

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 Mdofizul 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

FROM PAGE B1

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 DSE, 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.

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,



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

we have to find alternative sources of tax," he said, adding that the corporate tax rate was 25 percent for companies.

Yet, the issue of 35 percent corporate tax comes to the fore as most of the companies do not want to be listed to avoid the obligation of maintaining proper accounts and ensure regular disclosure.

"Let the companies that face 35 percent tax get listed to the stockmarket," he said.



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.

Kamal promises budget remedy for stock wounds

FROM PAGE B1

As the market is not in a good mood, the stock brokers are also facing a very tough situation in running operations, he added.

Rashid, also a presidium member of Jatiya Party and a lawmaker, said the BSEC has approved many stocks in the last seven years that became junks, which inflicted losses on the investors who held the underperforming stocks.

Subsequently, Rashid recommended formation of a commission to justify the approval process and punish the issue managers, which managed the junk stocks.

In response, the finance minister told the BSEC chairman to not get nervous. He also asked to take action, saying the commission knows well who the issuers and issue managers were and the rule about it.

Hossain said the market was going through volatility so the commission was taking many steps, such as on the sales of placement shares and tax issue related to dividend income. The BSEC is working to develop the bond market as it is a very important product for the

stockmarket, he said.

KAM Majedur Rahman, managing director of the DSE, said if a company wants to raise funds through the book building system with premium, the minimum paid-up capital would have to be Tk 10 crore before the fund was raised.

Only qualified investors can subscribe to the issues offered by the SMEs.

The qualified investors are merchant bankers and portfolio managers, asset management companies, mutual funds, stock dealers, financial institutions, resident or non-resident Bangladeshis having a minimum net worth of Tk 1 crore, or other institutions as approved by the commission.

Investors will have to buy or sell shares worth at least Tk 2 lakh per trade, according to Rahman.

If the paid-up capital of the company listed on the small-cap board crosses Tk 30 crore, it will have to apply to be listed on the main board. Prof Abul Hashem, chairman of the DSE, also spoke.

Govt support needed to popularise crop insurance: experts

FROM PAGE B1

He called for VAT waiver for the next five years to enable insurance companies to achieve viability faster.

Ajit Kumar Paul, additional secretary at the financial institution division of the finance ministry, said if the coverage of the crop insurance can be widened, the government's expenditure might go down.

This is the right time to bring the VAT issue to the table as the budget is just knocking on the door, he said. Ali Tareque Parvez, deputy senior vice president of Green Delta Insurance, and Feisal Hussain, team leader of the BFP-B, also spoke.

Bangalink getting back in the race

FROM PAGE B1

With this incremental revenue back, Bangalink'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, Bangalink 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 Bangalink, 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

FROM PAGE B1

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

FROM PAGE B1

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 fully 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 Rohingyas 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".

Govt gives Tk 856cr to affected stock investors

FROM PAGE B1

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

FROM PAGE B1

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.