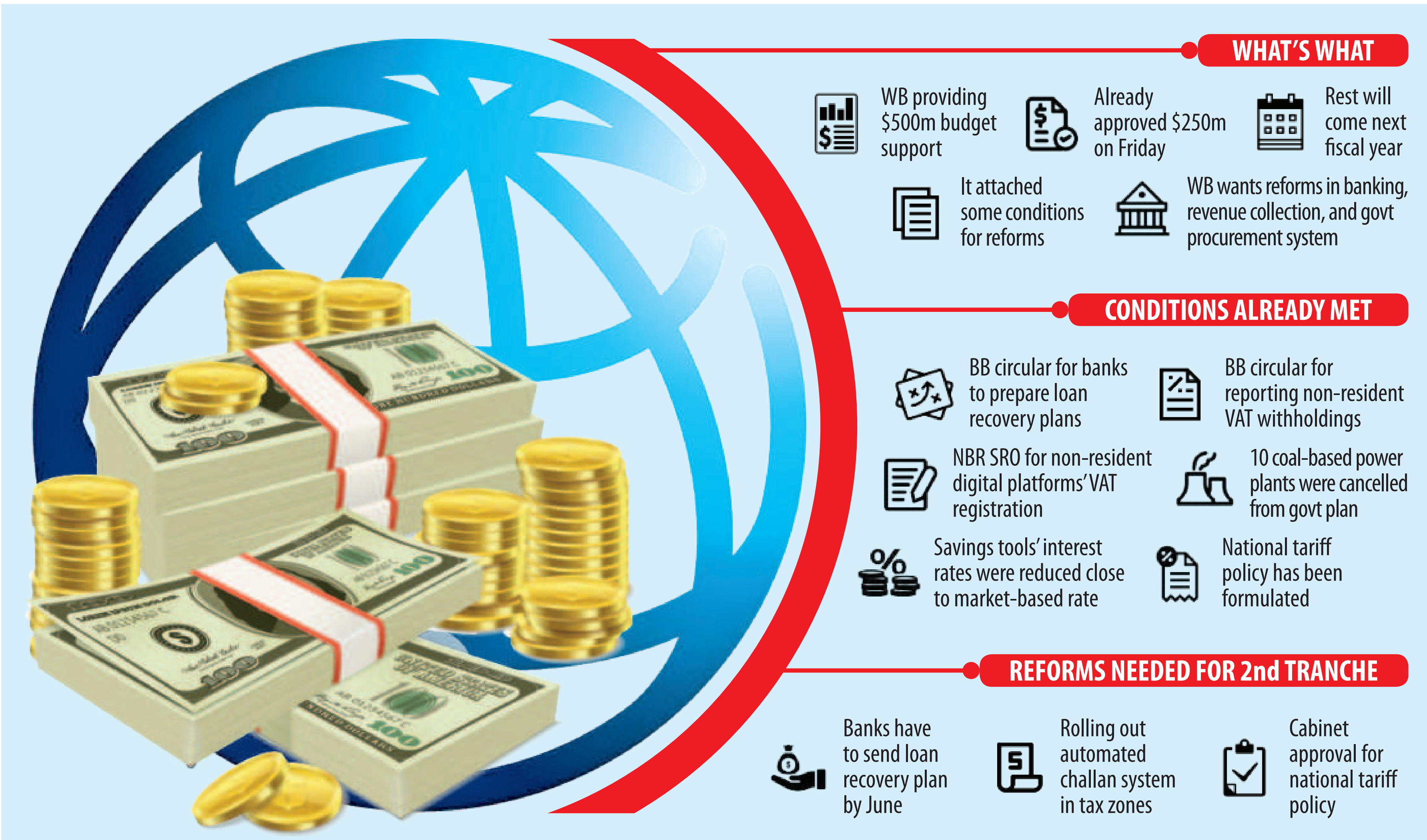
Star BUSINESS



WB provides $250m in budget support

REJAUL KARIM BYRON *and* DWAIPAYAN BARUA

The World Bank has extended a $250 million financing to Bangladesh in budgetary support after the country has moved to bring in fiscal and financial reforms to strengthen policies to sustain growth and enhance resilience to future shocks.

On Friday, the Washington-based lender approved the loan, the first of a series of two credits under the second phase of the Development Credit Policy. It will provide another $250 million in the next fiscal year upon implementation of several more conditions.

In a press release, Bernard Haven, a senior economist of the WB, said the financing would help Bangladesh harness digital technologies to ensure green and resilient growth.

"Fiscal and financial sector policies will help sustain growth, while enhancing the coverage and efficiency of social protection programmes will protect the poor and vulnerable during economic shocks and natural disasters."

The government has moved to bring reforms to various areas, including preparing a bank recovery plan, allowing non-resident foreign digital services companies to submit VAT returns, cancelling 10 coal-based power plants, and formulating the National Tariff Policy.

Last month, the Bangladesh Bank directed all banks to draw up a loan recovery plan so that they can take time-befitting moves to resolve any downside risks emanating from bad debts, liquidity crisis and other factors.

As per instructions, each bank will have to submit the plan to the central bank in January every year. The first strategy, however, will have to be handed in by June 30 this year.

The WB financing came at a time when the country is facing major challenges, caused by the dragging coronavirus pandemic, the outbreak of the Russian-Ukraine war, and commodities price shocks.

"Bangladesh's macro-financial risks are elevated due to the existing vulnerabilities in the financial sector, including deviations from international regulatory and supervisory standards, weak corporate governance, and the absence of a modern problem bank resolution framework," said the lender in a document.

The interest rate cap, introduced in April 2020, is an ongoing challenge, distorting private sector credit and affecting bank profitability.

The National Board of Revenue has published a statutory regulatory order (SRO) to allow non-resident VAT registration, while the BB has ordered domestic banks to report non-resident VAT withholdings.

The move will allow foreign companies such as search engines, social media and cloud-based services to remit VAT payments on the digital services they provide in Bangladesh.

Following the publication of the SRO, the world's largest digital services providers have registered with the NBR.

"This prior action and trigger will together contribute to strengthening VAT and income tax revenues to reduce dependence on trade-based taxes," the WB added.

Despite rapid economic growth and success in poverty reduction in recent years, Bangladesh has struggled to strengthen its domestic resource mobilisation.

The challenges have been highlighted in several policy documents, but revenue generation has continued to disappoint.

"Bangladesh's aspiration of becoming an upper-middle-income country by 2031 crucially hinges on the improvement of its revenue mobilisation," said the WB.

The Development Credit Policy programme will also support the development of the National Tariff Policy, which will help modernise trade taxes.

The commerce ministry has already approved the policy, said an official of the ministry. The policy will have to receive green light from the cabinet to get the second tranche of the loan.

Similarly, the finance ministry will need to roll out an enhanced at-source tax withholding system and the automated challan system nationwide and strengthen income tax collections.

The government has already cancelled its planned investment in 10 coal-fired power generation projects having a combined capacity producing 8,451 megawatts of electricity.

"This credit will further accelerate the government's endeavours to strengthen its policies and regulatory framework to pave the way for a green, resilient, inclusive recovery and low carbon growth," said WB Country Director for Bangladesh Mercy Tembon.

INTERIM LICENCE

Nagad gets extension for fifth time

AKM ZAMIR UDDIN

The Bangladesh Bank has once again renewed the interim licence of Nagad for another six months as the Bangladesh Post Office (BPO) is yet to form a subsidiary to run the mobile financial service.

This is the fifth extension after the state-run agency secured provisional approval from the central bank in March 2020.

Nagad has been operating without a full-fledged licence since its inception in March 2019. It has more than six crore customers and facilitates transactions of around Tk 750 crore daily.

The latest extension came on March 31 after the Directorate of Posts had applied to have the tenure extended for another term, said a BB official.

Md Siraz Uddin, director-general of the Directorate of Posts, is hopeful that all procedures might be completed within the new deadline in order to set up the subsidiary.

READ MORE ON B3

Keep note of war, Lanka's woes in budget plan: experts

STAR BUSINESS REPORT

The government should keep in consideration the Russia-Ukraine war, global economic recovery from the pandemic's severe fallout and the latest collapse of the Sri Lankan economy when preparing the budget for fiscal year 2022-23, said experts and businesspeople yesterday.

Otherwise, Bangladesh's economy may face internal and external shocks for these three burning global issues, they told a discussion on "Macro Economy: Expectation from National Budget 2022-23" at the Institute of Chartered Accountants of Bangladesh (ICAB).

The discussants pointed out that the balance of payments (BoP) over the past 10 months has gone on to exceed $10 billion as imports are surging to meet growing demand, which was already up by more than 54 per cent year-on-year.

At the end of the fiscal year, the BoP will reach $20 billion whereas historically it has hovered between $7 billion and $8 billion, they told the event jointly organised by Economic Reporters' Forum (ERF) and the ICAB.

READ MORE ON B3

HIGH PRICES OF SOYBEAN OIL

Consumers opting for palm oil

SOHEL PARVEZ

Bangladesh's consumers have increased consumption of palm and mustard oil as many of them have switched from soybean oil due to its rising prices, according to a recent report by the US Department of Agriculture (USDA).

As a result of the shift, soybean oil imports and consumption are expected to decline in the current marketing year (MY) ending in June.

As such, the import and consumption of palm oil will likely rise in MY 2021-22 compared to the previous year, the Foreign Agricultural Service of the USDA said in its report on oilseeds and products on Bangladesh, released by the end of last week.

The USDA forecasts that Bangladesh's palm oil imports will grow 4.3 per cent to 14.5 lakh tonnes

READ MORE ON B3

Food prices to remain stable in Ramadan

Businesses assure

STAR BUSINESS REPORT

Turning a blind eye to price rises of some essential commodities already overwhelming consumers, traders on the eve of Ramadan yesterday assured that the basic foodstuffs would not get costlier during this month of fasting.

Chicken, pulses, dates and a number of spices are the latest items to undergo price spirals as consumers prepared to embark on this period of spiritual discipline.

Broilers now cost Tk 165 per kilogramme, up over 11 per cent in one week while lentils Tk 110, up over 4 per cent.

Yesterday, dates, one of the most popular fruits consumed at iftar, retailed for Tk 150-Tk 450 in Dhaka's markets, up 20 per cent from that a week ago, according to prices data compiled by the state-run Trading Corporation of Bangladesh (TCB).

READ MORE ON B3

People are seen buying vegetables and other groceries at Town Hall Bazar in Dhaka's Mohammadpur. Commodity businesses yesterday pledged that the cost of essential goods would remain stable during the month of Ramadan. However, prices were already up just a day before the fasting month for Muslims began.

PHOTO: RASHED SHUMON

STOCKS (WEEK-ON WEEK)

DSEX ▲	CSCX ▼
0.07%	0.38%
6,757.84	11,847.60

COMMODITIES (AS OF FRIDAY)

Gold ▼	Oil ▼
$1,928.8 (per ounce)	$99.57 (per barrel)

ASIAN MARKETS (FRIDAY CLOSINGS)

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.21%	▼ 0.56%	▲ 0.31%	▲ 0.94%
59,276.69	27,665.98	3,419.11	3,282.72

Puffed rice, or "muri" as it is called in Bangla, being made in the traditional way, by roasting pre-soaked rice grains in a sand-filled pot over an earthen stove. Each kilogramme is sold for Tk 90 at wholesale. Being a popular iftar item, demand for the snack is set to rise during the month of Ramadan. The photo was taken at Baruikhali village of Bagerhat's Kachua upazila recently.

PHOTO: PARTHA CHAKRABORTY

Will Biden's plan to tap US oil reserves cut gasoline prices?

AFP, *New York*

Citing the need to counteract the "Putin price hike" following Russia's invasion of Ukraine, President Biden has announced a sweeping plan to make unprecedented use of US emergency oil stockpiles.

Under Biden's plan, the United States will release up to a million barrels a day every day for six months from its Strategic Petroleum Reserve (SPR).

On Friday, the International Energy Agency announced that a group of 30 other countries will also release crude onto the market from strategic holdings following an emergency meeting in Paris.

Biden's announcement Thursday prompted an immediate slump in oil prices, but the crude market was choppy on Friday, suggesting investor skepticism that the emergency releases will change the picture.

Below are some of the main questions about the SPR and the likely impact of the policy.

Set up in 1975 following the 1973 Arab oil embargo, the SPR is maintained in immense salt caverns along the Gulf of Mexico.

The IEA requires members to hold 90 days of import protection, a requirement the United States has traditionally met with SPR and industry stocks.

At its peak, the SPR contained 727 million barrels in December 2009. The level stood at 568 million barrels as of last week, according to government data.

If the United States goes forward with Biden's plan, it would reduce the SPR to levels not seen since the mid-1980s.

The White House's plan dwarfs previous SPR releases, which included President George HW Bush ordering about 17 million barrels released during the first Gulf War in 1991 and a 2011 release by President Barack Obama of 30.6 million barrels due to the disruption of Libyan production.

The announcement marks Biden's third move to tap the SPR.

In November, the United States announced it was putting out 50 million barrels of oil in response to soaring inflation amid pandemic-exacerbated supply chain snarls. Early last month, Washington also joined a 60 million emergency release announced by the IEA to address disruption from the Russian invasion.

Given the scale of the release, some analysts have said Energy Department officials may have trouble finding buyers for crude, or face infrastructure bottlenecks.

A note from JPMorgan Chase predicted the release would add 850,000 barrels per day, rather than one million, Bill O'Grady, chief market strategist at Confluence Investment Management, said that the move comes as the long-term need for so much stockpiling looks less acute because of decarbonization efforts to address climate change and as the US shale boom has lessened the need for imports.

"I don't think that oil will ever be replaced," O'Grady said.

Oil prices ended about three percent lower on Thursday following the official announcement after falling even more on the initial reports about the plan.

"The market reacted immediately after the announcement was made," said Andy Lipow of Lipow Oil Associates in Houston, who thinks gasoline prices will fall 10 to 15 cents a gallon due to the SPR release.

The move comes as the US president faces long odds in the November midterm elections, as runaway consumer prices weigh threaten to overshadow a strong labor market.

Biden described the policy as meant to "ease the pain" of lofty gas prices, which now stand above $4.20 a gallon, up almost 50 percent from last year.

But now that the announcement has been priced in, "the market will look to the next headline for direction," Lipow said.

"It's like a quick fix," said Jim Krane, a fellow at Rice University's Baker Institute for Public Policy.

Bangladesh Crop Protection Association gets new office bearers

M Sayeduzzaman   Moazzem Hossain

STAR BUSINESS DESK

Bangladesh Crop Protection Association recently elected its executive committee at its 42nd annual general meeting organised in Bangabandhu International Conference Centre.

M Sayeduzzaman of Mimpex Agrochemicals and Md Moazzem Hossain Palash of Assign Crop Care were elected chairman and secretary general respectively for a one-year term, said a press release.

Other committee members are AHM Sadrul Alam of Aungkur Traders, Md Reaz Uddin Ahmed of Bayer Crop Science, SM Khaled of Ingenious Crop Science, Md Abdul Alim of Padma Agro Sprayers Company, Md Mahbubur Rahman Gazi of MR Enterprise, Ataur Rahman Khan of Agro Winner, Md Manzurul Huda of Sweet Agrovet, Md Mizanur Rahman Khan of Siraj Agro International, Md Marufuzzaman of Gurpukur Corporation, and Md Sohelur Rahman of the National AgriCare Import and Export.

Aarong opens 25th outlet in Rajshahi

STAR BUSINESS DESK

Lifestyle retail chain Aarong has opened its 25th outlet on Kumarpara crossing at Boalia in Rajshahi where it is offering discounts on purchases of Tk 5,000 for a limited time.

Mohammad Ashraful Alam, chief operating officer, inaugurated the outlet on Friday, said a press release.

"We are happy for the fact that we will be able to serve the people in this region with the handcrafted products of Bangladeshi artisans that Aarong is committed to promote and spread across the country and beyond its border," said Alam.

Customers will find the products of Aarong's sub-brands -- TAAGA, TAAGA MAN, and Aarong Earth -- at the new outlet, where Eid/22 collection is also available.

The newly-designed 12,000 square feet space offers two levels of shopping for Aarong customers and features apparel, home décor, footwear, jewellery, and other product lines.

Bangladesh most profitable unit

FROM PAGE B4

also expanded its Studio X international male grooming range with the launch of skin cream and pocket perfumes. Currently, Bangladesh is the most profitable unit of Marico's international business.

With the economy showing resilience amidst the second and third waves of the covid-19 pandemic and the government's prudent measures in the form of movement restrictions and vaccination efforts, the company is hopeful about delivering profit growth for its shareholders in the upcoming financial year of 2021-22.

DS: What are the potential and challenges of the fast-moving consumer goods market in Bangladesh?

Ashish Goupal: Our experience in Bangladesh has been a positive one and we are proud advocates of Bangladesh as an investment destination. We believe in Bangladesh's potential and are hence investing a further Tk 227 crore in the Mirsarai SEZ.

Bangladesh has business-friendly policies which is reflected in the growth of the economy. The government has also strongly driven efforts of digitalisation and technology, which will go a long way in enhancing the Ease of Doing Business. If the government's vision of creating an economy backed by digital governance can be executed fast, it will give the country a cutting-edge advantage.

Digitalisation simplifies several procedural hurdles and eases backlogs, such as obtaining various approvals or business licences, brings transparency to revenue collection and allows for resources to be deployed in a more constructive manner. Bangladesh is already competing with other Asian and African countries, not only in terms of attracting investment but also competing in terms of capability, technology and intellectual capital, and digitalisation is a key catalyst to the growth.

My three recommendations would be ensuring continuous open and responsive dialogue with the industry, ensuring clarity and consistency in the application of government regulations and policies, and accelerating digital economy and governance.

It is imperative that we sustain the digital transformation and access to government machinery that we have witnessed during the pandemic as the government agencies extended their whole-hearted support to ensure business continuity while maintaining safety measures.

DS: What is your plan for protecting the environment and reducing the use of plastic or carbon emissions?

Ashish Goupal: Marico, as a group, has always aimed to spearhead efforts to grow and foster sustainability through its operations. As part of Marico group, Marico Bangladesh adheres to a unified strategic framework on sustainability, the key elements of which include waste management, water management, energy efficiency, product responsibility and sustainable sourcing.

Our factory operations have already initiated efforts to implement 3R (reduce, reuse and recycle) in the production process, introducing mechanisms for reusing plastic and solid waste. Our Shirirchala operations are currently zero discharge operations, and we aim to make it a completely sustainable factory by 2023 by recycling and reusing our own by-products and waste in our production. Moreover, our SEZ operations will be completely sustainable as well.

We hope that going forward, we will be able to collaborate with the government and industry on a sustainable and shared manner of ensuring extended producer responsibility and innovating to reduce virgin plastic waste generation and reduce our carbon footprint as a company.

DS: What is your plan for product diversification?

Ashish Goupal: Marico Bangladesh has expanded and diversified its product range significantly over the past few years. Even during the pandemic, we launched our Mediker SafeLife+ international hygiene range. We introduced Saffola Honey into our food range. We have expanded our core business in hair oils and have also forayed further into hair care and skincare with our Parachute Naturale range of shampoos and Parachute SkinPure range of skincare products.

We have also seen a gap in safe baby care products and responded by launching our Parachute Just For Baby range comprising lotion, oils, soap, shampoo, wash, face cream, rash cream and baby toothpaste. Since Parachute Just For Baby is certified Made Safe (by Safe Cosmetics Australia) and has 100 per cent safe ingredients like neem, olive, and almond, this range has built prompt equity among consumers.

We have also introduced our international styling brand Studio X into the market, which has a complete range of international quality grooming and styling products specifically catered to men. It includes shampoo, face wash, hair gel and deos.

We are focused on growing our core business as well as strengthening our foothold in the newer categories we have entered. We are committed to delivering growth that will benefit all stakeholders in our ecosystem.

Potato growers

FROM PAGE B4

for consumption or late sale. After the mentioned duration, the tubers start sprouting, Hai said.

Mangalu Barman of Chutbathina village in Thakurgaon sadar upazila said he cultivated potato on one acre of land to produced 350 sacks of the crop weighing 55 kilogrammes each.

He could preserve only twenty sacks of potatoes while the rest was sold for Tk 9 per kilogramme, which was a loss. If he kept the spud in a cold storage for a month or two, he could have gotten higher prices.

Taking advantage of the shortage of storage space, traders and hoarders who booked storage's space earlier are buying potatoes for between Tk 7 and Tk 9 per kilogramme, Barman said.

Md Arfan Ali, president and managing director of Bank Asia, Zafar Alam, managing director of Social Islami Bank Ltd, and Noor Elahi, country manager of Western Union, pose for a photograph at the launch of outbound remittance service at The Westin Dhaka recently.

PHOTO: BANK ASIA

Western Union, Bank Asia, SIBL launch outbound remittance service

STAR BUSINESS DESK

Western Union in collaboration with Bank Asia Ltd and Social Islami Bank Ltd (SIBL) launched outbound remittance services for the first time in Bangladesh at an event at Westin Dhaka recently.

Humayun Kabir, executive director (foreign exchange policy department) of Bangladesh Bank, Md Arfan Ali, president and managing director of Bank Asia, and Zafar Alam, managing director of SIBL, were physically present while Gaurav Yadava, country director of Western Union, and SS Ramanathan, senior country manager, attended the event virtually, a press release said.

Western Union has become the first money transfer operator to offer such a service in the country. Bangladeshi citizens can now send money for student and medical payments overseas, while expatriates can send their earnings back home.

Transfers can be made from their Bank Asia or SIBL accounts into billions of bank accounts, including digital wallets, across more than 125 countries and territories, and in cash to above 200 countries and territories.

As part of the celebrations, a promotional price of Tk 500 per transaction of any value is being offered to customers until June 30.

SM Iqbal Hossain and Adil Chowdhury, deputy managing directors of Bank Asia, Golam Gaffar Imtiaz Chowdhury, senior vice-president, Md Yeahia, additional managing director of SIBL, Akmal Hossain, executive vice-president, Noor Elahi, country manager of Western Union, and Shihab Hasan, operations manager, were also present.

Md Quamrul Islam Chowdhury, managing director of Mercantile Bank, and Mohammodi Khanam, chief executive officer of Desh General Insurance Company, exchange signed documents of a financial service agreement at the lender's head office last month. Shamim Ahmed and Md Mahmood Alam Chowdhury, deputy managing directors of the bank, were present.

PHOTO: MERCANTILE BANK

After LDC graduation, Bangladesh will face a situation where its ceramic products will have to be exported with duty while Indian and Vietnamese goods will be exported without any duty due to their FTAs.

PHOTO: STAR/FILE

POST-LDC ERA

Ceramic exports to face tough tariffs: study

STAR BUSINESS REPORT

Exporters of locally made ceramics will have to endure tough competition after Bangladesh graduates from the least developed country (LDC) status in 2026 as such products will face 12.7 per cent tariff on average when entering international markets, according to a recent study.

Bangladesh's ceramic products currently enjoy 10 per cent incentives on export.

"But such subsidies must be paid after graduation and so, local ceramic products will face pressure in terms of export competition," said Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD)

He was speaking at a seminar on the "Ceramic industry in view of Bangladesh's LDC graduation: prospects and challenges", organised by the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA) at Pan Pacific Sonargaon Dhaka yesterday.

Moazzem said Bangladesh would face competition from countries like India and Vietnam, which have already signed free trade agreements (FTA) with the EU and UK.

After graduation, Bangladesh will face a situation where its ceramic products will have to be exported with duty while Indian and Vietnamese goods will be exported without duty due to their FTAs.

Bangladesh is currently enjoying the benefits of the Employer Investment Fund (EIF) for the development of its technical capacity for export.

However, Moazzem said this benefit will no longer be available after graduation, and Bangladesh will have to find alternative sources to develop its export capacity.

For this reason, Bangladesh will have to address nine issues -- reducing the cost of production, adjusting with imported low-duty products, adjusting between high tariff of export and incentives of the products, increasing productivity, diversifying products, introducing variations to the export market, improving the labour market, and protecting the environment, the paper said.

Commerce Minister Tipu Munshi said ceramic products could play a role in diversifying Bangladesh's export basket.

He went on to say that advance initiatives are being taken to help Bangladesh face any challenges, and to obtain the generalised system of preferences plus benefit after graduation.

And although the local ceramic market is a large one, exports from the sector will also increase, Munshi said while suggesting exploring new markets and capacity building for the industry.

Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said they formed a high-powered committee among businessmen to monitor the market during Ramadan so that nobody can increase prices without reason. "I urge businesses not to make additional profit during this time," he said.

Md Sirajul Islam Mollah, president of the BCMEA, said the local ceramics sector has replaced imports and there are now 70 industries (tableware, tiles, and sanitary) set up in Bangladesh.

According to him, a total of Tk 13,500 crore has been invested in this sector, which brings in export receipts of around Tk 400 crore every year.

Investors are facing problems due to the continuous increase of gas prices.

"There is no scope to use alternative energy for this sector as it is quite gas dependent. The price of gas increased 100 per cent in the last decade," Mollah said. He urged the energy regulatory commission to not increase the price of gas for industrial connections.

Moderated by Irfan Uddin, general secretary of the BCMEA; Md Mamunur Rashid, president of the Institute of Cost and Management Accountants of Bangladesh; Md Afzal Hossain, chairman of the Bangladesh Trade and Tariff Commission; Dulal Krishna Saha, executive chairman of the National Skills Development Authority; AHM Ahsan, vice-chairman and chief executive officer of the Export Promotion Bureau, also addressed the seminar.

Raise allowance for differently-abled people

Advocacy group urges govt

STAR BUSINESS REPORT

The Bangladesh Society for the Change and Advocacy Nexus (B-Scan) has urged the government to increase the allowance for the differently-abled people to Tk 2,000 from Tk 750 and provide jobs to them.

The demands were made during a human chain in front of the Bangladesh National Museum in Shahbagh on Friday. Differently-abled students, teachers and professionals took part in the event.

They called for stipends and allowances for each differently-abled student in the budget for the next fiscal year.

"The government should form a guideline so that differently-abled people can get jobs as part of its promise," said the B-Scan in a press release.

The platform works to protect the rights of the people with disabilities and change the mindset of the people towards them.

If a company employs more than 10 per cent differently-abled people, they should be provided with a tax cut of 5 per cent, the press release added.

India, Australia ink interim trade deal

AFP, *New Delhi*

India and Australia signed an interim free trade deal on Saturday that cuts tariffs on billions of dollars of commerce as the two Quad partners bolster their economic ties.

Both signatories are members of the Quad alliance with the United States and Japan, which is seen as a counterweight to an increasingly assertive China.

But while they both border the Indian Ocean, Canberra says India was only Australia's seventh-largest trading partner in 2020, and accounted for just over four percent of its exports last year.

The Economic Cooperation and Trade Agreement was signed simultaneously in New Delhi and Canberra by India's commerce minister Piyush Goyal and his Australian counterpart Dan Tehan in a joint ceremony.

India and Australia are "natural partners, connected by shared values of democracy, rule of law and transparency", Goyal said.

"Our relationship rests on the pillars of trust and reliability aptly reflected in our deepening geo-strategic engagement through the QUAD and the supply chain resilience initiative."

Two-way trade reached around $27.5 billion last year according to New Delhi, with resource-rich Australia exporting coal and other commodities, along with sheep meat, and India largely supplying finished goods and services.

At the same time Canberra's relations with its biggest trading partner China are at their lowest point in a generation, with many Australian goods hit with punitive sanctions and ministerial relations frozen.

Keep note of war, Lanka's woes

FROM PAGE B1

Considering the current global scenario, it will be unusual forthe BoP to reach $20 billion, said Ahsan H Mansur, executive director of Policy Research Institute.

Considering current global contexts, the government should take proactive and pre-emptive decisions in the budget so that the externalities can be offset through wise decisions, he said.

For instance, the current tight monetary policy should be continued for a long time, said Mansur.

Inflation in the country was shown to be less than 6 per cent but in many nations it has already gone past 10 per cent, he said, suggesting that the facts be checked to figure out the actual figure.

The government provides over Tk 1 lakh crore in subsidies, which was more than 20 per cent of the overall budgetary allocation, Mansur said, suggesting to be rational in the allocation.

Calling for automation to be brought about in actuality in revenue collection, the top economist also suggested reviewingthe 2012 VAT law which was currently in effect.

Mansur reiterated the need for tax administrators and tax collectors to separately function for attaining greater efficiency.

Echoing Mansur, Planning Minister MA Mannan said the reforms were drastically needed in the National Board of Revenue.

Allocations to unproductive sectors cannot be justified in any way but the political government sometimes does it in an excessive mannerfor compulsions of the political economy, he said.

Praising the private sector's successes, Mannan advocated enabling more freedom for the sector.

In this regard, he also praised bureaucrats for implementing government action plans even in the face of criticisms.

Criticising bureaucrats is a counter-productive move and the civil society should also provide more constructive advice, he said.

Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry, said the eighth five year plan needs to be revised for some corrections.

For instance, he said, the share of non-traditional goods in exports was targeted to be taken to 25 per cent but last fiscal year it could not be grown and garment items continued to dominate with an 82 per cent share.

Islam also said local corporates pay 8 per cent to 10 per cent more tax compared to their South Asian peers and the effective rate is more than 50 per cent since there were other taxesthat come into effect with the current corporate tax.

He also suggested reviewing the VAT law and launching a programme enabling taxrefunds for taxpayers.

Rasheda K Chowdhury, a former caretaker government adviser, suggested taking up bigger projects in the education sector to bring substantial improvements.

For instance, she suggested continuing stipends for female students even after they got married.

She sought to know the rationale behind a Tk 1,000 crore allocation for a safari park which would double as a sanctuary for elephants at Juri upazila under Moulvibazar district.

Shawkat Hossain Masum, head of online at Bangla daily Prothom Alo, suggested having a functional banking commission and government expenditure review commission.

Shomi Kaiser, president of the e-Commerce Association of Bangladesh (e-CAB), sought allocations for skills development.

AK Khan, former president of the Dhaka Chamber of Commerce and Industry, suggested for empowering state-owned Bangladesh Petroleum Exploration and Production Company to address any possible energy shortages for the Russia-Ukraine war.

Monzur Ahmed, a representative of the Federation of Bangladesh Chambers of Commerce and Industry, recommended keeping in mind possible challenges for the country's United Nations status graduation to a developing country.

Md Shahadat Hossain, president of the ICAB, was for expanding the tax net.

Md Humayun Kabir, a former ICAB president, moderated the discussion where Asif Ibrahim, chairman of Chittagong Stock Exchange, Md Eunusur Rahman, chairman of Dhaka Stock Exchange, Sharmeen Rinvy, president of the ERF, and SM Rashidul Islam, general secretary to the ERF, also spoke.

Nagad gets extension

FROM PAGE B1

deadline in order to set up the subsidiary.

"We have sent the relevant documents to the Ministry of Posts, Telecommunication & Information Technology. The documents might have been sent to the law ministry for vetting in order to amend laws," he said.

Laws would have to be amended because existing rules don't allow the BPO to set up such a company. The government has moved to amend the Post Office Act, 1898 and the Post Office (Amendment) Act 2010.

As per the BB, the BPO is supposed to establish the subsidiary to run the MFS in a model similar to a public-private partnership.

The agency is expected to hold a 51 per cent stake in the new entity while Nagad Ltd, a private company, will own the rest.

Nagad is an MFS brand of the BPO. It has been operated by Third Wave Technologies Ltd, which renamed itself Nagad Ltd in February last year.

The private firm provides service to the BPO under a revenue-sharing model. The government agency gets 51 per cent of the revenue and the private firm receives the rest.

The MFS started its operation without taking permission from the BB.

In March 2020, the BB asked banks not to provide any service to unauthorised payment or MFS providers and operators in the interest of depositors, forcing the BPO to take the interim approval after all banks suspended transactions with Nagad.

While availing of the permission for the first time, the postal department had promised to complete the official procedures to get the full-fledged licence. But it has not been able to do so in the last two years.

Posts and Telecom Minister Mustafa Jabbar said, "The ministry has taken initiatives to complete procedures within the new deadline in order to meet the central bank requirements."

Muhammad Zahidul Islam, a spokesperson of Nagad Ltd, says Nagad is eagerly waiting to obtain a permanent licence from the central bank and hopes to receive it within the latest time frame.

In Bangladesh, the authorities have followed a bank-led MFS model and all MFS providers are running businesses after securing approval from the BB. But Nagad has been an exception, said the BB official. Any other entity has hardly enjoyed such a favour from the central bank, he said, adding that everything has been done to give a legal cover to the operator.

In February, the BB amended the MFS guidelines, paving the way for the non-bank financial institutions and government entities to run MFS alongside banks. This will allow the BPO to obtain the licence.

The mobile phone-based service began its journey in Bangladesh in March 2011. Currently, 13 MFS operators led by banks are operational.

The number of registered MFS accounts stood at 11.4 crore in January, while active accounts numbered 4.4 crore.

Consumers opting for palm oil

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imports will grow 4.3 per cent to 14.5 lakh tonnes in MY 2021-22 from the initial forecast of 13.9 lakh tonnes for the year. Palm oil imports stood at 12.85 lakh tonnes in MY21, according to the report. It said overall consumption would rise 1.7 per cent to 14.6 lakh tonnes in MY22 from the previous estimate of 14.3 due to the substitution of soybean oil with palm oil imported mainly from Indonesia and Malaysia.

The US agency said soybean oil and palm oil are substitute products in Bangladesh. Most middle and high-income households prefer soybean oil while low-income consumers prefer palm oil due to its lower price.

"Palm oil also has industrial uses, particularly in the food processing industry," it said.

The USDA said soybean oil consumption would decline 6.2 per cent to 12.1 lakh tonnes in MY22 from the previous estimate. Imports are likely to be 7 lakh tonnes in the current MY, down 6.7 per cent from the USDA's official estimate, the report said.

"Due to the high retail price of soybean oil, consumers have increased consumption of palm oil and mustard oil," it added.

Bangladesh mostly imports crude soybean oil from Latin America and prices of the edible oil shot up as high as Tk 840 for each five-litre container early last month.

To enable consumers to get edible oil at reduced prices, the government slashed value added tax (VAT) in the import, production and trading stages. Now only 5 per cent VAT is applicable for edible oil.

Apart from imports, the US agency also lowered its forecast on domestic production of soybean from the previous estimate. It said soybean's planting area would be 79,000 hectares in MY22, down from the previous forecast of 82,000 hectares. Production may also be lower than the initial estimate of 1.51 lakh tonnes for the ongoing year.

Farmers planted soybean crops in January and February of this calendar year and will start harvesting in April and May.

The agency said local soybean production contributes approximately 5 per cent of the total annual soybean demand in Bangladesh. Domestically produced soybeans are used predominantly in the feed industry, the report said.

Food prices to remain stable

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The price of a five-litre bottle of edible oil which shot up to as high as Tk 840 at retail early last month declined over the last 10 days after the government slashed VAT at import, production and trading stages.

While consumers are only paying 5 per cent VAT on the cooking item, the price of loose palm oil increased marginally over the past one week.

Another major respite for consumers is a decrease of the price of onion, a popular vegetable used as a key spice here.

Representatives of the wholesalers, retailers, processors and importers at a meeting organised by the FBCCI yesterday confirmed that there was an adequate supply and that they do not see any possibility of a rise in prices. "...rather we will reduce it to some extent during this month," said Shafi Mahmud, president of Bangladesh Pulse Traders Association.

Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), demanded that the government adjust taxes and duties to lower prices.

The FBCCI formed a 46-member committee to monitor market prices of 46 products, he said.

The FBCCI has written a letter to Bangladesh Bank to increase the existing working capital loan limit by at least 40 per cent, informed Uddin.

Biswajit Saha, director for corporate and regulatory affairs of City Group and president of Bangladesh Oil Mills Association, said rules stipulate that products have to be delivered within 15 days of the issuance of sales orders.

He claimed that this gave no scope to stockpile edible oil.

Md Shafiul Ather Taslim, director of TK Group's finance and operations, said the whole business community was having to bear the blame of price manipulation by a few unscrupulous businesspeople.

Mostofa Sohrab Chowdhury Titu, president of the Rangpur Chamber of Commerce and Industry, called for an end to extortion.

Iraq oil exports $11b in March, highest in 50 years

AFP, *Baghdad*

Iraq exported $11.07 billion of oil last month, the highest level for half a century, as crude prices soared amid shortfall fears following Russia's invasion of Ukraine, the oil ministry said.

The second largest producer in the Organization of the Petroleum Exporting Countries (OPEC), Iraq exported "100,563,999 barrels for revenues of $11.07 billion, the highest revenue since 1972", the ministry said.

The figures published late Friday are preliminary data but final data "generally does not vary" much, a ministry official said, speaking on condition of anonymity.

In February, oil revenues reached an eight-year high of $8.5 billion dollars, with daily exports of 3.3 million barrels of oil.

Oil exports account for more than 90 per cent of Iraq's income.

Oil exports account for more than 90 per cent of Iraq's income

Crude prices spiked over fears of a major supply shortfall after Moscow invaded Ukraine on February 24. Russia is the world's second biggest exporter of oil after Saudi Arabia.

On Thursday, the OPEC group of oil producing countries and its Russia-led allies agreed on another modest oil output increase, ignoring Western pressure to significantly boost production as the Ukraine conflict has rocked prices.

The 13 members of the Saudi-led OPEC and 10 countries spearheaded by Russia -- a group known as OPEC+ -- backed an increase of 432,000 barrels per day in May, marginally higher than in previous months.

The United States has urged OPEC+ to boost production as high energy prices have contributed to soaring inflation across the world, which has threatened to severely derail the recovery from the Covid pandemic.

While OPEC refused to budge, Washington said it would tap its strategic stockpile by a record amount in a bid to cool soaring prices.

A long queue of vehicles carrying potatoes grown by farmers in Thakurgaon is seen outside a cold storage in Jagannathpur area of the region's sadar upazila. Cold storage owners recently announced that their facilities have run out of space, leaving growers with nowhere to store their spuds.

PHOTO: QUAMRUL ISLAM RUBAIYAT

Potato growers worried over lack of storage

QUAMRUL ISLAM RUBAIYAT, *Thakurgaon*

Small and marginal potato farmers in Thakurgaon and Panchagarh districts have been left in a quandary as cold storage owners in the region are saying their spaces have been completely filled.

As such, local potato growers are worried about how they will save some of the tubers for sale during the off-season, and to use as seeds for the next season.

Farmers began desperately searching for a place to store their spuds after cold storage operators announced the lack of space as failing to preserve them would lead to increased cultivation costs next season, when they would have to buy seed potatoes from different companies.

While farmers blame a "nexus" between cold storage owners, a section of middlemen and hoarders for the situation, cold storage owners claim they distributed preservation slips on a "first come, first served" basis.

They blamed the situation on the region's low storage capacity compared to its widespread potato cultivation.

Abu Hossain, deputy director of the Department of Agricultural Extension (DAE) in Thakurgaon, said growers cultivated the tuber on 27,677 hectares of land against a target of 28,515 hectares with a production target of 679,798 tonnes.

Of the total land being used, 656,999 tonnes of potatoes have already been harvested from 25,492 hectares of land as of Wednesday.

In Panchagarh, farmers produced about 2.18 lakh tonnes of potatoes by cultivating 9,870 hectares of land against a target of 9,950 hectares with the production target of 207,259 tonnes.

However, the 16 cold storages in Thakurgaon can preserve just 1.37 lakh tonnes of potatoes while the six cold storages in Panchagarh can hold a measly 31,450 tonnes.

"The potato production target for this year will be exceeded as the areas witnessed good yield despite facing untimely rain, but storage facilities in these districts are very inadequate," Hossain said.

"If the farmers fail to preserve seed potatoes, cultivation will be hampered next season," he added.

In response to a query, Hossain said growers can get good profit if the authorities concerned take the initiative to export their produce during the harvesting season.

Sazzad Selim, a resident of Rosea village in Thakurgaon's Atwary upazila, cultivated potato on an acre of land to get about 120 sacks of the vegetable weighing 55 kilogrammes each.

"But I am yet to manage space to preserve the potatoes as cold storage owners announced that they would not take any more this season," Selim said.

"If I cannot preserve seed potatoes in cold storage, I will not be able to cultivate the crop next season as buying seeds from companies or traders will cost me a lot," he added.

Amzad Hossain, a local of Chutbathina village in Thakurgaon sadar upazila, said he cultivated one acre of land to get 243 sacks of potatoes weighing 55 kilogrammes each. Of his total harvest, Amzad sold about 120 sacks from the field for about Tk 80,000.

He planned to preserve the rest of his produce to use as seeds next season, and for late sales as prices usually increase after the harvesting period.

"So, I will face two losses if I fail to preserve the potatoes," Amzad said, adding that cold storage owners are only allowing big traders to use their facilities.

Delwar Hossain, managing director of Shahi Cold Storage, said they stored potatoes for people who came first.

Md Abdullah, president of the district cold storage association in Thakurgaon, told The Daily Star that it is not possible to provide space to all as the amount of potato produced exceeds their storage capacity.

Refuting allegations that they prefer to rent space to big traders, Abdullah said they do not consider who is bigger and smaller. "As per capacity we provide space for preservation on a serial basis," he added.

The Bangladesh Agricultural Development Corporation (BADC) has separate cold storages for Thakurgaon and Panchagarh.

About 1,000 tonnes of potatoes can be preserved in the Thakurgaon unit while the storage in Panchagarh can hold up to 2,000 tonnes, said Abdul Hai, deputy director of the BADC office in Rangpur.

Few high yielding varieties, such as Asterisk, Granulla, Sunshine (BADC Alu-1) can be preserved for about three months

READ MORE ON B2

Bangladesh most profitable unit of Marico's int'l business

Says Marico Bangladesh MD

JAGARAN CHAKMA

Bangladesh has been Indian multinational consumer goods company Marico's first international venture. The business is today is so successful that one out of two Bangladeshis uses its products every day. Ashish Goupal, who took over as managing director of Marico Bangladesh Ltd, in July 2018 speaks about his company's success and future plans in an interview with The Daily Star.

DS: What is the present status of Marico's factory in the Mirsarai economic zone?

Ashish Goupal: Marico Bangladesh is a proud ambassador of "Made in Bangladesh" and we are exporting personal care products, including hair oils and shampoos as well as coconut oils to Nepal, Vietnam and the Middle East.

Our factory in the Mirsarai Special Economic Zone will be our third in Bangladesh to support our growth aspirations and serve the consumers of Bangladesh as well as export markets.

The Bangladesh Economic Zones Authority has already handed over the land to us, and currently, we are in the construction phase of the factory. As this is part of our manufacturing capacity expansion, we plan to accelerate the pace of development and hope to go into commercial operations by 2023.

DS: Marico is running business in many countries. Where does the Bangladesh market stand among the countries in terms of profitability?

As far as Marico is concerned, Bangladesh is the crowning jewel in Marico's business portfolio. Marico first entered international territories through Bangladesh in 1999

Ashish Goupal: Marico Bangladesh (Marico) started its journey in Bangladesh 20 years ago with its flagship brand Parachute coconut oil. Currently, Marico has 37 brands across 10 categories under our Parachute Advansed, Saffola, Nihar, Parachute Just For Baby, Parachute Skinpure, Parachute Naturale, Hair Code, Livon and Studio X franchises.

As far as Marico is concerned, Bangladesh is the crowning jewel in Marico's business portfolio. Marico first entered international territories through Bangladesh in 1999 and ever since, Bangladesh has been the best performing international business of Marico group.

Currently, Marico operates in 26 countries across the emerging markets of Asia and Africa, and Bangladesh still reigns supreme in terms of growth and profitability.

Despite the coronavirus pandemic, we saw positive business performance and good consumer response in the last financial year that ended in March 2021. The revenue of the company grew by 15.4 per cent while profitability grew by 17.5 per cent, year-on-year. This growth was driven by our core portfolio of coconut oil and strongly supplemented by the value-added hair oils category.

In addition, the newer dedicated portfolios like Parachute Just For Baby range of baby care products and Parachute SkinPure range of skincare products have also seen growth. Marico

READ MORE ON B2

In Russia-Europe gas standoff, both sides lose

REUTERS, *London*

Europe and Russia will both lose heavily if President Vladimir Putin follows through on his threat to cut gas supplies to countries he judges "unfriendly" unless they pay in roubles.

Even at the height of the Cold War, Moscow never cut gas to Europe, but on Thursday, Putin signed a decree ordering foreign buyers to pay in roubles instead of euros from April 1 or face going without Russian supplies.

European capitals rejected the ultimatum and on Friday Kremlin spokesman Dmitry Peskov said it would not affect settlements until later this month.

Although the threat of shortages comes after the peak demand European winter season, Europe still has much to lose when its businesses and households are already reeling from record energy prices, while Moscow could be cutting off one of its main sources of revenue.

Russia exported around 155 billion cubic metres (bcm) of gas to Europe last year, providing more than a third of its gas supply.

Without it, Europe would have to buy more gas on the spot market where prices are already around 500 per cent higher than last year.

Germany and Austria, both heavily reliant on Russian gas, have activated emergency plans, which include rationing if necessary, and other European countries have plans in place.

"Buyers' unwillingness to abide by (Putin's) order risks suspending supplies. Both buyers and Gazprom will face losses as a result," said Dmitry Polevoy, analyst at Moscow-based brokerage Locko-Invest.

The construction site of the European Gas Pipeline Link is pictured near Lubmin, northeastern Germany, close to the landing point for the Nord Stream 2 gas pipeline carrying gas from Russia to Europe.

PHOTO: AFP/FILE

India supplies rice to Sri Lanka in first food aid

REUTERS, *Mumbai/Colombo*

Indian traders have started loading 40,000 tonnes of rice for prompt shipment to Sri Lanka in the first major food aid since Colombo secured a credit line from New Delhi, two officials told Reuters on Saturday.

The Indian Ocean island nation of 22 million people is struggling to pay for essential imports after a 70 per cent drop in foreign exchange reserves in two years led to a currency devaluation and efforts to seek help from global lenders.

The shipment of the staple comes before a key festival in Sri Lanka.

Fuel is in short supply, food prices are rocketing and protests have broken out as Sri Lanka's government prepares for talks with the International Monetary Fund amid concerns over the country's ability to pay back foreign debt.