


STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
Week-on-week		As of Friday		Friday Closings				As on Thursday				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 2.97%	▲ 3.00%	\$1,902.64	\$68.72	▲ 0.60%	▲ 2.10%	▲ 0.43%	▼ 0.22%	83.95	101.32	117.63	12.92	
5,985.82	10,454.53	(per ounce)	(per barrel)	51,422.88	29,149.41	3,178.55	3,600.78	BUY TK	84.95	105.12	121.43	13.59
								SELL TK				

সোশ্যাল ইসলামী ব্যাংক লিমিটেড- এর
পাবনা শাখা ৩০ মে, ২০২১ থেকে নতুন ঠিকানায়

নতুন ঠিকানা
লতিফ টাওয়ার (৩য় তলা)
আব্দুল হামিদ রোড
পাবনা সদর, পাবনা।



Star BUSINESS

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Govt to tighten rules for payment of over Tk 50,000 by businesses

Funds should be transferred thru formal channels

SOHEL PARVEZ

The government may make it mandatory for businesses to use formal channels such as banks and mobile financial services for transactions involving more than Tk 50,000 from the next fiscal year.

The move, if implemented, will encourage fund transfer through formal channels and give a major fillip to MFS and other digital means.

The plan is likely to be tabled by Finance Minister AHM Mustafa Kamal in his budget proposal for the next fiscal year on June 3.

And if it gets the nod by the parliament, businesses will also have to make all payments, including those for the purchase of raw materials costing more than Tk 50,000, through formal banks, MFS and other digital means that have approval from Bangladesh Bank.

In case of non-compliance, businesses are likely to see that tax officials disallow the expenses claimed on account of payment.

"This will formalise a large number of transactions and curb tax evasion. It will be beneficial for the overall economy," said a senior official of the finance ministry.



RUN-UP TO BUDGET FOR FY2021-22

The tax authorities plan to include MFS and other digital means in its rule as the money changing hands through electronic channels has increased significantly in recent years.

For instance, the MFS segment, which was unfamiliar to most of the commoners even in 2010, has made significant strides because of convenience and instant transfer.

Today, Bangladesh has 15 MFS providers, transacting about Tk 2,000 crore daily. Two years ago, the average daily transaction through MFS was just over Tk 1,100 crore, BB data showed. MFS providers have 10.27 crore account-holders.

Officials said the income tax law has provisions that required businesses to pay salaries and remunerations above Tk 15,000 to employees through crossed cheque or bank transfers. Otherwise, expenses claimed by businesses in their tax returns are not accepted by tax officials, meaning that firms have to pay tax on the amount.

The use of crossed cheque and bank transfers is also compulsory for the payment of rent for using any property to avoid tax claims made by the authorities.

READ MORE ON B3

52pc users apply for power thru middlemen: survey

STAR BUSINESS REPORT

Fifty-two per cent of electricity consumers in Bangladesh apply for the connection through middlemen instead of going to the distribution offices directly, according to a new survey.

The survey was conducted by Infrastructure Investment Facilitation Company, an advisory body of the government under the Economic Relations Division at the finance ministry.

The draft report of the "Consumer Satisfaction Survey" was released at a virtual event yesterday, where Nasrul Hamid, state minister for power, energy and mineral resources, was present, said a press release.

"It's necessary to find out why 52 per cent of consumers have to apply for electricity connection through middlemen," said Hamid.



DRAFT ELECTRICITY CONSUMER SATISFACTION SURVEY

- 52% consumers apply for connections thru middlemen
- 88% satisfied with overall electricity service
- 94% content with connections
- 77% happy with complaint resolution services
- 88% find metering services okay
- 95% happy with billing system

The survey covered 700 consumers in sadar upazila of Narayanganj and 700 consumers in Burichang upazila in Cumilla

Initiatives should be taken to inform the consumers about the services provided by the power distribution companies, where the services are available, or how much fees are charged for the service, he said.

He stressed for extensive public campaigns by keeping elected representatives involved.

The survey covered 700 consumers in the sadar upazila of Narayanganj and 700 consumers

in Burichang upazila in Comilla. It was conducted on four issues—electricity connection, complaint resolution service, billing, and metering.

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One-person company law off to a dismal start

No firm was registered since its passage in Nov last year

REFAVET ULLAH MIRDHA

The one-person company (OPC) law is off to a disappointing start as no single entrepreneur has come forward to incorporate firms under the provision although six months have passed since its passage.

OPC means a company formed with only one person as a member, unlike the traditional private companies with at least two members.

In November, the parliament passed the law to give a boost to entrepreneurship, draw investors

KEY POINTS

- Chambers want more facility under the one person company law
- OPC law was introduced by amending Companies Act 1994
- The objective was to create more entrepreneurs
- Paid-up capital ranges from Tk 25 lakh to Tk 5 crore
- Corporate tax for OPC is 25%

and support the growth of small and medium enterprises.

"No company has been incorporated under the OPC so far," said Md Mokbul Hossain, registrar

at the Office of the Registrar of Joint Stock Companies & Firms (RJSC).

"No application was submitted by potential entrepreneurs. It may take some time to popularise the

concept," he said, adding that many entrepreneurs are, however, contacting the RJSC to have their firms registered under the OPC.

The senior official blamed poor knowledge about the OPC for the weak response.

The OPC was rolled out through an amendment to the Companies Act (Bangladesh), 1994 with a view to improving the country's ranking in the World Bank's Ease of Doing Business index as a single-person company encounters lesser complexities and is easy to run.

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Stock index near 6,000: Will it sustain the growth?

AHSAN HABIB

The stock market index is hovering around 6,000 points now, raising questions among investors over whether it would remain stable here or take a plunge like before.

The DSEX, the Dhaka Stock Exchange's (DSE) prime index, went past 5,900 points four times since its inception in 2013.

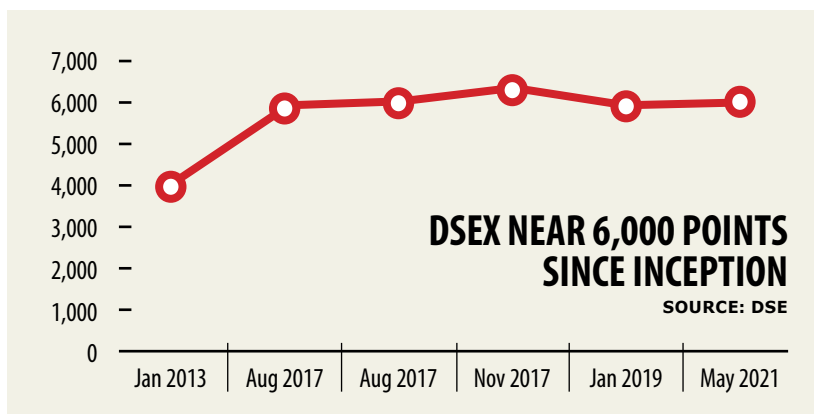
Analysts are saying that this year there was a huge possibility for it to not roll back because confidence was prevailing among many people alongside a lower interest rate in the banking sector.

The sustainability of the index around the 6,000 points level depends on many things, said Mokta Rani Sarker, assistant professor of the Department of Finance at Jagannath University.

If the recent rise of the index happened for fundamental reasons, it will sustain but any artificial rise cannot be sustained, she said.

On the positive side, investor confidence on the market returned while a lower interest rate in banks pushed investors over here, she said.

"But our market size is small, so it is susceptible to risks of manipulation,



although some steps have been taken recently," Sarker added.

"Our technical analysis shows that the market has a chance to cross the 6,000 points level and hold onto that advancement," said Ali Xahangir, CEO of amarstock.com, a stock market-based data provider.

The market was sluggish for the past seven or eight years and now the index is at its closest to the 6,000 points level, where many stocks are still undervalued, she said.

Especially, stocks of banks and non-banking financial institutions

have remained stagnant at the same place as they had been before the rally, he added.

Meanwhile, the market normally remains buoyant in months when the country's annual budget is announced in the hope of incentives, he added.

Despite the pandemic, the stock market index and turnover had remained high this year which indicates that people are investing here with a lot of confidence, said Sharif Anwar Hossain, president of DSE Brokers' Association.

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POST-LDC ERA

Competitiveness key to success: experts

STAR BUSINESS REPORT

Better negotiation skills, export diversification, improved competitiveness and institutional capacity building are keys to attaining success once Bangladesh makes the United Nations status graduation to a developing country, speakers told a webinar yesterday.

Titled "LDC Graduation of Bangladesh: Journey towards Economic Excellence", the event was organised by the Dhaka Chamber of Commerce & Industry (DCCI).

"It is the right time to increase trade and investment as well as adopt long term strategic planning and their effective implementation to strengthen Bangladesh's position,"

said DCCI President Rizwan Rahman in his opening remarks.

"Bangladesh's identity as a developing nation in the international arena will uphold the competitiveness of the country, which will take us to a greater height and will contribute to enhance export and FDI (foreign direct investment)," he said.

He urged for framing a policy to attract the FDI, increase investment-GDP ratio and tax-GDP ratio.

Moreover, emphasis should be given to regional connectivity, including through signing preferential and free trade agreements, especially with countries with which there exists an imbalance in trade, said Rahman.

Skill development, effective policy adoption, reforms and

implementation; use of fourth industrial revolution (4IR)-centric technologies, research bringing together international experts and academics and joint public-private efforts will play a pivotal role to retain competitiveness, experts suggested.

"LDC graduation for Bangladesh is a milestone. We have to mainly focus on how to become competitive. Role of the government is to remove barriers," said Principal Secretary to the Prime Minister Dr Ahmad Kaikaus as chief guest.

"The more the country will be competitive, the less will be the cost of fund...we have to look for exploring regional and Asian markets," he said.

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Maliha Malek Quadir
Founder
Shohoz

It's the time for Bangladesh

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Covid toll on Indian economy deepens, jobs crisis to worsen

REUTERS, Bengaluru

India's economic outlook has weakened again, albeit slightly, with worst-case scenario forecasts suggesting the toll from the coronavirus pandemic could be much deeper, stoking fears the job crisis may worsen over the coming year, a Reuters poll found.

Renewed restrictions to curb the current coronavirus wave have stalled economic activity, leaving many millions out of work and pushing economists - who have broadly been bullish - to downgrade their views for the second time since early April.

The May 20-27 poll showed the outlook for the current quarter was lowered to 21.6 per cent

annually, and to 9.8 per cent on average for this fiscal year, down from 23.0 per cent and 10.4 per cent respectively a month ago. The economy was then forecast to grow 6.7 per cent next fiscal year, compared to 6.5 per cent predicted previously.

While the consensus pointed to healthy growth figures later this year, all 29 economists, in response to an additional question, warned the outlook was either "weak and prone to further downgrades" or "fragile, with a limited downside".

None expected a "strong recovery, followed by an upgrade".

"Recovery in India was strong in the months before the second wave. This leads us to believe the recovery can rebound quickly after the number of new infections have come down.

But vaccination implementation needs to pick up pace in order to have an effect this year," said Wouter van Eijkelenburg, an economist at Rabobank.

"Therefore new surges of the virus hang above recovery like the sword of Damocles. Until a large share of the population is vaccinated there remains this downside risk of new waves and subsequent lockdowns hampering the recovery."

Underscoring concerns that a slow vaccine rollout may make a bigger dent in the economy, the consensus showed in a worst-case scenario the economy would average just 6.8 per cent growth this fiscal year after its deepest ever recession last year.

"Let's hope (the situation) doesn't go there. If it does and we do have another wave ... after this one, maybe the government will learn some lessons - that it is better to lock down the economy sooner, rather than later," said Gareth Leather, senior Asia economist at Capital Economics.

"The threat of further waves will hang over the economic outlook so long as India's vaccination progress remains lackluster." India's unemployment rate soared to a near one-year-high of 14.73 per cent in the week ending May 23, according to the Center for Monitoring Indian Economy (CMIE), reflecting the impact of the economic slowdown.

When asked if there was a risk that India's unemployment situation could worsen over the coming year, more than 85 per cent, or 25 of 29 respondents, said it was high, including four who said very high. The remaining four said the risk was low.

"There is going to be a significant demand shock to the economy, some of that could be permanent demand destruction, thereby pushing more out of the jobs market and keeping the unemployment rate elevated over the coming year," said Prakash Sakpal, senior Asia economist at ING.



A view shows empty roads during a 14-hour long curfew to limit the spreading of coronavirus disease in the country, in Ahmedabad, India on March 22, 2020.

US blocks imports from Chinese fishing firm Dalian Ocean

AFP, Washington

The US customs agency announced Friday it would block imports of products from China's Dalian Ocean Fishing Co for alleged use of forced labor and abuse of workers on its tuna vessels.

The Customs and Border Protection issued a "withhold release order" on any products from Dalian Ocean shipped to the United States, meaning importers cannot take possession of them. "Companies that exploit their workers have no place doing business in the United States," said Homeland Security Secretary Alejandro Mayorkas.

"Products made from forced labor not only exploit workers, but hurt American businesses and expose consumers to unethical purchases."

"CBP said it had evidence of forced labor, withholding of wages, and abusive working and living conditions aboard Dalian's vessels. The withhold release order is applied to any seafood from the company, which operates 33 longline

tuna vessels. CBP has in the past issued similar import blocks on specific Chinese fishing boats, but never before on an entire company's fleet.

Dalian Ocean has been accused several times of abuse by human rights and environmental groups. South Korea-based Advocates for Public Law and the Environmental Justice Foundation said last year that one of Dalian Ocean's vessels, the Long Xing 629, had refused medical care for four crewmen suffering from unspecified ailments.

Three died aboard the ship and their bodies were dumped overboard, while a fourth died after returning home to South Korea. Indonesian workers aboard the vessel said they worked 18 hours a day, were paid only a fraction of the promised \$300 a month salary, saw wages withheld, didn't dock in a port for more than a year, and were given salty water to drink.

In addition, the groups say the vessel was involved in illegal, large-scale harvesting of sharks for their fins.



Indonesian maritime workers protest in front of the Chinese embassy in Jakarta against the treatment of Indonesian crew on Chinese fishing boats.

US airlines refunded \$12.8b to travellers in 2020: trade group

REUTERS, Washington

Eleven US airlines issued \$12.84 billion in cash refunds to customers in 2020 as the coronavirus pandemic upended the travel industry, the head of industry trade group Airlines for America (A4A) said in a letter to lawmakers on Friday.

Airlines have faced a backlash from passengers and some lawmakers over their handling of redemptions for flights canceled during the pandemic.

Earlier this month, Senators Edward Markey and Richard Blumenthal called on carriers to issue cash refunds whether flights were canceled by the airline or traveler.

Nicholas Calio, A4A chief executive, acknowledged that many carriers encouraged customers to accept vouchers for future travel instead of cash, but said it was not done with "ill intent" but rather to prevent potential bankruptcy declarations.

"The facts clearly show that US airlines

have maintained a steadfast commitment to the traveling public over the course of the pandemic and routinely issued refunds in accordance with all federal laws and regulations," Calio wrote in a letter to the two senators.

Calio said the cash refunds, which accounted for about 20 per cent of airline revenues last year, came on top of billions of dollars of travel credits that are now being used "at a rapid clip" to book fresh flights.

The redemption of vouchers currently accounts for 10 per cent to 15 per cent of carriers' monthly ticket sales and is expected to increase in coming months as the pandemic winds down and markets and venues re-open, Calio said in the letter, seen by Reuters.

A forecast surge in summer leisure travel as more Americans become vaccinated against the coronavirus is expected to help airlines return to positive cash flow after record losses last year.



A Delta Connection Embraer ERJ-175LR plane lands as a United Express Embraer ERJ-175LR plane waits to take off at LAX airport in Los Angeles, California on January 10, 2018.

India's Mahindra expects car sales to take two years to rebound after Covid shock

REUTERS, New Delhi

India's Mahindra & Mahindra expects it will take at least another two years for car sales to return to their pre-pandemic peaks, but a slow pace of vaccinations could hurt recovery prospects, its chief told Reuters in an interview.

Battered by the pandemic in 2020 and an economic slowdown in 2019, passenger vehicle sales in India fell to 2.7 million units in the last fiscal year - their lowest level in six years and well below the peak of 3.4 million units in fiscal year 2019.

Mahindra Chief Executive Officer Anish Shah said sales would rebound by fiscal year 2023 if a majority of the country's population is inoculated and new Covid-19 cases ease, helping the economy recover.

"Getting back to full normal is going to depend on vaccinations ... (else) we will always have the fear of the next wave coming in and disrupting things again," Shah

The world's second-most populous country has recorded 28 million cases so far, second only to the United States. Infections have surged in recent weeks, and in May India recorded its highest monthly Covid-19 death toll since the pandemic began.

Yet, only about 3 per cent of India's 1.3 billion people have been fully vaccinated, the lowest rate among the 10 countries with the most cases.

Car sales had started to pick up in the January-March period but a second, more deadly wave of infections forced lockdowns again. This time consumer sentiment has taken a hit and discretionary spending is likely to take longer to recover.

The virus is also spreading to rural India, which was relatively protected during the first wave and had offset the low demand automakers saw in urban centres.

Mahindra, which has 6 per cent share of India's passenger vehicles market and is the country's biggest tractor maker, saw robust growth in its farm sector revenues last year but sales in the hinterlands have dipped in May, Shah said.

This time, urban and rural buyers are holding back until the crisis passes.

"This year we have seen our customers also worry about putting up money and buying

anything, saying what happens in case someone (in the family) gets Covid," he said.

Shah expects the pace of vaccinations in India to pick up in June but said if that does not happen it would be concerning.

"It is about reaching a certain point where we don't have to get into lockdowns once more," he said.

"If that happens, we will continue to be in this phase of two steps ahead and one step back."



A Mahindra and Mahindra sign at one of the carmaker's showrooms in Mumbai, India.

Tourists scarce as travel bubbles fail to inflate

AFP, Wellington

Quarantine-free travel bubbles were hailed as tourism's "godsend" earlier this year, but cancellations and suspensions have deflated hopes they will herald a return to pre-pandemic normality.

Perhaps the world's most high-profile bubble opened between Australia and New Zealand on April 19, leading to emotional scenes as families split when borders closed almost 400 days earlier were reunited.

Since then, New Zealand has ordered partial shutdowns on four occasions due to virus scares in Australian states, the most serious of which forced Melbourne into a snap lockdown this week.

A spike of Covid-19 cases in Taiwan burst its bubble with the tiny Pacific nation of Palau last week, while Hong Kong and Singapore have been struggling to stand up a quarantine-free travel arrangement for six months.

Australian Prime Minister Scott Morrison will take advantage of the trans-Tasman bubble this weekend, when he travels to New Zealand for the first time since the pandemic hit for talks with Kiwi counterpart Jacinda Ardern.

The pair will meet in the South Island mountain resort of Queenstown, where Ardern has vowed to show him the sights, including adventure activities and glacier-fed lakes. Like tourist centres everywhere, the so-called "adrenaline capital of

the world" struggled without overseas travellers, and Queenstown restaurateur Alex Boyes said the trans-Tasman bubble had not proved a panacea.

Boyes had hoped the bubble would lift his business to about 70 per cent of its pre-pandemic level but that has not yet happened. "Any foreigners we see is something new to us at the moment but this is a time when Queenstown's traditionally been quite quiet," he told AFP. "So we haven't been swamped by Australians, so to speak, but future bookings through the winter are looking healthy."

"While strong domestic tourism figures in Australia and New Zealand show holidaymakers remain keen to take a break in troubled times, the data also shows many remain wary of using the international travel bubble."

Bookings to Australia from New Zealand in the six week from the bubble's announcement on April 6 to May 18 were less than a quarter of the numbers during the same period in 2019, data from travel analyst ForwardKeys showed.

ForwardKeys' Olivier Ponti said bookings the other way were stronger but still less than 60 per cent of what would be considered normal. "Since the two-way trans-Tasman bubble opened last month, bookings have generally been stronger out of Australia than New Zealand -- we're seeing that Kiwis need a bit of encouragement," a Qantas spokeswoman told AFP.

The reason for the caution became apparent this week when New Zealand suspended the bubble with Victoria state and officials in Wellington made it clear that Kiwis stranded in Melbourne's lockdown were on their own. "Hunker down and follow the rules," New Zealand's Covid-19 response minister Chris Hipkins advised.

"We acknowledge this as a difficult time. It's disruptive and it's probably expensive if

you're staying in paid accommodation -- that's one of the realities of travelling in the era of Covid.

"Tourism New Zealand acknowledged such a scare would cause temporary disruption and lead to a "wait-and-see" approach among potential passengers. But it said Australian market arrivals had recovered to 50 per cent, describing it as "a great result and strong contribution".



New Zealand's mountain resort of Queenstown is hoping to benefit from the country's travel bubble with Australia.

Posco International reviewing dividend payments on Myanmar gas project

REUTERS, Seoul

South Korea's Posco International said on Friday it is reviewing dividend payments on a gas project in Myanmar, in a move that could further constrain funding to the military junta, which seized control of the country in a February 1 coup.

The move follows a decision this week by Total and Chevron that suspended some payments from a similar gas joint venture that is also part-owned by the state-owned gas enterprise.

International firms doing business in the country have come under pressure from rights groups and Myanmar's deposed civilian government to review their operations since the coup and an ensuing bloody crackdown on protests in which hundreds have died. The oil and gas sector is one of the largest sources of foreign revenue for the country.

"We are reviewing what has been demanded for us to do from the international community, and that includes suspending dividend payout. This internal discussion is taking place from various angles, and its not an easy one when the contract involves many," a Posco International spokesman told Reuters by phone, when asked about its gas venture in Myanmar.

Posco International has a majority stake in Myanmar's Shwe gas project, which comprises three fields in the Bay of Bengal, alongside the Myanmar Oil and Gas Enterprise (MOGE), India's Oil and Natural Gas Corp (ONGC) and GAIL. It also has a stake in the pipeline that transports the gas to China.

BSCIC to build online platform to sell small entrepreneurs' goods

STAR BUSINESS DESK

Small, cottage and medium entrepreneurs across the country will get an opportunity to sell their produce through the online marketing platform of Bangladesh Small and Cottage Industries Corporation (BSCIC).

The BSCIC has recently teamed up with Dream71 Bangladesh Ltd, a leading software company of Bangladesh, in a bid to build the online marketing platform, a press release says.

BSCIC Secretary Md Mofidul Islam and Dream71 Bangladesh Managing Director Rashad Kabir signed the deal at BSCIC's Small and Cottage Industries Training Institute (SCITI) in Uttara, Dhaka on May 28.

BSCIC Chairman (Additional Secretary) Md Mostaque Hassan was present on the occasion.

"Display and selling centres at BSCIC's 64 district offices and 76 industrial cities across the country will be set up to sell the merchandise manufactured and produced by the entrepreneurs through the online marketing platform," he said.

The BSCIC has infrastructural facilities to set up the display and selling centres, Hassan said.

"Online marketing is the reality of the current digital age. Small, cottage and medium entrepreneurs have been badly damaged due to the outbreak of the coronavirus pandemic. We hope that the entrepreneurs will be benefited by selling their goods on the BSCIC's online marketing platform."

However, Rashad Kabir said they have signed the deal with BSCIC to capitalise the opportunity of the digital platform.

"The demand for purchasing products online has been increased manifold for the last few years. This demand will increase further in the coming days. We have joined hands with BSCIC because we want to gift a nice platform to the countryside and honourable Prime Minister in Mujib Borsho," he said.

A day-long seminar is held in order to finalise the System Requirement Specification of the BSCIC's online marketing platform after the conclusion of the signing ceremony.

Colonial Pipeline says temporary network disruption resolved

REUTERS

Colonial Pipeline, the largest fuel pipeline in the United States, on Friday said it had resolved a temporary network disruption, just weeks after a ransomware attack crippled fuel delivery for several days in the southeast region.

Colonial earlier on Friday experienced a network issue, the company said, but restored service to its network. The issue was not associated with malware, the company said.

The company had earlier said shippers were having problems entering and updating nominations for deliveries. The "system functionality has returned to normal," the company said.

The reason for the network issues was not immediately clear.

Colonial's shipping nomination system is operated by a third party, privately-held Transport4, or T4, which handles similar logistics for other pipeline companies.

T4 on Friday said its application was working for all customers and carriers. It did not comment on Colonial's

current network issue and said that data between T4 and Colonial was transacting normally.

Friday's network problems are the second occurrence of such issues since the attack earlier in the month. Colonial is the largest fuel system in the United States, accounting for millions of barrels of daily deliveries to the US East Coast and Southeast.

Shortly after Colonial restored operations from the hack, it suffered a brief network outage that prevented customers from planning upcoming shipments on the line. At the time, Colonial said the disruption was caused by efforts by the company to harden its system, and was not the result of a reinfection of its network.

The southeast United States is still recovering from the six-day line outage from earlier this month and the supply issues it caused in the region. Around 6,000 gas stations were still without fuel this week, according to tracking firm GasBuddy, down from a peak of more than 16,000.

Almost 40 per cent of gas stations in the capital, Washington, were without supplies on Thursday, GasBuddy said.

Govt to tighten rules for payment of over Tk 50,000

FROM PAGE B1

However, the purchase of raw materials amounting to more than Tk 50,000 has been excluded so far. Under the latest plan, bank transfers, which include banks, MFS and other digital means, are likely to be mandatory for the payment for the procurement of raw materials.

Also, contractors may need to receive payments through banks, MFS and other electronic systems if they want to avoid 50 per cent higher taxes on the rates payable.

Contractors without the 12-digit TIN (taxpayer identification number) are likely to face 50 per cent higher taxes when they receive payments for the job done.

One-person company law off to a dismal start

FROM PAGE B1

In contrast, running private companies involves many legal complexities, especially to protect the interests of minority shareholders as the majority shareholders dominate the business. Legal tussles sometimes disrupt the activities of companies.

Any natural person, either a born citizen or a foreigner, can set up an OPC following registration with the RJSC. The paid-up capital will be a minimum of Tk 25 lakh and a maximum of Tk 5 crore. OPC has to be written at the end of the company's name.

Previously, there was no minimum paid-up capital for the formation of a company.

The fixing of the lower limit might be another reason for the lukewarm response for OPC registration, Hossain said.

Md Jafar Uddin, senior secretary of the commerce ministry, said his ministry had taken the move to incorporate OPC because the economy had grown over the years, and many potential entrepreneurs were encouraged to form single-person firms.

"It is expected that investment will take place and employments will be generated because of

the OPC as running such companies is easier than a private company," he said.

The minority shareholder of a joint venture company often complains that the majority shareholders do not respect their decision in the board meetings, he said. "OPC will reduce such discrimination."

"The OPC is an excellent initiative to create entrepreneurs and expand the tax net," said Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry.

The minimum paid-up capital requirement should be brought down to Tk 5 lakh because many startups do not have such a high amount of funds at the beginning of a company, he said.

Currently, the corporate tax rate of the OPC is 25 per cent. It needs to be reduced by 2.5 percentage points in the next budget along with all other companies, Rahman said.

"This is a recovery period for the business from the fallout of Covid-19. So, the corporate tax needs to be cut so that companies can survive."

If the government wants to bring in innovative entrepreneurs in the sectors like IT, the new

businesses have to be facilitated in various ways so that they feel encouraged to form companies, the DCCI chief said.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said any company that was not registered under the OPC with the RJSC could call for government facilities.

For instance, many SMEs are not registered with the RJSC, but they are enjoying government facilities, he said.

The changes to the Companies Act have been part of a \$250 million budget support the government has received from the World Bank.

Allowing the formation of single-member companies would enable entrepreneurs and family businesses to move out of the shadow of informality and gain access to financial and business services available in the formal economy, said Finance Minister AHM Mustafa Kamal in a letter to the multilateral lender in April last year.

Because of the opportunity to form an OPC, 50,000 new firms would be set up in the country, according to an estimate.

Pent-up demand, shortages fuel US inflation

REUTERS, Washington

US consumer prices surged in April, with a measure of underlying inflation blowing past the Federal Reserve's 2 per cent target and posting its largest annual gain since 1992, because of pent-up demand and supply constraints as the economy reopens.

The strong inflation readings reported by the Commerce Department on Friday had been widely anticipated as the pandemic's grip eases, thanks to vaccinations, and will have no impact on monetary policy. Fed Chair Jerome Powell has repeatedly stated that higher inflation will be transitory.

The US central bank slashed its benchmark overnight interest rate to near zero last year and is pumping money into the economy through monthly bond purchases. It has signaled it could tolerate higher inflation for some time to offset years in which inflation was lodged below its target, a flexible average.

The supply constraints largely reflect a shift in demand towards goods and away from services during the pandemic. A reversal is underway, with Americans flying to vacation destinations

and staying at hotels among other activities. Year-on-year inflation is also accelerating as last spring's weak readings drop from the calculation.

"Many goods are in short supply amid very strong demand and supply chain disruptions, and some services prices are up sharply as consumers start to go out again," said Gus Faucher, chief economist at PNC Financial in Pittsburgh, Pennsylvania.

"Shortages of labor in some industries are also contributing to higher prices. But many of these factors will prove transitory, and inflation will slow in the second half of 2021."

Consumer prices as measured by the personal consumption expenditures (PCE) price index, excluding the volatile food and energy components, increased 0.7 per cent last month amid strong gains in both goods and services.

That was the biggest rise in the so-called core PCE price index since October 2001 and followed a 0.4 per cent gain in March.

In the 12 months through April, the core PCE price index vaulted 3.1 per cent, the most since July 1992, after rising 1.9 per cent in March. Economists polled by Reuters had forecast the core PCE price index rising 0.6 per cent in April

and surging 2.9 per cent year-on-year.

The core PCE price index is the Fed's preferred inflation gauge.

Stocks on Wall Street were trading higher, though gains were capped by the rising price pressures. The dollar rose against a basket of currencies. US Treasury prices were higher.

"Inflation is up, but real yields are still low," said Jamie Cox, managing partner at Harris Financial Group in Richmond, Virginia. "This is basically the transitory sweet spot."

INCOME PLUNGES

Some economists are not convinced that higher inflation will be temporary.

A survey from the University of Michigan on Friday showed consumers' one-year inflation expectations shot up to 4.6 per cent in May from 3.4 per cent in April, hurting household sentiment. Their five-year inflation expectations rose to 3.0 per cent from 2.7 per cent last month.

"Concerns about the future can cause households to become more conservative in their spending," said Joel Naroff, chief economist at Naroff Economics in Holland, Pennsylvania. "The Fed is guessing that the rise in inflation will be temporary, and it better be correct."

Though consumer spending moderated last month as the boost to incomes from stimulus checks faded, households had accumulated at least \$2.3 trillion in excess savings during the pandemic, which should underpin demand.

Wages are also rising as companies seek to attract labor to increase production.

Generous unemployment benefits funded by the government, problems with child care and fears of contracting the virus, even with vaccines widely accessible, as well as pandemic-related retirements have left companies scrambling for labor.

That is despite nearly 10 million Americans being officially unemployed. Consumer spending, which accounts for more than two-thirds of US economic activity, rose 0.5 per cent last month. Data for March was revised higher to show spending surging 4.7 per cent instead of 4.2 per cent as previously reported.

The rise in spending was in line with expectations. Spending was held back by a 0.6 per cent drop in outlays on goods. Though purchases of long-lasting goods such as motor vehicles rose 0.5 per cent, spending on nondurable goods tumbled 1.3 per cent.



Shoppers browse in a supermarket while wearing masks to help slow the spread of coronavirus disease in north St. Louis, Missouri, US on April 4, 2020. **REUTERS/FILE**

Carmakers in 'India's Detroit' allowed to operate as workers protest Covid risk

REUTERS, Chennai

Carmakers in the Indian automobile hub of Chennai will be allowed to keep operating, the state government said on Saturday, amid protests by workers who fear catching Covid-19 in one of the country's hardest-hit states.

Tamil Nadu's government on Friday extended a near-total lockdown as coronavirus infections and deaths rise in the southern state, where average cases are running at more than 30,000 a day, official figures show.

But a government order issued on Saturday said so-called continuous process industries, which include auto factories, would be allowed to function in accordance with measures such as social distancing to stem the virus's spread.

It also urged vehicle manufacturers to initiate immediate action to vaccinate all their

employees within a month.

Tamil Nadu authorities have ramped up vaccination in recent days, and companies including carmakers have organized vaccination drives.

Hundreds of workers in and around Chennai - often dubbed India's Detroit - have fallen ill with Covid-19 and dozens have died, labour unions say.

Manufacturing plants run by Ford Motor Co and Hyundai Motor Co near Chennai were shut this week after workers protested over unsafe working conditions.

Renault-Nissan shut its manufacturing unit after workers threatened to boycott work, saying social distancing norms were being flouted, while Eicher Motors-owned Royal Enfield shut its three units over safety concerns.

Union sources at Hyundai, Ford and Renault-Nissan said they were continuing to talk with the

companies.

"We're scared about working. The company is citing government orders and asking us to report for work. The government needs to think about the welfare of workers," a senior union leader at Hyundai said.

Tamil Nadu's government also gave permission for units near Chennai with export orders, such as construction and mining equipment maker Caterpillar Inc and Taiwan electronics manufacturer Foxconn, to operate their plants with 50 per cent worker capacity.

Global carmakers operating in Chennai have said they will prioritize worker safety and adherence to social-distancing protocols.

"Health and safety of our societies, partners and employees is our topmost priority," Biju Balendran, managing director at Renault-Nissan India, said in a statement earlier this week.

52pc users apply for power thru middlemen: survey

FROM PAGE B1

It found that 88 per cent of consumers were satisfied with the overall electricity service.

Ninety-four per cent of the respondents were content with electricity connection, 77 per cent with complaint handling service, 95 per cent with billing, and 88 per cent with metering service.

"The report said 88 per cent of consumers were satisfied with the electricity service. But we want 100 per cent customer satisfaction," said Hamid.

"Efforts should be made to satisfy 100 per cent consumers in electricity services. We do not want to receive any complaints from customers. Power distribution companies need to have regular contacts

with customers."

The state minister instructed the distribution companies to evaluate the problems and complaints of the customers.

"Each organisation must have its own evaluation. The faster the service can be online or digitalised, the sooner the quality of customer service will improve."

Of the respondents, 71 per cent are residential customers, and 29 per cent are commercial and other customers.

Of them, 39 per cent are the customers of Dhaka Power Distribution Company, 39 per cent are customers of Bangladesh Rural Electrification Board, and 22 per cent are consumers of Bangladesh Power Development Board.

Competitiveness key to success: experts

FROM PAGE B1

He cited China as an example, pointing out that it was dominating world trade and so there was no reason to be afraid of making a status graduation from a least developing country.

The entrepreneurial capacity of Bangladesh is its strength to overcoming all hurdles, he said.

"We have to think about how we can move forward...We should actually gear up," added Kaikaus.

"As per the eighth five year plan, the role of private sector is of about 81 per cent. LDC graduation will boost our own resources and increase the confidence of our entrepreneurs," said Secretary to the finance ministry's Economic Relations Division Fatima Yasmin.

"LDC graduation may have a few challenges but the government is taking necessary preparations. It is true that we may lose duty free,

quota free access, special waiver and preferential treatment," she said as a special guest.

"But EU (European Union) will give us preferences till 2029. Besides, we have to best capitalise the existing benefits in the next 5 years," she said.

"Moreover, after graduation, the government is planning to negotiate with the WTO (World Trade Organization) for giving us preferences for the next 12 years after 2026. For signing PTA and FTA, government is in discussion with 11 countries," said Yasmin.

"To become competitive after LDC graduation Bangladesh has to strengthen its backward linkage industry," said another special guest, Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry.

"The knit and woven sector need value addition to attract local and foreign investments,"

he said, urging for faster implementation of special economic zones.

He also underscored the importance of engaging the private sector in creating an implementable policy framework.

"LDC graduation is an opportunity for Bangladesh. Apparently we may think of losing a few benefits, but in the long run we will be benefited a lot," said Nihad Kabir, president, Metropolitan Chamber of Commerce and Industry, Dhaka.

"Many business scopes are still coming into Bangladesh...Yes, there will be challenges, but if government and private sector can work hand in hand Bangladesh can gain a lot," she said.

Taufiqur Rahman, head of LDC Unit, Development Division, WTO, and Prof (ret'd) Muinul Islam of the Department of Economics, Chittagong University, also spoke.

Make land ports fully functional

Businesspeople, economists of northern districts urge govt



Nepalese trucks are seen at Banglabandha land port in Panchagarh. There are five land ports in different districts of Rangpur. Businesspeople say if the government builds better infrastructure to increase capacity of the ports, economy of the region will get a boost.

STAR/FILE

RUN-UP TO BUDGET FOR FY2021-22

KONGKON KARMAKER, Dinajpur

Budgetary allocation for Rangpur division's eight districts for fiscal 2021-22 should be adequate to expedite development of the country's extreme north, primarily known for crop production, said businesspeople, economists and members of the civil society.

Apart from the agricultural sector, the region's five land ports should be made fully functional with immigration services, they said when contacted by this correspondent of The Daily Star.

The five are in Hili in Dinajpur's Hakimpur upazila, Radhikapur in Dinajpur's Biral upazila, Banglabandha at Panchagarh, Burimari in

Lalmoinirhat and Sonahar in Kurigram. The north, especially Rangpur, significantly accounts for the country's crop production, including rice, said Dr Fahima Khanam, chairman of the economics department at Hajeer Mohammad Danesh Science and Technology University in Dinajpur.

Farmers are still deprived of fair prices just for a shortage of storage facilities, which moreover can currently hold only potato and no other perishable vegetable, she observed.

"The government should take up initiatives so that farmers can store vegetables for longer periods," she said.

Supporting her, Abdul Aziz, president of the Kurigram Chamber of Commerce and Industry, also demanded more subsidy in agriculture.

Kurigram has sufficient resources except for finance and its large-scale textile mills have been kept shut while a Chilmari river port is yet to be made operational, he said.

The Sonahar land port lacks infrastructure and immigration services which could have saved time and money of businesspeople

seeking travel to India, he added.

Meanwhile, Rangpur needs an economic zone and leather processing factories which would generate employment opportunities and tackle its high poverty rate, he said, demanding making Lalmoinirhat airport functional.

Rangpur's factories making hand rolled cheap cigarettes had created a lot of employment opportunities, especially for women, but high taxation was a drawback, said Mozibar Rahman, president of Rangpur Bidi Owners Samity, while seeking a reduction.

Panchagarh's booming tea sector could make use of government incentives for medium and small-scale growers alongside an auction house for availing better prices, said Sharif Hossain, president of the Panchagarh Chamber of Commerce and Industry.

Rangpur division's rice feeds around four crore people annually, so import cost cuts are required for its automatic rice mill machineries alongside on electricity tariffs, said Mosaddek Hossain, president of Automatic Rice Mill Owners Association in Dinajpur.

Betel nuts helping farmers make a fortune

DISTRICTS IN FOCUS

EAM ASADUZZAMAN, Nilphamari

Betel nut farming has changed the luck of many farmers in Nilphamari district as the crop is more profitable than many others thanks to its nature of giving high yield with little care and handsome market price.

For its exceptionally good taste, the betel nut grown in the district has high demand among traders around the country.

While visiting different villages like Chilahati, Uttor Ketkibari, Chandkhana of Domar upazila and Dakkhin Kharibari, Gayabari, Nautara in Dimla upazila, this correspondent found big betel nut orchards occupying 2-10 acres of land.

Even rows of betel nut plants were found in almost every house yard and boundary lines of farm lands.

Betel nut was grown this year on 4,000 acres of land to produce around 5,000 tonnes of the crop, said Imran Ahmed, sub assistant agriculture officer of the district office of the Department of Agricultural Extension (DAE).

"High alluvial land is suitable for betel nut farming and this kind of soil is available in the area, which is the major reason for its acreage to see a rise."

"There are 2,200 trees in my two-acre orchard, from which I expect to get five lakh pieces of nuts and sell those at Tk 15 lakh as the peak production season is going on," said Habibur Rahman, a 50-year-old Betel

nut farmer of Dakkhin Kharibari village in Dimla upazila.

Abdul Kader of Chilahati village in Domar said he has a three-acre orchard.

"Only Tk 50 is needed to take care of a betel nut tree as fertiliser and labour cost. But 320 pieces of betel nuts worth Tk 1,280 can be yielded from each tree on an average," said the 60-year-old farmer.

Around 12-15 trucks of betel nuts go to different destinations from this market in each haat day that sits on every Friday and Tuesday, said Abdul Khaleque, 65, a lessee of Dimla.

Many backward linkage industries related to betel nut farming have also been developed in the area, he said.

Betel nut harvesting begins in mid-April and it continues until the last of June, said farmer Intaj Ali of Chandkhana village in Domar.

Betel nut has emerged as a cash crop in the area and many young entrepreneurs have found it as a profitable business, said Abdul Wahed Sarker, former president of Nilphamari Chamber of Commerce and Industry.

The entrepreneurs send their produce to different locations in Dhaka, Chattogram, Bogura and other cities, which is also playing a vital role in changing the socio-economic scenario of the area, he said.

"We encourage farmers to go for crop diversification," said Abu Bakkar Siddique, deputy director of the district office of the DAE.

"With the assistance of our field staff, more farmers are now coming into betel nut production and earning more than they use to earn from traditional crops."



For their exceptionally good taste, betel nuts grown in Nilphamari have high demand among traders around the country.

EAM ASADUZZAMAN

GLOBAL BUSINESS

India to borrow \$22b more this FY to compensate states for tax shortfall



REUTERS/FILE

India's Finance Minister Nirmala Sitharaman attends a joint news conference with US Treasury Secretary Steven Mnuchin in New Delhi, India on November 1, 2019.

REUTERS, New Delhi

India's federal government will borrow \$22 billion from the market to compensate the country's states for a shortfall in tax receipts this fiscal year, but it deferred cutting taxes on medicines and medical equipments used to treat coronavirus patients.

This borrowing would be additional to the 12 trillion rupees (\$166 billion) it already plans to raise in the fiscal year that started on April 1.

India's deadly second wave of coronavirus that killed thousands of people in the last two months is now threatening an economic revival that had begun to take hold since the beginning of the year.

The economy is showing signs of distress, such as falling tax collections and slump in sales of a variety of goods including automobiles.

The Goods and Services Tax (GST), India's biggest tax reform, was introduced in 2017 to replace an array of federal and state duties. State governments were promised compensation through a surcharge on taxes on luxury goods for five years to ensure 14 per cent annual growth in GST revenue.

Federal Finance Minister Nirmala Sitharaman was speaking to reporters after the meeting with the Goods and Services Tax Council, which she chairs and includes all state finance ministers of the country.

The outcome of the meeting, which the council's first for eight months, disappointed some of its members and experts, after it deferred reducing taxes on Covid-19 related medical equipments and medicines.

"The council has failed to address major pain points of the industry and the common man resulting from the pandemic," said Rajat Bose, partner at Shardul Amarchand Mangaldas & Co, a law firm.

China, US can find common ground on tariff exclusions

Chinese think tank says

REUTERS

The Biden administration is unlikely to remove tariffs on Chinese goods in the short term, but China and the United States might find a middle ground by increasing tariff exclusions as a way to reduce tensions, a Chinese think-tank says.

With even free trade advocates in the US lobbying that Washington should use tariff cuts as a tool for new trade negotiations with China, tariffs are likely to remain in place, said a report from China Finance 40 forum (CF40) on Saturday, an economic and finance think tank with members from regulators, academia and financial institutions.

But with the United States facing inflationary pressures in the first half of this year, Washington may look to reduce the tariff burden through tariff exclusions, which would avoid resistance in congress and ease political pressure, the report said.

The Biden administration is



US and Chinese flags are seen in front of US dollar and China's yuan banknotes in this illustration picture.

REUTERS/FILE

conducting a comprehensive review of US-China trade policy, ahead of the expiry of the Phase 1 deal at the end of 2021. The report noted that the US government still retains additional tariffs on US\$370 billion of Chinese

exports to the United States.

The report also noted that the Biden administration was more concerned about the impact of China's support for the technology sector and wanted the US to focus on its own tech support.

UK wants more G7 progress on climate finance, eyes tax reform

REUTERS, London

British finance minister Rishi Sunak called for more progress on ensuring financial markets support lower greenhouse gas emissions, after speaking with other finance ministers and central bankers from the G7 group of rich nations on Friday.

Britain's finance ministry said Sunak sought consistent international rules on how companies report their climate impact, so investors can make better-informed decisions.

Britain will host an in-person meeting of finance ministers in London on June 4-5, when Sunak also hopes to broker a deal among



British Finance Minister Rishi Sunak

G7 countries on a joint approach to business taxation.

The United States has proposed a global minimum corporation tax rate of 15 per cent, well below G7 levels, but above those in some countries

such as Ireland. But Britain remains concerned the plans do not go far enough on taxation of tech giants such as Amazon, Google and Facebook.

"I look forward to next week's meeting as we continue working together to support jobs and secure a green and global economic recovery," Sunak said after chairing Friday's virtual talks, which also discussed the world economy and central bank digital currencies.

US Treasury Secretary Janet Yellen told the meeting it was important to provide further fiscal support "to promote a robust and lasting recovery in the wake of the pandemic", the US Treasury said.

Biden's big budget comes with a modest growth outlook

REUTERS

President Joe Biden's first budget proposal comes with a big price tag - at \$6 trillion, roughly 50 per cent higher than pre-Covid-19 federal spending - but, at least for now, projects a relatively modest long-term lift to the economy, likely reflecting concerns about the aging US population.

The administration's spending blueprint for the fiscal year ending in September 2022 would increase spending on infrastructure, education and combating climate change, echoing familiar priorities for the first-term Democrat.

But it comes with forecasts for near-term growth that do not reflect the rapid improvement in the economy so far this year.

With the help of \$1.9 trillion in additional stimulus spending approved earlier this year, the economy grew at an annualized rate of 6.4 per cent in the first quarter, a pace projections from both the Survey of Professional Forecasters and Federal Reserve officials see persisting through the year.

By contrast, the Biden budget pegs growth this year at just 5.2 per cent. Council of Economic Advisers Chair Cecilia Rouse said forecasts underlying the budget were locked down in early February, assumptions administration officials plan to revisit later this year.

Also notable is the rapid deceleration in growth expectations after next year, to between 1.8 per cent and 2 per cent each year from 2024 through 2031.



REUTERS/FILE

US President Joe Biden delivers remarks at Joint Base Langley-Eustis in Hampton, Virginia, US on May 28.

While that is squarely in line with the longer-run output estimates from Fed officials, it is at least a quarter percentage point short of the consensus among private forecasters, and around a full point south of the amped-up projections from the Trump administration's final budget proposal two years ago, before the Covid-19 pandemic.

Economists said the Biden projections likely factor in two systemic headwinds to a prolonged run of above-trend growth: The country is aging rapidly, and the workforce is not growing.

The Census Bureau in 2017 estimated that 20.5 per cent of the US population would be 65 or older by 2030, compared with about 16.8 per cent at the start of this decade.