

## NBR starts income tax survey today

STAR BUSINESS DESK

The National Board of Revenue (NBR) will undertake an income tax survey from today to collect information about those who still remain outside of its tax net despite having taxable income.

The announcement came at a seminar NBR's Tax Zone-12 organised at Kamrangirchar in Dhaka yesterday to enhance revenue collection and make it sustainable by increasing awareness among the public about its necessity.

The seminar hoped for the number of taxpayers to increase.

Mohammad Ashrafur Islam, joint commissioner of Taxes at Taxes Zone-12, Dhaka, presided over the seminar.

## Japan confronts rising inequality after Abenomics

REUTERS, Tokyo

Japan's stock market has surged and luxury cars are selling fast in Tokyo after eight years of economic stimulus under Abenomics, but that new wealth is concentrated in a small slice of society rather than broadly distributed, data show.

Addressing that divide has become a high priority for new prime minister Fumio Kishida, who promised to tackle income disparity made worse by the pandemic. But he has offered few clues as to how he will do so.

"It's like everyone has become poor," said Masanori Aoki, 62, who owns a small coffee shop in a working class district of northeast Tokyo.

"With Abenomics, the finance minister talked about wealth trickling down. But there was no such thing, was there? Almost nothing," said Aoki, who took a job as a part-time kindergarten bus driver when the Covid-19 pandemic forced him to temporarily shut his shop.

Kimie Kobayashi, 55, who works at a childcare facility in Tokyo, says her wages haven't risen for four years. She said many who work in the industry are resigned to the fact that salaries rarely increase.

## More pain for British consumers as grocery prices rise

REUTERS, London

British grocery prices increased 1.7 per cent in the four weeks to Oct. 3 year-on-year, market researcher Kantar said on Tuesday, adding to pressure on households already facing soaring energy bills.

With inflationary pressures mounting in the British economy, one Bank of England policymaker on Saturday told households to get ready for early interest rate rises.

A survey published on Monday by pollsters YouGov and consultancy CEBR meanwhile said

consumer confidence has fallen to a five-month low. Kantar said prices are rising fastest in markets such as savoury snacks, cat food and crisps while falling in fresh bacon and vegetables.

"In real world terms, the average household had to spend an extra 5.94 pounds (\$8.08) on groceries last month than they did at the same time last year," said Fraser McKeivitt, head of retail and consumer insight at Kantar.

"The typical household spends 4,726 pounds per year in the supermarkets, so any future price rises will quickly add up."

Kantar first reported grocery prices starting to

rise again in August. They rose 1.3 per cent in its September report.

However, Tesco, Britain's biggest supermarket group, said last week that its prices were still falling.

Kantar said UK grocery sales fell 1.2 per cent year-on-year in the 12 weeks to Oct. 3, but were higher than pre-pandemic times - up 8.1 per cent compared with the same period in 2019.

It noted that some shoppers' minds are starting to turn to Christmas, with sales of Christmas puddings up 76 per cent year-on-year in the latest four weeks, sales of toys up 5 per cent and sales of gift wrapping products up 10 per cent.

"It's important to say, however, that these are still relatively small numbers and anxiety around supply issues has not translated to panic buying - festive or otherwise," said McKeivitt.

Much of the country did, however, see panic-buying of fuel last month as a shortage of tanker drivers led to disruption of supplies.

The reduced availability of fuel meant people limited the number of trips they made to supermarkets.

The average household made 15.5 store visits in the past four weeks, the lowest monthly figure since February.

Conversely the proportion of groceries bought online rose to 12.4 per cent from 12.2 per cent in September.

Tesco, which raised its profit outlook last week, saw its market share increased 0.6 percentage points over the 12 weeks, hitting 27.5 per cent - its highest level since February 2019.

While sales at Tesco rose 1.2 per cent, they fell at major rivals - Sainsbury's, Asda and Morrisons.

Separately on Tuesday data published by the British Retail Consortium said that British shoppers increased their spending in September at the slowest pace since January.



Scales to weigh loose fresh produce are seen in the UK supermarket Asda in Leeds, Britain.

## China's export growth likely eased in Sept: poll

REUTERS, Beijing

China's export growth likely slowed in September as electricity rationing hit production at home, while a shift in consumption towards services as developed economies reopened likely reduced global appetite for Chinese goods, a Reuters poll showed on Tuesday.

Exports are expected to have risen 21.0 per cent in September from a year earlier, according to the median forecast of 30 economists in the poll, after growing 25.6 per cent in August.

Imports also slowed, while China's trade surplus narrowed, the Reuters poll showed.

A widening power shortage in China, caused by the country's transition to clean energy, booming industrial demand and high commodity prices, have halted production at numerous factories including many supplying big global brands such as Apple and Tesla.

China's factory activity unexpectedly shrank in September due to wider curbs

on electricity and elevated input prices, according to an official survey.

"China's power rationing is likely to continue into Q1 2022 as environmental policies collide with shortages of fuel and renewables," said Jian Chang, chief China economist at Barclays. "We believe residential users will be prioritised through the winter, with ramifications for factory output."

The electricity curbs could further inflate the cost pressures facing Chinese exporters who are already grappling with squeezed profit margins due to supply bottlenecks and rising labour costs, analysts say.

Small firms caught in China's prolonged energy crunch are turning to diesel generators, which are more expensive than government electricity supply, or simply shutting shop.

After a rapid recovery from the pandemic-induced slump, China's economy has been slowing since the second half of this year, fuelling expectations that the government may need to roll out more support measures.

## 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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The sourcing supply channel for medical PPE is far more complex than that of apparel. 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 Shibanaj 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.

## 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.

## Complaint resolution system on cards

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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 compliants 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

## 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.