Star BUSINESS

NBR launches 'tax service month'

STAR BUSINESS REPORT

The National Board of Revenue (NBR) yesterday launched its "tax service month" campaign to help taxpayers file their tax returns timely for fiscal year 2022-23.

The deadline for the submission of income tax returns is November 30.

Before the pandemic, the NBR used to run the same campaign under the name "tax fair".

At a press briefing at the NBR headquarters, NBR Chairman Abu Hena Md Rahmatul Muneem said services would be provided for all 649 circles under 31 tax zones across the country.

The comprehensive programme aims at developing a culture and increasing awareness on paying taxes and gaining the trust and confidence of taxpayers, he said.

The income tax department of the NBR declared November as "tax

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Colourful bags cover dragon fruits, also known as pitaya, to protect them from birds in an orchard at Bashatpur village in Bagachra union of Jashore. According to locals, around Tk 1 lakh to Tk 1.5 lakh has to be spent on one bigha of land to grow some 400 pitaya cacti, each of which can provide around two maunds of fruit over a span of eight months. Each kilogramme of the fruit was selling for Tk 180 to Tk 220 in the locality. Over 1,138 tonnes were produced around the country on some 349 acres of land in fiscal year 2020-21, according to the Bangladesh Bureau of Statistics. The photo was taken recently.

PHOTO: FAHD MANNAN

Reduce fund wastage, phase out subsidy in energy sector

Economists say in line with IMF, WB suggestions

AHSAN HABIB

The government should stop fund wastage in the energy sector and eventually phase out subsidies, which have created pressure on the public coffer, according to economists and entrepreneurs.

However, the subsidies should not be removed amid the ongoing economic crisis, they said.

These recommendations came after two multilateral lenders -- the International Monetary Fund (IMF) and World Bank -- suggested removing subsidies to make Bangladesh's budget financing more efficient.

The state's planned subsidies ballooned to a record high in the ongoing fiscal year and currently stands at about Tk 83,000 crore, up by some 19 per cent from Tk 67,000 crore the previous year.

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Meanwhile, the government's revised subsidy was just Tk 49,330 crore in fiscal 2020-21.

The government has long been subsidising the prices of fuel, fertiliser, electricity and gas in an unstable practice that benefits both the poor and wealthy alike.

A visiting mission of the IMF recently called for implementing a pricing formula for fuel, fertiliser, electricity and gas while also cutting back on subsidies by the next fiscal year.

The ten-member mission is in Dhaka on a 15-day tour to decide on the conditions for a $4.5 billion loan sought by the country.

Following these recommendations, The Daily Star contacted a few economists and entrepreneurs for their take on the matter.

"The recommendation to reduce subsidies is logical, especially in the energy sector," said KAS Murshid, a former director general of the Bangladesh Institute of Development Studies.

However, dropping subsidies in the power sector at this point in time would increase the woes of general people, who are passing through

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Remittance keeps falling as hundi gains upper hand

AKM ZAMIR UDDIN

Despite a surge in the outflow of migrant workers, remittances to Bangladesh declined 7.4 per cent year-on-year to $1.52 billion in October, an unpromising development that may deepen the volatility in the economy.

Last month, the receipts of remittances – the money sent from citizens working abroad to families back home – were the lowest in eight months.

Experts blame the hundi cartel for the slide in remittance, saying the exchange rate gap between the formal and informal channels has encouraged remitters to send money through the cross-border illegal financial transaction system.

Last month, the commoners bought each dollar at Tk 112-Tk 113 from the kerb market, a largely unregulated platform where foreign exchanges are bought and sold. Beneficiaries of remittances might have received almost the same rate from the hundi cartel.

On the other hand, banks in Bangladesh pay Tk 107 to remittance recipients for each dollar.

October's receipts were also 1 per cent lower than in the preceding month.

Remittance dropped 2.03 per cent year-on-year to $7.19 billion in the first four months of the current fiscal year, data from the Bangladesh Bank showed yesterday.

The poor show in the remittance sector came despite 8.75 lakh migrant workers leaving the country for jobs in the first nine months of 2022. The figure was 6.17 lakh in 2021 and 2.17 lakh in 2020.

Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh (PRI), said: "A record number of migrant workers have left the country for jobs abroad this year, so there is no scope for remittances to fall."

Besides, the majority of migrant workers are working in the Middle East, a region that is now witnessing vibrant economic activities riding on a boom in oil prices, he said.

"But the expatriates might have preferred the hundi channel to the formal transfer system for a better exchange rate."

Even before the pandemic and the latest volatility in the foreign exchange market, only 51 per cent of the remittances used to flow to Bangladesh through formal ways and the rest through hundi.

Fahmida Khatun, executive director of the Centre for Policy Dialogue (CPD), warns that the fall in remittance may deepen the ongoing instability in the foreign exchange market.

"This may create a vicious circle in the economy."

Falling remittances mean the country's foreign exchange reserves, which have been declining for several months owing to escalated import bills, may come under further strain.

The reserves stood at $35.85 billion on October 26, down more than 22 per cent in contrast to $46.49 billion a year earlier.

A further fall in reserves could force imports to fall, which will ultimately bring down exports since businesses rely on external sources for industrial raw materials to manufacture goods for international markets.

"The ongoing stress facing the economy will broaden if exports fall," said Fahmida.

October's export figure has not been published. In September, shipment slipped 6.25 per cent year-on-year, driven by the slowing orders for garments amid higher inflation and concerns of recession in the major destinations.

"The economic uncertainties may widen due to the decrease in remittances," said Ahsan H Mansur, executive director of the PRI.

Under such a situation, capital flight may receive a boost as both individuals and businesses will lose confidence in the economy and may move to other countries or relocate businesses, he said.

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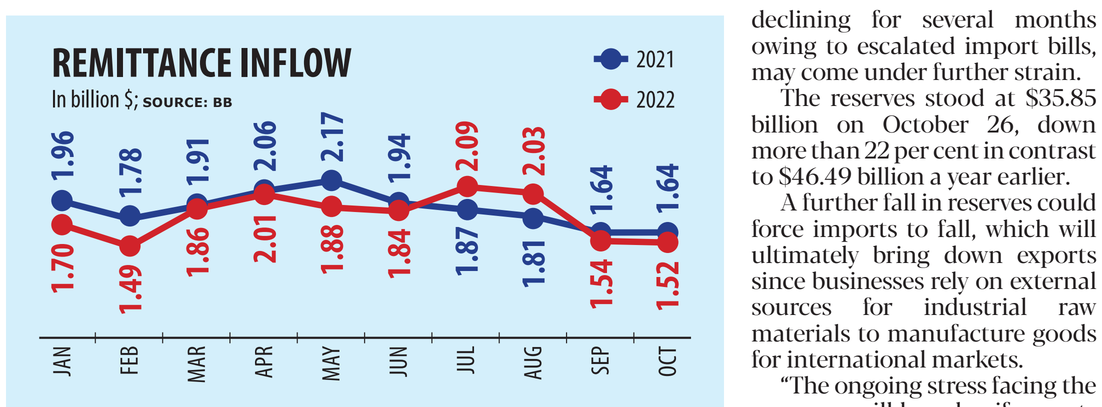

STOCKS

DSEX ▲	CASPI ▲
0.72%	0.59%
6,352.89	18,733.38

COMMODITIES

Gold ▲	Oil ▲
$1,654.83 (per ounce)	$89.03 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.62%	▲ 0.33%	▲ 1.21%	▲ 2.62%
61,121.35	27,678.92	3,130.50	2,969.20

People collecting diesel from a filling station in Tejgaon to run generators. Since November 2021, the government has hiked the diesel price twice, sending it to Tk 109 per litre from Tk 65 to minimise the subsidy on petroleum products.

PHOTO: RASHED SHUMON

Industries buckle under mounting diesel bills

REFAYET ULLAH MIRDHA

Plummy Fashions, a Narayanganj-based export-oriented knitwear factory, used to spend Tk 65,000 per month on diesel even two months ago. But the same factory now has to consume one month's worth of fuel in a single day owing to rolling blackouts.

The factory is being forced to run the operation with expensive diesel in order to deliver goods on time to its international buyers.

"I don't think about profit now as I have to supply the goods to buyers on time," said Md Fazlul Hoque, managing director of Plummy Fashions.

In Bangladesh, the expenses for diesel-run operations have increased manifold because of regular load-shedding caused by the low pressure of the gas.

It came after the government began putting in place regular load-shedding in July in a bid to cut diesel use since the higher consumption of fuel has stoked an economic crisis in Bangladesh after foreign currency reserves depleted fast for the escalated commodity prices globally.

The US dollar shortage has also forced the country to put the import of liquefied natural gas on hold, affecting the supply of energy to industries.

Since November 2021, the government has hiked the diesel price twice, sending it to Tk 109 per litre from Tk 65 to minimise the subsidy on petroleum products.

As a result, the higher diesel price has emerged as a major concern not only for Plummy Fashions. Rather, it is hurting all factories running on diesel as an alternative to gas and power.

"I don't think about profit now as I have to supply the goods to buyers on time," said Md Fazlul Hoque, managing director of Plummy Fashions

Since output has gone down by half for the energy crisis, industries are desperately looking for alternative sources to keep operating although their profits took a hit amid a 50 per cent spike in the cost of production.

The difficult time emerged at a time when the demand for apparel items is also falling in the western markets for record inflation, fuelled by the Russia-Ukraine war and supply bottlenecks.

"On average, factories have to rely on diesel for 10 hours because of load-shedding," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

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