

INFRASTRUCTURE

BUDGET FY2019-20

Construction sector against any tax, VAT hike

STAFF CORRESPONDENT

The upcoming budget should not impose any new tax, duty or value-added tax on the construction sector and rather explore ways to cut them to help it further its contribution to the economy, sector people and trade bodies said.

SM Khorshed Alam, president of the Bangladesh Association of Construction Industry, said if the new VAT and Supplementary Duty Act comes into effect from the next fiscal year, the new rates should be kept at a tolerable level for the construction sector.

The budget for the next fiscal year is set to be unveiled on June 13.

Alam said taxes and VAT should be the same during the whole execution period of a project, instead of varying from a fiscal year to another fiscal year.

The Bangladesh Steel Manufacturers Association (BSMA) said the existing tariff prices on steel products, including mild-steel (MS) rods, should continue in the next fiscal year, in order to keep their prices tolerable at consumer level.

In a letter to the National Board of Revenue (NBR), the association says if the prices of gas go up, the cost of production of billet or ingot used in the steel industry will increase, which will lead to uneven competition for the local steel makers.

In order to protect the local steel manufacturers, the regulatory duty should be raised to 30 percent from 20 percent, it said.

The BSMA requested the NBR not to increase duty and tax on imports of sponge iron used in billet production.

Alamgir Shamsul Alamin, president of the Real Estate & Housing Association of Bangladesh (REHAB), said the government should place special emphasis on the sector in the upcoming budget.

"No new tax or VAT should be imposed on any construction materials," he said, adding that he hopes the scope to legalise untaxed money in the housing sector would continue in the next fiscal year as well.

The REHAB has proposed the government introduce a long-term refinancing scheme that carries single-digit interest rate and form a Tk 20,000 crore fund to help the sector make a turnaround, Liakat Ali Bhuiyan, first vice-president of the REHAB, said.

Another proposal is seeking a cut in flat and plot registration taxes and fees, from 14-16 percent now to 7 percent.

"Because of excessive registration-related cost, plot or apartment buyers have lost interest in having their properties registered. As a result, the government is losing a lot of revenue," Bhuiyan, also the chairman of the budget committee of the REHAB, said.

The REHAB said a secondary market should be introduced in the housing sector to allow the sales of old apartments at a nominal registration fee.

The realtors' association also called for reducing VAT; cutting gains tax from 15 percent to 4

percent; granting waivers to developers for five years from collecting suppliers' VAT and source tax; encouraging decentralised urbanisation through tax holiday; and increasing flow of credit in the housing sector by providing funds to Bangladesh House Building Finance Corporation.

The Bangladesh Cement Manufacturers Association (BCMA) called for import tariff rationalisation for the raw materials and machinery used by the sector. It, too, has submitted a set of proposals to the revenue administration.

In the letter signed by its President Mostafa Kamal, the BCMA said 100 percent raw materials needed for cement production are imported. So, if the duty rate is not logical, it affects the price of the product.

The association called for fixing import duty at 5 percent on imported raw materials or bringing down specific duty from Tk 500 to Tk 200; cutting value-added tax on imported raw materials to 5 percent from 15 percent; and reducing advanced income tax from 5 percent to 2.5 percent.

It said the existing regulatory duty of 5 percent on fly ash should be withdrawn. Besides, the import duty on the bulk carriers that are used in the government's mega projects should go. There is no commercial use of bulk carriers in the country and it is not made in Bangladesh, it said.

The cement manufacturers said the refund-



able amount in the deposited advanced income tax should be returned to cement companies within 60 days, and for any delay after that, late interest should be given to cement makers.

According to the association, some cement makers have installed modern and eco-friendly technologies to expand production capacity. This will raise investment in the sector from Tk 25,000 crore to Tk 40,000 crore and increase the production capacity by 25 percent.

"This will definitely help the government implement its plans on physical infrastructures," it said.

The association's members use a chemical called cement grinding aid, which has multiple benefits for cement manufacturing.

"But we are getting reports from our members that they can't use quality products from the developed world as there is a high tariff value fixed depending on the origin of the product."



Recycling of demolished concrete waste as coarse aggregate for new construction works.

Recycling demolished concrete waste

Turning waste into useful resource



DR MD TAREK UDDIN

Worldwide consumption of concrete is estimated at 20 billion tonnes. To produce such a huge volume of concrete, we need 14 billion tonnes of natural aggregate. To supply aggregate, it is necessary to cut a huge volume of mountains or dig aggregate quarries. On the other hand, we are demolishing concrete structures due to deterioration as well as replacement of low-rise buildings by high-rise buildings. It is estimated that every year the world has to reckon with the problem of disposing of 12 billion tonnes of demolished concrete waste generated from the demolition of buildings and other reinforced concrete infrastructures. To make construction materials sustainable and to keep our world habitable for the future generations, we need to strike a balance between the demand for aggregate for construction works and the volume of demolished concrete waste. Through recycling of demolished concrete waste, this balance can be established. By recycling demolished concrete waste in new construction works, it is possible to (i) solve the environmental problems related to the production of natural aggregate and (ii) solve the disposal problem associated with the demolished concrete waste.

Bangladesh is a fertile and densely populated delta country. Due to the scarcity of natural sources of stone aggregates, bricks are widely used as coarse aggregate in con-

crete and as blocks for making walls. Conventionally, bricks are produced by burning clay at a temperature of more than 1100°C which causes enormous environmental pollution. Around 17.2 billion clay burnt bricks are produced every year through around 5,000 brick kilns across the country. During production of these bricks, about 10 million tonnes of carbon dioxide are emitted to the atmosphere. The brick industry is also responsible for about 40 percent of fine particles in the air of Dhaka city. Moreover, in order to supply raw material (clay) to the brick kilns, about one metre depth of fertile soil is removed from an area of 40km² every year. As a result, agricultural production is hindered significantly. Also, agricultural production is severely affected around the brick kilns due to the deposition of dusts on the plants. Moreover, environmental pollution by brick kilns causes severe problems to human health. Switching to alternative sources of coarse aggregate can help to overcome these concerns.

It should be noted that concrete is the second most consumed material after water. Water is recycled through the God-gifted natural water cycle. Recycling of concrete is also indispensable to keep our environment healthy and sustainable.

In Bangladesh, most of the demolished buildings are made of brick chips. To understand the possibility of recycling demolished concrete as coarse and fine aggregate for new construction works, we conducted a research study where demolished concrete blocks were collected from 33 demolished building sites. Then the blocks were crushed into coarse and fine aggregates. The properties of aggregates were investigated and compared with the virgin brick aggregate and natural sand. By using the recycled aggregate, more than 1,000 concrete cylindrical specimens were made for evaluation of mechanical properties of concrete. The results revealed that recycled brick aggregates satisfy international standards, such as ASTM C33, and it is possible to produce concrete of strength 2,500 to 5,000 psi by

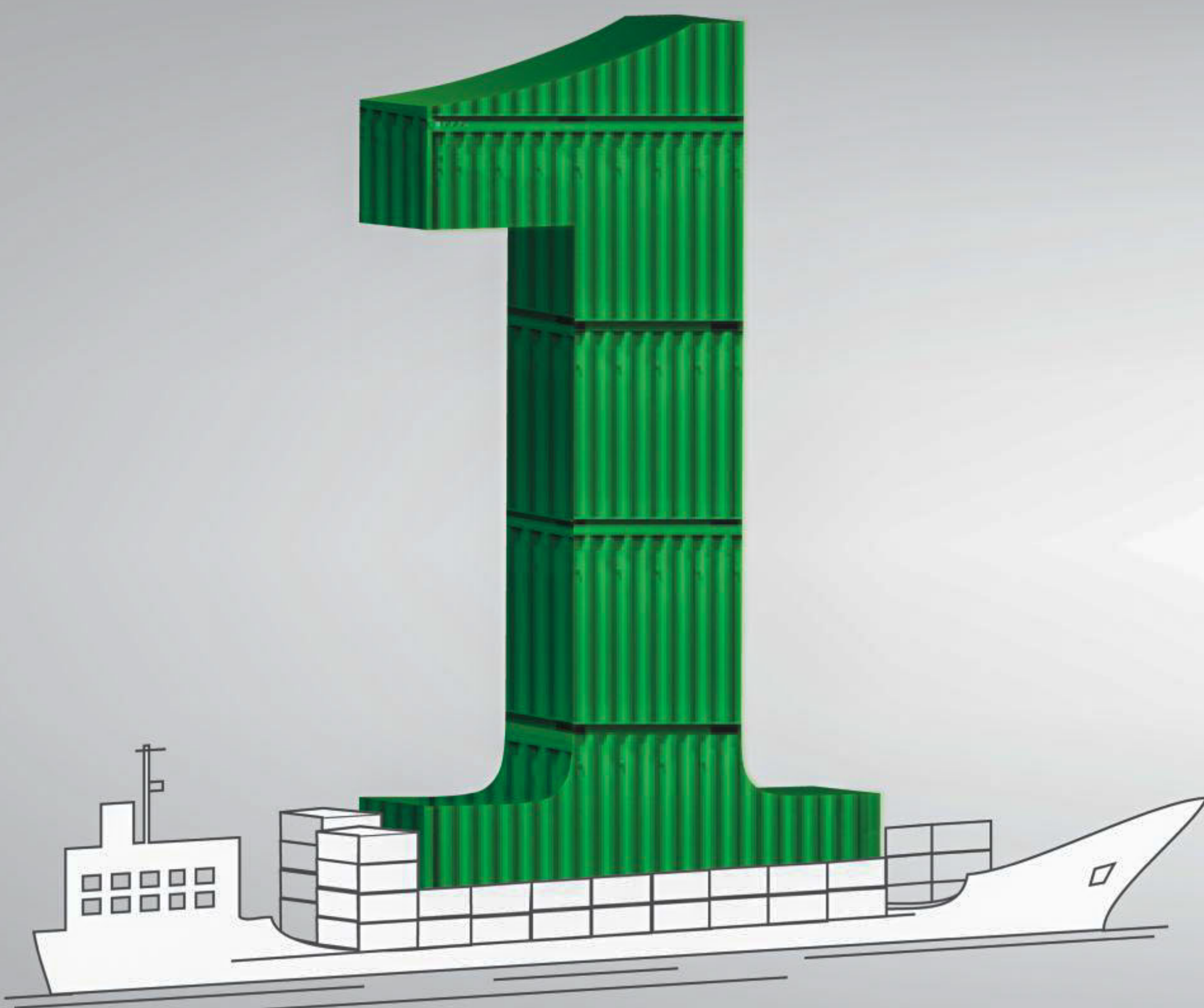
using recycled brick aggregate. In addition to the cylindrical concrete specimens, large-sized RC beam specimens were also made and investigated under loads. The results were compared with different internationally renowned design code provisions, such as ACI, AASHTO, BS, CSA, FIB, Euro Code, and JSCE. The provisions of different design codes can be used safely for evaluation of load-carrying capacity of RC beams made with recycled aggregate. In general, to improve strength of concrete made with recycled brick aggregate, it is necessary to use lesser amounts of water during mixing concrete, and water reducing admixture can be used to improve flow ability of concrete. The presence of different sizes of particles is also necessary as per standard. Our research results related to these investigations were published in internationally renowned journals, such as *ASCE Materials Journal*, *Journal of Construction and Building Materials*, and *Journal of Engineering Structures*.

For general awareness of recycling demolished building waste, public projects were made with recycled aggregate in many countries like Germany, USA, Japan, etc. The same policy can be adopted in Bangladesh as well. Recycling of demolished concrete waste will help in achieving several Sustainable Development Goals (SDGs) set by the United Nations (UN), such as SDG 9 (Industry, Innovation, and Infrastructure); SDG 11 (Sustainable Cities and Communities); SDG 12 (Responsible Consumption and Production); and SDG 13 (Climate Action). Considering sustainability of construction materials as well as sustainability of our environment, every particle of construction waste is expected to be recycled properly thorough the innovative ideas of our engineers keeping in mind that demolished concrete is not waste but a resource.

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THE EXPORT LEADER

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