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HARTAL IMPACT

Supply chain on the brink

36-hour shutdown comes right after 16-day strike by handlers of lighter vessels

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Just when full-scale transit of goods via the Chittagong port resumed after a 16-day strike by lighter-vessel workers, the 36-hour shutdown starting today has dealt yet another blow to the supply chain.

Though the port deadlock ended, the importers will not be able to take the goods to the consumers due to the countrywide shutdown and it is the consumers who will bear the extra price at the end.

The port yards are already swelling with cargo as transport of goods to and from bulk carriers anchored at the Bay of Bengal restarted yesterday after the end of work abstention by the intermediary hauliers.

A total of 34 ships loaded with over six lakh tonnes of goods were stranded at the Bay, according to Chittagong Port Authority officials.

"Although it's business as usual on hartal days at Chittagong port, it's the inland delivery that is hampered as many transport owners refuse to run their vehicles out fearing vandalism," said Syed Farhad Uddin, secretary of CPA.

Around 70 percent of the total imported goods through Chittagong port are carried by road to the rest of the country, said Syed Sagir Ahmed, general secretary of Khatunganj Trade and Industries Association.

The movement of lorries mostly remains suspended during hartals for fears of arson attacks, severely disrupting the supply chain.

Mahbubul Alam, president of Chittagong Chamber of Commerce and Industry (CCCI), said the "already-battered" supply chain will further be affected by the fresh bout of shutdowns.

He now fears the price particularly of essentials will shoot up substantially in the coming days. "Ultimately, it's the consumers that will pay the price."

BSM Group that imported 35,000 tonnes of wheat, lentil and peas in the past two weeks had to pay a substantial fine for overstaying at the Chittagong port, said Abul Bashar Chowdhury, the group's chairman.

Now, because of the hartals, his costs have increased further, by Tk 800 to Tk 900 a tonne.

TK Group, a leading commodity trader, had a similar story to share.

The company imported 53,000 tonnes of wheat from Canada, said Tariq Ahmed, director of TK Group's operations. "We have no other option but to keep paying the fine."

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BSEC launches new logo

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Bangladesh Securities and Exchange Commission (BSEC) yesterday launched its new logo.

The logo was approved at a meeting presided over by BSEC Chairman M Khairul Hossain, the stockmarket regulator said in a statement.

Earlier in December last year, the name of the regulator was changed to Bangladesh Securities and Exchange Commission from Securities and Exchange Commission.

Cut duty on machinery imports by half: MCCI

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The government should revise the import duty structure in the next budget to expand trade and industrialisation, a leading chamber said yesterday.

The Metropolitan Chamber of Commerce and Industry urged the government to halve import duty on capital machinery and basic raw materials from the present level at 3 percent and 5 percent respectively.

The chamber also suggested cuts in the import duty for intermediate goods to 7.5 percent from 12 percent now. The duty for finished goods should come down to 20 percent from 25 percent, the MCCI said.

The chamber made the recommendations at a pre-budget meeting with the National Board of Revenue, chaired by NBR Chairman Ghulam Hussain.

The MCCI also proposed an upward adjustment of tax-free income ceiling to Tk 250,000.

MCCI President Rokia A Rahman called upon the tax administrator to take into account the current political unrest at home and the global economic crisis while formulating the budget.

The ongoing political crisis has put a negative impact on the economic activities of the country, she added.

In the first eight months (July-February) of the current fiscal year, import expenditure fell 7 percent. Import of capital machinery slumped by 18.5 percent and other machinery by 10.2 percent, the MCCI president said.

"This indicates the share of investment in the economy has decreased," Rokia said.

"The upcoming budget should have a strong package for social safety net schemes. There should also be a liberal policy for the power sector," she added.

The MCCI also proposed withdrawal of 0.5 percent tax on total receipt of companies, tax on premium earnings of shares, and reduction of advance income tax on import to 3 percent from existing 5 percent.

The NBR chairman said they will consider the proposals seriously.

ADB, Japan fund crop insurance for Bangladesh farmers

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The Asian Development Bank and the Japanese government will fund the trial of innovative new crop insurance products that will give Bangladesh's small-holder farmers income protection from severe storms and natural disasters.

A $2 million grant from Japan was recently approved by the ADB, which will administer the grant. The Bangladesh government will provide 'in-kind support' of $420,000, the ADB said in a statement yesterday.

"Small-scale farmers with few resources are typically unable to insure their crops against extreme weather events and can lose their entire income every time a storm hits," said Rezaul Khan, senior natural resources and agriculture economist.

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3G auction faces delay

ABDULLAH MAMUN

The 3G auction set for June 24 lies in uncertainty as disputes between the government and mobile operators remain unresolved.

Bangladesh Telecommunication Regulatory Commission plans to postpone the auction until July, a BTRC official said. Sunil Kanti Bose, chairman of BTRC, said it would not be possible to commit to hosting the action in June. The commission is yet to take a decision.

On the unresolved value-added tax issue, Bose said the government was about to end the issue as the finance minister agreed to charge 7.5 percent VAT over the 3G auction price, which was 15 percent.

A statutory regulatory order is yet to be published by the National Board of Revenue, Bose said. Earlier in a meeting with the operators, the finance minister had assured that the VAT charges would be reduced.

Operators are also demanding that the SIM tax be slashed, which is Tk 600 at present, and that the charge be paid only once for each number instead of every time a lost or damaged SIM is replaced.

The finance minister also said the SIM tax would be reduced. The telecom regulator is yet to appoint a consultant who will be responsible for managing the auction process.

Five applications have been submitted for the job and the regulator is supposed to appoint one soon, the BTRC chairman said.

However, according to 3G guidelines, the operators are supposed to submit their applications to the regulator by May 12. There is a meeting scheduled between the operators and NBR on April 28.

Mahmud Hossain, chief regulatory officer of Grameenphone, said: "There is no problem from our side, but before applying for 3G, there are some internal processes to be done with the shareholders."

Zakiul Islam, senior director of legal and regulatory department of Banglalink, said the company, before submitting the application, will review the terms and conditions including business viability, investment and roll-out plans.

The company is now waiting for relevant documents from the government because it entails a huge investment and business for 15 years, he added.

Operators' demand for rebate on 15 percent VAT over 2G frequency charges is still pending with the Supreme Court. In the meantime, the regulator issued the 3G guideline with 15 percent VAT over spectrum charges.

Find alternatives to shutdowns: businesswomen

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Women entrepreneurs yesterday asked politicians to bring an end to violent politics.

They made the call at a discussion organised at the Federation of Bangladesh Chambers of Commerce and Industry at its office in the capital.

Monowara Hakim Ali, first vice-president of FBCCI, urged female entrepreneurs to protest the hartals and asked politicians to find alternates to the shutdowns.

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