

Star BUSINESS



New law offers scope to strike off TIN-holders

SOHEL PARVEZ

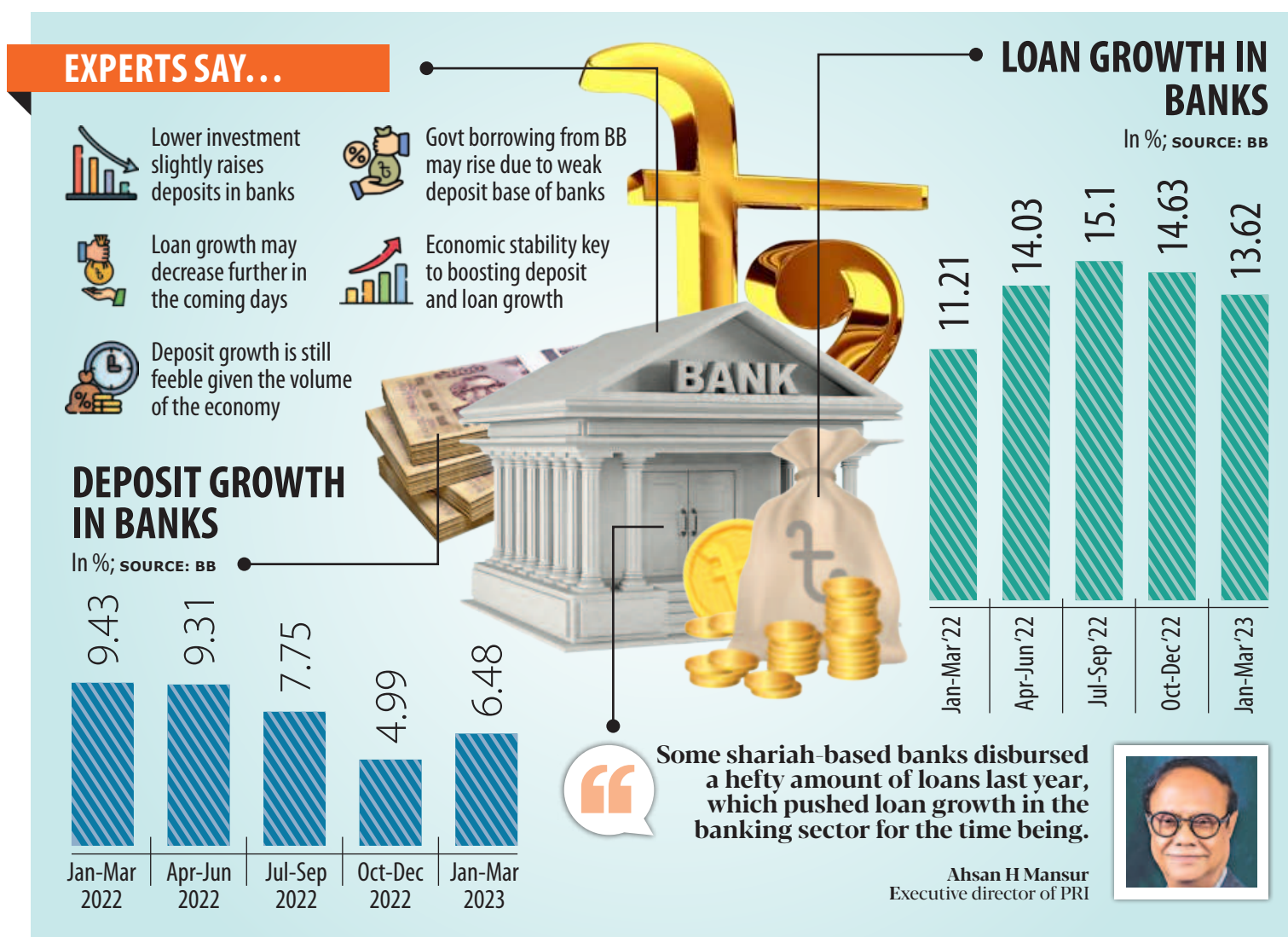
For the first time, the National Board of Revenue (NBR) has sought to grant opportunity to individuals and companies to de-register or make their taxpayer identification number (TINs) dormant owing to no taxable income and dissolution.

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.

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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 reprioritise 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.

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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

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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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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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খাদির রহমান
সভাপতি

অফিস বিয়ারার (২০২৩-২০২৪-২০২৫):

- ড. মোহাম্মদ হুমায়ুন কবীর
- ড. মোহাম্মদ সাইফুল আলম
- এ.এম. হাবিবুর রহমান
- এম. এ. মাসুদ
- মোহাম্মদ আব্দুল করিম
- ড. মোহাম্মদ হুমায়ুন কবীর
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