

SMALL BUSINESSES
Up to Tk 20
lakh loans
without proof
of return
submission

STAR BUSINESS REPORT

The National Board of Revenue (NBR) yesterday said micro and small businesses that have no taxable income are not required to show proof of tax return submission to get up to Tk 20 lakh in loans.

Students will also not need to show proof of tax return submission for transactions up to Tk 200,000, it added.

However, Syed Mohammad Kamal, country manager of MasterCard, said the NBR's latest move will not help the usual credit card issuance.

"The new instruction is a bit confusing. If someone has no taxable income, which is the case in many instances, then how will banks assess their eligibility for a credit card," he said.

On the other hand, students usually do not have any income to be eligible for a credit card.

So, the NBR may clarify this issue and also withdraw the provision of mandatory tax return submission to get credit cards and other purposes, Kamal added.

The tax authority came up with new rule amid demands from different quarters after it made income tax return submission mandatory for people to get more than 40 types of service, including loans and trade licences.

The measure came into effect on July 1 this year.

Bitcoin
slips below
\$20,000

REUTERS

Bitcoin on Sunday dropped 1.54 per cent to \$19,804, slipping from the 20,000 mark after losing \$310 from its previous close.

The world's biggest and best-known cryptocurrency is down 58.9 per cent from the year's high of \$48,234 on March 28.



Shwapno says its sales amounted to Tk 996 crore in the July-March period of the financial year 2021-22.

PHOTO: STAR

Shwapno expanding footprint abroad

Exporting vegetables and fruits to 2 new destinations

SUKANTA HALDER

Shwapno has started expanding its footprint abroad as fresh vegetables and fruits have now been sent to two new destinations.

As a part of a strategic move to expand business, the largest retail supermarket chain in Bangladesh had first sent the produce to Honk Kong on March 31 this year.

Shipments were later sent to Dubai on June 15 and then to Sweden on July 2.

"This export initiative is a new channel of our business. And our team building process is going on," said Saiful Alam, team leader and export initiative adviser of Shwapno.

He said export of agricultural

products from Bangladesh was gradually becoming a very big business. There is an opportunity to do something good here and farmers are also benefiting from this, he said.

Shwapno, run by ACI Logistics, sources agricultural products from local farmers around the country, especially Jashore.

That is why the export initiative has been taken apart from the sale of vegetables at domestic outlets, said Alam, adding that they were in discussions to export vegetables to the UK.

The list of produce includes pointed gourds, lady fingers, green mangoes, potatoes, bitter gourd, bottle gourds and 26 other vegetables and fruits, all packaged as per the importers' requirements.

The retail chain has so far exported 10 tonnes of vegetables and fruits.

The biggest consignment, about 1.9 tonnes of vegetables, mangoes and jackfruit, was shipped to Hong Kong in July.

Shwapno became a member of Global Good Agricultural Practices (GAP) in South East Asia in the retail category in May. The Global GAP is an internationally recognised criterion for checking the quality of farm food products, said the retail chain earlier.

Shwapno says its sales amounted to Tk 996 crore in the July-March period of the financial year 2021-22.

The supermarket retail posted the biggest growth in turnover since its inception in 2008 in fiscal year 2020-21, driven by higher

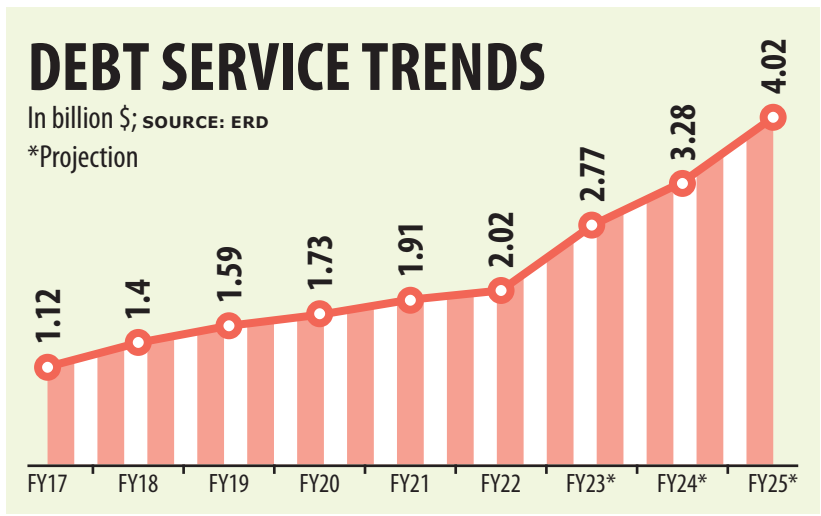
sales through its e-commerce platform and teleservice amidst the coronavirus pandemic.

Its turnover rose 19 per cent year-on-year to Tk 1,375 crore in fiscal year 2020-21 that ended in June. It was Tk 1,156 crore in fiscal year 2019-20, according to the recently published annual report of ACI, the owning company.

Shwapno express outlets have aided this growth, serving about 14,000 customers daily.

At present, it operates more than 240 outlets in 42 districts of the country. Employing 5,000 people, Shwapno has continued extending its footprint outside Dhaka and now has a 49 per cent market share in the segment.

It also netted record-breaking sales of Tk 151.8 crore in June last year.



External debt repayment

FROM PAGE B1

He spoke while sharing a presentation on the "Negotiation strategies of development financing" at a meeting organised by the ERD at Sher-e-Bangla Nagar in the capital yesterday.

"The disbursement of project aid needs to be speeded up to contain the cost of borrowing and ensure the desired impact of a project. The disbursement ratio should be at least 25 per cent of the total external debt stock," Baki said.

The disbursement ratio stood at 20.84 per cent in 2021-22 fiscal year, according to ERD data.

The ERD officials also said the government should be cautious while choosing the loan currency and payment currency.

As of June 30, the biggest part—41 per cent—of Bangladesh's debt outstanding by currency was in special drawing right or SDR, which is an international reserve asset created by the International Monetary Fund, according to ERD data.

Around 32 per cent of the debt outstanding was in US dollar, 18 per cent in Japanese yen, 3 per cent in Euro and 6 per cent in other

currencies.

Currently, the country's outstanding external debt stands at \$56.66 billion, 76.95 per cent of which is in fixed rate and 23.05 per cent floating.

About the foreign loans, Planning Minister MA Mannan said: Bangladesh is gradually gaining capacity to handle foreign loans and the amount of the country's soft loans has been decreasing with time.

"Bangladesh had developed a lot since 1972 where foreign loans played a key role. There is nothing to be feared about foreign loans. There is no alternative to taking loans from external sources for the development of a country."

"But we have to be cautious in case of any foreign loan to make sure that it is used properly," he said.

At the event, State Minister for Planning Shamsul Alam said the government had disbursed \$10 billion of foreign loans as of June this year and has over \$48 billion loans in the pipeline.

Cabinet Secretary Khandker Anwarul Islam, ERD Secretary Sharifa Khan and Planning Secretary Md Mamun-Al-Rashid also spoke.

Vietnam mulls tariff cuts to lower petrol prices

VIET NAM NEWS/ANN

The Ministry of Finance (MoF) has proposed a reduction of the most favoured nation (MFN) tariff on a number of petrol products widely used in industrial production from 20 per cent to 10 per cent in an attempt to bring down the economy's input cost.

In addition, the ministry said it

will consider lowering the current tax on ethanol from 15 per cent to 10 per cent for some ethanol products.

The US Grains Council has also recently filed a demand for Viet Nam to bring down tariffs on US ethanol from 15 per cent to 5-10 per cent.

Viet Nam encourages the use of ethanol in making biofuel and the use of biofuel as they are considered to be more environmentally friendly.

New headache

FROM PAGE B1

managing director of Mutual Trust Bank, says the businesses that are able to mobilise funds from different multinational sources will not face major problems despite the ongoing stress.

"But if businesses manage greenbacks from the local market in exchange of the taka, they will have to face a setback to resolve the pressure," he said.

The country's power, gas and petroleum sectors took foreign loans amounting to \$4.33 billion as of June, which is the highest among all sections of the private sector.

This indicates that the power sector will have to repay their debts by mobilising funds from local sources as they usually do not export anything, Rahman added.

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said the central bank should beef up its monitoring on foreign loans to protect the country's reserves from further depletion.

"If any borrower turns into a defaulter, the image of the entire country will get tainted," he added.

Businesses had previously taken loans without thinking about any risks they might face in the foreseeable future, but the situation has changed, he said.

"So, the central bank should look into who are taking the loans and for

what purpose in order to avoid any misuse of such funds," Rahman said.

The global supply chain disruption resulting from the ongoing Russia-Ukraine war mainly created an excessive pressure on the country's external sector.

The disruption had hiked commodity prices in the global market and that subsequently shot up Bangladesh's import payments.

The country paid a record of \$82.49 billion for imports while it earned \$49.2 billion by shipping goods abroad in the last fiscal year, causing the trade gap to rise to \$33.2 billion.

Gas shortage

FROM PAGE B1

Rural Power Company Ltd (RPCL) at Dhanua to ensure adequate gas supply for local textile mills and factories.

The BTMA detailed this request as well as the industry's grievances in a letter to Nasrul Hamid, the state minister for energy, power and mineral resources, yesterday.

The letter also said if the 250PSI capacity compressor of the RPCL is swapped for a 150PSI compressor, gas could be supplied adequately to the industrial units, which employ more than 10 lakh workers.

"At the same time, power production will also continue at the RPCL," Khokon added.

Investors hide in cash despite surging inflation

REUTERS, New York

A tough year in markets is leading some investors to seek refuge in cash, as they capitalise on higher interest rates and await chances to buy stocks and bonds at cheaper prices.

The Federal Reserve has roiled markets in 2022 as it implements huge rate hikes in an effort to moderate the steepest inflation in 40 years. But higher rates are also translating into better rates for money market funds, which had returned virtually nothing since the pandemic began in 2020.

That's made cash a more attractive hideout for investors seeking shelter from market gyrations - even though the highest inflation in forty years has dented its appeal.

Fund managers increased their average cash balances to 6.1 per cent in September, the highest level in more than two decades, a widely followed survey from BoFA Global Research showed.

Assets in money market funds have stayed elevated since jumping after the pandemic began, coming in at \$4.44 trillion as of last month, not far from their peak of \$4.67 trillion in May 2020, according to Refinitiv Lipper.

"Cash is now becoming a viable asset class because of what has happened to interest rates," said Paul Nolte of Kingsview Investment Management, who said the portfolios he manages have 10 to 15 per cent in cash versus less than 5 per cent typically.

"It gives me the opportunity in a couple months to look around in the financial markets and redeploy if the markets and the economy look better," said Nolte.

Investors are looking to next week's Fed meeting, at which the

central bank is expected to enact another jumbo rate hike, following this week's consumer price index report that came in hotter than expected.

The S&P 500 fell 4.8 per cent in the past week and is down 18.7 per cent this year. The ICE BoFA US Treasury Index is on pace for its biggest annual drop on record.

Meanwhile, taxable money market funds had returned 0.4 per cent so far this year as of the end of August, according to the Crane 100 Money Fund index, an average of the 100 largest such funds.

The average yield in the Crane index is 2.08 per cent, up from 0.02 per cent at the start of the year and the highest level since July 2019.

"They are looking better and their competition is looking worse," said Peter Crane, president of Crane Data, which publishes the money fund index.

Of course, sitting in cash has its drawbacks, including the possibility of missing a sudden reversal that takes prices for stocks and bonds higher. Inflation, which stood at 8.3 per cent on an annual basis last month, has also dented the appeal of cash.

"Certainly, you are losing some purchasing power with inflation running at 8-plus percent, but... you are taking some money off the table at a risky time for equity markets," said Peter Tuz, president of Chase Investment Counsel. "Your equities could be down 8 per cent in two weeks."

While an obvious sign of caution among investors, extreme levels of cash are sometimes viewed as a so-called contrarian indicator that bodes well for equities, said Mark Hackett, Nationwide's chief of investment research, especially when taken in concert with other measures of investor pessimism.

Tri-nation firm Gava to invest \$25.62m in Dhaka EPZ

STAR BUSINESS REPORT

Gava Private Limited, a company owned by Hong Kong, Sri Lanka and Switzerland, is going to invest \$25.62 million at Dhaka Export Processing Zone (DEPZ) to set up a garment manufacturing industry.

The company will produce annually 4.4 million pieces of jackets, fleece jackets, t-shirts, polo shirts, sweaters, trousers, coverall, stretch pants, denim pants, shorts, shirts, sweat-shirt, hi-vis shirts, and vests, said a press release.

This investment will create employment opportunities for 3,086 Bangladeshi nationals, it said.

Ali Reza Mazid, investment promotion member of Bangladesh Export Processing Zones Authority (Bepza), and Prasanna Kumar Jayasinghe, director of Gava, signed an agreement to this effect.

Under the agreement, Gava will purchase A-One BD Limited Company through the auction process to run its business here.

A-One BD, a knitting and another textile factory at DEPZ, was closed due to a business downturn earlier.

Samsung eyes zero carbon by 2050

THE KOREAN HERALD/ANN

Samsung Electronics said Thursday it has joined the RE100 initiative to set net-zero targets by 2050 and ensure the full use of renewable energy, making a major shift in the IT devices manufacturing giant that consumed the largest amount of electricity in the world.

By pledging to use less electricity and reuse and recycle resources like plastic and water, the chips-to-consumer electronics giant aims to transition to 100 per cent renewables for its operation, and at the same time become carbon neutral by reducing direct and indirect emissions and by spending more on its missions to tackle climate change.

Such green goals will be guaranteed through Samsung's participation in the RE100 initiative, supported by nearly 380 member companies including tech rivals like Apple, as well as crosstown rival SK hynix.

The belated announcement comes weeks after Samsung Electronics Vice Chairman and co-Chief Executive Officer Han Jong-hee hinted at severing its reliance on fossil fuels with "clearer goal that is also achievable" during the tech show IFA 2022 in Berlin.

Han said Samsung's delay in coal phaseout declaration was due to "some concerns about greenwashing," indicating the company needed more time to have its green plan come full circle.

But experts claimed Samsung's plan is still exposed to loopholes, as Korea's outdated power market structure pose hurdles.

"The growing corporate demand for renewables shows the urgent need for South Korea to remove structural and regulatory barriers to increase its renewable energy uptake on the grid," noted Lim Jang-hyeok, a researcher at Seoul-based not-for-profit organization Solutions for Our Climate.