

# Tangail's lemon growers cash in on Covid-19



The demand for citrus fruits increased following the coronavirus outbreak in March last year. The photo was taken from an orchard in Delduar upazila of Tangail recently.

PHOTO: MIRZA SHAKIL

## DISTRICTS IN FOCUS

MIRZA SHAKIL, Tangail

Lemon growers in Tangail are very pleased by the huge demand and increased prices for their crop this season.

According to traders, the demand for citrus fruits increased following the coronavirus outbreak in March last year as people believed foods with vitamin C would help stave off the serious illness.

And now, amid a second wave of infections, both the demand and price for lemons reached an all-time high.

Tangail is known for producing copious amounts of lemon, including the seedless, elachi and Colombo varieties.

The district's Delduar upazila is the main hub for lemon growers and orchards in the area.

As per data from the Department of Agricultural Extension (DAE) office in Tangail, lemon was cultivated on 2,157 hectares of land in the district this season.

Delduar upazila was the most heavily cultivated as 800 hectares of land was used while it was 615 hectares in Mirzapur, 130 hectares in Sakhapur and 71 hectares in Madhupur.

The district grew around 42,287 tonnes of lemon in total this year with each hectare producing about 20 tonnes of the fruit.

The lemons grown in Tangail are sold across the country while measures to begin export are underway, DAE officials said.

After speaking to several traders in Delduar's Laohati market, it was learned that a 120-kilogramme (kg) sack of lemon normally sells for about Tk 3,000.

But considering the current demand, the same amount is now being sold for Tk 4,500 to Tk 5,000. Tofayel Ahmed, a lemon farmer of Laohati village, told The Daily Star that wholesalers from all over the country come to local markets to buy the fruit at good prices.

Although the Bangla months of Falgun and Chaitra (February-April) is a dull period for lemon production, the 120-kg sacks sold for a record Tk 12,000 at local markets.

"However, prices eventually fell after other seasonal fruits packed with vitamin C, such as mango and pineapple, came to the market," said

Nurul Islam, a lemon trader of Fazilhati village in Delduar.

Moslem Uddin, a lemon grower in Sakhapur upazila, said that his orchards on four acres of land can house about 300 to 350 saplings per acre at a cost of about Tk 70,000.

Lemons can be harvested three years after a sapling is planted. The price per hali (four pieces) of lemon was Tk 40-50 in March this year but eventually fell to Tk 20 to Tk 25.

"I have already sold lemons for Tk 10 lakh this year and hope to sell another Tk 5 lakh worth in the next one month," Uddin added.

Marfat Ali, a farmer of Kalianpara village, said the coronavirus pandemic and Ramadan came as a blessing for local lemon growers as they enjoyed double benefits this year.

"I have already sold lemons worth Tk 5 lakh from my three orchards on two acres of land and besides, I have sold 12,000 saplings for Tk 2.4 lakh earlier," he added.

DAE officials in Sakhapur say that around 100 people in the upazila are growing lemons on a commercial basis. Considering this year's success, many farmers are now thinking about expanding lemon cultivation in place of other crops, they said.

# Political economy analysis of tax reforms



NASIRUDDIN AHMED



## OPINION

The tax system of a country has two key elements: tax policy and tax administration. The political economy analysis is vital to understand the factors responsible for facilitating and hindering tax reforms in tax policy and administration in a country and taking reform measures.

### FACTORS INHIBITING TAX REFORMS IN BANGLADESH

Article 83 of the Bangladesh Constitution stipulates that no tax shall be levied or collected except by or under the authority of an act of Parliament. This highlights that taxation is a political phenomenon in Bangladesh.

The political economy of tax reforms has to be understood in the broader context of governance in Bangladesh. Significant recent research has focused on the "paradox of Bangladesh," with continued economic growth despite problems of governance, including a high level of corruption as shown by different governance indicators.

The persistent weakness of the existing tax system is the product of well-established informal rules, norms, and networks that have served the broader interests of several political, business, and bureaucratic elites

(political settlement). This political settlement has ensured predictably low tax rates and the strategic distribution of economic rents despite the existence of widespread corruption, discretion, and informality.

For example, the low price of cigarettes is a reflection of this political settlement. Cigarette companies try to convince the policymakers and bureaucrats to keep the prices and taxes of cigarettes low on the unfounded pretext of illicit trade in cigarettes.

Despite certain tax reform projects, there is little motivation on the part of political leadership and business people for tax reforms because they derive significant benefits from the favourable tax treatment (tax exemptions) accorded to them.

Many members of Parliament have significant business interests, resulting in conflicts of interest. Conflicts of interest give rise to corruption through making compromised decisions in an official capacity to derive personal benefits. The National Board of Revenue (NBR) is responsible for both tax policy formulation and tax administration, giving rise to conflicts of interest.

A case in point is the VAT reform. The political economy of taxation in Bangladesh is reflected in the seven-year delay in the implementation of the VAT and SD Act, 2012 because of political and electoral considerations.

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The National Board of Revenue is responsible for both tax policy formulation and tax administration.

PHOTO: STAR/FILE

## GLOBAL BUSINESS

# Japan's economy slumps back into decline

REUTERS, Tokyo

Japan's economy shrank more than expected in the first quarter as a slow vaccine rollout and new Covid-19 infections hit spending on items such as dining out and clothes, raising concerns the country will lag others emerging from the pandemic.

Capital expenditure also fell unexpectedly and export growth slowed sharply, a sign the world's third-largest economy is struggling for drivers to pull it out of the doldrums.

The dismal reading and extended state

emergency curbs to combat the pandemic hit spending for clothing and dining out.

But the bigger-than-expected contraction also reflected a surprise 1.4 per cent drop in capital expenditure, which confounded market expectations for a 1.1 per cent increase as companies scaled back spending on equipment for machinery and cars.

While exports grew 2.3 per cent thanks to a rebound in global demand for cars and electronics, the pace of increase slowed sharply from the previous quarter's 11.7 per cent gain, a worrying sign for an economy still reeling from weak domestic demand.



REUTERS/FILE

Pedestrians wearing protective masks, following the coronavirus disease outbreak, make their way during commuting hour at a business district in Tokyo, Japan.

of emergency curbs have heightened the risk Japan may shrink again in the current quarter and slide back to recession, defined as two straight quarters of recession, some analysts say.

"Global chip shortages caused a marked slowdown in exports, putting a drag on capital spending as well," said Yoshimasa Maruyama, chief market economist at SMBC Nikko Securities.

"Consumption will probably remain stagnant, raising risks of an economic contraction in the current quarter."

The economy shrank an annualised 5.1 per cent in the first quarter, more than the forecast 4.6 per cent contraction and following an 11.6 per cent jump in the previous quarter, government data showed on Tuesday.

The decline was mainly due to a 1.4 per cent drop in private consumption as state of

Domestic demand knocked 1.1 per cent point off gross domestic product (GDP), while net exports shaved off 0.2 point, the data showed.

"That domestic demand is weak shows the adverse effects from the coronavirus haven't been shaken off at all," said Takeshi Minami, chief economist at Norinchukin Research Institute.

Despite massive monetary and fiscal stimulus, Japan's economy slumped a record 4.6 per cent in the fiscal year that ended in March, the data showed.

"There will undoubtedly be fiscal money poured on this problem to soften the blow, though after so much already, it is difficult to see this having more than a fairly marginal effect," analysts at ING wrote in a research note, adding they expect the economy to shrink again in the current quarter.

# US recovery could be unprecedented

AFP, Washington

Bringing the US economy back from the brutal downturn caused by Covid-19 will take time, and hiccups like last month's weak hiring data will happen, a top Federal Reserve official said Monday.

The comments from Fed Vice Chair Richard Clarida come after government data showed the US economy added only 266,000 jobs in April, far fewer than expected and complicating expectations for a strong bounceback in employment and growth this year.

"We're still more than eight million jobs short of where we were 14 months ago, so there's still a deep hole in the in the labor market. But I also believe that it may take more time to reopen a \$20 trillion economy than it did to shut it down," Clarida said in a conversation with Atlanta Federal Reserve President Raphael Bostic.

"This was an unprecedented shock, it led to an unprecedented



REUTERS/FILE

The Federal Reserve Board building on Constitution Avenue is pictured in Washington.

collapse, and we may have an unprecedented recovery," Clarida said. The world's most severe Covid-19 outbreak hammered the US economy in 2020, causing tens of millions of layoffs and a severe

3.5 per cent contraction in growth.

The United States is expected to bounce back strongly this year as Covid-19 vaccines quell the pandemic in its borders, and Clarida said growth could be as

high as seven per cent.

But the economy's reopening following business restrictions imposed to stop the virus, combined with the Fed's recent decision to allow interest rates to remain low for a long period of time to generate maximum employment, has raised fears of a spike in inflation.

There are signs those increases are already here, with the Labor Department's consumer price index in April jumping 4.2 per cent compared to the same month in 2020, its biggest yearly increase since 2008.

Clarida said the central bank is ready to act to quell inflation, but the price increases are likely to be temporary and shouldn't get in the way of the Fed's goal of spurring hiring among communities with high joblessness, like racial minorities and workers with less education.

"Our baseline view is that achieving maximum employment will not put unwanted or unwelcome upward pressure on the price level," he said.

# UK jobless rate falls again

REUTERS, London

Britain's unemployment rate fell again to 4.8 per cent between January and March, when the country was under a tight lockdown, and hiring rose further in April, according to data that showed employers gearing up for the easing of curbs.

Economists polled by Reuters had expected the rate to hold at 4.9 per cent, and the reading added to signs that the labour market will escape the severe hit feared at the onset of the coronavirus pandemic, thanks mostly to government jobs subsidies.

Some of the fall in the unemployment rate - the third in a row - was due to a rise in people not looking for work, with inactivity rate among men hitting a record high, echoing a pattern seen during Britain's first lockdown last year.

But analysts said the data showed the labour market was preparing

for the end of many of the curbs imposed by Prime Minister Boris Johnson in January, thanks to the country's swift Covid-19 vaccination programme.

"As the economy prepares to re-open fully and economic activity picks up, businesses have increased their hiring to meet the

rise in demand," Yael Selfin, chief economist at KPMG UK, said.

The unemployment rate was likely to peak at 5.9 per cent in the three months to December, after a jobs furlough programme ends in September, she said.

The number of people in employment in the first three

months of 2021 jumped by 84,000, the first increase since the pandemic hit Britain and a bigger rise than the Reuters poll forecast of a 50,000. Those classed as unemployed fell by 121,000.

Separate data for April showed a further improvement in the labour market with people on company payrolls up 97,000 from March.

The rise was driven by hiring in the administration and support and the finance and insurance sectors, although the fall in hospitality - which partially reopened for outdoor service in April - was the smallest during the pandemic. That narrowed the drop in payrolls numbers from February 2020 to 772,000, the Office for National Statistics said.

The Resolution Foundation think tank said that gap, combined with an estimated drop of 270,000 self-employed workers and 3.1 million workers still on furlough, meant Britain still had a 4.2 million 'Covid employment gap' to fill.



REUTERS/FILE

A person wearing a protective face mask walks past a Job Centre Plus office, amidst the outbreak of the coronavirus disease in London.