

# PTA with Nepal by this year

*Says govt official; zero duty sought for 140 products*

REFAYET ULLAH MIRDHAN

Bangladesh has demanded zero-duty benefit on export of 140 products to Nepal as both governments look towards finalising a preferential trade agreement (PTA) on the third week of next month, Commerce Secretary Md Jafar Uddin said yesterday.

Leading Bangladesh in a secretary-level virtual negotiation with his Nepalese counterpart, he said Nepal would be the second among South Asian nations after Bhutan with which the bilateral PTA would be signed.

"We will hold some technical committee meetings between the two countries before finalising the draft of the PTA. But we have targeted to finalise the draft of the agreement by November," said Jafar Uddin after the meeting.

Md Abdus Samad Al Azad, joint secretary to the commerce ministry's Free Trade Agreement (FTA) Wing, who also took part in the negotiations, said they have a target to sign the deal by this year.

Nepal demanded duty facility for 130 of its products, while Bangladesh sought duty-free benefit for export of garment items, including men's t-shirts, knitwear and children's clothes, fruit juice, cement and agro-

processed food items like noodles and pastas, he said.

On the other hand, Nepal demanded duty-free benefit on shipment of agricultural products, handicrafts and brooms.

Nepal also demanded that Bangladesh's customs set the minimum import value, based on which duties are imposed on Nepalese products, he said.

Nepalese customs also has two such rates for products entering it from abroad, a low one for India and a higher one for the rest of the world. Bangladesh demanded that its goods be valued as those of India, he said.

He said once the draft of the PTA was finalised, it would be sent to the cabinet meeting for approval for formal signing between the two countries as soon as possible.

It is expected that the PTA between Bangladesh and Nepal can be signed by the end of this year after completion of all formalities, he said.

In yesterday's meeting, both sides also elaborately discussed some important issues for increasing bilateral trade.

These include railway connectivity for improving people-to-people contact and goods transportation and air connectivity

MAJOR POINTS
Bangladesh demanded zero-duty benefit on export of 140 products to Nepal
Nepal sought duty benefits for 130 goods
Bangladeshi products are mostly garment items
Nepali goods are mainly agricultural and handicraft items
Bangladesh wants to finalise the draft of the agreement by third week of next month
Both the countries want air and road connectivity

between Bangladesh's Saidpur and Nepal's Viratnagar airport, according to a statement from the commerce ministry.

They also discussed ways to improve cooperation for the tourism industries of both countries, avoiding double taxation, easing Nepali visa processing for Bangladeshi businesspeople and feasibility of

Bangladeshi investment in Nepal's hydroelectricity generation and pharmaceuticals industries.

Cooperation on removing tariff and non-tariff barriers in trade between the two countries and signing memoranda of understanding between the Department of Agricultural Extension and its Nepalese counterpart were also discussed.

Last month the cabinet committee of Bangladesh approved a PTA between Bangladesh and Bhutan to strengthen bilateral trade.

Bangladesh is currently in negotiations with a few other countries to finalise FTAs in order to enjoy duty free benefits even after its graduation from the least developed country (LDC) category.

For instance, a joint study is ongoing over signing a proposed Comprehensive Economic Partnership Agreement (Cepa) between Bangladesh and India.

Cepa is a comprehensive partnership between the two countries, which also includes investment, whereas the PTAs and FTAs cover tariff issues.

Bangladesh will have to sign different trade pacts like FTAs, PTAs and Cepa with potential trading countries or trading blocs for enjoying trade benefits after its

status graduation to a developing country.

Bangladesh should also sign FTAs with vital trading partners or trading blocs like the Association of Southeast Asian Nations (Asean) and European Union to ensure benefits after the graduation, which will eliminate guaranteed duty privileges, according to experts.

Currently, Bangladesh has no FTA with any country although the government has long been trying to sign such a deal.

As per the country's previous economic development records, the UN Committee for Development Policy (UN CDP) is scheduled to complete the final round of assessment of Bangladesh's LDC graduation in 2021.

If the UN CDP finds its assessment of Bangladesh to be positive, the country will graduate to a developing country in 2024.

Once the country graduates, all tariff benefits will be lifted.

Only, the EU will allow its tariff benefit to Bangladesh for a grace period of another three years. That means, Bangladesh will enjoy the zero-duty benefit to the EU until 2027 but regarding other countries, the tariff benefits will be withdrawn from 2024.

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## Tax, fee payment becomes easier

*Taxpayers in tax zone-4 to use automated treasury challan as piloting begins*

STAR BUSINESS REPORT

The finance ministry yesterday rolled out an automated system for depositing tax and government fees, in a step that would lessen the hassles faced by taxpayers and service-seekers and ensure immediate deposit of funds at the state coffers.

Initially, individual and corporate taxpayers registered under the Tax Zone-4 would use the automated treasury challan system to deposit taxes.

The scope will be expanded gradually to other field offices of the tax administration after the successful completion of the piloting, said officials of the finance ministry.

It has been introduced to lessen the hassle faced by taxpayers and other service-seekers while making the deposits through the existing manual procedures, reduce the tendency of dodging revenues through submission of fake challans and ensure the receipts of revenues without delay, the ministry said.

Abu Hena Md Rahmatul Muneem, senior secretary of the Internal Resources Division and chairman of the National Board of Revenue and Abdur Rouf Talukder, finance secretary, jointly inaugurated the system virtually.

After the completion of the piloting, taxpayers under other tax zones and service-seekers would pay taxes and fees through the electronic method.

Besides, people will be able to pay fees for other services such as passport through branches of four state-owned commercial banks -- Sonali, Rupali, Janata and Agrani -- in Dhaka city.

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# Marico to invest Tk 227cr in new factory to meet rising demand

STAR BUSINESS REPORT

Marico, a listed multinational company based in India, is set to invest Tk 227 crore to establish a new manufacturing plant in Bangladesh in a bid to meet the country's growing demand for consumer goods.

The investment will be made in phases to set up a new facility at a special economic zone under the Bangladesh Economic Zones Authority, Marico said in its price sensitive information published on the stock exchanges' website yesterday.

News of this investment fuelled the company's stock prices, which rose by 2.59 per cent to Tk 2,099 as of yesterday.

Besides, the stock's movement was halted for a few moments as there were no sellers, data from

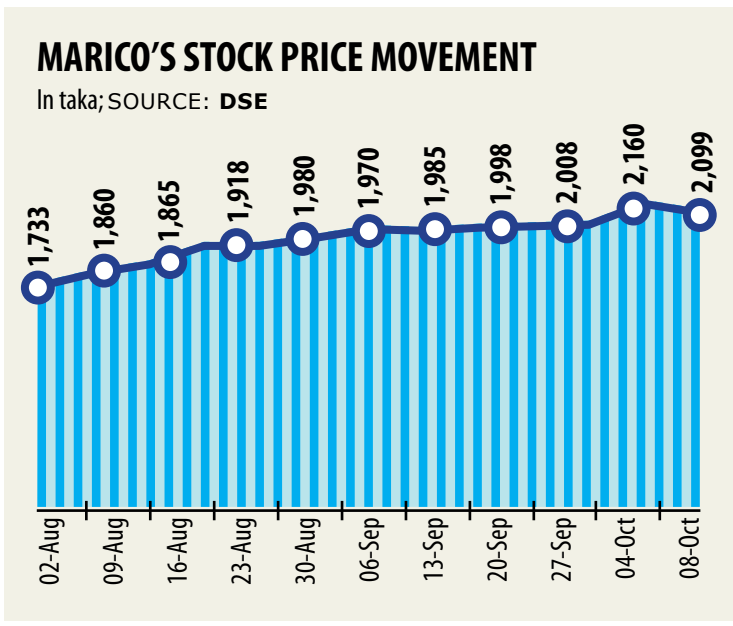
the Dhaka Stock (DSE) Exchange shows.

"Our products have huge demand so we think that we will not be able to sustain the growing demand beyond 2023 with our present facilities," said Ashish Goupal, managing director of Marico Bangladesh.

"So, we are going to invest the amount in order to meet our products' incremental demands," he told The Daily Star in an interview.

Although the DSEX, the benchmark index of the DSE, was bearish yesterday, Marico's stocks were among the most highly demanded ones due to the investment news, according to market analysts.

DSEX dropped 20.17 points, or 0.40 per cent, to 4,914.28 while turnover, another important



indicator of the market, dropped 10 per cent to Tk 793.8 crore yesterday.

Bangladesh General Insurance Company topped the gainers' list that rose 9.96 per cent followed by Northern Insurance, Islami Insurance, Phoenix Insurance and Republic Insurance.

Northern Insurance was the most traded stock with shares worth Tk 22.52 crore changing hands followed by Continental Insurance, Islami Insurance, Beximco and Beximco Pharmaceuticals.

Walton Hi-tech Industries shed the most, dropping 7.49 per cent followed by Tosrifra Industries, C&A Textiles, Kattali Textile and NCC Bank First Mutual Fund.

Of the total 355 traded companies, 106 advanced, 202 declined and 47 remained unchanged.

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## South Asia faces worst ever recession, tipping millions into poverty: World Bank

REUTERS, New Delhi

Millions of people in South Asia are being pushed into extreme poverty as the region where a quarter of humanity lives suffers its worst-ever recession due to the devastating impact of the coronavirus pandemic, the World Bank said on Thursday.

The multi-lateral lender forecast a record economic contraction of 7.7 per cent for South Asia this year, and said workers in the informal sector were being hit hardest, and private consumption was unlikely to recover quickly from the blow.

"The impact on livelihoods will even be larger than the GDP forecast suggests... This implies that the region will experience a sharp increase in the poverty rate," the bank said in its bi-annual report.

India, the region's biggest economy, is likely to see its economy contract by 9.5 per cent this year, the report said.

The report warned that South Asia's economies could end up worse than the forecast as the pandemic continues to surge, making foreign investors more wary, limiting governments' ability to increase spending and putting more strain on banking systems already heavily burdened with bad loans.

With 6.84 million people infected, including 105,000 dead, India's COVID-19 caseload is second only to the United States, despite the country going under the strictest lockdown in the initial phase of the pandemic in March.

Pakistan and Bangladesh have recorded over 317,000 cases each, while the rest of the countries in the region have combined total of over 149,000 cases.



A man wearing a protective face mask walks past a labourer resting on a handcart in a closed wholesale market in Kolkata.

REUTERS/FILE

## Businesses need to adopt a new marketing law: 80/20 rule is over



SM DIDARUL HASAN

Recently Prof Byron Sharp, an eminent marketing thinker from the Ehrenberg-Bass Institute for Marketing Science in Australia, confirmed that marketing's Pareto Law is 60/20. This is an interesting argument whereas the business world and marketing fraternity is deep-rooted with the fact and fallacy of the 80/20 rule.

Prof Sharp is a pioneer in evidence-based marketing and he challenged hundreds of American marketing books, researchers, and universities for spreading wrong assumptions and old knowledge.

Pareto Principle, or widely known as the 80/20 rule, is a commonly used theory in marketing and business world. This is mostly applied now in customer relationship management (CRM) practices while a portion of marketers thinks of making profitable decisions based on customer database.

Also, important decisions are made using that database that executives manage to keep utilising the advantage we have now due to the usage of technology and digitalisation. There is nothing wrong with this other than the 'obsolescence' of the Pareto Principle itself in the marketing world.

**What is Pareto Law?**

Joseph M Juran, a quality management consultant, suggested the Pareto Principle and named it after Italian Economist Vilfredo Pareto, who noted the 80/20 connection in 1896. Interestingly, scholars, practitioners and people across the world accepted the Pareto Principle but ironically did not remember Juran much on this topic.

Vilfredo Pareto's studies revealed that about

80 per cent of the land in Italy was owned by the 20 per cent of the population, according to Juran.com. Juran also realised that the same 80/20 rule could also be used in the contexts of the distribution of income, wealth among the population and in quality management issues. Gradually over the last century, it has become an axiom in the business world that 80 per cent of sales come from 20 per cent clients.

In the simplest form, it can be said that 20 per cent input produces 80 per cent of the output. In the 1990s, this was popularised by the UNDP's Human Development Report where inequality was convincingly displayed. This showed that the distribution of global income is highly uneven or skewed, with the richest 20 per cent of the world's population controlling 82.7 per cent of the world's income. In the 2010s, this inequality has aggravated further.

The 80/20 rule has examples and implications in economics, mathematics, sports, team management and R&D trials. At the same time,

some people also argue that this rule is a precept, not a hard-and-fast mathematical law.

**What is there for marketers in the 80/20 rule?**

Prof Sharp and Prof Jemi Romaniuk revealed in their study in 2007 that in marketing, the 80/20 rule does not work like as it is conventionally thought of. In their book "How Brands Grow (2010)", they articulated that "the '80/20 law' is a misleading simplification". They also argued that it may work like 60/20 but not as extreme as 80/20.

After 12 years of their first claim, they confirmed in 2019 that a brand's heaviest 20 per cent buyers generally contribute not much more than half of its sales and these same buyers will contribute less in the following period. Indeed, even for stable brands, half of last year's heavy buyers will not even qualify to be in the top 20 per cent, while the people who were light or non-brand buyers last year will contribute more to sales this year than they did last year.

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It is reasonable to expect that almost half of a brand's sales will always come from the very lightest 80 per cent of buyers.

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