

## Gold price rises by Tk 1,749 a bhoori

### STAR BUSINESS REPORT

The jewellers have increased pure gold prices by Tk 1,749 a bhoori for the local market with effect from tomorrow because of a rise in pure gold prices. According to the new rates, each bhoori or 11.664 grammes of 22-carat gold will be sold at Tk 98,444. The standing committee on pricing and price monitoring of Bangladesh Jewellers Samity announced the new rate yesterday, Bajus said in a press release.

## China's exports tumble in May as global demand falters

### REUTERS, Beijing

China's exports shrank much faster than expected in May while imports extended declines with a grim outlook for global demand, especially from developed markets, raising doubts about the fragile economic recovery. The world's second-largest economy grew faster than expected in the first quarter thanks to robust services consumption and a backlog of orders following years of Covid disruptions, but factory output has slowed as rising interest rates and inflation squeeze demand in the United States and Europe. Exports slumped 7.5 per cent year-on-year in May, data from China's Customs Bureau showed on Wednesday, much larger than the forecast 0.4 per cent fall and the biggest decline since January. Imports contracted 4.5 per cent, slower than an expected 8.0 per cent decline and April's 7.9 per cent fall. "The weak exports confirm that China needs to rely on domestic demand as the global economy slows," said Zhiwei Zhang, chief economist at Pinpoint Asset Management. "There is more pressure for the government to boost domestic consumption in the rest of the year, as global demand will likely weaken further in the second half." Highlighting the extent of the weakness, the data shows trade was worse even than when the port of Shanghai, China's busiest, was shut down due to strict Covid curbs a year earlier. The figures also add to a growing list of indicators that suggest China's post-Covid economic recovery is quickly losing steam, bolstering the case for more policy stimulus.



**Jute being cultivated in Ramkantapur village of Saltha upazila in Faridpur district, one of the production hubs of the "golden fibre" of Bangladesh. Planting runs from early March to early May whereas harvests from July to September, according to the Bangladesh Bureau of Statistics. Around 14 maunds to 15 maunds (one maund equals around 37 kilograms) can be produced from one bigha of land investing Tk 20,000 to Tk 22,000 behind fertilisers, irrigation, weeding and labour. Currently, each maund is selling for Tk 2,500 to Tk 2,600 in the local market. Some 77,25,083 bales were produced around the country in fiscal year 2020-21, down 3.98 per cent year-on-year. The photo was taken on Monday.**

PHOTO: SUZIT KUMAR DAS

### DRAFT INCOME TAX LAW

## Who needs to file wealth statement?

### STAR BUSINESS REPORT

The National Board of Revenue (NBR) is expected to place a new income tax bill in parliament today in an effort to modernise the direct tax system. The new law, among others, is likely to seek mandatory submission of wealth and liability statements for taxpayers, including persons who have wealth of over Tk 40 lakh. The draft law also seeks to make mandatory filing of wealth reports by those who became owners of any asset abroad at any time in a year in order to ascertain the total wealth of taxpayers in the country. Submission of wealth statements are likely to be necessary for individuals who will travel abroad at any time of the year for purposes other than treatment or religious reasons, according to the draft law. Asked, a senior official of the NBR said taxpayers would be required to submit their wealth statements along with tax returns once a year, just as many have to do now. And they will not need to show proof of return filing at the immigration checkpoints while traveling abroad if the proposal gets

the nod from the parliament, he said. "There is no provision in the law that seeks to empower immigration officers to check if any taxpayer has filed wealth statements, let alone gaining knowledge of the wealth of the person," said the official of the income tax department of the NBR. Apart from this, owners of motor vehicles, persons investing in houses, property or apartment in any city corporation, and directors of companies will be required to file asset and liability statements, according to the draft law. As per plan, all state employees will have to file statements of their assets and liabilities along with their tax returns. The draft law also seeks to require taxpayers to mention their wealth and liabilities within and outside Bangladesh in their tax returns. The official said this provision would be applicable for those having assets abroad but who have less than Tk 40 lakh in wealth in Bangladesh. Non-resident Bangladeshis are also likely to need to inform of their assets inside Bangladesh in their returns too.

Foreigners staying in the country will need to show in the tax returns their assets and liabilities within Bangladesh, according to the draft income tax law. A taxpayer is also likely to need to file statements of wealth and liabilities of their spouses and underage children if they do not have separate taxpayer identification numbers. The new income tax law 2023, drafted in Bangla, will replace the existing Income Tax Ordinance 1984, which was formulated by amending the Income Tax Act 1922, once it is approved by the parliament. The planned law seeks to reduce the discretionary powers of tax officials as much as possible. The proposed law, among others, has included accounting methods, depreciation and amortisation rules, provisions related to capital gains, income from intangible assets, transfer pricing and alternative dispute resolution provisions. Once it is passed in parliament, the number of returns that companies would need to file over tax deduction at source will reduce to 12 from 29 in the existing law.

## ADN buying 10pc of Shohoj Ltd

### STAR BUSINESS REPORT

ADN Telecom Limited is acquiring a 10 per cent share of online ticketing platform Shohoj Limited. The board of directors of ADN Telecom Limited approved the proposal for an investment of Tk 12 crore to acquire 10 per cent shares of Shohoj Limited yesterday, according to an executive of ADN Telecom Limited. ADN Telecom is known for its expertise in the telecommunication ecosystem, and Shohoj is a prominent digital service provider in Bangladesh, according to a statement by ADN. "We have mutually agreed. Shohoj is a prominent online ticketing platform and we think it will drive the Smart Bangladesh vision," said Azim Hossain, head of brand and communication of ADN. With this partnership, ADN Telecom and Shohoj will work together to develop and deploy innovative solutions. Shohoj Limited was valued at around \$45 million when Vostok New Ventures invested about \$7 million for a 15.6 per cent stake in the first quarter of 2019, according to Vostok New Ventures' financial report for the first quarter of 2019. Shohoj Limited first ventured out as an online ticketing platform in Bangladesh under the brand name of "Shohoz". It holds the number one position in terms of the use of its ticketing software by long-distance bus operators in counters nationwide as well as use of its web-based ticketing systems. Also, "Shohoz" exclusively sells and manages the online integrated ticketing platform of Bangladesh Railway. Earlier, "Shohoz" closed its reshedaring, online food delivery and truck hiring services. ADN Telecom Limited is a leading telecommunications service provider in Bangladesh, offering various connectivity solutions, including internet services, data centre services, and network infrastructure. Shohoj did not immediately respond to request for comment.

## Energy efficiency investments need to triple: IEA

### AFP, Paris

Investments in improving energy efficiency must triple this decade if the world is to keep the goal of limiting global warming to 1.5 degrees Celsius (2.7 Fahrenheit) within reach, the IEA said Wednesday. The investments would allow a doubling of annual gains in energy efficiency to four percent, resulting in a drop-in energy demand and fuel consumption that would benefit consumers and provide greater energy security to nations. The efficiency gains would "deliver vital reductions in greenhouse gas emissions and at the same time create jobs, expand energy access, reduce energy bills, decrease air pollution, and diminish countries' reliance on fossil fuel imports -- among other social and economic benefits," the International Energy Agency said in a report.

## Proposed budget

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The global median value for general government health expenditure as a percentage of GDP is 3.44 per cent while the government's allocation for the health sector is only 0.76 per cent for next fiscal year. According to him, public expenditure in FY 2022-23 was to some extent, intentionally kept very low compared to the annual target. He said attaining the public expenditure target in FY 2023-24 may require approximately 40 per cent growth over the actual achieved public expenditure by the end of the year. Bhattacharya also said the budget did not increase in line with the growth of the economy. In addition, the performance of budget implementation in terms of revenue mobilisation and public expenditure, such as spending under the Annual Development Programme, has deteriorated over the years. The global median value for public expenditure is 32.2 per cent of GDP while Bangladesh ranks 119th out of 123 countries in terms of its tax-GDP ratio, he added. Samir Ranjan Nath, head of the BRAC Education Programme, said the government allocated only 1.5 to 1.6 per cent of the GDP for the education sector against its commitment of 6 per cent.

"It is not possible to ensure quality education with such a limited budget," he added. Fauzia Moslem, president of the Bangladesh Mahila Parishad, said women are always victims of inequality in both wealthy and low-income families. So, even though the government allocations for women's development is very limited, it is still a positive initiative. The government usually allocates more than Tk 32,000 crore for the skills development of women but it remains unclear how the budget is utilised. Fahmida Khatun, executive director of the CPD, said allocations for climate change help mitigate the impacts of natural disasters while also

lowering carbon emissions. According to her, climate change is a multi-sectoral problem that has direct implications for disadvantaged people. She suggested the government invest in measures that address climate change as the private sector will not invest in this regard considering the lack of profitability. Asif Ibrahim, chairman of the Chattogram Stock Exchange, said the private sector is worried about the energy crisis and continuous appreciation of US dollar and inflation, which were not addressed in the budget. According to him, energy prices have increased around 60 per cent over the past year, increasing the burden of investment. With this backdrop, it will be difficult to increase private investment to 27.4 per cent, said Ibrahim, also a former president of the Dhaka Chamber of Commerce and Industry. "We create employment and contribute to government revenue, so we need quality infrastructure," he added. Ibrahim also urged for enhanced political stability to ensure higher investment from the private sector along with investment friendly policies. However, he said there is not a single word in the proposed budget regarding the development of the capital market, where people make long-term investments. Mustafizur Rahman, a distinguished fellow of the CPD, said the economy is passing through a tough time and so, the government should come forward with investment. As an example, Rahman said if the government invests Tk 1, then the private sector invests Tk 3.

Regarding the slow implementation of development projects, Rahman said there are a total of 288 projects that are aged between six to 10 years. These projects have seen cost overruns in line with time extensions for slow implementation. If a project faces delays in implementation, the people cannot reap the benefit, he added.

## Higher growth not possible

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Ahmed also said: "It is a critical issue for developing countries that rely on external borrowing to drive economic growth." "We recommend the adoption of prudent central bank management strategies that promote transparency, accountability and fiscal discipline in this sector." The deficit in the financial account of the balance of payments is a matter of serious concern as it reduces the reserves of foreign exchanges and impacts the whole economy, said speakers. A financial account is a component of a country's balance of payments that covers claims on or liabilities to nonresidents concerning financial assets. "A depletion of the exchange reserves has been a matter of concern throughout the current financial year despite compression in imports," said Ahsan H Mansur, executive director of the Policy Research Institute. It is still uncertain if the end-June floor on the net forex reserves of \$24 billion established under the loan programme of the International Monetary Fund (IMF) can be achieved, he said. "Are we there? Are we able to keep it? We don't know as the Bangladesh Bank does not publish the net foreign exchange reserve data." Mansur said since the country is already facing a dollar crunch,

crore, also talked about carrying international freight through the seas. Foreign shipping operators carry most of Bangladesh's over \$100 billion exports and import freight for a shortage of Bangladeshi ships, he said. A good amount of freight payments made by businesses could be retained if Bangladesh had more ships, he said, urging the government to provide support to local entrepreneurs to buy vessels. The government can take initiatives so that Bangladeshi

ships carry more of the country's freight in order to preserve foreign currency reserves, said Amin, also the senior vice-president of the Chittagong Chamber of Commerce & Industry. On the budget proposing to cut tariff on container imports to 20 per cent to encourage local entrepreneurs to invest in the business of renting out containers, Amin said it would not bring any significant benefit. "However, any tariff reduction is better than no tariff reduction." "But overall budgetary measures are not bad. There are efforts to

electricity outage is not unusual as adequate coal and oil could not be imported because of the USD crisis. According to Mansur, the central bank is trying to keep the reserve at a certain level as international organisations and correspondent banks are looking at whether the reserve target can be achieved. Planning Minister MA Mannan said both ongoing load shedding and inflationary pressure are intolerable. "The prime minister has directed taking necessary measures to resolve these two problems." Mannan said the government had expected that inflation would fall. "Rather, it has increased. It is disappointing."

Inflation in Bangladesh surged to 9.94 per cent in May, which is the highest in the past one decade, according to the Bangladesh Bureau of Statistics. The previous high in recent times was recorded in August last year when the Consumer Price Index soared 9.52 per cent. The minister hoped that inflation would come down gradually. "Everything that has fuelled the inflation is not under the control of the government." Mansur said inflation is accelerating in Bangladesh at a time when global commodity prices are declining. "No monetary policy measure has been taken to fight inflation as of now."

provide support to local industries." Amin also talked about the banking sector. He said there were business houses that have several units and if any business unit sinks into losses and becomes a loan defaulter, their sister concerns also do not get loans from banks. "This is causing many businesses to die silently. The authorities should allow lending to the other business units in order to enable them to operate and make a profit so that they can help the weak unit recover and repay loans." The dollar traded at Tk 108.3 on Tuesday, a year-on-year increase of 18 per cent against the local currency. "Under such a situation, the businesses that took loans two years ago have to pay more due to the sharp fall in the value of the local currency," Rahman added.

## Private sector's foreign loan

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that the government has adopted a cautious stance before approving fresh foreign loans given the ongoing stress in the market. Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, says that the declining trend of foreign loans is not a good sign for the economy as it will adversely affect GDP growth.