

## NBR field office starts income tax survey today

STAR BUSINESS DESK

A field office of the National Board of Revenue (NBR) will start a survey from today in order to bring more people with taxable incomes under the tax net.

The announcement came at a workshop the NBR's Tax Zone-12 organised at Kamrangirchar in Dhaka yesterday to enhance revenue collection and raise awareness among the public about its necessity.

The event hoped for the number of taxpayers to increase. Mohammad Ashrafur Islam, joint commissioner for taxes at the Taxes Zone-12, presided over the workshop.

## WB taking steps to boost research integrity

REUTERS, Washington

The World Bank is taking steps to rebuild the credibility of its research after a data-rigging scandal forced it to cancel its flagship "Doing Business" report on country business climates, bank President David Malpass said on Monday.

Speaking to reporters ahead of the World Bank and International Monetary Fund annual meetings this week, Malpass said strong research products remain a high priority for the bank and it would work on new ways to help countries improve their business climates.

Asked how the bank would rebuild its credibility after the scandal, Malpass the bank had taken "several steps" to improve research integrity, including elevating chief economist Carmen Reinhart to a role in senior management.

Malpass declined to answer questions on the IMF executive board's review of a World Bank external investigation report alleging that IMF Managing Director Kristalina Georgieva pressured World Bank staff to alter data to favor China in the Doing Business report in 2017, when she was the bank's CEO.

## IMF lowers global growth outlook

REUTERS, Washington

Persistent supply chain disruptions and inflation pressures are constraining the global economy's recovery from the Covid-19 pandemic, the International Monetary Fund said on Tuesday as it cut growth outlooks for the United States and other major industrial powers.

In its World Economic Outlook, the IMF trimmed its 2021 global growth forecast to 5.9 per cent from the 6.0 per cent forecast it made in July. It left a 2022 global growth forecast unchanged at 4.9 per cent.

"This modest headline revision, however, masks large downgrades for some countries," the IMF said in

the report, adding that worsening pandemic dynamics have darkened the outlook for low-income developing economies, while wealthy countries are struggling with supply disruptions.

The IMF said it expects elevated inflation to subside to pre-pandemic levels in 2022.

But the IMF's chief economist, Gita Gopinath, signaled that the global lender is growing more concerned about persistent inflation, saying: "Central banks should be prepared to act quickly if the risks of rising inflation expectations become more material in this uncharted recovery."

Gopinath, speaking in a virtual news conference, said policymakers

needed to be "particularly vigilant" for signs that wage inflation is spreading more broadly from certain sectors and whether rising housing prices are contributing to a de-anchoring of inflation expectations.

But she cautioned against comparisons to 1970s-style "stagflation," noting that underlying demand was strong, and problems were mainly on the supply side.

Global manufacturing activity has been slammed by supply-demand mismatches and shortages of key components such as semiconductors, clogged ports and a lack of cargo containers, and a labor crunch as global supply chains optimized for efficiency remain in disarray after pandemic-induced shutdowns last year.

The United States is taking the brunt of these effects, and the IMF slashed its 2021 US growth forecast by a full percentage point, to 6.0 per cent, from 7.0 per cent in July - a level that was seen as the strongest pace since 1984.

US growth could shrink further, the IMF said, because its forecasts assume a deeply divided US Congress will approve President Joe Biden's proposed infrastructure and social spending worth \$4 trillion over a decade.

Lawmakers now are trying to achieve consensus on a smaller package, and the IMF said a significant reduction would reduce growth prospects for the United States and its trading partners.

The report, which was issued at the outset of the IMF and World Bank fall meetings, also cut growth forecasts for other industrial economies.

German growth was reduced by half a percentage point from the July forecast to 3.1 per cent while Japan's growth was lowered 0.4 point to 2.4 per cent.

## IMF cuts growth forecast to 6.5pc

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domestic product (GDP) might have expanded by 4.6 per cent in the last fiscal year, down from 5 per cent it previously estimated.

The government's provisional GDP growth figure for FY21 is 5.47 per cent. The economic growth is expected to jump to 7.1 per cent in FY26, according to the IMF.

The estimate is in line with the projection made by the World Bank, which said last week that the GDP would grow by 6.4 per cent this fiscal year.

The IMF trimmed the projection of the global growth to 5.9 per cent for this year in contrast to its previous estimation of 6 per cent. It, however, kept unchanged the global growth at 4.9 per cent for the next year.

"The global recovery continues, but the momentum has weakened, hobbled by the pandemic," the report said.

In South Asia, India's growth forecasts were kept unchanged at 9.5 per cent for 2021 and 8.5 per cent for 2022.

Nepal is expected to grow by 1.8 per cent in 2021 and 4.4 per cent in 2022, while the Maldives will grow at a staggering pace of 18.9 per cent this year and 13.2 per cent next year. Sri Lanka economy is projected to expand by 3.6 per cent this fiscal year and 3.3 per cent next fiscal year. Pakistan will have a GDP growth rate of 3.9 per cent in FY21 and 4 per cent in FY22.

The IMF said Bhutan's economy would contract by 1.9 per cent in 2021 before returning to the growth of 4.2 per cent in the next year.

According to the lender, pandemic outbreaks in critical links of global supply chains have resulted in longer-than-expected supply disruptions, further feeding inflation in many countries.

"Overall, risks to economic prospects have increased, and policy trade-offs have become more complex."

Partially offsetting these changes, projections for some commodity exporters have been upgraded on the back of rising commodity prices.

If higher inflation becomes entrenched, it could force central banks to respond aggressively, and higher interest rates would slow the recovery, the IMF cautioned.

"Central banks should be prepared to act quickly if the risks of rising inflation expectations become more material in this uncharted recovery," said IMF Chief Economist Gita Gopinath.



An employee inspects a Fiat Chrysler Automobiles NV side panel at FCA's Sterling Stamping Plant in Michigan. The IMF slashed its 2021 US growth forecast by a full percentage point to 6 per cent from 7 per cent in July - a level that was seen as the strongest pace since 1984.

REUTERS/FILE

## Complaint resolution system on cards

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With access to the relevant data, customers will also be able to see each company's settlement rate, ensuring that buyers are more informed in this regard before making a purchase.

"A link to the CCMP will be available on the website of every e-commerce company," said Rezwanul Haque Jami, principal at Ekshop, an integrated assisted rural e-commerce platform of the a2i and the ICT Division.

Besides, there will be a Uniform Resource Locator (URL), or web address, that enables customers to make complaints directly, he added. Ekshop is developing the platform, which is the brainchild of e-CAB, according to Jami.

Once a complaint is made, the CCMP will send a notification to the company.

"The notification will tell the company that a complaint has been made against it, and customers will also be informed when his complaint has been successfully received," he said.

Then, the company will be given a seven-day period to resolve it. If the company claims that the complaint has been resolved, the platform will verify it from the customer.

Once the customer gives a positive nod, the platform will update it as a settled complaint. However, if the complaint is not resolved, the platform will be notified and after a certain period, the complaint will be flagged and a warning of breaching of the rules will be generated.

Then, the CCMP will launch a complaint to the DNCRP with the consent of the consumer.

"About 80 per cent of this system has already been developed and it is set to launch in January next year," Jami said, adding that beta testing has started and will continue for the next three months.

The CCMP will help combat the current challenges in the e-commerce sector,

including strengthening DNCRP, cater to complainers in a centralised way, and speed up the process of complaint resolution, said Muhammad Abdul Wahed Tomal, general secretary of e-CAB.

"Since it will be transparent -- visible to everyone -- the e-commerce companies will also be vigilant to settle complaints quickly. Many complaints will be mitigated before being submitted to the DNCRP," he added.

By analysing data with artificial intelligence, this system will be able to identify the companies against which there are many complaints, understand their business model, and pursue quick and effective action.

Who will operate it? Although the a2i has already proposed the commerce ministry to operate the system, the ministry is reluctant to do so.

"We have already received a proposal, but we do not have enough resources to handle the task," said Hafizur Rahman, additional secretary to the commerce ministry.

Besides, the task of complaint management is generally overseen by the DNCRP.

A commerce ministry official said the ministry was told that it will take Tk 30 lakh to establish the system while it remains unclear who will bear the cost.

Jami of Ekshop said he is also not sure which government agencies would bear the expenses of this initiative.

"I think it will be regulated by the DNCRP, which is the directorate of the commerce ministry," he added.

"It's a very new concept and I haven't heard about it before," said AKM Fahim Mashroor, chief executive officer of Bjobs and AjkerDeal.

Since there will be a link to the platform on every e-commerce site, a detailed discussion with e-commerce firms should be organised before officially launching it to avoid any chance of misuse, he added.

## Disaster risk management

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"Over 42 lakh volunteers have already been trained and equipped with necessary instruments to mitigate the losses of disaster," Rahman said.

DCCI President Rizwan Rahman said they should focus on risk resilient infrastructure systems to ensure risk free industrialisation and investment.

He urged to shun traditional mindset regarding disaster risk management and to be aware of its impacts and stressed for more involvement of the private sector.

"Any disaster hampers industrialisation and economic growth, so this is the duty of all of us irrespective of business or non-business sector to respond to this critical issue," said the DCCI president.

"The private sector should allocate

more fund for research on disaster risk management and also to create a database of skilled manpower for disaster management," said Farah Kabir, country director of ActionAid Bangladesh.

She also said trade organisations in rural areas should adopt more policies in this regard.

Secretary to the ministry Md Mohsin said Bangladesh now was a role model for disaster management and the participation of private sector reflects the preparedness to create awareness in this sector.

Daniela D'Urso, head of office, Directorate-General for European Civil Protection and Humanitarian Aid Operations, Suresh Bartlett, national director of World Vision Bangladesh, and NKA Mobin and Monowar Hossain, senior vice presidents of the DCCI, also spoke.

## Govt bans soybean meal exports

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from feed millers, poultry industry operators, and dairy farmers as prices of the soybean cake shot up 41 per cent year-on-year to Tk 53-55 per kilogram in August after India allowed imports to meet its domestic shortage of soybean meal.

Soybean meal accounts for 25-35 per cent of animal feed.

Earlier this month, the fisheries and livestock ministry said the production at feed mills was hampered by the reduced supply of soybean meal. As such, the prices

of fish, meat and eggs are increasing. If this continues, the production will be affected, the market will be unstable, and many firms will go out of business, it said.

According to the Trading Corporation of Bangladesh, the price of broiler chicken rose by 22 per cent to Tk 175 per kg in Dhaka in the last one month.

Bangladesh requires 20 lakh tonnes of soybean meal, and 80 per cent of the ingredient come from local seed crushing mills that import soybean seeds to cater to both edible oil and feed industries.

## Banks hold on to a few borrowers despite risks

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Rupali Bank gave out Tk 13,711 crore, of which Tk 1,189 crore non-funded. Twenty-five clients took the loans.

Concentration risk is relevant for the stability of both individual institutions and whole financial systems.

Exposures to large borrowers such as Enron and WorldCom contributed to financial problems of several US banks in the early 2000s, according to a paper of the International Monetary Fund.

"A housing crisis combined with concentrated mortgage portfolios resulted in a number of bank failures in Scandinavian countries in the 1990s, and contributed to the global financial crisis of 2007-08."

The four state-run lenders disbursed heavily among 25 clients, bypassing the single borrower exposure limit set by the BB.

Banks are allowed to disburse a maximum of 35 per cent of their capital in the form of funded and non-funded loans to a single borrower.

The aggregate outstanding principal amount of funded loans to a client can't be more than 15 per cent of banks' capital at any point of time.

The banks are disbursing a large volume of loans through a small number of branches.

For instance, Sonali disbursed Tk 18,737 crore, or 31 per cent of the total outstanding loans, through five branches, while Janata distributed 72 per cent of the total loans of Tk 63,435 crore through a similar number of outlets.

The ratio is 47 per cent for Agrani Bank and 61 per cent for Rupali Bank.

Salehuddin Ahmed, a former governor of the central bank, said that the state lenders had set a rare example in the field of loan concentration.

"This is not seen internationally."

"This has created a risky situation for their financial health and depositors. If the borrowers turn defaulters, the banks will face dire consequences."

Besides, small borrowers are deprived of loans due to the concentration, which also contradicts ethical banking, Ahmed said. Fahmida Khatun, executive director of the Centre for Policy Dialogue, said the state banks should strictly follow the single borrower exposure limit to avoid the concentration.

On October 11, the central bank instructed the banks to avoid loan concentration in the financial sector's interest and lend more among SMEs.

## Technical textiles a promising sector

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Comprehensive details regarding performance, testing and certification requirements for the EU and the US are provided in the report.

Since the Bangladesh technical textile and PPE supply chain is still in its earliest stage, the study was unable to evaluate unit selling costs, manufacturing losses, order lead time, or the impact of current environmental and social standard practices.

Most manufacturers are aware that compared to the fashion industry, with its strong tie-ups with well-known international buyers, access to the technical textile marketplace will be difficult due to the complexity of material sourcing and testing, certification standards.

The overall findings reveal a local industry aware of the global market realities but is reluctant to react to the challenges presented by those realities.

The German development agency GIZ along with the BGMEA shared these findings during a virtual programme.

"We are proud to share the results, particularly critical gaps, key actions and an overall strategy to support Bangladesh in entering this new market and, most importantly, in succeeding there in a sustainable and compliant way," Werner Lange, textile cluster coordinator of GIZ Bangladesh, said in his welcome remarks.

Achim Tröster, Germany's ambassador to Bangladesh; Angelika Fleddermann, country director of GIZ Bangladesh; Faruque Hassan, president of the BGMEA; and Shahidullah Azim and Miran Ali, BGMEA vice presidents, also spoke at the event.

## Pharma raw material makers get tax exemption until 2032

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Shafiuzzaman, secretary-general of the Bangladesh Association of Pharmaceutical Industries, which represents about 250 local drugmakers.

Besides, API molecules and reagent makers will have to spend at least one per cent of their annual turnover on research and development and increase their involvement with academic and research organisations gradually.

The offer comes when local companies are setting up plants in the API industrial park in Munshiganj to manufacture raw materials and meet a portion of requirements for the burgeoning pharmaceuticals industry, estimated at \$3 billion in 2020.

Bangladesh relies on China, Korea and India to meet most of its demand for raw materials and reagents owing to scanty local production. It spends more than Tk 1,000 crore to import raw materials for drugs, industry people say.

Nearly 10 drugmakers such as Active Fine Chemicals, Square, Eskayef and Beximco produce some raw materials. Some companies are preparing to begin production.

API makers are already exempted from paying advance income tax during the imports of molecules. They also enjoy duty-free import benefits.

The NBR said the privilege would continue until 2032 as the government aims to ensure a strong footing of the

pharmaceutical industry and boost export receipts by taking advantage of the patent waiver under the Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Local manufacturers were able to make 41 API molecules and reagents in 2017. The government aims to raise it to 370 by 2032, according to the national policy on API and reagent production and export framed by the commerce ministry in 2018.

Through domestic manufacturing, the government has targeted to bring down API and reagent imports to 80 per cent of the requirement.

"We have offered the tax exemption to enable local pharmaceuticals producers to reap the benefits of the TRIPS waiver," said a senior official of the NBR.

The government expects that tax and other incentives will allow Bangladesh to fetch nearly \$1 million by exporting APIs by 2032 and create nearly 5.5 lakh jobs.

"The local production will decrease the cost of locally manufactured drugs and increase our competitiveness in the global market," said Monjurul Alam, director for global business development at Beacon Pharmaceuticals.

Beacon Pharmaceuticals expects to start API production soon.

Alam expects multinational companies may establish API manufacturing plants in Bangladesh as the production cost is cheaper than in the advanced countries.

"There is a huge possibility for foreign investment."

## Preparations not enough for mango export plan: experts

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For example, the Khisrapati mango variety arrived at markets in Sathkira on May 15 this year. So, details on what type of mango and from which region can be collected in time need to be set in advance.

Md Nazrul Islam, deputy director of the DAE office in Chapainawabganj, said they have been conducting their regular duties and were yet to get any specific roadmap or outline from the higher-ups to execute the export target.

Besides, Islam's counterparts such as KJM Abdul Awal in Rajshahi and Md Nurul Islam in Shatikhra, echoed the same.

Asked whether any activities have been initiated at the field level to increase exports, Md Asadullah, director general of the DAE, said it would begin soon.

"We will initially select how much mango we will export from which area. Moreover, various activities, including following the GAP in mango production, will be started as well," he added.

BARI's Uddin went on to say that a monitoring committee should be formed with representatives of the agriculture and commerce ministries, agriculture researchers, exporters, and farmers to look into whether cultivation is being carried out in the best possible way.

"It is not possible to achieve the export target by collecting mango from a specific region. So, the whole country can be divided into four zones," he said.

For example, Sathkira and Chattogram could make up one zone while another might be comprised of Rajshahi, Chapainawabganj and Naogaon.

To increase institutional capacity, vapour treatment plants could be established in every district, the senior scientific officer added. Other impediments to increasing exports include a lack of cargo space and storage facilities at airports.

So, the infrastructure needs to be built up first to achieve this export target, said Ismail Khan Shamim of Shibganj Mango Producers Co-operative Society.

As such, at least five packing houses and five vapour treatment plants should be set up in the country to treat around 100 tonnes of mango per day.

"One plant quarantine station should be set up in each of the packaging houses as well. Then the air cargo facility has to be increased," he added.

Besides, there is no such authority in Bangladesh that provides certificates for GAPs, which is mandatory for mango export. "So, there should be a proper authority for issuing (GAP) certificates," Shamim said.

## Local IT firms to get preference in govt procurement

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"The proposals of the BASIS will be included in the amendment of PPR (public procurement rules)," said Chowdhury.

The capability required for domestic organisations in large projects is not clear in the rule, said the proposals.

It should make mandatory local production and assembling for digital

displays, devices and software to expand the local market and reduce the risk of foreign dependence, it added.

Software made in Bangladesh should be a prerequisite for all projects funded by donors/development partners. It will create many backward linkage industries in the country and create employment, added the proposals.