



Tanveer Mostafa Chowdhury

CCCI director elected

STAR BUSINESS DESK

The Chittagong Chamber of Commerce & Industry (CCCI) has had a director elected.

Tanveer Mostafa Chowdhury is also a director of Standard Bank Securities, managing director of Standard Fleets, proprietor of Electrotab and managing partner of Raja Corporation, says a press release.

He is the son of Kamal Mostafa Chowdhury, founder vice chairman and director of Standard Bank and a former director of the CCCI.

China's factory output slows as bottlenecks crimp production

REUTERS, Beijing

China's factories slowed their output growth in April and retail sales significantly missed expectations as officials warned of new problems affecting the recovery in the world's second-largest economy.

While China's exporters are enjoying strong demand, global supply chain bottlenecks and rising raw materials costs have weighed on production, cooling the blistering economic recovery from last year's Covid-19 slump.

Factory output grew 9.8 per cent in April from a year ago, in line with forecasts but slower than the 14.1 per cent surge in March, National Bureau of Statistics data showed on Monday. Retail sales, meanwhile, rose 17.7 per cent, much weaker than a forecast 24.9 per cent uptick and the 34.2 per cent surge in March.

NBS spokesman Fu Linghui said while China's economy showed a steady improvement in April, new problems are also emerging, notably the rise in international commodity prices.

"The foundations for the domestic economic recovery are not yet secure," Fu told a news briefing in Beijing on Monday.

"For companies as a whole, price increases are conducive to the improvement of corporate efficiency, but the pressure on downstream industries needs to be paid attention to," he added.

China's factory price inflation hit its highest pace since October 2017 in April. That could rise further in the second and third quarters, according to a report from the central bank last week.

The slower growth rates in the April activity indicators were also due in part due to the fading

base effects as year-on-year comparisons rolled away from very sharp declines seen when the coronavirus shut down much of the country in early 2020. In the factory sector, motor vehicle production growth fell sharply to 6.8 per cent from 69.8 per cent, due in part to the base effect as well as critical shortages of semiconductors used in car systems.

Growth in the production of cement slowed in April, and coal production fell on year, although aluminium and crude steel output hit record highs, helped by firm demand.



An NIU Technologies production line in China's Jiangsu Province on April 7.

REUTERS/FILE

"China's economy shows signs of unbalanced recovery: strong exports and domestic investment on one hand, but weak consumption on the other," said Zhiwei Zhang, chief economist at Pinpoint Asset Management, in a note.

Sectors related to travel, leisure and entertainment are large employers and still held back by Covid-19 uncertainty, he said.

Home appliances sales growth dropped particularly sharply in April from the month before, falling from 38.9 per cent growth on year in March to 6.1 per cent, NBS data showed.

Tax offices to remain open

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had been open during the curb to provide services to businesses, exporters and importers, and collect revenue.

Tax offices were open only to provide emergency services to taxpayers. However, taxmen could not do activities such as assessment of taxes and issue notices in absence of legal clarity.

The latest notification by the cabinet cleared the way for keeping tax offices open despite concerns of the pandemic spreading.

In its notice, the NBR asked its field level tax offices to carry out regular activities by following health guidelines to prevent infection. The NBR is the main revenue collector for the state. It collects roughly 85 per cent of the total taxes and non-tax revenue annually.

Stock turnover hits 4-month high

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They had a huge amount of funds lying idle as the bank interest rate was now unattractive, he said.

People are preferring investing in the stock market rather than keeping money in banks so the funds were flowing in this direction, he added.

The country's market is lucrative for investment but there are many stocks that are overvalued, so investors need to be careful before going for investments, he said.

If people can invest considering the potential of listed companies and what their logical price would be, then they will not face any bad impact, he said.

Chittagong Stock Exchange (CSE) also rose yesterday. The CASPI, the general index of the port city bourse, advanced 73 points, or 0.43 per cent, to stand at 16,922.

Among 300 stocks to witness trade, 125 rose, 146 fell and 29 remained unchanged, shows the CSE data.

Accelerate digital transformation

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The Connect 2030 Agenda of the International Telecommunication Union (ITU) and Bangladesh's Vision 2041 were aligned with each other, he said. "We are committed to maximising the benefits of digital transformation in line with the Sustainable Development Goals. That's why we are facilitating the telecom companies so that uninterrupted service can be ensured."

With more than 10 crore mobile internet users, Bangladesh was on track to transforming the country digitally and becoming an inclusive society, said Sikder.

"As a connectivity partner to Digital Bangladesh, we have a key role in democratising technological dividend for people from all walks of life," said Solaiman Alam, acting CEO and chief digital and strategy officer at Grameenphone.

Grameenphone has celebrated 50 years of independence of Bangladesh by bringing 100 per cent of its network under high speed 4G coverage, he said.

"This type of access to connectivity will empower the youth greatly, and they will, in turn, shape our future. We need to ensure we are preparing them with the right tools and mindset."

Atsuko Okuda, regional director at the ITU for Asia and the Pacific, delivered the keynote speech.

"Digital services are on the rise, but ministries and agencies are not necessarily coordinating with one another in the development and roll-out of digital services and related infrastructure. A whole-of-government approach is needed to foster synergies," said Okuda.

Syed Mohammad Kamal, country manager of Mastercard Bangladesh, said the use of cards in digital commerce was Tk 200 crore per month before the pandemic, and it rose to Tk 663 crore in March. In digital

commerce, the overall contribution of digital payment was 15 per cent. It now stands at 37 per cent.

"In each case, we have moved ahead. We have adopted new technology. We believe that internet is playing a major role in this advancement. Smartphones play a big role in the change of digital transitions."

He recommended introducing a 5 per cent incentive on digital payments, lowering the tax on plastic card and point of sales imports, and bringing Facebook commerce to mainstream digital commerce.

"Infrastructure is necessary to speed up digitalisation, so it has to be ensured," said Selim R F Hussain, managing director and CEO of Brac Bank. After the pandemic, the necessity of Digital Bangladesh was obvious to the people, he said, citing increasing digital transactions since the pandemic hit the nation.

"To create an ecosystem, the prices of digital products and services should be reduced."

The use of smartphones needs to be enhanced as Bangladesh lagged behind many countries in this aspect, the Brac Bank MD said.

Anir Chowdhury, policy adviser of the A2i Programme, said with the fourth industrial revolution in mind, there would be a major shift in policy for health, education, internet telecommunications, and technology.

"And A2i is working on it." Syed Almas Kabir, president of the Bangladesh Association of Software and Information Services, pointed out the lack of adequate contents.

"Internet consumption will not grow if we can't generate our own content, especially in Bangla language." He requested mobile phone operators to invest and build infrastructure so that contents were generated locally.

Bangladesh has not been able to

take the full benefit of 4G, Kabir said. "Eliminating the digital divide is a must. Through the digital divide, we are doing injustice to the marginalised people."

He blamed the high transmission cost for the digital divide.

"In the last 12 years, the bandwidth cost has come down by a few hundred times, whereas the transmission cost has not reduced. We have to address this," Mominul Islam, chief executive of IPDC Finance, said Bangladesh needed to think about how it could include the marginalised people in the financial system.

"The only thing that has come to the forefront of digital transformation is that we can easily reach out to the small and medium entrepreneurs at the rural level in a cost-effective way."

BTRC's Sikder said the country had made considerable strides in digital transformation.

Optical fibre now covers 1.25 lakh kilometres, and more than 90 per cent area is covered by mobile phone towers or base stations.

"However, the people are not getting the fruits of this infrastructural advancement. Because the mass people still can't afford 4G-enabled devices."

Okuda said with the exponential growth in the economy, telecommunication, information technology, and e-commerce, Bangladesh was already in a race to become one of the most dynamic developing economies.

"The coming few years will bring a deciding opportunity for Bangladesh to achieve better digital connectivity. The good news is Bangladesh is heading towards the government's Vision 2041 with 5G on the horizon."

Adnan Imtiaz Halim, CEO of Sheba. xyz, took part in the webinar. Khairul Basher, head of communications of Grameenphone, moderated the webinar.

Mega projects to get Tk 47,283cr from new ADP

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Five more mega projects are also being funded by the ADP: new metro rail projects -- the Dhaka Mass Rapid Transit Line- 1 and Line -5, Bangabandhu railway bridge over the Jamuna, Dhaka-Ashulia Elevated expressway, and Kamaphuli Tunnel.

The government plans to include the five projects on the fast-track list. The fast-track projects are usually monitored by the Prime Minister's Office. "If any problem arises during implementation, it is sorted out immediately from the highest level, ensuring speedy implementation," said a senior official of the planning ministry.

FAST-TRACK PROJECTS

The Rooppur Nuclear Power Plant may be given the highest allocation of Tk 18,426 crore in FY22 against the current year's original allocation of Tk 15,691 crore and the revised allocation of Tk 10,167 crore.

Of the estimated total cost of Tk 113,093 crore, Tk 34,213 crore was spent as of November last year.

The Matarbari Coal-based Power Plant came second as it may get Tk 6,162 crore in the new ADP. Of the project cost of Tk 35,984 crore, Tk 14,447 crore was spent as of November.

The Padma Bridge project is to get Tk 3,500 crore, which was Tk 5,000 crore in the original budget and Tk 2,099 crore in the revised ADP.

There was a proposal to allocate Tk 5,000 crore for the Padma bridge project in FY22. But during a tri-party meeting of the finance, planning and line ministries, it was decided that Tk 3,500 crore would be set aside after reviewing the requirement.

However, the finance ministry has assured that more money would be made available in the revised budget

if required.

The project's cost had been estimated at Tk 30,193 crore, and until November, Tk 23,975 crore was spent, according to the planning ministry. It is assumed that around Tk 25,000 crore would be spent by the end of this fiscal.

The deadline for completing the bridge has been extended to June next year. The government hopes to inaugurate it on June 23, 2022, on the founding anniversary of the ruling Awami League.

The Dhaka Metro Rail project may get an allocation of Tk 3,800 crore against the current fiscal's original allocation of Tk 5,543 crore. It has remained the same in the revised ADP.

Of the project cost of Tk 21,985 crore, a total of Tk 12,040 crore was utilised as of November.

The country's first metro rail system under the project "Mass Rapid Transit Line-6 (MRT-6) is being built from the capital's Uttara to Motijheel.

The inaugural performance test on MRT-6 started on May 11. It may take six months to a year to complete the remaining tests. The project's original implementation period was 2012 to 2024. Prime Minister Sheikh Hasina later directed the concerned authorities to make metro services from Uttara to Agargaon operational by 2019 and Agargaon to Motijheel by 2020.

That deadline was pushed back due to the coronavirus pandemic. The authorities are hopeful about completing the project ahead of 2024.

The government will allocate Tk 3,823 crore for the Padma Bridge Rail Link, the largest project of Bangladesh Railway, up from the revised allocation of Tk 1,495 crore.

The completion deadline for the Tk 39,246 crore project was extended to

June 30, 2024, two years more than the original tenure.

Of the project cost, Tk 14,671 crore was used until November, with 31 per cent progress in physical works.

The Dohazari-Gundum rail line is to get Tk 1,425 crore, while two projects on the Payra deep seaport may receive a combined Tk 570 crore.

The new metro rail projects will get Tk 1,200 crore, Bangabandhu rail bridge Tk 3,580 crore, Dhaka-Ashulia elevated expressway Tk 3,227 crore, and Kamaphuli Tunnel Tk 1,650 crore in the next ADP.

Govt to go for more austerity measures

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The agency has to earn Tk 122,000 crore during the remaining three months of the fiscal year to hit the revised target of Tk 300,000 crore.

Because of the sluggish revenue collection growth, the government is expected to keep the target unchanged for the NBR in the next fiscal year.

The collection declined 2.26 per cent in 2019-20, the first negative growth in the history of Bangladesh after economic activities slumped.

The government needs funds for its massive vaccination plan in the next fiscal year. Primarily, it has been estimated that it may need a whopping Tk 20,000 crore to inoculate the whole population.

It has to feed both the old poor and the new poor. The government may set aside a sizeable amount of money for social protection.

The government has directed the NBR to keep all of its offices open to collect taxes amid ongoing restrictions.

Implement reforms

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"So, implementing a decision is really tough and this is a major challenge for improving the ease of doing business," he said. As such, the executive chairman has urged private sector operators to raise their voice against any irregularities of the regulatory bodies instead of engaging in underhand dealings.

He believes the situation will improve rapidly when all development activities are brought under digital platforms.

M Humayun Kabir, president of the Bangladesh Enterprise Institute, said the private sector has achieved tremendous success over the past five decades despite the lack of support from any corner.

He alleged that files sent to the regulatory bodies move from one table to another while officials inform the investors concerned that the files are being processed.

"Bangladesh needs to start on a new journey to improve the ease of doing business," he added.

Muhammad Abdul Mazid, former secretary and ex-chairman of the National Board of Revenue, said the government has taken effective initiatives to improve the ease of doing business in Bangladesh.

However, the process will take time. "Changing mindsets is very important along with honesty and integrity to improve the ease of doing business," he added.

General (ret'd) M Harun Ar Rashid, now a businessman, said that people abstain from doing business since they have to maintain profit sharing with the authorities concerned and local administration.

"Everybody thinks that business is always profitable so everybody wants to take a share of profit. At the grassroots level, administrations and other relevant offices expect a share of the profits, which is a barrier to business," he added.

Rashid is now involved in a poultry business following 34 years in government services. He said the agriculture sector faced losses in the last one and a half years due to the pandemic but the banks do not want to provide financial support to the sector.

Even if an investor faces losses, he or she would have to repay bank loans.

"There is no fair business in Bangladesh as consumers expect cheaper products instead of quality. So how can businesses remain competitive?" he said.

MS Siddiqui, legal economist and vice president of the IBFB, said Bida is working hard to improve the country's business environment.

"We focus on foreign direct investment much more than local investment. So, we need the same importance from Bida for the investors at home and abroad," he added.

Siddiqui went on to say that banks are rigid when it comes to providing working capital but they are interested in giving loans for capital machinery and infrastructure development.

M Shahjahan, chairman of the Chattogram Port Authority, said export and import costs have reduced significantly at the port along with improvement of its cargo handling capacity.

However, he alleged that some users are not sincere about releasing their consignments and so, the costs increase.

"Port efficiency is directly involved with the ease of doing business and it is not only the responsibility of a regulatory body, but also depends on users," Shahjahan said.

Moderated by IBFB President Rashid, the webinar was addressed by Md Nazrul Islam, executive chairman of the Bangladesh Export Processing Zones Authority, and Hosne-Ara Begum, executive director of TMSS, among others.

Craze for musical instruments dying out

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The sector once employed hundreds of workers but their numbers are slowly shrinking as people are leaving in search of better paying professions.

A section of musicians say that they now purchase their instruments from reputed international companies through online platforms.

Faruq Mahfuz Anam, popularly known by his nickname James, said many musicians directly source their instruments from international brands at prices lower than those available here.

"This is one of the reasons behind declining sales of musical instruments," the singer-songwriter added.

According to various traders, 85 per cent of the musical instruments sold locally are imported from countries such as the US, China, UK, India, Japan and so on.

Nearly half a dozen local companies are engaged in the import and sale of musical instruments.

Ishmamul Farhad, assistant product manager at Yamaha Music Bangladesh, a concern of ACI Motors, said their sales have increased by 150 to 200 per cent despite the measures imposed to curb the spread of Covid-19.

Products with the highest demand include acoustic guitars and digital pianos.

Since the local market for musical instruments is small and informal, there are few corporate players in the business.

ACI Motors was the first corporate company in Bangladesh to enter the music industry.

"Our targeted age group is 12 to 25 year olds who are interested in music," he added.

On the other hand, Tonmoy Sarkar, owner of World Music, said his firm has not imported any instrument since the end of 2019.

"Business is too bad to survive. Sometimes, we cannot avoid thoughts of shutting down the

business," he added.

Sarkar went on to say that his firm's sales reached Tk 20 lakh per month before the coronavirus pandemic. Now, products worth just Tk 5-6 lakh are sold per month.

Rahul Ananda, a musician of Joler Gaan, said the practice of music at family levels is reducing due to various social factors.

"Once upon a time, we would hear the melody of our neighbours practicing music. Such practices appear to be fading and are affecting instrument sales," he said.

As business continues to decline, some artisans have left the country while others have changed professions.

Ananda visited Manoj & Company, a musical instrument maker based in Kolkata, five to six years ago and found that 95 per cent of its artisans were from Bangladesh.

Some traders said nearly 10 instrument makers in Dhaka's Shankhari Bazar had shut down their business over the last couple of years. Some 15 local musical instrument shops are currently operating at Shankhari Bazar.

Jatin & Co, one of the oldest harmonium makers, still sees adequate demand and registers increasing sales.

"People are still interested in our products because of our reputation," said Surjit Mandal, the company's owner.

Eminent academican Syed Manzoorul Islam agreed with the view shared by traders about the lack of interest among youths to practice music.

"If anti-music, anti-culture, anti-Bangla cultural events continue to take place in society, the practice will continue to shrink day by day," he said.

In the past, middle-income families appointed music teachers for their children but now, as the school curriculum has become

difficult, they can no longer afford such luxuries in their spare time.

"But if we cannot start practicing music or cultural activities from primary schools, the industry can not be revived," Islam said, adding that import tax on instruments should be slashed by half.

"We should keep in mind that culture is an investment," he said.

Prof Nehal Karim, a professor of the department of sociology at the University of Dhaka, said there had never before been so much diversity in people's lives.

Many things have changed as a result of modern science and technology.

The harmonium and tabla have been replaced by other instruments.

"And when it comes to family practice, if no one in the first generation practiced music, none in the second will either," Karim said.

If you conduct a survey in Dhaka city, you will see that the practice of Rabindra Sangeet, or songs from the Indian subcontinent written and composed by Rabindranath Tagore, has almost vanished.

"A lot of things have changed over time and that is why we see the change in sales," he added.

Jewellers can now import unrefined precious metals

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However, Islam went on to say that exporters must have a refinery of their own and that a provision has been incorporated in the draft policy in this regard.

In October 2018, the government approved a gold policy with an aim to make the import and export of precious metals easy, stop smuggling, and ensure transparency in its trade.