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.

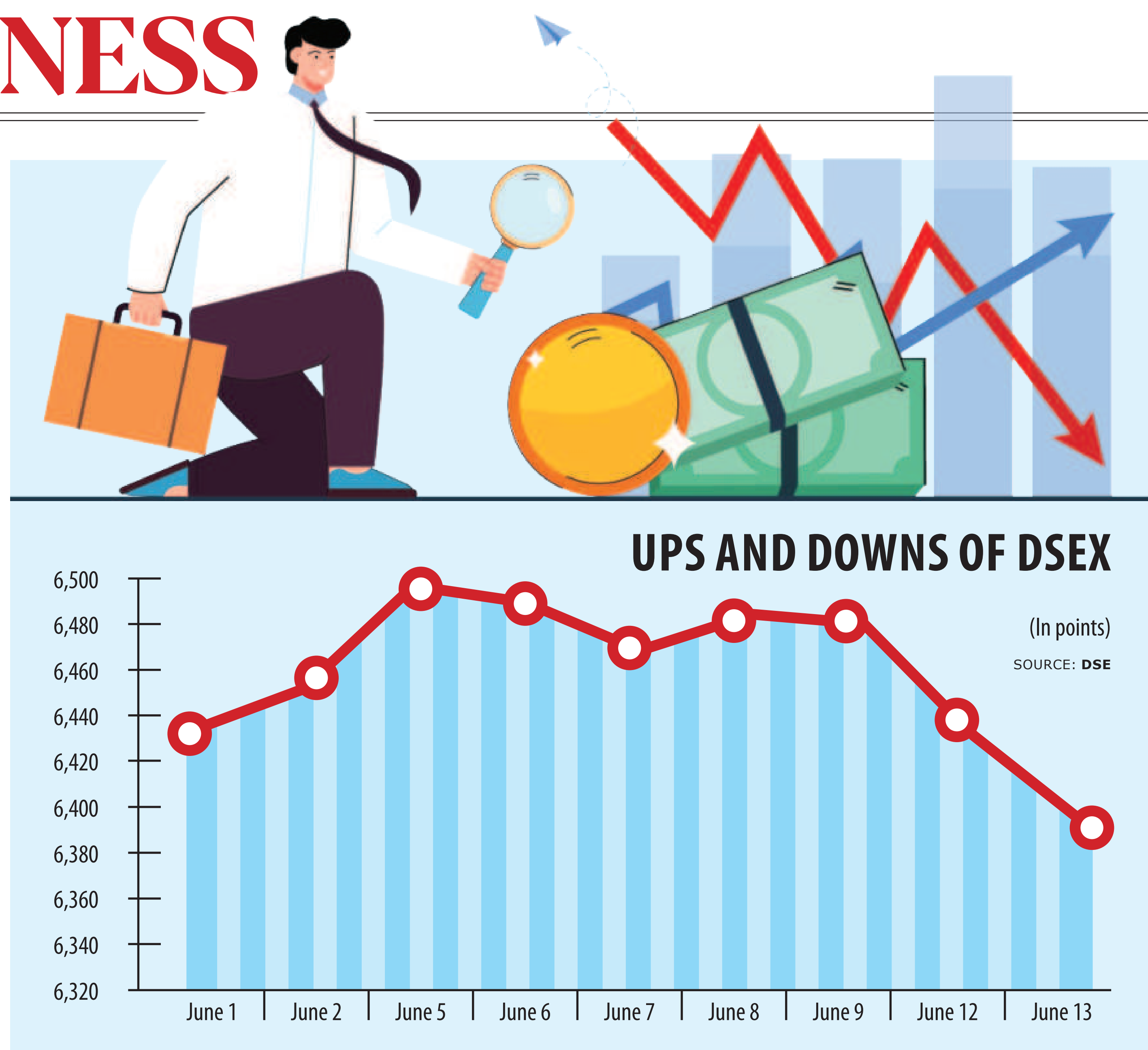
Banks have to resolve a complaint within 10 days. And no bank is allowed to spend more than 45 days to resolve a complaint under any circumstance.

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

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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

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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

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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

FROM PAGE B1

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.