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DHAKA MONDAY NOVEMBER 9, 2020, KARTIK 24, 1427 BS 🌘 starbusiness@thedailystar.net 📧

Second wave could inflict bigger damage to economy

Warn economists, call for strict health protocols

MD FAZLUR RAHMAN

The second wave of Covid-19 will derail Bangladesh's feeble economic recovery, deal a massive blow to the poor and low-income groups, reduce fiscal space and constrain public expenditure, said economists.

The crisis, which compelled the government to enforce a countrywide strict lockdown for at least two months before easing restrictions in June, wiped out at least 50 per cent of the gross domestic product (GDP) growth potential last fiscal year, which ended in June.

in poverty reduction in the last couple of decades, created 20 per cent new poor and ate away millions of jobs as the economy

came to an unprecedented halt. The economic misfortunes can

continue at least for a larger part of the current fiscal year even at the current pace of economic revival and infections. The situation may exacerbate if the country is hit with a second wave, as is being witnessed in many other countries.

"The second wave would be more painful than the first one and it would rub salt into the wound," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

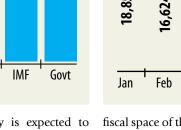
"So, it would be a wise strategy for the government to avoid the second wave instead of looking at whether the economy can bear it or not."

The export sector would face It undid the country's gains pressures again as the number of infections is rising in the developed world, said Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh.

Economic recovery is underway







and the country is expected to return to positive territory in the third quarter of the current fiscal year, he said.

"But if there is a second wave and massive impact, the economic recovery would be further delayed."

Fahmida Khatun, executive director of the Centre for Policy Dialogue (CPD), said low business activity and the resultant low income from businesses would

fiscal space of the government and South Korea, being forced to may constrain the government's expenditure."

In crore taka; SOURCE: NBR

If the second wave hits, the cottage, micro, small and medium enterprises (CMSMEs) would be the hardest hit again, said Hossain Zillur Rahman, executive chairman of the Power and Participation Research Centre.

The warning from the economists came against the backdrop of many countries reduce tax collection of the around the world, from England, National Board of Revenue (NBR). France, Spain, Germany and "This, in turn, will reduce the the Czech Republic to Iran and

reintroduce lockdowns amid rising coronavirus infections and

In September, Prime Minister Sheikh Hasina warned of a second wave in the upcoming winter.

Mansur of the PRI said the fiscal situation may worsen in the event of a second wave as revenue collection has slowed. Value-added tax collection grew only 1 per cent in the first quarter of the current fiscal year whereas inflation stood at 6 per cent.

Bike registration fee cut on the way

The Bangladesh Road Transport Authority (BRTA) has proposed reducing the motorcycle registration fee for two slabs to 4.9 per cent and 8.4 per cent respectively to make the popular two-wheelers cheaper for users.

The fee slabs are based on motorcycle prices and engine capacities. One is for those of 100cc and below the average price of Tk 90,000. The other is for that above 100cc with Tk 2 lakh considered as the average price.

In Bangladesh, the motorcycle registration fee is a combination of charges for registering and inspecting the vehicle alongside a road tax with a two-year validity.

A public-private joint economic dialogue between Bangladesh and Japan on August 16 decided to bring down the cost of registration. The Prime Minister's Office

then directed the BRTA to make recommendations. The BRTA suggested reducing the cost of registering 100cc motorcycles to Tk 2,000 from Tk 4,200 and for those over 100cc to Tk 3,000 from Tk 5,600.

Though no changes have been brought to the inspection fee and the road tax, the BRTA recommended the latter's validity be extended to five years.

This means that the overall registration fee of 100cc motorcycles would decrease by 29 per cent to Tk 7,529

For those over 100cc, it is 27 per cent to Tk 9,852 from

The proposal is awaiting consent from the finance ministry, after which the new rate will come into effect.

Talking to The Daily Star, BRTA Chairman Nur Mohammad Mazumder said currently, the overall registration fee accounts for 22 per cent of the price of a motorcycle.

The BRTA aimed to bring down this amount to less than 10 per cent, he said. "We placed our proposal maintaining consistency with that in neighbouring countries," he said.

"The registration fee is not a major problem but paying the whole amount of road tax at a go is a burden for the consumers," said Hafizur Rahman Khan, chairman of Runner Group, a pioneer in motorcycle manufacturing in Bangladesh.

The BRTA should collect the road tax gradually to ease the pressure on motorcycle users," he said

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Jute Spinners posts loss in Q1

STAR BUSINESS REPORT

Jute Spinners announced losses for the first quarter of the current fiscal year, a development which may have tamed the company's fluctuating stock

jute yarn and twine manufacturer's earnings per share were Tk 11.16 in the negative in July-September while it was Tk 10.24 in the negative during the same period a year ago, data from the Dhaka Stock Exchange (DSE) showed.

Jute Spinners' net asset value stood at Tk 360.14 in the negative as of September 30, 2020.

Yesterday, the company's share dropped 4.07 per cent to Tk 146 following its disclosure on the quarterly loss. Spinners had been Iute

performing poorly for many years, so the sudden rise in its stock price should have been investigated by the market regulator, according to a stockbroker.

The value of Jute Spinners' stocks had doubled over the last four months riding on a rumour that it is becoming a profitable company.

> The company's EPS fell 8.9pc year-on-year to Tk 11.16 in the negative in July-September

>> Its net asset value stood at Tk 360.14 in the negative as of September 30, 2020

Price of its share dropped 4.07pc to Tk 146 yesterday

>> The value of Jute Spinners' stocks had doubled over the last four months hitting Tk 180 from Tk 80 between July and November this year

>> The company's paid-up capital was Tk 1.7 crore in the last fiscal year and reserve and surplus was Tk 26.7 crore in the negative

Despite repeated announcements that there is no price-sensitive information that could influence the company's share value, the stock jumped from Tk 81 to Tk 180 between July and November this year.

The stock had gone wild and it seemed nothing could be done to stop it. It declined yesterday after Jute Spinners disclosed its losses for the first quarter.

'Since it is a low capital-based company, it is easy to manipulate, which ultimately allures the gamblers to the stock," the broker said.

The company's paid-up capital was Tk 1.7 crore in the last fiscal year. Its reserve and surplus was Tk 26.7 crore in the negative.

"Investors need to be careful when investing based on rumours. Otherwise, their investment will be at risk," the broker said.

When the Bangladesh Securities and Exchange Commission ran a massive programme to revive junk companies, investors had hoped to see Jute Spinners become profitable, said Ali Hasan, a stock investor.

However, the price of the stock was overvalued even if it had bounced

"The people behind the stock's overvaluation should be held responsible by the regulator," the investor added.



Individual taxpayers submit their tax returns at booths which have been set up at the field offices of the National Board of Revenue as an alternative to the annual tax fair, which the tax authority has decided against holding this time around to avoid the large crowds it usually draws and have it end up being a super spreader event for Covid-19. The deadline for filing returns is November 30. The photo was taken at Segunbagicha in the capital last Thursday.

Bangladesh adds 3.3cr internet users in a decade

Finds GSMA study

MAHMUDUL HASAN

The number of internet users in Bangladesh expanded by 3.3 crore between 2010 and 2019, bringing another 20 per cent of the population online, according to a recent report. Over the same period, India added 36.1

crore new users, or 26 per cent of its population and Pakistan added 4.8 crore new users, or 22 per cent of its population. The report styled, 'Advancing digital

societies in the Asia Pacific: a whole-ofgovernment approach', was published by the Groupe Speciale Mobile Association (GSMA) last week. The association represents the interests of mobile network operators

As a part of the study, the GSMA surveyed government agencies, mobile network operators and other players in the digital ecosystem in 11 countries.

The number of internet users in Bangladesh reached 11.11 crore in September, a 13 per cent increase compared to the same period in 2019, data from the Bangladesh Telecommunication Regulatory Commission

"Bangladesh has witnessed a tremendous growth in the number of mobile internet subscribers over the last decade," Mustafa labbar, post and telecom minister, told The Daily Star yesterday.

5G service is now available in more than 10 countries in the Asia Pacific region, including

NUMBER OF NEW MOBILE INTERNET SUBSCRIBERS, 2010-2019 Pakistan 22% India 26% Of population **361**m new Indonesia mobile internet Vietnam subscribers **40**% 46% **110**m **45**m **Bangladesh Thailand** Japan 31% **20**% 44% **40**m **33**m **31**m South Korea **Australia** Singapore Malaysia **43**% **22**m **10**m **2**m **14**m

KEY POINTS

3.3cr new internet users added in the last decade

Number of internet users grew by

13pc since 2019

6pc of all mobile connections to become **5G** users by 2025

Only **10**pc of mobile connections were engaged with **4G** services as of 2019

Digitalisation of education now mainstreamed

Australia, Japan, Singapore, South Korea and Thailand, the report said.

As per forecasts, the combined number of 5G connections in the 11 countries will reach 310 million by 2025.

Besides, many countries in the Asia Pacific have plans to facilitate Industry 4.0 (the fourth industrial revolution) in their economies, as evinced by various government and industry

responses to the survey, it added. Industry 4.0 refers to the introduction of cyber-physical systems, networks, IoT, big data, cloud storage, artificial intelligence and augmented reality.

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