

## Indian traders plan protest against tax hikes

REUTERS, New Delhi

Indian traders and shopkeepers will hold a nationwide protest next week against a hike in taxes on a range of products and services, including food grains and household items, that went into effect on Monday, a top official of a leading traders' group said.

"The 5 per cent tax on a range of food products - which remained tax free so far - and hike in rates on other household items has increased the inflation burden on the public and traders," said Pravin Khandelwal, president of the Confederation of All India Traders, which represents more than 10 million small shopkeepers and wholesalers.

**A tax increase was approved last month for certain goods and services, including kitchenware**

He said the group's members would launch a nationwide series of protest meetings on July 26, starting in Bhopal, a state capital in central India and a stronghold of Prime Minister Narendra Modi's ruling Bharatiya Janata Party.

Small traders and shopkeepers are a key constituency for Modi, who introduced the Goods and Services Tax (GST) system in 2017 to replace about 20 federal and state taxes and to help unify Asia's third-largest economy.

A tax increase was approved last month to 18 per cent from 12 per cent for certain goods and services, including kitchenware.

A finance ministry statement on Monday said the tax measures would include extending a 5 per cent tax already imposed on branded food items such as rice, wheat, flour, pulses and dairy products to unbranded items sold in packages of up to 25 kilograms or 25 litres.



Craftspeople work with sheets of metal to make chests, commonly used to safely store valuable materials alongside blankets and winter clothing. One person can make three small chests and two big ones in a day, earning Tk 120 and Tk 250 for each respectively. The small chests sell for Tk 2,500 and the big ones double that. The photo was taken at Newsprint Mill Gate in Khulna city's Khalishpur area recently. PHOTO: HABIBUR RAHMAN

## Stocks climb, euro inches higher in big week for markets

REUTERS, London

led by miners, energy stocks and banks.

"It is a wild week this week, there is so much going on," said James Rossiter, senior global strategist at TD Securities.

"The ECB is a huge focus, there is not a lot of scope for the ECB to surprise, 25 bps is locked in I think... and then there is Italy and Nord Stream too."

Italy's borrowing costs surged on Monday and the premium investors demand for holding Italian debt over safer German paper was at its widest in a month as political turmoil in Europe's fourth largest economy rumbled on.

Prime Minister Mario Draghi attempted to resign from his post on Thursday after the 5-Star Movement, a coalition partner, failed to back him in a confidence vote. Draghi's resignation was rejected by the Italian president.

Draghi is expected to address parliament on Wednesday but

Italy's 10 year bond yield rose 10 basis points (bps) on Monday to as high as 3.48%, pushing the closely watched spread over German Bund yields to its widest level in over a month at around 235 bps.

"We expect volatility to remain high until then in response to various rumours concerning whether he will remain firm on his resignation or whether he is willing to remain in place," UniCredit analysts said in a note.

"Any indication that could increase the likelihood of early elections will ultimately be negative for BTPs and drive the spread wider." Overnight, a gauge of Asian shares rose more than 1 per cent, its biggest daily rise in nearly two months, boosted by a jump in Chinese shares as regulators encouraged lenders to extend loans to qualified real estate projects.

It came too as the high-flying

dollar, which has had its strongest start to a year in recent memory, eased on Monday.

The uncertainty will haunt the ECB at a policy meeting where it is likely to kick off a tightening cycle with a rise of 25 bps, with markets hanging on details of an anti-fragmentation tool intended to ease pressure on borrowing costs for the Union's most indebted members.

Friday's rally on Wall Street reverberated through global markets with MSCI's broadest index of Asia-Pacific shares outside Japan up 1.4 per cent, having shed 3.5 per cent last week.

A wider index of global stocks was up 0.4 per cent.

Chinese blue chips added 1.0 per cent as the head of the country's central bank pledged to help the economy, though Shanghai had also announced more nationwide coronavirus testing.

## Implementing public interest projects

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running theme behind all such obstacles. Delays can also trigger a chain of costly disruptions. In most cases, the failure of a project is mainly related to the influence of planners, contractors and owners on project performance. Effects of delays are costly to all parties concerned and very often it will result in disagreements, cost overruns and project infeasibility.

We have noticed such disruptions, delays or regular excess payment claimed by the contractors while implementing the Dhaka-Chittagong four lane road, Dhaka-Sylhet highway, Dhaka-Mymensingh double lanes, VAT online project at NBR, digitalisation project at ACC or even the much talked about Padma Bridge project. There are plenty of other projects with important ministries carrying the proof of a similar saga.

One can easily ask - is there no institutional mechanism to check such systemic problems and disappointments?

Everyone wants the government to establish accountability to ensure

that all its projects are planned and executed properly. Ill-conceived projects not just push us to bleed financially, but also potentially deprive us of their desired benefits. This has been going on for so long, and it is the common people who have or had to pay for it.

The government must ensure there is a minimum threshold, both of experience and qualification, for project directors before anyone is appointed. It should be clear "where the buck stops" as someone must be held responsible for cost overruns and delays. Project costs should be clearly committed to with an inflation component built in and agreement from all parties on a particular set of allowances for inclement circumstances which are out of control. There should be a report format, akin to the customer acquisition form at banks, where the details of a feasibility study are provided and this must be submitted to the ministry concerned, with the firm/people who carried out the study responsible for any negligence or failure they may reasonably be

expected to predict. The projects' feasibility also depends on all these moving parts working in sync with each other and so the project viability must be assessed with these concepts in mind.

The project director must be the sole authority on the project once work commences and any replacement of the project director must be transparent and any failures on the part of the project director publicly acknowledged. Many years ago, the government was thinking of a "project management cadre" under Bangladesh Civil Service also.

Project conception or planning, commercial, financial, or even social and environmental due diligence, financial model, implementation monitoring, procurement, compensation to affected parties and payback as per the plan - all require competency in the respective agency and precision to implement. All this requires congenial policy regime and accountability driven from the top.

The author is an economic analyst. Views expressed here are personal.

## Fashion retailer

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"We are deeply saddened about the impact this will have on our colleagues," Helmersson said but did not elaborate. A company spokesperson said about 6,000 employees in the country would be affected.

The entire wind-down is expected to cost about 2 billion Swedish crowns (\$191.3 million), of which about 1 billion crowns will have a cash flow impact, H&M said. The full amount will be included as one-time costs in the results for the third quarter.

H&M intends to temporarily reopen physical stores to sell remaining inventory in Russia.

The shutdown will affect the company's 170 physical stores in the country and its online sales channels, a spokesperson said.

Several other retailers, including Inditex, Adidas have halted sales in the country, while US-based fashion retailer TJX and Poland's biggest fashion retailer LPP decided to sell their businesses in Russia. read more

H&M's biggest rival, Zara owner Inditex, told shareholders last week that it would keep operations suspended for the time being.



Shyamol B Das, acting managing director of Meghna Bank, and Mahboob Rahman, chairman of Star Cineplex, exchange signed documents of an agreement for getting cashback benefits on movie tickets at the SKS Tower in Mohakhali, Dhaka recently. Zishan Ahammad, head of cards at the bank, and Khaled A Shammi, executive director of Star Cineplex, were present.

PHOTO: MEGHNA BANK



ABM Mokammel Hoque Chowdhury, managing director of Union Bank, inaugurates the bank's half-yearly Business Conference 2022 at the Radisson Blu Dhaka Water Garden in the capital yesterday. Quazi Osman Ali, adviser of the bank, Md Habibur Rahman, additional managing director, and Md Nazrul Islam, deputy managing director, were present.

PHOTO: UNION BANK

## Tea production expands

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Local tea brands dominate the domestic market with a 75 per cent share while non-branded producers account for the rest.

According to the Bangladesh Tea Association, the 166 tea estates in the country cover almost 280,000 acres of land. Bangladesh is currently listed as the world's ninth largest tea producer, accounting for around 2 per cent of the world's total production.

In addition, 90 of the tea gardens are currently in Moulvibazar, which accounts for 55 per cent of the tea produced in the country. Habiganj is the second largest producing district, contributing 22 per cent.

## ECB goes on offensive

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Stubbornly low for years, prices are now soaring as a result of scrambled supply chains from the coronavirus pandemic and the burst in the price of food and energy caused by the war in Ukraine.

The inflation surge caught central banks, not least the ECB, off guard.

Now, the central bank is aiming to lift interest rates out of negative territory by the end of September as part of a "gradual but sustained" series of hikes, according to President Christine Lagarde.

In hindsight, the "cautious normalisation process the ECB started at the end of last year has simply been too slow and too late," said Carsten Brzeski, head of macro at the ING bank.

With each new data release

causing new consternation, the ECB's cautious quarter-point step could lead to a feeling of "disappointment", Brzeski said.

Some ECB policymakers may push for faster action but "it will be a balancing act between the ECB's credibility as being predictable and its credibility as a determined inflation fighter," he said.

The ECB was faced with an "impossible equation to solve", said Frederik Ducrozet, head of macroeconomic research at Pictet Wealth Management. Central bankers were determined to squash inflation while "the euro area economy is on the brink of recession", circumstances under which they would normally hesitate to raise interest rates.

The outlook for the economy was clouded by the war in Ukraine

with eurozone members bracing for a winter in which energy could be scarce and planning to ration supplies if Russia halts gas deliveries to the continent.

Add a weak euro against the dollar, which touched parity recently for the first time in nearly 20 years, and a political crisis in Italy and the monetary calculations became even harder, Ducrozet said.

The withdrawal of a key party from former ECB chief and Italian Prime Minister Mario Draghi's governing coalition has unnerved investors, sending borrowing costs up again.

The quickly rising strain in bond markets had already prompted the ECB to respond in mid-June by speeding up the design of an instrument to fight "fragmentation" in the eurozone.

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## bKash's instant add money service at Dev Bank

STAR BUSINESS DESK

Clients of Bangladesh Development Bank (BDB) can now use the "Add Money" service of bKash to transfer their funds with the state-owned commercial bank to an account with the mobile financial service provider.

Now, bKash's "Add Money" network includes a total of 37 banks, a press release said.

So, the more than roughly one lakh customers of the bank can add money instantly to any bKash account without any charge at any time.

To avail this service, customers registered with the BDB's iBanking need to select the "Add Money" icon from the home screen of the bKash app, find "Bank to bKash", then tap on the "Internet Banking" option.

They have to select "Bangladesh Development Bank Limited" from the list of banks and provide a few essential information to sign into their bank account for the next step.

## US, allies can't allow China to dominate technologies: Yellen

REUTERS, Seoul

US Treasury Secretary Janet Yellen will call on Tuesday for deeper trade ties among allies to fortify their supply chains, combat inflation and thwart China's "unfair trade practices" and efforts to dominate key raw materials and technologies markets.

Yellen will make the comments in a major policy speech in Seoul after touring the facilities of South Korean tech heavyweight LG Corp during the final leg of her 11-day visit to the Indo-Pacific region.

"We cannot allow countries like China to use their market position in key raw materials, technologies or products to disrupt our economy and exercise unwanted geopolitical leverage," Yellen will say, according to excerpts released by the Treasury Department.

## Inflation hits 32-year high in New Zealand

AFP, Wellington

Inflation in New Zealand rose to a 32 year high of 7.3 per cent on-year in the second quarter, according to official figures released Monday.

The main drivers were rising fuel, food and housing costs, said Stats NZ, putting inflation at a level last seen in 1990.

"Supply chain issues, labour costs, and higher demand have continued to push up the cost of building a new house," said Jason Attewell of Stats NZ.

Earlier this month, New Zealand's central bank raised its benchmark interest rate to its highest level in six years and warned further rises could follow.

## Oil price jumps

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US President Joe Biden's trip to Saudi Arabia failed to yield any pledge from the top OPEC producer to boost oil supply.

Biden wants Gulf oil producers to

step up output to help to lower oil

prices and drive down inflation.

Global markets are focused this

week on the resumption of Russian

gas flows to Europe via the Nord

Stream 1 pipeline, which is scheduled

to end maintenance on July 21.

Governments, markets and companies fear the shutdown could be extended because of the war in Ukraine.

"Brent crude will find support at the end of the week if Russia does not turn the gas back on to Germany after Nord Stream 1 maintenance," said OANDA senior analyst Jeffrey Halley.

Loss of that gas to Germany, the world's fourth largest economy, would hit it hard and heighten the risk of recession.