

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 0.58%	▲ 0.49%	\$1,799.63	\$74.63	▼ 0.26%	▼ 1.39%	▲ 0.09%	▼ 0.58%	BUY TK	83.95	98.15	115.57	12.65
6,417.19	11,182.30	(per ounce)	(per barrel)	52,443.71	27,581.66	3,141.75	3,361.59	SELL TK	84.95	101.95	119.37	13.30

Star BUSINESS

DHAKA THURSDAY JULY 29, 2021, SRABAN 14, 1428 BS • starbusiness@thedailystar.net

Home appliance assemblers turning into manufacturers

VAT exemption encourages them to develop facilities

JAGARAN CHAKMA and SOHEL PARVEZ

The value-added tax exemption for producing air conditioners, refrigerators and freezers locally has created interest among home appliance manufacturers in Bangladesh as firms are increasingly setting up full-fledged facilities, cutting their reliance on assembling.

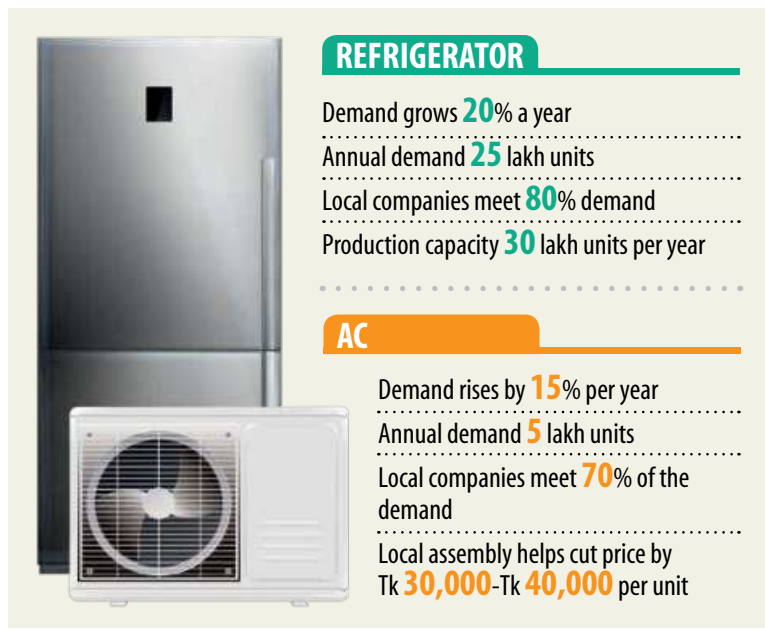
For the last decade, the National Board of Revenue has been encouraging the manufacturing of the major home appliances by withdrawing the indirect tax on raw materials import and production.

Initially, only a few came forward to avail themselves of the benefit.

The revenue authority began to register increased applications from local electronics sellers in 2017 as they look to stay competitive since a 15 per cent VAT waiver provides a considerable advantage in terms of pricing.

Now 10 local companies are making refrigerators, freezers and ACs.

Officials said companies that availed the VAT benefit have to invest a lot to fulfil 30 per cent



value addition criteria.

"The home appliance manufacturing capacity has increased. This is particularly apparent in the case of refrigerators and freezers," said Md Masud Sadiq, a member of the VAT policy of the NBR.

He said the government wanted to encourage businesses to promote locally made products, create jobs and enable people to buy electronic appliances at a lower price by extending tax and VAT benefits.

"The VAT exemption has encouraged firms to consider making goods in Bangladesh." The benefits offered such sectors will expand the capabilities of the investors, and the government expects them to invest in other areas as well, said Sadiq.

Once fully import-dependent, local manufacturers and assemblers now meet nearly 80 per cent of the annual demand for refrigerators of 25 lakh units. The rest is met

through imports from global companies.

The NBR provides VAT and supplementary duty waivers on the imports of raw materials. Industry stakeholders say many components and parts, such as bodies and foams are made locally.

In the case of ACs, local manufacturers and assemblers cater to almost 70 per cent of the domestic demand, which had been growing until the coronavirus outbreak in the country in March last year.

A decade ago, local manufacturers and assemblers met as much as 15 per cent of the demand.

Manufacturers say the price of AC has gone down by up to 45 per cent compared to the imported ones on the back of the growing local manufacturing.

The earlier benefit expired in June. The government has extended the exemption for the foreign and local procurement of raw materials for compressors and ACs to June 30, 2024.

The exemption facility for the import and local purchase of raw materials for compressors, refrigerators and freezers has been extended to June 30 next year.

In addition, the NBR spared manufacturers from paying VAT on the production of washing machines, microwave ovens and electric ovens until June 2023. The concession has also been made available on sourcing raw materials from both local and foreign markets.

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MIGRANT WORKERS

5 lakh return since onset of pandemic

2 lakh to receive cash support, training as Ecneec approves project

STAR BUSINESS REPORT

The government yesterday approved a Tk 427 crore project to provide one-off cash assistance to two lakh returnee migrant workers, create a database for them and extend other support to improve their skills.

The potential beneficiaries are among the five lakh expatriates who have returned home after losing jobs in their host countries since the start of the Covid-19 pandemic.

The Executive Committee of the National Economic Council (Ecneec) approved the World Bank-funded project. Prime Minister Sheikh Hasina joined the meeting from Ganobhaban through a digital platform, while others from the NEC conference room.

Under the project, two lakh migrant workers will receive Tk 13,500 each.

When migrant workers return from abroad, they are registered at the help desk at the airport, said Planning Commission Member Sharifa Khan.

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STIMULUS FOR LARGE INDUSTRIES

Give priority to new clients: BB

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked banks to prioritise new clients while giving out loans from the stimulus package dedicated to the large service and industrial units.

As of June, 3,275 units in the service and industrial sectors received loans from the economic support package, which has tenure for three years.

The BB introduced the Tk 40,000 crore package in April last year to protect the industrial and service sectors from the business slowdown brought on by the coronavirus pandemic.

The clients, who could not to secure any fund from the stimulus fund last year, will have to be given priority from this year, according to a central bank notice.

Customers can take a maximum of 30 per cent of their working capital from the fund.

The clients, who are yet to get the full amount entitled under the package, will also get the priority.

The central bank had initially allocated Tk 30,000 crore for the package. It later expanded the size of the fund to Tk 40,000 crore.

Of the fund, Tk 7,000 crore has been allocated for the firms operating in the zones run by the Bangladesh Economic Zones Authority, the Bangladesh Export Processing Zones Authority, and the Bangladesh Hi-Tech Park Authority.

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New MFS hits market

STAR BUSINESS REPORT

A new mobile financial service (MFS) provider, Trust Axiata Pay, launched business operations yesterday aiming to promote cashless transactions.

The brand, styled tap, is of Trust Axiata Digital, a subsidiary of Trust Bank founded in May last year to provide MFS.

Trust Bank owns a 51 per cent stake in the company while Axiata Digital Services Sdn Bhd, Malaysia the rest. Formed under Bangladesh Mobile Financial Services Regulations, 2018, Trust Axiata Digital would operate as a MFS provider and a payment service provider (PSP) in Bangladesh.

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Wheat import drops for pandemic

MOHAMMAD SUMAN, Chattogram

Wheat import has declined by 15 per cent, or 9.91 lakh tonnes, year-on-year in fiscal 2020-21 for international price hike and a fall in local demand due to the pandemic.

Importers say bakery and restaurant sales have dropped while international market prices rose 7 per cent to 10 per cent for decreased production and stockpiling by some countries.

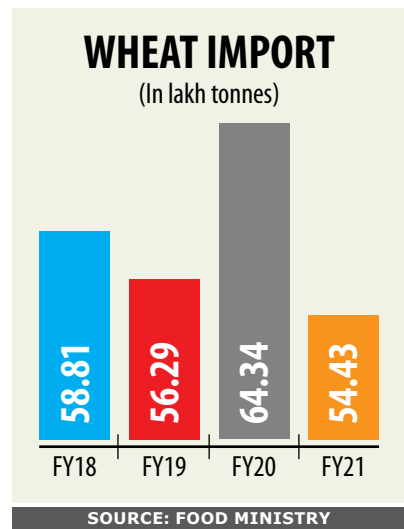
Some 54.43 lakh tonnes were brought over in fiscal 2020-21 whereas it was 64.34 lakh tonnes in fiscal 2019-20, according to the food ministry.

The average price of each tonne imported last fiscal year was Tk 21,112. Currently, it is Tk 22,685.

The price has gone up by Tk 1,573, or 8 per cent, per tonne, according to the National Board of Revenue (NBR).

Being an essential commodity, wheat bears no import tariff.

It arrives from 16 countries,



including Russia, Canada, Ukraine, India, the US, Cyprus, Italy, Australia, Argentina, Estonia and Belgium.

Importers say last fiscal's decline was contrary to the past decade's

growth in domestic wheat and wheat product purchases of 10 per cent to 15 per cent almost every year.

Several exporting countries have had reduced production, including Russia and Ukraine.

This prompted Russia, one of the top exporters, to impose an export duty of €50 per tonne since July last year, they said.

This raised international market prices by \$20-30 per tonne, they added.

The country has an annual demand for around 70 to 75 lakh tonnes, 85 per cent of which is met through imports, according to data from the food ministry and the Department of Agricultural Extension (DAE).

Bangladesh produced about 13 lakh tonnes from 3.5 lakh hectares of land last fiscal whereas it was 10.3 lakh tonnes from 3.29 lakh hectares in fiscal 2019-20, said the BSS.

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Unilever profit falls 26pc in Q2

STAR BUSINESS REPORT

Despite higher sales, profits of Unilever Consumer Care, formerly known as GlaxoSmithKline, dropped in the April-June period of 2021 as duty on raw materials rose and bank interest income fell.

The multinational company's sales rose 8 per cent to Tk 89.58 crore in the second quarter of the year. However, its profits were down 26 per cent to Tk 10 crore from Tk 13.7 crore year-on-year.

Unilever is one of the world's leading consumer goods companies, making and selling nutrition, hygiene and personal care products under around 400 brands in more than 190 countries.

In the half yearly, its

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Shikho raises \$1.3m seed money

STAR BUSINESS REPORT

Shikho, a startup aiming to make education accessible and affordable in Bangladesh, yesterday announced raising \$1.3 million in seed money, making it the largest round of financing by a local edtech startup yet.

The round was led by Anchorless Bangladesh, a New York-based early-stage venture capital firm active in the local startup ecosystem, and LearnStart, the seed fund of Silicon Valley-based edtech investment specialists Learn Capital.

It also had participation from Southeast Asia-focused venture capital firm Wavemaker Partners, its first investment in Bangladesh, and Ankur Nagpal, founder and CEO of American edtech firm Teachable.

Shikho's funding takes the total amount received by Bangladeshi startups so far this year to \$36.2 million, according to data from LightCastle Partners. Of the sum, \$33 million came from foreign sources.

Founded in April 2019, Shikho is aiming to build a digital learning ecosystem centred on modernising the delivery of the Bangladeshi national curriculum and making it fit for the 21st century.

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Banks closed on Sunday, Wednesday

STAR BUSINESS REPORT

Banks will remain closed on Sunday and Wednesday next week as part of the government attempts to rein in the soaring cases of coronavirus, the central bank said yesterday.

The banking hours, however, have been extended so that clients can settle financial transactions smoothly.

Clients will receive banking services from 10am to 2.30pm on Monday, Tuesday and Thursday, according to a central bank notice.

The BB earlier said that banks would be open for customers till 1.30pm during the ongoing strict restrictions on movement, which will end on August 5.

The central bank has now come up with the latest decision as the infection rate from the highly contagious virus is rising.

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