

# Feeder operators oppose provision of flag vessel law

*Applying for waiver certificates 15 days prior to loading cargo is illogical, they say*



A container vessel is leaving Chattogram port through Karnaphuli channel.

DWAIPAYAN BARUA from Chattogram

The mandatory provision for obtaining waiver certificates 15 days before loading any cargo as per the Flag Vessel (protection) Act 2019 has caused trouble for foreign container feeder vessels at Chattogram port.

The law was passed last November with a provision for locally owned vessels to carry 50 per cent of all sea-bound cargoes.

According to the law, foreign vessels need to apply to the Mercantile Marine Department (MMD) in Chattogram to obtain a waiver certificate 15 days before they load

or unload any cargo for Bangladesh, which would enable national flag vessels get adequate cargoes.

In a circular issued on September 17, the MMD stated that the provision would be effective from that day.

However, container carrying feeder vessel operators find the provision to be an obstacle to their trade.

Bangladesh Shipping Agents Association (BSAA) Chairman Ahsanul Huq Chowdhury sent letters to the MMD's principal officer and director general of the Department of Shipping on September 21 and September 29 respectively, demanding a full withdrawal of the circular.

In his letter, the BSAA chairman said vessels go to and from Chattogram port and other ports in the sub-continent and neighbouring countries in a very short period of time with voyages not lasting more than 5 days.

But it is not possible for feeder operators to select vessels, book cargoes and complete other related procedures within 15 days, the letter read.

This is why applying for the waiver certificate 15 days before loading cargo is quite impossible, Chowdhury told The Daily Star.

He went on to say that like all other countries that offer different

facilities to ship import or export goods in order to support foreign trade, the Chattogram Port Authority (CPA) has relaxed the cut-off time or gate-in time of export-laden containers to support the apparel sector.

Garment exports would be hampered due to the MMD circular, according to the letter.

The BSAA came to know from the MMD website that they also need permission from the Bangladesh Ocean Going Ship Owners Association to obtaining a waiver certificate, which is illogical, Chowdhury said.

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# NBR looking into Evaly's tax records

SOHEL PARVEZ

The National Board of Revenue has opened an investigation to find out whether e-commerce platform Evaly has dodged income tax, according to a senior official of the NBR.

"We are working on it," said the official, who is a member of the NBR's Central Intelligence Cell (CIC), on condition of anonymity yesterday.

The NBR decided to look into Evaly's tax compliance records following a recommendation from the commerce ministry last month.

The ministry also said that it received complaints of anti-consumer rights practices against the e-commerce platform. It carried out a primary investigation into the company.

The commerce ministry wanted a closer examination of the company's tax payment records after it found that Evaly's paid-up capital was Tk 5 lakh when it was registered with the Registrar of Joint Stock Companies and Firms in 2018. The paid-up capital grew to Tk 1 crore as of February this year, according to a document from the ministry.

The NBR was asked to check if Evaly is compliant with the country's income tax laws and informed the ministry of its findings.

As such, the CIC asked Evaly to submit its business model, transaction, accounting procedure and income tax payment records.

The cell also directed Evaly Managing Director Mohammad Rassel to appear for a hearing on Tuesday, which he duly attended, the official said.

The e-commerce company submitted its income tax returns for the years 2018-19 and 2019-20, according to the NBR.

Earlier this month, the NBR sought the account information of Evaly Chairman Shamima Nasrin and the managing director from their banks.

"We are yet to receive any information on their banking accounts or transaction history," said another tax official.

In August, the Bangladesh Financial Intelligence Unit froze the bank accounts of Rassel and Nasrin following reports of over-charging by the company and allegations of rampant delays in product delivery even after taking money from customers.

Rassel was not available for comments.

*The NBR was asked to check if Evaly is compliant with the country's income tax laws and informed the commerce ministry of its findings*

# A boost for daily wage earners at govt offices

STAR BUSINESS REPORT

The government has increased the daily wage by Tk 100 for skilled regular and unskilled irregular workers employed at the offices of city corporations and other district and divisional administrations.

The increment came about to counter the fallouts of the coronavirus pandemic and the high cost of basic commodities, a senior official of the finance ministry said.

The ministry issued a circular on October 12 in this regard with immediate effect.

According to the circular, a skilled regular worker at the city corporations of Dhaka and Chattogram will now receive Tk

600 per day.

The amount has been fixed at Tk 575 per day for unskilled irregular workers in city corporations of Dhaka and Chattogram.

The skilled regular workers at the offices of divisional and other city corporations of the country will receive Tk 600 as their wage every day. The amount for the unskilled irregular workers employed on a daily basis at those offices has been fixed at Tk 550.

The amount is Tk 550 a day for skilled regular workers at the offices at district and upazila levels and Tk 500 for unskilled irregular workers. The offices will have to bear the costs from their coffer, the circular said.

# Local assembly should ensure fair competition in car industry

*Says a leader of reconditioned vehicle importers' association*

JAGARAN CHAKMA

The government's plan to introduce 'made in Bangladesh' cars will benefit the country only if a level playing field is created for the reconditioned and locally assembled motor vehicles.

The government should not provide one-sided benefit to the manufacturers, while it should also be ensured that the locally assembled vehicles meet international standards.

So says Mohammad Shahidul Islam, secretary general of the Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida).

"We are not against the Automobile Industry Development Policy 2020, but the government should move to eliminate any uneven competition in the market," said Islam, also the chairman of HNS Group, a major trading house that imports cars from Japan.

"We want 'Made in Bangladesh' cars since it will be a source of national pride if international standards are met," he said during an interview with The Daily Star recently.

The automobile industry is highly sophisticated as vehicles have to meet certain safety measures and so, maintaining compliance with international standards is crucial.

Therefore, the government should first ensure that factories are compliant before rushing into the manufacturing process, Islam added.

The government should allow the

use complete-knock down-kits (CKD) instead of semi-knock-down (SKD) kits for local assembly, he said.

If entrepreneurs set up CKD assembly or manufacturing plants, it will generate employment and brighten the country's image in the process.

Various automakers from India are planning to assemble their cars in Bangladesh to provide the vehicles at a cheaper rate.

However, the government will have to keep customer choice and product quality in mind when allowing these companies to set up operations here, Islam said.

Bangladeshi consumers are very aware about automobile standards and typically prefer Japanese cars.

Barvida caters to 95 per cent of the total domestic demand for motor vehicles by importing over 100 different models to meet varying demands.

"It would not be possible to locally assemble this many cars of different makes and models to suit customer demand," he added.

Barvida imports environment-friendly Japanese cars at a cheap rate but due to high custom duties, the price increases at consumer level.

To address this issue, the authorities concerned should keep a maximum 70 to 80 per cent gap in import duties between CKD kits and completely-built-units (CBU), or reconditioned cars, to maintain competitiveness.

But under the proposed policy,



Mohammad Shahidul Islam

CKDs would be given preference even though there is already a substantial gap between the two segments.

"The new duty structure has national interest. So, the National Board of Revenue should play a pivotal role in this regard," Islam said.

Currently, Pragoti locally assembles cars made by Japan's Mitsubishi Motors while PHP Motors, a sister concern of the PHP Family based in Chattogram, assembles cars designed by Malaysia's PROTON Holdings Berhad.

Besides, Indian automotive giants Tata Motors and Mahindra & Mahindra recently showed interest in setting up similar partnerships with local manufacturers to grab a bigger slice of the growing Bangladesh automobile market.

At present, about 63 vehicles are

sold across the country each day.

When the market had just started to take off in 2012, the daily figure was 29, indicating a 117 per cent increase in the last eight years, according to Barvida.

In 2019, car sales amounted to Tk 5,000 crore, which was more or less the same as the receipts for the year before.

Bangladesh's thriving automobile sector has grown 8 per cent on average annually since 2012, industry insiders said.

According to the draft policy, the local automobile industry has been considered a potentially major industrial sector for the last two decades as it has registered impressive annual compound growth and contributes greatly to the national economy.

The sector is nearing critical mass thanks to its ability to adopt new technologies and increased efficiency in human resource management.

At present, the passenger car market in Bangladesh sees 23,000 units sold per year with around just 3,000 of these units being brand new.

The demand for passenger cars could cross 100,000 units though when locally manufactured cars become available as it will subsequently bring prices down to a reasonable level, as per the proposed policy.

The growing demand for motor vehicles is a result of the rise in purchasing power of the burgeoning middle-class.

Bangladesh's automobile industry could even become a part of the global supply chain in the future, it added.

Under the new policy, the government will help provide manufacturing facilities to private industries in order to attract more foreign direct investment for the automobile sector and reduce the country's dependence on imported cars.

Policy incentives from foreign automakers can be applied for SKD assembly as the market develops as well.

The capacity of SKD production may vary widely from 2,000, 3,000 units to 12,000 units per year.

However, if the annual sales figure struggles to cross 5,000 units, then the foreign automakers would go for tie-ups with local companies to assemble or manufacture vehicles using original equipment, instead of making direct investment.

To ensure safety, product efficiency and environmental sustainability in the automotive industry and programmes will be put in place to promote the research, design, and development of locally produced automotive products, according to the policy.

The government will also promote research and development (R&D) in the automotive industry by providing suitable fiscal and financial incentives.

Barvida's Islam appreciated the government's U-turn on implementing a total ban on the import of reconditioned cars over the next five years as an immediate ban would be suicidal for the economy.

This is because the government earns at least Tk 4,000 crore directly from the import duties on reconditioned cars each year.

Besides, Barvida helps the government in terms of economic development by paying value added tax and income tax.

Over the last 30 years, around Tk 20,000 crore has been invested in the sector, which generates at least 30,000 opportunities for direct employment at different showrooms and offices across the country, Islam said.

Imported reconditioned cars have zero carbon emissions as the Japanese government provides environmental clearance before exporting any vehicle while brand new cars do not face any such scrutiny, he added.

Islam urged the government to set up a quality control institute for both the imported brand new and reconditioned passenger cars in order to avoid any adverse environmental complications due to increased carbon emissions.

Islam also suggested that detailed studies should be conducted before setting up CKD assembly or manufacturing plants to ensure the feasibility of investment as there is lack of necessary physical infrastructure for cars in Bangladesh.

"We need huge advancements in connectivity, which means new flyovers, expressways and improved rural road connectivity before giving go-ahead to an increase in the number of passenger cars."

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