



In this aerial photograph, a worker lays rawhide to dry on a field at a tannery in Dhaka. The planning minister has said the leather and other important sectors should get the same facilities as the readymade garment industry. PHOTO: AFP/FILE

Upcoming budget will not be over-ambitious

Says planning minister; also opines that agriculture, leather and pharma should get RMG-like facilities

STAR BUSINESS REPORT

The budget for the upcoming fiscal year of 2023-24 will not be over-ambitious considering the global economic crisis and instability, said Planning Minister MA Mannan.

"Bangladesh's economy is quite stable now but there is no scope to become complacent due to ongoing global geo-economic challenges."

He made the comments at a pre-budget discussion organised by the Bangladesh-Malaysia Chamber of Commerce and Industry (BMCCI) in the capital's Gulshan club on Saturday, according to a press release of the chamber.

The minister said the Russia-Ukraine war, the global energy price increase, and the interest rate hike by the US Fed have all impacted the economy.

"Bangladesh has no other alternative but to increase the tax net since the country's tax-to-GDP ratio is not satisfactory and revenue collection is low."

He said agriculture, leather, light engineering, pharmaceuticals and other

important sectors should get the same facilities as the ready-made garment industry.

Mannan emphasised product diversification of exportable items in order to be competitive after Bangladesh becomes a developing nation in 2026 from a least developed country.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the budget would be prepared at a time when there are macroeconomic uncertainties stemming from higher inflation and persistent dollar shortages. These factors will lead to lower imports, investment, and slower economic growth.

"In order to bring back stability, the government will have to initiate a number of second-generation reforms in the coming budget. Despite all challenges, reform is the only way to go forward."

"We hope, along with the mobilisation of external financing, the government will make serious efforts in initiating the much-desired second-generation reforms."

He suggested the government undertake

a series of structural reform programmes in the areas such as the banking and financial sector, trade facilitation, trade policy, affordable green housing for urban residents, green growth strategy and generation of renewable energy.

Mansur, a former economist of the International Monetary Fund, warned that household demand would be subdued with real wages declining in many instances due to higher inflation.

He applauded the measures initiated by the government to improve the situation.

Mansur said the social protection budget must be increased in the upcoming budget.

According to the press release, in Bangladesh, the budget deficit has been a common phenomenon.

This prompted Mansur to recommend the government take a cautious approach and make structural reforms to finance the budget deficit.

Syed Almas Kabir, president of the BMCCI, called for cutting corporate tax for non-listed companies and enhancing the tax-free income limit from the existing

Tk 3 lakh to Tk 5 lakh considering the current inflationary pressures.

Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry, suggested a financial source mapping for future investment that is needed for infrastructure development.

He added the tax net should be widened to include the persons residing outside Dhaka and Chattogram since most tax collection comes from the two areas.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, said 3.5 crore people pay holding taxes across the country. On the other hand, about 30 lakh people submit income tax returns.

"Not all taxes can be imposed on traders."

Syed Nasim Manzoor, president of the Leather goods and Footwear Manufacturers and Exporters Association of Bangladesh, urged the National Board of Revenue to keep the tax rate steady for at least the next five years because a frequent change in the tax rate makes businesses worried.

Pathao gets licence to be payment service provider

STAR BUSINESS REPORT

Pathao, the country's leading digital services platform, yesterday received the payment service provider (PSP) licence, becoming the first consumer-focused brand to obtain such approval from the Bangladesh Bank.

The licence clears the way for Pathao to roll out its own mobile wallet, allowing its users to enjoy the convenience of faster and more secure cashless transactions.

Founded in 2015, Pathao has a sizeable population of young users for its ride-hailing, food delivery and logistics services, yielding the company to register operational profitability for each of the three verticals.

The company's logistics service vertical Pathao Courier is the largest provider of e-commerce logistics services in Bangladesh.

Over the past year, Pathao Courier has grown more than two and half times as it expanded its footprint nationwide, with doorstep delivery capacity down to the village level.

Pathao Courier serves over 50,000 small merchants and more than 2.5 million consumers of whom over 60 per cent are outside Dhaka.



In November last year, Pathao relaunched its ride-hailing service by cars in a revamped model that allowed the user to set their own fare instead of going with the fare decided by a pre-established algorithm. Pathao Car's daily transaction volume increased three times since the innovative model was launched and also helped Pathao gain much ground against the market leader Uber.

The new service is expected to solidify the start-up's position in the digital services field.

"We are very pleased to see the circular regarding the issuance of a PSP licence to Digital Payments Limited, a subsidiary of Pathao, to operate Pathao Pay, our digital payment wallet," Fahim Ahmed, managing director and chief executive officer of Pathao, told The Daily Star.

"As we await the receipt of the documentation, we would like to extend our sincere gratitude to Bangladesh Bank for its continued support of our expansion into fintech, and our effort towards making payments fast, easy and accessible for consumers," he added.

There are five PSP licence holders other than Pathao: iPay Systems, D Money Bangladesh, Recursion FinTech, Green & Red Technologies and Progoti Systems.

Key oil producers announce surprise output cuts

REUTERS, Dubai

Saudi Arabia and other Opec+ oil producers on Sunday announced voluntary cuts to their production amounting to around 1.15 million barrels per day in a surprise move they said was aimed at supporting market stability.

The group had been largely expected to stick to its already agreed 2 million bpd cuts when its ministerial panel, which includes Saudi Arabia and Russia, meets virtually on Monday.

Last October, Opec+, which comprises the Organization of

Petroleum Exporting Countries (Opec) and allies led by Russia, agreed output cuts of 2 million bpd from November until the end of the year, angering Washington as tighter supply boosts oil prices.

The US has argued that the world needs lower prices to support economic growth and prevent Russian President Vladimir Putin from earning more revenue to fund the Ukraine war.

Sunday's unexpected voluntary cuts, which start from May, come in addition to the ones already

agreed in October.

Riyadh said it would cut output by 500,000 bpd while Iraq will reduce its production by 211,000 bpd, according to official statements.

The UAE said it would cut production by 144,000 bpd, Kuwait announced a cut of 128,000 bpd while Oman announced a cut of 40,000 bpd and Algeria said it would cut its output by 48,000 bpd. Kazakhstan will also cut output by 78,000 bpd.

Russia's Deputy Prime Minister Alexander Novak also said on Sunday that Moscow would

extend a voluntary cut of 500,000 bpd until the end of 2023. Moscow announced those cuts unilaterally in February following the introduction of Western price caps.

After Russia's unilateral reductions, US officials said its alliance with other Opec members was weakening, but Sunday's move shows the cooperation is still strong.

The Saudi energy ministry said in a statement that the kingdom's voluntary cut was a precautionary measure aimed at supporting the stability of the oil market.

9% interest rate cap on loans set to go

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"We have initially thought of keeping a range of 3 per cent that can be added to the weighted average rate," Haque said.

The rate will be called the short-term moving average rate (SMART), which will be adjusted every month considering the interest rates of treasury bills.

"The range of 3 per cent will also be variable as the central bank fixes it based on the nature of the market," Haque said.

"We are still examining the issue. Banks will be allowed to change the SMART, but they will not be allowed to charge beyond the rate."

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, welcomed the central bank move, saying it will establish a long-cherished market-based interest rate.

"But we will have to wage an awareness campaign

among clients as SMART will see changes every month," he said.

BB's Haque says that the central bank is monitoring every transaction of letters of credit so that no business quotes the price of imported products falsely.

Banks usually open 1,500 to 2,200 LCs each month.

"The value related to LCs has decreased significantly than in the past thanks to the central bank's monitoring," Haque said.

"This means dishonest businesses can't quote higher prices of the products than the actual rate. This has prevented money laundering."

The central bank will also monitor the export bills to ensure the repatriation of the actual earnings generated from the sales of products in foreign markets. And Haque expects the process to establish transparency

in the export sector. At the meeting, banks were asked to gear up cashless transactions.

"If we can raise cashless transactions, banks will enjoy more liquidity as it will keep money in the banking sector," Haque said.

The central bank also held separate meetings with 10 banks for breaching rules in mobilising remittances. The banks offered higher rates than the rate set by the Bangladesh Foreign Exchange Dealers' Association (Bafeda).

As per the Bafeda decision, no bank can offer more than Tk 107 per US dollar to collect remittances from exchange houses and other sources.

The central bank asked the banks to follow the declared rate, or else it will take action against the errant banks.



SM Parvez Tamal, chairman of NRBC Bank, was greeted with a bouquet at the bank's head office in Dhaka marking the bank's 10th anniversary. The bank provided Tk 1,000 in financial assistance to each of 10,000 financially insolvent people across the country on this occasion. Rafiqul Islam Mia Arzoo, vice-chairman, Mohammed Adnan Iman, executive committee chairman, AKM Mostafizur Rahman, risk management committee chairman, and Golam Awlia, managing director, were present. PHOTO: NRBC BANK

Save the Children, bKash sign deal

STAR BUSINESS DESK

Save the Children recently signed an agreement with bKash to disburse financial aid among families of 30,000 underprivileged children across the country through the mobile financial service provider.

Onno Evertjan Van Manen, country director of the international humanitarian organisation working on children's health, education, awareness and protection, and Ali Ahmed, chief commercial officer of bKash, signed the agreement at the former's office in Dhaka recently, said a press release.

Export earnings drop

FROM PAGE B1 major banks in the US and in Europe and the high bank interest rates in the major export destinations are some concerns for the near future.

He, however, said Bangladesh has performed better in exports compared to other countries given the global economic situation.

Besides, there are some

positive trends in the global economy and the recession might not be as deep in the western world as had been thought earlier.

"The US-China trade war is intensifying. This will shift more work orders from China to Bangladesh," he said.

BGMEA's Hassan said the government should disburse Tk 1,500 crore in unpaid

export incentives to factory owners so that they can pay bonuses and other festival allowances to workers ahead of Eid-ul-Fitr.

The Bangladesh Knitwear Manufacturers and Exporters Association has already submitted a proposal to the finance ministry demanding unpaid incentives ahead of the festival.

LG Electronics E-Warranty Campaign Announcement 2023



LG Electronics disclosed an appealing promotion for its customers to encourage e-warranty registration on the LG website. The event was attended by several high-ranking officials, including LG Bangladesh's Managing Director, Mr. Peter Ko. Registration link: <https://www.lg.com/bd/support/register-product-gate> Advertisement