Star BUSINESS

Global tech giants may require filing tax returns

SOHEL PARVEZ

Global tech giants such as Google and Facebook are likely to come under the tax net from the next fiscal year as the authorities plan to make submission of returns mandatory for the firms that have no physical presence in Bangladesh but are doing business here.

Until now, the National Board of Revenue (NBR) has exempted non-resident firms having no offices in the country from filing income tax returns.

But this could change from the next fiscal year, starting on July 1, as the exemption is expected to be withdrawn as part of an initiative planned to collect taxes from digital service providers.

Until now, the NBR has exempted non-resident firms having no offices in the country from filing income tax returns

The lifting of the waiver will make it compulsory for digital multinational companies, which are doing business in Bangladesh by providing various services without setting up any physical office, to submit the statements of their income originating here, finance ministry officials said.

"What we see is that the business of tech companies is growing in Bangladesh. So, regular filing of tax returns by the firms with no office will allow us to tap into the expanding digital economy," said one official.

At present, global technology companies can secure value-added tax registration from the NBR without opening offices in Bangladesh.

Last year, a number of tech biggies, namely Google, Facebook, Amazon and Microsoft, received VAT registration, enabling the revenue authority to ensure compliance of the firms under the rule framed in 2019.

In October 2021, the High Court also directed the government to take steps to collect taxes, VAT and other charges on the

READ MORE ON B3

OLD-AGE ALLOWANCE

FY21
Persons: 49 lakh
Allocation: Tk 2,940cr

FY22
Persons: 57 lakh
Allocation: Tk 3,444cr

CURRENT COVERAGE

All senior citizens in low-income families of 227 upazilas

Eligibility criteria: more than 62 years old

ALLOWANCE FOR OTHERS

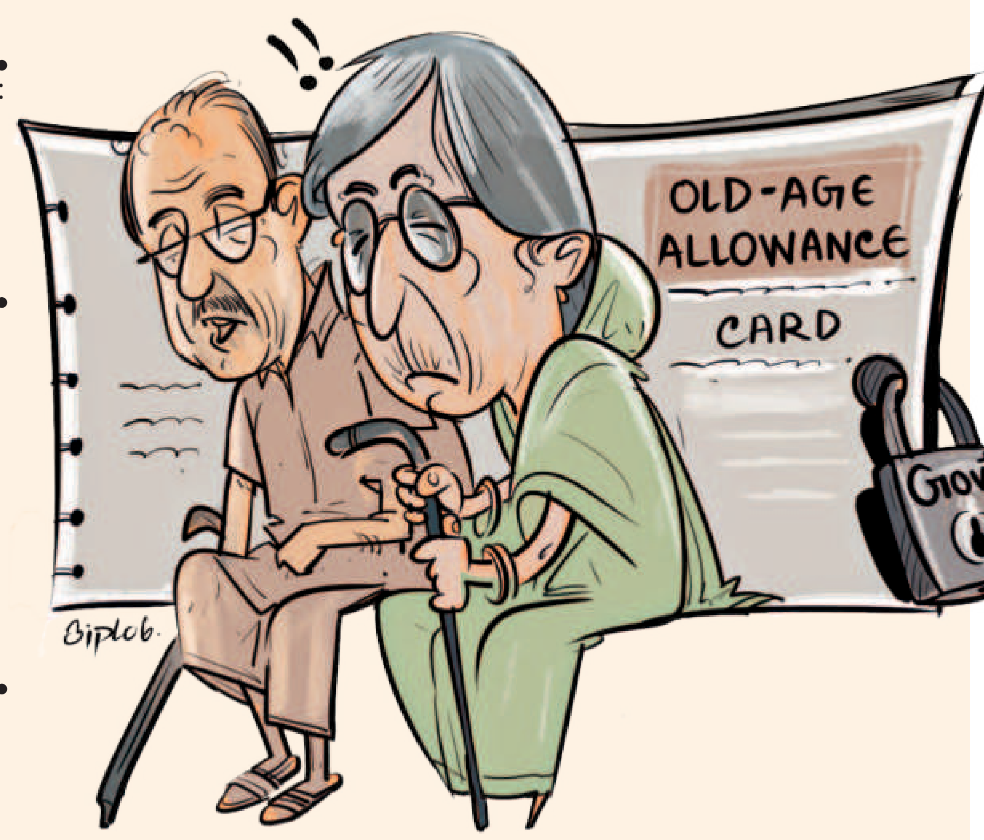
Allowance for differently-abled beneficiaries to go up to Tk **850** from Tk **750** now

Number of differently-abled beneficiaries to go up to **23** lakh from **20** lakh now

Beneficiaries for the scheme of poor lactating mothers will rise to **12.75** lakh from **10.45** lakh

IN % OF GDP

Total safety net allocation to slip below 3pc of GDP



ELDERLY POOR, OTHERS

Govt to shelve safety net expansion plan

REJAUL KARIM BYRON *and* JAMIL MAHMUD

The government is going to discard its plan to bring all elderly poor under its social safety net programmes in 100 more upazilas in a bid to prevent the non-poor from misusing the support.

In the first week of April, the cabinet committee on social safety net decided that the government would bring 100 per cent poor in another 100 upazilas under three major safety net programmes.

The programmes are the old-age allowance, the allowance for widows, deserted and destitute women, and the insolvent disabled person allowance.

If implemented, more than nine lakh new beneficiaries would come under the schemes, and an additional Tk 550 crore would be needed to fund the initiatives.

In his budget speech last June, Finance Minister AHM Mustafa Kamal said 100 per cent coverage for deserving beneficiaries belonging to the extremely high and high poverty groups will be extended to another 150 upazilas.

But finance ministry officials said the government has decided not to broaden the support programmes in new upazilas as, it believes, such a programme might include non-poor, depriving other priority areas of adequate funds.

The government introduced the old-age allowance in the fiscal year of 2020-2021 in 112 most poverty-stricken upazilas to support the indigent elderly during the difficult period brought on by the outbreak of Covid-19.

The number of elderly people aged 62 and above is about 1.14 crore in the country, according to a survey of the Bangladesh Bureau of Statistics (BBS).

Of them, 57.1 lakh elderly people from all upazilas in the country are benefiting under the old-age allowance, accounting for more than half of the older population in the country, said an official of the finance ministry.

"So, the government has decided not to expand the programme."

The latest poverty survey of the BBS showed that about 20 per cent people are living below the poverty line. Even if the pandemic-stricken poor is considered, the number of

2022-23 Budget

poor people could be a maximum of 30 per cent, the official said.

Prof MM Akash, chairman of the economics department of the University of Dhaka, said considering that the poor should be given priority, the government's decision could be a logical one.

"However, before that, the government needs to prepare a master list of the poor people which has not been done yet. There will be no benefit in talking big without having the list."

The economist called for eliminating the non-poor from the list of the beneficiaries under the old-

READ MORE ON B3

Banks' provision shortfall widens

AKM ZAMIR UDDIN

The provisioning scenario of banks in Bangladesh further deteriorated in the first quarter of this year for an increase in default loans, an indication of the banking industry's health having worsened.

Provision shortfall widened to Tk 14,746 crore in March, up 180 per cent year-on-year and 5 per cent from that three months ago, according to data from Bangladesh Bank.

Provision shortfall occurs when a financial obligation exceeds the amount of cash available. It can be temporary, arising out of a unique set of circumstances, or persistent, indicating poor financial management practices.

Banks have to earmark 0.50 per cent to 5 per cent of their operating profit in provisioning against general category loans, 20 per cent against classified loans of substandard category, and 50 per cent against classified loans of doubtful category.

It has to set aside 100 per cent of classified loans of bad or loss category from the profits as provisioning.

The provisioning situation may further worsen as default loan figures are expected to jump higher this year as the central bank in December last year lifted a loan classification relaxation policy.

The central bank maintained a moratorium facility for borrowers throughout 2020.

As a result, banks did not reclassify the credit status of borrowers, bringing non-performing loans (NPLs) down to Tk 88,734 crore, a decrease of 6 per cent from that of 2019.

The BB also continued running the loan relaxation policy until last year, helping banks contain non-performing loans significantly.

Under the policy, borrowers were allowed to avoid slipping into the default zone in exchange of depositing only 15 per cent of the total instalments payable last year.

READ MORE ON B3

STOCKS

DSEX ▼	CASPI ▼
0.12% 6,489.17	0.10% 19,019.83

COMMODITIES

Gold ▼	Oil ▼
$1,850.55 (per ounce)	$119.35 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.17% 55,675.32	▲ 0.56% 27,915.89	▼ 0.17% 3,226.63	▲ 1.28% 3,236.37

New VAT likely for handsets, internet

REJAUL KARIM BYRON *and* MAHMUDUL HASAN

The government is likely to hike value-added tax (VAT) on broadband internet and impose a 5 per cent VAT on handsets at retail in the upcoming budget, which will increase handset and internet prices from next fiscal year.

The National Board of Revenue (NBR) is going to increase the VAT on broadband internet by 5 per cent, taking the total VAT to 10 per cent, as per finance ministry sources. Currently there is no VAT on mobile phone sales at the retail level.

2022-23 Budget

The decisions are going to hit 1.1 crore broadband internet users and make it harder for people to avail handsets, all the while the digital divide continuing to persist in the country.

"The government's vision of establishing a Digital Bangladesh will be adversely affected if another 5 per cent VAT is imposed," Aminul Hakim, managing director of broadband service provider Amber IT, told The Daily Star.

"Ultimately, end users will have to bear this extra cost," he said.

Currently, the government collects VAT during

READ MORE ON B3

MOBILE PHONE

NBR may slap **5**% VAT on mobile phone at retail level

Handset prices may rise for the VAT

90% of smartphone demand met by local manufacturing

14 firms make mobile phones in Bangladesh

About **1.33**cr handsets were made locally in Jan-Apr

Over **60**% of them are feature phones

BROADBAND INTERNET

VAT on broadband internet is likely to rise by **5**%

Total VAT will stand at **10**% at consumer level

Industry people say end-users will bear the burden

There are **1.99**cr broadband internet users in Bangladesh

EXPORT-IMPORT

50 types of services now available online

Munshi says

STAR BUSINESS REPORT

The traders will be able to avail 50 types of export-import related services online from now on, Commerce Minister Tipu Munshi said yesterday.

The Office of the Chief Controller of Imports and Exports (CCIE) yesterday launched the 50 types of online services to mark the 50th anniversary of the country's independence.

The minister inaugurated the online services at the office of CCIE in Dhaka.

Digital Bangladesh is no longer a dream, it is a reality now, he said.

The government is now working under the leadership of Prime Minister Sheikh Hasina to build a smart Bangladesh, he said.

READ MORE ON B3

A farmer plucks cucumbers in Shajapur of Bogura's Shahjahanpur upazila. Rich in vitamin C, calcium and carbohydrate, cucumbers are cultivated between February and April, with either seeds directly sown or through the transplantation of 15-20 days old seedlings. Harvesting begins after 45 to 55 days, according to Banglapedia. Some 94,900 tonnes of cucumber were grown on around 25,288 acres of land in the country in fiscal year 2020-21, according to the Bangladesh Bureau of Statistics. The photo was taken last week. PHOTO: MOSTAFA SHABUJ

Global stocks, oil prices rise on China boost

AFP, *London*

Global stock markets and oil prices advanced Monday, helped by an easing of Covid lockdowns in the world's second biggest economy China.

London's stock market, reopening after a British public holiday to mark Queen Elizabeth II's Platinum Jubilee, shrugged off news that embattled British Prime Minister Boris Johnson was Monday to face a confidence vote from MPs in his own Tory party.

Elsewhere, eurozone stocks climbed ahead of a European Central Bank meeting Thursday when the ECB is set to draw a line under its massive bond-buying stimulus programme.

Wall Street ended last week in the red as news of larger-than-expected jobs creation in the United States gave the Federal Reserve room to continue hiking interest rates amid decades-high inflation.

Stocks "have started the week on a positive note buoyed by a strong US jobs report on Friday", noted Victoria Scholar, head of investment at Interactive Investor.

Traders took heart also from a wind-down of Covid containment measures in China that have crippled its economy for months.

With infections trending down in major cities including Shanghai and Beijing, authorities have allowed some sense of normality to return, raising hopes for a pick-up in consumer activity.

"Positive news around Chinese economic activity and cheaper equity valuations could offer value from a long-term investment perspective, but volatility will remain high in the short-term," noted Diana Mousina, of AMP Capital.

Oil prices extended recent gains as a pledge by OPEC and other major producers to boost output fell short of what markets hoped for.

Eurozone stocks climbed ahead of a European Central Bank meeting Thursday when the ECB is set to draw a line under its massive bond-buying stimulus programme

"Despite OPEC+'s increased output, prices could remain elevated driven by the EU partial ban on Russian imports, the easing of covid restrictions in China and peak driving season in the United States," said Scholar.

With supplies tight, Saudi Arabia has raised the price of the oil it sells to Asia.

Adding to the upbeat mood were comments from US commerce chief Gina Raimondo that she was considering lifting tariffs on some goods from China to help in the battle against inflation.

In foreign exchange, the British pound was higher heading into the confidence vote on Johnson's leadership.

"Markets have responded favourably to the news of the contest, with sterling appreciating," noted Samuel Tombs, chief UK economist at Pantheon Macroeconomics.

"This appears to reflect the general principle that markets favour Conservative governments, and the chances of the Tories winning the next election likely will be higher under a new leader." Johnson's public image has suffered in the past year, most notably over the "Partygate" controversy that saw him become the first serving UK prime minister found to have broken the law.

The Conservative government has come under pressure also from a cost-of-living crisis in Britain as UK inflation stands at the highest level in four decades, driven by surging oil and gas prices.

Prime Bank reelects chairman

STAR BUSINESS DESK

Prime Bank has unanimously reelected its chairman for a two-year term at its 528th board meeting.

The chairman, Tanjil Chowdhury, is the managing director of East Coast Group and an adviser to British International Investment, formerly known as CDC Group Plc, said a press release.

Chowdhury served as president of Bangladesh Merchant Bankers Association and Solar Module Manufacturers Association of Bangladesh and chairman of Prime Exchange Company, Singapore and was an elected board member of Bangladesh Cricket Board.

He attained a BA (Hons) degree in accounting and finance with distinction and an MSc degree in international management (finance) from King's College London.

Navana launches Raize, Avanza, Veloz

STAR BUSINESS DESK

Navana has launched Toyota models Raize, Avanza and Veloz at its Tejgaon showroom in Dhaka.

Priced at Tk 34 lakh, Raize is a sport utility vehicle featuring a "1L Turbo" combined with a "New Direct Drive CVT" transmission, said a press release.

Priced at Tk 35 lakh, Avanza is a seven-seater with a ground clearance of 180mm and with room to spare for other items.

Priced at Tk 41 lakh, Veloz is a seven-seater with a ground clearance of 190mm and dual A/C.

Wahed Azizur Rahman, group chief executive officer of Navana Group, Ahmed Saquib, chief operating officer for Toyota in Bangladesh, Shahood Mustansir, head of sales for Toyota in Bangladesh, and Toru Mori San, chief representative and general manager of Toyota, were present.

New car sales in Russia plunge 83.5pc

AFP, *Moscow*

New car sales in Russia sank by 83.5 per cent year-on-year in May, industry data showed on Monday, as the effects of unprecedented Western sanctions hit the country's economy and consumers.

Only 24,268 cars and light commercial vehicles were sold in Russia in May, said the Association of European Businesses in Moscow.

The collapse is sales in May came after a 78.5 per cent drop in April.

Sales of the country's most popular and affordable brand, Lada, whose AvtoVAZ manufacturer was majority-owned by the Nissan-Renault group, fell 84 per cent to 6,000 units year-on-year.

Khaja Wasiullah, in-charge of card division of NRB Bank, and Jithu Jose, vice-president of international patients' division at Apollo Hospitals Enterprise, India, exchanged signed documents of an agreement at the bank's corporate head office in Gulshan 1, Dhaka on Sunday over customer benefits. Md Shakir Amin Chowdhury, acting managing director of the bank, Md Shaheen Howlader and Kazi Ahsan Khalil, deputy managing directors, Kunal Patel, senior consultant and orthopedic surgeon of the hospital, and Shafeeq Azam, director for Health Connect, were present. PHOTO: NRB BANK

ECB to end stimulus

FROM PAGE B4

Lagarde said that rates were set to "lift off" at the ECB's meeting in July -- the first upward move in borrowing costs in over a decade -- and the euro's guardian would then close the era of negative interest rates by the end of September.

Of the ECB's three main interest rates, the so-called deposit rate -- which is normally the interest commercial banks would receive for parking their cash with the ECB overnight -- has been negative since 2014.

A negative rate effectively means that commercial banks have to pay the ECB to park their cash, a move introduced by the then president Mario Draghi to keep cash circulating in the eurozone financial system at a time of looming deflation.

For Brzeski, the ECB "has clearly passed the stage of discussing whether and even when policy rates should be increased" and the "only discussion" for the coming weeks was how big the first step would be.

Zarin Daruwala, cluster chief executive officer for India and South Asia at Standard Chartered Bank, inaugurates a student file centre at the bank's Gulshan Avenue Branch recently. PHOTO: STANDARD CHARTERED

StanChart's student file centres open in Dhaka

STAR BUSINESS DESK

Standard Chartered Bangladesh has launched file centres for students at its Gulshan and Dhanmondi branches in a bid to enable seamless banking services for those pursuing education abroad.

Zarin Daruwala, cluster chief executive officer for India and South Asia at Standard Chartered Bank, inaugurated a student file centre at the bank's Gulshan branch on May 22, a press release said.

Students looking to study overseas can now avail one-stop solutions and free consultations at either location, where dedicated staff have been employed to help students and their families navigate the formalities associated with opening and operating a student file.

Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, and Sabbir Ahmed, managing director and country head of retail banking, were present.

Post-Covid management

FROM PAGE B4

communication with the right stakeholders and maximise the efficiency of the resources that are being invested.

In addition to people management, leadership now must strategise for resilience against the uncertainty of this technologically disrupted, politically divided, and socially restive reality.

Since the lockdown period, some level of official interaction and client service have gone online and may be adapted increasingly in the future. This dependence on digital means calls for training the existing resources to operate and deliver on online channels, which can be a daunting task for older, experienced employees.

Uncertainty is also underlined by rising inflationary pressures around the world due to supply chain disruptions, further increasing economic anxiety. In many economies, including Bangladesh, rising food prices and import challenges are also being caused by the war in Ukraine.

An increased level of digital interaction generates more data to be monitored and analysed to gain insights into the post-Covid consumer preference. Decision-makers must be wary of information overload because they need to analyse only the pertinent data for data-led decisions. In this new reality, management should have integrated data collection, management, and evaluation systems in place to differentiate the noise from the voice of their customers.

While dealing with a barrage of employee, client, and technology-related challenges, seniors in most organisations are also having to deal with weakened businesses.

The halt to the economy brought on by the pandemic meant most industries saw lower revenue in 2020 and 2021, and client-based industries like consulting could not develop business pipelines, an impact that may be felt many years into the future.

Thus, managers must also attempt to repair the damage caused by poor business in the previous two years by seeking additional growth and building resilience in their organisations.

While challenges exist in the post-Covid world, opportunities also exist.

The workforce is now flexible enough to deliver while working from different locations and time zones, a feature that may be leveraged for higher efficiency in the right situations. Moreover, the rising automation of internal processes will free up resources to expand businesses and ensure client satisfaction.

Finally, technological disruption across sectors may lead to the emergence of more efficient business models and unique products and services that can be developed for value optimisation. However, it will be crucial for leaders to maintain the right balance of managing employees and clients in a humane manner while leveraging technology and internal resources in an efficient way in order to get ahead in this new and uncertain business landscape.

At the same time, maintaining profitability or net margin in an environment of increasing inflation and persisting supply chain disruptions with a low-skilled workforce and rising corruption may pose a further threat for corporate seniors.

The author is an economic analyst.

Mechanisation a solution to labour crisis

FROM PAGE B4

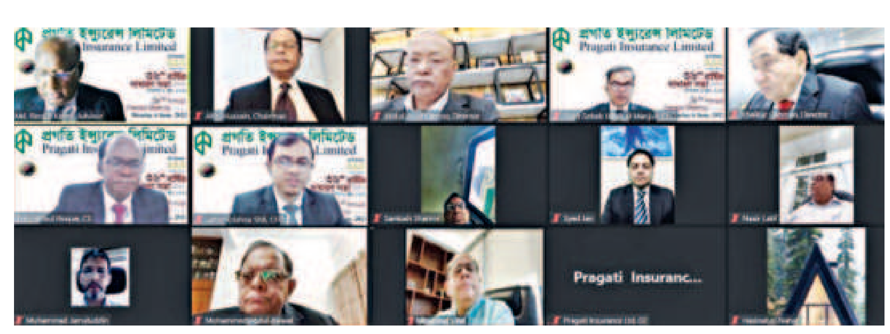
machines in fertiliser application, sowing and harvesting is still low in these regions but machinery use in other stages, including the application of pesticides, irrigation and threshing, are considerably high.

"Many farmers still cannot afford such machinery for their high prices," said agronomist Mahbubar Rahman, deputy director of the DAE in Rangpur.

"However, there has been a trend in farmers to use machines if it is affordable," he added.

DAE officials say there are around 400 combine harvesters in eight districts of Rangpur.

Each harvester can reap about 70 hectares of paddy each season, they added.



Syed M Altaf Hussain, chairman of Pragati Insurance, virtually presided over its 36th annual general meeting yesterday. The meeting approved 35 per cent cash dividend for 2021. Abdul Awal Mintoo, Khalilur Rahman, MA Awwal, Mohammed Abdul Malek and Syed Muhammad Jan, directors, Santosh Sharma, Hasinatun Naher and Muhammad Jamaluddin, independent directors, Md Rezaul Karim, adviser, Syed Sehab Ullah Al-Manjur, chief executive officer, Amar Krishna Shil, chief financial officer, and Syed Anisul Hoque, company secretary, joined the meeting. PHOTO: PRAGATI INSURANCE

Workers play a significant role in the three pillars of Bangladesh's economic development namely agriculture, garments and remittance, says an expert. PHOTO: STAR/FILE

Labour force a key driver of economic success: economists

STAR BUSINESS REPORT

Bangladesh's labour force has been a key driver of the country's transformation from a "bottomless basket" to a middle-income country, economists said yesterday.

Labour plays a significant role in the three pillars of Bangladesh's economic development, namely agriculture, export-oriented garments and remittance, according to Rizwanul Islam, a former special adviser for the employment sector at the International Labour Office in Geneva.

"Although technology and entrepreneurs also contributed significantly, labourers were the real hero," he said.

His comments came at an unveiling ceremony for a book called "Bangladesher Orthanaitik Unnayaner Gatidhara", held at the Bangladesh Institute of Development Studies (BIDS).

The book is authored by Rushidan I Rahman, Rizwanul Islam and Quazi Shahabuddin. The event was organised by BIDS, the Centre for Development and Employment Research (CDER) and University Press Ltd (UPL).

Rice production soared 2.5 times between 1980-81 and 2015-16 and most of the paddy fields are now high yielding varieties.

"This increase in production needs higher amounts of labour," Islam said while giving a brief on the book.

Garment exports and remittance are also mainly the contributions of labourers, he added.

Islam went on to say that the economy is facing a challenge of ensuring higher investment and diversifying export items.

Besides, the investment to GDP ratio needs to rise to 41-47 per cent from the 32 per cent at present to meet the target of being a high-income country within 2041.

Meanwhile, the Covid-19 pandemic, Ukraine-Russia war and tension of global economic recession only adds to the list of challenges, he said.

Mashiur Rahman, adviser to the prime minister on economic affairs, acknowledged that labour has been the main driver of Bangladesh's GDP growth.

The country's labourers have a psychology to rebound in any tough situation and this resilience is a positive.

"So, their activity strengthens our economy," he said.

Quazi Shahabuddin, former director general of BIDS, said the rise in rice production and improvement in distribution has helped Bangladesh achieve significant success in food security.

However, import dependency on pulses and edible oil remains and this has adversely impacted the nutrition of poor people.

"To ensure sustainable food security, the government needs to take multiple steps," Shahabuddin added.

Bangladesh's GDP growth rate is rising but job creation is going at a slower pace.

"So, the government needs to focus on job creation," said Rushidan I Rahman, executive chairperson of the CDER.

"In addition, female participation in jobs is still low and many of them drop out after joining once so there is also a need for psychological change in society," she added.

Labour highly contributed towards the country's economic development but policy support from the government was also a significant factor, said Binayak Sen, director general of BIDS.

The government has given a number of policy support since 2010 to boost investment, export and GDP growth.

On the other hand, domestic consumption driven economic support was also high, he added.

Hossain Zillur Rahman, executive chairman of the Power and Participation Research Centre, said Bangladesh's people have resilience, which is a key positive side, but they are victims of unjust distribution of benefits.

The labourers, who are the main drivers of our economy, are failing to enjoy quality education and health services, he added.

GDP growth and wealth disparity rose in Bangladesh in a parallel way and the disparity is rising, said Debapriya Bhattacharya, a distinguished fellow at the Centre for Policy Dialogue (CPD).

"So, the government should focus on it," he added.

Planning Minister MA Mannan spoke as chief guest while Ahsan H Mansur, executive director of the Policy Research Institute, Abdul Mazid, former chairman of the National Board of Revenue, and Kazi Iqbal, senior research fellow of BIDS, were also present.

BB sets aside Tk 200cr for flood-hit farmers

STAR BUSINESS REPORT

Bangladesh Bank has set aside Tk 200 crore to help farmers in six flood-affected districts overcome their losses, according to a Bangladesh Bank circular issued yesterday.

The funds will come from an existing Tk 3,000 crore refinance scheme aimed at providing low-cost loans to farmers with a view to supporting production amid the coronavirus pandemic.

The six districts where farmers can avail the loan are: Sylhet, Sunamganj, Moulvibazar, Habiganj, Kishoreganj and Netrokona.

Of the Tk 3,000 crore fund to be disbursed by banks, each lender should allocate at least 20 per cent of any undisbursed amount of their respective targets as loans for flood-affected farmers, the circular said.

Bangladesh Bank went on to say the loans should be disbursed quickly considering the actual need of agriculture and livestock farmers while the recovery of previous disbursements should be set aside for now.

The central bank said the recovery of agricultural loans from affected farmers in these districts should be suspended for six months after the issuing date of this circular.

Similarly, the recovery of loans from farmers who received bank credit through microfinance institutes should be suspended for six months as well, it added.

Bangladesh Bank further outlined that the loan rescheduling facility can be provided by relaxing the conditions of the down payment. However, the loan can be rescheduled without any down payment considering the extent of the farmer's loss.

Apart from this, even if the instalment of previously given loans are overdue, new facilities have to be provided at the farmer level.

94pc SMEs saw sales drop for Covid

SME Foundation says

STAR BUSINESS REPORT

Sales of some 94 per cent of small and medium enterprises (SMEs) dropped during the pandemic and some 21 per cent faced closure, leading to around 37 per cent of employees losing jobs, revealed SME Foundation yesterday.

Some 70 per cent of the employees were at risk of losing their jobs, said Md Mofizur Rahman, the foundation's managing director.

He was addressing a seminar on "Rethinking MSME Finance: A Post-Crisis Policy Agenda" jointly organised by SME Foundation and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) in Dhaka.

He also said some 83 per cent of the enterprises incurred losses and some 33 per cent could not repay loans.

Rahman suggested providing more stimulus packages or enabling easy loans for the recovery of the cottage, micro and SMEs from the pandemic's severe fallouts.

New VAT likely for handsets

FROM PAGE B1

bandwidth sale at different stages of the supply chain, each time charging 5 per cent.

The bandwidth is sold by the submarine cable company to International Internet Gateway (IIG) service providers, then to internet service providers (ISP) and finally to end customers.

"So, if the government increases VAT at retail level, the total VAT would be over 20 per cent from the industry," he added.

The number of broadband internet connections has doubled to 1.99 crore since the pandemic, with a vast number of people now heavily reliant on the internet, propelled by work from home practices and remote learning.

Md Emdadul Hoque, president of the Internet Service Providers Association of Bangladesh (ISPAB), said despite the pandemic-induced growth, broadband penetration in the population now stands at 7 per cent, one of the lowest in the South Asian region.

"If there is additional VAT, the broadband penetration growth will slow, creating a negative impact on the economy as internet use has a significant contribution to the GDP," said Hoque.

He said it would not be possible for the ISPs to sell the internet at the flat one country, one rate if the VAT rate increases.

The telecom regulator, Bangladesh Telecommunication Regulatory Commission (BTRC), fixed the maximum tariff for broadband internet connection in June last year.

A customer now must pay Tk 500 a month for using a broadband connection with a minimum internet speed of 5 Mbps.

"Over the last two years broadband internet use surged and the government collection of VAT increased due to that. If the government refrains from increasing the VAT, the number of customers will grow, ultimately contributing to the government exchequer," he said.

The local booming mobile manufacturing and assembling industry players said they would be hurt with any imposition of VAT as sales have fallen by over 20 per cent this year, with people reluctant to make purchases amidst surging inflation.

"This will undermine the government's effort to boost local manufacturing of mobile phones," said Zakaria Shahid, managing director of Edison Group, the parent company of Symphony.

Currently, about 90 per cent of the demand for smartphones is met by 14 local manufacturers.

Although the pandemic has accelerated the adoption of digital technologies, smartphone penetration in Bangladesh still stands below 50 per cent of mobile phone users due to their high price and a lack of affordability among people.

Shahid said the prices of devices were already on a rising trend due to surging dollar prices and this additional VAT would compel customers to pay around 15 per cent more for a phone.

Mohammad Mesbah Uddin, chief marketing officer of Fair Electronics, Samsung's local assembly partner, said the mobile phones had now become an essential item for people and a VAT imposed at the retail level would devastate users.

"As prices of everything are rising, the government should refrain from hurting customers further with this VAT," he added.

Meena Bazar opens outlet in NAM Bhaban

STAR BUSINESS DESK

Supermarket chain Meena Bazar, a subsidiary of Gemcon Group, has launched its 16th outlet in NAM Bhaban-2 on Manik Miah Avenue in Dhaka.

Jatiya Sangsad Speaker Shirin Sharmin Chaudhury inaugurated the outlet on Saturday, said a press release.

Deputy Speaker Md Fazle Rabbi Miah, Chief Whip Noor-E-Alam Chowdhury, Kazi Nabil Ahmed, a parliament member and vice-chairman of Gemcon Group, Kazi Inam Ahmed, director of Gemcon Group, and Shaheen Khan, chief executive officer of Meena Bazar, were present.

Shirin Sharmin Chaudhury, speaker of Jatiya Sangsad, cuts a ribbon to inaugurate Meena Bazar's 16th outlet on Manik Miah Avenue in NAM Bhaban-2, Dhaka recently. PHOTO: GEMCON GROUP

Banks' provision

FROM PAGE B1

Default loans in banks surged 19.3 per cent year-on-year to Tk 113,441 crore in the first quarter of 2022.

Between January and March, the shortfall rose due to the lacklustre performance of eight banks, which had a combined deficit of Tk 20,863 crore.

The banks are Agrani, BASIC, Janata, Rupali, Bangladesh Commerce, Mutual Trust, National and Standard.

Some of the banks which are now facing shortfalls earlier had suffered widespread loan scams.

Of the lenders, Janata Bank faced the highest provision shortfall of Tk 8,136 crore mainly due to a large scam taking place at the bank in the last couple of months. Some persons and entities such as AnonTex and Crescent groups earlier siphoned off a large amount of funds from Janata Bank in the name of taking loans, dealing a blow to the financial health of the lender.

Contacted, Md Abdus Salam Azad, managing director of Janata Bank, said the provision shortfall of the lender had decreased in recent months, standing at Tk 10,491 crore in December last year.

He went on to hope that the shortfall would be further lessened in the days to come as they were now gearing up the loan recovery process.

Global tech giants may

FROM PAGE B1

revenues generated by the companies in the country.

It also said the companies must complete their VAT registration with the NBR -- a process that is mandatory under the Value Added Tax and Supplementary Duty Act, 2012.

The finance ministry official said the latest measure to bring tech companies under the rule of mandatory submission of tax returns has been considered in line with the High Court directive.

Various countries have already brought multinational tech companies under their tax net.

50 types of services

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The office of the chief controller of imports and exports under the commerce ministry is now providing 100 per cent services online, Munshi said, adding that the traders can now avail these services online sitting at home.

"This is a great success for the government. The digital online services of Digital Bangladesh will help the businesses go a long way," he said.

Govt to shelve

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beneficiaries under the old-age allowance scheme, if any. The government is, however, going to increase the number of beneficiaries and the monthly allowance under the insolvent disabled person allowance programme.

At present, about 20 lakh beneficiaries receive support under the initiative. Their number will be raised to 23 lakh, while the monthly allowance will go up by Tk 100 to Tk 850, sources said.

Similarly, the number of beneficiaries under the maternity allowance programme dedicated to poor lactating mothers will go up to 12.75 lakh from the present 10.45 lakh in the next fiscal year starting on July 1.

The allowance and the number of beneficiaries under other major social protection programmes are unlikely to see upward revisions in the upcoming national budget.

This is because the government is going to undertake an extensive food-based programme to support the poor, said officials.

The poor have been hit hard by higher prices of basic essentials due to a spike in inflation caused by elevated commodity prices stemming from the Russia-Ukraine war, supply disruptions and the dragging pandemic.

So, the subsidy for food will be increased to Tk 6,745 crore in the new budget, up from Tk 5,500 crore in the revised allocation for the current fiscal year.

Despite higher allocation, the total social safety net budget in Bangladesh will be below 3 per cent of gross domestic product. In the current fiscal year, the allocation stands at 3.11 per cent of the national output.

According to the new base year of 2015-2016, the size of GDP has expanded significantly.

In 2022-2023, the size of GDP will be Tk 43,63,526 crore in the current price, up from Tk 34,56,040 crore in the current fiscal year as per the 2005-06 base year and Tk 38,95,483 crore as per the new base year.

Workers use a combine harvester to reap paddy from a field in Nashipur village under Dinajpur sadar upazila. Government subsidies and increased availability of such machinery have made their use cheaper and more efficient compared to traditional farming methods. PHOTO: KONGKON KARMAKER

FARM MECHANISATION
a solution to labour crisis

KONGKON KARMAKER

The use of machinery for agriculture, particularly tilling land, harvesting crops, threshing grains and packing produce, is rising in northern districts such as Dinajpur and Rangpur as it is cheaper and more efficient compared to manual farming methods, according the Department of Agricultural Extension.

Besides, labour crisis has become a common phenomenon during the harvesting season but this issue can be easily side-stepped with the help of technology.

As such, farmers get quality output when modern machineries are used to cultivate and process their crops, especially rice, wheat and maize.

"From preparing the land, planting seeds, applying pesticides, harvesting and threshing to packing, all can be done with the help of machines," said Motiur Rahman, a farmer of Biral upazila in Dinajpur.

"It also helps farmers keep down production costs," he added.

As the demand for such machinery has increased in recent years, local manufacturers of agricultural equipment are making many of these items and marketing them at affordable prices. Even combine harvesters are now made in the district.

According to DAE officials in the region, the use of machinery in domestic agriculture began in the mid-1980s, when sprinklers, diesel powered water pumps, tractors and power-tillers were used to prepare the land for cultivation.

Later though, associated machineries such as threshers, weeders, rice transplanters, reapers, combine harvesters and maize shellers started arriving in local markets.

These modern technologies initially remained out of grasp for a large section of farmers due to their high prices. However, increased availability helped deflate costs and the overwhelmingly better results attained by using machines encouraged growers to adopt them.

The use of combine harvesters has increased manifold in the last couple of years as the government provides subsidies of between 50 per cent and 70 per cent in a bid to expedite farm mechanisation.

In addition, around 78 per cent of all the threshing, 95 per cent of applying pesticides and 98 per cent of land tilling are now done with the help of machines.

However, only 3 per cent of the harvesting is carried out through machines.

Many farmers told The Daily Star that the use of machinery is more profitable than the age-old manual system. Besides, it is a solution to the problem of manpower crisis during the harvesting and threshing seasons.

Mominul Islam of Ambari village under Chirirbandar upazila said he manually harvested his four bighas of paddy this year.

This turned out to be costlier for him as he had to employ eight labourers at a cost of about Tk 600 per person daily.

"It took three days for them to harvest all the paddy," he added.

Later, he had to thresh and bag his crops, which brought on additional charges as well.

He had the paddy threshed with a locally developed thresher, which cost him about Tk 800 per bigha of the crop.

"This machine can thresh paddy of a bigha of land in only half an hour but the manual system requires more time and is expensive," Islam said, adding that the quality of rice is better when threshed by a machine.

He had hired a combine harvester to pluck his paddy last year but he was unable to do the same this time around as the operators were already booked.

"I paid Tk 12,000 for harvesting paddy last year but this year, it cost almost Tk 21,000 to harvest, thresh and pack the crops."

Jubayer Ali of Mominpur village under Rangpur sadar upazila said the use of machinery is helpful to farmers as it is possible to complete the entire process within a couple of days while conventional systems require around 15 to 20 days.

During a visit to different areas of Dinajpur, Rangpur and Joypurhat, this correspondent found that an overwhelming number of farmers are using locally developed threshers thanks to their newfound affordability in recent years.

Rashidul Islam of Tegra village under Biral Upazila said his thresher can thresh paddy of two bighas of land in an hour. He charges Tk 800 for threshing paddy of each bigha of land.

"The demand for this machine increased manifold in recent years," he said.

According to DAE officials in Rangpur and Dinajpur, the use of

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Post-Covid management challenges

MAMUN RASHID

In March 2020, when governments around the world announced lockdowns and quarantine to prevent the spread of a contagious disease, no one could anticipate what would happen. Covid-19 changed the order of businesses in such a disruptive manner that it made even long-established corporations rethink management practices and how to do business in this new reality.

Covid-19 hit the world economy hard, as the global GDP shrank by 3.3 per cent in 2020. Even Bangladesh's resilient GDP growth fell from 8.2 per cent to 3.5 per cent in the same year.

As we attempted to restart the economy, old-proven business strategies were not enough to face ground reality. Amidst economic and health anxiety in the global population, businesses faced three key challenges: changed workplace environment, heightened uncertainty, and disruption brought by information technology to make up for in-person communication.

Shortly after the pandemic began, many businesses across the world took defensive actions such as mass layoffs and pay cuts. This period of economic slowdown, health concerns, and work environment imbalance eventually led to what is being called the Great Resignation in early 2022.

Led by healthcare and IT sector employees, other sectors also saw higher rates of resignation, especially in the developed economies like the US, the UK, and Australia.

The US resignation rate was at around 3 per cent, a two-decade high, and even our neighbouring country India saw large-scale resignations in the IT and consultancy sectors. The causes most cited for these resignations were preference for flexibility in terms of time and location, fatigue, and dissatisfaction with work.

Covid-19 hit the world economy hard, as the global GDP shrank by 3.3 per cent in 2020. Even the growth of Bangladesh's resilient economy fell from 8.2 per cent to 3.5 per cent in the same year

Retaining the workforce, especially highly skilled workers with the right talent-fit, is the first challenge managers are facing post-Covid. Strategies to tackle this must focus on performance recognition and enhancement by supporting employee career growth.

Since many industries had to make way for remote work during the lockdown, companies also started hiring full-time remote workers to save infrastructure and overhead costs. However, this created multiple issues in terms of both client and employee performance management.

Employees in industries such as the IT, consultancy, and finance sectors could not easily perform client visits, have personal interactions, and in-person mentorships due to quarantine protocol.

At the same time, managers could not appropriately appraise individual performance and potential. This is especially of note in developing countries like Bangladesh, where state officials and most corporate clients still prefer face-to-face visitations over virtual meetings.

As employees return to work, the transition must be well managed to re-establish in-person

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ECB to end stimulus in prelude to rate hikes

AFP, *Frankfurt*

The European Central Bank is set to draw a line under its massive bond-buying stimulus programme at a meeting in Amsterdam on Thursday, as inflation in the eurozone soars to all-time highs.

The decision, already extensively flagged in advance by senior policymakers, is then expected to pave the way for the ECB to raise its interest rates for the first time in over a decade in the weeks that follow.

Eurozone consumer prices rose by 8.1 per cent year-on-year in May, a record since the single currency was launched and well above the ECB's own target of two percent.

The surge, driven by the war in Ukraine and the consequent rise in energy prices, has boosted calls for the ECB to move more quickly to end its expansionary monetary policy.

The ECB is lagging behind the central banks in Britain and the United States, which have moved aggressively to try to stamp out inflation.

But the ECB first plans to discontinue asset purchases under its crisis-era stimulus programme before proceeding to actual rate hikes.

The so-called asset purchase programme, or APP, is the last in a series of debt-purchasing measures worth a total of around five trillion euros ($5.4 trillion) deployed by the ECB since 2014.

ECB chief Christine Lagarde suggested recently that the APP would "end very early in the third quarter".

For ING's head of macro, Carsten Brzeski, the comments by Lagarde, a former French finance minister, were "remarkable" in that she has taken the unusual step of mapping out a timetable for ECB policy into the second half of the year.

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A worker takes uncut lists of 1,000 rouble banknotes at a Goznak factory in Moscow. The rouble on the Moscow Exchange is driven by capital controls that Russia imposed to protect its financial system soon after sending troops into Ukraine on February 24. PHOTO: AFP/FILE

Rouble eases towards 62 against dollar

REUTERS

The Russian rouble weakened towards 62 against the dollar on Monday, steered by internal market flows and capital controls, while stock indexes extended losses after the latest Western sanctions.

At 0731 GMT, the rouble was 0.9 per cent weaker against the dollar at 61.46, stabilising in the relatively narrow range of 60.0-62.5 in the past few days after rapid swings in May.

Against the euro, the rouble shed 0.8 per cent to 65.31 , heading away from a near seven-year high of 57.10 hit on May 25.

The rouble on Moscow Exchange is driven by capital controls that Russia imposed to protect its financial system after sending troops into Ukraine.

The currency remains much weaker at banks. VTB, Russia's second-largest lender, offered to sell dollars and euros for 84.00 and 89.00 rouble respectively.