



Inflationary pressure major challenge for economy

Speakers tell DCCI webinar

STAR BUSINESS REPORT

Business leaders and bankers yesterday said the economy was facing various challenges, including inflationary pressure, which may weaken the ongoing recovery.

The possibility of an increase in default loans, higher cost of doing business, lack of export diversification and skill shortages will be major impediments toward ensuring inclusive growth of the economy, said analysts.

They were addressing a webinar on "Bi-annual Economic State and Future outlook of Bangladesh Economy: Private Sector Perspective" organised by the Dhaka Chamber of Commerce & Industry (DCCI).

"The economy is yet to recover fully," said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce & Industry (FBCCI).

"Businesses are still facing hardship despite the rebounding of export earnings and revenue mobilisation by the government," he said.

He said prices of various essential commodities soared, resulting from higher prices in the international market and import tariffs and taxes imposed by the revenue authority.

"Prices will escalate in upcoming Ramadan, the month of fasting, if the authority concerned does not take measures required," he said.

The global commodity market now faces volatility due to the supply chain disruption, he said. Jashim recommended redesigning tax and customs duties to control inflation.

Inflation in Bangladesh fell to 5.86 per cent in January, the first decline in six months, in contrast to 6.05 per cent the month before.

Food inflation rose to 5.6 per cent last month, an increase of 14 basis points from 5.46 per cent a month ago.

Jashim said an energy price hike would further fuel inflation.

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KEY POINTS

- Small units do not get adequate orders even in subcontract
- Bangladesh garments receive over 30% work orders
- Work orders are shifting from China, India, Myanmar, Ethiopia, Sri Lanka and Pakistan
- Large factories have expanded capacity to cater more work orders
- Around 2,500 small factories, including 1,000 BGMEA members, are struggling
- Consolidation of small units to cater orders in bulk quantity suggested

Uneven recovery in garment industry

Large factories flooded with orders while smaller units languish

REFAYET ULLAH MIRDHA

Bangladesh's garment industry might be brimming with export orders from international buyers thanks to the ongoing turnaround of the global apparel supply chain, but it is the larger units that are running in full swing while smaller ones have been pushed into corners.

More than 1,000 small members of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and nearly 1,500 non-member factories are not getting enough orders to survive.

What is worse, the small factories that have been fortunate to keep factories up and running are not receiving expected prices.

Amid the slump in business, many small factories are already closed and many are planning to follow suit because of the lower flow of work orders and lower prices.

And this is happening at a time when Bangladesh's garment industry has been receiving a record volume of export orders for several months now.

In keeping with the recovery of the supply chain from the severe fallout of Covid-19, a lot of work orders are shifting from China, Myanmar,

Ethiopia, Vietnam, India and Pakistan to Bangladesh, thanks to competitive price, uninterrupted supply even during covid-19, and globally standard safety and compliance in major big garment units.

But smaller factories have been hamstrung by poor compliance, weaker financial strength, lack of modern

2020. At that time, he paid Tk 26 lakh every month in salaries to 150 workers. Later, he was forced to sell machines and shut the factory.

Now, he is trying to revive his garment business with three friends.

Rahman used to produce woven trousers and knitted products mainly on a sub-

Mahbul Alam Ripon, executive director of A R Knitting at Hemayetpur, also in Savar, says he produces 60,000 pieces of sweaters a month mainly as a subcontractor but the flow of orders is not adequate to make a good profit.

His factory lost Tk 2 lakh a month in salaries for his 30 workers and other operational costs. If orders keep coming regularly, he can make Tk 2 lakh to Tk 3 lakh per month.

In 2019 and 2020, when the business was dull, Ripon sold 12 out of 40 sweater making machines to bear expenses and survive.

"However, the abnormal price hike of raw materials like yarn and needles are affecting the business," he said.

Shamim Ahsan, managing director of Bluetex Knitwear Ltd, a Savar-based small factory, has been able to attract orders as he has improved the compliance. He employs 250 workers.

"But the price is not up to the mark," he said.

Ahsan also faced a lot of challenges but he is hopeful that he will be able to come back as he is getting orders now.

The entrepreneur ships garment items worth \$2.50 lakh per month.

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machinery, skilled workers and negotiation skills, and their inability to produce value-added high-end garment items. As a result, most of them are involved in sub-contracting and producing basic garments.

For instance, Md Saidur Rahman, managing director of Bakul Apparels Ltd in Savar, closed his factory in July last year as he was not receiving an adequate volume of orders and prices.

His factory was shut due to the shortage of orders at the onset of Covid-19 in March

contract basis. "So, the price was low," said the entrepreneur, who made a foray into the business in 2019.

Since it was a small factory, it could not maintain high compliance and the retailers and brands did not place orders directly with it. Moreover, he could not avail of the soft loan from the government-sponsored stimulus fund because of the stringent conditions of banks.

"The small factories need special attention," Rahman said.

More EU countries keen for direct shipping with Ctg port

DWAIPAYAN BARUA, Chattogram

The prospect of direct container shipping from Chattogram Port to European destinations is widening as at least four more countries have expressed interest in directly transporting goods by sea from Chattogram to Europe.

After an Italian shipping company launched direct services between Chattogram and Italy earlier this month, Portugal, Slovenia, the Netherlands and Denmark have shown interest to follow suit.

Meanwhile, a new container vessel is expected to arrive at the port in the early weeks of March to take away export cargo to Italy.

Export cargo from the country has so far been transported to Europe, the US and other destinations through four regional transshipment ports, including Colombo and Singapore as well as Tanjung Pelepas and Port Klang of Malaysia and some ports in China, by connecting to bigger mother vessels.

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Containers are stacked as far as the eye can see at Chittagong Port, which earlier this month launched direct shipping services to a port in Italy. The photo was taken recently.

PHOTO: RAJIB RATHAN

Fortune Shoes nets more profit from risky stock investment

AHSAN HABIB

Fortune Shoes earned more money from its stock market investment than its core business of footwear selling in the first half of the current financial year.

What is more, most of the investment it made was in risky stocks, which already doubled or tripled in recent months.

This led financial analysts to warn investors that they should be cautious before investing in the listed shoemaker as its profits may plunge anytime with the fall of the shares where the company has poured its funds.

In the July to December period of 2021-22, the profit of Fortune Shoes more than tripled to Tk 32 crore, year-on-year.

It logged in profit before tax of Tk 18 crore from its shoe operation whereas Tk 19.39 crore came from the stock market investment, according to its financial statements.

The income from the investment was zero in the first half of the previous year.

A merchant banker says when listed companies were involved in share business in the past, many of them collapsed, so they should focus on their own business.

The portfolio of Fortune Shoes seems it has the intention of participating in manipulation, he said. "Otherwise, why such a big amount of fund was invested in the shares that see ups and downs frequently?"

"Most of these shares have risen abnormally in the recent past."

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Four firms to invest \$50m in Bepza economic zone

STAR BUSINESS REPORT

Three foreign companies and one local firm are set to invest \$50 million collectively at the Bepza economic zone in the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Mirsarai, Chattogram.

Through their investment, the companies plan to establish manufacturing units at an economic zone operated by the Bangladesh Export Processing Zones Authority (Bepza) inside the industrial city.

The companies are US-based Campex (BD) Ltd, China's Fenggun Composite Material Company (BD) Ltd, Sri Lanka's Univogue Garments Company Ltd, and Bangladesh's TexTrim Labels Ltd.

Bepza yesterday signed land lease agreements with the respective firms to this end. This is the first time such investments have been made at its economic zone in the BSMSN.

The deals were signed at an event at the Bepza office, where Ahmad Kaikaus, principal secretary to the prime minister, was present as chief guest.

The investment will generate 23,453 jobs, according to a press release.

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STOCKS WEEK-ON-WEEK

COMMODITIES AS OF FRIDAY

ASIAN MARKETS FRIDAY CLOSINGS

	USD	EUR	GBP	CNY
BUY TK	85.05	95.34	114.52	13.19
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Sonali Bank, Dhaka Polytechnic Institute sign deal

STAR BUSINESS DESK

Sonali Bank Ltd and Dhaka Polytechnic Institute recently signed an agreement at the latter's office in Dhaka for using the bank's online banking services.

Under the agreement, the institute's students can easily pay their fees and other charges using the bank's online banking services, a press release said.

Subhash Chandra Das, general manager of Sonali Bank, and Kazi Zakir Hossain, principal of Dhaka Polytechnic Institute, signed the agreement on behalf of their respective parties.

Md Mazibur Rahman, deputy managing director of the bank, and Md Abdul Quddus, general manager, were present.



Imported food grain being unloaded at Majhir Ghat of Sadarghat area in Chattogram city recently. Customs-based imports in December of fiscal year 2021-22 increased sharply by 56.56 per cent year-on-year to \$8.44 billion, according to the Metropolitan Chamber of Commerce and Industry.

PHOTO: RAJIB RATHAN

Japan's consumer prices rise

REUTERS, Tokyo

Japan's core consumer prices rose for a fifth straight month in January but at a slower pace than in the previous month, boosting the likelihood the country's central bank will lag behind other economies in raising interest rates.

Consumer inflation is expected to pick up in the coming months due to surging energy prices, while last year's mobile phone fee cuts are also set to fall out of calculations and will no longer be a drag on prices.

Economy making a comeback: MCCI

STAR BUSINESS REPORT

Bangladesh's economy is now rebounding from the pandemic-induced slowdown thanks to the government's time-befitting steps alongside the implementation of stimulus packages, said the Metropolitan Chamber of Commerce and Industry (MCCI) yesterday.

In its review of the "Economic Situation in Bangladesh" for the October-December period of 2021, the chamber said economic conditions seem to have been gradually improving after the easing of restrictions in late May 2020.

However, challenges are emerging for a recent price rise of essential commodities, decreasing remittance, chances of a new wave of infections and slow vaccine rollouts, it said.

The MCCI said the growth of the agricultural sector reduced to 3.45 per cent in the fiscal year 2020-21 from 4.59 per cent in the previous year.

This was in spite of favourable natural factors and government support in terms of timely availability of inputs and finance, it said.

The sector employed about 39 per cent of the workforce and accounted for about 13.47 per cent of the gross domestic product (GDP) in 2020-21.

The MCCI said data on the performance of the industrial sector for the second quarter was yet to be available.

However, due to the ongoing Covid-19 pandemic, though it is now on the wane, the sector registered a growth of 6.12 per cent in 2020-21, nearly double the 3.25 per cent of 2019-20.

The share of the industrial sector in GDP increased slightly to 34.99 per cent in 2020-21 from 34.78 per cent in 2019-20.

Within manufacturing, sub-sectors of large and medium-scale industries performed comparatively better than what they did in the previous fiscal, growing at 6.56 per cent in 2020-21, compared to 1.39

per cent a year ago.

The small-scale manufacturing industries grew at a very low rate of 1.73 per cent in the last fiscal year against 3.96 per cent in 2019-20.

Overall, the share of the manufacturing sector in the GDP increased marginally.

The MCCI said the general point-to-point inflation increased in November and December of 2021 mainly due to increased prices of both food and non-food items.

Export receipts soared in the first half of 2020-21 riding on garment shipments.

A gradual decline in Covid-19 infections and subsequent relaxation of restrictions has encouraged businesses to revive imports.

Besides, customs-based imports in December of 2021-22 alone increased by 56.56 per cent to \$8.44 billion as compared to \$5.39 billion of the same month of the previous fiscal year, said the MCCI.

Berger to be used at airport extension project

STAR BUSINESS DESK

Berger Paints Bangladesh has recently signed an agreement with Amin Mohammad Construction on use of its paints and construction chemicals at Hazrat Shahjalal International Airport's 3rd terminal construction project.

Md Mohsin Habib Chowdhury, senior general manager for sales and marketing at the paint maker, and Md Ramzanul Haque Nihad, managing director of the construction company, signed the agreement at the latter's head office, said a press release.

AKM Sadeque Nawaj, general manager for marketing at the Berger, Md Hasanuzzaman, national sales manager for non-decorative, Shabbir Ahmad, head of project for prolinks, experience zone, Mohammad Tariqul Islam, head of prolinks, Mohammad Tanvirul Islam, executive director (operation) of the Amin, SM Elias Amin, head of accounts and finance, Md Rasheduzzaman, head of business development, and Ahsan Habib, head of supply chain management, were present.

Surging oil prices add another worry for frazzled investors

REUTERS, New York

A US stock market, already on edge from a hawkish Federal Reserve and a conflict between Russia and Ukraine, now has another worry: higher oil prices.

US crude prices stand at around \$91 a barrel after surging some 40 per cent since December 1 and earlier this week touched their highest level since 2014. Prices for Brent crude, the global benchmark, have also soared and are near 7-year highs.

Rapidly rising oil prices can be a troubling development for markets, as they cloud the economic outlook by increasing costs for businesses and consumers. Higher crude also threatens to accelerate already surging inflation, compounding worries that the Fed will need to aggressively tighten monetary policy to tamp down consumer prices. "The stock market would really run into trouble if we went north of \$125 per barrel and stayed there for a while because that would overheat high levels of inflation," said Peter Cardillo, chief market economist at Spartan Capital Securities.

Uneven recovery

FROM PAGE 1

"About 1,000 small member factories are in trouble as they are not getting an adequate amount of work orders. We are providing them technical supports and have reduced the service charge at the BGMEA

so that they can get a small relief," said Faruque Hassan, president of the BGMEA.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, suggested the consolidation of some small factories so that

they can cater bulk orders with a view to growing bigger.

"With the increased flow of orders, the bigger units have expanded their capacity, so they are not placing many orders with subcontractors."

Fortune Shoes

FROM PAGE B1

Fortune Shoes has pumped more than Tk 44 crore in the stock market. Almost all of the fund was invested in Sonali Paper, Genex Infosys, Bangladesh National Insurance, and Asia Insurance.

In the last eight months, stocks of Sonali Paper surged 267 per cent to Tk 724, Genex Infosys climbed 160 per cent to Tk 159, Bangladesh National Insurance rocketed 529 per cent to Tk 106, and Asia Insurance rose 464 per cent to Tk 97, DSE data showed.

"If listed companies invest in the stock market, sometimes they may get involved in insider trading, so the Bangladesh Securities and Exchange Commission (BSEC) should look into it," the merchant banker added.

"We are doing well in our shoe operation. And, we have invested in the stock market to get a good return," said Riaz Uddin Bhuiya, company secretary of Fortune Shoes.

The company's

operating profits from shoe operation rose 54 per cent to Tk 18 crore in the first half compared to the same period a year ago, financial statements showed.

"If we can generate a good return by investing in the stock market, our shareholders will surely be happy," he said.

Answering the risky share choice, Bhuiya says a separate department looks after it and has made the investment decision considering them good picks.

"Banks and non-banking financial institutions also invest in such stocks. The stocks have got approval from the BSEC. What is the problem if an investment is made into these stocks?"

A senior official of the BSEC says any listed company can invest in the stock market.

"We will keep our eye on seeing whether it involves any insider trading or manipulation."

Fortune Shoes closed 3.65 per cent lower at Tk 134.50 on the Dhaka Stock Exchange on Thursday.

Inflationary pressure

FROM PAGE B1

Fazle Kabir, governor of Bangladesh Bank, said the central bank was closely monitoring the inflationary situation.

"The economy has fallen into challenges due to the pandemic, but it is performing relatively well owing to resilience of the private sector," he said. "Our GDP and total size of the economy have increased which is a good sign and reflects that we are on the right course," said Fazle, who was the chief guest at the webinar.

Light engineering, jute, leather, information and communication technology and pharmaceutical sectors are doing better alongside the RMG sector. There is a need to nurture them for better export diversification, he said.

He urged enhancing soft and hard skills of human resources to overcome challenges stemming from making the graduation from a least developed to a developing country.

Naser Ezaz Bijoy, president of the Foreign Investors' Chamber of

Commerce & Industry, said banks would face the pressure of default loans and provisions need to be kept to cope with the loan classification relaxation policy coming to an end.

Banks, which are not preserving extra provisions compared to their existing requirement, will feel the pinch from the increase in non-performing loans, he said.

Naser, also the chief executive officer at Standard Chartered Bangladesh, requested the central bank to bring the SME loans, which were not covered by the stimulus packages, under its credit guarantee scheme.

Rizwan Rahman, president of the DCCI, said Bangladesh's exports have increased 28.4 per cent in the first half of this fiscal year in spite of the global supply chain disruptions.

He suggested full automation of tax, VAT, customs assessment, returns and credit to increase revenue collection and improve services to taxpayers.

Citing that there are 78

lakh cottage, micro, small and medium entrepreneurs in Bangladesh, he said these firms constitute over 97 per cent of the total industrial units.

For this sector, collateral-free, cash flow-based loans are needed, said Rizwan, recommending the establishment of a dedicated SME bank.

For increasing local and foreign investment, he suggested reducing the cost of doing business and removing discriminatory policies between local and foreign investors.

Md Saiful Islam, president of the Metropolitan Chamber of Commerce & Industry, said the economy was still at the recovery stage and now gas and energy price hikes would hamper lives and livelihoods.

Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh, said the economy was growing and the size of the GDP was quite big. He stressed on the export of services, having an effective exchange rate and diversification of products.

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Four firms to invest

FROM PAGE B1

The four companies will be allotted 18 plots in the economic zone, where they will manufacture garment accessories, camping items, shoe accessories and packaging tools.

Univogue Garments, which was allotted six plots, will invest \$36.49 million to manufacture apparel items, such as woven bottoms and jackets.

Campex, which was also allotted six units, will invest \$10 million to produce camping equipment, creating employment for about 5,000 people.

Fengqun Composite will invest \$2.22 million to make shoe accessories and packaging items.

The Bepza allotted four plots to the Chinese company.

TexTrim Labels will invest \$1.27 million to establish a garment accessory and paper converting industry at the economic zone, where it

has been allotted two plots.

Kaikaus said the Bepza has a unique power to attract investment which ultimately contributes to the country's economic development.

"The Bepza is not only helping integrate Bangladesh with the global economy but is also upgrading the living standards of local people," he added.

Major General Abul Kalam Mohammad Ziaur Rahman, executive chairman of the Bepza, said they have received 666 applications against 539 industrial plots, which is very encouraging.

The Bepza economic zone was set up on 1,138 acres of land, where about 350 industries will be set up in the 539 industrial plots available.

Officials say that this will create jobs for about four lakh people and attract investment of about \$4 billion.

More EU countries

FROM PAGE B1

As both the time and cost in transporting the country's exports in this manner is high, businesses have long been hoping for direct shipping services.

But the low draft in Chittagong Port that makes it difficult to accommodate big mother vessels remains the main obstacle to materialising their hopes.

However, an Italian freight forwarder, RifLine Worldwide Logistics Limited, with the help of its shipping concern Kalypso Compagnia di Navigazione SPA of Italy, has already launched direct services on the Italy-Chattogram route by deploying two smaller container vessels.

Under the service, Liberian flagged MV Songa Cheetah arrived here from the Italian port of Ravenna on February 5 and left two days later, taking away 952 twenty-foot equivalent units (TEUs) of export

laden containers.

M Shahjahan, chairman of the Chittagong Port Authority (CPA), said that through the shipping ministry, embassy officials of Portugal and Slovenia separately sought virtual meetings with the CPA to launch direct shipping services with Chittagong Port.

The chairman said they would discuss the issue in detail in the meeting.

Anne Van Leeuwen, the ambassador of the Netherlands to Bangladesh, made a courtesy call to the CPA chairman on February 16, when the latter proposed that the ambassador take initiative to launch direct shipping services between Chittagong Port and Rotterdam, the largest seaport in Europe. Shahjahan said the ambassador took the proposal in a positive manner.

Shahjahan also informed that he gave the same proposal to Danish

Ambassador Winnie Estrup Peterson during a meeting on February 14. Peterson lauded the recently introduced direct shipping service between Chattogram and Italy and ensured of her cooperation in this regard.

Meanwhile, Malta-flagged MV AST Malta is now on the route from China and is expected to arrive in Chattogram on March 2 to take some export cargoes to the Italian port of Ravenna.

The vessel is one of two vessels operated by RifLine Worldwide on its direct service between China and Ravenna.

Abul Kalam Azad, director of RifLine Worldwide Logistics Limited Bangladesh, an exclusive partner of RifLine, Italy, said MV AST Malta was actually on its way to Italy from China and planned to refuel in Colombo.

FloSolar to sell solar power to 2 companies

STAR BUSINESS REPORT

FloSolar Solutions is going to sell solar power to two companies – Quality Integrated and Quality Breeders – by setting up rooftop solar units at their factories.

On Thursday, the solar solution provider signed a 20-year power purchase agreement with the companies.

IDLC Finance will bankroll the project while Scube Technologies, an engineering procurement construction company, will build the solar units on behalf of FloSolar.

FloSolar recently started working on getting listed with the SME board of the stock exchanges.

"This agreement will enable us not only to save cost in terms of expenses on energy but also fulfil our mission to go green through the use of renewable energy," said Safir Rahman, director of Quality Feed Group.

"This agreement is the first step for FloSolar in our mission to build a 300-megawatt power portfolio of industrial rooftop solar projects," said Mustafa AK Khan, managing director of FloSolar.

IDLC Finance always emphasises mitigating negative environmental impacts and loss of biodiversity and energy and nature conservation, said Mesbah Uddin Ahmed, general manager of IDLC Finance.



A bird's eye view of residential buildings in Tikatuli, Dhaka. Developers have opposed a recent move to involve city corporations in the construction approval process for structures in the capital as it could create more hassles for the housing industry. PHOTO: PALASH KHAN

Realtors against including city corporations for construction approval

STAR BUSINESS REPORT

The government's move to include city corporations in the approval process for construction in Dhaka directly contradicts its effort to improve the ease of doing business in Bangladesh, according to various realtors.

This is because such a decision would create new crises in the housing industry, where the government is striving to create an orderly system and business-friendly environment for new entrepreneurs, who play a strong role in the country's development.

"So, this decision seems contrary to the government's initiative as it would create more hassles in the construction sector," said Alamgir Shamsul Alamin (Kajal), president of the Real Estate and Housing Association of Bangladesh. The sector accounts for about 15 per cent of Bangladesh's gross domestic product.

Kajal made these comments while

addressing a press conference at the Pan Pacific Sonargaon Dhaka yesterday.

Up until 2019, there was a provision in the Dhaka Building Construction Act 2008, requiring developers to obtain clearance from the city corporations to erect any structure with more than 10 storeys.

But in order to expedite the construction of high-rise buildings in the capital, the approval process was then simplified to include just three organisations: Rajdhani Unnayan Kartripakkha (Rajuk), Bangladesh Fire Service and Civil Defence, and the Civil Aviation Authority.

"But I came to know through the media that the construction of any building, not just multi-storied ones, may soon require prior approval from city corporations," Kajal said.

During a meeting on February 6, Md Tazul Islam, minister of Local Government, Rural Development and Cooperatives, informed the mayors of Dhaka and Chattogram that individuals

and organisations would have to seek permission from the city corporations, alongside the Rajuk, to build structures in Dhaka.

This means that developers would require prior approval from either the Dhaka North City Corporation or Dhaka South City Corporation depending on where the construction would take place.

The move to include city corporations in the approval process was proposed during the meeting, where Islam and the two mayors discussed how to reduce waterlogging in the upcoming monsoon season.

Kajal went on to say that should the decision go through, questions may arise as to how many times approval must be obtained for the construction of a single building.

"Involving the city corporations in the construction approval process will only add more complexities, suffering, harassment, and procrastination while also driving up costs," he said.

Hold comprehensive talks before finalising income tax law

Businesses urge govt

STAR BUSINESS REPORT

Businesses yesterday urged the government to hold comprehensive discussions with trade bodies before finalising the newly drafted income tax law.

"Businesses pay tax and VAT at various stages, but these are not taken into account when income tax is collected from them. As a result, businesses are getting hurt greatly, which will eventually affect new entrepreneurship," said Humayun Rashid, president of the International Business Forum of Bangladesh (IBFB), at a webinar on draft income tax law.

He said that they have been recommending recognising taxpayers for many years. "This recognition may make them proud as citizens as well as taxpayers."

More people should be brought under the tax net so that the tax burden on regular taxpayers, including businessmen, reduces, he said.

Muhammad Abdul Mazid, a former chairman of the National Board of Revenue (NBR), said, "The existing tax law in our country is by born British and its attitude is still colonial. The new draft tax law's language and attitude should be completely reformed by identifying the causes that discourage taxpayers."

Prof Shamsul Alam, state minister for planning, said there is a demand from taxpayers to update the income tax act. "The government has also pledged to overhaul the tax law to make doing business easier, lower the cost of doing business, and reduce corruption."

Marc Shiman, chief of party at the Feed the Future Bangladesh, Mohammad Tareq, professor of the Department of Accounting and Information Systems at the University of Dhaka, and Md Alamgir Hossain, a former member of the NBR, were present.

India, UAE eye \$100b in trade after signing deal

REUTERS, New Delhi/Dubai

India and the United Arab Emirates signed a broad trade and investment pact on Friday that will eventually cut all tariffs on each other's goods and aims to increase annual trade between the two nations to \$100 billion within five years.

The virtual signing ceremony marks the first trade deal sealed by the Gulf state since it began pursuing such pacts last September in a bid to strengthen its status as a business hub.



A worker is seen trimming down the handle of a cricket bat in Nesarabad upazila of Pirojpur. The region was once home to a booming bat-making industry but rising input costs and contracted sales due to Covid-19 has put many of these workers out of a job.

PHOTO: HABIBUR RAHMAN

Cricket bat making hub battles to stay afloat

Three-quarters of producers vanished during pandemic

HABIBUR RAHMAN, Pirojpur

The cricket bat making hub that has boomed in the last three decades in Pirojpur's Nesarabad upazila might soon go out of business as producers have been facing severe losses since the pandemic hit the country two years ago.

About 200 factories in five villages — Uribuniya, Binna, Khejbari, Jilbari and Katakhal — under Baladia union in the upazila have emerged as the country's cricket bat manufacturing hub thanks to ample supply of timber, lower labour cost, and requirement of low investment.

Collectively, they would churn out 20 lakh bats alone during the main season running from October to March. Their clients included sports accessories wholesalers and retailers across Bangladesh as well as corporate offices.

But sales have plummeted since the pandemic arrived as the government enforced nationwide lockdowns, which forced bat makers to keep their factories shut for several months.

Although the closure of educational institutions for most of the part throughout the crisis has offered plenty of time to children and youth alike to play cricket, a majority are keen to spend more time online or in front of televisions as they stay indoors.

As a result, the bat-makers are in trouble. Now, the number of factories has come down to a maximum of 50.

"Fairs are the main marketplace for our products but they have remained



suspended for the last two years. We also don't see any hope this year," said Maksudur Rahman, a producer in Jilbari.

Besides, the number of workers has decreased alarmingly at existing factories, he added. Only two workers work at his factory instead of seven before the pandemic.

About 2,000 people were, directly and indirectly, involved with bat manufacturing in the five villages.

"If we can't sell our products, what is

the point of producing them?" said Md Kamrul Hasan, another bat-maker in Jilbari.

Many people who were involved in this trade have changed professions in the last two years as the pandemic caused demand to plummet, making it difficult for them to rely on inadequate sales of the accessory to make a living.

The production cost of making bats has also increased but the price of finished products remains the same.

"Production has decreased alarmingly

in line with falling demand and if this continues, the industry will fully vanish from the upazila within a few years," said Atikul Islam Rony, another bat maker.

He says that although schools, colleges and universities have remained closed for most of the time throughout the pandemic, students are not interested in playing cricket.

"Now the scenery of youngsters playing cricket in the playground is rare in many areas."

During a recent visit to Jilbari, only 10 to 12 factories were found to be operational against at least 70 before the pandemic.

Only two workers were making bats in two of these factories.

Some bats are still being sold as the coronavirus situation has improved. Still, manufacturers say they will be able to sell 2 lakh bats at best.

"The sales have dropped by half," said Firoz Khan, owner of New Inter Sports, a sports accessories retailer in the district town.

Abdur Rahim, a factory owner, used to sell bats worth Tk 20 lakh to Tk 30 lakh during the peak season before the crisis. "Now, we are passing a difficult time," he said.

Factory owners say they have not got any compensation from the government during the pandemic.

"But what would we even do with the loans if we can't use them to produce bats for sale?" a factory owner said.

"It has become very difficult for us to survive," he added.

BSEC step to create vibrant SME board

Says MTB Capital CEO

AHSAN HABIB

Stock investors are not adequately aware of the SME board while its stringent requirements led to sparse participation, so the board was almost dormant, said Khairul Bashar Abu Taher Mohammed, CEO of MTB Capital.

The DSE-SME, a small-cap board, was rolled out on April 30, 2019, so that small and medium enterprises (SME) having a paid-up capital between Tk 5 crore and Tk 30 crore could avail financing from the stock market.

To make the board vibrant and come to better benefit the sector, the Bangladesh Securities and Exchange Commission (BSEC) eased the participation requirement.



On Thursday, the stock market regulator reduced the minimum investment requirement in listed stocks for trading on the board to Tk 20 lakh from the previous Tk 50 lakh.

Moreover, investors now would not need to register themselves for trading on the board. Instead, the Central

Depository Bangladesh Ltd on a quarterly basis will prepare the

list of eligible investors and provide detailed information based on the minimum investment condition. The stock exchanges also will not impose any charges for getting listed, according to the BSEC order.

Up until now, five SMEs have raised funds by getting listed with the new board, which has few buyers and sellers, meaning that the companies are far from having their valuation expectations fulfilled, said Bashar.

"If the issuer sees that his/her company shares are not being traded and the prices are not building up, it could be demoralising for them and others."

"Now, the registration will be completed automatically if an investor has a minimum of Tk 20 lakh in investment, meaning that the process has become much easier."

Eligible investors will receive an SMS informing them that they can trade on the new board, said Bashar, who is also a former secretary-general of the Bangladesh Merchant Bankers Association.

Welcoming the change, Bashar said it was a positive move that would hopefully help investor participation and trade volume to surge, expected prices to build up and get new companies interested in getting listed.

However, most companies' shares are now rarely traded while the prices at which they are traded are almost the same prices as their face value although they have varying potentials.

Responding to a question, Bashar said general investors were kept away from the market due to greenfield companies and companies with negative cash flows being allowed to raise funds at the new board.

"Another reason is that these companies are not bound to submit quarterly reports, for which it is tough for general investors to analyse their potentials."

"We were in the situation of a double-edged sword because it might be a risky investment for general investors who have a low appetite for taking risks while on the other hand, the market had become dormant in the absence of investors," he said.

However, the SME board should be first kept afloat for the sake of the country's economy and once it is able to stand on its own, the BSEC can rethink the changes, said Bashar.

"As the SME sector is the backbone of Bangladesh's economy, the enterprises should be allowed to avail funds from the stock market."

G20 warned of Ukraine threat to global recovery

AFP, Jakarta

The crisis in Ukraine is a serious threat to the global economy's post-pandemic recovery, Indonesia's leader on Thursday warned a meeting of finance chiefs from the G20 nations.

The Group of 20 — which brings together the world's top economies including the US, China and some European nations — is holding talks in hybrid format in the Indonesian capital Jakarta.

Opening the two-day meeting, Indonesian President Joko Widodo warned of the risks to the fragile recovery from the crisis in Ukraine, where fears are growing that Russia is set to invade.

"This is not the time for rivalries and creating new tensions that disrupt the... recovery, let alone endanger the safety of the world, as is happening in Ukraine," said Widodo, whose country currently holds the G20 presidency.

"All parties must stop the rivalry and tension." He urged the G20, which includes Russia, to instead focus on "collaborating" to help boost the global economy.

The threat of a Russian invasion of its ex-Soviet neighbour presents a fresh challenge for a world already struggling to keep a recovery from the coronavirus pandemic on track as inflation surges.

Also on the agenda at the meeting — originally due to take place on holiday island Bali before being moved due to an Omicron virus wave — was how to reform global health systems to be better prepared for future pandemics.



Containers are stacked at the Port of Los Angeles in Los Angeles. Ongoing tensions over the threat of a Russian invasion of Ukraine is causing concerns over the global economy's post pandemic recovery.

PHOTO: AFP

EU launches WTO dispute against China

REUTERS, Brussels

The European Union launched a legal challenge against China at the World Trade Organization on Friday, arguing that Chinese courts were preventing European companies from protecting their telecom technology patents.

The European Commission, which filed the challenge on behalf of the EU's 27 members, said EU companies were being deterred from going to a foreign court to safeguard their standard-essential patents (SEPs).

The Commission has also consulted the United States and Japan, whose standard-essential patent holders face similar challenges and which want to be setting global tech standards, rather than leaving this to Beijing.

Mobile phone manufacturers need to obtain licences for SEPs for their products to meet certain international standards.