

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	BUY TK	USD	EUR	GBP	CNY
▲ 0.08%	▲ 0.01%	\$1,793.56 (per ounce)	\$85.22 (per barrel)	▼ 0.34%	▼ 0.03%	▲ 0.42%	▼ 0.98%	84.70	97.23	115.80	13.04	
7,011.88	12,285.26			61,143.33	29,098.24	3,218.17	3,562.31	SELL TK	85.70	101.03	119.60	13.71

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Prime Bank

# Star BUSINESS

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## INTEREST ON SAVINGS TOOLS

### Tax receipts treble in 3yrs

People without taxable incomes too face tax

SOHEL PARVEZ

The surge in sales of state-backed savings instruments has become a major source of income for the revenue collector in recent years as it charges up to 10 per cent tax on the profits made mainly by pensioners and middle-class families.

The Department of National Savings (DNS) said it deducted Tk 2,907 crore as the source tax on interest income of investors of pensioner savings certificates, family savings certificates and Bangladesh savings certificates.

The source tax deducted in the last fiscal year was 49 per cent higher from Tk 1,946 crore from the previous year. It was Tk 638 crore in the fiscal year 2016-17.

### SOURCE TAX ON INTEREST FROM SAVINGS TOOLS



SOURCE: DEPT OF NATIONAL SAVINGS

The increase came as many people parked their money in the savings tools in the last two years to earn higher interest against the backdrop of lower returns on the deposits offered by banks.

Savings instruments yield more than 11 per cent interest, whereas the weighted average interest rate on bank deposits was 4.05 per cent in August, according to the Bangladesh Bank and the DNS.

And lured by the higher interest rate, people bought savings certificates heavily in the last fiscal year, fetching a good amount of source tax for the National Board of Revenue (NBR).

Sales of savings certificates surged 67 per cent year-on-year to Tk 112,188 crore in 2020-21.

Currently, a 5 per cent tax is payable on the interest earnings for accumulated investments of up to Tk 5 lakh in savings certificates. No tax is payable for the same amount of investment in pensioners savings certificate, according to tax officials.

Investors of all types of savings certificates see a 10 per cent tax from their interest incomes.

The tax deducted by banks, post offices and DNS offices on behalf of the NBR, is final, meaning that a person whose annual income stands below Tk 3 lakh will not get any refund—a provision that goes against direct tax principles, according to analysts.

As the tax deducted from the interest income from the savings certificates is not adjustable with other incomes, marginal taxpayers have to pay higher taxes.

Jaasim Uddin Rasel, a tax analyst, said marginal taxpayers would have benefited if the NBR had kept the scope for adjusting the interest income from the savings certificates with other incomes.

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dbi CERAMICS

## BB intensifies intervention as dollar hits new high

REJAUUL KARIM BYRON and MD FAZLUH RAHMAN

The central bank has intensified its efforts to keep the exchange rate of the local currency stable in the face of rising demand for US dollars.

Bangladesh Bank has sold about \$1.38 billion worth of US dollars so far this fiscal year to protect the taka from any volatility and meet the demand of the economy. The sales were nil during the same period a year ago. Rather, the BB bought the American greenback last fiscal year.

The accelerated sales came despite the recent advice from the International Monetary Fund (IMF) to maintain flexibility in the foreign currency market.

"We are doing it like it was done in the past," said Finance Minister AHM Mustafa Kamal yesterday, referring to the exchange rate management.

He spoke to reporters after a meeting of the cabinet committee on public procurement.

Recently, the IMF advised Bangladesh not to intervene in the foreign exchange market.

"I don't know what the IMF has suggested. But the IMF can advise. They are an important development partner of Bangladesh and are linked with our economy. But we take decisions on our own."

The US dollar is increasingly becoming dearer in Bangladesh because of a confluence of factors such as a surge in imports, a pickup in international travels, moderate exports and

falling remittance, which may create inflationary pressure.

The average interbank exchange rate was Tk 85.65 per USD on October 19, up from Tk 84.80 a year ago, BB data showed.

### BY THE NUMBERS

BB sold \$1.38b USD so far in FY22	Interbank exchange rate Tk 85.65 per USD on Oct 19	Dollar selling at Tk 88-89 at private banks
Import up 73pc in Aug	Remittance falls 20pc in Sep	Forex reserves \$46.19b on Oct 19

Four private commercial banks were selling USD at Tk 88 to Tk 89 yesterday, according to their website.

A money exchange operator said he sold USD at Tk 90.30 yesterday. "The price has gone past Tk 90 in the last three days."

In keeping with the rebound of economic activities globally and in Bangladesh, import rose 46 per cent to \$11.72 billion in July and August. Alone in August, the growth was 73 per cent, up



from 14 per cent in the negative, year-on-year. The opening of the letters of credit for the import of the consumer goods, which include food commodities, was up 63 per cent in the first two months of the fiscal year.

The LC opening of petroleum products surged 62 per cent, BB data showed. In an encouraging development, exports grew at 38 per cent in September.

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## HIGHER EDUCATION

### Money can be sent abroad till March 2022

STAR BUSINESS REPORT

Bangladesh Bank yesterday further extended the period till which foreign currency can be sent abroad for higher education, research and training of Bangladeshi students.

In August 2020, the central bank relaxed the rule for the first time saying that student could be sent money till March this year.

It later extended the timeframe until September. The latest extension is till March next year.

A good number of students are still studying through online platforms from Bangladesh as some foreign nations are yet to withdraw travel restrictions in an attempt to contain the spread of the novel coronavirus, according to a central bank notice.

Foreign educational institutions are admitting

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## Five lenders arrange Tk 167cr for first electric vehicle plant

JAGARAN CHAKMA

Five banks and non-bank financial institutions are going to provide a syndicated loan of Tk 167 crore for the country's first electric vehicle (EV) manufacturing plant of Bangladesh Auto Industries Ltd (BAIL).

The proposed project's cost is estimated to be Tk 335 crore. The remaining amount will come from equity and foreign direct investment.

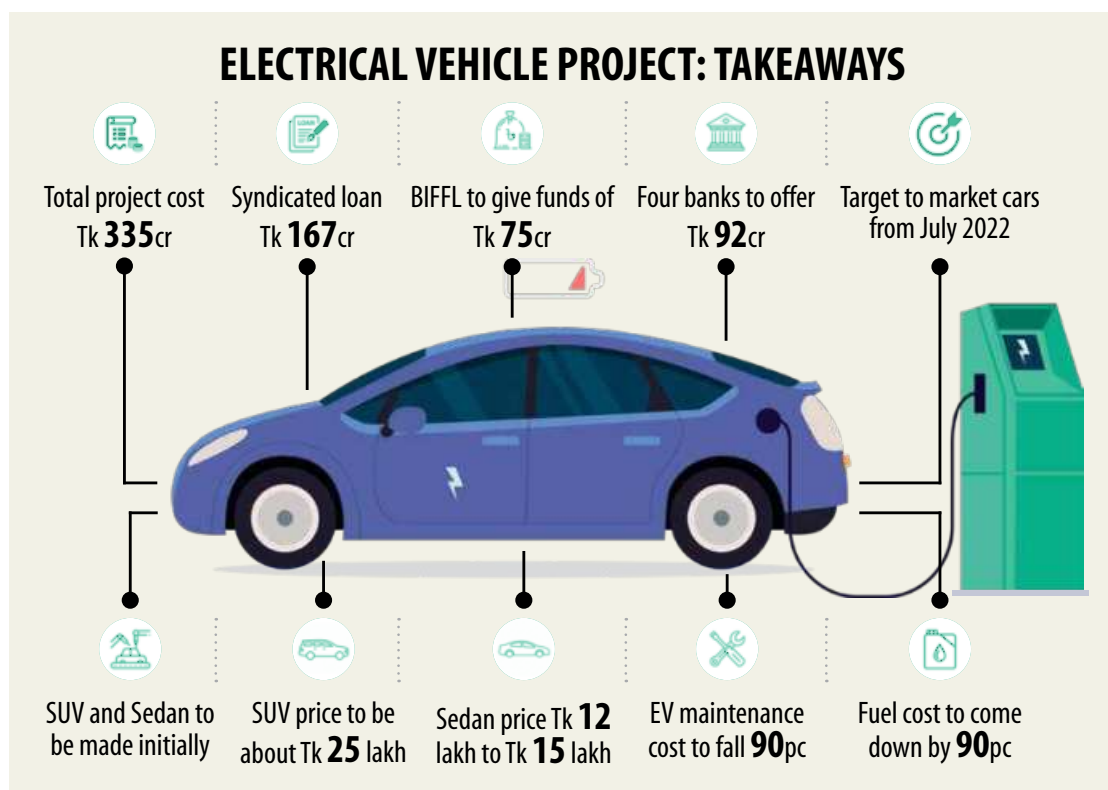
Bangladesh Infrastructure Finance Fund Ltd (BIFFL) is the loan's lead arranger. The others are Agrani Bank Ltd, Islami Bank Bangladesh Ltd, Bangladesh Development Bank Ltd and First Security Islami Bank Ltd.

According to the BAIL, the BIFFL would contribute Tk 75 crore and the banks the rest Tk 92 crore.

Talking to the Daily Star, Anower Sadat, head of investment of the BIFFL, said they were going forward as their assessment showed that electric vehicles would dominate the future automobile market.

"We do analysis of loan proposals on whether the business is viable or not before approving loans against any project," he said.

A financing agreement between



the BAIL and the financiers was signed at Dhaka Club yesterday.

The BAIL has almost completed setting up the factory on 100 acres of land at Bangabandhu Sheikh Mujib Shilpa Nagar, Chattogram.

Mir Masud Kabir, managing director of the BAIL, hopes to go for commercial operations within next month and for products to hit the market by June or July of 2022.

A Mannan Khan, chairman

of BAIL, said their target was to provide sedans and sport utility vehicles (SUVs) at reasonable prices to the middle and lower-middle income groups.

"In our country, the lower

middle and middle class dream of buying vehicles but they cannot afford it as the prices are excessive," he noted.

Considering their purchasing capacity, BAIL will provide them vehicles at affordable prices in semi urban and rural areas, he said.

The company is expecting to sell an SUV at Tk 25 lakh, sedan at Tk 12 lakh to Tk 15 lakh, and a hatchback at Tk 8 lakh or even less.

Khan said electric vehicles would cut fuel cost by 90 per cent and per kilometre energy cost would be less than Tk 2.

The battery capacity will be 50 kilowatt hour. Fully charging an EV would cost Tk 400 as per the existing electricity tariff.

"With a 20 minute charge, our EVs can run 400 km," Khan said, adding that the car can be charged at home with a regular connection or at a quick charging station.

"Our EV will also reduce maintenance costs by 90 per cent and carbon emission and toxic gasses by 100 per cent while ensuring the better transport performance and road safety," he claimed.

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## Robi, Banglalink set to sell towers

SHAHID BAPPY

Robi Axiata and Banglalink are in the final phase of negotiations to sell their towers in order to cut maintenance costs.

A mobile phone tower, or base transceiver station, is where electronic communications equipment and antennae are mounted to manage networks.

Robi, the second-largest operator in Bangladesh, will sell all of its 2,460 towers, while Banglalink, the third-largest carrier, will sell 5,500 towers of its total of 6,500.

The two operators are expected to earn about \$500 million from the sales. Market leader Grameenphone is also in the process of selling towers.

The towers will be sold to four companies that are licenced to manage and operate them.

With an aim to increase shared tower usage among mobile network operators (MNOs), the Bangladesh Telecommunication Regulatory Commission (BTRC) introduced a policy in 2007.

The policy intends to reduce the number of additional towers, ensure optimal use of scarce land resources, and cut pressure on power demand.

But after the MNOs showed reluctance to comply with the policy, the commission granted licences to four companies -- edotco Bangladesh, Summit Towers, AB High Tech Consortium, and Kirtonkhola Tower Bangladesh -- in 2018 to manage the sites.

Currently, 4,148 towers are shared by the operators, which are 17 per cent of the total 24,425 towers they own.

Robi shares 30 per cent of its existing towers,

while Grameenphone and Banglalink share only 17 to 19 per cent of their sites.

A spokesperson of Robi declined to comment. In a statement, Ankit Sureka, head of corporate communications and sustainability of Banglalink, says Banglalink holds one of the largest tower portfolios in Bangladesh.

"Furthermore, since the introduction of the new tower sharing guidelines, we have signed expansion agreements with all of the four tower licensees of the country, and we are actively expanding our network through these agreements."

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PHOTO: PRABIR DAS

## Prime Bank secures \$30m from UK dev lender

STAR BUSINESS REPORT

UK-based finance institution CDC Group has committed a \$30 million trade finance loan to Prime Bank Limited.

The loan will enhance the ability of the Bangladeshi bank to meet the US dollar funding needs of local corporates, bolstering necessary import and export activities, the bank said in a statement yesterday.

The loan facility will provide Prime Bank with a stable source of much-needed trade finance funding, according to the statement.

The liquidity will also enable the bank to extend more foreign currency trade credit with longer tenures to local businesses, and the facility is expected to generate up to \$60 million of additional trade every year across key economic sectors such as

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## Munshi calls for caution in fulfilling GSP Plus conditions

STAR BUSINESS REPORT

Bangladesh will have to be cautious in fulfilling important conditions for obtaining the Generalised System of Preferences (GSP) Plus status of the European Union (EU), said Commerce Minister Tipu Munshi yesterday.

"We have to remain cautious because there are new expectations from our European colleagues on labour, good governance and environment issues," he said.

"The EU has proposed to add new international conventions and agreements to the GSP list -- such as the Paris agreement on climate change, and some new ILO and UN conventions," said the minister.

"We have to work with other ministries to ensure we are fully compliant before the time comes when we apply for GSP Plus," Munshi added.

The world's largest trade bloc last month proposed lifting a major condition, a 7.4 per cent import threshold, of the GSP Plus for 2024-34.

The GSP Plus status allows countries duty-free export to the trade bloc. To be eligible, a country cannot account for over 7.4 per cent of the EU's annual imports.

However, Bangladesh is already at 26 per cent, which is a major obstacle to obtaining the GSP Plus status.

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Tipu Munshi