



Workers pluck tea leaves in the sweltering midday heat in the Tarapur tea estate in Sylhet. Tea workers went on a two-hour strike every day from August 9 last year demanding an increase in wages. From August 13, they went on an indefinite strike. They joined work from August 28 after their wages were increased on the directive of Prime Minister Sheikh Hasina. Tea production in Bangladesh has decreased by nearly 3 per cent year-on-year in 2022. According to state-run Bangladesh Tea Board, nearly 94 million kilogrammes were produced last year. The photo was taken recently.

PHOTO: SHEIKH NASIR

Ginger prices surge amid dollar shortage, reduced supply

SUKANTA HALDER and SAJJAD HOSSAIN

Ginger prices have surged in Bangladesh as imports of the spice have become costlier amid the ongoing US dollar shortage and a recent global supply crunch resulting from lower production.

Bangladesh can produce about 2 lakh tonnes of ginger against its annual demand of 3.5 lakh, meaning that the rest is met through imports, according to the state-run Spice Research Centre.

Both imported and locally grown varieties of ginger are now selling for as much as Tk 340 per kilogramme (kg), up from Tk 320 and Tk 240 respectively a week ago, shows data from the Trading Corporation of Bangladesh (TCB).

If the root is of smaller size and lesser quality, the price is Tk 240 in case of imported ginger and Tk 320 for local ginger, up from Tk 180 and Tk 220 respectively over the past seven days.

However, retailers looking to make extra profit from the dearth in supply are selling imported ginger for Tk 250 per

kg while local ginger costs Tk 400, said Noor-e-Alam, a retailer based in Dhaka's Tejturi Bazar.

The price of imported ginger increased by 53.85 per cent per kg over the past month while year-on-year growth registered a staggering 185.71 per cent as of yesterday.

Similarly, the price of local ginger rose by 45.65 per cent per kg over the past month and 179.17 per cent year-on-year, as per the TCB.

The recent surge in ginger prices has left many buyers in distress, particularly those in the middle and lower-middle-income segments, who now find it difficult to afford the key cooking ingredient.

Fatima Begum, a housewife living in Dhaka's Shyamoli, said the soaring price of ginger means having to compromise on the quality of her family's meals.

Alamin Hossain, who operates Alamin Restaurant House in Dhaka's Farmgate, said having to pay more for ginger will force him to raise his own prices or compromise on the quality of food provided.

"I am absolutely outraged by the hike in ginger prices as it is taking a bite out of my pocket," he added.

Mujahid Plaban, a wholesaler based in Karwan Bazar, one of the capital's biggest kitchen markets, said the current price of imported ginger is Tk 11,200 per maund

Both imported and locally grown varieties of ginger are now selling for as much as Tk 340 per kilogramme, up from Tk 320 and Tk 240 respectively a week ago

(37 kilograms) while local ginger costs Tk 8,400 per maund.

Just a month back, imported ginger was priced at Tk 6,800 per maund while the same amount of local ginger was Tk 4,400, he added.

Abul Kalam, a ginger importer, said prices have risen in the country as the

ongoing US dollar shortage has made it difficult to source the spice.

"For example, banks will only open letters of credit for importing two containers of ginger even if I apply for 20," he added.

Taka lost about 25 per cent of its value against the US dollar over the past year as the country's foreign exchange reserves have been depleting fast amid growing global commodity prices and other crises.

But aside from higher import costs, ginger prices have also risen due to reduced supply from producers such as India, China and Myanmar, traders say.

The price of ginger sourced from China has surged to about \$3,000 per tonne from \$1,300 a month ago due to inadequate weather conditions during the cultivating period, which begins in early spring and ends in winter.

So, the market may stabilise next season if there is adequate rain in India and other producing nations in the meantime, they said.

NON-MARKET PRACTICES EU, US to pledge joint action over China concerns

REUTERS, Brussels

Washington and the EU will pledge joint action to tackle concerns focused on China about non-market practices and coordinate their export controls on semiconductors and other goods at a meeting this month, a draft statement showed.

US Secretary of State Antony Blinken, European Commission Vice-President Margrethe Vestager and other senior officials are due to meet for the fourth edition of the EU-US Trade and Technology Council (TTC) in Lulea, Sweden, on May 30-31.

The draft statement seen by Reuters said the two sides would address non-market practices and economic coercion, and aim to hold regular talks on efforts to stop their companies' knowledge linked to outbound investment supporting technologies of strategic rivals - an oblique reference to China.

They will also coordinate on their export controls on "sensitive items" - including goods that have a military use - and semiconductors, said the statement, which only mentions China twice and could still be changed before the meeting.

Brussels says it considers China a partner in some fields, an economic competitor and a strategic rival. The European Union plans to recalibrate its China policy, recognising coordination with a more hawkish United States is essential.

Highlighting the medical devices sector in China, the document said the transatlantic partners are "exploring possible actions" over the threat posed by non-market policies and practices.

Argentina inflation exceeds 108%

AFP, Buenos Aires

Inflation in Argentina reached 108.8 percent in the 12 months to April, a more than three decade high, the Indec national statistics institute said Friday.

Month-on-month, inflation in April was 8.4 percent in Latin America's third largest economy.

Argentina has one of the highest inflation rates in the world.

In 2022, it reached 94.8 percent, the country's highest annual figure since 1991, when it exceeded 171 percent.

The government has set a 2023 inflation target of 60 percent, but a recent Central Bank report of market expectations projected a figure for 2023 of 126.4 percent.

On top of its battle with inflation, Argentina is also dealing with a strong depreciation of its currency just months ahead of general elections.

The peso stood at 238.5 to the dollar at the official rate Friday, but 474 on the parallel black market. The country's economic problems have been worsened by the impact of a severe drought on its farming and livestock sectors, the largest source of foreign exchange.

The International Monetary Fund has forecast growth for the South American country of 0.2 percent in 2023.

Reduction of effective tax rate

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And many more reforms need to be carried out.

Naser Ezaz Bijoy, president of the Foreign Investors' Chamber of Commerce & Industry (FICCI), shared the views during an interview with The Daily Star yesterday.

He said the NBR's move to discourage cash as a mode of expense is a bold step in the right direction.

The measure is aimed at reducing opportunities for tax evasion.

"However, given that the payments ecosystem is not entirely ready throughout the country, a cap of Tk 36 lakh allowable cash expenses does not seem plausible for the companies that generate tens of billions in turnover," he said.

"Therefore, we recommended the NBR provide a roadmap for three to five years to reduce the percentage of allowable cash expenses on a progressive basis, in order to make the country's journey towards a cashless economy effective."

Naser said the government needs to do more to attract domestic and foreign investments.

The NBR is reducing the rates of nominal corporate taxes but the tax authority should take measures to cut the effective tax rates to enable the companies with higher earnings to reinvest for expansion, said the FICCI chief.

The corporate income tax rate has been reduced by 2.5 percentage points in each of the last three years. But companies could not reap the benefit because of the increased disallowance of expenses that have acted as an impediment to reducing the effective tax rate.

"In some cases, the effective tax rate may also go up. Hence, the NBR needs to ensure a reduction of the effective tax rate. That is what is relevant. So, reforms of the existing provisions will enhance motivation, improve tax collection and bring about transparency," said Naser.

Also the chief executive officer

of Standard Chartered Bangladesh, Naser said electronic invoices should be introduced to automate the submission of tax returns.

The tax authority should also provide incentives for filing personal and corporate income tax returns online and integrate customs, value-added tax and income tax systems to realise the benefit of end-to-end digitalisation, he added.

"What we need is digitalisation, simplification, and the reduction of discretion of field officials of the NBR. The higher the manual intervention, the higher the risk of a lack of transparency."

According to Naser, the rate of tax deduction at source (TDS) for services availed from overseas providers should be rationalised to discourage payments through unofficial channels by non-compliant taxpayers.

In order to reduce the creation of undeclared wealth and tax evasion, the FICCI president urged the government to reflect the actual market value of properties during the registration of real estate.

At present, the prices of real estate used to calculate tax and stamp duties during the registration at the land offices are much lower than the market rates. This discrepancy provides room for registering properties below the actual value of the transfer and offers the opportunity to create untaxed income.

The stamp duty, tax and registration costs should be reduced to ensure compliant taxpayers are not penalised, Naser said.

Regarding VAT, he said getting input tax rebates is complicated and time-consuming. "It should be addressed."

There is another problem in the valuation of imported items, according to the FICCI president.

He said when prices begin to fall, the customs department often assesses and determines import duties of goods based on the prices

of the past three months. In the case of a price hike, the customs, at times, consider the current prices to assess duties.

"This should not be the case. Rather, there should be a single formula for customs valuation."

He suggested the NBR extend bonded warehouse facility to the exporters from all sectors, not just garments and leather, with a view to facilitating the diversification of exports.

Naser also talked about the multiple economic challenges Bangladesh is facing.

"High inflation is a big concern," he said.

"Against the backdrop, the government should take steps to make procedures simple, enhance digitalisation and reduce leakages so that local firms can become more competitive in the global market."

BB's dollar sales

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The reserves stood at \$30.34 billion on Wednesday in contrast to \$42.20 billion in May last year, a decrease of 28 per cent year-on-year.

In April, remittance declined 16.27 per cent year-on-year to \$1.68 billion. Overall, money transferred by migrant workers and non-resident Bangladeshis living abroad grew 2.36 per cent to \$17.71 billion in July-April.

Export earnings dipped 16 per cent year-on-year in April, with overall receipts growing by 5.38 per cent to \$45.67 billion in the 10-month period.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, says the central bank should cut the sales of dollars in order to stop the erosion of the reserves.

"We have been calling on the central bank to reduce the sales of US dollars, but the central bank has not paid any heed to the suggestions."

Bangladesh 2nd in South Asia

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cent year on year to Tk 120,656 crore as habitual defaulters showed reluctance to repay the funds.

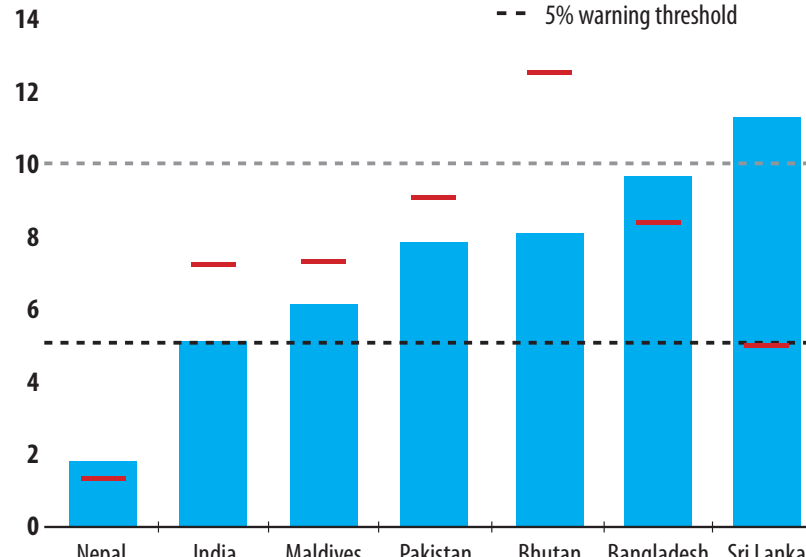
The ratio accounted for 8.16 per cent of the outstanding loans given out by banks as of December, up from 7.93 per cent a year ago, according to data from the Bangladesh Bank.

The WB said: "In Bangladesh, the NPL ratio has risen due to higher import costs, poor payment discipline of borrowers, and weak regulatory enforcement. The resumption of lax loan rescheduling and asset

NPL ratio in banks has increased in Sri Lanka and Bangladesh...

Banking sector non-performing loans (Per cent gross loan)

SOURCE: WORLD BANK



Ctg port braces for Cyclone

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(CPA), said no new schedule would be given to release imported products, while outbound goods would not enter the port after 5pm.

"All activities will remain suspended until further instructions from the meteorological department."

About 2,000 containers were

delivered from the port till 4:00pm yesterday, official figures showed.

All canals of the Karnaphuli river have been cleared by shifting lighter vessels to the upstream of the Shah Amanat Bridge, Faruk said.

All of the CPA's tug boats, patrol boats and rescue ships have been taken to safe shelters while gantry cranes,

shore cranes and other equipment have been secured, he added.

The port authority has issued its own Alert No. 4, the second highest as per its Cyclone Disaster Preparedness and Post-Cyclone Rehabilitation Plan. The meteorological department has issued the "Great Danger Signal No. 8" for the maritime ports, officials said.