



The newly built Revenue Bhavan, which will be the headquarters of the National Board of Revenue, at Sher-e-Bangla Nagar in Dhaka's Agargaon. Prime Minister Sheikh Hasina inaugurated the 12-storey building on Sunday.

PHOTO: RASHED SUMON

Remove barriers for ensuring stable spice market

Businesspeople urge govt

STAR BUSINESS REPORT

Businesspeople involved with the spice market in Bangladesh have urged the government to reduce the import duty on spices in order to keep the market stable in the upcoming month of Ramadan.

They also asked for the removal of prevailing hassles to ensure that letters of credit (LCs) can be opened without any difficulty for importing the necessary spices.

These demands came during a meeting on "stabilising the price and supply of spices" at the Directorate of National Consumer Rights Protection (DNCRP) in Karwan Bazar, Dhaka yesterday.

Problems in opening LCs, the high US dollar price and increased international commodity prices are the main reasons for instability in the

domestic spice market, businesspeople said.

Ajmal Hossain Bablu, general secretary of the Moulvibazar Traders Association, said high import duty and rising US dollar prices have affected the country's spice trade.

Most spices, including cumin, were previously imported from Afghanistan, Turkey and India. However, now only cumin is being imported from India, where the price of the product has recently increased.

Bablu then said that the price of cumin currently stands at \$4,200 per tonne in the neighbouring market while it was \$2,800 for the same amount just two months ago.

Lutfar Rahman, president of the Mohammadpur Townhall Dhaka North City Corporation Kitchen Market

Merchants Association, said there is not much time left before the month of Ramadan.

So, if proper steps are not taken to solve the problems now, there will be a kind of crisis in the market in the coming days, he added.

Due to volatility in the exchange rate of the US dollar, the cost of importing spices has increased by 25 to 35 per cent, and that is why prices in the local market are also high, businesspeople say.

The rise of urbanisation across the country is propelling demand for processed spices.

In the last one year, the price of onion has increased by 40 per cent, garlic 109 per cent, dried chili 150 per cent, ginger 123 per cent, cumin 94 per cent and clove 36 per cent, as per data from the Trading Corporation of Bangladesh.

Recently, the DNCRP found several anomalies in market surveillance of spices. For example, purchase cash memos are not maintained while import related papers are not available.

AHM Shafiquzzaman, director general of the DNCRP, said the issue regarding LC opening for importing spices would be discussed with those concerned in due time.

A report on the matter will be given to the commerce ministry so that work can be done to solve the problem quickly, he added.

Shafiquzzaman went on to say that discussions are ongoing with the National Board of Revenue regarding the duty structure for daily necessities ahead of Ramadan.

"So, the issue of spices will be considered as well," he said.

ICCB workshop focuses on combating financial crimes

STAR BUSINESS DESK

The International Chamber of Commerce (ICC) Bangladesh organised a daylong workshop on "Combating Financial Crimes: Means, Ways & Redress" at a local hotel in Dhaka recently.

AK Azad, vice-president of the ICC Bangladesh, attended the closing session of the workshop and distributed certificates among the participants, said a press release.

A total of 92 officials from 27 banks participated in the workshop.

Ataur Rahman, secretary general of the ICC Bangladesh, Mohammad Rafiqul Islam, workshop resource person, Ajay B Saha, general manager, and Md Shakayet Hossain, manager, were present.

China willing to restart trade dialogue with Australia

REUTERS, Beijing

China's commerce minister Wang Wentao said talks held on Monday with Australian counterpart Don Farrell were a key step toward bringing bilateral economic and trade ties back on track, with relations improving after being strained in recent years.

The virtual meeting "represents another important step in the stabilisation of Australia's relations with China," Farrell said after the first talks between the trade ministers of the two countries since 2019.

Last month, Chinese officials relaxed import bans on Australian coal as both countries work to improve diplomatic relations after more than two years of Chinese trade restrictions on a range of Australian exports including barley, lobster and wine.

Wang said China is willing to restart the mechanism facilitating dialogue with Australia on economic and trade issues and to expand cooperation in emerging areas including climate change and the new energy sectors.

"At present, the economic and trade relations between the two countries are facing an important window period... the meeting is a significant step to push China and Australia economic and trade relations back on track," Wang said in a statement released by his ministry following the talks with Farrell.

China's top economic planner in May 2021 suspended all activity under a China-Australia Strategic Economic Dialogue which was an important forum for Australia and China to work through issues relevant to bilateral economic partnership.

The Chinese statement said Australia was also willing to work with China to enhance mutual trust and resolve differences through candid dialogue.

Separate tax policy Bangladesh made over 10cr handsets

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"But the separation is very important for a healthy business climate in the country," she said.

She was addressing a seminar on the role of income tax in a country's economy organised by the NBR as a part of its "Revenue Conference 2023" at Bangabandhu International Conference Center.

This will enrich the NBR's efficiency, echoed MA Momen, vice president of the Federation of Bangladesh Chambers of Commerce and Industry.

"If the tax policy and administration are separated, the policies will be business friendly," he said.

In terms of policy adoption for the upcoming budget, the NBR should play an important role considering the global economic situation to bring ease to the business climate, added Momen.

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Due to tax exemption offered to green factories, the highest number of such factories now exist in the country, said Asif Ashraf, a director of the Bangladesh Garment Manufacturers and Exporters Association.

"We remain in fear all the time. Because, if we make a profit this year, we will have to pay the same amount of tax next year. But there is no guarantee of profit next year," he said.

However, at the event some taxpayers informed of incidents of sufferings they faced while paying tax.

They said they felt harassed by the NBR officials when they came to pay their income tax at the NBR office.

The policy should be formulated by persons who have adequate experience of working at the field level, said Md Tajul Islam, the local government, rural development and cooperatives minister.

There are a huge number of eligible taxpayers not only in urban areas but also in rural areas, he said.

As of January 2023, there are 84.49 lakh registered taxpayers but only 2.85 lakh submitted income tax returns as of December 2022, according to the NBR.

cent of the price is imposed on smartphone imports, whereas the tax on locally assembled and manufactured handsets is about 20 per cent to 25 per cent.

The 15 entities invested an estimated Tk 2,000 crore for setting up plants, creating jobs for around 15,000 to 18,000 people.

"We have progressed way more than expectations," said Rizwanul Haque, vice president of the Mobile Phone Industry Owners' Association of Bangladesh.

"Now annual turnover has reached about Tk 15,000 crore. Earlier, full finish products used to get imported. Now there is a value edition," he said.

According to industry people, value addition now stands at up to 20 per cent, with printed circuit boards being made and components being added to those locally.

"We are now ready as we have invested to increase our capacity in the last five years. Now we should grab the export market," said Haque.

"Now we need to get proper government support to expand the backward linkage industry to increase our value addition to 30 per cent producing battery, charger and box," he added.

Many youths in Bangladesh have gained employment in the plants as assembly line managers, unit managers, material management executives and quality control managers on attaining their diplomas in electronics from polytechnic institutes.

Some even got jobs after passing just their HSC exams.

The industry has been contributing to the country's economy creating employment and drawing investment, which is a big achievement, said Shyam Sunder Sikder, chairman of the BTRC.

If the NBR extends some opportunities, the local manufacturers will be able to export Bangladesh-made phones to the

global market, he said.

However, the industry has been hit hard by increasing inflation, an unprecedented dollar price hike and an increase in value added tax as their sales have plummeted amid belt-tightening by consumers.

This is compelling the manufacturers to cut production. The smartphone segment is particularly finding itself worse off in the current downturn.

A recent surge of the grey market in Bangladesh has now become a big headache for the local manufacturers.

"We have informed the authority concerned of the government to stop the inflow of phones that has been smuggled into the country. If this is not stopped immediately, the industry will face a severe backlash," added Telecom Minister Jabbar.

FBCCI forms election board

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the FBCCI, over the phone yesterday.

Usually, the election board is empowered to complete formalities within 105 days before the end of the tenure of a committee, Helaly said.

Chowdhury, however, said he did not receive any formal letter from the FBCCI to act as the chairman of the election board yet.

Helaly said the FBCCI would soon send letters to the chairman and the members of the election board.

The total number of posts of directors at the FBCCI is 80. Of them, 46 are elected, with 23 each coming from the chamber group and the association group.

Another 34 directors are nominated: 17 come from the chamber group and 17 from the association group.

The elected directors and nominated directors from trade bodies and chambers will elect the president and vice presidents for the next two years.

Inflation falls

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while the production in the manufacturing sector has improved. As a result, prices are falling," he told reporters at the planning ministry.

He, however, admitted that the latest hike in the price of gas and electricity might have an impact on inflation in the coming months.

The government increased the electricity price by 5 per cent at the retail level on January 31, the second hike in 19 days as it steadily retracts subsidies in the power sector.

On January 18, it raised the retail price of gas by 14.5 per cent to 178.9 per cent for industries, power plants and commercial establishments, which together account for 78 per cent of gas use. BBS data showed that inflation averaged 7.92 per cent in the February-January period.

The government has projected that inflation would stand at 7.5 per cent in the current fiscal year, which ends in June.

But the International Monetary Fund (IMF) has said the average headline inflation in FY23 is expected to increase to 8.9 per cent in Bangladesh, driven by rising domestic food and fuel prices and the pass-through of large depreciation of the taka.

The local currency has lost its value by about 25 per cent against the US dollar in the past one year owing to the shortage of the US currency.

In January, food inflation declined to 7.76 per cent from 7.91 per cent in

the previous month.

In a writup, Pierre-Olivier Gourinchas, economic counsellor and the director of research of the IMF, said global financial conditions have improved as inflation pressures started to abate.

Global inflation is expected to decline this year but even by 2024, projected average annual headline and core inflation will still be above pre-pandemic levels in more than 80 per cent of countries.

Non-food inflation dropped 12 basis points to 9.84 per cent last month from 9.96 per cent in December, according to the BBS.

That inflation is on the decline is good news, but the market situation does not seem to be at a much comfortable condition, said Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem).

The prices of some products, including rice, are still high, he said.

"Lower-income and middle-income groups are still under pressure as we are seeing the long queue of the OMS (Open Market Sale of subsidised products) line for buying rice," he said.

The recent hike of energy prices may incite inflation in the coming months, he said.

As for protective measures, the government should continue running social safety net programmes and monitor the market supply chains, recommended Raihan.

Huge tasks ahead

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Razzaque said there is a gap in corporate tax collection as many registered companies don't comply with tax rules.

"Bangladesh will have to attain the target to finance its expenses for various purposes. Otherwise, the situation will worsen."

Even if the NBR achieves IMF's targets on revenue, the overall tax collection to GDP will still remain below the goal made as part of the 8th Five-Year Plan, which runs from FY21 to FY25. The government aims to elevate the tax-to-GDP ratio to 12.3

per cent by 2024-25.

"So, there is no scope to be complacent," said Razzaque.

Bangladesh's tax-to-GDP ratio is one of the lowest in the world and the nation's spending for health and education is less than 1 per cent of GDP and close to 2 per cent of GDP, respectively.

"This is below the requirement," said the economist.

"Evidence from cross-country analysis of 139 countries reveals that a country's tax-to-GDP ratio needs to be at least 15 per cent to accelerate growth and development significantly."