

## 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

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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

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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

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"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

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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.