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NBR to engage agents to help people file tax returns

SOHEL PARVEZ

The tax authority, for the first time, is going to engage individuals to help new taxpayers file tax return in a bid to increase compliance and narrow the gap between registered taxpayers and regular return filers.

As planned, the National Board of Revenue (NBR) will provide an incentive to individuals, to be named "Tax Return Preparers (TRPs)", to help it expand the number of tax return filers, which was 36 per cent of the total Taxpayers Identification Number (TIN) holders at 88 lakh as of April this year.

Already it has drafted a rule regarding engaging the TRPs mentioning the rate of incentive.

"We are going to engage the TRPs as it is tough for us to find new tax return filers in suburbs and rural areas with our existing human

The National Board of Revenue will provide an incentive to individuals, to be named Tax Return Preparers, to help it expand the number of tax return filers.

resource strength. The TRPs will be instrumental in this regard," said a senior official of the NBR.

If they can bring new taxpayers in the return filing, they will get a commission from the NBR on the tax paid by the taxpayers, he said, adding that there were practices of the TRPs in the US and Australia.

According to the plan, the NBR will offer a 10 per cent incentive on the minimum tax to be paid by the first-time tax return filers.

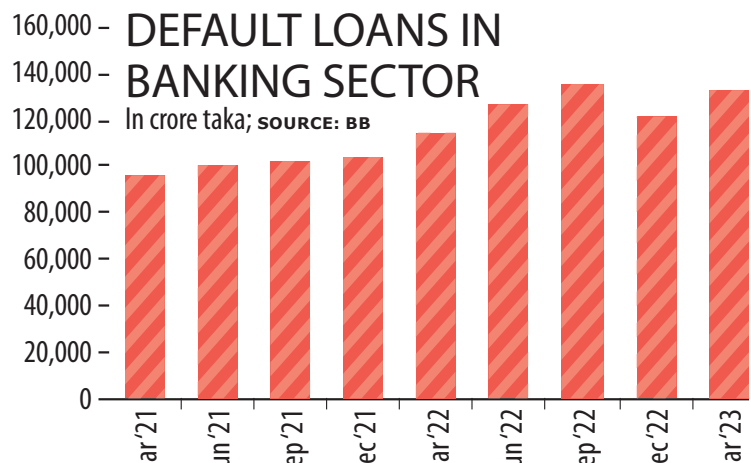
The tax authority will provide a two per cent incentive on the next Tk 15,000 tax and one per cent for next Tk 50,000 of tax.

The rate of incentive will be 0.5 per cent on the remaining of amount tax to be paid by taxpayers. This will be valid for the first three years, according to a draft rule.

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WHY DEFAULT LOANS ARE INCREASING

- Lack of corporate governance
- Withdrawal of relaxed policy for loan repayment
- Business slowdown
- Stress in macroeconomy
- Fall in global demand for local products



Willful defaulters should be identified and brought to book to contain non-performing loans.

MUSTAFAZUR RAHMAN
A distinguished fellow at CPD

WHAT THE BANKING SECTOR SHOULD DO

- Disburse loans cautiously
- Reveal the willful defaulters
- Step up monitoring of banks
- Take initiatives to address macroeconomic challenges

Tk 10,964cr loans turn sour in 3 months

Overall NPL rises to Tk 131,621cr in March

AKM ZAMIR UDDIN

Banks in Bangladesh witnessed an accumulation of default loans by Tk 10,964 crore in the first three months of 2023, highlighting the financial health of the banking sector, official figures showed.

Non-performing loans stood at Tk 131,621 crore as of March 31, up 9 per cent from three months ago and 16 per cent from a year earlier, data from the Bangladesh Bank showed.

The latest NPL figure is the second-highest in the banking sector's history and was just behind the Tk 134,396 crore reported in the July-September quarter of 2022.

A persisting lack of corporate governance, the withdrawal of the relaxed loan repayment policy, the current business slowdown, and the

fall in global demand for Bangladeshi goods are among the major factors that drove up the NPLs.

In March, the NPL ratio accounted for 8.8 per cent of the outstanding loans of Tk



14,96,346 crore in the banking system. It was 8.16 per cent in December and 8.53 per cent in March last year.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says many industries are facing power outages and gas shortages,

so they can't operate at the optimum level. This means they would not be able to pay back loans.

The central bank stopped the regulatory forbearance, which allowed borrowers to enjoy a relaxed loan repayment facility from 2020 to 2022, a development that has played a role in the rise in the NPLs, he said.

Some banks are still facing a shortage of US dollars, meaning borrowers have been unable to open letters of credit needed to buy goods, inputs and machinery from the international markets. This has put an adverse impact on businesses and industries.

Persisting higher inflation in many developed nations has also eroded the purchasing power of their citizens.

Under the circumstances, international buyers have either cancelled orders or postponed the shipment of goods.

READ MORE ON B3

Stock of unsold yarn piles up as demand drops

REFAYET ULLAH MIRDHA

Stocks of unsold yarn of local millers have grown to over one million tonnes over the past five months or so for a drop in demand for garments from the domestic and international consumers.

The local market demand for garments has dropped by about 30 per cent while work orders from international clothing retailers and brands by around the same rate.

Moreover, export-oriented local weavers and knitters are not buying yarn they had booked with spinning mills around 15 months ago between \$4.10 and \$4.30 per kilogramme (kg).

Instead, they are opting for imported cotton yarn as it is a bit cheaper than the around \$3.10 local spinners are now charging for per kg of yarn.

Bangladesh Textile Mills Association (BTMA), the primary textile sector's platform, sent a letter to the National Board of Revenue on May 23 requesting monitoring major yarn sales areas to discourage illegal trade.

It also sent letters to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) requesting buying local yarn.

Moreover, the BTMA is going to hold a press conference on the issue tomorrow.

Over 300 spinning mills which cater to the domestic markets are

READ MORE ON B2

National BUDGET FY2023-24

Sustaining dev, curbing inequality major challenges

Planning minister tells The Daily Star

REJAUL KARIM BYRON and AHSAN HABIB

Sustaining the development that has taken place in Bangladesh in the past 14 years and curbing inequality are key major challenges facing the economy owing to the fallout of the coronavirus pandemic and the Russia-Ukraine war, said Planning Minister MA Mannan.

He said the economy always faces some challenges. Even regulated and stable economies experience pressure.

"Our challenge is to make the visible development that has taken place in the last 14 years sustainable," he said, during an interview with The Daily Star at its office in the capital recently.

Bringing the 100 per cent population under the electricity network, expanding access to education and developing physical infrastructure are among the attainments cited by the minister.

A former Civil Service of Pakistan cadre, Mannan served the government of Bangladesh in various positions after the country's independence.

He retired from government service in 2003 as the chairman of the Bangladesh Small & Cottage Industries Corporation, joined Bangladesh Awami League in 2005 and has been elected as a lawmaker three times since then.

According to Mannan, governments in the past used to provide subsidies to seeds and fertiliser alone. The Awami League government included farm machinery in the subsidy programme, thus raising production and cutting productivity loss.

READ MORE ON B3

STOCKS	
DSEX ▲	CASPI ▲
0.22% 6,339.88	0.25% 18,685.32

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▲	
\$1,946.67 (per ounce)	\$72.85 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 1.02% 62,501.69	▲ 0.37% 30,916.31	▼ 0.33% 3,207.39	▲ 0.35% 3,212.50	

Mobile makers in battle for survival

Seek long-term policy support as they suffer from LC opening crisis, sales drop

MAHMUDUL HASAN

The country's mobile manufacturing industry is fighting a battle for survival due to difficulties in opening adequate letters of credit (LCs), a massive drop in sales and expansion of the grey market, said a leader of the industry's association.

"There was a spate of blows in 2022 for the industry," Rizwanul Haque, vice president of the Mobile Phone Industry Owners' Association of Bangladesh, told the Daily Star in an interview.

"Insufficient dollars made it difficult to open adequate LCs, leading to a curb in manufacturing," he said.

"Mobile sales have dropped drastically due to the economic downturn for people. Handset sales dropped by over 40 per cent year-on-year in the first quarter of 2023," he said.

These two reasons have turned handsets costlier and the grey market has seen a massive growth in market share from 20 per cent to 50 per cent in recent times, he said.

READ MORE ON B2



Rizwanul Haque



A trader is seen selling mango near the Jatiya Press Club in Dhaka yesterday. Those who enjoy the refreshing summer fruit are overjoyed with the current prices, which go as low as Tk 50 per kilogramme depending on the variety.

PHOTO: PRABIR DAS

Kazi Badam to invest \$17.22m in Bepza EZ

STAR BUSINESS REPORT

Kazi Badam Ltd, a concern of Kazi Farms Group, will set up a factory to process cashew nut in Bepza Economic Zone inside Bangabandhu Sheikh Mujib Shilpa Nagar, Chattogram.

The company will invest \$17.22 million to produce 13,050 tonnes of cashew nut kernel and cashew nut shell liquid a year, according to a press release of Bangladesh Export Processing Zones Authority (Bepza).

This would be the first agro-based industry at Bepza Economic Zone.

Ali Reza Mazid, member for investment promotion at Bepza, and Kazi Zahedul Hasan, chairman of Kazi Badam Ltd, signed a deal at Bepza Complex in Dhaka yesterday when Abul Kalam Mohammad Ziaur Rahman, Bepza executive chairman, was also present.

StanChart, JBCCI, JCIAD, and JETRO to help accelerate Japan-Bangladesh partnership

STAR BUSINESS DESK

All should work towards accelerating Japan-Bangladesh strategic partnership so that it will deepen economic cooperation, leverage the decades-long friendship and fuel growth between the two nations, according to speakers at a discussion.

The event, titled "Our Shared Aspiration: Accelerating the Japan-Bangladesh Strategic Partnership", was jointly organised by Standard Chartered, the Japan-Bangladesh Chamber of Commerce & Industry (JBCCI), Japanese Commerce and Industry Association in Dhaka (JCIAD, Shoo-Koo-Kai), and the Japan External Trade Organization (JETRO) in Dhaka recently.

The event placed emphasis on driving collaboration across the board to facilitate the development and progress of infrastructure, trade, investment flows and sustainable finance.

"Japan and Bangladesh's partnership involves a huge element of trust and confidence that has been built over time through our people-to-people connections as well as a journey of economic prosperity that both the countries have taken together," said Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh.

"Japanese companies will keep aiding Bangladesh with investments in infrastructure and renewable energy going forward to catalyse the growth of Bangladesh's economy and business relationship between the two countries," said Yusuke Asai, chief executive officer of Standard Chartered Japan.



Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, Yusuke Asai, chief executive officer of Standard Chartered Japan, Myung-Ho Lee, president of the Japan-Bangladesh Chamber of Commerce & Industry (JBCCI), Iwama Kiminori, ambassador extraordinary and plenipotentiary of Japan to Bangladesh, Yuji Ando, country representative of Japan External Trade Organization (JETRO) Bangladesh, and M Masrur Reaz, chairman and founder of Policy Exchange Bangladesh, pose for photographs at a discussion titled "Our Shared Aspiration: Accelerating the Japan-Bangladesh Strategic Partnership" organised jointly by Standard Chartered, the JBCCI, the JCIAD, and the JETRO in Dhaka recently.

PHOTO: STANDARD CHARTERED BANGLADESH



Abdul Hai Sarker, chairman of Dhaka Bank, inaugurates a Business Review Meeting-2023 of the bank at Radisson Blu Dhaka Water Garden in the capital on Saturday. Emranul Haq, managing director of the bank, presided over the meeting, where ATM Hayatuzzaman Khan, founder vice-chairman, Aman Ullah Sarker, vice chairman, Mohammed Hanif, Abdullah Al Ahsan, Mirza Yasser Abbas and Rakhi Das Gupta, directors, Khandaker Mohammad Shahjahan, former director, and Ahab Ahmed, independent director, were present.

PHOTO: DHAKA BANK

Lira hits record low

REUTERS, Istanbul

The Turkish lira hit a record low beyond 20 against the dollar on Friday, ahead of this weekend's presidential election runoff that will decide whether President Tayyip Erdogan extends his rule into a third decade.

The lira touched 20.06 against the greenback at 1246 GMT before firming slightly. It ended the session at 19.978, a record closing low, and has weakened 6.3 per cent so far this year.

Turkish assets have been under pressure since the first round of the presidential election on May 14, which showed Erdogan was poised to win in Sunday's runoff.



Mohammed Mosharaf Hossain, managing director of the Islamic Finance and Investment Limited (IFIL), pose for photographs with certificate winning probationary officers at the closing ceremony of a foundation training course at its head office in Tejgaon, Dhaka recently. SQ Bazlur Rashid, deputy managing director, senior officials and executives of the non-bank financial institution were present.

PHOTO: IFIL

Washington, Tokyo vow closer chip cooperation

REUTERS, Tokyo

The United States and Japan will deepen cooperation in the research and development of advanced chips and other technologies, they said on Friday, the latest sign of the two allies strengthening ties in semiconductors.

The move, which also includes collaboration on quantum computing and discussions on artificial intelligence, comes as both Washington and Tokyo reduce exposure to China and work together to expand chip manufacturing and secure advanced components essential for economic growth.

The United States, Japan and other members of the Group of Seven (G7) advanced nations last week agreed to "de-risk" but not decouple from China, underscoring

the deep concern among advanced democracies about China's rising technological might and its lockhold on technology supply chains.

In a joint statement, the two countries agreed to increase cooperation between their research and development hubs, as they map out future technology collaboration.

The statement came after Japan's Minister of Economy, Trade and Industry Yasutoshi Nishimura met in Detroit with US Secretary of Commerce Gina Raimondo.

The two countries agreed to work together "to identify and resolve geographic concentrations of production undermining semiconductor supply chain resilience". They also committed to strengthening supply chains by collaborating with emerging and developing countries.

Mobile makers in battle for survival

FROM PAGE B1

"Grey market operators do not need to open an LC and they are not affected by the dollar shortage as they can conduct transactions through hundi," said Haque.

Furthermore, a 5 per cent VAT imposed at the sales stage since the beginning of the current fiscal year has exacerbated the crisis, he said.

"There is a minimum of three sales stages in Bangladesh—factory to distributor, distributor to retailer, and retailer to customers. So, the 5 per cent VAT on sales ultimately stands at over 15 per cent," he said.

In Bangladesh, local handset production has made impressive strides in recent years, aided by the government's huge tax benefits unveiled in fiscal year 2017-18.

Since then, 15 plants have been set up, creating jobs for around 15,000 people.

But the problems started to pop up since the second quarter of last year as sales started to fall drastically, said Haque.

Prior to the current fiscal year that began on July 1, 2022, there was about a 58 per cent tax on

smartphone imports, whereas the tax on locally assembled and manufactured handsets was about 15 per cent to 20 per cent.

But now it stands at about 30 per cent to 35 per cent because of the VAT on sales stages, he added.

"This is particularly responsible for the expansion of the grey market. As the grey market does not have to pay taxes, they are now more inspired. Ultimately, the government is losing a huge amount of revenue," he said.

The industry is now just five years old and the pandemic laid waste to two years, he said.

"An industry cannot be self-reliant in just three years. We need at least 10 years to become a mature one," he said.

He said VAT and customs duty could be increased from next fiscal year, as per information available to him.

"How will you survive if the VAT and duties are increased?" said Haque, also CEO of ISMARTU Technology BD, which manufactures TECNO, itel, and Infinix-branded mobile phones.

He said the local industry would be able to meet 100 per cent of the local demand in 5 years and the government should continue to provide the incentives for another five years so that the local plants can make exports.

As the 15 companies have invested heavily, their survival and employment generation are threatened by the downturns, he said.

"We are not seeing any future. At present, we are struggling, and if we can not see the future, how can you make more investment?" questioned Haque.

He urged the government to have a long-term progressive manufacturing policy in place for the industry, with specific time-bound targets such as the establishment of backward linkage industry, value addition, etc.

If the government thinks that it will not be able to decrease the tax, it must take steps to eliminate the grey market by introducing National Equipment Identity Register (NEIR), he said.

All global handset brands, except

iPhone, have set up manufacturing plants in Bangladesh, affirming Bangladesh's potential to become a global manufacturing hub, he said.

Many brands are shifting their manufacturing plants from China, which dominates the global mobile manufacturing industry with a 67 per cent share, due to factors including a rising cost of labour, he said.

"It creates a huge opportunity for us as we have the capability of manufacturing global-standard devices, but we do not have any handset export policy through which we could have availed some rebates," said Haque.

"However, under the current rules, the value addition target is set at 30 per cent, which is impossible for us as of now," he added.

"Even India could not increase value addition by such an extent in the last 15 years to 20 years. So, we need more time," he said.

"What we have now is cheap labour. We can utilise it to attract factories from China. Later, we can increase value addition step by step," he added.

Junk stocks infect market

FROM PAGE B4

Whenever the market starts to rise, a vested group starts spreading rumours to manipulate the low performing stocks, he said.

So, general investors should be cautious about investing in these companies, he added.

Turnover, an important indicator of the market, rose 13 per cent to Tk 1,174 crore from Tk 1,036 crore the previous day. Of the traded securities, 102 advanced, 77 declined and 182 did not show any price movement.

Opportunistic investors increased their participation amid growing confidence ahead of the National Budget declaration, International Leasing Securities said in its daily market review.

Paramount Insurance increased the most by advancing 9.98 per cent followed by Meghna Pet Industries with 9.97 per cent, Trust Islami Life Insurance 9.96 per cent, Legacy Footwear 9.95 per cent and Green

Delta Insurance 9.91 per cent.

Jute Spinners topped the list of losers by shedding more than 8.47 per cent. Shurwid Industries, Yeakin Polymer, Bangladesh Monospool Paper Manufacturing and Tamijuddin Textile Mills suffered substantial losses as well.

Anwar Galvanizing was the most traded stock on the day with shares worth Tk 72 crore transacted.

Stocks of Navana Pharmaceuticals, Intraco Refueling Station, Lalarge-Holcim Bangladesh and Sea Pearl Cox's Bazar Beach Resort & Spa also traded significantly.

Stocks listed with the Chittagong Stock Exchange also rose yesterday. The Caspi, the all-share price index of the port city bourse, edged up 47 points, or 0.25 per cent to close at 18,685 points.

Of the issues traded, 84 rose, 57 retreated and 106 did not see any price movement. However, turnover edged down to Tk 19.28 crore from Tk 19.40 crore the previous day.

Stock of unsold yarn piles up

FROM PAGE B1

suffering for mainly three reasons, said Khorshed Alam, chairman of Little Group, one of the major yarn producers serving the local market.

The first is a fall in production in major weaving areas like Sirajganj because of frequent power cuts and the second is smuggling of garments from India through the use of passenger luggage, he said.

The last reason is a 30 per cent fall in demand for clothing items from consumers because of a price hike of basic commodities in local markets, he said.

Also chairman of a BTMA standing committee on the Development of Spinning, Weaving, Dyeing and Printing Mills, Alam himself has witnessed his cotton stocks rise to 21 lakh pounds over the past three months for the fall in

demand. He has another 10 lakh pounds of unsold yarn worth over \$2.60 million although he is running his mills at 50 per cent capacity due to a shortage of gas.

A good number of people frequently bring three pieces, saris and shawls inside their luggage on trains without paying any duty. As a result, the consumption of yarn fell in the local markets, he said.

This is really profitable, he said, citing for instance that one person can bring along clothes worth Tk 2.6 lakh from Kolkata and sell those for Tk 4.5 lakh in Bangladesh.

"So, I am in trouble from two sides, with cotton lying idle alongside yarn spun in the mill. My investment is in trouble now," Khorshed said.

Since work orders from international clothing retailers and

brands have dropped, the overall use of yarn also went down, said Mohammad Hatem, executive president of the BKMEA.

Even at the end of 2021, the price difference between local and imported yarn was anywhere between 30 cents and 50 cents per kg but now it was around 10 cents, he said.

Last year 14 lakh tonnes of yarn were imported and this year already 30 lakh tonnes have been brought in, said BTMA President Mohammad Ali Khokon.

So, the BTMA has suggested the woven and knitwear manufacturers and exporters to purchase more locally spun yarn for a win-win outcome, he said.

The primary textile sector has suffered losses worth \$4 billion because of the price gap between the purchase price of cotton and falling

price of yarn in the local markets over the last 15 months, Khokon said.

He said the yarn and garment (three pieces) were coming from India, China and Pakistan.

On one hand the sale of yarn has dropped, said Monsoor Ahmed, chief executive officer of the BTMA.

On the other, local millers cannot import cotton because of a dollar shortage and for loans from Export Development Fund (EDF) being limited to \$20 million for each mill, he said.

Moreover, the local spinners cannot adjust the EDF loan within the stipulated 180 days as they cannot sell the yarn. As a result, many are facing problems in paying the EDF loan instalments, he added.

The spinners cannot use their full capacity not only for a gas shortage but also for high gas tariff, he added.

SMAC IT launches software 'ProFund' to manage provident fund

STAR BUSINESS DESK

SMAC IT Limited (SIL), a software development company, yesterday launched a provident fund management software "ProFund" as its latest product innovation in the finance management sector.

The product launch ceremony took place at a hotel in Dhaka in presence of industry leaders and top finance professionals, said a press release.

The software, developed and marketed by SIL, represents a significant leap forward in streamlining and enhancing the management of provident funds for organisations of all sizes.

This cutting-edge software solution incorporates advanced technology and industry best practices to offer a comprehensive suite of features and benefits that will revolutionise how companies handle their employee provident funds.

Snehash Barua, director of SIL, expressed his enthusiasm for the new software.

"We are thrilled to introduce our Provident Fund Management Software - ProFund, which we believe will redefine the way businesses manage their employee benefits," he said.

"Our software combines robust functionality with user-friendly interfaces to provide organisations with a powerful tool that enhances efficiency, accuracy, compliance and transparency in provident fund management," Barua added.

Bangladesh Group of IABSE organises a seminar

STAR BUSINESS DESK

Bangladesh Group of the International Association for Bridge and Structural Engineering (IABSE) organised a seminar highlighting the different challenges of implementing mega infrastructure projects during the pandemic situation.

The seminar on "Bridges and Structures for Seamless Connectivity: A Fusion after the Pandemic" was held at InterContinental Dhaka on Saturday, said a press release.

Six technical papers on mega infrastructure projects of Bangladesh currently under implementation were presented by the project directors and experts at the seminar.

They presented papers on the Padma Multipurpose Bridge Project, Padma Rail Link Project, Cross Border Road Network Project, Dhaka Sylhet Corridor Development Project, Chattogram Elevated Expressway Project and Metrorail Project.

Chairman AFM Saiful Amin, professor of the Bangladesh University of Engineering and Technology, General Secretary Abdur Rahman, professor of Chittagong University of Engineering and Technology, and Organising Secretary Mohammad Najmol Haque, superintendent engineer of the Roads and Highways Department, were present.

Aviation sector to grow 3 times in 15 yrs: state minister

STAR BUSINESS REPORT

State Minister for Civil Aviation Md Mahbub Ali yesterday said Bangladesh's growth in the aviation sector will be three times in the next 15 years.

He said this while speaking as the chief guest at a function at a hotel in the capital.

US Bangla Airlines organised the programme on the occasion of sending the cadet pilots of US Bangla Airlines to the US for training.

The state minister in his speech said due to the timely infrastructural development of the country's aviation industry, development of technical and human skills and the formulation of laws and policies, the country's aviation industry is growing rapidly.

He said Bangladesh's aviation market has almost doubled in the last 10 years.

The state minister said, in a bid to continue this considerable growth trend of the aviation sector and to contribute to the country's economy, we will need more and more trained and skilled manpower at every level of the aviation industry.



The country's aviation industry is growing rapidly due to the timely infrastructural development of the aviation industry, development of technical and human skills and the formulation of laws and policies, said State Minister for Civil Aviation Md Mahbub Ali.

PHOTO: TITU DAS

'Provide social security to urban poor'

STAR BUSINESS REPORT

The government should increase budgetary allocations and take fresh initiatives for the urban poor under the national social safety net programmes, according to experts.

They also urged to ensure the creation of a database of ultra-poor urban people and allocate a ward-wise budget in the urban areas so that all the floating poor people come under the coverage.

The call came at a national dialogue on "Urban Poverty Reduction: Allocation and Increase of Social Safety Net Programmes" organised by non-government organisation the Coalition for the Urban Poor (CUP) at National Press Club on Sunday.

"At present, Bangladesh has over 115 social safety net programmes across the country aiming to reduce poverty. Of them, only 3 to 4 or a handful of programmes are for the urban poor," said Aminur Rasul Babul, adviser (advocacy & programme) of the CUP.

"It is very inadequate and, in most cases, the ultra poor have little access to it," he said.

Babul went on to say that a large group of the ultra poor were widows living in inhumane conditions in the urban areas as they were being deprived of this service.

The city's street dwellers do not get citizen identity cards such as birth certificates and national identity cards as they do not have addresses, thereby depriving them of all civil rights, he added.

Although the urban poor have lost jobs the most and been affected by Covid-19 in spite of a lot of incentives from the government, the urban ultra-poor population has been left out of it, he said.

Prof MM Akash, chairman of the economics department at the University of Dhaka, said an allowance for women do not exist in the urban areas while the beneficiary lists in the rural areas were not correct.

"The rural beneficiary list is faulty, which is full of nepotism," he said.

The urban poor who do not have any national identity card will definitely drop out from the government's social safety net programmes, said Prof Akash.

More govt steps needed to manage inflation: MCCI

STAR BUSINESS REPORT

The government needs to take more steps to bring stability in the foreign exchange reserve, manage inflation, enhance revenue earnings, ensure proper electricity and gas supply for economic activities and expand social safety net programmes.

The suggestion came from the Metropolitan Chamber of Commerce and Industry (MCCI) in its quarterly economic review for the January-March quarter of the current fiscal year yesterday.

Foreign currency reserves are still somewhat in a satisfactory position but into a weaker trajectory, the chamber said.

The exchange rate had long remained stable but depreciated notably in recent months although the government took some quick and decisive measures addressing the economic fallout, it said.

The chamber said Bangladesh's economy, among the fastest-growing ones in the Asia-Pacific region, faces some challenges.

Robust economic recovery from the pandemic has been interrupted by the Russia-Ukraine war, recent price rise of essential commodities, weak remittance inflow, shortfall in revenue collection and slow public expenditure, it said.

Widening of Bangladesh's current account deficit, depreciation of the taka and a decline in foreign exchange reserves are also some of the main challenges, it added.

The unemployment situation and low investment are other challenges, the chamber

said, adding that a significant increase in public and private investment was necessary to maintain competitiveness and generate further growth.

Nevertheless, the economy has been showing some signs of improvement in the quarter under review, it said.

Exports and imports are two important drivers of the economy, and amid the pandemic and Russia-Ukraine war, both areas have done comparatively well, said the chamber.

Regarding the performance of the agriculture sector, it said there were favourable natural factors and strong government support in terms of timely availability of inputs and finance.

The sector achieved a lower growth rate of 2.61 per cent in FY23 than in FY22 when the sector grew at 3.05 per cent, it said.

Regarding the industrial sector, the MCCI said in the broad industry sector, the manufacturing sub-sector registered a growth of 9.23 per cent in FY23, compared to 11.41 per cent of the previous fiscal year.

On the other hand, the share of small, medium and micro industry in GDP increased to 7.57 per cent from 7.33 per cent while that of cottage industry also increased to 4.38 per cent in FY23 from 4.21 per cent in FY22, the quarterly review also said.

According to the Bangladesh Power Development Board's (BPDB) website, the power plants generated 10,798 MW of electricity against a maximum demand for 10,794 MW at the sub-station end (evening peak) on March 31.

Associated Oxygen posts 13% higher profit

STAR BUSINESS REPORT

Associated Oxygen Limited posted a 13 per cent year-on-year increase in profit to Tk 5.71 crore in the third quarter of the current financial year.

The profit stood at Tk 5.05 crore in the same three-month period of 2021-22.

The earnings per share, thus, rose to Tk 0.52 in January-March of 2022-23 against Tk 0.46 in the same

quarter of the previous financial year, according to the unaudited financial statements.

The profit, however, fell in July-March of FY23, standing at Tk 13.83 crore, which was Tk 14.71 crore during the same nine-month period of FY22, a year-on-year decrease of 6 per cent. So, the EPS slipped to Tk 1.26 from Tk 1.34.

Shares of Associated Oxygen closed at Tk 36.50 on the Dhaka Stock Exchange yesterday.

Active Fine Chemicals's profit drops 50% in Q3

STAR BUSINESS REPORT

Active Fine Chemicals Limited reported a 50 per cent year-on-year decline in profit to Tk 47.99 lakh in the third quarter of the current financial year.

The company's profit stood at Tk 95.97 lakh in the January-March quarter of 2021-22.

Thus, the earnings per share slipped to Tk 0.02 in January-March of 2022-23 against Tk 0.04

in the third quarter of the previous financial year, according to the unaudited financial statements.

Active Fine Chemicals's profit plummeted 50 per cent to Tk 2.88 crore in July-March of FY23. It was Tk 5.76 crore in the same nine-month period of FY22. So, the EPS fell to Tk 0.12 from Tk 0.24.

Shares of the company closed unchanged at Tk 19.30 on the Dhaka Stock Exchange yesterday.

India may harvest record wheat in 2023

REUTERS, New Delhi

India is likely to harvest a record 112.7 million tonnes of wheat in 2023, the farm ministry said on Thursday, reiterating its previous estimate of 112.2 million tonnes despite lower crop yields due to unseasonal rains in February and March.

Earlier this year, torrential rains and hailstorms hit India's fertile

northern, central and western plains, damaging ripening winter-planted crops including wheat and exposing farmers to losses.

India, the world's second-biggest producer of wheat, banned exports in May last year after a sharp and sudden rise in temperatures clipped output, although exports picked up to meet the global shortfall triggered by the Russia-Ukraine conflict.

Sustaining dev, curbing inequality

FROM PAGE B1

Now, the challenge is to continue the support and make the inherent strength sustainable despite the pain of the pandemic and the current global uncertainty, he said.

Another challenge is posed by rising income inequality, he said.

"Though the growth of gross domestic product (GDP) has risen, the disparity has increased visibly."

The Gini coefficient related to income rose to 0.499 in 2022, up from 0.482 in 2016 and 0.458 in 2010, according to data from the Bangladesh Bureau of Statistics. Generally, a country is considered to have a higher income inequality if the Gini coefficient is above 0.50.

The minister said though inequality rose, hunger poverty and shelter poverty have reduced.

"The earnings of lower-income groups have increased, but it increased more for the upper-income groups. This has widened the inequality."

He said since the lower-income groups have advanced, the pain stemming from the rising inequality is relatively lower.

"However, I am not defending the inequality issue."

He said inequality is not expected, so the government is trying to bring it down and has taken several steps to this effect.

One of the initiatives is the Ashrayan Project, which is building homes for homeless and displaced people.

The minister said despite the pandemic, the economy has maintained its growth momentum. "This has been possible mainly for the leadership of Prime Minister Sheikh Hasina."

Despite the risk posed by Covid-19, Bangladesh went for partial lockdowns and factories were shut for less than two months, giving mileage to the economy since local demand

revived while exporters were able to keep supplying goods to the global markets.

"Sheikh Hasina came forward with incentive packages. This was the first among all the countries in the world. As a result, the economy rebounded."

Bangladesh's economy grew 7.1 per cent in the last fiscal year and is estimated to have grown 6.03 per cent in FY23.

The minister thinks the health and education sectors have done extremely well in the past 14 years. The life expectancy has risen and infant and maternal mortality rates have dropped.

He said urban medical facilities may not be up to the mark. He, however, praised community clinics in the rural areas.

In the education sector, the literacy rate reached 75 per cent, which is a big achievement, he said.

"Yes, there are some questions about quality."

The planning minister is confident about meeting inflation and GDP growth targets in the coming fiscal year, saying the goals were set considering previous data.

"If we can't meet the targets, at least we will try to reach closer to them."

The government is planning to achieve a 7.5 per cent GDP growth and keep inflation within 6 per cent.

Speaking about social safety net programmes, Mannan said mistargeting has reduced significantly because people have become cautious.

"It is true that we could not cover all of the people who are eligible to be included," he said, adding that around three-fourths of the eligible people have been included in the social safety net programmes and the ratio will rise this year.

He said the government is always committed to working for the well-being of people all the time.

Tk 10,964cr loans turn sour in 3 months

FROM PAGE B1

Thus, export earnings declined 16.52 per cent year-on-year to \$3.95 billion in April as the shipment of garments, the key export item, dipped. The overall sales, however, increased 5.38 per cent to \$45.67 billion in the July-April period of the current fiscal year.

"The negative developments at both local and global markets have dealt a blow to local businesses. And some of them have become defaulters," Rahman said.

He urged banks to disburse loans with the utmost caution in a bid to avoid a higher ratio of NPLs.

Elevated NPLs impair bank balance sheets, depress credit growth, and delay output recovery, according to international researchers.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, says some banks gave out loans at the height of the coronavirus pandemic without following rules and regulations.

"The credits might have become default loans."

A lack of corporate governance in the banking sector is another major factor for the continued upward trend of defaulted loans, he said.

"The economy is in deep trouble. This has pushed up defaulted loans as well."

The former official of the

International Monetary Fund urged both the government and the central bank to take initiatives to resolve the issue.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, says that willful defaulters should be identified and brought to book to contain NPLs.

"The higher NPL ratio has created a liquidity crunch in the banking sector, so lenders can't use the funds to make new loans. Besides, banks have to set aside a hefty amount of funds in the form of provisioning against default loans."

He called for setting up a banking commission to unearth the real factors for the upward trend of NPLs. In a report in April, the World Bank said the extent of troubled assets is obscured by lax regulatory definitions and reporting standards, extended forbearance, as well as weak supervisory enforcement.

BB data showed that 47.6 per cent of the defaulted loans were with nine state-run banks, which held Tk 62,690 crore in bad loans as of March, up 19 per cent year-on-year.

Forty-one private commercial banks held defaulted loans of Tk 65,881 crore, an increase of 14 per cent, while the NPLs at nine foreign banks increased to Tk 3,042 crore from Tk 2,885 crore a year ago.

NBR to engage agents to help people file tax return

FROM PAGE B1

The ratio of incentive will reduce in the fourth and fifth year, according to the plan.

The official said the incentive will be given only for new taxpayers and the TRPs will not get the benefit if they prepare returns of existing taxpayers.

As planned, the NBR will engage people as the TRPs based on the Tax Aptitude & Accounting Test (TAAT). It will issue the TRP certificates for those who will pass the test.

The TRPs will only help taxpayers prepare their tax returns and submit those to the tax administration online, according to a draft rule.

E-commerce to accelerate in years ahead

Experts say at Bangladesh E-Commerce Summit 2023

STAR BUSINESS REPORT

The growth of the e-commerce market in Bangladesh is set to accelerate in coming years as the platforms are becoming more efficient with the help of the data they mined over the years, experts said yesterday.

"Now, e-commerce companies are maturing; we have years of data, and I think efficiency drives will accelerate. Once the tipping point is reached, we will actually become a lower-cost distribution channel," said Waseem Alim, co-founder and CEO of Chaldal.

"Then, the e-commerce boom will happen," he added.

Alim was speaking at a panel discussion at the Bangladesh E-Commerce Summit 2023 at Radisson Blu Dhaka Water Garden. Bangladesh Brand Forum hosted the second edition of the summit.

However, he expressed disappointment over the sluggish progress of the country's e-commerce sector.

"Frankly, I am disappointed by the progress of the e-commerce market in the last 10 years. E-commerce penetration is very low despite Bangladesh being one of the fastest-growing economies with a rising middle class," Alim said.

He identified some reasons for the slower pace of the sector's growth.

First, e-commerce requires two significant types of investment. One is investment in changing consumer behaviour, which in India was done by subsidising cell phones.

The second is low investment in infrastructure, such as building a last-mile delivery service.

"We have been investing in these, but compared to India and similar markets like Indonesia, the investment is minuscule. In India, investment in e-commerce is \$70 to \$80 per capita but in Bangladesh, it would only be \$2 per capita," Alim said.

"Probably, we don't require \$80 per capita as we can learn from those markets, but we need at least \$10," he added. "As the market evolves, you must provide consumers value with consumer efficiency. Efficiency comes with data. So, now some companies are here that have data to become more efficient."

Alim also said there will be a tipping point at which e-commerce distribution channels will be far less expensive to deliver than regular offline retail because the latter is extremely cumbersome. Shahriar Hasan, CEO at Paperfly, said online logistics companies in Bangladesh have been able to bring the e-commerce delivery ecosystem up to an acceptable standard, based on which e-commerce sales have thrived in the last 5 years.

This effort from the logistics sector needs to continue further to ensure uninterrupted growth over the next 5 years.

Providing a tech-based nationwide smart delivery service demands following many global standards, which often require good investment and professional processes.

"We must ensure awareness of the importance of using licensed service providers in e-commerce logistics," he added.



Kitchen markets in Ishwardi upazila are packed with litchis amid the ongoing harvesting season but the overall decline in production throughout Bangladesh has led to higher prices for the fruit. Experts say just 60 to 65 per cent of the trees are providing yields due to adverse weather during cultivation. PHOTO: AHMED HUMAYUN KABIR TOPU

AFC Agro Biotech's profit plunges 80%

STAR BUSINESS REPORT

AFC Agro Biotech Ltd posted an 80 per cent year-on-year decrease in profit to Tk 11.52 lakh in the third quarter of the ongoing financial year.

The company, which is engaged in the manufacturing of agro-based pharmaceutical fermentation products, clocked a profit of Tk 57.61 lakh in the same quarter of 2021-22.

So, the earnings per share fell to Tk 0.01 in January-March of 2022-23 against Tk 0.05 in the same quarter of the previous financial year, according to the un-audited financial statements.

"The EPS decreased due to a fall in profit," said the company in a filing on the Dhaka Stock Exchange today.

AFC Agro Biotech's profit fell to Tk 1.96 crore in July-March of FY23, down more than 56 per cent year-on-year from Tk 4.49 crore in the same period in FY22. As a result, the EPS declined to Tk 0.17 from Tk 0.39.

Shares of the company traded at Tk 23.50 on the DSE yesterday, unchanged from a session earlier.

Litchi prices higher as yields dip

Farmers, traders happy to be making good profit despite lower supply

KONGKON KARMAKER and AHMED HUMAYUN KABIR TOPU

Litchi farmers across Bangladesh are registering poor yields this year due to adverse weather, meaning that consumers will have to pay more for the fruit in face of short supply.

"Overall production is not good in terms of quantity, size, colour and taste," said Jahrul Islam Jewel, a litchi trader at the Kalitola fruit market in Dinajpur sadar upazila.

According to the Department of Agricultural Extension (DAE) in Dinajpur, litchi produced in the district is the preferred choice among consumers as they bear a unique taste for being grown in perfect soil and climate conditions.

However, temperature fluctuations during the flowering period in February coupled with high heat and lack of rain during the budding season in March have severely impacted production.

Litchi is being grown on around 26,000 hectares across the country this year with an average of about 2 lakh tonnes of the fruit produced each year.

Dinajpur alone contributes some 5,500 hectares with roughly 4,000 commercial orchards in the district.

Officials of the Dinajpur DAE expect production of around 40,000 tonnes this year while the region yielded more than 45,000 tonnes in 2022.

A 100 piece bunch of the Madrazi variety is currently selling for as much as Tk 320, up by about Tk 30 from last year.

Similarly, the same amount of Bedana litchis is now being sold for up to Tk 700 compared to a maximum of Tk 600 previously.

During a recent visit to the Kalitola fruit market, this correspondent found that while

that the litchis on display were undersized and lack the proper colour while their peels were filled with spots.

Farmers blame bad weather for the poor yields with many litchi plants in some parts of Dinajpur, Thakurgaon and Panchagarh having failed to even flower.

"My entire production was damaged by the weather," said Md Saju Mia, a farmer of Mashimpur village under Dinajpur sadar upazila.

Temperature fluctuations during the flowering period in February coupled with high heat and lack of rain during the budding season in March have severely impacted production

Md Shamim Ashraf, additional director of Dinajpur DAE, said around 20 per cent of the litchis in Dinajpur, Thakurgaon and Panchagarh have been harvested so far.

On the other hand, farmers are happy to be getting better prices this year with Ishwardi upazila of Pabna expecting an output of 33,500 tonnes worth about Tk 500 to Tk 550 crore.

A total of 3,100 hectares of land in the region have been brought under litchi cultivation this year, according to Mita Sarkar, agriculture officer of Ishwardi upazila.

"About 60 to 65 per cent of the trees are providing yields," he added.

Last year, local farmers got 34,100 tonnes of the fruit worth some Tk 500 crore with

each 100-piece bundle selling for Tk 180 to Tk 200.

This year though, 100-piece bundles are going for Tk 250 to Tk 300 and so, farmers are expecting better profit, Sarkar said.

Md Hasibul Islam, a seasonal fruit trader in Atghoria upazila of Pabna, said traders like him are also enjoying the higher price as they are making profit despite the poor supply.

"I took around 5,000 litchis to a roadside retail outlet in the afternoon and sold half within two hours," he added.

Wholesalers are similarly pleased with the higher price as demand has increased in local markets.

"We have been supplying eight to 10 trucks of litchi from the Silimpur wholesale market for transport across the country for the past few days," said Md Rejaul Karim, a local trader.

Echoing the same, Milon Hossain, a trader of the Jatrabari wholesale market in Ishwardi upazila, said they are buying each 100-piece bundle of litchi for up to Tk 300 and sell them for Tk 360.

But the demand is increasing even with this high price, he added.

Md Shajahan Ali Badsha, a leading litchi trader in Ishwardi upazila, said litchi is short lived fruit but it brings handsome profit, which is why cultivation is increasing.

The litchi business lasts for only 10 to 15 days but the farmers in Ishwardi upazila make handsome profit every year.

Some Tk 500 to Tk 600 crore worth of business takes place within the first two weeks of the season and there is no other crop that gives so much profit in such a short time, Badsha said.

As such, litchi cultivation has been expanding over the years with Ishwardi upazila now providing the highest output from a single area, he added.

National BUDGET FY2023-24

Steel makers seek tax breaks

JAGARAN CHAKMA

Steel makers in Bangladesh are seeking reduced import duty, value added tax (VAT) and other tariffs in the upcoming national budget to provide products at lower prices, meaning that construction costs would likely decrease.

In a letter to Finance Minister AHM Mustafa Kamal earlier this month, the Bangladesh Steel Manufacturers Association (BSMA) proposed slashing VAT on sales to 1 per cent from 2 per cent.

In addition, VAT should be cut to Tk 450 from Tk 1,200 per tonne for locally sourced and imported scrap and billet, and Tk 900 from Tk 2,200 per tonne for purchases of mild steel (MS) products.

Similarly, customs duty should be reduced to Tk 500 from Tk 1,500 per tonne and advance income tax to Tk 100 from Tk 500 per tonne, it said.

The BSMA made these demands considering the current market situation, which remains unstable due to the global economic downturn brought on by various crises.



Manwar Hossain, president of the BSMA, said the domestic steel industry has faced several setbacks ever since the onset of Covid-19 in 2020.

For example, raw material imports have become severely constricted as steel makers are struggling to open letters of credit amid the ongoing US dollar shortage.

And as around 90 per cent of the raw materials used for producing steel comes from abroad, this has led to higher production costs and a subsequent working capital deficit in the industry.

However, inflationary pressure resulting from the Russia-Ukraine war could now deal a fatal blow as power and gas prices have surged abnormally in recent times.

Hossain then informed that around 15 per cent of the production cost for making steel goes towards energy and so, the price of steel products is skyrocketing.

According to market data of the Trading Corporation of Bangladesh, MS rod has been retailing at Tk 101,500 per tonne since May 15.

Also, the steel industry is suffering badly as infrastructure development in the country and construction activities in the private sector have slowed significantly amid the US dollar crisis.

This has directly impacted the overall construction industry as hundreds of businesses related to housing, cement, ceramics, hardware and more have been affected.

As such, the roughly 50 lakh people employed by these institutions, including steel makers, are now at risk of losing their jobs, the BSMA said.

Junk stocks infect market once again

Experts warn of rumour-based investment

STAR BUSINESS REPORT

The age-old trend of junk stocks gaining value despite having no reason to advance has returned just when major indices of Bangladesh's stock market are starting to rise.

The DSEX, the benchmark index of the DSE, increased by 14 points, or 0.22 per cent, to 6,339 points. With this, the index rose for two days consecutively.

The DS30, the blue-chip index, advanced 0.05 per cent to 2,199 points while the DSES, the shariah compliant index, edged up 0.02 per cent to 1,371 points.

Among the top ten gainers, two junk stocks -- Meghna Pet Industries and Meghna Condensed Mills -- took place by rising more than 9 per cent each.

A newly listed company -- Trust Islami Life Insurance -- and three B-category companies -- Legacy Footwear, Union Capital, and Meghna Insurance -- also featured on the list.

When a company incurs loss and fails to pay any cash dividend, it is then considered a junk stock.

If a company cannot pay at least 10 per cent cash dividend to its shareholders, then it is considered a B-category company.

The higher rise of junk stocks and low performing companies compared to good stocks is an old disease of the stock market that was seen relatively less in the last few days, said a stockbroker.

While stock market indices have been rising for the last two weeks, junk stocks have again taken the driving seat.

READ MORE ON B2



Customers inquire about gold jewellery at a shop in Dhaka. Jewellers in Bangladesh have cut gold prices by Tk 1,749 a bhoori for the domestic market thanks to a drop in the rates of pure gold in the local market. From today, the price of each bhoori or 11.664 grams of 22-carat gold ornaments will be Tk 96,695, down from Tk 98,444 earlier. The Bangladesh Jewellers Association took the decision yesterday. PHOTO: STAR/FILE

Indo-Bangla Pharma suffers 91.65% drop in profit

STAR BUSINESS REPORT

Indo-Bangla Pharmaceuticals Limited suffered a 91.65 per cent dip in profit to Tk 11.62 lakh in the third quarter of the current financial year.

It made a profit of Tk 1.39 crore in the same quarter of 2021-22.

The EPS was Tk 0.01 in January-March of 2022-23 against Tk 0.12 in the same quarter of 2021-22, according to the unaudited financial statements.

The company made a profit of Tk 1.16 crore in July-March of FY23, down more than 83 per cent from the Tk 7.20 crore reported in the same period of FY22. As a result, the EPS plummeted to Tk 0.10 from Tk 0.62.

Indo-Bangla Pharmaceuticals' shares traded at Tk 17 on the Dhaka Stock Exchange yesterday, unchanged from a session earlier.