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DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▼ 0.21%	▼ 0.08%	\$1,399.30	\$65.20	▼ 1.03%	▼ 0.95%	▲ 0.21%	▲ 0.50%	83.50	93.94	105.54	0.76
5,383.89	10,002.91	(per ounce)	(per barrel)	39,194.49	21,258.64	3,321.40	3,001.98	BUY TK	SELL TK	84.50	97.74



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Inequality widening for govt's actions

Noted economist Rehman Sobhan says

STAR BUSINESS REPORT

The government's policies account for the widening inequality in the country as they are sending public resources to the hands of a small number of people, said noted economist Rehman Sobhan yesterday.

He went on to cite subsidies, tax exemptions and frequent loan rescheduling of habitual defaulters as cases of government's bad policymaking or inaction that are fuelling the economic and social disparity in Bangladesh.

"These are all net transfers of resources going to a small number of people as a result of public policy," Sobhan said at an event organised by the Centre for Policy Dialogue (CPD) at Lakeshore Hotel in Dhaka.

And what is worrying is that the government appears to be incapable of taking a call on arresting the widening inequality, he said, while citing the case of a business house from Chattogram that got loans amounting to Tk 15,000 crore to further his point.

"I doubt whether 500,000 people under any of the social safety net schemes receive this kind of allocation."

Sobhan, who is the chairman of CPD, went on to call for more accountability from the government. The government on June 13 unveiled a Tk 523,190 crore budget for the next fiscal year, up 18 percent from this year's.

"Very little discussion takes place on the actual outcome of expenditure. You are spending Tk 500,000 crore of public money.



CPD Chairman Rehman Sobhan speaks as Planning Minister MA Mannan looks on, at CPD Budget Dialogue 2019 at Lakeshore Hotel in Dhaka yesterday.

So what has been delivered? This is the central question all citizens should be asking."

No one actually knows what has been achieved in terms of what was actually projected at the beginning of a project, he added.

"But we do not love it," he

said, adding that the government increased spending for social safety net schemes to address poverty and inequality.

The government is on the right track to reducing poverty, he said, adding that the total number of hardcore poor in Bangladesh would hardly be 60 to 70 lakh at present.

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Current account deficit shrinks 35pc to \$5b

AKM ZAMIR UDDIN

Bangladesh's current account deficit continues to pose risks to macroeconomic stability despite its 35 percent fall in the first 10 months of the outgoing fiscal year.

The gap stood at \$5 billion between July last year and April this year, according to central bank data.

The current account records a nation's transactions with the rest of the world -- specifically its net trade in goods and services.

The government should explore solutions immediately on how to stop the large deficit in the current account, or else it will face a wide range of crisis to keep the economy stable in the years ahead, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

If the trend is maintained in the remaining two months of the fiscal year, the overall deficit may hit nearly \$8 billion, he said.

The government has to borrow from external sources to manage the deficit in the current account, which is not a good indication for the economy, said Mansur, also a former economist of the International Monetary Fund.

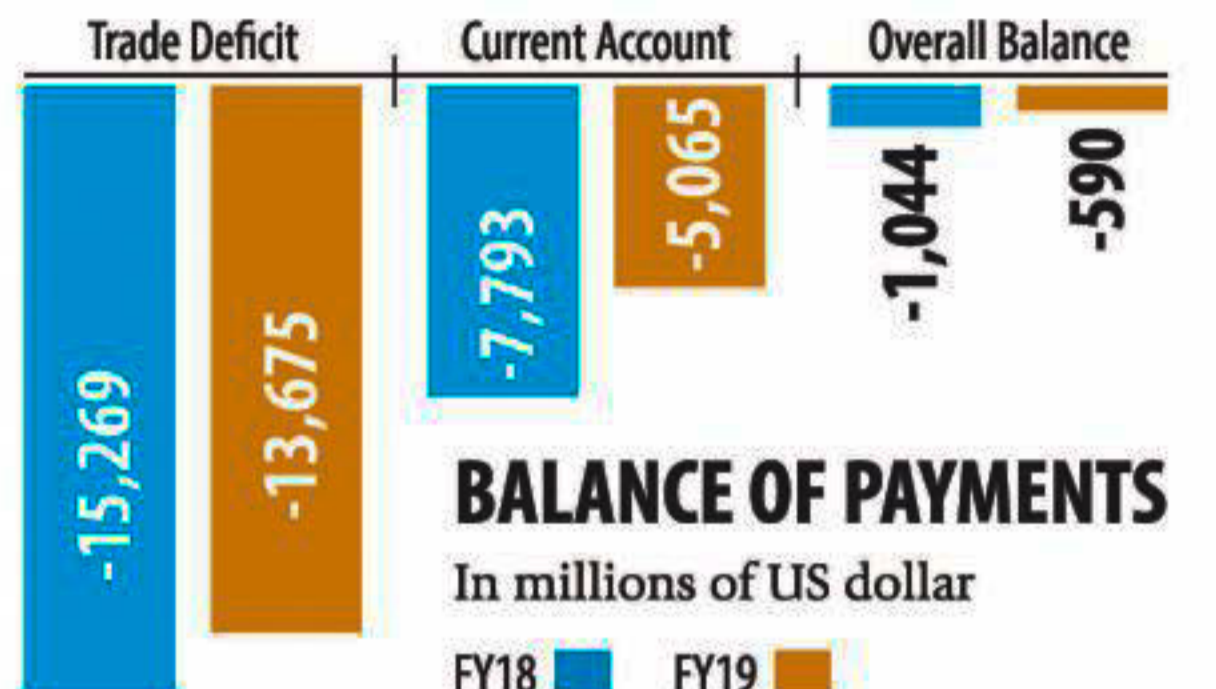
To tackle the situation, the government has to either increase exports or decrease imports, he said, adding that remittance can also play a good role in reducing the gap.

But, there is a little scope for decreasing imports as it increased 3.88 percent year-on-year to \$47.10 billion during the July-April period.

"This is the actual import growth that is needed for the country," Mansur said.

Last fiscal year, imports posted 16 percent growth, which is highly abnormal considering the volume of the country's economy.

A large amount of money might have been laundered in the form of over-invoicing, which ultimately fuelled the import figure in the last fiscal year, Mansur said.



Between July and April, trade deficit also narrowed 10.43 percent year-on-year to \$13.67 billion.

Despite the downward trend of both trade gap and current account deficit, there is no breathing space for the government, said Fahmida Khatun, executive director of the Centre for Policy Dialogue.

"The trade and current accounts are still big considering the country's foreign exchange volume."

Any country must maintain foreign exchange reserves to make import payments for at least three months and Bangladesh's reserves now are good for at most 5.3 months' bills, down from 5.9 months a year ago, she said.

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Legalise gold stocks by June

NBR chief tells traders at Gold Fair

STAR BUSINESS REPORT

The tax benefit granted to gold traders and jewelers to legalise undeclared stocks of the bullion and other precious metals will not be extended beyond June 30, said the National Board of Revenue yesterday.

Md Mosharraf Hossain Bhuiyan, chairman of the NBR, said: "The tax benefit is a special treatment and it will not be extended."

He spoke at the inaugural ceremony of the Gold Fair at the InterContinental Dhaka hotel. The three-day fair is also being held at the divisional cities simultaneously.

The fair aims to simplify the legalising procedure of precious metal and dispel the fear of jewelers on tax payment.

"If you fail to legalise your undeclared stocks of gold and other precious metals in the fair, you can go to regional tax offices," he said.

"But don't wait for the last day. If you have undeclared stocks of gold, you will face many problems."

Traders can legalise their undeclared stock of gold through payment of Tk 1,000 as tax per bhoori (11.664gm), according to a recent notice of the NBR.



Traders and jewelers are seen legalising their undeclared gold paying taxes at Tk 1,000 per bhoori at Gold Fair at InterContinental Dhaka yesterday.

In case of cut and polished diamond, the tax will be Tk 6,000 per carat and for silver, it is Tk 50 per bhoori.

Bhuiyan said electronic fiscal device is going to be introduced all over the country. Once they are installed, everyone, including jewelers will have

to pay tax properly.

Dilip Kumar Agarwala, general secretary of the Bangladesh Jewellers Samity (BAJUS), demanded tax holiday for jewelers and plots for jewelry exporters at export processing zones.

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Online entrepreneurs demand VAT exemption

STAR BUSINESS REPORT

The country's top online shop entrepreneurs yesterday said the industry would turn into the largest contributor to the national exchequer if the government exempts value-



added tax on their business for at least five to seven years.

They said tax-related uncertainties not only create a huge burden for the digital commerce industry but also challenge its existence.

They were addressing a roundtable styled "Impact of New Tax on Digital Commerce" organised by the E-commerce Entrepreneurs and Consumers at The Daily Star Centre in Dhaka.

In the budget for 2019-20, the



Entrepreneurs take part in a roundtable on "Impact of New Tax on Digital Commerce" organised by the E-commerce Entrepreneurs and Consumers at The Daily Star Centre in Dhaka yesterday.

finance minister proposed imposing 7.5 percent VAT on virtual businesses, e-commerce to be specific.

Mohammad Rassel, chief executive officer of evaly.com.bd, said five to seven years would allow them to contribute over a billion dollars in VAT.

The entrepreneurs demanded at least three years' tax exemption, saying citizens have been getting requests to adopt a digital life for the last couple

of years but now this vision seemed to be turning blurry.

Abdul Wahed Tomal, general secretary of the e-Commerce Association of Bangladesh (e-CAB), said the National Board of Revenue has been trying to impose tax on the e-commerce industry for the last few years and the industry has resolved it through negotiation.

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