

# Indians keen to explore Bangladesh's green brick market

JAGARAN CHAKMA

Indian construction equipment manufacturers see a business potential in Bangladesh as the country is gradually phasing out clay brick and embracing cost-effective and eco-friendly automatic brick and block.

The use of block and automatic brick has been increasing in the construction sector in Bangladesh gradually for the last 10 years and brick manufacturers are also switching to the relatively environment-friendly brick-making.

"Autoclaved Aerated Concrete (AAC) will be the future building materials for this century replacing all major carbon-emitting alternatives," said Abraj T Vettuparampil, managing director of Masa Concrete Plants India Private Ltd, a machinery manufacturer for building materials.

AAC is made with fine aggregates, cement, and an expansion agent that causes the fresh mixture to rise like bread dough. Its light weight/cellular properties make it easy to cut, shave, and shape, accept nails and screws readily, and allow it to be routed to create chases for electrical conduits

and smaller-diameter plumbing runs. This gives it design and construction flexibility, and the ability to make easy adjustments in the field.

Masa India, a subsidiary of Masa, Germany's pioneer of automated building materials machinery manufacturer, took part at the 5th Bangladesh BUILDCON International Expo at the International Convention City Bashundhara in the capital's Kuril. The three-day event concluded yesterday.

AAC can be made from sand and fly ash, an industrial waste from thermal power plant.

Vettuparampil said Masa is planning to set up a plant near Dhaka soon, which will set the benchmark for AAC manufacturing in Bangladesh.

He said he sees a potential market of Masa in Bangladesh thanks to rapid urbanisation and growing awareness about environment.

Punit Patel, deputy general manager for marketing and sales at Venus Equipment, another construction company in India, said the demand for construction equipment is increasing in Bangladesh as a lot of development

works are underway.

He said interested dealers and businessmen have contacted with them and showed interest to purchase their equipment.

The company can supply quality ready-mix equipment at comparative prices, he noted.

Ajit Puria, stall in-charge of Q Green Techcon, said the company has a good number of clients in Bangladesh and the number is increasing gradually as concrete block and paver fly ash brick are getting popular in the country.

The company manufactures machines that can produce brick from fly ash, concrete brick, block and paver block as well as material handling equipment.

More than 250 exhibitors from 10 countries showcased materials, machinery, equipment, tools and hardware at the concurrent Bangladesh BUILDCON International Expo as well as the 5th Bangladesh Wood International Expo 2019, which drew 6,210 business visitors, according to Tipu Sultan Bhuiyan, managing director of ASK Trade & Exhibitions Pvt Ltd, one of the organisers.

# Printing, related trade bodies demand duty cut

STAR BUSINESS REPORT

Textbook printers, paper importers, merchants, and press owners yesterday called for cutting the import duty of a number of intermediary products used in the industry from 25 percent to 5 percent to help them keep businesses afloat and restore discipline in the sector.

Six related associations – the Bangladesh Paper Importers Association, the Bangladesh Paper Merchants Association, the Bangladesh Textbook Printing and Marketing Association, the Chittagong Papers and Cellophane Business Group, the Printing Industries Association of Bangladesh, and the Metropolitan Press Owners Association – raised the demand at a joint press conference at the Economic Reporters' Forum auditorium in Dhaka.

"Because of the higher duty, we are gradually losing our business," said Md Shafiqul Islam Vorosha, president of the Bangladesh Paper Importers Association.

The local printing, publication and packaging industries import duplex board, art paper, art card, Swedish board, folding box board and self-adhesive paper to make finished products, as they are not produced in Bangladesh.

They are also used in pharmaceuticals, cosmetics, food processing, and electric industries as well as in invitation cards, sweet box, wall calendar, and desk calendar.

Because of the 25 percent import duty, the total tax incidence for the products

stands at 60.73 percent, Shahid Serneabat, chairman of the Printing Industries Association of Bangladesh.

"The import duty has been continuing for a long time. Now it is a question of survival for us. Because of the higher duty, there is misuse of paper and boards imported under the bonded warehouse facility," Vorosha said.

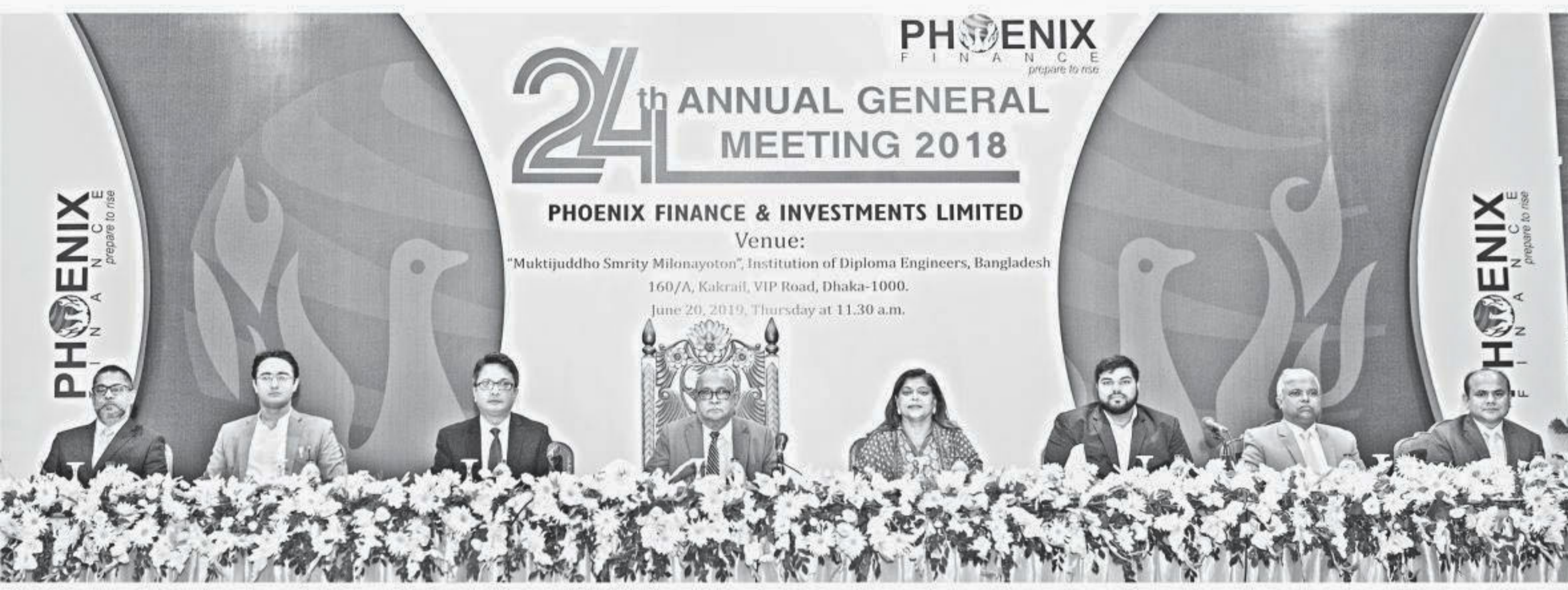
If the import duty is brought down to 5 percent, the overall tax incidence will be 32.40 percent, according to the organisers.

The organisers say they are not against products being imported under the bonded warehouse facility. But the reality is these products are sold in the local market. As a result, the government is losing Tk 2,000 crore in annual revenue.

Because of the higher duty, companies don't go for the import and instead they rely on the local market.

If import duty is cut to 5 percent, the misuse of the bonded facility will come to an end and the market will stabilise, they said. Every year, about 5 lakh tonnes of paper and paper boards are imported, according to the organisers.

Tofayal Khan, president of the Bangladesh Textbook Printing and Marketing Association, Md Zahurul Islam, general secretary of the Printing Industries Association of Bangladesh, Fazlur Rahman Parbat, president of the Bangladesh Paper Merchants' Association and Mohammed Belal, general secretary of the Chittagong Papers and Cellophane Business Group, were present.



Azizur Rahman, chairman of Phoenix Finance & Investments, presides over its 24th annual general meeting at the Institution of Diploma Engineers, Bangladesh on Thursday. The company declared 15 percent stock dividend (bonus share) for shareholders for 2018.

# Focus on inequality: experts

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Bangladesh's youth unemployment rate is 9.45 percent, which is the highest in South Asia, said Rashed Al Mahmud Titumir, a professor at the Dhaka University's Development Studies department.

Furthermore, growth in real income decreased by three percentage points in 2017 than in the previous two years, he said.

Between 2005 and 2010, poverty reduced at the rate of 1.7 percent every year. And between 2011 and 2016, the rate came down to 1.2 percent.

"The burning question is: where has all the output from GDP growth gone?"

Recently, Arvind Subramanian, a former chief economic adviser to the Indian government, unearthed that the actual GDP growth of India between fiscals 2011-12 and 2016-17 was two percentage points less than what the government had declared, he said.

"A lower GDP growth will also be found here if the same research is carried out," Titumir added.

An autonomous organisation should be set up to analyse the domestic data as questions have been raised over the accuracy of the Bangladesh Bureau of Statistics, said Abu Ahmed, a former chairman of Dhaka University's economics department.

The government is aware of the problems prevailing in the banking sector, said Planning Minister MA Mannan said the government is open to enhancing BBS's capacity.

"We will give attention to the BBS. If anyone shows interest in working on the

BBS we will welcome them."

The government is under pressure to maintain the growth momentum of the past 10 years.

"This is not an easy task," he added.

In 2009, the GDP growth was nearly 7 percent and the rate has yet to rise as expected, said Amir Khasru Mahmud Chowdhury, a former commerce minister.

The latest GDP growth has become ineffective because of its failure to lift the living standards of people, said Chowdhury, also a member of the standing committee of Bangladesh Nationalist Party.

The country's domestic and foreign direct investment have been static for a long while now, he added.

M Hafizuddin Khan, a former adviser to a caretaker government, said the bank and financial institutions division has created all sorts of problems for the banking sector.

"The officials of the central bank have forgotten their function and the Bangladesh Association of Banks, an organisation of private banks' sponsors, determined the interest rate on both lending and deposit, which is unusual in the country's history," he added.

Ataur Rahman, chairman of the Centre for Governance Studies; Muhammad Abdul Majid, a former chairman of the National Board of Revenue; Nazneen Ahmed, senior research fellow of the Bangladesh Institute of Development Studies; and Muhammad Parvez Emdad, a former lead economist of the Asian Development Bank, spoke among others.

# Ensure proper use of start-up fund

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If the government wants to take the private investment to GDP ratio to 35 percent in the next five years, it will need to create a lot of new entrepreneurs and banking facilities, he said. For instance, thousands of micro and small firms supply small and medium spare parts to the Japanese car making giant Toyota, he said. "In any economy, 85 percent is contributed by the micro and small enterprises."

The government's decision to impose 15 percent tax on retained earnings will leave a negative impact on inflow of both domestic and foreign direct investment as well as in the stock markets, he said.

Most of the time the fund from retained earnings is used for reinvestment and for expansion of the companies. But this kind of tax will discourage the investors, he said.

Any company should be allowed to pay 15 percent VAT if it wants to avoid paying repeated taxes, he said. For example, the distributing companies have the possibility of paying repeated VAT as they need to move goods from one place to another.

He also suggested the government withdraw the advance income tax along with 5 percent VAT on sale of local yarn and reduce corporate tax to 10 percent.

# Shareholders may consider sale of Robi, says CEO

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"This huge investment has become useless and we may not invest for network expansion if we find no business case."

3G completely failed in Bangladesh and 4G is also facing the same fate, he said, adding that there is no business case for 5G with the existing tax framework.

The government has also proposed to raise the SIM tax to Tk 200 from Tk 100 from fiscal 2019-20, which will restrict the growth of the industry, said Shahed Alam, chief corporate and regulatory officer at Robi.

"In 2015, when SIM tax was Tk 300, we had projected that if the government

reduced the amount its earning will increase from the segment and it turned out to be true," he added.

The overall tax structure contradicts with the government's Digital Bangladesh vision, said Ahmed, also the first chief executive officer in a foreign-owned mobile operator.

Axiata Group took mobile licence in Bangladesh in 1997 and now they are the second largest operator in the country with 4.76 crore active connections as of April.

Robi has so far invested \$3 billion in Bangladesh, \$2 billion of which were made since 2011. Since its inception, its shareholders took only \$52 million.

# NBR to lose Tk 400cr for pampering tobacco companies

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The price of cigarette in Bangladesh is very low in comparison to other countries, said Nasiruddin, now a senior fellow at Brac University.

"It appears that we have a budget that will benefit tobacco companies," he said.

Bangladesh has 3.78 crore adult tobacco users and 1.61 lakh people die every year for tobacco related disease.

The economic cost of use of tobacco was Tk 30,560 crore in fiscal 2017-18, which was higher than the total receipts from tobacco at Tk 22,810 crore, said the ATMA and Progga citing a study.

The prices of low-end cigarettes and bidi would be cheaper, said the anti-tobacco alliance. Consumers will also be able to choose segments because of continuation of four slabs.

Overall, the proposed nominal hike in prices of cigarettes will not contribute to the reduction in smoking, said Nadira Kiron, co-convenor of the ATMA.

The income of cigarette companies will increase by up to 31 percent thanks to keeping the supplementary duty unchanged.

Besides, there is a proposal to withdraw the export duty on tobacco.

"This is highly against public health. This measure will only encourage production of tobacco and tobacco products," Kiron added.

Encouraging export of tobacco is against the spirit of human being, said Qazi Kholiqzaman Ahmad, chairman of Palli-Karma Sahayak Foundation (PKSF).

This would encourage tobacco cultivation in Kushtia, Bandarbanda and Tangail, he said.

The anti-tobacco campaigners recommended that the government fix the price of 10 sticks of low-tier cigarette at Tk 50 from the proposed Tk 37 for next fiscal year and 25 sticks of bidi at Tk 3.

They also demanded reduction of price slab of cigarette to two from existing four, increase in the supplementary duties on all tobacco products and reinstatement of tax on export of tobacco.

Abdul Malik, founder of National Heart Foundation of Bangladesh, also spoke, among others.

# New VAT law to hit consumers: CAB

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"Time has come to fix the protection period and gradually reduce the import duty to ease consumers' burden," Rahman said.

The CAB also opposed interest rate cuts on savings certificate and the move to increase the withholding tax on the savings instrument.

Many see the savings certificates as a tool of government to fund budget, but savings certificates provide income for retired persons and the middle-income people, Rahman said.

"So, this should not be taxed," he said, adding that the government should consider other measures to discourage the rich to buy savings certificates, instead of imposing tax on the tools.

He said some analysts think if the rates of savings certificates reduce, the banking sector will get deposit, but lowering the interest rate on savings certificates will not solve the problem.

"Mismanagement and inefficiency and prevalence of high default loans are the reasons behind the banking sector's crisis," said the CAB, demanding that

the government become strict against the loan defaulters to protect depositors' money.

On the scope of whitening of black money, Rahman, also a former chairman of the Anti-Corruption Commission, said the whitening of the illegally-earned undisclosed money is unacceptable.

The CAB lauded the proposal to increase the allocation for the social safety net programme. It recommended introduction of contract farming for rice production to protect farmers from losses.

"Farmers did not get fair price of paddy this year. And if it continues, it may affect the food security of the country," Rahman said.

The CAB demanded formation of a Consumers Affairs Ministry to keep the prices of some commodities stable and protect the interest of consumers. Such ministry has been formed in India, Rahman added.

Humayun Kabir Bhuiyan, general secretary of the CAB, and Prof M Shamsul Alam, energy adviser, also spoke at the event.



Chowdhury Nafeez Sarafat, chairman of Padma Bank, addresses an orientation for an evening MBA batch of the Institute of Business Administration at the University of Dhaka on Thursday.