Bangladesh witnessed growth in its gross domestic product in the past few years as the government increased spending on developing infrastructure, FBCCI President Md Jashim Uddin said.
PHOTO: STAR/FILE

Macroeconomic stability should be main focus: experts

STAR BUSINESS REPORT

The focus of the national budget for fiscal year 2022-23 should be to ensure macroeconomic stability, reduce inflation and increase employment in the country, according to various experts.

"The budget will be placed at a time when the country is trying to return to normalcy from the Covid-19 pandemic," said Debapriya Bhattacharya, a distinguished fellow of the Centre for Policy Dialogue.

"...and besides, the macroeconomic situation is in the most challenging position we have seen in at least 15 years," he said.

"An economy can be ruined in just three months for failing to ensure macroeconomic stability and so, it should be a priority in the upcoming budget," he said.

Bhattacharya was addressing a programme organised by NTV and the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) on Saturday.

He went on to say that three other focal points for the next annual financial plan should be to create jobs, increase investment and improve the social safety net programmes.

Regarding the budget size, he said it was like an illusion as the proposed budget was cut significantly after revision while the actual amount implemented was far lower.

Bhattacharya also touched on how Bangladesh's per capita income is rising but only 23 lakh individuals submit tax returns, which was disappointing considering the size of the population.

"So, the government and business leaders should work on addressing this issue," he added.

Planning Minister MA Mannan said the government would aim to reduce poverty, strengthen the healthcare system and facilitate outsourcing activities in the 2022-23 national budget. "We

have to improve our healthcare sector as its urgency was realised during the pandemic."

FBCCI President Md Jashim Uddin said Russia's war on Ukraine has become the next big challenge after Covid-19 and considering the implications of both these crises, setting priorities for the budget was a challenging task.

Bangladesh witnessed growth in its gross domestic product for the past few years as the government had increased spending on developing infrastructure, he said.

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said all restrictions on importing capital goods should be removed in order to raise investment and generate employment.

Abdul Moyeen Khan, member of the BNP National Standing Committee and a former minister, said the budget should be launched for the welfare of the mass people, especially the poor.

"Although Bangladesh's infrastructure has developed over the years, it has come at a high cost as the extra money was laundered," he added.

Agriculture Minister Muhammad Abdur Razzaque said the perspective of this year's budget would be quite different from previous ones considering the coronavirus fallout and Russia's invasion of Ukraine.

The conflict in Europe is a big concern for Bangladesh as the two warring nations collectively provide supplies to around 40 per cent of the global food market.

As such, the domestic inflation rate rose due to increased import costs.

"So, we have to be cautious that we don't pay needlessly on luxury goods and the government has already taken steps in this regard," he said.

Mahbubul Alam, president of the Chittagong Chamber of Commerce and Industry, also recommended discouraging the import of luxury items. "Instead, the budget should focus on improving healthcare and expanding the tax net."

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said the corporate tax rate imposed on the local banking sector was high compared to that of neighbouring countries.

"There is even an excise duty on loans, which is not expected," he added.

Sea bass farming to help diversify exports: experts

STAR BUSINESS REPORT

Bangladesh should focus on increasing the cultivation of certain varieties of sea bass, such as Koral and Vetki, in order to expand the country's export basket, according to experts.

"We are always talking about diversifying exports beyond garments and so, increasing commercial production of sea bass could play a key role to this end," said Tapan Kanti Ghosh, senior secretary to the commerce ministry.

He made this recommendation at a workshop styled "Prospect of Commercial Production of Sea Bass in Bangladesh", at the Centre on Integrated Rural and Development for Asia and the Pacific (CIRDAP) yesterday.

The event was jointly organised by the Fishery Products Business Promotion Council, Ministry of Commerce, Bangladesh Shrimp and Fish Foundation and CIRDAP.

Mentioning of Vietnam's technology-based fish farming, he said Bangladesh would have to use the best technologies in domestic aquaculture in order to expedite export diversification in this regard.

Speaking as chief guest, Planning Minister MA Mannan said more research should be carried out on the industry.

"The government is sitting with a huge amount of money to offer researchers. If the researchers come with a proper proposal, they could get it," he said.

"But there are some steps and regulations they will have to go through to take money for their research," Mannan added.

The event was moderated by Syed Mahmudul Huq, chairman of the Bangladesh Shrimp and Fish Foundation, while Mohammad Yamin Chowdhury, secretary to the fisheries and livestock ministry, and Dr Cherdsak Virapat, director general of the CIRDAP, were present among others.

Prof Aziz Bin Arshad, a renowned sea bass breeding specialist, presented the keynote while Somboon Laopraser, an expert on marine shrimp and aquaculture of the CIRDAP, also presented a paper.

Reliance to acquire dozens of brands

REUTERS, *Mumbai*

India's biggest retailer Reliance will acquire dozens of small grocery and non-food brands as it targets building its own $6.5 billion consumer goods business to challenge foreign giants like Unilever, two sources familiar with the plan told Reuters.

Reliance, run by Indian billionaire Mukesh Ambani, plans to build a portfolio of 50 to 60 grocery, household and personal care brands within six months and is hiring an army of distributors to take them to mom-and-pop stores and bigger retail outlets across the nation, the sources added.

The consumer goods push under a vertical

Soybean import to rise 7.7pc

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Riding on the increased soybean import, this year 29 lakh tonnes of oilseeds will be crushed the next marketing year.

The domestic consumption of soybean oil will also rise by 2.71 per cent year-on-year to 13.25 lakh tonnes, according to the report.

Meanwhile, the import of palm oil is forecast to rise by 6 per cent to 14.5 lakh tonnes the next year.

The USDA report stated that Indonesia's palm oil exports were lower by 30 lakh tonnes in the marketing year 2021-22, down to a 12-year low of 2.50 crore tonnes.

The forecast is reduced on Indonesia's slow export pace through the first six months of the marketing year 2021-22 and various palm oil export policies in effect since November 2021.

Although the Indonesian government implemented a palm oil export ban on April 28, industry sources expect it to be short-lived and therefore have a limited impact on trade, the report said.

However, global soybean production in 2022-23 is forecast at a record 39.47 crore tonnes, up 13 per cent from 2021-22, thanks to the record production of the oilseed in Brazil and the United States.

Global soybean oil consumption is projected to rise by 2 per cent, mostly on the strength of China's food use demand and higher US renewable diesel production.

Exports are forecast to rise 4 per cent in 2022-23 with total global volume projected at a record 1.27 crore tonnes.

Export growth is likely to be driven by South America on production gains outpacing domestic consumption growth and reduced competition from the US due to high domestic industrial usage.

The remaining export growth is likely to come from European countries to offset the reduced sunflower seed oil trade in the region due to the conflict in Ukraine.

Global soybean meal consumption is projected to rise 3 per cent in 2022-23, a recovery from the slight downtick forecast for this year.

Puzzling low tax-GDP

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director of the Policy Research Institute of Bangladesh.

"The tax-GDP ratio should be 16-17 per cent."

He says the failure to increase tax collection is affecting the whole fiscal management.

People's out-of-pocket expenditure is increasing for a lack of public investment in the healthcare sector and many families go broke because of higher medical expenses. Similarly, Bangladesh cannot ensure quality education for inadequate investment.

"We have to borrow to build infrastructure and that loan is increasing at a higher rate," Mansur said. "There is no room for comfort if we can't invest from our own sources and have to run by borrowing."

At a programme in Dhaka on Saturday, Debapriya Bhattacharya, a distinguished fellow at the Centre for Policy Dialogue, said Bangladesh is a country of 16.50 crore people and 74 lakh people have tax identification numbers. Of them, only 23 lakh file income tax returns.

"Why hasn't the number of taxpayers gone up? If per capita GDP has increased, then why don't people pay taxes?" he questioned.

Mansur, also a former economist of the International Monetary Fund, suggests reforming the tax system.

"It appears that political will for reforms is low. But without increasing revenue collection, it is not possible to fulfil the expectations of the people and the government. Politicians have to realise this."

Increased revenue collection is also needed to become a developed nation.

"Our economic growth will slow if we can't invest in physical and social infrastructures. Income distribution will be more skewed if we can't boost tax collection as tax policy is a tool for ensuring better income distribution," added Mansur.

Prices for finer

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compared to the previous year.

The Department of Agricultural Extension (DAE) estimates that farmers planted paddy on 49 lakh hectares during the Boro season this year and targeted to produce 2.09 crore tonnes of rice during the season. The Boro season accounts for roughly 55 per cent of annual rice production.

The latest acreage is 9 per cent higher than 45 lakh hectares estimated by the Bangladesh Bureau of Statistics.

According to the DAE, the floods and rainfalls fully damaged 8,000 hectares of Boro paddy crop.

Traders, however, say the extent of the damage in terms of yield loss is higher as the number of grains is low.

"The price of the finer paddy has been increasing since last week," said Abdur Rouf, a farmer at Rajosh village under Gaibandha's Gobindaganj upazila.

The current price is Tk 1,100-Tk 1,140 per maund. It was Tk 1,000-Tk 1,050 per maund in the same period the previous year, he added.

Abdul Mannan, another farmer of Satar village under Joypurhat's Kalai upazila, said the demand for the fine varieties of paddy was better this year compared to last year.

"If the weather improves, the prices are likely to increase further," said Sohel Rana, a seasonal trader in Gobindaganj.

Chitta Majumder, managing director of Majumder Group of Industries, said the unfavourable weather had badly affected Boro paddy.

"The government should be cautious," he said, suggesting the government consider removing or cutting import duty on rice to increase the supply in the domestic market.

Saha echoed Majumder and recommended steps to import rice under government-to-government contracts.

DAE Additional Director for Field Services Wing Habibur Rahaman Chowdhury, however, calls the damage insignificant, saying the production would be around 2.20 crore tonnes this Boro harvesting season.

"The country will not face any problem," he said.

Remittance may look

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This is because migrant workers are likely to see a drop in their purchase power amid escalating global inflation fuelled by the Russia-Ukraine war. Besides, fresh migrants usually need months to start saving and supporting their families back home by sending remittances.

Bangladesh is likely to see an increase in inward remittance in the near future despite global turmoil.

Zahid Hussain, a former lead economist at the World Bank's Dhaka office, describes the high number of migrant workers living in various countries as the "main pillar" of Bangladesh's remittance.

Currently, about one crore Bangladeshi expatriates live in more than 160 countries.

"There is an increasing trend in the number and it is unlikely that the number will drop in the days to come since global demand for low-skilled workers has increased as countries are rebounding from the pandemic," Hussain said.

He thinks fresh Bangladeshi migrant workers may require five to eight months, depending on destinations, to begin saving.

BMET data showed 1.02 lakh migrant workers went overseas in November.

Some 4.26 lakh went abroad in April alone. Of them, 2.68 lakh workers went to Saudi Arabia, 56,830 to Oman, and 51,531 to the United Arab Emirates (UAE).

Most of the new migrant workers heading to Saudi Arabia and the UAE are recruited under four to five categories, including construction, cleaning, maintenance and driving, said Shameem Ahmed Chowdhury Noman, a former secretary-general of the Bangladesh Association of International Recruiting Agencies.

"Economic activities have accelerated in the host countries. So, it is a good sign that Bangladesh is sending a high number of migrant workers abroad amid the ongoing global recovery," he said.

Saudi Arabia and the UAE are among the countries that are benefiting from higher oil prices.

The Gulf Cooperation Council's (GCC) economic growth will accelerate this year to a pace not seen in a decade, according to a Reuters poll of economists. The council comprises Saudi Arabia, Kuwait, the UAE, Qatar, Bahrain, and Oman.

Noman says higher migration will push up remittance within six months.

Between July and April, migrant workers sent home $17.30 billion, down 16.2 per cent year-on-year, data from the Bangladesh Bank showed. Remittance receipts stood at $24.7 billion in FY21.

The World Bank in its latest report said remittances in Bangladesh grew by 2.2 per cent to $22 billion in 2021 and are anticipated to gain 2 per cent in 2022.

In Bangladesh, except for a 24 per cent spike in March 2022 because of Ramadan, monthly remittance growth has been decreasing for the past eight months.

Last year, Bangladesh saw an increase of about Tk 600 crore in inward remittance which was "extraordinary" amid the pandemic, according to Hussain.

He thinks the annual remittance flow of $18 billion is somewhat "normal" for Bangladesh that the country used to receive before the pandemic.

With the global economy returning to normalcy, it will not take long to see Bangladesh's annual remittance reaching $20 billion to $22 billion, he added.

Although there could be temporary concerns over Bangladesh's remittance flow because of the Ukraine crisis, new Covid-19 variants, and higher inflation globally, such worries are unlikely to persist long, the economist added.

Shariful Hasan, head of Brac's migration programme, said the growth in migrant workers is positive for remittance and creating employment since nearly two million people enter the country's job market each year.

Referring to government data, he, however, said migrant workers from Bangladesh require nearly 18 months to recover the migration cost.

"Bangladesh could earn $25 billion to $30 billion in remittance annually by sending more skilled workers as fresh demand for foreign workers has been created in various countries in line with the recovery from the pandemic."