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Star BUSINESS

Cut duties on essentials

CPD says in budget proposal for FY2024

STAR BUSINESS REPORT

The Centre for Policy Dialogue (CPD) has urged the government to reduce the duties and taxes, both at import and domestic levels, on essential commodities in order to provide some respite to consumers with low and limited income amid higher inflation.

Although duties and taxes on sugar were reduced recently, a CPD analysis shows that at least 28 imported essential food items still face a high incidence of tax.

"We propose that such taxes should be reconsidered, especially in view of the cost-of-living crisis prevailing in the economy at present," said the think-tank in its budget proposals submitted to the National Board of Revenue (NBR) on Tuesday.

In the 2022-23 budget, the personal income tax structure has remained generally unchanged from the one introduced in 2021-22.

READ MORE ON B3

TCB's sugar, lentil sales begin today

STAR BUSINESS REPORT

The Trading Corporation of Bangladesh (TCB) has announced that it would sell sugar at Tk 60 a kilogramme to one crore family cardholders during Ramadan.

The state-run agency will also sell lentils at Tk 70 a kg, soybean oil at Tk 110 a litre, chickpeas at Tk 50 a kg, and dates at Tk 100 a kg starting today, according to a press release.

Dates will be sold only in Dhaka city.

During the fasting month last year, the corporation sold sugar at Tk 55 a kg, lentils at Tk 65 a kg, soybean oil at Tk 110 a litre, and onion at Tk 30 a kg.

Meanwhile, general consumers in Bangladesh are still paying higher prices for sugar although more than a week has passed since the National Board of Revenue removed the import duty on both raw and refined forms of the sweetener.

Sugar was sold at Tk 115-120 per kg in Dhaka's kitchen markets yesterday, TCB data showed.

Consumer electronics sales plunge amid high inflation

JAGARAN CHAKMA

The consumer electronics sector in Bangladesh is witnessing a slide in demand as sales have declined by 40 per cent from a year ago amid belt-tightening by customers.

Retailers say consumers are reluctant to spend on luxury items amid the ongoing economic crisis and inflationary pains.

REASONS FOR DECLINE

- Depreciation of taka against US dollar
- Impact of Russia and Ukraine war
- High inflation and worsening of consumers buying power
- Up to 20% increase in prices
- Sales drop by up to 40% depending on the item

Although industry data on the sales of electronic home appliances is hard to come by, the sales records of companies, both foreign and local, pointed to the slump in demand.

Major players in the domestic consumer electronics market are Walton, Transcom Digital, Rangs Electronics, Rangs Toshiba, Best Electronics, MyOne Electronics Industries, Jamuna Electronics, Pran RFL (Vision), Esquire Electronics, Electra International, and Super Star Group.

Foreign companies such as Samsung, LG, General, Sharp, and Whirlpool are also popular among local consumers.

"The sales of electronic home appliances have declined by 30 to 40 per cent due to higher inflation and a spike in the price of electronic products," said Ritesh Ranjan, head of business at Transcom Digital.

The electronics home appliances market faced a slump in sales at the early stage of the coronavirus pandemic. But Ranjan said the situation is different this time.

"The price of electronic items has risen by 15 to 20 per cent because of the dollar price hike. Besides, consumers are reluctant to purchase non-essential items," he said.

The taka has lost its value by about 25 per cent against the US dollar in the past one year, led by the shortage of the American greenback.

The ongoing inflationary pressure has also impacted the consumer electronics market, Ranjan said.

Owing to escalated prices of imported commodities and raw materials, inflation has stayed at an elevated level in Bangladesh for nearly one year.

Ranjan said the sector did well in 2022 despite a number of crises. "But the ongoing economic situation is not favourable for the market."

According to the senior executive, the demand for microwave ovens and rice cookers has not fallen that much. On the other hand, refrigerators and air conditioners are facing a decline in demand.

He hopes the sales of air conditioners will increase this month as temperatures might start to rise as summers approach.

Md Manzurul Karim, general manager of Esquire Electronics, the sole distributor of Japanese electronic brands General and Sharp, said the sales of consumer electronics items have gone down by around 50 per cent as most people can't afford luxury items.

"Corporate clients have kept the business alive."

Esquire Electronics has 80 outlets and more than 400 distributors across the country. "Of them, 30 to 40 per cent are operating below break-even," said Karim.

Local manufacturers who dominate the market from urban to rural areas are facing the same situation as households don't have much disposable income.

Sales in the weeks to Ramadan usually pick up as retailers offer discounts. But the number of customers is very low this year, according to Karim.

Walton Hi-Tech Industries PLC, the country's largest consumer electronics manufacturer, recorded a massive slump in profit in 2022 although sales volume remained almost unchanged.

The company blamed the Russia-Ukraine war, higher inflation, and the price hike of the US for the drop in earnings.

"Our sales volume has remained the same despite the price spike of products thanks to the rise in raw material costs, shipping charges, and the depreciation of the taka," said Humayun Kabir, deputy managing director for marketing of Walton.

Singer Bangladesh registered its lowest profit in 14 years in 2022, owing to the increased cost of raw materials, higher freight rates, and the fall of the value of the taka.

The sales have remained the same as it was in the second half of 2022, said Kazi Ashiqur Rahman, company secretary of Singer Bangladesh.

READ MORE ON B3

Fast-track projects see better implementation

REJAUL KARIM BYRON and AHSAN HABIB

Implementation of eight fast-track projects under the Annual Development Programme (ADP) was at a good pace in the first seven months of the current fiscal year of 2022-23 while that of other projects was slower.

Spending under some fast-track projects was even higher than that of their allocations, so the government raised their allocations in the revised ADP in the last National Economic Council (NEC) meeting.

However, spending under the Rooppur nuclear power plant project was lower than its allocation. As a result, the allocation was reduced.

Apart from the eight projects, the government raised allocations in the revision for other mega projects that witnessed spending in excess of their allocations.

In the seven months, 44.21 per cent of the allocations for the eight projects was spent while overall ADP implementation stood at 28 per cent, according to data from the planning ministry.

In other words, the projects saw Tk 14,403 crore being spent in the period whereas the allocation was Tk 32,578 crore, the data shows.

The government's policy is to complete the mega projects as quickly as possible and so, the ones which witnessed timely utilisation of allocations received higher financing, said a top ministry official.

Project implementation was lagging at the primary stage due to issues pertaining to procurement planning, tendering, land acquisition, and so on, said another official.

As most mega projects are nearing completion, their implementation rate is better, he added.

ROOPPUR NUCLEAR POWER PLANT

The allocation was Tk 13,395 crore in the current fiscal year while 30 per cent, or Tk 4,021 crore, was spent.

The allocation was reduced to Tk 11,139 crore in the revised ADP.

The government is working with the Russian government to bring ease to payments. In spite of the challenges, the physical works have progressed as per schedule, according to a ministry official.

PADMA BRIDGE

The bridge is already open for movement of vehicles but some of the final touches are yet to be made, including river training.

Of the total project cost of Tk 30,193 crore, around 96 per cent was spent within last January.

The allocation in the project was Tk 2,202 crore in the current fiscal year while spending stood at Tk 810 crore. Now, the allocation of the project has been revised down to Tk 1,402 crore.

READ MORE ON B3

STOCKS (AS OF TUESDAY)

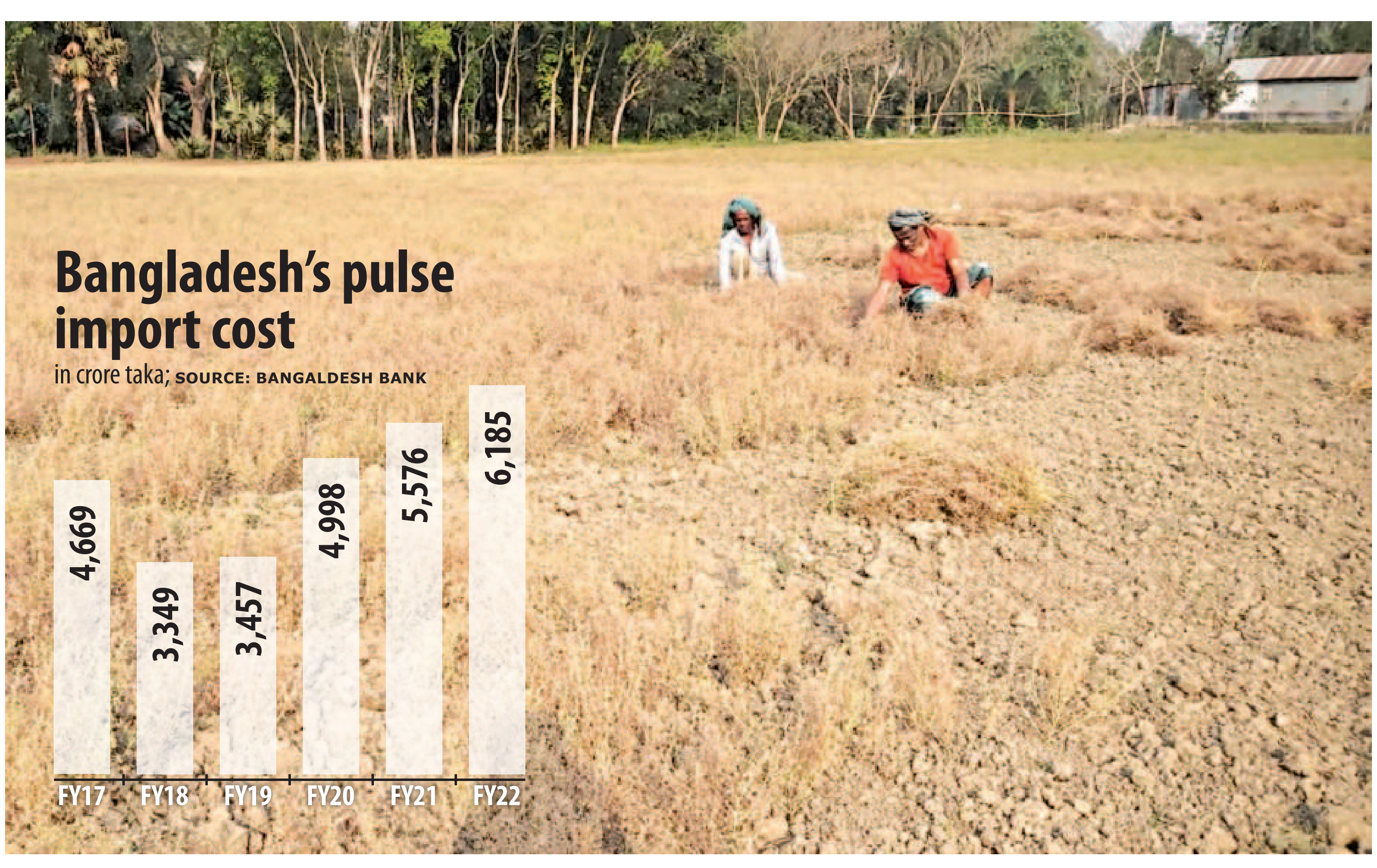
DSEX ▲	CASPI ▲
0.04%	0.08%
6,262.31	18,445.59

COMMODITIES

Gold ▼	Oil ▼
$1,813.39 (per ounce)	$77.25 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.21%	▲ 0.48%	▼ 0.57%	▼ 0.05%
60,348.09	28,444.19	3,226.86	3,283.25



Farmers in Charbhadrasan upazila of Faridpur harvest bushes of lentil plants containing pods in which the seeds grow. Around 5 to 6 maunds (one maund equals around 37 kilogrammes) of the legume are expected to be availed from 52 decimals of land (100 decimals equals one acre) through an investment of Tk 6,500. Each maund is selling for Tk 3,500 in local markets. The photo was taken at BS Dangi village yesterday.

PHOTO: SUZIT KUMAR DAS

Pulse import cost rising amid scanty local production

MD ASADUZ ZAMAN

The import cost of pulses in Bangladesh is on the rise due to increased consumption, inadequate domestic production and higher prices in the international markets.

A sharp depreciation of the taka against the US dollar in the past one year and a surge in freight costs have also contributed to the higher import prices of one of the most popular kitchen items in the country.

The crop also can't compete with other more profitable agricultural items. Besides, there is a lack of government focus aimed at raising pulse production, experts and market operators say.

In the last fiscal year of 2021-22, Bangladesh spent Tk 6,185 crore to import pulse, an increase of 11 per cent year-on-year, according to Bangladesh Bank.

Pulse production has retained an upward trend over the years, but the output did not rise in line with the growing demand.

Farmers produce 4.25 lakh tonnes of pulses in 2020-21, up from 3.97 lakh tonnes in the previous year, data from the Bangladesh Bureau of Statistics showed.

Every year, Bangladesh needs to import 12 lakh tonnes to 13 lakh tonnes of pulses, including lentils, chickpeas and green gram beans.

"Domestic consumption is increasing. And the import costs have shot up due to the taka's depreciation and high freight costs," said Abul Bashar Chowdhury, chairman of BSM Group, one of the top importers of consumer goods.

The price of pulses in the international market has increased significantly, forcing importers to pay more since a 25 per cent fall in the value of the local currency against the US dollar has made the sourcing of products from the external markets expensive.

Chowdhury says no major step has been taken to give a much-needed boost to pulse cultivation. So, around 5 lakh tonnes of lentils, 6 lakh tonnes of green peas and 2.30 lakh tonnes of chickpeas are imported annually.

He suggested the government take up a plan to cut the pulse import.

Faria Yasmin, business director of ACI Foods and Commodity Brands, said the high price of the domestic pulse has driven consumers to turn to imported ones, pushing up the imports of the item.

READ MORE ON B2

A farmer tends to his field of Salvia hispanica, a flowering plant in the mint family producing chia seeds, at Hatibandha upazila in Lalmonirhat. The seeds are said to reduce appetite and weight, lower triglycerides and improve blood sugar levels in type 2 diabetes, for which there is a lot of demand in the market. Around 3 to 4 kilogrammes (kg) can be harvested from one decimal of land (100 decimals equal one acre) at a cost of Tk 200 to Tk 300 and each kg can fetch Tk 600. The photo was taken at Dakalibandha village on Sunday.

PHOTO: S DILIP ROY

China promises Sri Lanka deal on debt treatment in coming months

REUTERS, *Colombo*

The Export-Import Bank of China has told Sri Lanka it will try to finalise in the months ahead how it treats debt owed by the crisis-hit nation, according to a letter seen by Reuters which also reiterated a moratorium for debt due in 2022 and 2023.

The International Monetary Fund said on Tuesday that Sri Lanka had secured financing assurances from China, India and all its major bilateral creditors, setting the stage for final approval of the IMF's $2.9 billion, four-year bailout for the island nation on March 20.

Sri Lanka is facing its worst economic crisis in more than seven decades and a shortage of dollars has disrupted imports of essentials, though the situation has improved this year from last year when protesters ousted its president.

China has extended its "firm support to Sri Lanka through a debt treatment", EXIM Bank wrote in the letter to the Sri Lankan government on March 6.

The bank's Vice President, Zhang Wencai, said in the letter that the nation would not have to immediately repay the principal and interest due on its loans for the two years, "so as to help relieve your short-term debt repayment pressure".

"Meanwhile, we would like to expedite the negotiation process with your side regarding medium- and long-term debt treatment in this window period, with a view to finalising the specifics of a debt treatment in the coming months. We will make our best efforts to contribute to the debt sustainability of Sri Lanka."

The letter mirrors what EXIM Bank sent to Sri Lanka in January, except for the target of finalising debt-treatment specifics in the coming months.

By end-2020, Sri Lanka owed EXIM $2.83 billion, or 3.5 per cent of its external debt, according to IMF data.

The letter added that China would call on "commercial creditors to provide debt treatment in an equally comparable manner and encourage multilateral creditors to do their utmost to make contributions to help you better respond to the crisis and emerge from it".

A Chinese foreign ministry spokesperson confirmed the contents of the letter.

"It fully reflects our sincerity and efforts to support Sri Lanka in achieving debt sustainability, and we hope that relevant parties will respond positively to Sri Lanka's loan application as soon as possible," Mao Ning told a regular news conference. Winning the support of China, the world's and Sri Lanka's biggest sovereign creditor, was crucial for the IMF deal to go ahead.

Sri Lankan President Ranil Wickremesinghe told parliament on Tuesday that the government received the China letter on Monday night and soon after, he and the central bank governor sent a letter of intent to the IMF.

A source at Wickremesinghe's office said the president had been expecting the letter from EXIM Bank from Thursday.

"Sri Lanka has been talking, discussing and negotiating with China EXIM Bank for weeks, mostly virtually, because that was what we were tasked with doing," said the source, declining to be identified as he was not authorised to talk to the media.

He said the support from the international community, especially Japan and the United States talking to the Chinese government, helped Sri Lanka. Sri Lanka's case was also boosted by a G20 meeting in India last month, said the source.

Sri Lanka cabinet spokesperson and transport minister, Bandula Gunawardena, told a weekly news briefing that the possible final IMF approval was a "great achievement".

"Sri Lanka has worked hard and spent months to fulfill requirements for the IMF programme, at certain times the president engaged at personal level to get support," he said.

"Without the IMF programme, Sri Lanka cannot turn around its economy."

Mercantile Bank, ITFC sign deal

STAR BUSINESS DESK

Mercantile Bank and International Islamic Trade Finance Corporation (ITFC) recently signed a master murabaha agreement facilitating cross-border trade of small and medium enterprise (SME).

Md Quamrul Islam Chowdhury, managing director of the bank, and Nazeem Noordali, chief operating officer of the ITFC, a member of Islamic Development Bank Group, inked the deal at The Westin Dhaka, said a press release.

"This agreement paves the way for the ITFC's continued commitment to supporting the development of trade in OIC (Organisation of Islamic Cooperation) member countries, particularly in challenging times like these," said Nazeem Noordali, chief operating officer of the ITFC.

Abdihamid Aweis Abu, general manager of trade finance of the ITFC, Mati Ul Hasan, additional managing director of the bank, Shamim Ahmed, deputy managing director, and Mohammad Iqbal Rezwan, senior executive vice-president, were present.

Fed mulls bigger rate hikes

AFP, *Washington*

The United States is prepared to speed up interest rate hikes -- and could raise them higher than anticipated -- if needed to cool inflation and a strong jobs market, Federal Reserve Chair Jerome Powell said Tuesday.

An "unseasonably warm" January across much of the country was likely behind the robust employment, consumer spending, manufacturing and inflation figures, which pointed to a partial reversal of earlier softening trends, Powell told the Senate Banking Committee.

"If the totality of the data were to indicate that faster tightening is warranted, we would be prepared to increase the pace of rate hikes," he said.

He added that the "ultimate level of interest rates" is likely to be higher than previously anticipated as well.

Stocks fell sharply following Powell's comments, with the Dow Jones Industrial Average closing 1.7 per cent lower.

PRICES OF KEY ESSENTIALS IN DHAKA CITY

	PRICE (MAR 6, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	3.85 ↑
Coarse rice (kg)	Tk 46-Tk 50	-4 ↓	2.13 ↑
Loose flour (kg)	Tk 58-Tk 60	3.51 ↑	68.57 ↑
Lentil (kg)	Tk 95-Tk 100	0	0
Soybean (litre)	Tk 168-Tk 172	0	0
Potato (kg)	Tk 18-Tk 20	-24 ↓	8.57 ↑
Onion (kg)	Tk 30-Tk 40	0	-41.67 ↓
Egg (4 pcs)	Tk 42-Tk 45	-3.33 ↓	14.47 ↑

SOURCE: TCB

Md Sazzad Hossain and Mohammad Ziaul Hasan Molla, deputy managing directors of Bank Asia, attended a "Financial Literacy Day" programme organised by the bank for the first time at Bank Asia Tower Branch in Karwan Bazar on Monday.

PHOTO: BANK ASIA

Bank Asia celebrates 'Financial Literacy Day'

STAR BUSINESS DESK

Bank Asia for the first time celebrated a "Financial Literacy Day" on Monday arranging different activities to raise customers' awareness and impart knowledge on financial matters and services.

As per the financial literacy guidelines of Bangladesh Bank, the day is celebrated on the first Monday of March each year.

Md Sazzad Hossain and Mohammad Ziaul Hasan Molla, deputy managing directors of the bank, inaugurated the programme at Bank Asia Tower Branch in Karwan Bazar, said a press release.

Emranul Huq, managing director of Dhaka Bank, virtually presided over a "Managers Meeting-2023" on Sunday. Mohammad Abu Jafar, additional managing director, AKM Shahnawaj, AMM Moyen Uddin, Akhlaqur Rahman, Mostaque Ahmed, Sheikh Abdul Bakir and Darashiko Khasru, deputy managing directors, and Sahabub Alam Khan, chief financial officer, joined the meeting.

PHOTO: DHAKA BANK

Exporters demand cut in source tax

FROM PAGE B4

"Owing to the higher tax deducted at source, exporters are finding it increasingly difficult to operate business amid the global crisis," the BGMEA argued.

The association asked the NBR to apply the current corporate tax rate during the assessment of dis-allowable expenses and other incomes.

Currently, the government has imposed a 12 per cent corporate tax on all garment industries and 10 per cent on green garment factories.

But during the assessment, the corporate tax rate applicable for private limited companies is imposed in the case of various incomes such as gains from assets disposal and dis-allowable expenses, said the BGMEA.

It said the NBR should withdraw the 10 per cent income tax imposed on the cash incentives and slashed the income tax deducted at source on the fee against the funds secured from the Export Development Fund to 10 per cent from 20 per cent.

The BGMEA said companies that don't enjoy bonded warehouse facilities should be allowed to open back-to-back letters of credit so that they can smoothly purchase inputs and raw materials from the domestic market.

A back-to-back LC involves two letters of credit to secure financing for a single transaction. It is used primarily in international transactions.

There are 1,100 factories that are members of the BGMEA, the BKMEA, and the Bangladesh Terry Towel & Linen Manufacturers & Exporters' Association that don't have the bonded warehouse facility. More than 7 lakh people work there and their combined export receipts stand at about $6.5 billion.

Users should be allowed to renew their bonded warehouse licence after every three years from two years now, said a BGMEA proposal.

NBR Chairman Muneem said the NBR would provide as much support as it needs to take the garment sector forward. He said that once completed, the VAT and the bonded warehouse automation projects would bring more benefits to businesses.

BKMEA for continuation of current corporate tax rate

BKMEA Executive President Mohammad Hatem urged the NBR to continue the existing corporate tax rate for another five years.

The government should retain the 12 per cent corporate tax for garment industries and 10 per cent for green garment factories for the five fiscal years. The same rate should be applicable while assessing other incomes and disallowable expenses, it said.

The BKMEA demanded the removal of all duties imposed on the imports of solar panels and solar inverters with a capacity of more than 10 kilowatts, with a view to popularising renewable energies.

It recommended zero duty and VAT on the import of chemicals needed to set up effluent treatment plants.

Textile millers seek removal of taxes on fibre imports

The BTMA sought the scope to import all types of fibres, including recycled and manmade, in the upcoming fiscal year of 2023-24 without paying any duty and other taxes and any non-tariff barriers.

It requested the NBR to remove the VAT slapped on the collection of raw materials by deemed exporters to produce recycled fibres and later during the sales of the item to local millers.

It proposed VAT exemption on the fabrics manufactured from artificial fibre by power looms.

The BTMA said the provision of a 3 per cent to 5 per cent advance income tax levied on the import of machinery should be abolished.

The 2 per cent tax deducted on the payments of cotton purchased from the local sources should be withdrawn, it said.

Pulse import cost rising amid scanty

FROM PAGE B1

Locally grown lentil retails at Tk 130 to Tk 135 per kilogramme while the imported ones are selling at Tk 85 to Tk 90.

The government also imports pulses under its social safety net programmes.

AKM Mahbubul Alam, principal scientific officer of the Pulses Research Sub-Center in Gazipur, thinks mass awareness and specific work plans are needed to increase pulse cultivation.

"There are no specific plans for massive pulse cultivation as we see in the case of mustard."

This year, more than 2.5 lakh hectares of the land saw additional mustard cultivation and it was done without reducing the production of paddy, according to the agriculture ministry.

"Farmers usually don't feel interested in cultivating the pulse grain as they don't get the outputs like high-valued crops within a short time," Alam said, calling for incentivising farmers to boost production.

"Due to the crop competition, pulse production is low," Wais Kabir, a former BARC executive chairman

Debasish Sarker, director-general of the Bangladesh Agricultural Research Institute, said thanks to the relentless efforts of pulse scientists, many modern high-yielding varieties have been developed, which deserves praise.

"It will be possible to increase the yield to 2.5 tonnes per hectare by cultivating these varieties and using appropriate technologies. Then more pulses will be produced from less land."

Per capita availability of pulse in Bangladesh is 28 grammes and per capita consumption stands at 17 grammes, much below than a daily minimum intake of 45 grammes prescribed by World Health Organisation.

Wais Kabir, a former executive chairman of the Bangladesh Agricultural Research Council, backed the government's focus.

"Due to the crop competition, pulse production is low," he said.

First-ever career fair on travel, hospitality

STAR BUSINESS DESK

The Bangladesh Monitor, a travel trade publication of the country, will organise its first-ever job and career fair in Dhaka.

The two-day fair sponsored by TechnoNext, a software technology company and a subsidiary of US-Bangla Group, will be held at Pan Pacific Sonargaon Dhaka on March 19-20, said a press release.

Kazi Wahidul Alam, editor of The Bangladesh Monitor, and Zahid Hossain Chowdhury, chief technology officer of TechnoNext Ltd, inked the sponsorship deal at the former's office on Sunday.

"Those seeking to pursue a career in the aviation, hospitality and travel industry will find excellent opportunities at the fair," said Alam.

Md Mahbub Ali, state minister for civil aviation and tourism, is expected to inaugurate the fair.

India's oil deals with Russia dent decades-old dollar dominance

REUTERS, *New Delhi/London*

US-led international sanctions on Russia have begun to erode the dollar's decades-old dominance of international oil trade as most deals with India – Russia's top outlet for seaborne crude – have been settled in other currencies.

The dollar's pre-eminence has periodically been called into question and yet it has continued because of the overwhelming advantages of using the most widely accepted currency for business.

India's oil trade, in response to the turmoil of sanctions and the Ukraine war, provides the strongest evidence so far of a shift into other currencies that could prove lasting.

The country is the world's number three importer of oil and Russia became its leading supplier after Europe shunned Moscow's supplies following its invasion of Ukraine begun in February last year.

After a coalition opposed to the war imposed an oil price cap on Russia on December 5, Indian customers have paid for most Russian oil in non-dollar currencies, including the United Arab Emirates dirham and more recently the Russian rouble, multiple oil trading and banking sources said.

The transactions in the last three months total the equivalent of several hundred million dollars, the sources added, in a shift that has not previously been reported.

A container is being unloaded from a ship at Chattogram port. The photo was taken in January this year. PHOTO: RAJIB RAIHAN

Container movement thru Ctg port on the decline

DWAIPAYAN BARUA, *Chattogram*

Container movement through Chattogram port began a downward trend in the second half of 2022 that has stretched into the first two months of the current calendar year, according to shipping agents.

As such, container movement through the premier seaport of Bangladesh hit an eight-month low in February, they said.

And amid the continuous fall in import-laden containers, international shipping line Hapag Lloyd recently decided to discontinue operations of its lone feeder vessel on the Chattogram-Colombo route.

Last June, a total of 262,477 twenty-foot equivalent units (TWUs) of containers, including empty ones, were transported to and from the port while the figure dropped to 230,902 TEUs the following month.

Container movement has fallen gradually each month since then with only two indications of recovery coming in August and November.

With this backdrop, shipping agents say container movement has declined by more than 27 per cent in the last eight months ending with February, when only 168,074 TEUs of containers were transported.

On a year-on-year basis, container movement dropped 28.74 per cent from 235,861 TEUs in February 2022.

Various shipping agents say that while both imports and exports fell sharply during this period, the decline in imports is far more significant.

In July last year a total of 118667 TEUs of import containers, including loaded and empty ones, arrived at the port while the figure stood at only 87,966 TEUs this February.

Meanwhile, a total of 112,235 TEUs, both loaded and unloaded, were shipped from the port in July last year while the volume came down to 80,108 TEUs in February.

Abdullah Jahir, chief executive officer of Saif Maritime, said global economic activities have slowed amid the ongoing Russia-Ukraine war.

Bangladesh is no exception as the country saw a marked decline in export orders.

"Also, imports have fallen significantly due to the acute US dollar crisis, which is evident in the shipping trade as well," he added.

Hapag Lloyd started operating its feeder vessel, Hansa Rendsburg, on the Chattogram-Colombo route four months back and made a total of 10 voyages between the two ports.

An official of the shipping line's local office said they were getting adequate imports from Colombo at first, but the volume eventually dropped.

In the last several voyages, the 1,740 TEUs-capacity vessel was getting just 500 to 700 TEUs of import containers, he said.

In bid to minimise losses, the shipping line had started bringing a significant number of empty containers on each voyage.

However, this leads to a rise in the stock of empty containers, he added.

The official of Hapag Lloyd then said they discontinued operations on the route considering the meagre quantity of import containers against high operating costs, bunker costs and other expenses involved.

Economic Association for all-out efforts to cut inequality

STAR BUSINESS REPORT

The Bangladesh Economic Association (BEA) has urged the budget planners to employ all possible ways to reduce the inequality related to wealth, income, health, and education.

"The coronavirus pandemic has turned Bangladesh into a country with a high level of income inequality. And the Russia-Ukraine war has deepened the inequality," said Prof Md Aynul Islam, general secretary of the BEA.

He placed the proposals during a meeting with the National Board of Revenue (NBR) at the latter's headquarters in the capital's Agargaon on Tuesday.

The association said poverty has increased multi-dimensionally and this would widen further. At the same time, the labour market has been squeezed.

"Households are finding it difficult to maintain family expenses owing to higher inflation. They don't have any money. Because of the tough situation, many have gone for distressed sales."

"As a result, people's life has become more uncertain than any time in the past. So, if time steps are not taken, there might be further uncertainty in the coming days," said the BEA.

"There is no alternative to creating decent jobs on a large scale to overcome the situation," said Prof Islam.

The BEA recommended imposing a wealth tax, raising the tax rate for the super-rich, levying wealth tax on large investments in the share and bond markets, and imposing additional taxes on excess profits.

Russia considers challenging US nominee to head World Bank

REUTERS, *Washington*

Russia is consulting with its allies about challenging the US nominee to head the World Bank, Moscow's top representative at the bank said on Tuesday, a move that could complicate what was expected to be a smooth succession process.

Russia remains a voting member of the World Bank, although the bank halted all programs in Russia and Belarus last March, citing what it called "hostilities against the people of Ukraine" following Russia's invasion.

Roman Marshavin, the World Bank executive director who represents Russia and Syria, told Reuters the "listing of potential candidates and consultations are still ongoing," but gave no details. He said the decision would be made in Moscow.

Russia's plans were first reported by Russia's state-owned TASS news agency.

Cut duties on essentials

FROM PAGE B1

the one introduced in 2021-22.

The CPD argued that reducing the highest tax rate (from 30 per cent to 25 per cent) was against the cause of promoting tax justice.

"The highest tax rate should be reinstated at 30 per cent for top earners in the 2023-24 budget."

The tax-free income threshold for personal income should be raised to Tk 3.50 lakh considering the added pressure of rising commodity prices, particularly those of food items, said the CPD.

Alternatively, the second slab for personal income tax – a 5 per cent tax for an additional Tk 1 lakh – should be increased to Tk 3 lakh to provide a cushion to limited-income earners.

In the current budget, the rate of investment tax rebate has been fixed at 15 per cent on the eligible amount. This means that higher taxpayers, or top earners, get higher tax rebate benefits whereas those with an annual income of below Tk 15 lakh will not get any additional tax benefits.

"The withdrawal of this provision needs to be considered in the 2023-24 budget," said the think-tank.

The CPD urged the NBR to be restrained from all ad-hoc provisions of tax incentives and be careful in the next fiscal year as more demand for incentives will be lined up in view of the current economic situation.

"A proper cost-benefit analysis must be conducted before coming up with new provisions and there should also be a medium-term plan and timeline on phasing out the various tax exemptions."

"The NBR should also consider providing an analysis of revenue forgone owing to the various tax exemptions in the next budget. This will perhaps draw some much-needed political attention to the issue."

In Bangladesh, the cigarette industry's pricing encourages the purchase of relatively cheaper cigarettes. The complicated tiered tobacco tax framework supports differential pricing.

"So, the tobacco tax structure needs to be streamlined," said the CPD, adding that cigarette affordability should be reduced as a result of tax-induced price increases.

The FY2023 budget added a new provision in the Income Tax Ordinance 1984 with a view to mainstreaming money earned and assets acquired abroad into the economy.

According to the provision, no authority, including the income tax authority, can raise any question as to the source of any asset located abroad if a taxpayer pays tax on said asset. This opportunity will be in force for the full FY2023 period.

"Such an initiative is ethically unacceptable and will discourage honest taxpayers and has traditionally been unable to generate the intended revenue. The CPD strongly urges for discontinuation of this provision," said the think-tank.

It said other provisions that allow the legalising of undisclosed incomes and assets should be discontinued from the next fiscal year as well.

Consumer

FROM PAGE B1

"The market situation is not favourable for the electronic industry as electronic home appliances are not essential items like medicines and foods."

Electronic items retailers are facing a sales slump globally.

For example, US electronics retailer Best Buy has forecast a 13 per cent slump in current-quarter comparable sales, while retailer Walmart has slashed its profit forecast, saying soaring gas and food prices dented demand for discretionary items.

Both Singer's Rahman and Transcom Digital's Ranjan don't see any significant improvement to the market scenario until the war comes to an end and the economic uncertainty disappears.

Manzurul Karim said: "Our assessment showed that the market will remain dull in 2023. For this reason, we have taken steps and reduced the import of products to survive during the crisis period."

Fast-track projects

FROM PAGE B1

DHAKA METRO RAIL

Implementation of the project, known officially as the Dhaka Mass Rapid Transit Development Project Line 6, is going on in full swing.

Prime Minister Sheikh Hasina on December 28 last year inaugurated the country's first-ever metro rail and it was opened to the public the following day.

At first, the trains operated between Uttara to Agargaon without any stoppage. Later, three more stations -- Pallabi, Mirpur-10 circle and Uttara Centre -- were made operational in two phases.

The government aims to open the metro rail fully from December this year.

The allocation for the project was Tk 2,883 crore and Tk 2,957 crore was spent in the first seven months. The allocation was revised to Tk 3,049 crore.

MOHESKHALI-MATARBARI INTEGRATED INFRASTRUCTURE DEVELOPMENT

The Tk 51,854 crore project has progressed 72 per cent physically till last January.

The allotment for the project was Tk 6,554 crore in the current year while spending reached one-third, or Tk 1,926 crore, of the amount in the seven-month period.

The allocation was increased to Tk 7,490 crore in the revised ADP due to the progress in physical implementation.

PADMA BRIDGE RAIL LINK

The Tk 39,246 crore project saw better progress in physical works compared to its spending.

The physical progress was at 71 per cent with spending at Tk 26,395 crore as of January this year.

Its allocation was Tk 5,809 crore in the current year while 54 per cent, or Tk 3,181 crore, was already spent. So, its revised allocation rose slightly to Tk 5,909 crore.

If the spending continues at a better space, the allotment would be higher as the government has a target to open rail movement on the bridge, according to a ministry official.

SINGLE LINE DUAL GAUGE RAILWAY TRACK

Construction of the railway track from Dohazari to Cox's Bazar via Ramu and Ramu to Gundum near Myanmar had a physical progress of 77 per cent and financial progress of 39.37 per cent so far.

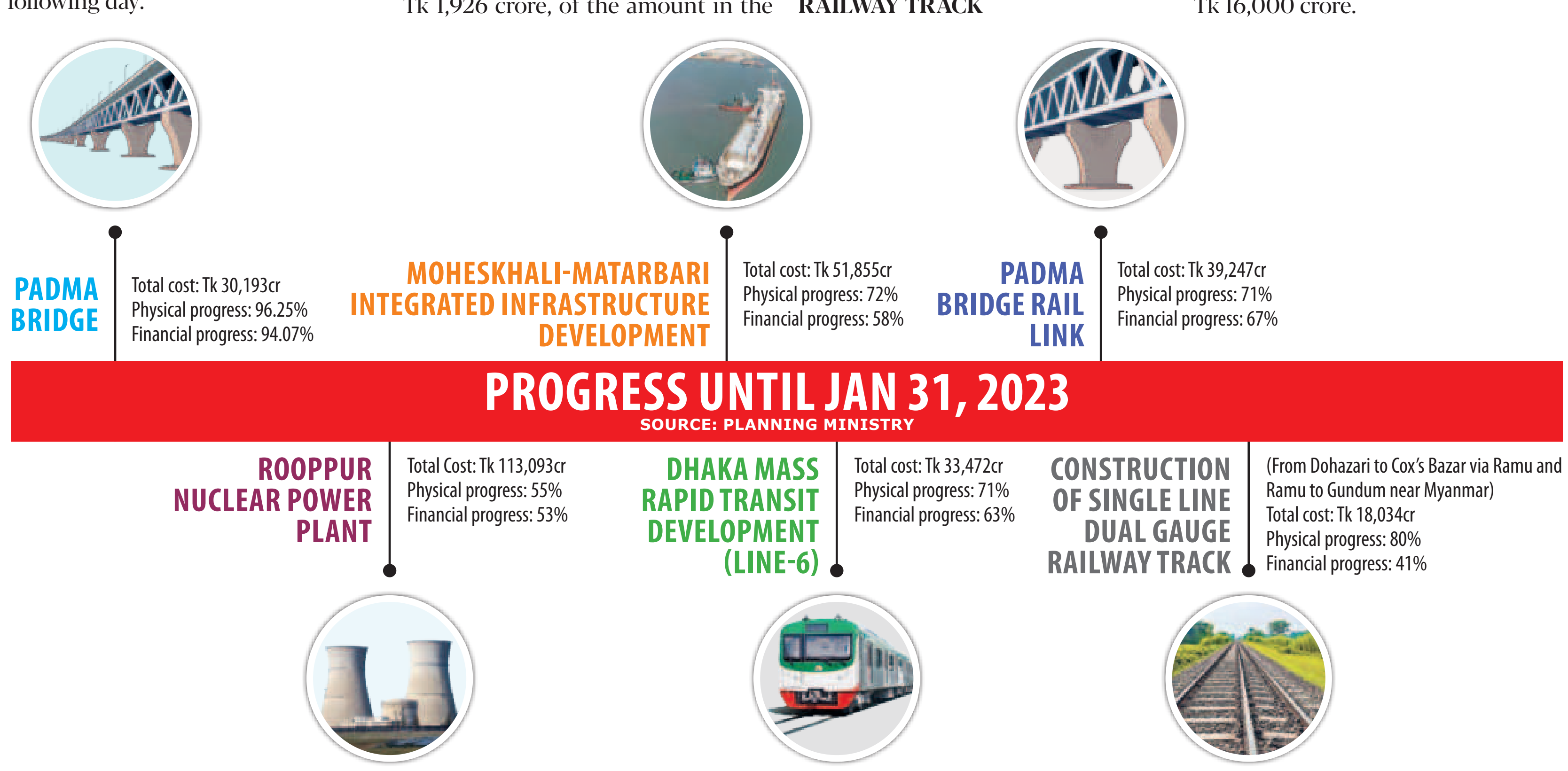
Implementation of this project was slow since the very beginning. But the progress slowly improved, so the allotment was fixed at Tk 1,450 crore in the year.

Some Tk 791 crore was spent and now its allocation has been revised down to Tk 1,020 crore for the current year.

MAITREE SUPER THERMAL POWER PLANT

Around 91 per cent of the physical work of the project at Rampal has been completed till January with a total of Tk 13,226 crore, or 83 per cent of the project fund, being spent so far.

The estimated cost of the project is Tk 16,000 crore.



PAYRA DEEP SEAPORT

The project, involving an estimated Tk 4,374 crore, achieved 89 per cent physical progress and 82 per cent financial progress as of January.

OTHER MEGA PROJECTS

The revised allocation decreased for the Dhaka-Ashulia elevated expressway to Tk 3,300 crore from Tk 3,702 crore and Hazrat Shahjalal International Airport to Tk 4,469 crore form its original allocation of Tk 6,019 crore.

Goldsmiths are seen making ornaments at a shop on Katpotti road in Barishal city yesterday. A 22-carat gold ornament now costs about Tk 91,262 per bhori, excluding the cost of added decorations such as gemstones. The price of gold touched a historic-high of Tk 93,429 per bhori on January 14 before being cut twice the following month. PHOTO: TITU DAS

Gold price fall fails to improve sales

SUKANTA HALDER

Sales of gold ornaments have remained low in Bangladesh despite the reduction of the prices of the precious metal twice in February after hitting an all-time high the month before, according to jewellery traders.

On February 26, the Bangladesh Jeweller's Association (Bajus) cut the price of 22-carat gold by Tk 1,166 per bhori (about 12 grammes) in line with a declining trend in the global market.

As such, 22-carat gold ornaments now cost about Tk 91,096 per bhori, excluding the cost of added decorations such as gemstones.

The price was cut by Tk 1,167 to Tk 92,262 per bhori on February 4 after touching a historic high of Tk 93,429 on January 14.

"But sales have not increased even though the price has come down," said Vobotosh Kumar Karmokar, owner of Dhakeswari Jewellers in the Dhaka Cantonment area of the capital.

His shop now sees just two to three customers each day compared to an average of about 10 in the not too recent past.

Sales have been declining since June-July last year due to the growing cost of living and deteriorating economic situation caused by global crises, such as the ongoing Russia-Ukraine war, the US dollar shortage and subsequent higher inflation.

"The domestic gold market has been very unstable for the past year due to these reasons and so, the business situation is getting worse day by day," Karmokar added.

People usually rush to buy gold ornaments when prices enter a rising trend considering their growing value. On the other hand, sales decrease when prices fluctuate as people fear uncertainty.

Gold prices were on the uptick globally and locally from February-March 2022 due to the fluctuating price of the US dollar, leading to instability in the domestic market.

Similarly, the cost of essential commodities has risen at an unusual rate for the ongoing inflation, leading to lower demand for luxury items such as jewellery. As a result, sales of gold ornaments have come down by as much as 50 per cent.

Abdur Rahim Mollah, owner of Siddikin Jewellers at Dhaka's New Market, said most customers are waiting for further reductions in the price after hearing about the recent decline.

"People are waiting to buy gold at cheaper prices in the hope of making a profit. So, the price reductions over the past month have not affected business."

He said the business is even worse now following the recent fluctuations.

Kartik Karmakar, owner of Satarupa Jewellers, says gold prices have gone beyond the purchasing power of ordinary customers owing to the higher cost of living.

Inflation stood at 8.57 per cent in January, which is much higher compared to historic trends. It even surged to a 10-year high of 9.52 per cent.

Kartik pointed out that sales of high-end jewellery sets, such as those worn by brides, have decreased compared to the demand for simpler rings, pendants and bracelets.

Even, many people are coming to sell their old or used gold ornaments in hopes of getting good profits considering the current high price.

A salesperson at Siraj Jewellers in Dhaka's New Market said more people are coming to the shop to find the value of their old jewellery and seek out any potential offers.

MA Hannan Azad, vice-president of the Bajus, said sales have decreased due to the higher gold price.

"There are days when many stores do not get even one buyer. The sale of new gold jewellery is declining due to the rise in prices and the increased cost of living."

The price of gold fluctuated in 2022: it increased 16 times and decreased 11 times throughout the year, according to the Bajus.

May saw the highest fluctuation with the prices rising twice and falling thrice.

The price of 22-carat gold ornaments stood at an average of about Tk 75,000 per bhori at the start of 2022. It was Tk 88,413 by the end of the year, Bajus data showed.

Dewan Aminul Islam, vice-president of the Bajus, said the price of gold, like other commodities, is fixed based on demand and supply.

"When inflation rises, the price of gold goes up. Again, when there is any kind of uncertainty in the country, the sale of gold increases as people consider it as an asset."

Islam went on to say that if the price of any product is too volatile, the sales of that product automatically decrease.

On a journey towards a cashless Bangladesh

SABBIR AHMED

The disappearance of cash – and the world's eventual adoption of digital payments – is a concept that has been around ever since electronic fund transfers were conceived in the 1960s. The creation of internet and other advances in subsequent decades only cemented the idea that this transition was inevitable.

In Bangladesh, the idea of a cashless society has recently taken root. Recent headwinds have transformed the way we handle money, spurred rapid innovation and resulted in habits oriented around convenience, safety and sustainability.

In line with government aspirations, banks and financial institutions have committed themselves to promoting easy, safe, and secure cashless transactions for all. Card offerings, easy-to-use online services, and best-in-class mobile applications have been introduced and revamped to suit newly minted purchasing habits. This diverse range of options gives customers the flexibility to choose what truly fits best.

The convenience of going cashless is multi-layered. For example, e-commerce has opened eyes to entirely new conveniences. With the click of a button, ordering and payment becomes a streamlined activity – one that negates the need to carry cash. This saves time, minimises cash management efforts and eliminates the risk of misplacing cash.

Going cashless empowers individuals to do things at their own pace. Recent innovations have made it possible for customers to view account balances, transfer money, and even apply for loans with convenience and speed. With these tools, individuals can conduct a large swathe of financial transactions without leaving home.

The safety associated with going cashless is two-fold.

First, cashless payment solutions boost hygiene by limiting the handling of cash. The second dimension of safety comes in the form of greater security. Most forms of cashless payment leave a digital record of when, where and what is purchased, making it easier to prevent theft.

Carrying little to no cash can also save customers from becoming victims of financial crimes. Encrypted payment systems and portals that have been secured with multi-factor authentication protect customer accounts from fraudsters. Newly introduced biometric technologies, like facial recognition and fingerprint scanning, ensure that only authorised users have access to accounts.

The environmental impact of traditional cash-based transactions is often overlooked. The use of digital payments reduces the need for paper-based transactions, which, in turn, limit paper waste generation.

According to a report by the World Wildlife Fund, the production of paper currency has a significant impact on the environment. The report estimates that the production of one note requires 1.2 litres of water and generates 0.02 grammes of carbon dioxide.

The transportation of cash also involves fuel-powered vehicles, which contribute to air pollution. So, the use of cashless systems actually enables customers to reduce their individual carbon footprint while contributing to the collective need to accelerate sustainability.

The future of our economy – of a cashless society – is already starting to take shape. Cash transactions at our branches have gone down by almost half between 2019 and 2022.

Initiatives spearheaded by the central bank, such as Bangla QR, facilitate cashless payments for small traders, while Binimoy, an interoperable digital transaction platform, will bring synergy to financial systems.

In a fast-developing ecosystem, the aspiration of a digital economy is inching closer and closer. As new and creative ways to exchange money are being innovated, the need to pull out our wallets might soon become a thing of the past.

The author is the head of consumer, private and business banking at Standard Chartered Bangladesh

Apparel exporters demand cut in source tax

STAR BUSINESS REPORT

Apparel exporters have sought a host of tax benefits, including bringing down the tax deducted at source and withdrawing income tax levied on cash incentives in the upcoming fiscal year, in a bid to help the garment industry deal with the current economic stress.

The proposals are aimed at retaining the growth in apparel exports and the country's competitiveness in the global market, said the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

BGMEA President Faruque Hassan placed the proposals during a meeting with the National Board of Revenue (NBR) at the latter's headquarters in the capital's Agargaon on Tuesday.

The Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and the Bangladesh Textile Mills Association (BTMA) also placed their budget proposals separately at the meeting chaired by NBR Chairman Abu Hena Md Rahmatul Muneem.

The BGMEA said the garment sector is facing a new challenge owing to the deep uncertainty globally stemming from the Russia-Ukraine war.

The apparel industry is losing competitiveness because of higher global inflation, a hike of the prices of yarn, chemicals, fuels, gas, and electricity, and a spike in container freight costs, it said.

According to one of the proposals, the tax deducted at source should be slashed to 0.5 per cent from 1 per cent in 2023-24. The reduced rate should be continued for five years.

READ MORE ON B2

Visitors inspect a fabric at the 5th Dhaka International Denim Show 2023, organised by CEMS-Global USA at International Convention City Bashundhara in Dhaka. The four-day event ended on Saturday. PHOTO: RASHED SHUMON

Fire damages goods at TCB warehouse

STAR BUSINESS REPORT

About 20 tonnes of soybean oil and 10 tonnes of chickpeas were damaged when a fire broke out at a warehouse of the Trading Corporation of Bangladesh (TCB) in Dhaka's Tejgaon on Tuesday.

However, the state-run corporation is yet to determine the cause of the fire. A three-member committee has been formed to investigate the incident and will submit a report within the next seven days.

TCB Chairman Ariful Hassan said approximately 20 tonnes of soybean oil and 10 to 12 tonnes of chickpeas were damaged in the fire.

"The exact extent of the damage will be known after receiving the investigation report," he said.

According to a message from the Department of Fire Service and Civil Defence, they received information about the fire at 11:54pm on Tuesday.

The first unit of the fire service had reached the spot at 12:03am.