

# Govt committed to RMG workers' welfare: commerce secretary

STAR BUSINESS DESK

The government is firmly committed to the Sustainability Compact and the welfare of millions of readymade garment (RMG) workers, said Commerce Secretary Mofizul Islam.

"To date, we have already seen increased wages, greater presence of the trade unions and improved workplace rights," he added.

Efforts must continue to improve these responsible practices because the economy of Bangladesh depends heavily on RMG exports, he added. The compact is an RMG compliance-monitoring framework rolled out after the Rana Plaza building collapse in 2013.

It comprises three pillars to promote continuous improvements in labour rights, workplace health and safety and responsible business conduct in the sector.

Islam's remarks came at a high-level discussion between the ministry and International Labour Organization (ILO) in Dhaka on Tuesday, the organisation said in a statement yesterday. The meeting aimed at looking at the need for ongoing responsible and efficient business practices in the country's \$30-billion RMG industry.

Tuomo Poutiainen, ILO country director for Bangladesh, said, "Experience from other countries has shown that the ability of a garment producing country to rise up through the value chain depends on a number of factors."

These include close collaboration with brands, factories and the government, decent infrastructure and public services, he said. "This sector can only grow with greater transparency and stronger governance," he added.

The meeting was participated by 40 stakeholders from the RMG supply chain in Bangladesh including a host of international brands and retailers.

The participants included members of the Bangladesh Employers' Federation, Bangladesh Garment Manufacturers and Exporters Association and Bangladesh Knitwear Manufacturers and Exporters Association.

High on the agenda was progress under the third pillar of the Bangladesh Sustainability Compact - Responsible Business Conduct - with participants discussing ways to ensure the future sustainability of the Bangladesh RMG industry.

## India's factory growth hits eight-month low

REUTERS

India's factory activity expanded at its slowest pace in eight months in April as growth in new orders and output dipped as national elections got under way, a private business survey found.

Optimism among manufacturing firms also ebbed in April as they remain concerned about what policies the new government will adopt when it takes office by end-May.

The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, fell to 51.8 last month from March's 52.6. It has stayed above the 50-mark separating expansion from contraction for nearly two years.

"When looking at reasons provided by surveyed companies for the (April) slowdown, disruptions arising from the elections was a key theme," noted Pollyanna De Lima, principal economist at IHS Markit, in a release.

"Also, firms seem to have adopted a wait-and-see approach on their plans until public policies become clearer upon the formation of a government."

Voting in India's multi-stage election began on April 11 and will end on May 19. Votes will be counted on May 23.

# Tax benefits to continue for investors: NBR

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The market has been on the downturn for the past three and a half months in the face of wobbling confidence of investors and a liquidity crunch.

On April 29, the Dhaka stocks sank to a 27-month low, compelling aggrieved investors to stage a hunger strike in front of the Dhaka Stock Exchange (DSE). The DSEX, the benchmark index of the DSE, dipped 62.73 points to close at 5,175.46 on the day.

However, stocks rebounded yesterday.

Bhuiyan said he talked to the heads of the Bangladesh Securities and Exchange Commission (BSEC) and the Bangladesh Bank on giving support to the stockmarket.

The finance minister has also given some directives about the market, he said, adding that affected investors had been given loan benefits in the past.

"We will consider similar measures this time," said Bhuiyan, adding that the BSEC and the Investment Corporation of Bangladesh would determine who the affected investors were.

He suggested investors refrain from buying shares that have weak fundamentals.

Currently, stock investors do not have to pay tax on dividend income of up to Tk 25,000 from a company, according to the NBR. Besides, general investors do not have to count tax on capital gains from selling securities.

Companies and firms face 10 percent tax on the earnings from selling securities at the stock exchange. And 5 percent tax is imposed on sponsors and directors of bank, financial institutions, insurance and leasing companies, merchant banks, portfolio management companies and stock dealers and brokerage firms.

Besides investors, whose share holding exceeds 10 percent of the paid-up capital of a listed company at any time in a year, have to pay 5 percent tax on capital gains from the sales of securities, according to an NBR notification.

At the meeting, the ERF proposed taking measures to prevent tax evasion, building

added.

Responding to a query, Bhuiyan said information about taxpayers was provided to agencies, including the Anti-Corruption Commission to meet the need of inquiry into cases. Except for this, taxpayers' information is not provided to any agency in general, he added.



**Md Mosharraf Hossain Bhuiyan, chairman of the National Board of Revenue, speaks at a pre-budget discussion on the upcoming budget at its office in Dhaka yesterday. Saif Islam Dilal, president of Economic Reporters' Forum, was present.**

capacities of taxmen to curb tax evasion, ensuring transparency in tax benefits, and providing adequate focus on direct taxation.

Its members also suggested reforms and automation of the tax administration and impact assessment of tax incentives.

The NBR chairman said the extent of tax exemption should be reduced and he has already talked about the matter with the finance minister. "I will place the issue before the prime minister," he

Bhuiyan said his office would take initiatives to popularise online return submission and private sector firms would be allowed to assist taxpayers to file returns online on payment of a certain service charge.

He said he has directed field offices to ensure submission of tax returns of the registered taxpayer who have not filed tax returns.

On implementation of the VAT law, Bhuiyan said rebate benefit would not be applicable for goods

and services where 15 percent VAT would be applied.

He also expressed reservations about a drastic change in corporate tax rate. Corporate tax accounts for 60-65 percent of the total direct tax and any drastic change will not bring about good result for the country, he added.

"If we are to go for drastic cuts,



**Binesh Balakrishnan, head of merchandise at Yellow, Hadi SA Chowdhury, head of retail operations, and Alauddin Mahmood, head of administration at Beximco Textile, open the fashion brand's flagship store on Ring Road at Mohammadpur in Dhaka yesterday.**

## Banglalink getting back in the race

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With this incremental revenue back, Banglalink's earnings before interest, tax, depreciation and amortisation (EBITDA) also started getting back to a good shape: it reached 44.79 percent, in contrast to less than 35 percent last year.

At the end of the quarter, its active customer base stood at 3.30 crore, of which 2.04 crore are using internet and their average monthly data consumption reached 1,200MB with a growth rate of 99.8 percent.

Customers' monthly voice call volume though has declined to 232 minutes a month from 272 minutes.

Currently, Banglalink has approximately 72 percent population coverage with 3G network and about 18 percent with 4G. The government's move to introduce significant market power (SMP) guidelines was welcomed by Banglalink, Aas said.

He, however, called for proper implementation of SMP rules and other regulatory revisions to ensure competition and a level-playing field that will help them to serve their customers in a more significant way.

Recently, the telecom regulator has declared Grameenphone as SMP operator as it has more than 40 percent market share in terms of revenue and customer segment. Grameenphone will face some restrictions on its business as a result.

## Rising cost to take toll on apparel

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Reducing dependence on gas, local coal resource can be extracted and utilised for growing energy and power needs to keep the RMG sector sustainable, he said.

Some 1,200 factories have been closed down over the last four years for failing in compliance standards.

Since 2013, Bangladeshi apparel prices decreased 0.74 percent every year on an average. Due to a 208 percent gas price hike for power producers, electricity prices may increase by 60 percent, resulting in a 9 percent increase of production cost. Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, said government support is needed for sustainability.

"Moreover we are in an image crisis and we should brighten the image in the international market with the support of all, especially through the media," she said.

Huq also underscored the importance of forming strong strategies while the government should focus on ways to reduce the cost of doing business for RMG sector's sustainability.

Commerce Minister Tipu Munshi said the entrepreneurs of this sector were not getting the right prices from buyers.

## ADB sounds caution over taking BRI loans

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The BRI's idea of enhancing connectivity between East Asia, Central Asia and European countries all the way to Africa is a progeny of China's Han and Tang dynasties' ambitions. Hundreds of years ago, they had embarked on expansion of trade routes in this manner.

Nakao, however, remained ambiguous when probed about the possibility of the Manila-based lender's continuation of concessionary lending for Bangladesh once it becomes a middle-income country.

"At this moment, we are full-heartedly supporting Bangladesh," he said, while citing the \$200 million grant extended to the country last year to help the government deal with the influx of Rohingya as a case in point.

The ADB provides both concessionary and non-concessionary loans to Bangladesh at present. The concessionary loans come with 2 percent interest rate, a 25-year repayment period including

five years' grace period, while the non-concessionary loans have LIBOR-based interest rate that ends up being more than 2 percent.

Last year, the Manila-based lender pledged \$2.20 billion for Bangladesh, its highest yet for the country and the third highest amongst the Asian nations in 2018.

Nakao also took the opportunity to praise Prime Minister Sheikh Hasina's leadership role over the past decade.

"I have a very positive view of Bangladesh because of her strong leadership, especially regarding gender and education issues. She is so enthusiastic about education for young girls, esp. in areas of science."

The prime minister is keen on partnering with the ADB regarding railway reform, port reform, water project and education, he added.

In a separate press briefing on Wednesday, Hun Kim, ADB's director general for South Asia operations, lauded Bangladesh for its economic

advancement in the past decade.

"Bangladesh is really becoming a success story of the region -- pulling itself ahead of the game. We have big expectations -- we are betting big on the future of Bangladesh."

The country's capacity to implement large volumes of infrastructure projects will be the main stumbling block to realising its growth ambitions.

"Your capacity to implement mega projects or many projects is growing but that will be the main bottleneck. Money will never be an issue. If an economy is growing at 7-8 percent the whole world will come and invest," he added.

Finance ministers, central bank governors, government officials, private sector representatives, development partners, youth, as well as members of the academy, civil society, and media from Asia and the Pacific, as well as around the world, are participating in the five-day event.

The theme for this year's event is "Prosperity through Unity".

## BSTI finds 18 food items of 47 brands substandard

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Some 12 brands of spices, mostly turmeric powder, were detected risky for human consumption by the BSTI.

The substandard turmeric powders are of: Danish of Danish Food; Pran of Pran Agro, one of the biggest food processors in the country; Fresh of Meghna Group of Industries' concern Tanvir Food; Sun of Sun Food; and Manzil Food and Products.

The BSTI found coriander powder of ACI Food as well as curry powder of Pran Agro and Danish Foods substandard. Chill powder brand of 'Pure Hathazari' of SS Consumer Products failed in the lab test.

In its lab test, the BSTI found vermicelli of Pran Agro, Mistimela Food Products, Modhuban Bread and Biscuits, Mithai Sweets and Bakery, Well Food and Beverage, Madhuful, among others substandard.

The BSTI also found that iodised salt of seven salt processors below its acceptable standards.

The processors are ACI Salt, Molla

Salt, and five salt processors from Jhalakathi: New Jhalakathi Salt, Quality Salt Mills, Lucky Salt Industries, Taj Salt Industries and Nur Salt.

It detected drinking water brands Ara of Arra Food and Beverage, Al Safi of Al Safi Drinking Water, Mizan of Sahari and Brothers, Morn Dew of Morn Dew Sure Drinking Water, Duncan of Duncan Production, RR View of RR View Purified Drinking and Dighi of Dighi Drinking Water risky for drinking because of violation of standards.

In addition, the BSTI found non-compliance with its standards in Sun brand of chips of Quasem Food Products, Doodle brand noodles of New Zealand Dairy Products, soft drink powders of Shanta Food Products and Zahangir Food Products, ghee of Banalata Sweets and Bakery, fermented milk of Rupsha Food Products, biscuit of Imtiyaz Bread and Food Products, semolina flour of Nishita Foods and honey of Greenlane Milk products.

BSTI officials said some of the food items are risky for human consumption because of the presence of health hazardous heavy metal lead and acidity.

The Daily Star talked to three leading companies on the BSTI's test results and all of them denied the allegations.

"We procure turmeric from farmers, wash and clean it before making powder. What can we do if the lead comes from the soil?" said Mostafa Kamal, chairman of Meghna Group of Industries.

Syed Alamgir, managing director of consumer brand of ACI, said the company maintains 'high standards' in its products. "We will need to reply to BSTI's queries," he added.

Biswajit Saha, director of corporate and regulatory affairs of City Group, said City's mustard oil is hundred percent okay.

"We process oil in line with the BSTI standards and the BSTI has given us licence," he said.

## Govt gives Tk 856cr to affected stock investors

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This time the refinance scheme's tenure will come to an end in December 2022.

"The decision has been taken to support the market and boost the confidence of retail investors," he added.

The government has formed a committee, comprising representatives from the Bangladesh Securities and Exchange Commission, the ICB and BB, to monitor the scheme.

Retail investors with less than Tk 10 lakh in exposure between January 2009 and November 2011 will be eligible for the fund.

The ICB will receive the fund at an interest rate of 5 percent from the BB and lend it out to merchant banks and stockbrokers at 7 percent.

The merchant banks and the stockbrokers will disburse the funds among retail investors at a rate of 9 percent. Borrowers will have to clear instalment payments every three months.

## Other sectors to get same benefits as garment

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He also called for instances of discrimination faced by investors. "Give us a list within a week and we may examine. But Bangladesh does not discriminate when it comes to taxation."

He went on to cite the case of the US, where Bangladeshi apparel items are subjected to 15 percent duty but those from Vietnam face 7-8 percent.

"Had it been equitable our exports could grow further and at the same time the profit or the competitiveness of our businesspersons could grow."

Many American companies have investment in Bangladesh at present. "We also expect more companies to come because we have an atmosphere of equity, justice and equitable tax policy."

The corporate tax for tobacco companies is higher than the rest, but that is to discourage people from smoking.

Initially, the government tries to promote domestic investors and in some cases levy supplementary and regulatory duty to discourage import of certain products.

"But at the same time we are trying to create an atmosphere of competition as the benefits are gradually phased out."

Currently, the tax GDP ratio in Bangladesh is around 10 percent, which is one of the lowest in the world.

One of the main reasons for this is tax avoidance by many local companies. "We are trying to improve the situation -- we are going door to door," he added.

Md Nurul Islam, president of AmCham, also spoke