

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▼ 0.32%	▲ 0.32%	\$1,918.16	\$54.13	▼ 0.17%	▲ 1.60%	▲ 1.54%	▲ 0.71%	BUY TK 83.95	102.49	113.30	12.84
5,621.76	9,859.77	(per ounce)	(per barrel)	48,093.32	27,490.13	2,906.97	3,576.20	SELL TK 84.95	106.29	117.10	13.50



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Money whitening scope does more harm than good

Say economists as record Tk 10,220cr legalised in six months

REJAUL KARIM BYRON, DWAIPAYAN BARUA and MD FAZLUR RAHMAN

The government in June last year granted a blanket immunity for whitening black money in a bid to bring them into the mainstream economy and generate more revenues and jobs.

But economists say such a provision does not benefit the economy much as unscrupulous people continue amassing wealth illegally and honest taxpayers and investors get discouraged.

The debate over the black money whitening surfaced again on Monday when the National Board of Revenue (NBR) said untaxed money-holders legalised the highest amount of undeclared assets in history in just six months of the current fiscal year.

A whopping Tk 10,220 crore entered the formal economy in the first half. This is largely because no government agency

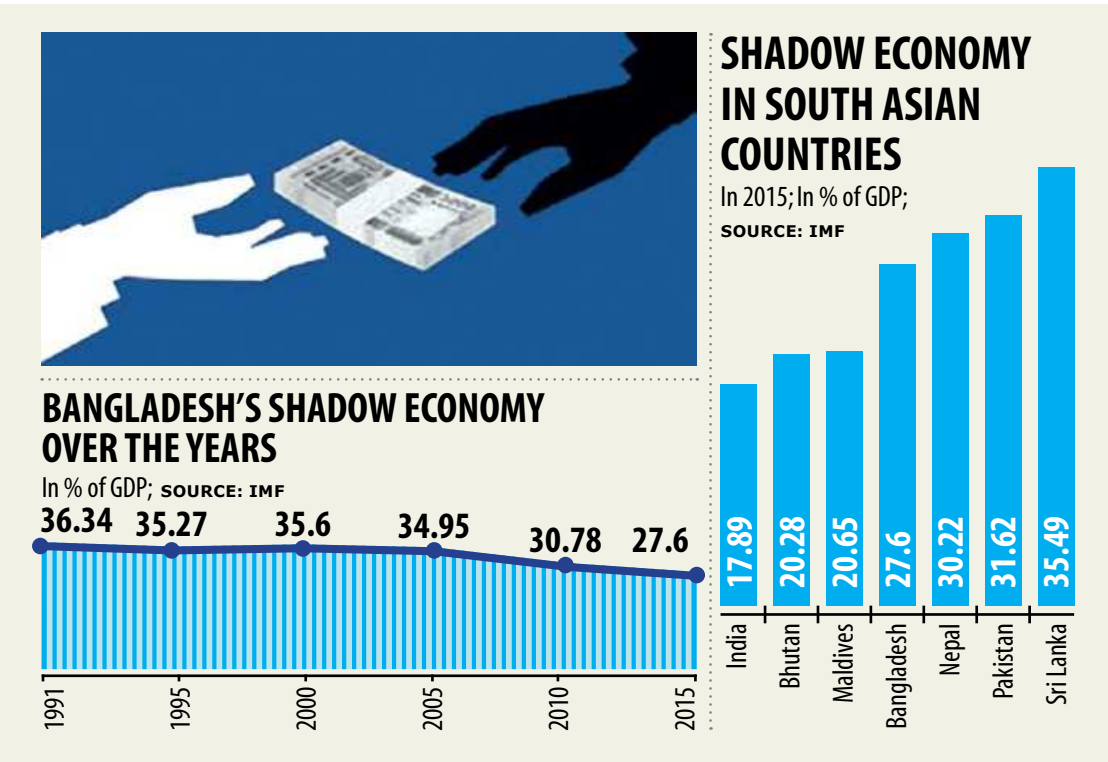
now raises questions about the source of funds being declared following a waiver announced in the budget in June.

On Wednesday, Finance Minister AHM Mustafa Kamal said that black money whitening had increased as the government had given the scope to invest untaxed income in the housing sector.

Until recent years, most people were unwilling to pay higher registration fees or stamp duties while selling houses. As a result, the government did not get revenue since people avoided showing the real price of a property in a bid to skip from paying the high registration fees.

In December 2019, the government reduced stamp duties and other fees on property registration.

“The economy does not benefit from offering the black money-whitening facility; rather, it causes criminalisation of both



the economy and politics,” said eminent economist Muinul Islam yesterday.

Islam, a former professor of the Department of Economics of the University of Chittagong, called the facility immoral, saying it punishes honest taxpayers.

“Some people are paying 15

to 25 per cent tax, while others are able to legalise black money by paying 10 per cent tax. By no means, it is acceptable.”

Islam said there was no instance anywhere in the world that such legalisation brings benefit to the economy. “We have introduced a very bad system.”

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said the country might collect some tax revenues and induce some investments by allowing whitening of black money at highly concessional tax rates.

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Revenue collection up 2pc in Jul-Dec

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Revenue collection grew 2 per cent year-on-year to Tk 108,471 crore in the July-December period but the receipts were the lowest in recent years as the economy is yet to return to normalcy.

On the back of increased receipts from import and export activities and income tax, tax officials collected a higher amount of revenue in the first half of the fiscal year than a year ago.

Collection of valued-added tax, the main source of revenue for the government, dropped in the preliminary estimate.

However, Md Anwar Hossain, director-general for research and statistics of the National Board of Revenue (NBR), said the total collection would increase by the end of January when the final data of VAT collection becomes available.

As per the provisional data, the collection shortfall stood at Tk 32,754 crore in the first half. The NBR had targeted to log Tk 141,225 crore during the period.

In July-December, the collection from customs grew 6.66 per cent year-on-year to Tk 33,608 crore. Income tax receipts rose nearly 5 per cent to Tk 34,238 crore.

VAT collection declined 3.36 per cent to Tk 40,624 crore.

The government has set a goal to generate Tk 330,000 crore in the current fiscal year, but the target is likely to be revised downwards because of the slowdown in the economy.

GDP growth will be 7.4pc this fiscal year: PM

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The government has lowered the GDP growth projection for the current fiscal year to 7.4 per cent taking into account the fallouts of the coronavirus pandemic.

“Our GDP grew by 5.24 per cent in the last fiscal year. According to our estimate, the GDP growth will be 7.4 per cent this fiscal year,” said Prime Minister Sheikh Hasina in her address to the nation yesterday.

In June, Finance Minister AHM Mustafa Kamal aimed an 8.2 per cent economic growth in 2020-21.

“According to the projections of different international agencies, Bangladesh's position will be at the top among the Asian countries in terms of GDP growth rate,” the prime minister said.

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Runner to make commercial vehicles

Plans to set up Tk 433cr plant as market is growing fast

JAGARAN CHAKMA

Runner Automobiles is taking preparations to invest Tk 433 crore to set up an automobile assembling and manufacturing plant to grab a share of the rapidly growing commercial vehicle market.

“Equity will provide a portion of the fund and currently we are in talks with a foreign bank for the financing of the project,” said Hafizur Rahman Khan, chairman of Runner Automobiles.

The Bangladeshi motorcycle manufacturer signed an agreement in this regard with Indian commercial vehicle manufacturer Eicher Motors nearly one and a half years ago for technical cooperation.

“We wanted to set up the plant by the first half of 2020, but Covid-19 delayed the whole process,” said Khan.

The company primarily wanted to establish the plant inside its existing Bhaluka plant in Mymensingh. “But we had to discard the plan due to a lack of space.”

Later, the company sought 40

RUNNER		
Investment: Tk 433cr (\$51m)	Total land for the plant: 40 acres	Jobs to be created: 350
Will assemble/ manufacture truck, bus, pickup	Annual demand for commercial vehicles in Bangladesh: about 35,000 units	Growth of commercial vehicle segment: 15pc

acres of land inside Bangabandhu Sheikh Mujib Shilpa Nagar from Bangladesh Economic Zones Authority (Beza).

“We need 60 acres in total for a complete automobile facility. I hope Beza will allocate more lands for us.”

The plant is expecting to create employment for around 350 people having different skills, including automobile engineers and technicians, he said.

“We will start with assembling

commercial vehicles like trucks and buses of Eicher. In the next five years, we will gradually move towards manufacturing chassis and other components.”

Runner is also the local distributor of light, medium and heavy duty trucks of Eicher.

The sales of commercial vehicles are increasing fast in Bangladesh with around 35 per cent of the demand for trucks being met by Eicher.

The market size of commercial

vehicles grew 15 per cent to 20 per cent every year over the past decade.

Around 35,000 commercial vehicles such as buses, trucks, auto-rickshaws, cargo vans, human haulers, pickups and tankers were sold on an average since 2017, way higher than the 2,000 rate 10 years ago, according to data from Bangladesh Road Transport Authority.

At present, the market size of commercial vehicles is about Tk 4,200 crore whereas it was about Tk 2,000 crore a decade ago.

Now Rangs Motors Limited, Ifad Autos Limited and Nitol-Niloy Group are assembling commercial vehicles of Indian Mahindra and Mahindra, Ashok Leyland, and Tata respectively.

So far, Beza received investment proposals worth \$23.97 billion from local and foreign businesses for different economic zones in the country.

“During the pandemic in 2020, investors expressed their willingness to invest \$4.08 billion, which is a record and a very good sign for the economy,” said Paban Chowdhury, executive chairman of Beza.

SS Steel to enter ceramics market

Will buy 75pc stake in Southeast Union Ceramic Industries for Tk 200cr

AHSAN HABIB

SS Steel yesterday announced that it would spend about Tk 200 crore to buy a 75 per cent stake in Southeast Union Ceramic Industries in an effort to expand its product base in the construction sector.

“Ceramic is a construction related product and since we already provide steel, buying a stake in the ceramic tiles producer will strengthen our foothold,” said Javed Oppenhaffen, chairman of SS Steel.

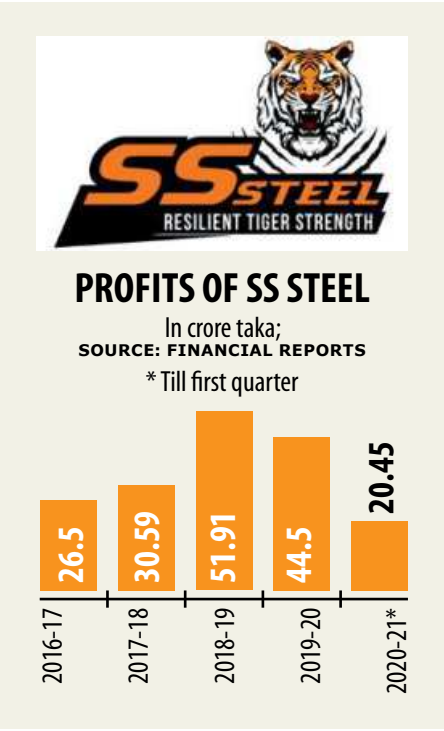
Southeast Union Ceramic sells its products under the brand name of SEUCL and FONDI.

SS Steel, which was listed with the country's bourses back in 2019, saw its stock price to rise 3.84 per cent to Tk 22.80 yesterday.

Located on the outskirts of Dhaka in Tongi, the company manufactures mild steel (MS) deformed bars of various grades comprising MS billets and ingots. It also produces MS billets from scrap.

In August last year, SS Steel announced that it would invest roughly Tk 160 crore in Saleh Steel, a maker of MS rods.

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Export-import licence fees can now be paid online

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Service delivery from the offices of the Chief Controller of Imports and Exports (CCIE) is expected to be faster as associated fees can now be deposited online using its online licensing module (OLM).

From now the service seekers, especially businesspeople who want new export and import licences or renew one, can deposit the fees through a “Sonali Payment Gateway”, an e-payment software of the country's largest public commercial lender, Sonali Bank.

The service seekers can use the bank's branches, online account transfers, mobile financial services like bKash, Rocket, Nagad and Ucash, debit or credit cards like Visa, Mastercard, Amex and Nexus and any other online payment systems.

The CCIE, an office under the commerce ministry, also issues certificates of export, import and export permits, approvals of re-export and extension of time for shipping goods.

The CCIE signed a memorandum of understanding with Sonali Bank yesterday to use “Sonali Payment Gateway” in presence of Commerce Minister Tipu Munshi at his secretariat office in Dhaka.

Afterwards, CCIE Suleman Khan said use of the online platform would save both time and money of service seekers.

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Furniture makers endure tough times amid pandemic

AHSAN HABIB

The furniture industry has been left devastated by the ongoing pandemic as people tend to shy away from non-essential items during times of crisis, according to industry insiders.

Small-scale and non-branded producers were the worst affected as they lacked the capital required to continue operations amid low demand for the past several months, said Salim H Rahman, chairman of the Bangladesh Furniture Industry Owners Association.

Around 60-65 per cent of the total furniture market is led by non-branded producers.

Since the people are now reluctant to purchase unnecessary products like furniture, the drastic fall in demand has had a huge impact on the sector, Rahman said.

Small-scale producers that operate based on orders are suffering from low sales, making it difficult to maintain their factories and showrooms.

However, this is not the case for big producers, according to the association chairman.

“We (branded producers) get orders from the government and corporate sector



Small-scale and non-branded furniture makers were the worst affected as they lacked capital required to continue operations.

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in large volumes. So, we were not affected that much,” said Rahman, who is also chairman and managing director of Hatil Complex.

Branded producers started to receive orders two or three months ago but with a second wave of Covid-19 infections sweeping the globe, the price of raw materials rose as many of the exporting countries imposed lockdown once again.

“We have a time limitation to deliver our products but we cannot meet the time,” Rahman added.

Md Delwar Hossain is an entrepreneur who had a furniture factory in Naryanganj and a showroom in Jatrabari, both of which were eventually shut down in November.

This is because sales totally dropped off in the April-June period last year, when the coronavirus outbreak was at its peak.

The situation did not improve though as sales were almost 80 per cent lower during the July-November period compared to previous months.

“I did not find any incentive package,” Hossain said, adding that it was impossible to sustain both the factory and showroom as a result.

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