.19 crore are available, of which 45.38 lakh are cattle, 73.55 lakh goats and sheep and 4,500 other livestock.

This self-sufficiency came about through the establishment of fattening units for bulls mostly in dairy farms.

Many investors are taking on a three to six months' operation during which cattle of a certain age and health are bought from around the country and put on special diets tuned for weight gain.

Running in conjunction with dairy units helps meet day to day costs through the sale of milk.

The viability of this business has even drawn corporate houses and educated young entrepreneurs into commercial livestock farming.

"We have been self-sufficient of sacrificial animals for the past three years and no animal has been allowed to be brought in from India, Nepal and Myanmar," said Abdul Jabbar Sikder, director-general of the DLS.

All the ministries concerned and the Border Guard of Bangladesh were working on preventing the entry of animals in the lead-up to Eid.

He is confident there would be no shortage of cattle this year given that 12 lakh animals were surplus last year.

All credit for self-sufficiency goes to entrepreneurs and the DLS, said AKM Aatur Rahman, a former livestock economist at the department, adding that at least Tk 10,000 crore has been invested in



The countrywide flood has submerged cow sheds, leaving farmers with no other option but to shift their cattle to the rooftops of their farms. The photo was taken yesterday at Ashulia.

the sector in the past decade.

"A revolution has taken place in cattle farming in the last few years," said Khorshed Alom Khokon, managing director of Sirajganj Dairy Farm.

Many educated unemployed youths started farming for dairy and meat to become self-reliant, he added.

However, this Eid, sales would be less than in previous years given the pandemic and its economic repercussions and the ongoing floods in different parts of the country, Rahman said.

"My assumption is the figure will come down to less than one crore this year," he added.

Demand has dropped for the pandemic and this has subsequently affected the prices, Khokon said.

Were it not for the online markets, the situation might be worse. For instance, one Pabna-based farmer said he has already sold 54 of his bovines at a profitable margin through the internet.