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# Star BUSINESS

DHAKA TUESDAY JUNE 2, 2015, e-mail: business@thedailystar.net

## Higher growth hinges on reforms: CPD

**STAR BUSINESS REPORT**

The Centre for Policy Dialogue yesterday urged the government to boost reforms and set up five independent commissions for better management of the economy.

"The prevailing macroeconomic stability along with lower price levels will support such a plan," the CPD said in its review of Bangladesh economy for the outgoing fiscal year.

The recommended commissions are for the areas of agriculture price, local government financing, public expenditure review, financial sector reform and a statistical commission to validate the macroeconomic correlates.

Towfiqul Islam Khan, a research fellow of the CPD, made a presentation on the report, while Debapriya Bhattacharya, distinguished fellow, Mustafizur Rahman, executive director, and Khondaker Golam Moazzem, additional research director, also spoke at a discussion on the report at Cirdap auditorium in the capital.

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## No surcharge for net wealth up to Tk 2.25cr

**SOHEL PARVEZ**

People owning up to Tk 2.25 crore are likely to get a waiver from surcharges on their wealth next fiscal year, as the government finally caves in to the demand of FBCCI and other trade bodies.

At present, a 10 percent surcharge is applicable to a person with net wealth between Tk 2 crore and Tk 2.25 crore. The other slabs of wealth surcharges are likely to remain unchanged, said an official of the finance ministry.

The government is also likely to reduce the tax on the purchase of residential buildings and apartments in municipalities and semi-urban areas through undeclared incomes.

At present, taxmen allow unquestioned investments of undisclosed money for purchase of flats and apartments upon payment of a certain amount of tax.

The government is also likely to withdraw the 5 percent advance income tax on interest earnings from bonds and treasury bills to boost the secondary bond market, said the finance ministry official.

Currently, the authorities deduct 5 percent tax from primary dealers on the interest earnings from government bonds and bills.

The tax is collected prior to the maturity of the securities, an exercise that the bankers oppose as the ultimate burden of the tax falls on the primary dealers and not on the holders of bonds or bills.

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## Exports to India not rising despite efforts

**REFAYET ULLAH MIRDHA**

Bangladesh's exports to India have not been rising despite undertaking a lot of positive measures in recent years to reduce the huge bilateral trade gap between the two countries.

People involved in the bilateral trade identified some major impediments -- a lack of product diversification, non-tariff barriers, and inadequate banking facility along the bordering areas of the two countries.

They said major steps taken in 2012 could hardly impact Bangladesh's exports to its neighbour.

A renowned kids' wear brand in India -- Lilliput -- had not cleared payments worth \$5 million to twenty-two garment exporters of Bangladesh even five years after the shipment, which has dented confidence of the exporters.

Another barrier is that the Indian authorities do not accept certification from Bangladeshi institutions, exporters said.

Bangladesh mainly imports basic commodities from India such as rice, cotton, onion, fabrics, chemical products and dyes, lime stones, cattle, electricity, machinery and pulses. As a result, India has become a top source of Bangladesh's imports.



It is believed that India exports goods worth more than \$5 billion to Bangladesh a year through informal channels.

However, Mostafa Abid Khan, director of Bangladesh Foreign Trade Institute, said non-tariff barriers are not the major problems that hinder Bangladesh's exports to India.

"The demand for some major export items such as jute and jute bags has declined in the Indian market as production of these items went up in India in recent times," Khan said.

Though apparel is a major exportable item of Bangladesh, India is not a good destination for such products, he said.

## Shrimp farmers turn to local market to recover costs



**SOHEL PARVEZ**

Shrimp farmers are offloading their produce on the domestic market in a desperate attempt to recover production costs in the wake of slumping prices and weakening demand in developed economies.

Exporters pay Tk 330 at most for per kilogram of small to medium-sized shrimps, whereas the traders, who market the fish in cities, offer Tk 350 to Tk 375 for the same, said Shoyeb Mahmud, general manager of Jahanabad Seafood Ltd.

Historically an expensive item for local consumers, the black tiger shrimp has found a market here in recent times thanks to rising purchasing power.

The increased buying capacity is providing a protection to farmers, given the poor demand abroad, Mahmud said.

Even then, it would not be enough to recover the investment, said Atiar Rahman, a black tiger grower at Rampal, Bagerhat, one of the main shrimp farming regions. "The situation is very bad this year."

The prices that the shrimp growers are getting this year are almost half of what they got a year earlier, he said.

"None of us will be able to recover the production costs at the prices that we are getting wherever we sell," said Rahman, who have already incurred losses for disease attacks in his farm.

The export prices of larger black tiger shrimps, the major frozen food item for the European market, have slumped to \$5-\$5.50 a pound from upwards of \$9.2 per pound in the first quarter of the fiscal year, exporters said.

Prices declined during November and December compared with September last year as a result of poor demand from the US, the EU and Japan, said GLOBEFISH, a unit of UN's Food and Agriculture Organisation, in its market reports on shrimp in March.

The trend persisted into January this year, it said.

A host of factors -- increased supplies of vannamei shrimps from Ecuador, India, Vietnam and Indonesia to the EU, large inventories in the US, depreciation of the euro and Russian ruble -- affected shrimp prices, according to the report.

Processors said the demand for small to medium-sized shrimps has fallen at a higher rate than for the large-sized ones.

Export receipts from shrimps in the first ten months of the fiscal year fell 3.6 percent year-on-year to \$440.50 million, according to Export Promotion Bureau.

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