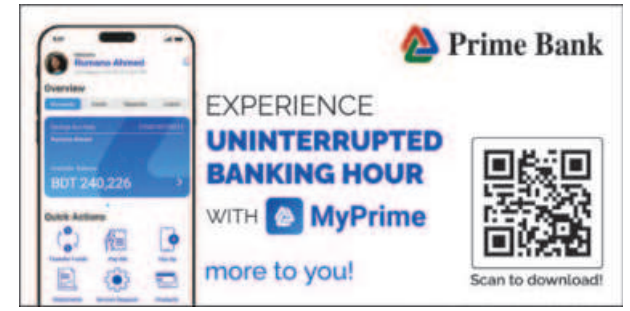


# Star BUSINESS



## WEEKLY INTERVIEW



Masud Khan

### 'Minimum tax provision discriminatory'

STAR BUSINESS REPORT

The provision of minimum tax is detrimental to businesses as many companies are forced to bear it even though their actual payable tax is less than their respective minimum tax, said a top official of Crown Cement PLC.

Masud Khan, chief adviser to the board of Crown Cement PLC, shared the observation citing some tax rules.

Citing section 52 of the income tax ordinance which is related to the deduction of tax on payments to contractors and others, he said the provision requires companies to deduct tax at source on supply of goods when making the payments. "This becomes the minimum tax payable if the tax payable on actual income is less than the tax deducted at source," said Khan, also a chartered accountant, in an interview with The Daily Star.

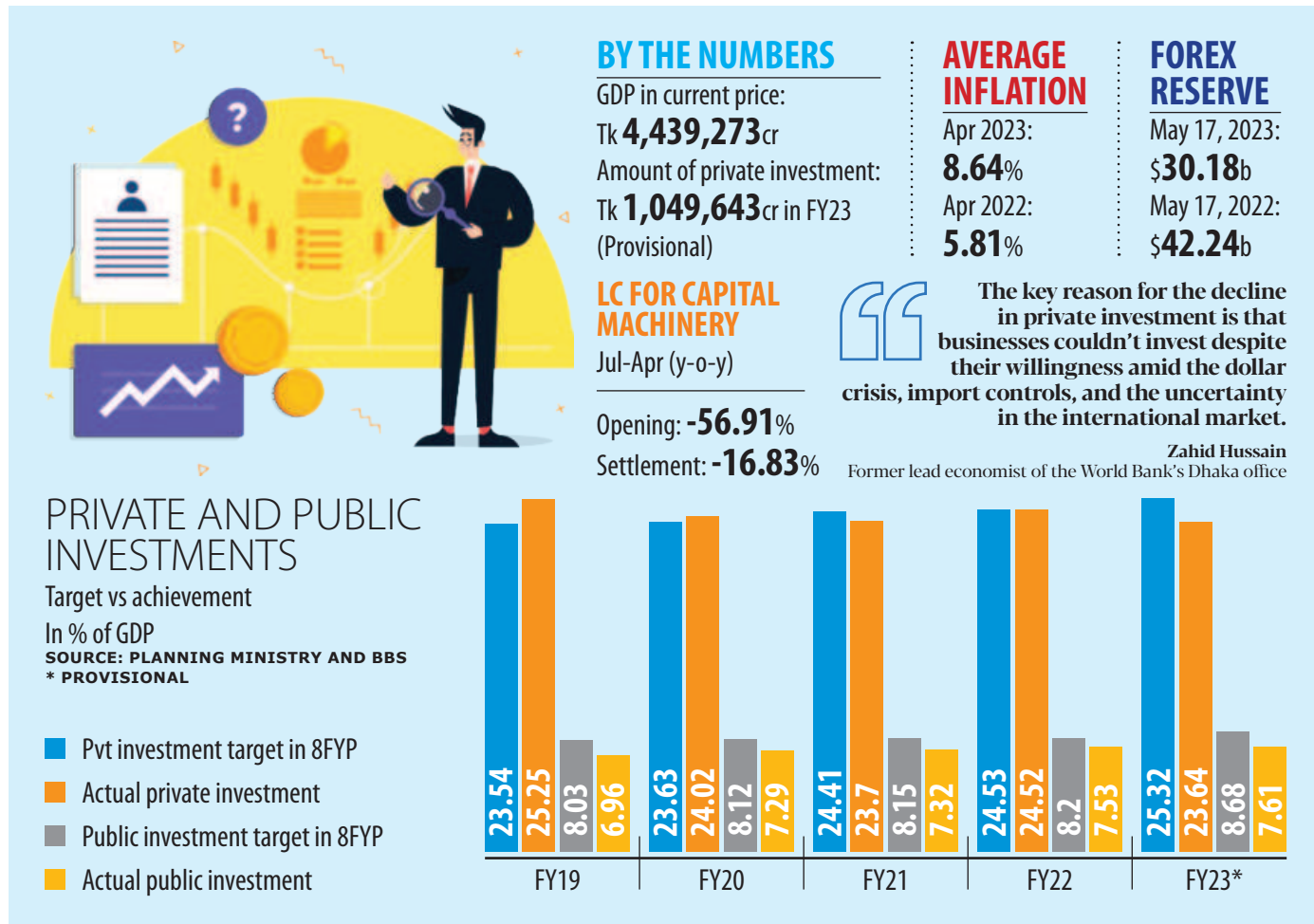
For example, if advance tax of Tk 1,000 is initially deducted but actual tax on profit earned by the company subsequently amounts to Tk 500, the tax payable is Tk 1,000, he said.

At present, the highest rate of withholding tax is 7 per cent and on payments to contractors and in many other cases, companies are unable to make adjustments such as claiming refunds of payments made in excess, Khan said.

The cement and steel industries in Bangladesh are reliant on imported raw materials since Bangladesh does not have mineral deposits, he said.

"Currently, advance income tax is being deducted at source at the rate of 2 to 3 per cent on all imports," he said.

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## Private investment falls for second time in 3 years

REJAUL KARIM BYRON and MAHMUDUL HASAN

The private investment-to-GDP ratio in Bangladesh declined in the current fiscal year owing to a lower confidence among investors amid the persisting dollar crisis and global uncertainty, higher inflation and a fall in demand for goods in international markets.

The private investment-to-gross domestic product (GDP) ratio declined by 0.88 percentage points to 23.64 per cent in 2022-23, provisional data from the Bangladesh Bureau of Statistics showed.

This is the second fall in the ratio in three years.

Usually, private investment either remains unchanged or slightly increases in a fiscal year compared to the preceding year. However, it witnessed a slight decline in 2020-21 owing to the impacts of Covid-19.

In keeping with the recovery of the economy from the health crisis, the ratio rebounded strongly in 2021-22, rising 0.82 percentage points to 24.52 per

cent. During the peak of the pandemic, the global economy suffered and Bangladesh was no exception. As Covid-19 cases started to drop, the economy of Bangladesh returned to its higher growth trajectory as the world economic outlook

\$30.18 billion on May 17 this year from \$42.24 billion on the same day a year earlier, a decrease of about 28.50 per cent.

According to Zahid Hussain, a former lead economist of the World Bank's Dhaka office, the key reason for the decline

The dollar crisis has persisted for almost a year since earnings from remittance and exporters did not offset the surge in import bills, causing an erosion in the reserve.

Thus, the opening of letters of credit for capital machinery slumped 56.91 per cent and settlement dropped 16.83 per cent in the July-April period of FY23 compared to the same period in the previous fiscal year, Bangladesh Bank data showed.

The uncertainty in investments that deepened since the introduction of China's zero-covid policy is still lingering, according to Hussain.

"In the past, the investment-to-GDP ratio would either remain flat or witness growth. It did not fall."

Higher inflation is another factor behind the lower investment.

Average inflation shot up to 8.64 per cent in April from 5.81 per cent in the identical month last year, driven by higher commodity prices.

READ MORE ON B3



brightened, pushing up imports to meet both local and global demand.

But following the outbreak of the Russia-Ukraine war in February last year, the country's foreign reserves came under huge pressure, prompting Bangladesh to initiate some import control measures to save the reserves. The reserves slipped to

in private investment is that businesses couldn't invest despite their willingness amid the US dollar crisis, import controls, and the uncertainty in the international market.

"Businesses that had planned to set up new industrial units couldn't do so because of the constraint they faced while importing machinery for the dollar crisis."

## Islami Bank remains top remittance collector

STAR BUSINESS REPORT

Islami Bank Bangladesh Ltd (IBBL) retained its top spot as the biggest remittance collector as it brought home the highest amount of funds sent home by migrant workers in January-March of 2023, official figures showed.

The largest Shariah-compliant bank in Bangladesh fetched \$1.14 billion during the quarter, which accounted for 20.55 per cent of the \$5.54 billion of remittance the country received during the three-

month period, central bank data showed.

Agrani Bank, Pubali Bank, Al-Arafah Islami Bank, The City Bank, Social Islami Bank, Mercantile Bank, Mutual Trust Bank, Sonali Bank, and National Bank were among the top remittance recipient banks during the quarter.

In January-March, private commercial banks received \$4.63 billion in remittances, accounting for 83.54 per cent of the total. This was up 19.21 per cent from the previous quarter and 16.05

READ MORE ON B3

**“Wishes abate for farmers at 400 unions- Our path towards that continues, Let us stand by our Honorable Prime Minister's development trend, say no to adversity, violence and anarchy.”**  
**-Tarique Afzal, President and Managing Director**  
**Over 5000 marginal farmers get 'AB Smart Agri Loan' from the whip of the Parliament at Dinajpur**



AB Bank Limited disbursed agricultural loans to over 5000 small and marginal farmers under own supervision through smart cards at Dinajpur.

The program was organized at Gor-e-Shaheed Baro

Maidan, Dinajpur. Honorable Whip of National Parliament Mr. Iqbalur Rahim, MP was present as chief guest.

Mr. Md. Anisur Rahman, ADC (Revenue), Mr. Md Mominul Karim,

Additional SP (Admin & Finance), Dinajpur, Mr. Md. Nuruzzaman, Deputy Director, Directorate of Agricultural Extension, Khamarbari, Dinajpur, Mr. Emdad Sarker, Chairman, Sadar Upazila Parishad and

President, Dinajpur Sadar Upazila Awami League, Mr. Md. Ramiz Alam, UNO, Dinajpur Sadar, Dinajpur and Advocate Touhidul Islam Sarker, President, Dinajpur Bar Association were present as special guests

with Mr. Tarique Afzal, President and Managing Director of AB Bank Limited presiding.

Local senior leaders of Bangladesh Awami League along with other officials of the bank also attended the program.

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## China's exports to North Korea surge in April

REUTERS, Beijing

China's exports to North Korea soared in April from a year earlier, with wigs and fertiliser among major shipments, Chinese customs data showed on Saturday.

Chinese outbound shipments to the isolated country surged 69 per cent year-on-year to \$166 million in April, data released by China's General Administration of Customs showed.

The top export items in terms of value were processed hair and wool used in wigs, worth about \$11.6 million, and diammonium hydrogen phosphate, a widely used fertiliser, worth \$8.84 million.

Pyongyang purchased \$5.07 million of rice from China in April. In January-April, Chinese exports to North Korea leapt to \$603 million from \$270.59 million a year earlier, according to the customs data.

North Korea has long suffered from food insecurity and South Korea's DongA Ilbo newspaper reported in mid-February that Pyongyang's food crisis may have deteriorated.

The country has been under UN sanctions for its missile and nuclear programmes since 2006.

## G7 leaders agree to new initiative to fight economic coercion

REUTERS, Tokyo

Group of Seven leaders on Saturday agreed to a new initiative to counter economic coercion, and pledged action to ensure that any actors attempting to weaponise economic dependence would fail and face consequences.

The initiative, dubbed Coordination Platform on Economic Coercion, will use early warning and rapid information sharing on economic coercion with members meeting regularly for consultations, the leaders said in a statement.

"The world has encountered a disturbing rise in incidents of economic coercion that seek to exploit economic vulnerabilities," the G7 leaders said in a statement following a meeting in Hiroshima, Japan.

The statement did not identify China, but in details released on Friday that outlined the proposed initiative, the British government pointed to attempts by China to use its economic power in political disputes with Australia and Lithuania.



Dr Firdausi Qadri, lead of the Institute for Developing Science and Health Initiatives, and Prof AQM Mahbub, vice-chancellor of the Bangabandhu Sheikh Mujibur Rahman Science and Technology University, attended a Thalassaemia Awareness and Free Carrier Screening Programme organised by First Security Islami Bank at Sheikh Sayera Khatun Medical College and Hospital in Gopalganj recently. Prof Emran Kabir Cowdhury, former vice-chancellor of Comilla University, Md Zakir Hossain, principal of Sheikh Sayera Khatun Medical College and Hospital, and Syed Waseque Md Ali, managing director of the bank, were present.

PHOTO: FIRST SECURITY ISLAMI BANK



Iqbalur Rahim, whip of the National Parliament, distributed agricultural loans to marginal farmers through smart cards at a programme organised by AB Bank held at Gor-e-Shaheed Baro Maidan in Dinajpur recently. Md Anisur Rahman, additional deputy commissioner (revenue), Md Mominul Karim, additional superintendent of police (admin and finance) of Dinajpur, Md Nuruzzaman, deputy director of the Department of Agricultural Extension at Khamarbari, Md Ramiz Alam, upazila nirbahi officer of Dinajpur Sadar, and Tarique Afzal, managing director of the bank, were present.

PHOTO: AB BANK



Abu Zafare Md Saleh, additional managing director of One Bank, and Sheikh Mohammed Tauhidul Islam, chief executive officer (joint secretary) of Chattogram City Corporation, exchanged signed documents of an agreement on collection of non-motorized vehicle taxes and fees of Chattogram City Corporation at Nagar Bhaban, Chattogram City Corporation in the port city yesterday. Rezaul Karim Chowdhury, mayor of Chattogram City Corporation, and other high officials of both the organisations were present.

PHOTO: ONE BANK

## Russia sanctions loom over India's diamond hub

NEW DELHI, India

The prospect of fresh G7 sanctions on Russia's diamond trade weighs heavy on India's diamond hub of Surat, already reeling from supply cuts and falling demand.

Some 90 per cent of the world's diamonds are cut and polished in the bustling port.

A world away from the glamorous boutiques of New York or Tokyo, hundreds of thousands of craftsmen sweat over gemstones in around 4,000 workshops in the city, cutting and setting them into sparkling jewellery.

In total around a million people, including dealers and suppliers, are involved in the industry in Gujarat, India's westernmost state.

Russian mining giants such as Alrosa traditionally accounted for over a third of India's rough diamonds.

But supplies have shrunk in the months since Western sanctions cut Russia off from the SWIFT international payments network in March last year over its invasion of Ukraine.

At the same time, Indian exports of cut and polished diamonds have slumped with US and European firms refusing to buy diamonds sourced from Russia.

Leaders of the G7 countries meeting in Hiroshima in Japan on Friday pledged to restrict trade in Russian diamonds -- worth \$4.5 billion a year -- including using high-tech methods of tracing.

Britain went further and announced it would introduce an outright ban on Russian diamonds.

Rameshbhai Zilriya, president of the Diamond Workers Union Gujarat, said fresh sanctions would sound the death knell for the industry.

"Workers are already suffering because of Russian supply issues and a drop in demand. There have been widespread job losses and this problem will only get exacerbated now," he told AFP.

"In the last 15 days eight workers have killed themselves. Now the situation will only become worse."

Russia has been a strategic ally of India for decades, and Delhi is yet to publicly condemn Moscow for its invasion of Ukraine.



People work with diamonds at a diamond polishing workshop in Ahmedabad.

PHOTO: AFP

## US and Taiwan conclude trade negotiations

AFP, Washington

The United States and Taiwan have concluded negotiations on a trade agreement to deepen economic ties, amid growing tensions between Washington and Beijing.

"This accomplishment represents an important step forward in strengthening the US-Taiwan economic relationship," US Trade Representative (USTR) Katherine Tai said in a statement on Thursday.

The US-Taiwan Initiative on 21st-Century Trade looks to boost trade by streamlining customs checks, improving regulatory procedures, and establishing anticorruption measures between the United States and the self-governing island of Taiwan, which China has long claimed as part of its territory.

While the United States and Taiwan do not have official diplomatic relations, they do maintain unofficial ties through the de facto US embassy in the country, the American Institute in Taiwan.

Beijing has in recent years stepped up its threats and rhetoric against Taiwan, increasing military drills in the seas around the island and working to cut off its official ties with countries around the world.

The issue prompts rare bipartisan agreement in the United States, with politicians including Republican House Speaker Kevin McCarthy and his Democratic predecessor Nancy Pelosi both meeting publicly with Taiwanese leader Tsai Ing-wen over the last 12 months, drawing sharp criticism from China.

The first agreement under the initiative will allow American businesses "to bring more products to Taiwan and Taiwanese customers, while creating more transparent and streamlined regulatory procedures that can facilitate investment and economic opportunities in both markets, particularly for small- and medium-sized enterprises," the statement said.

The agreement, which still needs to be signed by the two sides, will "deepen the trading partnership and enhance US-Taiwan trade flows in order to promote innovation and inclusive economic growth for workers and businesses," USTR said.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (MAY 20, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	7.14 ↑
Coarse rice (kg)	Tk 46-Tk 50	1.05 ↑	10.53 ↑
Loose flour (kg)	Tk 55-Tk 60	1.77 ↑	19.79 ↑
Lentil (kg)	Tk 90-Tk 100	-2.56 ↓	-11.63 ↓
Soybean (litre)	Tk 180-Tk 185	6.41 ↑	-1.88 ↓
Potato (kg)	Tk 35-Tk 40	29.31 ↑	74.42 ↑
Onion (kg)	Tk 75-Tk 80	121.43 ↑	98.72 ↑
Egg (4 pcs)	Tk 47-Tk 50	11.49 ↑	21.25 ↑

SOURCE: TCB

## GE plans big for Bangladesh

FROM PAGE B4

DS: Bangladesh, like other Asian economies, is exploring ways to make an energy transition. What role can GE Gas Power play to help Bangladesh progress in this journey?

Goldmeer: Climate change is real and it is important for emerging economies like Bangladesh to adopt sustainable ways to generate economic value while keeping pace with infrastructure development. Bangladesh will need \$35 billion

investment by 2041. The country has also pledged to produce 40 per cent of its electricity using clean energy resources by 2041.

It's encouraging to observe that Bangladesh will be working on a hydrogen policy to find solutions to resolve its power crisis and aims to generate hydrogen-based power by 2035.

DS: What are GE's plans in Bangladesh for the next five years? Goldmeer: Bangladesh has set

robust targets to achieve an installed base of 40 GW by 2030 and 60 GW by 2041. The country is also giving priority to increasing the share of clean energy in its energy mix. GE has been at the forefront to partner with Bangladesh to transform its power sector.

We will continue to play a role in the upcoming gas power projects and also take part in new infrastructure development projects across the energy value chain.

## What Indian move to scrap Rs 2000 note

FROM PAGE B4

there could be some spurt in discretionary purchases such as gold, said Singhal.

As the government has asked people to deposit or exchange the notes for smaller denominations by September 30, bank deposits will rise. This comes at a time when deposit growth is lagging bank credit growth.

This will ease the pressure on deposit rate hikes, said Karthik Srinivasan, group head - financial sector ratings at rating agency ICRA Ltd.

Banking system liquidity will also improve.

"Since all the 2000-rupee notes will come back in the banking system, we will see a reduction in cash in circulation and that will in turn help

improve banking system liquidity," said Madhavi Arora, economist at Emkay Global Financial Services.

Improved banking system liquidity and an inflow of deposits into banks could mean that short-term interest rates in the market drop as these funds get invested in shorter-term government securities, said Srinivasan.

## US debt ceiling crisis dogs Biden

FROM PAGE B4

And Press Secretary Karine Jean-Pierre insisted that it's not a "hair-on-fire type of situation".

Yet those reassurances belie the White House's own apocalyptic warnings.

"Republicans are taking the economy hostage and pushing us to the brink of default, which could cost millions of jobs and tip the country into recession after two years of steady job and wage growth," Biden communications director Ben LaBolt said Saturday.

Biden has spent the entire summit trying to walk that same fine line.

On the one hand, he wants the world to know that everything will be OK. On the other, he's signalling that he's extremely worried.

The crisis prompted Biden to cancel half of his planned Asia trip, thereby allowing him to get on Air Force One and start the return trip to

Washington on Sunday.

This meant scrapping what would have been a historic first trip by a sitting US president to the remote island nation of Papua New Guinea, as well as a heavyweight diplomatic stop for a regional Quad group meeting in Australia.

Biden also skipped much of the G7 dinner on an idyllic island near Hiroshima on Friday.

The White House said Biden was going back to his hotel to check with negotiators in Washington, where it was morning.

He'd already touched base by secure video link as the team was finishing up the previous evening and he was on the phone with them again Saturday.

"He's being kept up to date daily... multiple times a day," Jean-Pierre said.

When asked by reporters Saturday if he was concerned, however, Biden

breezily answered: "Not at all."

The Group of 7 meeting in Japan is an important stage for Biden's goal of restoring US leadership among the world's democracies, particularly when it comes to confronting Russia over its invasion of Ukraine.

The aborted visits to Papua New Guinea and Australia were meant to emphasise the trip's other goal of forging a united front against a rising communist China.

So the last thing the White House wants to see is headlines like The Washington Post's recent, "World watches in disbelief and horror as US nears possible default".

And it's not just the immediate dysfunction in Washington spooking US partners. There's 2024 and Biden's re-election attempt.

His main rival for now is none other than former president Donald Trump, who does not seem to care about the risk of a US debt default.

## Third tea auction centre to open in Panchagarh next month

OUR CORRESPONDENT,  
Thakurgaon

The third tea auction centre in Bangladesh will likely begin operations in Panchagarh, the northwest bordering district, next month after Chattogram and Sylhet's Sreemangal.

The authorities concerned have already completed preparations in this regard, said Deputy Commissioner of Panchagarh Md Jahirul Islam during a view exchange meeting at his office on Saturday.

The Tea Traders Association of Bangladesh organised the event with the aim of ensuring that activities at the auction centre are conducted efficiently.

The DC said after beginning operations at the Panchagarh auction centre, tea producers in the northern region of Bangladesh will benefit from reduced transportation cost.

In the initial stage, its activities will be conducted through a virtual platform before gradually becoming a full-fledged auction centre.

Overall, the activity of the auction centre will help develop the quality of the produced tea, Islam added.

At the meeting, Amir Hossain, a tea development officer of Bangladesh Tea Board, submitted a keynote paper on plain land tea gardens. He mentioned that at least 12,079 acres of land are under tea cultivation across five northern districts, namely Panchagarh, Thakurgaon, Nilphamari, Lalmonirhat and Dinajpur.

Last year, a total of about 1.78 crore kilogrammes of processed tea worth Tk 260 crore were produced from plain land tea gardens.

The production was 19 per cent of the total tea cultivation in the country, Hossain said.



Tea producers and buyers in the northern region of Bangladesh will benefit from lower transportation costs once the country's third tea auction centre in Panchagarh begins operations. However, auction activities will initially be carried out via a virtual platform. PHOTO: STAR

# Inequality a result of centralisation of political power: economists

STAR BUSINESS REPORT

While policymakers claim that inequality is a by-product of development, economists say it is caused by the centralisation of political power.

"Power is the principal base of inequality and inequality rises if the state power is misused," said Prof Rashed Al Mahmud Titumir, chairman of the Department of Development Studies at the University of Dhaka.

The Gini coefficient, which measures the dispersion of income or distribution of wealth among the members of a population, stood at 0.499 in 2022, according to data from the Bangladesh Bureau of Statistics.

It was 0.482 in 2016 and 0.458 in 2010, meaning income inequality in Bangladesh has been rising.

Though policymakers claim that the disparity may rise in the primary level of development, this theory has already been voided, said Titumir.

A centralised power system automatically creates autocracy and leads to the evolution

of clientelism, meaning the exchange of goods and services for political support, which impacts the policy implementation of a government, he said.

As a result, disparity widens and poverty reduction processes slow. In this process, the government institutions are syndicated, so the delivery of their services deteriorate, he said.

Titumir was delivering a commemorative speech marking the 11th death anniversary of Professor Dr Muzaffar Ahmed, one of the leading economists of Bangladesh.

The event was organised by Reading Club Trust and Prof Muzaffar Ahmed Memorial Shangshod at Professor Muzaffar Ahmed Chowdhury Auditorium of the university.

An economy can develop under a non-democratic government but then people feel troubled in many ways, said Prof MM Akash, chairman of the Department of Economics at the university.

But policymakers claim the trouble to be a "pain of development". When an economy develops, there is also human development. However, here too the problem of inequality remains, he said.

The policymakers should attain a deeper insight into whether the human development varies for the people based on their income. "The economic growth should be with equity not equality," said Akash.

The problem of Bangladeshi institutions lies in the implementation of policies even if they are formulated with good intentions, mainly due to the prevalence of riches and businesspeople in parliament, he said.

As long as the money, muscle and manipulation remain, the dictator in the election system, the prevalence of riches and the cohesive power system will not dissipate, he said.

People should protest any wrongdoing they witness, said Prof Badiul Alam Majumdar, secretary of Shushashoner Jonno Nagorik (SHUJAN), while reminiscing the contributions of Ahmed in establishing people's rights.

MA Sattar Mandal, professor emeritus at Bangladesh Agricultural University, and Prof Rowshan Jahan, the spouse of Ahmed, also spoke at the event, which was moderated by architect Iqbal Habib.

## Uzbekistan wants more trade with Bangladesh

Its deputy foreign minister says  
STAR BUSINESS DESK

Uzbekistan is keen to have more trade with Bangladesh and showed interest in joint ventures as well as more business interaction facilities in both countries, according to Uzbek Deputy Foreign Minister Bakhromjon A'lojev.

The minister made the comment while a delegation led by him had a meeting with Md Habib Ullah Dawn, president of the Commonwealth of Independent States-Bangladesh Chamber of Commerce and Industry (CIS-BCCI) and its board of directors at a hotel in Dhaka on Friday.

They discussed matters of mutual interest and ways and means of enhancing bilateral trade and economic cooperation between Uzbekistan and Bangladesh, said a press release.

CIS BCCI President said they work exclusively for the promotion of bilateral trade between Bangladesh and CIS countries and attaches more importance for increasing cooperation and trade facilitation between two countries, especially in the sectors of tourism, pharmaceuticals, jute goods, hospitality services and agro-processed products.

Members of the CIS BCCI present at the meeting spoke highly on the potentials of these markets in Uzbekistan and urged the Uzbek government to extend more facilities for joint venture initiative.

They also stressed on connectivity for passengers as well as cargo by air.

Dawn asked the Uzbek delegation to consider establishing an Uzbek mission in Dhaka for smooth and easy visa facilities for the businesspeople and tourists.

Among others, Mohammad Ali Deen, senior vice-president of the chamber, Jadab Debnath, vice-president, and Mahubul Islam Runu, adviser, were present.

## Volkswagen to sell Russian assets to local company

AFP, Frankfurt, Germany

German carmaker Volkswagen said Friday it had completed the sale of its Russian assets to local dealership group Avlon, as part of its exit from the country following Moscow's invasion of Ukraine.

The sale includes the flagship Kaluga factory southwest of Moscow, which employs around 4,000 people and has a capacity to build 225,000 vehicles per year.

"The new owner will acquire all shares in the Russian subsidiaries," VW group said in a statement.

"The deal has been approved by the Russian government authorities," it added.

Like other major car companies, Volkswagen halted its operations in Russia last year after Moscow's invasion of Ukraine triggered heavy Western sanctions that disrupted supply chains.

But VW had to wait for the sign-off from the Russian government before it could complete its departure from the country.

## Minimum tax provision discriminatory

FROM PAGE B1

At the import stage, the assessment of the value of raw materials by customs officials is generally around 25 per cent higher than the reported rate. Hence the effective advance income tax comes to around 4 per cent, he added.

In addition, tax is being deducted at source on practically all purchases of goods and services at varying rates with the highest tax rate being 7 per cent, he said.

If tax at source on sales to customers and tax at source on exports are considered, the effective advance tax rate will be around 11 per cent, he added.

And this tax is treated as minimum tax for the cement and steel industries and ferroalloy producers, said Khan.

"It is highly discriminatory," he said, adding that this minimum tax cannot be adjusted against profits.

As a result, the effective tax rate goes up, which sharply erodes the

profits of companies, often taking them to the red, he added.

The tax authorities should allow any excess minimum tax to be carried forward to be adjusted against future years, added Khan.

He also spoke of another provision introduced this fiscal year.

The new rule requires payments to be made through bank transfers, which is "impractical" in the industry's current ecosystem which heavily relies on cash transactions, he said.

"Many suppliers do not have bank accounts. Emergency cash purchases are often required for factory spares and other supplies that are not stock items. This is a common practice across both locals and to some extent, multinationals," he said.

"It is highly impractical to insist that our business ecosystem has to transform overnight from a cash society to a cashless society," he said.

The official of Crown Cement

PLC was also critical of the arbitrary fixation of gross profit by the tax authorities without the actual gross profit ratio, a measure of the gross profit as a percentage of net sales, being taken into consideration.

Khan also spoke of a provision requiring a deposit to be made in case any company seeks to appeal against the tax claim of the field offices of the National Board of Revenue.

At present, companies have to deposit 10 per cent of the disputed tax into the state coffers to appeal with the tax tribunal against the tax claims. Firms have to deposit 25 per cent of the disputed amount if they want to file an appeal with the High Court.

Khan said value added tax authorities often make arbitrary demands to increase revenue. "Also, this is against the fundamental right to be entitled to the free access to the judiciary," he said, demanding removal of this provision.

## Regulator to cap

FROM PAGE B1

For 10 Mbps, the rate is Tk 800 to Tk 1,000, and Tk 1,100 to Tk 1,200 for 20 Mbps.

"The fundamental difference between mobile data and broadband is that mobile operators sell an amount of data while internet service providers sell speed," said Mustafa Jabbar, telecom minister.

Mobile operators offer data to their customers by typically measuring it in megabytes (MB) or gigabytes (GB).

For example, a mobile plan might provide a monthly data allowance of 5 GB, allowing customers to consume up to 5 gigabytes of data during that period. Meanwhile, speeds are measured in Mbps (megabits per second) and indicate the rate at which data can be transmitted over a broadband connection.

"Overall, we will ensure that the data price in this tariff mechanism remains affordable for everyone," Jabbar said.

He went on to say that operators in the country offer numerous packages, many of which are illogical.

"There are 20 GB packages that last just three days. What can a customer do with so much data in such little time? Such packages will be eradicated," the telecom minister said.

"Besides, the packages of different operators will be made similar, not like the heterogeneous packages available in the market now," he added.

For example, Teletalk offers a non-expiring 26 GB data package for Tk 309 while Grameenphone sells a 15 GB version for Tk 549.

Such differences will not be present in the new mechanism and the number of data packages will be cut significantly, Jabbar said.

"There is no discipline in the mobile data market as packages are very confusing and misleading. So, we want to bring order to these services," he added. The initiative has sparked both support and concern within the telecommunications industry.

"Any pricing regulation should, in our opinion, go through a rigorous consultation procedure," said Taimur Rahman, chief corporate and regulatory affairs officer at Banglalink, the third-placed operator in terms of

the number of customers.

Additionally, it should consider the market's competitive environment in light of the fact that Bangladesh's market is unbalanced and uncompetitive, he said.

"The data prices we currently offer are already below cost because everyone is essentially recovering it from voice services," he said.

"Considering the current trend, we expect that soon the demand for voice will decrease significantly and mobile operators will be fully dependent on data," he added.

Therefore, if there are ceilings and floors below cost, it will not be sustainable, according to Rahman.

The larger operator may continue to grow for a while but at that point, smaller operators are going to disappear, which will severely compromise consumer welfare and market competition, he said.

Robi Axiata, the second largest operator, welcomes the data price regulation "wholeheartedly".

The telecom industry currently has regulations for voice products and services, but no price regulation for data.

"So, as long as data price regulation is brought for addressing the distorted competition landscape in the market, we would welcome it wholeheartedly," said Shahed Alam, chief corporate and regulatory officer of Robi.

"We urge the regulator to ensure measures so as to safeguard the interest of data users as well as operators as it would ensure sustainable investment and infrastructure for years to come," he added.

Abu Saeed Khan, a senior policy fellow at IJRNEasia, said before setting the maximum tariff rates for mobile data, the BTRC should publish the impact of the "one country, one rate" policy introduced for broadband internet services.

"It is a must. We have to know the opinion of the broadband customers and operators first. So, the BTRC should publish the study as a white paper after conducting it," he said.

The BTRC should then hold a public consultation before imposing a uniform data rate for mobile operators, he added.

## Private investment

FROM PAGE B1

"Inflation has always been recognised as unfriendly to investments and it makes it difficult for businesses to project profits and losses. So, investors have adopted a wait-and-see approach," Hussain said.

Hussain thinks the \$4.7 billion lending programme of the International Monetary Fund might give a boost to the confidence level of investors to some extent, but restoring confidence to the pre-crisis level will depend on the result of the programme. Professor Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, says the drop in private investment gives a negative signal about the economy.

"The stalling investment scenario also reflects the decline in the growth of GDP and imports."

The economy is estimated to have expanded by 6.03 per cent in 2022-23, according to the BBS. The GDP grew by 7.1 per cent in 2021-22.

Rahman said exports could not meet the targets in the first 10 months of FY23 and there was even negative growth in shipments in March and April.

"So, it will have a negative impact on the economy in terms of GDP growth, employment generation and income augmentation."

He blamed structural problems, apart from the dollar crisis, an elevated level of inflation and the gloomy global economic situation, for the lower private investment.

Structural constraints include the high cost of doing business, absence of a sound investment environment, and the failure to deliver an effective one-stop service, according to Rahman.

Private investment had been stagnant at around 23 to 24 per cent of GDP for about a decade before the pandemic, as a shortage of skilled labour, opaque regulations, and limited credit availability outweighed discretionary government incentives, said the World Bank in April.

The incentive to defer investment has increased with rising global uncertainty, higher capital goods prices, an unpredictable domestic forex regime, energy shortages, and political uncertainty ahead of upcoming elections, it said.

## Islami Bank remains top remittance

FROM PAGE B1

per cent from the same quarter a year ago.

State-owned commercial banks collected \$766.16 million in remittances, which was 13.83 per cent of the overall receipts. The inflows were 6.76 per cent lower than a quarter ago and 19.94 per cent lower than the same quarter in 2022.

Among the state-run banks, the highest amount was brought in by Agrani Bank as it channelled \$343.80 million. Sonali Bank brought home \$169.25 million.

Migrant workers sent \$19.79 million through the nine foreign commercial banks operating in Bangladesh, with Standard Chartered fetching the highest \$15.32 million.

Of the specialised banks, Bangladesh Krishi Bank received the

highest amount of remittances at \$126.17 million in the first quarter.

In January-March, Bangladesh received \$867.31 million remittances from the United Arab Emirates, which was the single largest source of the funds. The second highest amount came from Saudi Arabia at \$853.78 million.

Bangladeshi workers based in the Gulf countries - Saudi Arabia, the UAE, Qatar, Kuwait, Bahrain and Oman - sent \$931.22 million, which was 52.89 per cent of the total.

The workers living in various European countries remitted \$868.57 million and those in the Asia-Pacific region transferred \$471.90 million, according to the Bangladesh Bank data.

The number of people who went abroad in search of jobs has increased substantially in recent months.

About 323,010 workers left the country during the quarter, said the BB in a report, citing data from the Bureau of Manpower, Employment and Training.

Of them, 122,572 left for Saudi Arabia, which constituted 37.95 per cent of the total, followed by Malaysia (25.66 per cent), Oman (14.35 per cent), the UAE (7.83 per cent), Singapore (3.81 per cent), Kuwait (2.40 per cent), and Qatar (2.02 per cent).

During the quarter, 24,922 female workers went to various countries as well.

Bangladesh's economy relies heavily on remittance, the second-biggest source of foreign currency earnings for the country. The receipts were 6.03 per cent of gross domestic product in 2020-21, but it fell to 4.56 per cent in the last financial year.

## 44 to get CIP (industry) status

STAR BUSINESS REPORT

The government is going to honour 44 businesspersons with the commercially important person (CIP) status for their contribution to the country's overall economy in 2021.

The CIP status will be given in the industrial sector in five categories – ex-officio category, large industries, medium industries, small industries, and micro industries.

They will be provided with CIP cards and a number of facilities, including priority in seat reservation at government transports in air, road, rail and waterways, invitations to national events and access to the VIP lounge-2 at airports.

The industries ministry will confer the award through a ceremony scheduled to be held at Hotel Intercontinental, Dhaka on Monday.

Agriculture Minister Muhammad Abdur Razzaque will be present as the chief guest at the programme, which will be presided over by Industry Secretary Zakia Sultana.

Industries Minister Nurul Majid Mahmud Humayun, State Minister for Industries Kamal Ahmed Majumdar, Cabinet Secretary Md Mahbur Hossain and FBCCI President Md Jashim Uddin will also attend the event as special guests.

## Blacklist producers of adulterated goods Industries minister says

STAR BUSINESS REPORT

Industries Minister Nurul Majid Mahmud Humayun yesterday called upon businesses to blacklist traders who are engaged in making and selling adulterated and counterfeit products, said a press release.

"There are good businessmen who are making products of international standards and exporting. But a section of traders is doing this heinous act of adulterating and faking the products. They should be blacklisted and excluded from the business community," he said at an event, which was organised to observe the World Metrology Day to celebrate the impact of measurement on daily lives.

Bangladesh Standards and Testing Institution (BSTI) organised the event at its office.

The industries minister asked the BSTI to conduct drive at the production units of the businesses to prevent adulteration and counterfeit products' making.

State Minister for Industries Kamal Ahmed Mojumdar said law should be framed including provision of death penalty for businesses if they make adulterated products and sell goods below the measurement.

## US debt ceiling crisis dogs Biden at G7

AFP, Hiroshima

The sight of a tired-looking top White House domestic policy adviser in a Hiroshima hotel said it all: President Joe Biden may be on the other side of the world but his political fight back home over the debt ceiling has followed him.

Bruce Reed, spotted in a tracksuit having a late breakfast at the luxury hotel where Biden was staying during the G7 summit, is the White House deputy chief of staff with a focus on issues inside the United States.

Instead, for the last two days he has trailed the 80-year-old Democratic president around this southern Japanese city, "updating POTUS on the status of the talks", as a senior official put it.

Those "talks" – the White House demanding that the annual extension of the government's borrowing authority proceed in order to avoid a US default and Republicans demanding Democrats first agree to slash spending – were something everyone at the G7 wanted updates on.

"It is definitely a subject of interest here at the G7," National Security Advisor Jake Sullivan told reporters on Saturday, exuding his customary intense calm.

Sullivan insisted that the debt talks had not been "generating alarm or a kind of vibration in the room" at the summit.

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## What Indian move to scrap Rs 2000 note means for its economy

REUTERS, Mumbai

India will withdraw its highest denomination currency note from circulation, the central bank said on Friday. The 2000-rupee note, introduced into circulation in 2016, will remain legal tender but citizens have been asked to deposit or exchange these notes by September 30, 2023.

The decision is reminiscent of a shock move in 2016 when the Narendra Modi-led government had withdrawn 86 per cent of the economy's currency in circulation overnight.

This time, however, the move is expected to be less disruptive as a lower value of notes is being withdrawn over a longer period of time, according to analysts and economists.

When 2000-rupee notes were introduced in 2016 they were intended to replenish the Indian economy's currency in circulation quickly after demonetisation.

However, the central bank has frequently said that it wants to reduce high value notes in circulation and had stopped printing 2000-rupee notes over the past four years.

"This denomination is not commonly used for transactions," the Reserve Bank of India said in its communication while explaining the decision to withdraw these notes.

While the government and the central bank did not specify the reason for the timing of the move, analysts point out that it comes ahead of state and general elections in the country when cash usage typically spikes.

"Making such a move ahead of the general elections is a wise decision," said Rupa Rege Nitsure, group chief economist at L&T Finance Holdings. "People who have been using these notes as a store of value may face inconvenience," she said.

The value of 2000-rupee notes in circulation is 3.62 trillion Indian rupees (\$44.27 billion). This is about 10.8 per cent of the currency in circulation.

"This withdrawal will not create any big disruption, as the notes of smaller quantity are available in sufficient quantity," said Nitsure. "Also, in the past 6-7 years, the scope of digital transactions and e-commerce has expanded significantly."

But small businesses and cash-oriented sectors such as agriculture and construction could see inconvenience in the near term, said Yuvika Singhal, economist at QuantEco Research.

To the extent that people holding these notes chose to make purchases with them rather than deposit them in bank accounts,

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### GE TAKEAWAYS



GE started operations in Bangladesh in 1970



GE offering a comprehensive portfolio of power solutions in Bangladesh



Its services include equipment supply, repairs and maintenance, and advisory



GE Gas Power also has six gas turbines in power plants in Bangladesh



The gas turbines are under various stages of commissioning



GE Gas Power has more than 3,000 people working here



Most of the employees working in GE are hired locally

**BANGLADESH'S POWER SECTOR**



Will need \$35b investment by 2041

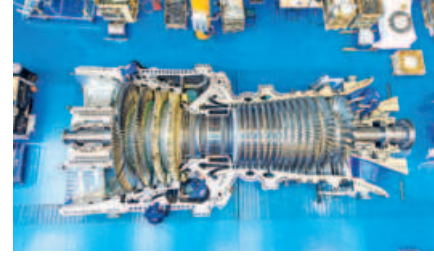


The country pledged to produce 40% of electricity using clean energy resources by 2041



**GE has been at the forefront to partner with Bangladesh to transform its power sector. We will continue to play a role in the upcoming gas power projects and also take part in new infrastructure development projects across the energy value chain.**

**JEFFREY GOLDMEER**  
Global hydrogen value chain leader for GE Power



## GE plans big for Bangladesh

REFAYET ULLAH MIRDHA

*US industrial giant General Electric has been doing business in Bangladesh since 1970 and plans to go for bigger investments to tap immense business potential as demand for electricity is on the rise in the country. Jeffrey Goldmeier, global hydrogen value chain leader for GE Power, talked about his company's journey in Bangladesh, current business, and future plans during an interview with The Daily Star in Dhaka recently.*

**DS:** When did GE start its business in Bangladesh? Currently, how many business entities of GE are operational in the country?

**Goldmeier:** GE started its operations in Bangladesh in 1970. It supplied the country's first steam turbine used in power generation. This was followed by the installation of the first gas turbine in 1976. In 1995, the country's first combined cycle power plant (CCPP) started commercial operation using GE's technology. Today, GE has the largest installed base of gas turbines in the country.

GE Healthcare has a robust equipment base in Bangladesh and is working with major private and public healthcare facilities, helping transform healthcare in the country.

**DS:** What are the key business areas? How many people are employed?

**Goldmeier:** The installed fleet of 40 GE gas turbines is capable of generating 3 gigawatts of gas-fired power in Bangladesh, equivalent to supplying electricity to more than 3.6 million homes. GE Gas Power also has six gas turbines that are under various stages of commissioning. More than 3,000 people are

working with GE Gas Power, directly and indirectly, to perform various functions and at power projects. Most of them are local.

**DS:** Tell us about GE Gas Power's investment in Bangladesh.

**Goldmeier:** Over the last decade, GE Gas Power achieved several significant milestones that paved the way for our robust growth trajectory in Bangladesh. GE has been an equity investor



Jeffrey Goldmeier

in projects like Summit's Meghnaghat 335 MW and the Bibiyana 341 MW combined cycle gas power plants.

We are also invested in the upcoming Summit 583 MW and Unique 584 MW CCPP in Meghnaghat that will be powered by record-setting and most advanced GE 9HA.01 gas turbine technology. GE is proudly associated with the development of the country's first private sector floating storage re-gasification unit with Summit Group as an investor to ensure fuel security in Bangladesh.

**DS:** Why does GE see Bangladesh as the best investment destination among Asian nations?

**Goldmeier:** Bangladesh is

undergoing a massive economic transformation. The country has a clear focus to become an upper-middle-income country by 2031 that needs the implementation of stringent government policies to attract investment, promote skilling and create a ready market for global customers. Despite the global meltdown, the country clocked a GDP growth of 7.1 per cent in the fiscal year of 2021-2022. This is impressive.

Once access to electricity improves, per capita consumption of power will also increase, acting as a catalyst for the growth of the local and national economy.

**DS:** How much additional electricity could be generated with the new investment and technology offered by GE?

**Goldmeier:** The government's strategy of repowering the old power plants is giving a new lease of life to the plants that had been running for more than two decades. GE Gas Power is playing a key role in modernising the gas power plants such as Ghorashal Unit 3 and Unit 4. This will add at least 25 years to the lifetime of the power plants.

GE is also implementing the country's first SWING mode power plant at Shahjibazar with our aero-derivative machine, which can instantaneously and continuously ramp up or ramp down as per grid requirements to ensure grid frequency stability.

GE Gas Power signed an agreement to provide maintenance services and a suite of digital solutions for the upcoming 718 MW CCPP in Meghnaghat. With the commencement of commercial operation of the upcoming power plants, we expect to supply up to 6 GW of reliable power to Bangladesh's grid in the near future.

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## Digital transformation in banking

MAMUN RASHID

In this rapidly evolving digital landscape, the banking industry is undergoing a significant transformation. With the goal of staying competitive and enhancing customer experiences, banks are modernising their operations and customer service through the implementation of cutting edge technologies.

The adoption of digital wallets and payment solutions has already gained substantial traction, as they provide a secure and convenient mechanism for transferring money and making payments. Transactions have now become much simpler thanks to these digital wallets, which have also lessened the need for real currency and cards.

Through digital onboarding methods, the process of opening a customer account has also been streamlined as customers are able to submit documents electronically and complete KYC (know your client) procedures online. Banks can also safely confirm customer identities by making the use of remote technologies, such as document validation, facial recognition and AI-based algorithms.

Banks are also digitalising their loan origination procedures, making it possible for customers to apply for loans online and obtain quick decisions. The emergence of robo-advisory services has now made it possible for customers to receive personalised advice on investment and portfolio management, based on financial objectives, level of risk tolerance, and market conditions.

Moreover, banks have included chatbots and virtual assistants in their customer care platforms, utilising AI for giving real-time responses to client questions, addressing account-related issues, and even providing individualised financial counseling. Automated portfolio tracking, rebalancing, and investment advising services are all offered by digital wealth management solutions.

Digital transformation has led to integration between core banking systems, internet banking, mobile banking, and other digital platforms, facilitating real-time data sharing, ensuring consistent customer experiences, and simplifying the overall management of banking operations.

Advanced customer relationship management (CRM) systems have also been embraced by banks as part of their digital transformation efforts, enabling them to effectively nurture customer relationships. Furthermore, compliance capabilities have been bolstered by digital transformation, as banks strive to comply with regulatory requirements and frameworks. This includes the implementation of automated reporting, anti-money laundering (AML) checks, and KYC procedures.

Banks are capitalising on data analytics to gain insights into customer behaviour, preferences, and requirements. By utilising sophisticated analytics tools, banks can provide tailored product recommendations, create targeted marketing campaigns, and deliver personalised services.

This data-centric approach enhances customer satisfaction, engagement, and loyalty. Banks are also utilising machine learning algorithms to detect and prevent fraudulent activities. These algorithms analyse vast volumes of data, enabling the identification of patterns that indicate potential fraudulent transactions in real-time. This approach protects customers and minimises financial losses.

Biometric authentication has revolutionised the level of security and convenience in banking. Customers are now able to securely access their accounts and authorise transactions using their unique biometric features like fingerprint, face, and voice. This guarantees a simple and straightforward banking experience while lowering the dangers of fraud and identity theft.

Overall, digital transformation has reshaped the banking landscape by providing convenience, security, and personalised solutions to customers. Banks are leveraging innovative technologies to enhance customer experiences, streamline operations, and stay competitive in the digital era. My guess – all banks in future will behave like a technology company selling banking products.

The author is an economic analyst



An Indian woman poses with 2000 rupee notes at a bank in Chennai. When 2000-rupee notes were introduced in 2016 they were intended to replenish the Indian economy's currency in circulation quickly after demonetisation.

PHOTO: AFP/FILE