

# Now tomato prices go up in India

PALLAB BHATTACHARYA, New Delhi

After onion, retail price of tomatoes shot up across India on Tuesday due to supply disruptions caused by heavy rains in key growing states.

However, the price of onions has come down marginally compared to the past week and is now hovering around Rs 60 per kilogramme (kg) in retail markets across India.

The price of onions in retail markets in Delhi has come down below Rs 60 per kg due to an increase in supply of the bulb by the central government through cooperatives which are selling the vegetable at a cheaper rate of Rs 23.90 per kg.

However, the price is still on the higher side in the retail market.

The cooperatives are selling onions from the buffer stock maintained by the central government. Out of 56,700 tonnes of onion stored as buffer stock, 18,000 tonnes have been released in different markets.

According to traders, tomatoes have turned costlier in the last few days as supplies have been hit.

At cooperative Mother Dairy's outlets, tomatoes are being sold at Rs 58 per kg while local vendors are selling it between Rs 60 and 80 per kg on Wednesday, depending on the quality and locality, they said.

"Tomato prices have increased sharply in the last few days as the supply has been affected because of flood and heavy rains in key growing states," said a wholesale trader at Azadpur Mandi in Delhi.

Key tomato growing states Karnataka and Telangana as well as some hilly states have witnessed rains in the last few days, which has led to damage of the crop, creating a supply disruption, he added.

Retail price of tomatoes in other metros were also ruling high. Tomato was quoted at Rs 60 per kg in Kolkata, Rs 54 per kg in Mumbai and Rs 40 per kg in Chennai on Wednesday, as per government data.

# Multinationals face heftier tax hit in biggest overhaul for decades

REUTERS, Paris

Governments will get more power to tax big multinationals like Google, Apple and Facebook doing business in their countries under a proposed overhaul of decades-old rules.

Big internet firms have pushed tax rules to the limit as they can book profit and park assets like trademarks and patents in low tax countries like Ireland wherever their customers are.

The drive for a global rule book has received new urgency as countries unilaterally adopt plans for a tax on digital companies over frustration with current rules.

This year more than 130 countries and territories agreed that a rewriting of tax rules largely going back to the 1920s was overdue and tasked the Paris-based Organisation for Economic Cooperation and Development (OECD) to come up with proposals.

"The current system is under stress and will not survive if we don't remove the tensions," OECD head of tax policy Pascal Saint-Amans told journalists.

The OECD expects the first sign of whether there is broad political support behind their proposals next week when finance ministers from the Group of 20 economic powers discuss them at a meeting in Washington.

The overhaul would have an impact of a few percentage points of corporate income tax in many

countries with no big losers apart from big international investment hubs, Saint-Amans said.

While that means countries like Ireland or offshore tax havens could suffer, countries with big consumer markets like the United States or France would benefit from the shake-up.

France adopted its own national tax on digital companies this year, sparking US threats of tariff on French wine and adding to global trade tensions.

Meanwhile, companies are facing increased uncertainty about their tax bills as countries challenge arrangements to pay tax in countries like Ireland rather than

where their markets are. Apple is locked in an EU tax dispute over profits booked in Ireland which could cost the iPhone maker \$14 billion. Meanwhile, Google agreed last month to pay more than \$1 billion to settle a tax case in France.

Amazon, which the European Union has told to pay about 250 million euros in back taxes to Luxembourg, said the OECD proposals were an "important step forward".

The OECD proposals set a scope for the companies that would be covered by the new rules, define how much business they must do in a country to be taxable there and determine how much profit can be

taxed there. The aim is to give the government where the user or client of a company's product is located the right to tax a bigger share of the profit earned by a foreign company there.

Companies affected would be big multinational firms operating across borders with the OECD suggesting they should have revenue of over 750 million euros (\$821 million).

They would also have to have a "sustained and significant" interaction with customers in a country's market, regardless of whether they have a physical presence there or not.

Not only would big internet companies be covered, but also big consumer firms that sell retail products in a market through a distribution network, which they may or may not own.

Companies meeting those conditions would then be liable for taxes in a given country, according to a formula based on set percentages of profitability that remain to be negotiated.

A French Finance Ministry official said that the Washington meeting should give "the needed political steer in order to achieve an agreement on international taxation in 2020".

After Washington, broader negotiations will get under way with the aim to put an outline agreement to the 134 countries that have signed up for the reform in January.



The logos of Amazon, Apple, Facebook and Google are seen in a combination photo.



## One Bank reappoints managing director

STAR BUSINESS DESK

M Fakhru Alam has recently been reappointed managing director of One Bank, effective from October 8.

He was first appointed to the post on October 8, 2016. Alam also served the bank as additional managing director.

He was previously the deputy managing director Eastern Bank. He started his banking career at Agrani Bank as a senior officer in 1983. He also served IFIC Bank and Bank of Credit and Commerce International (Overseas).

He holds an MBA from the Institute of Business Administration under the University of Dhaka.

## Gold holds firm

REUTERS

Gold prices yesterday held on to the previous session's gains, as fading hopes for progress in US-China trade talks hit risk appetite, while markets also awaited clues on monetary easing by the US Fed.

Spot gold rose 0.4 percent to \$1,510.50 per ounce as of 07:23 GMT, and stood its ground above \$1,500 after jumping as much as 1 percent in the previous session. US gold futures gained 0.8 percent to \$1,516.20 per ounce.

"The market is holding back, and looking at what's going to happen in the US-China trade talks on Thursday. If the trade dispute turns worse, we are going to expect some strong risk-off trade," said Phillip Futures analyst Benjamin Lu. "The players who were short, rolled back on their positions. We are also seeing some weakness on the equity side."

The US on Tuesday imposed visa restrictions on Chinese officials for the detention or abuse of Muslim minorities, angering Beijing ahead of high-level trade talks on Thursday and Friday.

## Bangladesh slips in global competitiveness ranking

FROM PAGE B1

Bangladesh ranked among the top 50 countries only in one pillar: market size. Its weakest positions are in business dynamism, labour market, product market and skills, said the report.

Complex administrative requirements and weak entrepreneurial culture have weakened business dynamism.

Inadequate skills of current workforce and lack of preparedness of workforce to face future challenges of technologies are the other weaknesses, according to the GCI 2019.

"The report gives indication that a large number of labour force can turn into burden in future for lack of preparedness for fourth Industrial Revolution (4IR) technologies. The notion of availability of cheap labour will be seen from the perspective of skills," Moazzem said.

Bangladesh is confronting four-pronged challenges in terms of competitiveness. The lack of improvement in governance and institutions, poor infrastructure, financial system and business operations are traditional perennial problems, Moazzem said.

But the lack of preparedness for 4IR technologies, absence of necessary regulatory framework and skills, no clear pathways for businesses are emerging concerns.

And then there are emerging

market risks: rise in energy price, failure in urban planning, underemployment, failure in climate change adaptation and industrial pollution.

"Neither we can get out of traditional challenge nor are our policymakers and businesses ready to face new challenges."

Addressing those four-pronged challenges through unidirectional approach would not help.

"A business-as-usual approach would not help to improve Bangladesh's falling competitiveness."

The GCI 2019, which has been prepared based on secondary data and survey among businesses, said institution and governance are the weakest areas in business competitiveness and businesses perceived that the majority of the indicators had deteriorated.

Some 77 entrepreneurs took part in the survey.

As many as 78 percent of the participants said bribe is somewhat a usual practice to get public contracts, said Moazzem, adding that 76 percent of the entrepreneurs said the use of bribe is somewhat common in export and import.

A high percentage of them complained of expectations of bribe in connection with tax payments and low ethical standards of politicians.

"The extent of corruption has further increased. This has squeezed the scope for doing business

particularly for the new entrants and micro, small and medium enterprises."

Corruption has become a major burden for businesses, which reduce competitiveness both in local and global markets.

The GCI 2019 said entrepreneurs' perception has deteriorated in 11 out of 19 indicators. Businesses also complained of 'illegal' diversion of public fund and distorting fiscal measures for competition, according to the GCI.

The report, however, said entrepreneurs' perception improved in a number of indicators, namely effective changes in public policies and ensuring stable policy.

The GCI also said entrepreneurs' perception regarding infrastructure has improved but the level of improvement was still inadequate to ensure the accepted level of quality.

Bangladesh is lagging behind in using the other 4IR technologies and the related legal framework is poor.

The report said 59 percent of the respondents expressed their dissatisfaction about weak soundness of banks.

"Entrepreneurs' expressed their concern about domination of few business groups in major corporate activities," said Moazzem, citing that 75 percent of the respondents mentioned that the situation has deteriorated.

The report said entrepreneurs'

perception has somewhat deteriorated in a number of cases.

"The rise in crime and violence caused higher business costs," Moazzem added.

At the event, the CPD also shared its findings on Bangladesh Business Environment in 2019.

It said 78 percent of the participants feared that problems in the banking sector would have significant adverse impact in domestic businesses.

And 80 percent of the respondents mentioned about further deteriorating situation in money laundering through various channels.

CPD Executive Director Fahmida Khatun said reform is a must to sustain the high rate of economic growth.

"We also have to focus on human resource development and life-long learning and training to enhance skills."

Khatun said corruption is a curse on an economy and it eats up a portion of the GDP.

The crackdown against corruption should be a continuous process, she added.

At the event, CPD Senior Research Fellow Towfiqul Islam Khan also spoke.

The GCI 2019 ranked Singapore as the most competitive economy, followed by the US and Hong Kong. Chad has been ranked as the least competitive economy among the 141 countries surveyed.

## Institutional investors fear further fall in stocks

FROM PAGE B1

The Bangladesh Bank also came forward to enhance the investment scope of financial institutions by easing the market exposure conditions. The central bank has said it would lend to banks to help them invest in the market.

Despite all the initiatives, the market has been falling and the key index nosedived below the 4,900-point level.

"It means the main problem of the market is lack of confidence," another merchant banker said, adding investors are losing money owing to manipulation but no exemplary punishment has been handed out to the manipulators on the part of the regulator.

Turnover, another key indicator of the market, has remained sluggish at Tk 300 crore on an average, which is not adequate for the brokerage houses to cover daily expenditures.

Brokers say shares worth at least Tk 1,000 crore should change hands every day to help them run operations smoothly.

Of the traded issues, 68 advanced, 241 declined and 43 closed unchanged on the premier bourse.

Meghna Condensed Milk was the day's best performer with an 8.67 percent gain, while Al-Haj Textile was the worst loser, shedding 9.87 percent.

The top two negative index contributors were Grameenphone and British American Tobacco Bangladesh, according to IDLC Securities.

National Tubes dominated the turnover chart with shares worth Tk 23.87 crore being traded, followed by Square Pharmaceuticals, Summit Power, Standard Ceramics, and Monno Jute Staffers.

Chittagong stocks also fell with the bourse's benchmark index, the CSCX, declining 47.63 points, or 0.52 percent, to finish the day at 8,988.74.

Losers beat gainers as 155 issues declined, 59 advanced and 37 finished unchanged on the Chittagong Stock Exchange.



Irteza A Khan, CEO of Meridian Finance and Investment, and Adeeba Rahman, CEO of Delta Life Insurance Company, jointly launch monthly deposit scheme Nishchinto in Dhaka recently which provides the maturity amount for permanent total disability and death.



Mohsin Habib Chowdhury, senior general manager for sales and marketing at Berger Paints Bangladesh, speaks at a press conference at Gulshan Club in Dhaka yesterday to launch reality television show Berger Happy Home to be aired on Channel i. Architects Aupee Karim and Asif M Ahsanul Haq will host the show.

## Low paddy prices dent demand for farm machinery

FROM PAGE B1

Prices of the grain, a staple grown on 70 percent of the total cropped area of 1.54 crore hectares, started declining in the middle of aman harvest in 2018 because of good yields, including the principal rice crop boro.

And the downturn continued after this year's boro harvest in April-May. Prices of coarse boro paddy fell by 11 percent to Tk 1,394 per quintal (meaning 1 kilogramme cost Tk 13.94) in the first week of September from Tk 1,563 in April, according to the Department of Agricultural Marketing (DAM).

September's market price of paddy was almost half the government production cost estimate of around Tk 24 per kilogramme and procurement rate of Tk 26 a kilogramme, according to the DAM.

As a result, tractor sales dropped 13 percent year-on year to around 2,900 units in the January-September period, according to a leading company's estimates.

Sales of power tillers, diesel engines and combine harvester have also dropped, according to the estimate.

Prof Md Monjurul Alam of the Department of Farm Power and Machinery of Bangladesh Agricultural University said farmers suffer from a dearth of cash and incurred losses by selling paddy.

M Asaduzzaman, former research director of the Bangladesh Institute of Development Studies (BIDS), said uncertainty over getting fair prices was another factor affecting farmers' interest to purchase agri-machinery.

Sadid Jamil, managing director of The Metal (Pvt) Ltd, expected the market to recover during the coming aman harvests as the government

plans to launch a Tk 400 crore scheme to provide subsidy to farmers.

Prof Alam too said demand for the machinery would eventually increase. "The sluggishness is temporary. Demand for machines for harvesting, transplanting, drying and storing will grow," he said.

Currently, farmers use machines to prepare 90 percent of their land. Significant progress has also been made in irrigation, pesticide spraying and threshing. Yet, less than 1 percent of rice crop is transplanted and harvested by machines, according to a paper by Alam.

Sheikh Md Nazim Uddin, former director of a farm mechanisation project under the agriculture ministry, said the government plans to allocate Tk 415 crore this fiscal year to provide subsidy to farmers to buy farm machinery.

## Huge tax lost for illegal foreign employees: Bida

FROM PAGE B1

Although many foreign employees have been drawing \$10,000 and \$12,000 as their monthly salary, they are showing their income in local currency mainly to evade tax, industry people also said.

Moreover, the illegal foreign workers do not pay the tax to the government although they earn a hefty amount per month.

Bida also sent a pattern for recruiting foreign nationals to the ministries, departments and agencies. Bangladesh Economic Zones Authority (Beza) is one of the government recruiting agencies.

Different economic zones, both public and private, obtained work permits for some 1,000 foreign workers from the Beza so far, said Paban Chowdhury, its executive chairman.

"I do not allow any foreign worker to be recruited in any economic zone without obtaining the permission," Chowdhury told The Daily Star.

Some local freight forwarding agencies recruited some 200 foreign nationals without any reason as the local institutions are capable of supplying the workforce in this sector, said an executive of a multinational company with operations in Bangladesh.

Some 25,000 graduates are coming out from different universities and institutes in this specialised sector, he said.

"For instance, Brac University, the AIUB, Bangladesh University of Professionals and IBA of the University of Dhaka are producing graduates in this subject."

Moreover, the London-based Chartered Institute of Logistics and

Transport and the Dhaka Chamber of Commerce and Industry are producing diploma graduates on logistics and freight forwarding.

"Then why do we need to recruit foreign nationals in this sector?" he asked.

Shafiqul Islam Mohiuddin, the immediate past president of the Federation of Bangladesh Chambers of Commerce and Industry, said the companies want to recruit local graduates but sometimes they cannot deliver the services as per requirement.

"So, we depend on foreign nationals. We need to change the educational system so that we can produce an adequate number of skilled manpower," Mohiuddin said.

"We have a lot of MBA degree-holders, but we need technical people -- those showcasing innovation and professionalism."