

SIBL NOW
Quicker Easier & Safer
 Transfer Fund, Pay Utility Bill, Top Up Mobile Balance & many more
SIBL
 Social Islami Bank Limited

star BUSINESS

DHAKA WEDNESDAY MAY 1, 2019, BAISHAKH 18, 1426 BS • starbusiness@thedailystar.net

Bring down corporate tax

FBCCI also calls for higher tax-free income limit

STAR BUSINESS REPORT

The country's apex trade body yesterday demanded a 2.5 percentage point reduction in corporate tax for both listed and non-listed companies and a hike in tax-free income limit for individual taxpayers for fiscal 2019-20.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) appealed for fixing the tax rate for manufacturing companies at 30 percent for next fiscal year to encourage investment and job creation.

Also, it urged the government for extension of loan rescheduling facility for small borrowers in line with big borrowers.

Large borrowers have got rescheduling benefit for 20 years.

"But why don't those who borrowed Tk 1-5 lakh get the same benefit? We do want any discrimination. We want transparency and accountability," said outgoing FBCCI President Shaful Islam Mohiuddin while placing the proposals for the incoming fiscal year on behalf of the business community.

The National Board of Revenue and the FBCCI jointly organised the meeting at the

Bangabandhu International Conference Center.

At the meeting, the FBCCI demanded automaton of tax administration, removal of advance income tax on imports, increased incentives for exports, hike in surcharge-free net wealth threshold and multiple rates of VAT.

The apex chamber welcomed the finance minister's decision to introduce multiple rates of VAT instead of a single rate and increase the VAT-free turnover limit to Tk 50 lakh annually from Tk 36 lakh.

It however suggested reduction of turnover tax rate to 3 percent in place of 4 percent.

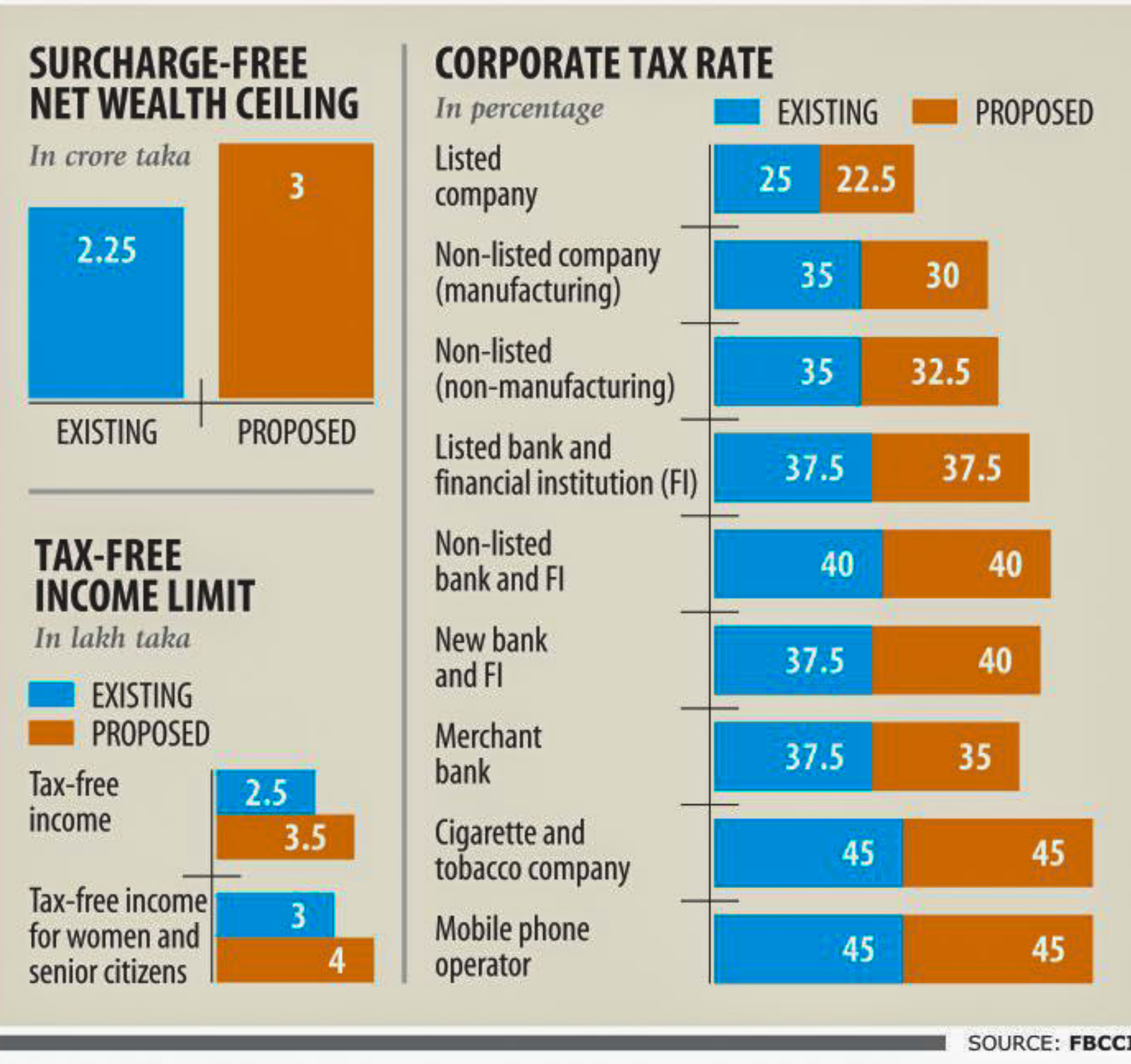
The FBCCI also raised the issue of input tax credit under multiple VAT rates and said an ambiguity still remains on the rates of VAT for products and services where tariff value or administered value are applied now.

On the other hand, it is still not clear about how the issue of input tax credit would be fixed under multiple VAT rates, Mohiuddin said.

On the matter, NBR Chairman Md Mosharruf Hossain said VAT rebate would be applicable for products and services that face 15 percent VAT rate.

The business community should not be worried about the impact on them for the implementation of the VAT law.

"If any problem arises later that could be addressed. So we will expect that there will no barrier to implementation of the VAT law this time," he added.



The implementation of the new VAT law has been delayed for two years amid opposition of the business community. Finance Minister AHM Mustafa Kamal, who was present at the meeting, said the rates would be 5 percent, 7.5 percent and 10 percent.

Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), demanded easing of the process so that exporters can get incentives without hassle.

dbi CERAMICS
 dbiceramics.com | dbiceramics | 01713656656

Easy rescheduling for defaulters in the works

BB deputy governor reveals in a seminar

STAR BUSINESS REPORT

The central bank is working to allow defaulters to regularise their classified loans by furnishing 2 percent down payment as it engineers to bring down the high non-performing loan figure.

"The initiative will help both the banks and clients," SM Moniruzzaman, deputy governor of the Bangladesh Bank, said yesterday at the inaugural session of a research almanac organised by Bangladesh Institute of Bank Management.

He, however, expects criticism from different corners given the central bank's previous restructuring facility for large borrowers.

In 2015, 11 large business groups got their loans amounting to about Tk 15,000 crore restructured on relaxed terms.

The policy, which was taken under political pressure from influential debtors, offered a repayment period of up to 12 years, discounted interest rates and down payment, and quarterly repayment instead of monthly.

But most of the borrowers have failed to pay their instalments and entered the default zone again.

This escalated the classified loan figures, and in the third quarter of last year it grazed Tk 1 lakh crore.

At the end of 2018, default loans stood at Tk 93,370 crore, which is 10.33 percent of the total outstanding loans in the banking sector. The central bank is carrying out its routine supervision work on the banking sector in a proper manner, Moniruzzaman said.

"But some people have recently alleged that default loans in the banking sector are on the rise because of weak monitoring by the central bank. It is not right."

They alleged that some non-bank financial institutions are performing badly.

Price spiral now starts before Ramadan: CAB

STAR BUSINESS REPORT

In a recent phenomenon, the prices of essentials have started to spiral a month or two ahead of Ramadan instead of during the Muslim holy month as street-smart traders look to circumvent the mobile courts, said the Consumers Association of Bangladesh (CAB) yesterday.

Normally, the government runs mobile courts during Ramadan to catch those involved in creating artificial scarcity of products to raise their prices, said Ghulam Rahman, president of the CAB.

"Those wily businessmen have changed their strategy now," he said at a press conference held at Dhaka Reporters' Unity.

The prices of meat have already increased by Tk 50 per kg, sugar Tk 8 per kg, onion Tk 15 per kg, garlic Tk 10 per kg and vegetables Tk 50 to 80 per kg. Fish prices have also edged up.

The data is based on market analysis of several kitchen markets in the capital, CAB said.

Rahman, also a former chairman of Anti-Corruption Commission, recommended running mobile courts all around the year so that no one dares to raise prices artificially.

Businessmen allege of extortion in the transport sector during the month of Ramadan, which contributes to the price hike, said Mubasshar Hussain, convener of the national complain resolution committee of CAB.

"The government should take serious action against this."

Furthermore, businessmen set out to make big profits during Ramadan, whereas in other countries several offers are extended ahead of festivals.

READ MORE ON B3

RAMADAN PRICE HIKE

Govt warns of stern action

STAR BUSINESS REPORT

The government will take stern action against the businessmen if they are found to be involved in making the market of basic commodities volatile in Ramadan, the commerce secretary said yesterday.

Md Mofizul Islam also called upon the businessmen to do business in an ethical manner.

He spoke at a discussion organised by the Dhaka Chamber of Commerce

and Industry (DCCI) at the chamber's office in the capital.

Islam urged the traders of specialised business associations not to increase the price of essential commodities ahead of or during Ramadan.

According to the secretary, there is plenty of stock of every essential item at the moment, so there is no reason to panic.

Cashing in on the higher demand for some commodities, a section of

traders create an artificial crisis to make a hefty profit ahead of Ramadan as well as during the month of fasting.

Osama Taseer, the DCCI president, said price spiral was seen in previous years in case of some essential items such as chick peas, sugar, rice, milk, edible oil and dates.

The prices went up because of traditional supply system, artificial crisis created by illegal hoarders, lack of market monitoring, extortion in the transportation sector, traffic congestion, and increased transportation cost, he said.

According to state-run Trading Corporation of Bangladesh (TCB), the prices of some items rose up to 26 percent year-on-year in March and April.

Taseer appreciated the TCB for selling essential commodities in the open market and suggested the government expand the initiative to district and upazila levels.

He also called for speedy custom clearance of essential products at ports, stern action against extortion in the transportation sector, effective market monitoring, evening banking facility, and displaying the prices of items in markets.

DCCI Senior Vice President Waqar Ahmad Choudhury, Vice President Imran Ahmed, directors Deen Mohammed, Enamul Haque Patwary, and Mohammad Bashiruddin also spoke.



Commerce Secretary Md Mofizul Islam speaks at a discussion organised by the DCCI at its auditorium in Dhaka yesterday. DCCI President Osama Taseer was present.

60pc RMG workers to lose jobs by 2030

BASIS chief says in keynote on industrial revolution

STAR BUSINESS REPORT

Some 60 percent of garment workers in Bangladesh will lose jobs by 2030 and will be replaced by robots because of the automation brought about by factory owners, said a top BASIS official yesterday.

In the leather sector, some 35 percent will suffer the same while 20 percent in the tourism sector, said Syed Almas Kabir, president of the Bangladesh Chamber of Software and Information Services (BASIS).

"This is very alarming for Bangladesh. Around 1.4 million workers in the furniture sector and 0.6 million jobs in agro-processing will vanish," said Kabir, while presenting a keynote paper on "Fourth Industrial Revolution - Preparations" at a meeting at The Westin Hotel in Dhaka.

The event was organised by the Bangladesh Malaysia Chamber of Commerce and Industry (BMCCI) and attended by diplomats, government high-

ups, exporters and importers.

"The evidence increasingly suggests that while large parts of many jobs will be subject to automation, relatively a few jobs will be really completely automated," Kabir added.

The automation will have such an impact on agriculture that farmers would be seen using drones instead of workers to spray pesticides, he added. "Education needs to keep pace with the changing demand of new technology. Skills are the magic word."

In future, the developed and developing countries may set up robot-run manufacturing units as they will not need a lot of workers, according to Kabir.

He spoke of a few emerging technologies, including blockchain, simulation, cloud computing, 3D printing, adaptive manufacturing, human-machine cooperation, speech processing, sensors, big data and virtual and augmented reality.

READ MORE ON B3

EBL raises Tk 465cr for Bangla Trac Power

STAR BUSINESS DESK

Eastern Bank Ltd, as the lead arranger and agent, has raised a syndication term loan of Tk 465.6 crore for Bangla Trac Power Unit-2 Ltd, one of the sister concerns of Bangla Trac Group.

The 100-megawatt power plant in Noapara, Jashore has been in commercial operation since April 2018, the bank said in a statement yesterday.

The other participating lenders are Bangladesh Infrastructure Finance Fund Ltd, Saudi Bangladesh Industrial and Agricultural Investment Company Ltd (SABINCO), Rupali Bank, and Shahjalal Islami Bank.

A deal closing ceremony was held at the Le Meridien hotel in Dhaka on Sunday.

Khaled Mahmood, chairman of Bangladesh Power Development Board; Tarique Ekramul Haque, managing director of Bangla Trac Power Unit-2; M Jahangir Alam, group CEO of Bangla Trac; Abdur Razzaque Ruhani, CEO of Bangla Trac Power; Ali Reza Iftekhar, managing director and CEO of EBL; Hassan O Rashid, additional managing director, and Ahmed Shaheen, deputy managing director, were present.

SM Formanul Islam, executive director and CEO of Bangladesh Infrastructure Finance Fund; Quazi Shairul Hassan, managing director of SABINCO; Khan Iqbal Hossain, general manager of Rupali Bank, and Mahmud Hossain, head of foreign exchange branch of Shahjalal Islami Bank, also attended the event.

Summit LNG begins supplying gas to national grid

STAR BUSINESS REPORT

Summit LNG Terminal Co Ltd (SLNG) has begun supplying re-gasified liquefied natural gas to the national grid in a development that will go a long way to help Bangladesh fix its energy shortage.

SLNG, the country's second LNG terminal, successfully completed the commissioning of its floating storage and re-gasification unit (FSRU) at 10pm on Monday, said Summit Group in a statement yesterday.

The unit has a capacity of supplying 500 million cubic feet of re-gasified LNG.

This is the second FSRU that will re-gasify and supply gas to Bangladesh, after Excelerate Energy of the US began supplying re-gasified LNG to Bangladesh from its terminal in Moheshkhali in August last year.

The second FSRU is 75 percent owned by Summit Corp, a unit of Summit Power International, and the remaining by Japan's Mitsubishi Corp.

The milestone was achieved about a month ahead of schedule saving resources for the government and will be a source of energy for many homes and industries that had been waiting for much-needed gas supply, the statement said.

Muhammed Aziz Khan, founder chairman of Summit Group, said investors in Bangladesh need to believe that energy, gas and power will be available to their industries.

"Our Summit LNG's 500 mmmcf will help strengthen that trust," he said in the statement.

Nasrul Hamid, state minister for energy and power, said the process of feeding the gas from the Summit FSRU to the national grid has started.

"This is a huge achievement for our country's energy security. We are taking more initiatives, including onshore and offshore gas exploration, to help feed the expanding economy," he told Reuters.

READ MORE ON B3