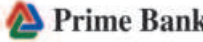




# Star BUSINESS



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## New law offers scope to strike off TIN-holders

SOHEL PARVEZ

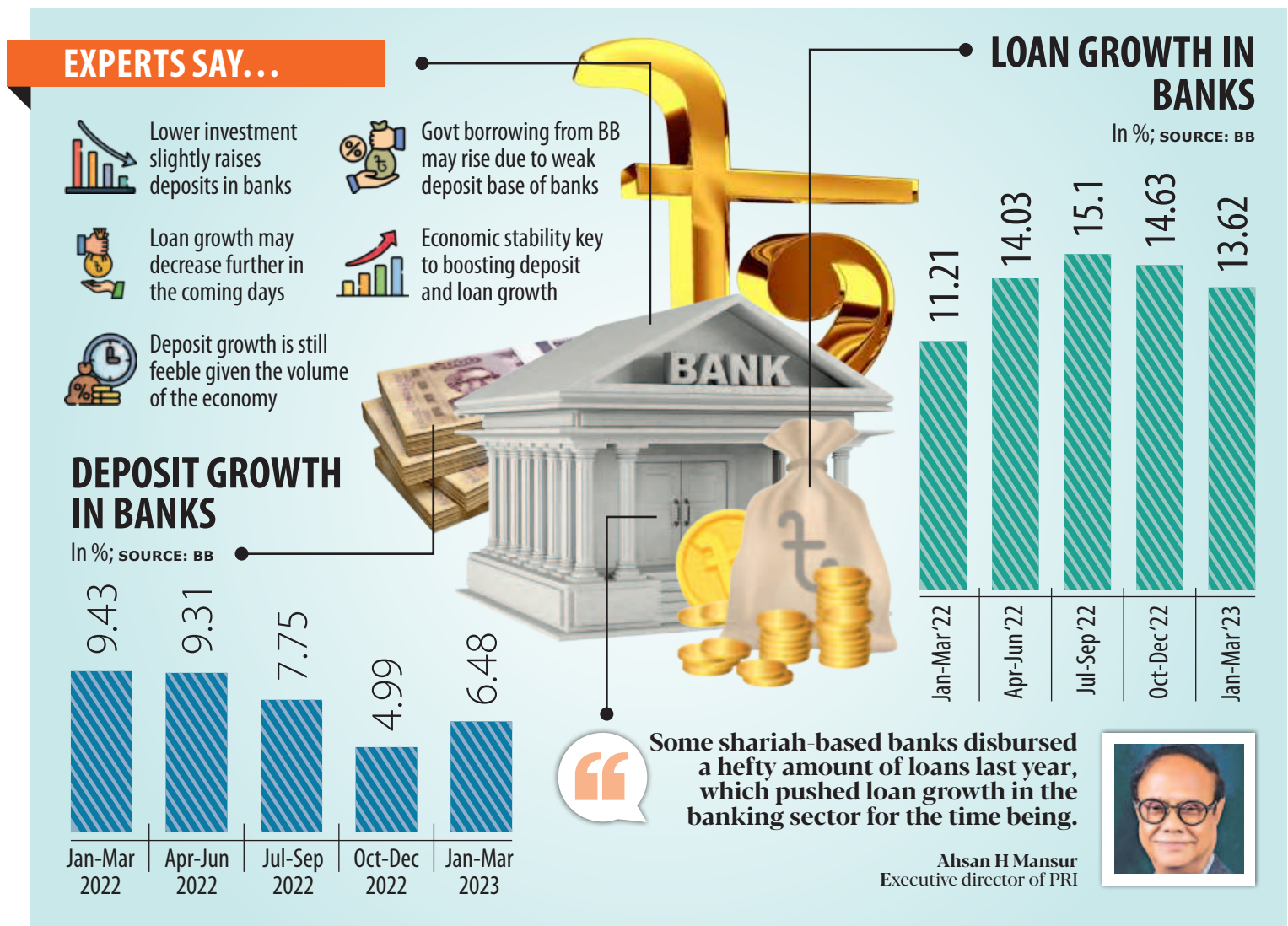
For the first time, the National Board of Revenue (NBR) has sought to grant opportunity to individuals and companies to de-register or make their taxpayer identification number (TINs) dormant owing to no taxable income and dissolution.

The NBR has kept the provision in the proposed Income Tax Bill 2023 and the rule will come into force after the parliament approves it.

The move comes as only a third of registered taxpayers in Bangladesh file income tax returns.

This is because, taxmen say, many persons might have retired from their jobs and do not have taxable income. Some might have died. A portion of companies and firms might have gone out of business.

READ MORE ON B3



## National BUDGET FY2023-24

### Cut domestic borrowing to rein in inflation PRI urges govt

STAR BUSINESS REPORT

Given the inflationary pressure in the economy, the government should consider cutting its dependence on domestic borrowing from the central bank to finance the budget deficit so as to contain inflation, said the Policy Research Institute of Bangladesh (PRI).

And it can prioritise allocations for the Annual Development Programme (ADP) and cut its dependence on borrowing to finance a deficit of Tk 261,785 crore in the proposed budget of Tk 761,785 crore, said the research organisation.

Such measures will also restrain the government from printing new taka to meet its expenditures for achieving a high GDP growth, said Ahsan H Mansur, executive director of the PRI.

Because printing more taka in the time of high inflation will merely fuel the inflation further, he said.

His comment came at a press briefing organised by the PRI Study Centre on Domestic Resource Mobilisation on the proposed national budget for fiscal year 2023-2024.

Presenting a paper, Mohammad A Razzaque, director of the centre, said securing financing for the large budget deficit in a non-inflationary way would be challenging.

A lack of diversity in external and domestic financing instruments makes it difficult to secure the Tk 261,785 crore financing requirement envisaged in the budget, he said.

Bangladesh will need to mobilise about \$10 billion (equivalent to about Tk 1 trillion) in net financing from external sources for budget financing, he said.

Given the need to pay back about \$2 billion in principal repayments, the gross financing requirement will be about \$12 billion. Bangladesh has never borrowed such a high amount in the past, said Razzaque.

"Limited or no access to the international capital market, and the recent downgrading of Bangladesh's sovereign rating by Moody's will not allow exploration of new sources in FY24," he said.

Domestically, the government plans to borrow around Tk 160,000 crore and almost the entire amount will need to come from the domestic banking system, he said.

READ MORE ON B3

## No concrete job plan in budget

Economist Sayema Haque Bidisha says

MD ASADUZ ZAMAN

The government has proposed a Tk 761,000 crore budget for fiscal year 2023-24 without offering any concrete roadmap or action plan for generating employment for its vast working age population, said an economist on Saturday.

For employment generation, the government has mostly continued the initiatives of the ongoing budget of fiscal year 2022-23, said Prof Sayema Haque Bidisha of the economics department at the University of Dhaka.

As always, the Ministry of Labour and Employment got a moderate Tk 347 crore which is even lower than the Tk 470 crore of the revised budget for fiscal year 2022-23, she said in an interview with The Daily Star.

Among the new initiatives, there has been a special allocation of Tk 100 crore for research, innovation and development for the youths with some expansion in other ongoing initiatives of skills training and employment generation, she said.

The national budget was proposed against the backdrop of a complex economic scenario of the country with at least three core challenges, she said.

"These are maintaining macro-stability, containing the inflationary pressure and maintaining a sustainable economic growth while generating employment for the mass workforce," she said.

The pandemic had negative consequences on the labour market and there was a great deal of expectations

READ MORE ON B2

## National BUDGET FY2023-24



Sayema Haque Bidisha

## Deposit growth rises, loan growth falls

AKM ZAMIR UDDIN

The deposit growth in the banking sector of Bangladesh rose in the first quarter of 2023 from a quarter ago as businesses prefer to park funds with lenders instead of making investments amid the ongoing economic slowdown and uncertainty.

The deposit growth stood at 6.48 per cent in March, up from 4.99 per cent three months ago. It, was, however down from 9.43 per cent from a year ago, data from the Bangladesh Bank showed.

Deposits in the banking sector stood at Tk 16,13,062 crore at the end of third month of the year.

Amid a liquidity crunch and higher consumer prices driven by deep economic uncertainty and the foreign exchange volatility brought on by the Russia-Ukraine war, the deposit growth suffered a steep decline from March to December last year as the capacity of individual savers as well as businesses was squeezed.

Scams at a number of banks also forced some savers to withdraw funds as their confidence was dented. The deposit growth, however, broke the falling trend in March this year after the central bank stepped in to restore their confidence.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says that the broadening of the deposit growth is good for the economy.

"It gives an indication that the liquidity base in the banking sector has widened to some extent."

He, however, thinks that some businesses might have kept their funds in banks instead of investing.



In addition, the central bank provided liquidity support to a number of cash-strapped banks in the first quarter, boosting deposits, he said.

The lower investment made by businesses has adversely hit the loan growth, which stood at 13.62 per cent in March, down from 14.63 per cent three months earlier. It was 11.21 per cent a year ago.

The loan growth increased between March and September last year before starting to fall steeply from March this year as the economic woes showed no signs of disappearing amid the persisting global and national crises.

Banks collectively disbursed Tk 14,05,084 crore in loans as of March this year.

Mutual Trust Bank's Rahman thinks that investment is facing sluggishness across the globe and the same situation exists in Bangladesh as well.

"The purchasing power of the common people has decreased in the country, which has discouraged businesses from going for expansion."

Inflation has stayed at an elevated level in the past one year, owing to both external and internal factors, hurting the pockets of fixed-income groups and the poor.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, says some shariah-based banks disbursed a hefty amount of loans last year, pushing up the loan growth.

Although the deposit growth increased a bit in the first quarter of 2023, the improvement is still weak given the size of the economy, he said.

"If the deposit growth does not reach the expected level, the loan growth will fall further, which will slow down investment."

The lower deposit growth will compel the government to continue borrowing heavily from the central bank to manage its

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STOCKS	
DSEX ▼	CASPI ▲
0.18%	0.15%
6,298.91	18,620.65

COMMODITIES	
Gold ▼	Oil ▲
\$1,958.45 (per ounce)	\$68.67 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.67%	▲ 1.80%	▼ 0.21%	▲ 0.15%
63,143.16	33,018.65	3,189.40	3,233.67

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**Martin Raiser**  
Vice-president for South Asia of the World Bank



## Deepen structural reforms

WB top official says  
STAR BUSINESS REPORT

Bangladesh needs to manage the economy carefully and deepen structural reforms to deal with lingering external pressures, a top official of the World Bank said yesterday.

Martin Raiser, vice-president for South Asia of the Washington-based lender, said Bangladesh faces continued external pressures, which require careful macroeconomic management, but also a deepening of structural reforms to attract more private investment, boost jobs and strengthen resilience against climate shocks.

He also reaffirmed the multilateral lender's

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খলিলুর রহমান  
সভাপতি



মোহাম্মদ শওকত আলী চৌধুরী  
সহ-সভাপতি



মোহাম্মদ সাইফুল আলম  
সহ-সভাপতি



এ.এম. মাহবুব চৌধুরী  
সহ-সভাপতি



এ.এম. মাহবুব চৌধুরী  
সহ-সভাপতি



মোহাম্মদ আব্দুল সলাম  
সহ-সভাপতি



জামিন উদ্দিন চৌধুরী  
সহ-সভাপতি



আব্দুল সোমান লাহু  
সহ-সভাপতি

চট্টগ্রাম মেট্রোপলিটন চেম্বার অব কমার্স এন্ড ইন্ডাস্ট্রি  
কান্দেবী টাওয়ার (৭ম তলা), ৩৭ অরোহান বাণিজ্যিক এলাকা, চট্টগ্রাম।

**শুভেচ্ছান্তে কেডিএস পরিবার**





Nuruddin Md Sadeque Hussain, managing director of Southeast Bank, and Maruful Islam Jhalak, executive director of Nagad, exchanged signed documents of an agreement on remittance disbursement at the bank's head office in Dhaka yesterday.

PHOTO: SOUTHEAST BANK

## Southeast Bank signs deal with Nagad

STAR BUSINESS DESK

Southeast Bank Limited signed an agreement with mobile financial service (MFS) provider Nagad on remittance disbursement.

Nuruddin Md Sadeque Hussain, managing director of the bank, and Maruful Islam Jhalak, executive director of the MFS company, inked the deal at the former's head office in Dhaka yesterday, said a press release.

Under this agreement, the bank's associate overseas exchange houses,

money transfer operators, banks and its 100 per cent owned subsidiary Southeast Exchange Company (South Africa) can easily collect remittances and send to Nagad's 7.88 crore beneficiaries' wallets directly round the clock.

Even the beneficiaries can withdraw the money from Nagad's 220,000+ payout locations around the country which will ultimately facilitate financial inclusion to the masses.

Since inception, the bank has been playing an instrumental role

for the migrant workers to distribute their hard-earned remittances to their family members by providing smooth and fast remittance services using modern technology and large distribution networks.

Last year, Southeast Bank was among the "Top 10 Remittance Collecting Banks" earning \$800 million and one of the "Top Three Export Earning Banks", according to the press release.

The total trade business of the bank was \$6 billion last year.



SM Mahfuzur Rahman, chairman of Janata Bank, poses for photographs after holding its 16th annual general meeting at the bank's head office in Dhaka yesterday. Md Azimuddin Biswas, additional secretary to the financial institutions division of the finance ministry, Ajit Kumar Paul, KM Shamsul Alam, Ziauddin Ahmed, Md Abdul Majid, Rubina Amin, Meshkat Ahmed Chowdhury, Muhammed Asad Ullah, directors, Md Abdul Jabbar, managing director of the bank, Md Quamrul Ahsan, Md Golam Mortuza, Md Abdullah Al Mamun and Md Ramjan Bahar, deputy managing directors, and Md Nurul Alam, chief financial officer, were present.

PHOTO: JANATA BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JUN 13, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	-2.88 ↓
Coarse rice (kg)	Tk 48-Tk 50	2.08 ↑	-2 ↓
Loose flour (kg)	Tk 52-Tk 55	-6.96 ↓	25.88 ↑
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 168-Tk 180	-3.33 ↓	-7.2 ↓
Potato (kg)	Tk 35-Tk 38	-2.67 ↓	55.32 ↑
Onion (kg)	Tk 75-Tk 80	19.23 ↑	106.67 ↑
Egg (4 pcs)	Tk 44-Tk 48	-3.16 ↓	8.24 ↑

SOURCE: TCB

## Oil prices tick up

REUTERS, London

Oil prices rose on Tuesday on apparent bargain hunting, recovering some ground from the previous day's plunge.

But gains were limited as investors remained cautious ahead of key policy decisions by central banks and on weak economic data from China.

Brent crude futures climbed \$1.47, or 2.1 per cent, to \$73.31 a barrel by 1034 GMT. US West Texas Intermediate (WTI) crude was at \$68.32 a barrel, up \$1.20, or 1.8 per cent. Equities, which often trade in tandem with oil, also rose.

Brent's six-month backwardation, a market structure whereby shorter-dated futures trade above longer dated ones, has fallen to its lowest since March at around \$1.30, indicating faltering market confidence in demand outstripping supply over the year.

# Investors concerned over EU deforestation law

May exit consumer goods firms, they say

REUTERS, London

As a new European Union zero-tolerance deforestation law looms, several major investors told Reuters they are concerned about their exposure to the issue, with some saying they could quit consumer goods makers with "risky" supply chains.

The EU agreed in December a new rule to prevent companies from selling into its market coffee, beef, soy, rubber, palm oil and other commodities linked to deforestation. Companies must prove their supply chains aren't contributing to the destruction of forests or be fined up to 4 per cent of their turnover in an EU member state.

Germany's Union Investment, a top 20 investor in Unilever and Reckitt, last year wrote to 56 consumer goods companies to find out more about deforestation in their supply chains.

"The fines can be a risk for the performance of these companies in the stock market," said Henrik Pontzen, head of ESG at Union Investment, which has about 424 billion euros (\$467 billion) in assets under management and stakes in Nestle, Pepsico, Danone, Beyond Meat and L'Oreal.

An internal Union Investment document seen by Reuters shows that the firm received just 30 responses to its outreach. Of those, only 14 companies said they had zero deforestation goals.

"As a major investor, this is very atypical," said Pontzen. "Typically, we receive an answer from any company we write to. Maybe the reason for not answering is they don't have anything to say."

Union "will exclude companies

when all our escalation options have been exhausted," Pontzen said.

He is not alone in his frustration over the companies' lack of engagement.

Eight major institutional shareholders - Schroders, Janus Henderson, NBIM, Union Investment, KLP, Aviva, Fidelity International and Ninety-One - told Reuters they were talking to

manager at Aviva, which invests over 223 billion pounds (\$278 billion) and has stakes in Tide maker P&G, Unilever, Nestle and Reckitt.

Norway's sovereign wealth fund, NBIM, one of the world's largest investors with over \$1.3 trillion in assets under management, said the rules will impact firms that haven't prepared for it.



PHOTO: REUTERS

consumer goods makers about this issue, three of whom said they will identify stocks they may exit.

The legislation is expected by lawmakers to be implemented by the end of 2024 for "big operators". Although consumer goods manufacturers are particularly exposed, other sectors that import goods associated with deforestation, including commodities houses and industrials companies, will also face scrutiny.

"The companies have to be cleaner than clean, given the fact that there's such a high penalty," said Jonathan Toub, a portfolio

"It can influence market access, potentially lead to non-compliance penalties, or impose increased due diligence costs," said Snorre Gjerde, NBIM's investment stewardship manager.

The UN Food and Agriculture Organization estimates that 420 million hectares of forest - an area larger than the EU - were lost to deforestation between 1990 and 2020. EU consumption represents around 10 per cent of global deforestation, according to the European Parliament. Palm oil and soy account for more than two-thirds of this.



Abu Hena Md Rahmatul Muneem, senior secretary to the Internal Resources Division and chairman of the National Board of Revenue, inaugurates an outlet of Tasty Treat, a fast food retail brand of Pran-RFL Group, on the premises of the NBR in Agargaon, Dhaka yesterday. Ahsan Khan Chowdhury, chairman of Pran-RFL Group, Choudhury Atiur Rasul, director (accounts), and Ibrahim Khalil, head of business at Tasty Treat, were present.

PHOTO: PRAN-RFL GROUP

## Europe takes lead over US on crypto regulation

AFP, Zug, Switzerland

Born out of the desire to create a decentralised currency not controlled by a government, the crypto movement has long resisted regulation.

But those days may be numbered as the EU recently adopted comprehensive rules regarding crypto

era and what everyone wants in the industry is the rules of the game," he told AFP at an event supporting startups.

Bailly said that while everyone was initially hostile towards MiCA, "finally it has become a selling point for Europe" as it fixes a clear framework for companies which can then organise their business operations



PHOTO: REUTERS

assets, taking a lead over the United States, which has meanwhile cracked down on two major crypto exchanges.

In April, the European Parliament adopted by a wide margin the Markets in Crypto-Assets (MiCA) regulation and it received final approval by the Commission last month.

The first comprehensive regulation of the sector, MiCA aims to reduce illegal practices including money laundering as well as protect investors and consumers. It covers issues of crypto assets as well as trading venues and providers of the "wallets" where investors hold their assets.

"MiCA brings clarity, said Jerome Bailly, vice president of Crypto Valley, an association which supports the crypto industry in Switzerland.

"We're no longer in the Wild West

accordingly.

He believes a "European bloc" will emerge, with the Britain and Switzerland following the EU's lead to create a regulatory zone.

On the other hand, "the signals coming from the United States are clearly negative," Bailly warned.

US crypto firms were weakened by the failures of Signature Bank, Silvergate and Silicon Valley Bank, which were key institutions in financing of the larger tech sector and startups.

Plus, US authorities have begun to turn the screws on the sector since the failure of the FTX and Genesis exchanges, charging the world's top cryptocurrency exchange Binance with securities law violations, as well as its rival Coinbase.

## No concrete job plan

FROM PAGE B1

from the proposed budget to revive the labour market and generate employment by a significant margin, Bidisha said.

Besides, despite impressive progress in terms of different socioeconomic indicators, there remain challenges in some areas, including the labour market, she said.

"Therefore, the importance of job creation has not been duly considered in this budget," said Bidisha, also the research director of think tank South Asian Network on Economic Modeling.

Among the previous initiatives, the proposed budget laid emphasis on a few in particular, she said.

This includes the establishment of Bangabandhu Sheikh Mujib Industrial City in Chattogram targeting to generate 5 lakh jobs, expansion of an initiative to generate 30 lakh jobs in information technology alongside related services by 2025 and employment generation for 2 lakh youth by 2030 through high-tech parks, she said.

In case of skills training programmes, the proposed budget again put emphasis on a Skills for Employment Investment Program, said Bidisha.

Through this the government has implemented a number of initiatives

for skills training and stressed on the creation of a central database to link the demand and supply side of the labour market, she said.

In addition, the proposed budget laid emphasis on initiatives taken for the protection of workers' rights and promoting women and children-friendly workplaces, she said.

For migrant workers, it mostly re-emphasised the previous initiatives of skill and language training and the continued effort of finding new destinations, said Bidisha.

She thinks tax rebates or continuation of previous rebates on VAT and the import of raw materials for the expansion of domestic industries focusing electrical and electronic devices and household appliances could have a positive impact on industrialisation and local employment generation.

However, given the time lag associated with any industrialisation process, the expected positive impact on job creation will take some time and therefore might have a positive impact only in the medium or long term, she said.

As for boosting private sector investment, which is crucial for generating employment, a continuation of the current fiscal's budgetary initiatives is not sufficient, said Bidisha.

## Deepen structural reforms

FROM PAGE B1

continued support to help Bangladesh achieve sustainable and inclusive growth.

"We stand ready to redouble our support under our new country strategy and accelerated implementation of our large existing portfolio."

Raiser's comments came as he concluded his two-day visit to the country as part of his current tour to

the South Asia region.

During the visit, he met with the Bangladesh Bank governor, the state minister for power, energy, and mineral resources, the senior secretary of the finance ministry, the secretary of the Economic Relations Division, and other senior government officials.

They discussed the WB's new country partnership framework for Bangladesh for fiscal years 2023-27

as well as how the WB support can be best utilised to help Bangladesh navigate the global uncertainties and increasing climate change impacts.

Raiser urged speeding up the pace of implementation of the WB-supported projects.

Yesterday, the bank and Bangladesh also signed a \$191 million financing to strengthen the higher education sector and respond better to the Covid-19 pandemic.

The Higher Education Acceleration Transformation Project will support regional and global collaboration, research and innovation in higher education. It will help more women access quality tertiary education.

Sharifa Khan, secretary of the ERD, and Abdoulaye Seck, country director of the WB for Bangladesh and Bhutan, signed the agreement, said the press release.



## NBFIs asked to have a clear HR policy

STAR BUSINESS REPORT

The Bangladesh Bank yesterday instructed non-bank financial institutions (NBFIs) to put in place a clear human resources policy to ensure hiring of honest and efficient persons in transparent manner and establish good governance in the sector.

There must be a clear policy on overall human resource management approved by the board of directors, said the central bank in a directive issued to chief executives all the NBFIs.

The central bank said in view of the importance, NBFIs also must have a board approved policy on the eligibility and qualifications regarding the hiring of the chief of the internal control and compliance, the head of credit risk management, the chief of financial officer and company secretary.

There shall also be a board-approved evaluation process for assessing the applications for these posts, it said.

"No person can hold more than one of the above positions simultaneously," the BB said, making it mandatory for the NBFIs to furnish detail biodata of the top officials with the central bank within 15 working days of such appointment.

## India may tighten norms for banks' unsecured lending

REUTERS, Mumbai

The Reserve Bank of India (RBI) is looking to tighten scrutiny on the unsecured lending portfolios of banks amid the growing risk of potential defaults, four banking sources told Reuters.

Unsecured loans – mostly personal loans and credit cards – do not carry any collateral and therefore pose a higher risk of default. These loans, however, are a big contributor to margins as they entail higher interest rates.

"Some action from the RBI on unsecured lending, credit cards, etc. could be seen," a senior source aware of the central bank's thinking said. "Excessive growth is the first sign of potential delinquencies."

None of the sources wanted to be named because they are not authorised to speak to the media.

"We can expect the RBI to increase risk weights on unsecured personal loans and credit cards and, or, float a discussion paper on how to monitor the space more efficiently," said the head of credit card vertical at a private sector bank.



Most of the workers employed in the garment sector in Bangladesh are women.

PHOTO: STAR/FILE

# Digital divide points to disparity in rural-urban internet access

MAHMUDUL HASAN and MD ASADUZ ZAMAN

The digital divide continues to exist in Bangladesh underscoring disparities in internet access between rural and urban areas, while gender digital divide also worsened.

The number of internet users increased by 1.8 percentage points to 41 per cent for the people aged above five, according to Bangladesh Sample Vital Statistics, a project run by the Bangladesh Bureau of Statistics.

Of the users, only 37.1 per cent are from villages, highlighting the persistence of digital divide among rural villages compared to urban cities.

While urban areas enjoy better infrastructure and connectivity, rural villages face infrastructural constraints, including inadequate broadband coverage, and a lack of technological resources, according to the experts.

"Although the government introduced the 'one country one rate', the transmission cost hasn't gone down, leading to lower broadband internet penetration in the rural area," said Syed Almas Kabir, chief executive officer of MetroNet Bangladesh.

Despite the government's introduction of the 'one country, one rate' policy, the hike in transmission costs has led to a significant setback in the penetration of broadband internet services in rural areas, according to the MetroNet Bangladesh CEO.

This digital divide exacerbates the gap between urban and rural communities, inhibiting the equitable participation of rural populations in the digital economy.

AKM Fahim Mashroor, chief executive officer of Bdjobs.com, said a good number of people use the internet through broadband connection and the cost of which is very low.

"Conversely, in rural areas, the availability of broadband internet remains limited, forcing many users to depend on expensive mobile data plans, which pose a considerable financial burden given their income levels," he said.

"On the other hand, there are very limited broadband internet connections in rural areas and many of the users are fully dependent on mobile data, the cost of which is very high compared to their income level," he added.

Meanwhile, the survey also pointed out that gender inequality is contributing to the digital divide in Bangladesh.

Of the users, 47 per cent are men and 34 are women.

Industry people and experts said women face additional challenges in accessing the internet compared to their male counterparts, resulting in a gender gap in internet usage and digital skills.

Due to some cultural and traditional beliefs or norms, the gender gap in internet access persists.

"In rural areas, many females are restricted from accessing the internet due to social reasons imposed by their parents or guardians," said Mashroor.

Kabir said the low participation of women in the IT sector, which is only 12 to 13 per cent, reflects the gender digital divide.

However, women in Bangladesh have significantly dominated the F-commerce market, he said, adding that this means, good quality of internet—speed without interruption—may narrow the gap.

Female internet users rose by 1.2 percentage points year-on-year in 2022. However, the gender gap increased as the rise in the male internet users increased by 2.5 percentage points.

However, the digital divide in the rural area with the city decreased very slightly—by two basis points.

## Fossil fuel companies' net zero plans largely meaningless: report

REUTERS, London

The number of fossil fuel companies setting net-zero emissions targets has risen sharply over the past year, but most fail to address key concerns, making them "largely meaningless", a report showed on Monday.

Some 75 of the world's largest 112 fossil fuel companies have now committed to reaching net-zero – the point at which greenhouse gas emissions are negated by deep cuts in output elsewhere and methods to absorb atmospheric carbon dioxide.

That's up from just 51 a year ago, according to the assessment of publicly available data by Net Zero Tracker, run in part by the Britain-based Energy and Climate Intelligence Unit and the University of Oxford.

But most targets do not fully cover or lack transparency on Scope 3 emissions – which include the use of a company's products, the biggest source of emissions for fossil fuel companies – or don't include short-term reduction plans, the

report added.

That made them "largely meaningless", it said. The report also found that none of the fossil fuel companies were making the needed commitments to move away from fossil fuel extraction or production.

As it stands, some 4,000 countries, states, regions, cities and companies globally have now committed to net-zero. Last November, the UN issued guidance on what a 'good' net-zero strategy should look like to avoid greenwashing.

"We haven't yet seen a huge move from fossil fuel companies or other companies on meeting those (guidelines), so there's still a lot of work to do to come up to that level," said Thomas Hale of the University of Oxford, who co-authored the report.

Daisy Streatfield, sustainability director at global asset manager Ninety-One, said "credible plans and meaningful execution are not going to happen overnight", with many companies doing a better job than national governments.

## Dollar sags before inflation data

REUTERS, London/Singapore

The dollar fell slightly on Tuesday as investors awaited US inflation data, while China's yuan slipped to a six-month low after the central bank lowered a short-term lending rate to boost the economy.

The euro was up 0.42 per cent to \$1.08 on Tuesday, after touching its highest since May 23 earlier in the

session at \$1.081.

That helped push the dollar index, which measures the currency against six peers, down 0.3 per cent to 103.27.

US consumer price inflation (CPI) data is due out at 1230 GMT and could influence the Federal Reserve as it starts its two-day policy meeting, with an interest rate decision due on Wednesday.

## New law offers scope

FROM PAGE B1

Bangladesh has around 88 lakh registered taxpayers or TIN-holders. Only 31.7 lakh filed their income tax returns as of April of the current financial year, according to the NBR data.

"There is no reason to keep TINs alive if someone dies. The same is true for others if they leave the country permanently or for companies if they liquidate. So, we have sought to incorporate the provision in the new law," said a senior official of the NBR.

As per the proposed rule, a person can request the NBR to make their TIN inactive if his or her taxable income is zero in the previous three years and is expected to remain zero in the future.

Anyone leaving the country for good will also be able to seek to make the TIN dormant or inactive. Persons who don't need to file tax returns will be allowed to seek de-registration, according to the proposed law.

The new provision also keeps the option for the NBR to make a TIN inactive or dormant if it finds that the taxpayer does not have any income, or registration was obtained to carry out financial crimes or launder money.

TIN-holders can also be struck off if they are found to be obtaining the number by providing fake information.

The NBR official said there are instances that people have secured TINs in the name of persons who pull rickshaws in order to evade taxes. In such cases, the NBR can make the TIN dormant.

"This will help the NBR establish a database of true and genuine taxpayers. It can then proceed to ensure compliance of registered taxpayers. This will be beneficial for many people."

Snehasish Barua, director of SMAC Advisory Services Ltd, said the scope for de-registration of e-TINs will be beneficial for both taxpayers and the NBR.

## Cut domestic borrowing

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However, it will be challenging since banks are already suffering from a liquidity shortage and slow deposit growth, said Razzaque.

Government borrowing from scheduled banks will lead to crowding out of the private sector and push up the lending interest rates sharply, he warned.

Under such a situation, the government will need to borrow from the central bank which is likely to create further inflationary pressures, he added.

The PRI said borrowing from the central bank would accelerate further in the final two months of fiscal year 2022-23, taking total government borrowing from the central bank to more than Tk 100,000 crore.

The pace of government borrowing from the central bank is likely to accelerate further in fiscal year 2023-24 to around Tk 130,000 crore to Tk 140,000 crore, which is likely to accelerate further, it said.

However, the government can easily reduce administrative expenditure and ADP allocation for the time being so that it does not need to go for excessive borrowing from the banking system and print taka, said Mansur.

If it wants, it can allocate the money to social safety net schemes, he said.

Some 52 of social safety net

allocations go behind paying pension and saving certificate interests and the remaining 48 per cent is very low for those who actually are financially insolvent, he said.

However, if the government prints taka to maintain expenses of the budgetary allocations, inflation will jump again in the markets, he said.

The economist said the current high rate of inflation was created mainly for some wrong decisions.

For instance, the government thought that a lot of investment will come about if the interest rate is artificially kept at 9 per cent. In reality, the investment did not come about at the expected level, he said.

Moreover, over the last year or so, the government released a lot of US dollars in the domestic markets against the local currency taka, which was an unwise and imprudent decision, Mansur also said.

The government could have sold \$1 billion or \$2 billion in the markets but sold \$15 billion to \$20 billion which was certainly an imprudent and unwise decision, he added.

The government could have relaxed the exchange rate and increased the interest rate to make the taka attractive, he said.

Without taking proper measures the government instead wasted a full year giving false hope that the exchange rate would stabilise, he

said.

Had the government acted tactfully in September or October last year, the exchange rate could have been maintained and it would not have needed to increase the bank interest rate, he said.

The tax to GDP ratio is low and it is difficult to increase the ratio within one year, said MA Razzaque, research director of the PRI.

If import bills cannot be paid, it may lead to the crash of the economy whereas if inflation can not be contained, the financially insolvent may face problems. Hence, adjustments may be a bit painful, he said.

Over the last one year, no policy was taken to contain the inflation. The current foreign currency reserve with the central bank is still good enough to tackle the crisis, he said.

The ADP can be reduced a bit, suggested Razzaque.

If the interest rate is not increased, inflation containment might not be possible and even a 5 per cent GDP growth is good in times of crisis, he said.

Other countries can reduce inflation hiking interest rates although there is a challenge of increasing non-performing loans. But it is possible to give relief to low-income people by increasing allocations to social safety net programmes, he said.

## Training for women in RMG to raise factory productivity

### An IFC-ILO assessment finds

STAR BUSINESS REPORT

Training support for women in supervisory roles leads to higher productivity in the garment factories, a new assessment of the International Finance Corporation (IFC) and the International Labour Organisation showed.

The impact assessment which was conducted by the University of Oxford and the BRAC James P Grant School of Public Health on Better Work's Gender Equality and Returns (GEAR) programme funded by the European Union were presented in Dhaka yesterday.

The assessment was conducted across 27 garment factories in Dhaka and Chattogram and showcased the strong impact of the GEAR programme, particularly in improving line efficiency and increased gender equality.

GEAR partnered with global apparel brands such as H&M, M&S, Levi's, Ralph Lauren, and VF Corporation to implement this programme in their supplier factories and helped ensure the high completion and promotion rates.

Over 600 female operators in 78 factories since 2016 with technical skills and skills required for supervisory roles, with nine out of 10 participants completing the training programme and two-thirds being promoted as supervisors.

At supervisory level, trainees are earning 40 per cent more than similar workers not selected as trainees, with potential for further promotions up the management ladder.

"GEAR trainees proved to be more effective as supervisors, with the lines managed by them being 4 per cent more efficient, a gap that grows with supervisory experience," said Christopher Woodruff, professor of the development economics of the University of Oxford and the lead researcher of the study.

Sewing operators on GEAR-trainee managed lines were also reported to have higher levels of well-being and more satisfactory working environments because supervisors were showing a more cooperative and supportive management style, according to the study.

"We are happy to celebrate the success of the programme, which is a first critical step to create upward career opportunities for women in garment factories," said Wagner Albuquerque de Almeida, a global director for manufacturing agribusiness and services at the IFC.

Having an adequately skilled labour force is critical to the continued growth of the industry, which needs to tap into the broadest possible talent pool, he added.

## German investor morale improves

REUTERS, Berlin

German investor morale improved unexpectedly in June, the ZEW economic research institute said on Tuesday, but warned of persistent headwinds as export-focused sectors struggled with a weak global economy.

The institute's economic sentiment index remained in negative territory at -8.5 points, up from -10.7 points in May. A Reuters poll had pointed to a June reading of -13.1.

"Experts do not anticipate an improvement in the economic situation during the second half of the year," ZEW president Achim Wambach said.

The improvement came after three consecutive months of decline, and as Germany struggles with more persistent economic challenges after initially fending off a much-feared energy crunch in winter 2022/23.

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deficit financing. The large volume of government borrowing from the central bank has already brought a negative effect for the economy as it has fueled inflation.

Inflation escalated to an 11-year high of 9.94 per cent in May. May's figure takes the average inflation

to 8.95 per cent, way above the revised budgetary target of 7.5 per cent for the financial year ending on June 30.

Mansur urged the government to avoid higher borrowing from the central bank to keep the macroeconomy stable.

Between July 1 and May 24, the

government took loans to the tune of Tk 85,024 crore from the banking sector. Of the sum, Tk 69,208 crore came from the BB.

If deposits in banks increase, the government can take a portion of its required funds from commercial banks along with the central bank, a central banker said.





Off-season watermelons are mostly grown in south-western districts such as Jashore and Magura. But farmers in Tangail have also started cultivating various types of watermelons as they bring higher prices. The photo was taken recently.

PHOTO: MIRZA SHAKIL

## TCB to sell rice to family cardholders

STAR BUSINESS REPORT

For the first time, the Trading Corporation of Bangladesh (TCB) will sell rice at subsidised rates along with oil, sugar and lentils to one crore family cardholders from the next month, Commerce Minister Tipu Munshi said yesterday.

Each of the cardholders will be able to buy five kilogrammes of rice, the minister said while inaugurating the sale of TCB products for the cardholders across the country for June in Dhaka's Tejgaon area.

The TCB usually distributes oil, sugar, lentil, gram and dates during Ramadan at affordable prices to one crore families.

"It has been decided to give five kgs of rice at subsidised rate against each card from the next month," Munshi said.

Besides, the price of soybean oil has been reduced by Tk 10 per litre due to the reduction in the price in the international market, he said, adding that the move would also benefit the TCB cardholders.

Munshi said, due to the global situation, the price of essential goods in the country has increased. Still, efforts are underway to control prices in local market, he said.

Under the month-long activity, the three commodities will be sold through 6,700 designated dealers across the country, including 1,100 in Dhaka.

The family cardholders have to go to the designated distributors' stores to purchase their desired products.

# Growers beam with joy as off-season watermelons fetch higher prices

MIRZA SHAKIL, Tangail

Growers in Tangail have big smiles on their face as their off-season watermelons are fetching higher prices since demand has been good owing to the sweltering heat.

Buoyed by the success in recent years, more local farmers are now interested in cultivating various types of watermelons, which have started to hit the local market.

Due to the scorching heat, the demand for the fruit has gone up, providing much-needed relief to growers who had feared losses at the time of runaway inflation.

Nargis Akter, a sub-assistant agriculture officer at the Department of Agricultural Extension (DAE) in Tangail, told The Daily Star that though the soil in the district is not suitable for watermelon cultivation, some farmers are growing the fruit on an experiment basis under private initiatives.

"We are giving necessary advice to the farmers who are interested in growing the fruit."

Shakil Ahmed Shuvo, a young agriculture entrepreneur in Gomjani village under the district's Delduar upazila, has successfully been cultivating watermelons on a trial basis for the last two years.

He has grown watermelons



on his three bighas of land this year at a cost of Tk 1.5 lakh. He started cultivating the fruit in April and began harvesting it in June. He has already sold watermelons worth Tk 1.25 lakh.

"I hope I will be able to sell the rest of the fruit at Tk 1.50 lakh," said Shuvo, a graduate in soil science from the Bangladesh Agricultural University.

Sharif Hossain, a customer in Bhurbhuria village, said he went to Shuvo's orchard and bought some watermelons.

"The fruits are juicy and sweet."

Delduar Upazila Agriculture Officer Shoaib Ahmed said watermelons grown by Shuvo are being sold from the field at Tk 60 to Tk 70 per kilogramme because of higher demand.

Ahmed said that a modern polynet house will be provided to him under a project along with various assistance from the upazila agriculture office in order to encourage the young entrepreneur.

Using the assistance, he will be able to cultivate high-value crops, including melons, tomatoes and capsicums, he said.

Alamgir Hossain, a

farmer in Kuragacha village of Madhupur upazila, has cultivated watermelon on one bigha of land. He grew the fruit on the advice of the local agriculture department.

"Yields have been good. Harvesting from my field will begin in the next few days," he said.

Tapas Kumar Saha, a sub-assistant agriculture officer of Madhupur, said local farmers are getting interested in cultivating the fruit as the price is high.

Shakura Nammi, additional agriculture officer in the upazila, said that they have experimentally cultivated off-season watermelons on two bighas of land and the yield has been good.

"There are various summer fruits such as mangoes, berries, jackfruits and litchis in the market right now. We want to plant watermelons on a trial basis to see the level of yield we get."

Off-season watermelons are mostly grown in south-western districts such as Jashore and Magura.

The production of watermelons in the regular season of 2021-22 was 550,000 tonnes, an increase of 58.95 per cent compared to 2020-21 when output stood at 346,000 tonnes.

## How will new tax law impact individual taxpayers?

JASIM UDDIN RASEL

The proposed Income Tax Act includes 43 service receivers to submit proof of tax filing and if the taxable income does not exceed the tax-free threshold, they have to pay a minimum tax of Tk 2,000.

Not all of the service receivers from the 43 list but a few individuals shall have to bear the tax burden like mobile banking agents or mobile recharge agents receiving commission, sellers of products or services on digital platforms, and goods or service suppliers to specified persons.

Students and unemployed young people who are doing seasonal business using the Facebook platform shall now pay this minimum tax. Even an office staff irrespective of his salary shall be included in this bracket as he will receive income from a company.

And one trick included in the act: withholding tax from all the interest income has been included under minimum tax so that any tax paid on interest income can't be adjusted with the minimum tax in the following years.

Most withholding taxes are included with the minimum tax and if your normal tax is below the withholding tax, the tax already paid at source shall be considered as tax liability.

The ultimate sufferer of the minimum tax is the low and lower-middle-income earners because the withholding taxes are mostly above the normal tax and they do not get the window to absorb the full tax paid at source.

The higher income earners will see no impact due to the minimum tax and in some cases, they will enjoy the benefit of the final settlement tax like tax paid on savings certificate which is part of the minimum tax.

The higher income earners will also enjoy the tax offset benefit under the tax rebate on investment allowance. All of the people from low to high income, can enjoy this tax credit benefit. In this case also, low and middle-income earners can't enjoy the benefit because their tax liability goes down to the negative or sometimes below the minimum tax and therefore, the rebate does not give the benefit to this group of people.

In Australia, tax offset facilities are provided to the low and middle-income people and also provided to the taxpayers living in particular regions.

You may say that these facilities are also available in our country. Yes, but there is a huge basic difference.

In Australia, taxpayers irrespective of income calculate the tax liability using the slab-wise tax rates, and then the low and middle-income tax offset amount and regional tax offset amount are deducted from the tax liability. After doing that, if the tax liability is zero or negative, no tax shall be payable. There is no tax offset for taxpayers whose income is above a certain limit.

There is no minimum tax option here and if any tax is deducted at source from the taxpayer who will have to pay no tax, the deductible amount is paid directly to the taxpayer's bank account within a few days after filing the tax return.

But in Bangladesh, if your tax is zero or negative, you are required to pay minimum tax based on your location. And in some instances, if the withholding tax is more than the required minimum tax, the withholding tax is the tax liability. There is no refund or adjustment for the next years. This is the main difference.

Jasim Uddin Rasel is the author of Smart Money Hacks

## China cuts interest rate to kickstart flagging economy

AFP, Beijing

China's central bank on Tuesday cut a key policy interest rate, in a surprise move to boost the country's flagging economy.

The People's Bank of China said it was lowering the seven-day reverse repo rate to 1.9 per cent from 2.0 per cent, the first such move since August last year.

The seven-day reverse repo is the short-term interest paid by the central bank on loans from commercial lenders, and a decrease in the rate is expected to increase domestic money supply and stimulate spending.

Analysts had predicted monetary easing measures in the coming weeks, but in the form of a cut to the required reserve ratio – the amount of cash banks are required to hold – rather than a rate cut, Capital Economics economist Julian Evans-Pritchard wrote in a note on Tuesday.

The cut reveals "growing concerns among policymakers about the health of China's recovery", Evans-Pritchard wrote.

Chinese authorities have announced a series of lacklustre economic indicators in recent months, pointing to a slowdown in the country's post-Covid recovery.

Consumer prices rose only 0.2 per cent on-year in May, while factory activity shrank last month for the second consecutive month.

Beijing has kept interest rates low compared with other major economies, but the near-zero inflation highlights challenges faced by policymakers as they try to stimulate growth.



Labourers fill sacks with wheat grain at a wholesale market in Jandiala village on the outskirts of Amritsar. India's wheat procurement in 2023 is set to fall by a fifth from the initial estimate as government purchases have slowed in the last few days after local prices jumped.

PHOTO: AFP/FILE

## India imposes wheat stock limit to arrest price rise

REUTERS, New Delhi

India has imposed a limit on the amount of wheat stocks traders can hold in an effort to bring down prices, food secretary Sanjeev Chopra told reporters on Monday.

The world's second biggest wheat producer will also provide 1.5 million tonnes of wheat to bulk consumers such as flour millers, as part of efforts to bring down prices, which have risen 8 per cent in a month, Chopra said.

"Unscrupulous elements are hoarding wheat stocks and that's why prices are rising," he said.

India's wheat procurement in 2023 is set to fall by a fifth from the initial estimate as government purchases have slowed in the last few days after local prices jumped.

Despite lower-than-expected procurement, wheat stocks are sufficient and there is no need to import, Chopra said.