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Star BUSINESS

Taka falls again

AKM ZAMIR UDDIN

The currency of Bangladesh has depreciated further against the US dollar, hitting Tk 92.50 on the interbank platform yesterday.

The exchange rate stood at Tk 92 per dollar on Monday before falling by Tk 0.50 on Tuesday, the 13th decline alone this year.

In order to prevent a massive fall of the taka, the Bangladesh Bank injected $105 million into the market yesterday to help banks settle import bills, a central bank official said.

The central bank supplied a record $6.79 billion to the market between July 1 and June 13 this fiscal year. Still, the foreign exchange market is facing a shortage of US dollars due to the soaring import payments and the declining trend of remittance.

The country's import payments have shot up since the end of last year because of the rising prices of commodities in the global market.

READ MORE ON B3

Synergy in policies key to containing inflation: Sanem

STAR BUSINESS REPORT

Monetary and fiscal policies in Bangladesh should be framed in a way so that they work together to achieve the country's inflation and macroeconomic targets, according to the South Asian Network on Economic Modeling (Sanem).

"Although containing inflation will be a big challenge in the upcoming fiscal year, no specific measures were included in the proposed national budget to this end," said Sayema Haque Bidisha, research director of the think-tank.

"Both fiscal and monetary policies should work in tandem to contain inflation."

Bidisha yesterday made these comments during a post-budget media briefing at the Brac Centre Inn in Dhaka.

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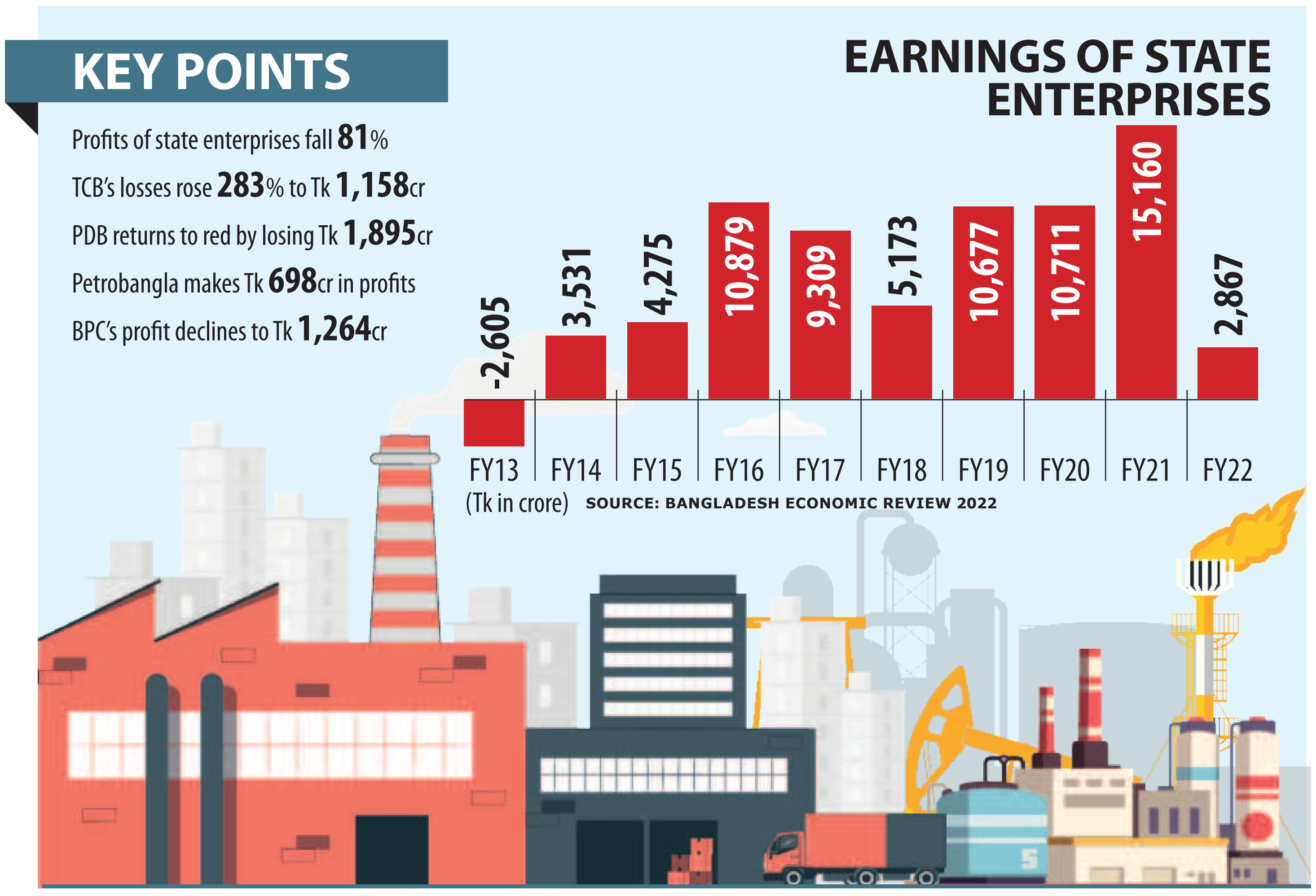

Profits of state enterprises fall to 9-year low

Higher commodity prices and selling of essentials at subsidised rates to blame

REJAUL KARIM BYRON *and* ASIFUR RAHMAN

The profits of state-owned enterprises in Bangladesh fell to their lowest in nine years, owing to higher commodity prices in the global market and selling of essentials among the poor and low-income groups at subsidised rates.

The net profit of 49 state-run companies and corporations slumped 81 per cent year-on-year to Tk 2,867 crore in the outgoing fiscal year.

This compared to Tk 15,159 crore recorded a year ago, according to the Bangladesh Economic Review 2022 released last week.

The full-year projection was made on the basis of the data available as of May.

The review showed 11 companies posted higher profits in FY22 and a similar number of SoEs turned unprofitable, a record in recent times.

Among the companies, the Bangladesh Telecommunication Regulatory Commission made the highest profit of Tk 2,651 crore, albeit a decrease of 20 per cent from a year ago.

Bangladesh Oil, Gas and Mineral Corporation (Petrobangla) came second after netting Tk 698 crore in profits.

Its profit declined by 17 per cent from the previous fiscal year, driven by higher prices of liquefied natural gas (LNG) in the global spot market.

The price of the super-chilled fuel has gone up by four to five times owing to the global energy crisis, led by pent-up demand, supply disruptions and the Russia-Ukraine war.

Amid widening losses, Petrobangla had proposed the Bangladesh Energy Regulatory Commission (BERC) hike gas prices, saying it would face a huge loss if prices are not adjusted in line with the global rates.

Subsequently, the BERC hiked the gas price by 22.78 per cent.

The Bangladesh Power Development Board (BPDB) returned to the red after it lost Tk 1,895 crore in FY22, the highest among the SoEs.

"This is due to the higher price of oil and gas in the international market," said an official of BPDB.

In the past decade, BPDB made a profit only in 2019-20 and 2020-21.

Rajshahi Wasa posted a profit in the outgoing fiscal year while the profit of Dhaka, Chittagong and Khulna Wasa declined.

The profit of the Civil Aviation Authority of Bangladesh fell by 43 per cent to Tk 209 crore, owing to the suspension of international travels and a decrease in domestic flights because of the pandemic-induced border closures.

As a result, the aviation administration faced a massive drop in the collection of revenue in the form of embarkation fees, aerodrome charges, route navigation charges, and other aeronautical and non-aeronautical charges.

For the Trading Corporation of Bangladesh (TCB), the loss swelled by more than 283 per cent to Tk 1,158 crore in FY22, according to the provisional data. It was Tk 302 crore last year.

The losses stemmed from the sales of items such as rice at lower than the market prices throughout the pandemic period in order to keep the market stable and help the low-income consumers, who have been hit hard by higher inflation.

The Chittagong Port Authority's profit surged 25 per cent year-on-year to Tk 636 crore, on the back of abnormally high imports as the economy recovered from the pandemic-induced slowdown.

Bangladesh Jute Mills Corporation narrowed losses to Tk 308 crore in FY22, from

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HYDROGEN PEROXIDE

Two major exporters stop production

DWAIPAYAN BARUA, *Chattogram*

Two companies, which handle a major portion of Bangladesh's hydrogen peroxide exports, have been forced to stop production as most shipping lines are declining to carry the chemical following a deadly fire at an inland container depot (ICD) last week.

Besides, most ICDs have asked producers to take back previous hydrogen peroxide shipments until the transportation is arranged as they now feel uneasy about storing the chemical.

The development comes on the back of the deadly fire at the BM Container Depot in Sitakunda on June 4 that killed at least 47 people.

Authorities suspect that the several of hydrogen peroxide containers stored at the depot exacerbated the fire as the albeit non-flammable substance intensified the inferno by causing multiple explosions after coming in contact with extreme heat.

Al-Razi Chemical Complex, a subsidiary of Smart Group of Industries that co-owns the depot, was warned of the hazards of storing hydrogen peroxide in jerrycans after an export consignment of the chemical caught fire on a carrier vessel waiting for port clearance in Cambodia.

The ship's floor was fully burnt in the fire, and a subsequent investigation identified unapproved jerrycans in which the chemical was stored as the root cause. The jerrycans, as investigators pointed out, could not sustain the pressure of the chemical and exploded.

Considering the situation, Samuda Chemical Complex Ltd, owned by TK Group in Chattogram, has stopped producing the chemical for the last two days.

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STOCKS

DSEX ▼	CASPI ▼
0.61%	0.53%
6,391.99	18,789.77

COMMODITIES

Gold ▼	Oil ▼
$1,827.3 (per ounce)	$119.13 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 2.68%	▼ 3.01%	▼ 1.33%	▼ 0.89%
52,846.70	26,987.44	3,139.35	3,255.55

No food grain export ban, extend TRIPS waiver

Bangladesh demands from global leaders

REFAYET ULLAH MIRDHA, *from Geneva*

Bangladesh has once again called upon nations not to put any restrictions on their food grain exports and sought the continuation of its TRIPS waiver until December 31, 2032, to save the lives of people and newborns.

The current food crisis can lead to a serious nutrition deficiency for people, especially newborns, according to global leaders.

Financially insolvent consumers cannot afford to buy expensive imported food items from their respective markets because of export bans, said Commerce Minister Tipu Munshi.

He was talking to journalists at a briefing after a discussion on emergency responses to the food crisis on the second day of the 12th Ministerial Conference of the World Trade Organisation (WTO) in Geneva of Switzerland.

The Russia-Ukraine war has been having serious impacts on the global food supply chain, with some of the major producing nations either stockpiling or imposing export bans to fortify their own stocks for the future. As a result, prices of food items have already skyrocketed in many countries.

For instance, Indonesia had recently put a ban on palm oil exports, although it was later lifted.

Every year two million newborns, alongside 30,000

READ MORE ON B3

The steel industry is making sales worth Tk 55,000 crore annually thanks to rapid urbanisation alongside mega infrastructure projects. Around a decade ago, consumption stood at 1.6 million tonnes. It reached about 7.5 million tonnes in 2018. The present annual growth in demand is around 12 per cent to 15 per cent, according to industry players. There are about 40 active manufacturers with a combined capacity to produce nine million tonnes of steel a year. The photo was taken at a factory in Chattogram a couple of months ago. PHOTO: RAJIB RAIHAN

VAT hike to increase production cost for steel makers

SOHEL PARVEZ

The production cost of steel makers in Bangladesh is going to increase as the revenue authority seeks to hike the value-added tax on rod and other steel products by up to 20 per cent, two leading producers said yesterday.

The National Board of Revenue (NBR) proposed raising the indirect tax by Tk 200 per tonne at the manufacturing stage of billet and rod.

Following the spike, the rate of VAT on the manufacturing of billet will increase 20 per cent to Tk 1,200 per tonne from Tk 1,000.

In the case of making steel products from billet, manufacturers will be required to pay a VAT of Tk 1,200 per tonne from the next fiscal year while it was

READ MORE ON B3

Improved varieties of paddy seeds being unloaded at a warehouse of Bangladesh Agricultural Development Corporation at Khadimnagar in Sylhet. The seeds will be sold to farmers for cultivation during the rainy season. The photo was taken on Sunday.

PHOTO: SHEIKH NASIR

In miracle city Shenzhen, fears for China's economic future

REUTERS, *Shenzhen*

David Fong made his way from a poor village in central China to the southern boomtown of Shenzhen as a young man in 1997. Over the next 25 years he worked for a succession of overseas manufacturers before building his own multi-million-dollar business making everything from schoolbags to toothbrushes.

Now 47, he has plans to branch out internationally by building internet-connected consumer devices. But after two years of coronavirus lockdowns that have pushed up the price of shipping and battered consumers' confidence, he worries if his business will survive at all.

"I hope we make it through the year," said Fong, surrounded by talking bears, machine parts and his company's catalogues in his top-floor office overlooking gleaming towers in an area of Shenzhen once filled with sprawling factories. "It's a tough moment for a business."

Fong's story of rags to riches, now threatened by a wider slowdown worsened by the coronavirus, mirrors that of his adopted city.

Created in 1979 in the first wave of China's economic reforms, which allowed private enterprise to play a role in the state-controlled system, Shenzhen transformed itself from a collection of agricultural villages into a major world port that is home to some of China's leading technology, finance, real estate and manufacturing companies.

For the last four decades, the city posted at least 20 per cent annual economic growth. As recently as October, forecasting firm Oxford Economics predicted that Shenzhen would be the world's fastest-growing city between 2020 and 2022.

But it has since lost that crown to San Jose in California's Silicon Valley. Shenzhen posted overall economic growth of only 2 per cent in the first quarter of this year, the lowest-ever figure for the city, aside from the first quarter of 2020 when the first wave of coronavirus infections brought the country to a standstill.

Shenzhen remains China's biggest goods exporter, but its overseas shipments fell nearly 14 per cent in March, hampered by a Covid lockdown that caused bottlenecks at its port.

The city has long been seen as among the best and most dynamic places for business in China and a triumph of the country's economic reforms. President Xi Jinping called it the 'miracle' city when he visited in 2019.

If Shenzhen is in trouble, that is a warning sign for the world's second-largest economy. The city is "the canary in the mine shaft," said Richard Holt, director of global cities research at Oxford Economics, adding that his team is keeping a close eye on Shenzhen.

Fong, who sells his goods mostly to domestic customers, said sales are down about 40 per cent from 20 million yuan ($3 million) in 2020, hurt by the recent two-month lockdown in Shanghai and a general decline in consumer confidence. China's strict travel rules mean he has not been able to visit Europe to try to expand there. Shenzhen, now a city of some 18 million people, has been hit by a succession of blows from inside and outside the country.

Shenzhen-based telecom equipment makers Huawei Technologies and ZTE Corp (000063.SZ) were placed on US trade blacklists over alleged security concerns and illegally shipping US technology to Iran respectively. Huawei denies wrongdoing, while ZTE exited probation in March five years after pleading guilty.

Another of the city's major companies, top-selling property developer China Evergrande, sparked fears of a collapse last year under its heavy debts that would have wreaked havoc with China's financial system. Down the road, Ping An Insurance Group Co, China's largest insurer, took big losses on property-related investments.

Even smaller firms have suffered. Amazon.com Inc last year cracked down on how sellers do business on the platform, impacting more than 50,000 e-commerce traders, many based in the city, the Shenzhen Cross-border E-commerce Association said.

Nesco bill payment through upay

STAR BUSINESS DESK

Mobile financial service provider upay has recently signed an agreement with Northern Electricity Supply Company (Nesco).

Rezaul Hossain, managing director of upay, a subsidiary of United Commercial Bank, and Zakiul Islam, managing director of Nesco, inked the deal at the latter's head office in Dhaka, said a press release.

Under the agreement, Nesco customers will be able to pay both the prepaid and postpaid bills through their upay accounts round the clock from the convenience of their homes.

Customers will not have to pay any service charges to avail the bill payment service.

By using the upay app or dialling USSD *268#, they can easily pay the bill.

Shakib Altaf, deputy director of upay, Hasan Mohammad Zahid, assistant director, Mohammad Mockbul Hossain Bhuiyan, deputy general manager, and Md Mahfuzur Rahman, account manager, and Amdadul Hoque, deputy company secretary of Nesco, Md Imrul Kayes, assistant manager for human resources and administration, were present.

LankaBangla Securities, Chartered Life Insurance sign deal

STAR BUSINESS DESK

LankaBangla Securities has signed a memorandum of understanding with Chartered Life Insurance Company making beneficiary owners (BO) account holders eligible for insurance coverage in case of death and permanent disability.

Khandoker Saffat Reza, chief executive officer of LankaBangla Securities, and SM Ziaul Hoque, chief executive officer of Chartered Life Insurance Company, signed the deal at the former's head office in Dhaka, said a press release.

US electric vehicle maker ELMS files for bankruptcy

AFP, *New York*

Electric delivery van maker Electric Last Mile Solutions, under investigation by a top US securities regulator, has announced plans to file for bankruptcy, less than a year after going public.

The Michigan-based company, which aimed to provide urban delivery vehicles, announced late Sunday had filed for Chapter 7 bankruptcy, or liquidation.

In February, the company's CEO, Jim Taylor, and chairman, Jason Luo, resigned following an internal investigation into share purchases by the co-founders before ELMS went public.

ELMS appointed board member Shauna McIntyre as interim CEO to review the company's products and plans.

Synergy in policies key to containing

FROM PAGE B1

The proposed national budget for the fiscal year of 2022-23 was announced amid a challenging economic context, such as uneven recovery from the Covid-19 pandemic, inflationary pressure fuelled by the Russia-Ukraine war, balance of payment deficit, issues in revenue mobilisation, low budget implementation, rising poverty, inequality and unemployment.

The import tax levied on some essential items was also left untouched in the proposed national plan while potential adjustments in energy prices could fuel the inflationary pressure, said Bidisha, also a professor of economics at the University of Dhaka.

"Market mechanisms need to be strengthened and monitored in order to contain the import-based inflation."

Current expenditure and non-development expenditure rose at a higher pace in the proposed budget as there was a need to prioritise them, said Selim Raihan, executive director of the Sanem.

Some important sectors like education and health need bigger allocations but increased funding alone cannot ensure a proper outcome.

"So, implementation skills also need to be raised," said Raihan.

Besides, the government's eighth five-year plan was not represented in the proposed budget and so, the country lags in medium and long-term development planning, Raihan said, adding that the five-year plan should be revised.

In answer to a query, he said the tax-free annual income limit should have been raised to at least Tk 3.50 lakh considering the high inflationary pressure in Bangladesh.

"The middle and lower-middle-income people are facing problems due to inflation while the poor segment is in a tough period. Increasing fuel prices in the coming days will make the situation harder."

However, the real allocation for social safety net programmes was reduced in the proposed national plan, according to the think-tank.

The government aims to borrow from banks to meet the budget deficit but that may crowd out private sector funding and so, it could seek alternative sources for financing, such as foreign loans.

With low employment elasticity despite the growth in gross domestic product, it is not clear whether cutting the corporate tax by 2.5 percentage points from the next fiscal year will lead to the required employment generation, the Sanem said.

"So, a detailed and specific roadmap for generating employment is required."

The organisation found that many people became "new poor" during the coronavirus pandemic and the situation worsened because of the Russia-Ukraine war and subsequent hikes in global commodity prices.

However, allocations for social safety net programmes were reduced through deductions in pensions, interest, and stipends.

Moreover, the allocation for open market sales was cut in the proposed budget to Tk 1,720 crore from Tk 1,943 crore in the previous fiscal year.

The Sanem welcomed the reduction in the import duty on some products like wheat gluten and sugarcane molasses.

It recommended increasing the allocation for social infrastructure and per capita allocation under the key social safety net programmes and the total allocation, excluding pension and interest, in line with the peoples' need.

Regarding measures that provide opportunities to whiten black money, Raihan said the government should focus on stopping the capital flight instead of giving the chance to bring back the funds.

"This is because the government has ultimately rewarded those who deserve punishment and this gave a bad signal to society."

Britain GDP

FROM PAGE B4

Growth was likely to rebound in the third quarter so the chances of a second successive quarterly decline in GDP – the traditional definition of a technical recession – looked low.

"But the growth outlook is poor. An already serious squeeze on households' spending power will be negatively affected by the inflationary impact of global supply chain frictions and sterling's recent weakness," Beck said.

Finance minister Rishi Sunak, who last month announced extra support for households and is expected to do more later this year, said Britain was not alone in facing the hit from surging inflation and the fallout from Russia's invasion of Ukraine.

"Countries around the world are seeing slowing growth, and the UK is not immune from these challenges," he said in a statement.

Last week, however, the Organisation for Economic Co-operation and Development said Britain's economy would show no growth next year, the weakest forecast for 2023 of any country in the Group of 20 with the exception of sanctions-hit Russia.

On Monday, the Confederation of British Industry warned of stagnation and possibly a recession. Despite the slowdown, the BoE is expected to raise interest rates for the fifth time since December on Thursday.

It has forecast inflation will exceed 10 per cent in the final quarter of the year, five times its target.

Most investors and economists expect another quarter percentage-point rate hike this week, taking Bank Rate to 1.25 per cent, its highest since 2009.

Indian rupee

FROM PAGE B4

including in India, with the Reserve Bank hiking borrowing costs by 50 basis points last week for the second time in as many months. The RBI earlier announced an out-of-cycle 0.4 per cent rate rise in May.

India's central bank has also been selling off foreign currency to stabilise the currency.

Inflation has also jumped in India owing the fallout from the Ukraine war, overshooting the central bank's two-to-six percent target range from January to April.

It hit an eight-year high of 7.79 per cent in April, fanned by a spike in food and fuel costs.

In May, the government banned exports of wheat, with yields already hit by a heatwave, to rein in prices.

Sugar exports were also capped to safeguard supplies, while the government cut duties on fuel and edible oils.

Abdus Samad Labu, chairman of the board executive committee of Al-Arafah Islami Bank, hands over a sponsorship cheque worth Tk 2 crore for an international trade fair to AM Mahbub Chowdhury, vice-chairman of the Chittagong Metropolitan Chamber of Commerce and Industry (CMCCI) at the Al-Arafah Tower in Dhaka yesterday. Farman R Chowdhury, managing director of the bank, and SM Jaffar, Shabbir Ahmed, and Md Mahmudur Rahman, deputy managing directors, were present.

PHOTO: AL-ARAFAH ISLAMI BANK

Peter Haas, US ambassador to Bangladesh, inaugurates a sub-branch complete with two ATM booths of the Commercial Bank of Ceylon (CBC) inside the US embassy in Dhaka recently to serve the diplomatic mission. Najith Meewanage, chief executive officer of the bank, was present.

PHOTO: COMMERCIAL BANK OF CEYLON

Resolve complaints seriously

BB asks banks

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked banks to seriously look into and resolve complaints of clients over their financial services so that none faces further hassles.

The central bank has recently observed that some banks have not looked into client complaints, according to a BB notice.

In addition, some lenders have not taken proper action to resolve the complaints, which is why the central bank has ordered laying the utmost importance on it.

Banks have been asked to accept complaints by providing an official receipt copy signed by the official concerned, as per the latest BB circular.

"The new instruction has been issued to protect clients' interests and corporate governance in the banking sector," it said.

As per the central bank rule, every bank has to form a complaint cell led by the managing director to resolve the issues.

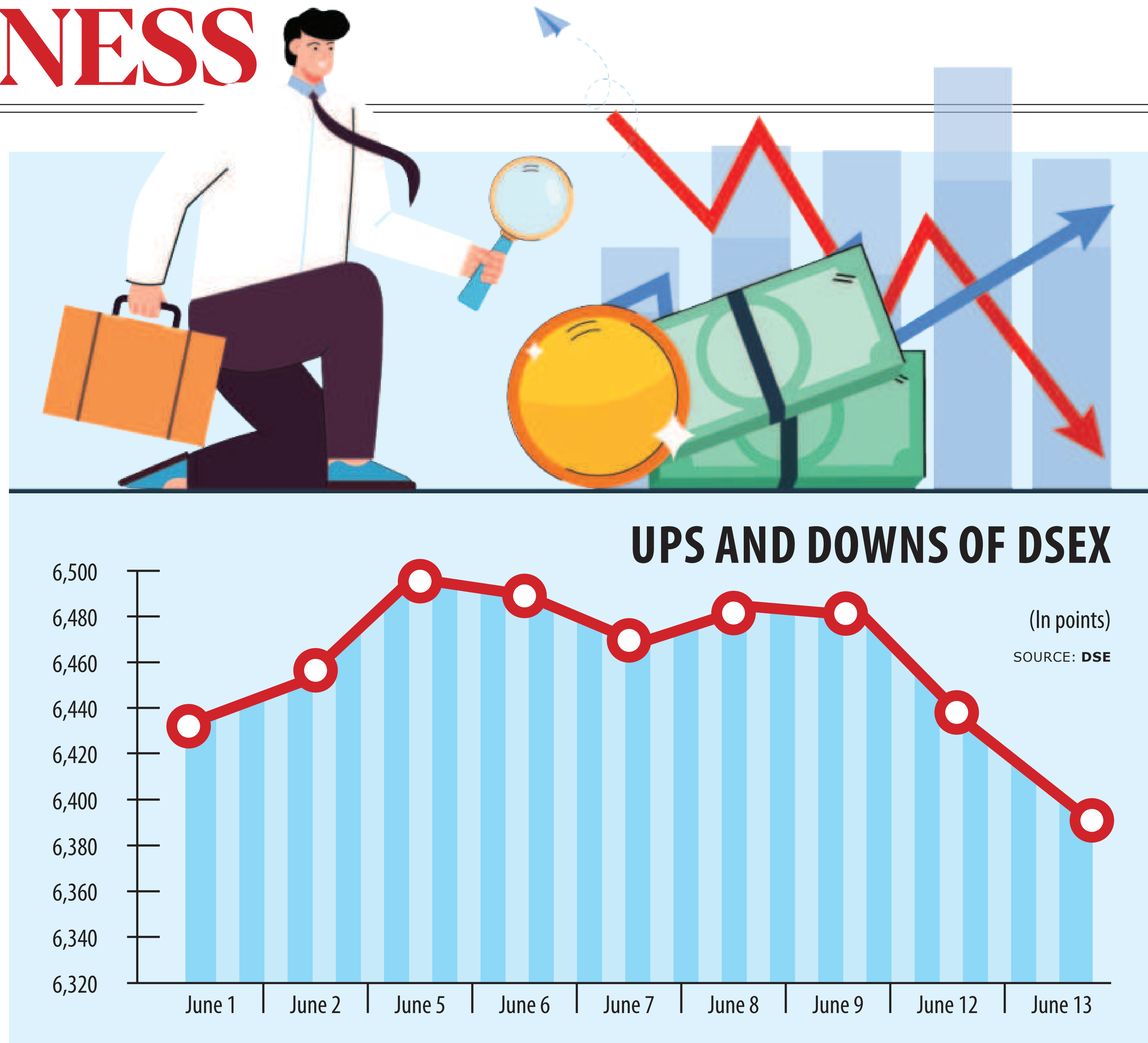
Banks have to resolve a complaint within 10 days. And no bank is allowed to spend more than 45 days to resolve a complaint under any circumstance.

India holds ample rice stocks

REUTERS, *New Delhi*

India, the world's biggest rice exporter, has ample stocks of rice and there is no plan to restrict exports, the top official at the food ministry said on Monday.

India banned wheat exports in a surprise move last month. "We have more than sufficient stocks of rice, so there is no plan to consider this," Food Secretary Sudhanshu Pandey said responding to a question whether India would consider any curb on rice exports.



DSE welcomes budget amidst negative investor reactions

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE), the premier bourse in Bangladesh, has welcomed the proposed budget for the fiscal year of 2022-23 even though general investors have reacted negatively, sending the key index lower in the last two trading sessions.

The DSEX, the benchmark index of the DSE, dropped 87 points on Sunday and yesterday. General investors see no budgetary measure exclusively for the stock market, so the index is falling.

However, the DSE hopes that the macroeconomic stability targeted in the budget would have a positive impact on the market in the long run.

What is more, the corporate tax cut of 2.5 percentage points will also have a positive impact on the profitability of listed companies and thus the stock market index.

However, both listed and non-listed companies will be eligible for the corporate tax benefit, meaning the gap in the tax paid by the two types of companies would remain the same.

Pointing this out, the DSE urged the government to raise the tax gap to at least 10 per cent so that non-listed companies are encouraged to go public.

The DSE's recommendations came at a post-budget press briefing at its Nikunja head office in Dhaka yesterday.

The corporate tax cut will not be easy to avail since one of the conditions is that all incomes have to be maintained through banking channels alongside expenditures and investments of over Tk 12 lakh, according to general investors.

Moreover, while banks, non-bank financial institutions, insurance, tobacco and telecom companies will not get the benefit, listed companies from these sectors account for more than 60 per cent of the DSE's total market capitalisation.

So, the stock market will not benefit from the corporate tax cut and that is why the market index is falling, said a number of investors yesterday.

About the situation, M Shaifur Rahman Mazumdar, chief operating officer of the DSE, said the government has targeted to ensure macroeconomic stability.

"This will give a boost to employment and the economic situation. It will be helpful for the market ultimately."

Md Eunusur Rahman, chairman of the DSE, described the proposed budget as business-friendly, saying it is targeting to raise investment and enhance development.

Md Siddiqur Rahman and Sharif Anwar Hossain, directors of the DSE, and Tarique Amin Bhuiyan, managing director of the bourse, were also present at the event.

The DSE requested for yields from all types of bonds to be exempted from tax, as it was for zero-coupon bonds, so that the bond market could turn vibrant.

It called for the amount of tax-free dividend income to be raised to Tk 1 lakh and to consider the source tax of the dividend as the final tax.

The exchange urged the government to reduce the tax rate for listed small and medium enterprises to 10 per cent for at least five years so as to make it lucrative for them to go public.

It demanded a reduction of the dividend tax rate of corporate shareholders to 10 per cent from the existing 20 per cent and considering it as final tax.

It also recommended reducing the source tax of stock brokerage firms from 0.05 per cent to 0.015 per cent.

Proposed budget found wanting: IBFB

STAR BUSINESS REPORT

The proposed budget for the next fiscal year does not properly address how the government will face challenges in inflation and the energy sector, according to the International Business Forum of Bangladesh (IBFB).

"There is no designed roadmap for fighting inflation and energy management [gas and electricity prices] even though the government addressed these in its budgetary speech," said IBFB President Humayun Rashid while sharing his budget reaction at the Dhaka Reporters Unity in the capital yesterday.

Although the government identified the Russia-Ukraine war and Covid-19 pandemic as major challenges, it designed the budgetary allocation to simply keep the almost stagnant economy active, he added.

The finance minister highlighted six future challenges of the economy and showcased four strategies to handle them, but no roadmap was shown on how the first two strategies would be implemented.

"The huge size of the proposed operating expenditure does not do justice to the government's goal of cutting public spending," Rashid said. He also termed the budgetary allocations as traditional income expenditure as there is a lack of adequate suggestions to build skilled manpower.

The research and advocacy based non-profit and non-partisan nationwide business forum called upon the authorities concerned to take necessary measures for reviewing the budget on a quarterly basis so that it can be properly implemented.

A high-powered advisory committee involving the private sector could be set up to review and monitor the implementation of the annual development programme as well.

The IBFB also criticised the government's move to give amnesty for those who launder money. The organisation said regular taxpayers will feel discouraged if there remains an option to whiten black money by simply paying 7 per cent tax.

"It will be unjustified if the government now gives unquestioned amnesty to black money holders despite taking a tough stance on corruption."

The money whitening scope will damage the country's moral balance while donor and multilateral agencies will raise objections to the move. However, the IBFB welcomed the proposal of giving equal tax benefits to all industries.

The organisation lauded the initiative to continue the rebate duty rate as before on imports of agricultural machinery and parts, and to resume the import duty at 25 per cent and regulatory duty at 25 per cent on rice to ensure fair prices for paddy.

Muhammad Abdul Mazid, former chairman of the National Board of Revenue (NBR), suggested strengthening the revenue authority as an institution and extend its coverage across the country to achieve the highest revenue collection.

"The target of the lofty revenue collection is not a matter for worry as it will be attainable when the NBR is stronger."

VAT hike to increase production

FROM PAGE B1

Tk 1,000 in the outgoing fiscal year, according to the Finance Bill 2022 placed by Finance Minister AHM Mustafa Kamal in parliament on Thursday.

However, industries that produce steel products by making billet from scraps will have to count Tk 2,200 per tonne as VAT, up 10 per cent from the outgoing fiscal year.

"Our costs will increase because of the hike," said Mohammed Jahangir Alam, managing director of GPH Ispat Ltd, one of the largest steel producers in Bangladesh that are engaged in making and trading billet and rod.

He said industries that produce rod by purchasing or producing billet from other units will see increased costs as the operators will be required to buy the raw materials from others by paying higher VAT.

However, the burden on firms that make rods and other steel products through an integrated production process will be lower.

Bangladesh annually requires 80 lakh tonnes of rods and other steel products, and factories having both billet and steel-making units cater to a majority of the demand.

Industries that make steel from billet supply the rest, Alam said, adding that the cost of these kinds of firms is likely to rise for the VAT rate hike.

An NBR official said the VAT has been increased at the manufacturing stage of billet and rod as the rate had remained unchanged for many years.

He said the revenue authority slashed the VAT on the trading stage of steel products by 60 per cent to Tk 200 per tonne to minimise the price pressure on the shoulders of end consumers.

Tapan Sengupta, deputy managing director of BSRM, another major steel producer, said end customers should benefit from the reduction of the indirect tax at the trading stage.

"But for us, costs will increase," he added.

On the other hand, Alam said any positive impact of such a reduction of the indirect tax at the trading stage is unlikely as many traders remain out of the VAT net.

Rod prices spiked marginally last week, when they were priced between Tk 91,500 and Tk 87,500 per tonne compared to Tk 87,000 and Tk 90,500 the week before, as per data from the Trading Corporation of Bangladesh.

Profits of state enterprises fall

FROM PAGE B1

Tk 406 crore registered in the last fiscal year.

The stock market regulator, Bangladesh Securities and Exchange Commission, returned to profit.

It raked in Tk 53 crore, recouping from a loss of Tk 14.68 crore in the previous year, the only year it was in the red.

Bangladesh Sugar and Food Industries Corporation incurred a loss of around Tk 882 crore.

The Bangladesh Economic Zones Authority took home Tk 289 crore, despite a dip of 36 per cent, and the Bangladesh Land Port Authority made a profit of Tk 107 crore, a 15 per cent decline.

The loss of the Bangladesh Road Transport Corporation stood at Tk 100 crore, down from Tk 120 crore a year ago.

The Rajdhani Unnayan Kartripakkha nearly doubled its profit to Tk 214 crore in FY22 from Tk 136 crore in FY21.

Zaid Bakht, a former research director of the Bangladesh Institute of Development Studies, said there was no reason for the profit of SoEs to go down since economic activities have rebounded from the pandemic in the ongoing fiscal year compared to a year ago.

The price of essential commodities has rocketed in the international market, forcing the TCB to sell items at a significantly subsidised rate, he said.

No food grain export

FROM PAGE B1

born to Rohingya parents, are added to the current population of Bangladesh.

So, feeding such a huge population and maintaining the nutritional standards will be difficult if prices of food items go up due to any sudden food grain export ban by the major producing countries.

The minister also demanded that global leaders extend the Trade-Related Aspects of Intellectual Property Rights (TRIPS) waiver for Bangladesh so that the country could prepare for the production of generic medicine.

The WTO has provided the TRIPS waiver to the least-developed countries (LDCs) up to December 2032. Bangladesh will be excluded from the TRIPS beneficiary list once it makes the United Nations status graduation to a developing country on November 24, 2026.

Tipu Munshi also said Singapore had expressed interest in signing a free trade agreement with Bangladesh.

Moreover, Nepal also demanded duty benefits on the export of some goods to Bangladesh and the activation of a motor vehicle agreement for smooth movement of people among nations of the South Asian Association for Regional Cooperation, the minister said.

He held meetings with both Singapore and Nepal on the sidelines of the conference.

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said the US is arguing for country-specific trade benefits for the graduating countries.

"However, this might not be beneficial for graduating countries like Bangladesh. Here further negotiation is necessary for a conclusion to be reached by the LDCs, including the ones scheduled to graduate," he said.

The LDCs need to form a working group for negotiating the extension, whether it is for six or nine years, he added.

However, Bangladesh should also hold negotiations for availing the trade benefits as a developing country because of the factors amidst which it is graduating, said Rahman.

The TRIPS is very important this year because of the fallout of the Covid-19. The global leaders may reach a consensus on doing away with the need to have licences for vaccine production by countries as this was a very vital health item.

Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, said the private sector of Bangladesh also wants the extension of the TRIPS waiver for the growth of the pharmaceutical industry.

Tapan Kanti Ghosh, senior secretary to the commerce ministry, and Hafizur Rahman, director-general of the WTO Cell of the commerce ministry, were also present at the press conference.

Two major exporters stop

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two days. "We stopped the production on Friday night as a number of our hydrogen peroxide containers have been stranded at Summit Alliance Port Limited (SAPL) ever since the accident last week," said Bikash Kanti Das, head of business at Samuda Chemical.

The company had sent around 102 tonnes of hydrogen peroxide to the ICD on the same day of the blast, after which the SAPL authorities asked them to take them back to the factory until arranging the shipment.

According to Captain Kamrul Islam Mazumder, chief operating officer of SAPL, there are currently 49 containers of hydrogen peroxide at the depot that came from Samuda Chemical.

Das went on to say that they decided to stop manufacturing in the face of uncertainty over the timely shipment of previously delivered products.

Samuda Chemical has been exporting hydrogen peroxide since 2008. With a daily production capacity of 150 tonnes, the company exports an average of around 4,000 tonnes of the chemical to at least 10 countries every month.

Like Samuda, Tasnim Chemical Complex Ltd also suspended the production of hydrogen peroxide after facing shipment delays.

Md Monirul Islam, general manager of marketing at Tasnim Chemical, said there are currently 20 containers of hydrogen peroxide stranded at two ICDs.

In total, there are 105 chemical-carrying containers stranded at four depots.

Mentioning that the depot authorities are repeatedly asking them to take back the cargoes, Islam said it is a difficult task because customs clearance is needed to take back shipments from a depot.

Other than these two companies, a few others are also involved in exporting hydrogen peroxide. They include Al-Razi Chemical Complex, Infinia Chemical Ltd and HP Chemicals Ltd.

These companies export products to more than 15 countries such as India, Pakistan, Vietnam, Cambodia, Indonesia, Sri Lanka, Myanmar, the UAE and South Africa.

The chemical is widely used by textile and pharmaceutical factories.

Officials of shipping agents said most shipping lines are verbally expressing an unwillingness to carry containers of hydrogen peroxide ever since the accident.

In a notification issued on June 9, PSA Corporation Limited, which operates container terminals at the Port of Singapore, stopped accepting containers carrying hydrogen peroxide due to a pile-up of the product.

Syed Mohammad Arif, chairman of the Bangladesh Shipping Agents Association, said the Singapore port authority did not clearly say that it has imposed an embargo on hydrogen peroxide. It has only suspended accepting new containers until the current stores are cleared.

He opined that most shipping lines and feeder operators are expressing an unwillingness to carry the cargo out of panic following the explosion.

He hoped that the crisis would be resolved soon through discussions with relevant stakeholders.

Rear Admiral Mohammad Shahjahan, chairman of the Chattogram Port Authority, will soon sit in a meeting with shipping agents, ICD owners and different organisations to discuss the issue.

Taka falls

FROM PAGE B1

Between July and April, imports went up by 41 per cent to $68.66 billion, while exports grew 35 per cent to $41 billion. This resulted in a record trade deficit -- the gap between exports and imports -- of $27.56 billion, up 53 per cent year-on-year.

The remittance, the cheapest source of foreign currencies for Bangladesh, fell 16 per cent year-on-year to $19.2 billion in the first 11 months of the fiscal year.

All these led to the decline in the foreign exchange reserves to $41.7 billion on June 1, which was $46.15 billion on December 31.

Mounds of earth erected to grow bottle gourd on top, effectively keeping the roots safe from inundation on the low-lying land during the rainy season. Bangladesh Agricultural Research Institute's regional office has been advising farmers to adopt the practice for growing vegetable seedbeds to increase food production. The photo was taken at Chauaripara village of Banaripara upazila in the southern coastal district of Barishal last week.

PHOTO: TITU DAS

BASIS to focus on 7 key ICT drivers

STAR BUSINESS REPORT

The Bangladesh Association of Software and Information Services (BASIS) has identified seven key focus areas, including the development of quality human resources and local markets and creating a thriving ecosystem for startups, for further development of the ICT sector.

The top ICT trade body is also devising a strategy to attain the government's annual export target of $5 billion by 2025, promote the ICT industry, ensure access to finance for entrepreneurs, and formulate policies to help grow intangible assets.

"The BASIS is moving forward identifying seven pillars. The most important pillars or issues are human resources development, industry promotion and public-private partnership," said BASIS President Russell T Ahmed.

He was addressing an event titled "SMART Bangladesh: Role of ICT Industry" at the Radisson hotel in Dhaka on Sunday.

The BASIS organised the programme to highlight the contribution of the software and ITES sector to the national development of Bangladesh. The event also sought to identify challenges necessitating policy support soon.

"In order to develop skilled human resources, we have taken initiatives to transform the BASIS Institute of Technology & Management into a university," Ahmed said.

"If we can do that then it will be possible to create qualified workforce for the IT sector."

The BASIS also wants to set up an integrated research and development wing with government support for the industry's promotion. Besides, a roadmap is essential for public-private partnerships, he said.

The BASIS president called for cooperation from all spheres of the government, including the ICT Division and the Posts and Telecommunications Division, in this regard.

"When we talk to tech firms, they say they are facing a manpower crunch. And when we talk to the academia, they say their graduates are not finding jobs," said BASIS Executive Director Abu Issa Mohammad Mainuddin.

"The BASIS is now working on bridging the gap between the industry and academia."

The ICT sector's annual export earnings now stand at $1.4 billion and the BASIS is working to increase it significantly in the coming years.

"We have received a key performance indicator and that sets a target of making $5 billion ICT exports by 2025 and $10 billion by 2031," Mainuddin said.

According to him, many entrepreneurs do not have access to nance while bank loan application processes is too complex and time-consuming.

"By 2021, we have not only implemented Digital Bangladesh successfully but also been able to set some examples for others to follow," said Mustafa Jabbar, the posts, telecommunications and information technology minister.

"We have taken initiatives to implement SMART Bangladesh. Now, we need to manage robots, create artificial intelligence and manage hardware to implement all of these. We need to adapt to new technologies."

The minister said software export is not the only targeted market for Bangladesh. Rather, the country wants to cater to all kinds of digital activities.

"So, all of our ICT trade bodies have to work together. The government will be there to support the ICT sector from all dimensions."

The IT sector needs to work towards a target of $200 billion, not just $5 billion, as the country has every single opportunity to achieve this goal, said Nasrul Hamid, state minister for power, energy and mineral resources.

"We will try to convince the prime minister, the ICT affairs adviser to the prime minister and the finance minister so that the tax holiday facility, the export subsidy and the import duty waiver for the sector can continue till 2030," said Zunaid Ahmed Palak, state minister for ICT.

In response to the BASIS president's demands, he assured of cooperation in establishing a meaningful research and development wing.

Automation accounts for only 7 per cent of the garment industry, according to Rubana Huq, a former president of the Bangladesh Garment Manufacturers and Exporters Association and vice-chancellor of the Asian University for Women.

"By 2030, it would rise to 30 per cent. We need to do this automation carefully so that the employment growth is not hurt," she said.

"Bangladesh needs a smart production system and the IT sector could enable this through new innovations."

BASIS
Bangladesh Association of Software & Information Services

Seven key focus areas

- Quality human resources development
- Developing local markets
- Creating a thriving ecosystem for startups
- Reaching export target of $5bn by 2025
- Ensuring access to finance for entrepreneurs

India considers wheat exports to Bangladesh, 4 other countries

PALLAB BHATTACHARYA, *New Delhi*

India is processing the requests from several countries, including Bangladesh, on supplying wheat to them, said M Angamuthu, chairman of the Agricultural and Processed Food Products Export Authority (APEDA).

India banned wheat exports amid spiralling global prices on May 13. At that time, the Indian commerce ministry, however, clearly stated that the shipment of the staple food would be open under the government-to-government contract and to any other vulnerable country facing a food crisis.

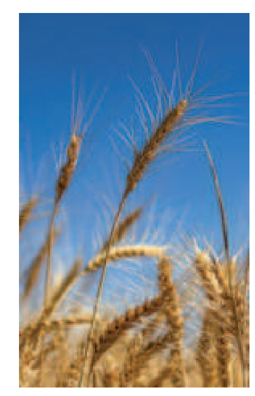
India has kept its wheat export options open for developing countries to ensure their food security, Angamuthu said. He, however, declined to name the countries that are seeking Indian wheat.

A source said New Delhi has received letters seeking wheat supplies from Bangladesh, Yemen, Indonesia, the UAE and Oman.

"India is studying the wheat requirements of the five countries and the availability of wheat in our stock," the source said, adding these countries would be given priority when it comes to wheat exports.

According to estimates by the Directorate General of Foreign Trade, India exported a record seven million tonnes of wheat in 2021-22 worth $2.05 billion. Around 50 per cent was exported to Bangladesh.

The global wheat market is currently volatile and prices have remained at elevated levels owing to the shortage caused by the Russia-Ukraine conflict



Bangladesh, which depends on imports to meet 86 per cent of its annual requirement of 85 lakh tonnes of the grain, started procuring the cereal in significant volumes from India in 2020.

Even though India is the world's second-biggest wheat producer, it is relatively a small player in the global wheat trade.

In order to ensure that Indian farmers with surplus wheat are not adversely affected on account of export regulation, the government extended the procurement season.

The extension facilitated the farmers, who had not participated in public procurement earlier, to come to purchase centres for selling the item to state-owned Food Corporation of India and other state procuring agencies.

The move from India came as the global food crisis is deepening.

The situation has prompted World Trade Organisation Director-General Okonjo Iweala Ngozi to urge countries not to underestimate the impact of export restrictions on wheat, adding such curbs can worsen the ongoing global food crisis.

India's decision to restrict wheat export has been taken to ensure the availability of the grain in the domestic market as a sudden spurt in shipments in April created concerns over domestic price stability and supply.

The global wheat market is currently volatile and prices have remained at elevated levels owing to the shortage caused by the Russia-Ukraine conflict.

Ukraine and Russia together account for nearly 30 per cent of the exports of the world's wheat.

Britain GDP unexpectedly shrinks

REUTERS, *London*

Britain's economy unexpectedly shrank in April, official figures showed on Monday, adding to fears of a sharp slowdown just three days before the Bank of England announces the scale of its latest interest rate response to the surge in inflation.

Gross domestic product contracted by 0.3 per cent after falling by 0.1 per cent in March, the first back-to-back declines since April and March 2020, at the start of the coronavirus pandemic.

Economists polled by Reuters had on average expected GDP to grow by 0.1 per cent in April from March.

GDP would have expanded by 0.1 per cent excluding the impact of a reduction in the government's coronavirus test-and-trace and vaccination programmes, the Office for National Statistics said.

But it was the first time since January last year that all main economic sectors had shrunk.

Over the three months to April, GDP was up by 0.2 per cent, weaker than the Reuters poll forecast of 0.4 per cent and slowing sharply from growth of 0.8 per cent in the three months to March.

Many firms said increases in the cost of production had affected their business, the ONS said.

Martin Beck, chief economic advisor to the EY ITEM Club, a forecasting group, said the data was a poor launchpad for the second quarter, which was at an increased risk of showing a small contraction across the three months.

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People walk through the financial district of Canary Wharf as it was announced that British consumer price inflation hit an annual rate of 9 per cent in April, in London on May 18.

PHOTO: REUTERS/FILE

Indian rupee hits record low

AFP, *Mumbai*

The Indian rupee plunged to a record low against the dollar on Monday, ahead of an expected US interest rate hike this week aimed at fighting surging inflation.

The rupee hit 78.2825 per dollar for the first time as a forecast-beating US inflation report on Friday heightened prospects for a further tightening of monetary policy by the Federal Reserve.

The benchmark Sensex Index slid as much as 2.1 per cent as foreigners took out about $24 billion from local stocks, Bloomberg News reported.

The Indian currency has been weighed down by rising oil prices, a more aggressive Fed and by capital outflows in emerging markets as foreign investors turn risk-averse.

Central banks have adopted more hawkish policies in recent months,

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