

Budget SME-friendly

Says SME Foundation

STAR BUSINESS REPORT

SME Foundation yesterday termed the proposed budget for the fiscal year of 2021-22 pro-small and medium enterprises (SMEs), saying the finance minister has considered several proposals the agency had recommended.

"There are still some unmet proposals which will be sent to the National Board of Revenue again," said the foundation at a press conference yesterday.

"The budget is not only business-friendly but also SME-friendly," said Md Mafizur Rahman, managing director of SME Foundation, which

works to develop SMEs.

The tax for non-listed companies has reduced to 30 per cent from 32.5 per cent, which would be fruitful for the SMEs, he said.

The proposed budget suggested reducing advance income tax on raw materials and increasing import duty on some products produced by the local SME sector.

Among the foundation's 63 proposals, the government has taken steps about 14, Rahman said.

"The government accepted some of our proposals, realising the importance of the SME sector. We are analysing which ones we should resend to the NBR," he said, adding that they would not send all of them.

"The needs and importance of the SME sector were depicted in the proposed budget, said Md Masudur Rahman, chairperson of the SME Foundation.

The finance minister has given incentives to the light engineering sector. "We understand that all the sectors cannot get the same benefits at the same time," he said.

"So, we are not saying that expectations of all the SME sectors were met in the budget. In this perspective, we are requesting the government put emphasis on other sectors as well," he said.

The government has granted tax exemption to new entrepreneurs for 10 years, and it is a very good step to attract new investments, he said.



An elderly man is operating a handloom to make shawl based on yarn extracted from garment waste. Photo taken from SME cluster Bogura, Adamdighi.

MOSTAFA SABUJ

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The rice economy



OPINION



SAZZADUL HASSAN

Rice, the four-letter word, is not just the staple food; it is at the centre of the overall life of Bengalis, whether it is culture, politics, or the economy. Although many things have changed in Bengali life over time, rice remains radiant in its own glory.

There are a few powerful statistics to substantiate this claim. Rice contributes two-thirds of the total caloric need of the country and is the source of half of the country's protein intake.

According to the Bangladesh Bureau of Statistics, crops and horticulture's share is about 10 per cent of the gross domestic product, with half coming from rice.

It also accounts for 48 per cent of the total rural employment. If rice trading, transport and processing activities are considered, employment percentage will go up.

Understandably, rice remains at the heart of many of the discussions of stakeholders. However, there is one specific issue that, for some strange reasons, pops up every year and gets the attention of the policymakers, think tanks and media. It is heavily discussed. But, unfortunately, at the end of the day, it stays unresolved.

The issue is the price, which farmers get

by selling paddy or rice, and consumers pay to buy rice for consumption. Year after year, the point of discussion remains the same: consumers pay more, but the farmers who produce them at the cost of their backbreaking labour are often underpaid.

One would argue if the consumers are paying more, then why are the farmers not getting their shares? Similarly, if the farmers sell their produce at a lower price, why do the consumers pay more? It's a vicious cycle. We need to understand the complex issue to find the root cause.

In a so-called open market economy, the demand and supply equation should ideally dictate price.

According to the Bangladesh Rice Research Institute, the country's annual consumption requirement of rice is 35 million tonnes. In its report, India's Mordor Intelligence says the consumption is expected to be 39.7 million tonnes in 2021. Therefore, we can safely estimate that the annual demand for rice is around 37 million tonnes.

From the production point of view, we are almost there to meet the demand. Bangladesh has done wonder in increasing its rice production. In 1971, we produced 10.59 million tonnes of rice, and it reached 37.4 million tonnes in 2020 as per an official figure. However, the United States Department of Agriculture (USDA) estimates 35.8 million tonnes of rice production in 2020.

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Implement policies efficiently for green growth

Experts say at PRI, World Bank webinar

STAR BUSINESS REPORT

Bangladesh needs to formulate a plan and take appropriate and effective steps to implement it to ensure eco-friendly development, analysts said yesterday.

According to the Sustainable Development Goals, the country can't develop itself economically alone. Bangladesh must advance socially and environmentally based on green technology, they said.

They made the comments at a virtual discussion on "Building back a greener Bangladesh". The Policy Research Institute of Bangladesh (PRI) organised the programme in

collaboration with the World Bank Group.

Several master plans, policies and strategies, including the Eighth Five-Year Plan, Delta Plan and Mujib Climate Change Prosperity Plan, have been formulated for the country's development environmentally, said Ainun Nishat, professor emeritus of Brac University.

"But, plans are usually implemented traditionally. That is why we have to pay close attention to the implementation of the projects. The projects have to be implemented transparently."

"Moreover, we have to be careful enough in choosing technology," said Nishat.

Bangladesh's economy should be developed socially and environmentally, and all the social

and environmental parameters must be included in the future development plans, speakers said.

The models of the developed countries should not be copied, and Bangladesh needs to draw up its own approach for green development, they said.

Atiur Rahman, a former governor of the Bangladesh Bank, said there should be a body, and the process should start from the finance ministry.

"There should be a green window at the finance ministry, which will take the green finance forward coordinating with all ministries."

He said entrepreneurs were interested and funding was there, but the process of securing funds was not very easy.

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GLOBAL BUSINESS

China's Saudi oil imports plunge 21pc

REUTERS, Beijing

China's imports from Saudi Arabia fell 21 per cent in May from a year earlier but retained their top ranking among suppliers for a ninth month in a row, customs data showed on Sunday.

Shipments from Saudi Arabia were 7.2 million tonnes last month, or 1.69 million barrels per day (bpd), data from the General Administration of Chinese Customs showed.

That compared to 6.47 million tonnes in April and 9.16 million in May 2020.

Imports from second-largest supplier Russia also dropped from a month earlier, to 5.44 million tonnes, or 1.28 million bpd.

The scale-backs by the top two exporters were in line with a steep annual decline of nearly 15 per cent to this year's lowest total crude imports into China.

Imports from United Arab Emirates arrivals fell 25 per cent last month from year-ago levels.

That is a possible sign that Iranian oil shipments were slowing further from peaks



Oil and gas tanks are seen at an oil warehouse at a port in Zhuhai, China.

REUTERS/FILE

early this year amid talks between Tehran and world powers to revive the nuclear deal the United States exited in 2018.

Reuters has reported that Iran has sold record amounts of oil since late 2020, disguised as crude oil from other origins that included the UAE and Oman.

Customs recorded zero imports from Iran for a fifth month in a row.

The customs' database also showed a 3.6 per cent year-on-year rise to 1.04 million tonnes of imports from Malaysia, which traders said has been a key transshipment point for heavy crude blends from Venezuela.

Official data has consistently recorded zero imports from Caracas since October 2019, as dominant state importer CNPC halted loading, fearful of US sanctions.

Venezuela oil, however, had slipped into China, passed on as Malaysian bitumen blend after transshipments in Malaysian waters, analysts said.

Imports from the United States reached 1.07 million tonnes, nearly doubled the level a year earlier.

NEWS In Brief

China must develop unified, open-source smart car operating system

REUTERS, Shanghai

China, the world's biggest auto market, should develop its own unified, open-source operating system (OS) for smart vehicles, as well as auto chips, to maintain its advantage in the electric vehicle (EV) industry, an ex-industry minister said on Friday.

Miao Wei, formerly of the Ministry of Industry and Information Technology, made the remarks at an industry conference in Shanghai held by the China Association of Automobile Manufacturers (CAAM).

China should learn from the United States' curbs on Chinese technology companies and boost its independence in vehicle-related technology, Miao also said.

US President Joe Biden in April said the United States must ramp up production of electric vehicles to catch and surpass China. The Harmony operating system of Chinese telecommunications firm Huawei Technologies Co Ltd can be used in vehicles as well as smartphones.



REUTERS/FILE

An entrance sign at the Chevron refinery, located near the Houston Ship Channel, is seen in Pasadena, Texas, US.

Chevron returning offshore workers, restarts output halted by US storm

REUTERS, Houston

Chevron Corp said on Saturday it was returning offshore workers who had been evacuated ahead of Tropical Storm Claudette from its Gulf of Mexico production platforms.

Chevron said it was ramping up production at its Tahiti platform where production had been halted by the storm. Other Chevron-operated facilities in the Gulf are running at normal levels, it said in a notice on its website <https://www.chevron.com/media/updates>.

Claudette made landfall in southeast Louisiana in the morning, disrupting oil and gas production in the central Gulf of Mexico and bringing tropical-storm force winds and heavy rain to parts of the Gulf Coast.

Baltic Pipe gas link work resumes but faces 3-month delay

REUTERS

Construction work on Baltic Pipe, a pipeline connecting Poland with Norwegian gas fields via the Baltic Sea and Denmark, will resume after a temporary halt was announced earlier this month, Danish grid operator Energinet said on Saturday.

Yet two areas of the pipeline's construction still await further regulatory approval and completion of the project could be delayed by three months, the company added.

The suspension had followed the rescinding of an environmental permit by a Danish public appeals committee due to concerns over the pipeline's impact on protected mice and bat species.

"The Danish Environmental Protection Agency has now stated that it has no objections to Energinet's plans to resume construction on parts of the project," Energinet said in a statement.

The project, expected to be ready in 2022, is key to Warsaw's plans to cut reliance on Russian gas supplies. A 210 kilometre stretch of the pipeline goes through Denmark on land.

"Energinet expects that the overall project will be delayed 3 months," it said, adding it expected the project to deliver a large part of the agreed-on capacity by October next year and possibly full capacity by the end of 2022.

UK's Sunak considers cap to annual pension rise

REUTERS, London

British finance minister Rishi Sunak is considering blocking a near 6 per cent rise in old-age pension payments as part of a wider effort to rein in the cost of Prime Minister Boris Johnson's spending, the Sunday Times newspaper said.

Under a pension promise in the Conservative Party's 2019 election campaign, state pensions are meant to rise each year by the highest of the annual inflation rate, wage growth or 2.5 per cent.

Due partly to distortions from the coronavirus pandemic, annual wages in the three months to April grew by an annual 5.6 per cent - creating an extra 4 billion pound (\$5.5 billion) annual cost for future pensions. The Sunday Times said the finance ministry wanted to break the link between pensions and wages for a year.

"Pensioners are going to be doing extremely well. It's not politically that difficult a thing to smooth it out for a year," the newspaper quoted an unnamed minister as saying.

The Sunday Times said Sunak was worried too about a potential 5-billion-pound annual cost for a plan on social care for the elderly due



Britain's Chancellor of the Exchequer Rishi Sunak

to be discussed later this week, plus extra for a new government yacht to promote British exports.

An unnamed official was quoted as describing funding for the yacht as "a complete and utter shitshow".

Asked about the report, a British government spokesperson said: "The Prime Minister and Chancellor work closely together, and have been in lockstep throughout the most challenging period any government has faced since the Second World War."

"We always ensure that all government spending provides value for money for the taxpayer."

Sunak said in a television interview on Wednesday that pensions would be reviewed later in the year.

Britain's government borrowed 300 billion pounds last year - equivalent to 14 per cent of gross domestic product and the most since World War Two.