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After the recent bouts of rain, Billal Bashar, a 48-year-old farmer in the Bachhula Matubborer Dangi village under Charbhadrason upazila of Faridpur, has got down to loosen soils using a farming tool so that Aus paddy seeds can grow properly. He has sown the seeds in 21 decimals at a cost of Tk 2,000 and expects to take home seven to eight maunds of paddy if there are no natural calamities.

PHOTO: SUZIT KUMAR DAS

E-payment made mandatory for taxes

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has made electronic payment mandatory for all types of taxes in order to ensure real-time receipt and improve government's overall cash flow.

Officials at the tax administration said until now taxpayers have to pay up to Tk 500,000 through automated challan (A-Challan) or e-payment.

Following a notification of the NBR issued on March 23, any amount of tax has to be deposited to the state treasury through electronic means, said an official of the NBR.

The electronic payment will ensure real time deposit of the taxes whereas earlier the tax collector had to wait for sometimes because of payment through pay orders or treasury challan, he said.

With the new rule, the pay order and manual treasury challan has been scrapped, the official added.

Officials said the tax administration took the decision in line with a condition by multilateral lenders that all tax payments have to be done electronically.

REJAUL KARIM BYRON

The central bank has said the government will have to borrow more from non-banking sources to finance its expenditures in a bid to rein in higher inflationary pressures as the latter's bank borrowing surged.

The government's domestic borrowing climbed 72.3 per cent year-on-year to Tk 42,717 crore in the July-January period of the current fiscal year of 2022-23, with a major portion coming from the banking system.

On the other hand, net non-bank borrowing witnessed a slower growth during the seven months compared to the same period a year earlier, owing to reduced net sales of national savings certificates (NSCs).

"Considering the ongoing inflationary pressure in the economy, the government will have to attach a big emphasis on borrowing from the non-banking sources in the coming days," said the central bank in its monthly report on government domestic borrowing.

The government has set a Tk 1,46,335 crore domestic borrowing target for FY23. Of the sum, Tk 1,06,334 crore will come from the banking sector.

The target of borrowing from domestic non-banking sources has been fixed at Tk 40,001 crore. This includes Tk 35,000 crore to be generated through the net sales of NSCs.

In July-January of FY23, government net borrowing from the banking system stood at

principal amount of Tk 51,826 crore during the same period. As a result, the net borrowing turned a negative Tk 3,069 crore.

The request from the central bank comes as inflation has stayed at an elevated level in Bangladesh for nearly a year, owing largely to the escalated

inflationary pressures.

"This is because the money is being borrowed from the central bank."

He, however, said most of the non-bank borrowing comes from the sales of NSCs where the interest cost is higher compared to the rates in the banking sector.

The government paid Tk 27,432 crore in July-January of FY23 in the form of interest against NSCs, BB data showed.

The government had earmarked Tk 80,375 crore to service both foreign and domestic loans in FY23. The revised budget has raised it to Tk 90,000 crore.

For the next fiscal year, more than Tk 100,000 crore would be needed to this end.

The government's expenses on interest payments rose about 22 per cent to Tk 40,792 crore in the first half of the fiscal year, owing to the sharp depreciation of the taka against the US dollar and higher expenditure on treasury bills.

According to Hussain, amid the rising bank borrowing and the costlier non-bank borrowing, Bangladesh is left with two options to reduce the budget deficit: raising more revenues or cutting expenditures.

Borrow more from non-bank sources

BB urges government



Tk 39,000 crore, representing 36.7 per cent of the target. The borrowing stood at Tk 10,280 crore in the same period of 2021-22.

The net borrowing from non-banking domestic sources was Tk 3,716 crore in July-January, accounting for 9.3 per cent of the goal. It was Tk 14,517 crore in the identical seven-month period of FY22.

NSC sales amounted to Tk 48,756 crore in July-January but the government paid back a

prices of commodities in the global markets and the sharp fall in the foreign currency reserves.

Inflation climbed to 8.78 per cent in February, breaking a five-month declining trend. It had surged to a 10-year high of 9.52 per cent in August.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, described the central bank recommendation appropriate since a higher government borrowing stokes

Private credit growth slows further

STAR BUSINESS REPORT

Private sector credit growth in Bangladesh slowed further in February owing largely to a tight liquidity situation in the banking sector amid falling deposits growth, the decline in demand for imports, and the rise in the cost of funds.

Bangladesh Bank data showed that banks' finance to the private sector grew 12.14 per cent year-on-year to Tk 14,34,069 crore in February, the third consecutive month that saw a slowdown.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the credit growth declined as the flow of deposits from savers slowed.

"This has ultimately affected the credit flow," he said, adding that many banks could not attract deposits.

The deposit growth slowed in the third and fourth quarters of 2022 compared to the second quarter.

Overall, the growth of deposits slowed to 5 per cent at the end of December 2022, much lower than the 9.6 per cent recorded a year ago, BB data showed.

As of December, deposits totalled Tk 15,88,010 crore in the banking system.

Mansur, a former economist at the International Monetary Fund, said demand is not a problem. "The problem lies in the lack of availability of loanable funds."

He said the actual credit growth to the private sector might be lower if the increase in foreign credit owing to the sharp depreciation of the taka was taken into consideration.

According to the economist, when local firms secured foreign loans, banks calculated the exchange rate at Tk 84 per US dollar.

"Following the depreciation of the taka to Tk 105-Tk 106, the amount of foreign loans in the local currency terms has increased."

Mansur warned that the slowdown in private credit growth would cause a slowdown in economic activities.

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Don't change price tags at outlets

Fashion brands warned

STAR BUSINESS REPORT

The Directorate of National Consumers Right Protection (DNCRP) would close the outlets of fashion brands for a temporary period if it finds any price gun machines during drives, officials of the watchdog said yesterday.

The DNCRP gave the warning while exchanging views with the representatives of fashion outlets at the directorate's office in the capital's Karwan Bazar.

Monjur Mohammad Shahriar, director of the DNCRP, said price tags should be attached to products at the factory level, not at showrooms or retail outlets.

The changing of price tags was noticed during market drives in the past one year, he said, adding that in most cases, the prices went up after the change was made.

"If the rule is violated, actions will be taken."

"The greater the offence, the greater the punishment will be. Businesses should understand that if shops have to be closed for a day ahead of Eid, how much profit will be lost."

A pricing gun is a hand-held device used to attach a price label to a product.

Shahriar also said businesspeople should pay attention so that foreign buyers don't raise questions about the quality of clothing products.

AHM Shafiquzzaman, director-general of the DNCRP, said it is seen many a time that some sellers from neighbouring countries come to Bangladesh and rent a house to sell foreign clothes to customers.

"Such activities are harming the local fashion houses."

"We want everyone to do business per laws so that consumers can buy products at fair prices. Actions will be taken against the market committee if irregularities are found in at shopping malls."



PHOTO: STAR/FILE

Commercial vannamei shrimp farming has been given the go-ahead in Bangladesh following years of experimental cultivation since 2018. However, farmers will be required to meet certain conditions before marketing the shrimp, as per the new guidelines issued in this regard.

Govt prepares guideline on non-native shrimp farming

SUKANTA HALDER

The government has formulated a guideline for the commercial cultivation of non-native vannamei shrimp in a bid to increase export earnings from the sector, strengthen its presence in international markets and improve domestic supply.

The Ministry of Fisheries and Livestock yesterday approved the guidelines, which were prepared and scrutinised by a dedicated committee featuring aquaculture experts.

Considering the growth in domestic shrimp production alongside the sector's export potential, an initiative for the experimental cultivation of vannamei shrimp, also known as white-leg shrimp, was taken up back in 2018.

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