

Bangladesh worst offender in ICT tax

Washington-based organisation says high tax puts a drag on economy

ABDULLAH MAMUN

The government has drastically inflated the prices of ICT goods and services in Bangladesh, adding about 60 percent to their cost above the basic price, which is the highest in the world, a recent study by a Washington-based research organisation found.

Additional costs come through two main channels: discriminatory taxes and tariffs, the Information Technology and Innovation Foundation said in the report, Digital Drag, which ranked 125 nations.

In Bangladesh, 57.8 percent is added to the cost of ICT goods and services over and above the country's universal 15 percent VAT.

The extra costs the government imposes can be expressed most clearly as a percentage increase in the costs of goods and services. "The worst offender by a large margin is Bangladesh," the report said.

In the second and third place are Turkey and the Republic of the Congo, which add 26.1 percent and 23.8 percent, respectively.

"It's one thing to tax things like cigarettes and alcohol at a higher rate because it makes sense for governments to want to limit consumption of these kinds of products. But to do this for one of the most important technologies to drive productivity and innovation is self-defeating," Robert D Atkinson, one of the co-authors of the report, said.

The report found at least 31 countries, most of which are in the developing world, are imposing high taxes on top of other sales or VAT. This is threatening to impede economic growth and

slow consumers' adoption of smartphones and broadband internet.

For instance, in Bangladesh, the telecom infrastructure providers pay 55 percent taxes to import capital equipment and 24 percent for optical fibre cable. Mobile handsets are slapped with 21 percent duty when they enter the country.

"Mobile phones are the most widely accessible form of ICT available in countries like Bangladesh. The evidence suggests that it is counter-productive to treat ICTs as demerit goods and tax them over and above what other goods are. If anything, there is a case for lower-than-normal taxes," Rohan Samarajiva, founder chairman of LIRNEasia, a Colombo-based ICT think-tank, told The Daily Star.

Dilip Pal, chief financial officer of Grameenphone, said the telecom sector in Bangladesh is faced with the highest tax rates in the world; the higher taxes make it harder for operators to extend even lower rates to customers and still remain a business.

"In light of chronic declining average revenue per user' figures, in my opinion, higher tax rates only deter adoption of IT solutions among the majority of potential IT service users -- which is definitely not good for the country going forward."

Mustafa Jabbar, former president of the Bangladesh Computer Samity, said on one hand, the government wants to implement the vision of a 'Digital Bangladesh' but on the other hand, it is imposing 15 percent value-added tax on internet use or Tk 300 SIM tax. "It's conflicting."

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Sales of skincare products rise on advent of winter

SOHEL PARVEZ

Political calm raised hopes for brisk sales of winter care products this season, marketers said.

The sales of winter care products were affected last year by disruptions to the supply chain for recurrent strikes and blockades enforced by BNP-led alliance in the run-up to the election on January 5.

"We hope everything will go well this winter," said Md. Sayeed, head of marketing of Square Toiletries, a unit of business conglomerate Square Group.

The local market for winter care products is worth nearly Tk 800 crore, with sales growing by 10 percent a year thanks to an increase in people's purchasing power.

The gradual drop in temperature boosts sales ahead of winter.

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Ecneec approves power supply project

STAR BUSINESS REPORT

The Executive Committee of National Economic Council (Ecneec) yesterday approved a project to supply electricity to three lakh people in 21 southwestern districts.

The project to strengthen the power transmission system will get Tk 832 crore, as decided at the Ecneec meeting held with Prime Minister Sheikh Hasina in the chair at the National Economic Council auditorium in Dhaka.

The move will raise demand for additional electricity by 230 megawatts, AHM Mustafa Kamal, planning minister, said after the meeting.

The government wants to supply electricity to all by 2021, the minister added.

Under the project, 1,041 kilometres of new power lines will be built and 777 kilometres of power lines will be renovated.

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Nobel Laureate Professor Muhammad Yunus addresses 1,200 participants of the World Forum Lille in Northern France on October 24.

North France becomes social business region

STAR BUSINESS DESK

Nobel laureate Professor Muhammad Yunus has recently addressed 1,200 participants at the World Forum Lille, capital of North France, about social business as a powerful tool for social change. The four-day forum started on October 21, Yunus Centre said in a statement yesterday.

He discussed his experience in initiating social businesses to tackle the multi-dimensional problems the poor in Bangladesh are now facing.

The forum adopted social busi-

ness as the theme, following the work of the Nobel laureate, according to the statement.

During the forum, President of the World Forum Lille and former agriculture minister Philippe Vasseur announced a new identity for North France. He named North France as social business region of the country.

"It would be the first such province in any country," according to the statement. Named as SoBizHub, the region will act as a hub for social innovation and become a leader in creating social business.

The plan to develop a social business ecosystem in the region has been in process of more than one year with the involvement of 125 persons from 65 different organisations in the North France committed to the idea of social business.

Four companies—Danone, Veolia and Credit Agricole, McCain Europe—which have partnered with Professor Yunus to create social businesses in Bangladesh and around the world have promoted this process in France.

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Indian e-commerce site plans to venture into Bangladesh

STAR BUSINESS REPORT

India's ethnic wear e-commerce site Ishi Maya is looking to launch a dedicated internet portal for Bangladeshi customers.

Vinayak Online Marketing Private Ltd, which sells merchandise from Gujarat, Rajasthan and West Bengal, through the Ishi Maya website, will launch its Bangladeshi operation in

partnership with a local company Karigari Bangladesh. The platform will mainly sell salwar suits, sarees, lehangas, kurtis and anarkalis.

"Bangladesh is a key market for ethnic Indian wear for women. Through the tie-up with the local company, we will be able to offer services like cash-on-delivery and same-day-delivery services to buyers in Bangladesh," Nitin Gupta, chief execu-

tive of Vinayak Online Marketing told the Press Trust of India recently.

He, however, did not share any financial details about the company's Bangladesh foray.

"Yes, we are currently discussing the launch of a Bangladesh-dedicated portal of Ishi Maya, but Vinayak Online Marketing have yet to sign a deal with us," an official of Karigari Bangladesh told The Daily Star.

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FAO forecasts higher aman yield

SOHEL PARVEZ

Aman rice production this year is likely to be slightly higher than last year, the Food and Agriculture Organisation said.

Despite crop losses for floods in some areas, yields of aman paddy, the second biggest crop after boro, are likely to come to 1.97 crore tonnes this season.

"This reflects an increase in the area planted, in response to high prices at sowing time, coupled with higher yields due to the good rains during the season and increased use of improved seeds," FAO said in its country report on Bangladesh.

Overall, rainfall between June and mid-October had been near-average over the main rice-producing areas and thus benefited sowing activities and crop development, it said.

However, heavy rains during August over the northwest and northeastern parts of the country, coupled with onrush of water from upstream India led to localised floods, resulting in some crop losses in some areas.

"In spite of this, the overall damage to the 2014 aman season paddy crop is expected to be minimal."

The monsoon-based aman accounts for 38 percent of annual paddy production. The Department of Agricultural Extension aims to ensure production of 1.34 crore tonnes of rice from the ongoing aman season.

Harvesting of the 2014 aman season crop is expected to start in early November and continue until mid-December.

FAO said under current expectations, it tentatively forecasts that total paddy production including aus, the ongoing aman and forthcoming boro seasons may be 5.25 crore tonnes, up 2 percent from last year.

Bangladesh bagged 3.44 crore tonnes in fiscal 2013-14, up 1.77 percent year-on-year, according to the Bangladesh Bureau of Statistics. FAO also forecast maize output in 2014 is likely to marginally higher than last year's record output.

The UN agency said record domestic production is likely to cut rice imports in 2015.

Wheat imports may rise 4 percent year-on-year to 28 lakh tonnes in fiscal 2014-15, it said.

FAO said the prediction was based on current expectations that the government will continue its efforts to restore stocks for the public distribution programmes.

Overall, Bangladesh's cereal imports may be 32 lakh tonnes this fiscal year, it said.