

Duty hike to destabilise elevator, escalator market

Importers say on the proposal to raise import duty

STAR BUSINESS REPORT

The Bangladesh Elevator Escalators and Lift Importers Association (BEELIA) yesterday demanded the withdrawal of the proposed duty on imports of elevators and escalators in the national budget for fiscal year (FY) 2023-24.

Currently, operators in the domestic elevator and escalator industry face 15.75 per cent duty on imports of such products.

However, a proposal to increase the charge to 25.75 per cent has been included in the draft budget for next fiscal year to promote local manufacturing.

If the government executes the new duty, elevator and escalator prices could rise by as much as 20 per cent at the consumer level, the association said.

With this backdrop, BEELIA urged for lowering the duty to 11 per cent, as was the case in FY 2021-22.

The association also demanded including lifts and escalators in the category of essential machineries rather than commercial products.

BEELIA made these demands at a press briefing, held at the BUET Graduates Club in Banani yesterday.

The lift and escalator industry has been suffering losses for years now due to the Covid-19 pandemic and following global crises, such as persisting inflation and currency devaluation the world over.

"Increasing the duty amid higher US dollar prices will force the industry into a corner," said Emdadur Rahman, president of BEELIA.

"So, such a change will not only hurt the industry, but also victimise existing building owners," he added.

And while it is a good thing that the government intends to protect the domestic industry, such initiatives will only heap pressure onto consumers.

"If the government facilitates development for domestic industries at the cost of imposing an additional burden on import-oriented ones, then it will destabilise the market," Rahman said.

"It will also create an unequal competition that victimises consumers," he added.



A man is seen riding an escalator to the top of a walkover bridge in Banani, Dhaka yesterday. Elevator and escalator prices may be significantly higher next fiscal year as the government plans to increase the import duty on such products to 25.75 per cent.

PHOTO: RASHED SHUMON

At present, Bangladesh needs around 4,000 units of lifts and escalators worth a total of between Tk 2,500 crore and Tk 4,000 crore each year. Of these units, more than 90 per cent come from abroad through roughly 500 local importers, BEELIA data shows.

Rahman went on to say that the government considers people like him as commercial importers when in actuality, they work for the service sector.

"Our work does not end with simply importing the machines as we also take the responsibility of maintenance. As such, the industry has created a huge number of employment opportunities," he said.

Md Shafiqul Alam Uzzwal, general secretary of BEELIA, said the import duty was increased 5 per cent for the outgoing

fiscal year, when lift and escalator companies faced huge losses amid the Covid-19 fallout.

Besides, the fact that there is no specific policy on the exchange rate for US dollars or euros means that importers are having to open letters of credit at unrestricted prices and 100 per cent margins.

As such, the extra duty in the proposed budget will only deepen the crisis, he added.

Uzzwal then said commercial importers like him pay value-added tax (VAT) on sales while domestic manufacturers have been given VAT exemption till 2025.

So, if the government adds 10 per cent duty on imports, then the price of imported lifts and escalators will be some 37 per cent higher than that of locally

manufactured units.

This is because domestic manufacturers only pay 1 per cent duty for importing the required parts and machinery while also getting benefits on freight rates.

Therefore, considering their import duty and VAT facilities, domestic manufacturers can sell products at 25 per cent lower prices.

Aktar Jamil Bhuiyan, a vice president of BEELIA, said the government should form a regulatory body in accordance with international standards as local products could lack quality in absence of proper monitoring.

Bangladesh mostly imports lifts and escalators from India, China, Turkey, Spain, Italy and Switzerland, with about 15 lakh workers employed by the sector.

The story of the dollar

DH CHOUDHURY

The fascinating story of the dollar has taken a new turn that is widely known as de-dollarisation. Countries are cutting their reliance on the US dollar as the reserve currency, the primary medium of exchange and the unit of account. Therefore, de-dollarisation represents a changing preference.

Instabilities of the US dollar occurred several times in the past, influenced by financial and geopolitical forces that were beyond America's control.

The end of World War II prompted the need for a currency of reserve and international trade. Thus, in July 1944, some 44 countries with over 700 delegates assembled at Bretton Woods, New Hampshire of the US and chose the US dollar for this role.

The resolution is referred to as "The Bretton Woods Agreement". Through the agreement, the underlying value of the dollar was to be backed by gold with an ounce of gold valued at \$35.

With time, nations grew uncomfortable with the dollar's dominance and began redeeming gold for the dollar. At one stage, France sent a warship to carry back all gold bullion by redemption of the country's entire dollar reserve. In response to this untenable position, President Nixon in 1971, put a temporary embargo on the conversion of the dollar to gold. Overnight the dollar became a fiat currency, which is something that has no tangible asset backing i.e., bullion or commodity. This was the first event of undermining the mighty US dollar.

In 1962, the USSR (now Russia) stealthily installed nuclear capable missiles in Cuban coastlines, aiming at the US. Anticipating a retaliation, the USSR overnight transferred all of its dollar deposits to European banks. The decision gave rise to the so-called "Eurodollar", a dollar deposit in banks outside of the US. This event further weakened the US jurisdictional control over the dollar.

With a sudden surge in oil prices in the 1970s, OPEC countries had a windfall revenue, coined as the "Petrodollar". The dollar stream ended as deposits in international banks and was recycled to Latin American countries as sovereign loans. Soon the countries defaulted, triggering write-offs.

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Farmers get into a pool of water to wash the dirt off the roots of freshly plucked stem amaranth in Shannyash Gachha village at Jashore's Keshobpur upazila. Each kilogramme sells for around Tk 15. Some 86,479 tonnes were produced around the country on 27,397 acres of land in fiscal year 2020-21, according to the Bangladesh Bureau of Statistics. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

Mushroom production trebles in 12 years

STAR BUSINESS REPORT

Mushroom production in the country has increased almost three times in the last 12 years thanks to technological innovation and reductions in production costs, according to the agriculture ministry documents.

The country produced 14,500 tonnes of mushrooms in fiscal year 2010-11 which rose to 41,000 tonnes in fiscal year 2021-22, which is worth about Tk 800 crore, it said.

Recently, the country's scientists have developed low-cost machinery and simple technology suitable for mushroom cultivation, Agriculture Minister Muhammad Abdur Razzaque said at a workshop.

"But these devices and technologies are yet to become familiar to the public. So, we have to utilise those innovations to get the maximum benefit," he said.

The workshop, styled "Improve Nutrition and Reduce Poverty through Mushroom Cultivation", was organised by the Department of Agricultural Extension (DAE) at the Bangladesh Agricultural Research Council

auditorium in Dhaka yesterday. "Mushroom is a promising crop which is very nutritious with about 22 per cent protein whereas rice contains 8 per cent protein and wheat has about 12 per cent protein," said Razzaque.

"If the different ways in which mushroom can be consumed can be widely publicised among people, the number of consumers will increase and its market will also expand," he said.

"If we can do so, it can play a big role in Bangladesh's economy," the minister said, adding that there was an opportunity to export mushrooms from Bangladesh to many countries.

Akter Jahan Kakon, director of a project on improving nutrition and reducing poverty through mushroom cultivation, informed that the DAE undertook the Tk 96 crore project to expand mushroom cultivation and popularise it as a food between 2023 and 2027.

Nipu Tripura, a mushroom farmer of Khagrachhari district, said she sold mushrooms and "substrates" worth Tk 24 lakh in 2022 to earn a profit of about Tk 9 lakh.

Mercantile Bank okays 12% dividends

STAR BUSINESS DESK

Mercantile Bank shareholders approved 10 per cent cash and 2 per cent bonus dividends for 2022.

The bank has also reported consolidated earnings per share of Tk 2.17 and net operating cash flow per share of Tk 4.73.

The information was revealed at the bank's 24th annual general meeting (AGM) held virtually yesterday, said a press release.

Morshed Alam, chairman of the bank, presided over the meeting, which was also attended by ASM Feroz Alam and Md Abdul Hannan, vice-chairmen, Md Quamrul Islam Chowdhury, managing director and CEO, and directors and other senior officials.

"For the Planet, For the Future"

"For the Planet, For the Future"- A School-based Tree Plantation and Climate Change Workshops was held on the eve of World Environment Day 2023 by Multifabs Limited. Under this initiative, Multifabs planted trees in Kashimpur High School and Fulki Child Care. The Multifabs team and management members joined hands with teachers in primary schools to teach children to love nature and plant trees around them. Md. Abdul Quddus, Executive Director, Multifabs Limited, spearheaded the opening of the program. After the plantation program, Rifat a student of Class-7 of Kashimpur High School said, "Today I learned that trees are our friends, and they get hurt when we pick their leaves and cut them down. We promised to never let anyone hurt our friend trees again". The main objective of this tree planting program of Multifabs Limited is to encourage students who are our future generation to plant and nurture trees with the aim



of increasing the greenery of Bangladesh. Multifabs Limited Honorable Managing Director announced that those who will plant trees at home during the Eid-ul-Adha holiday, Multifabs Limited will pay the price of the trees.



FOR THE PLANET FOR THE FUTURE

School-based Tree Plantation and Climate Change Workshops by Multifabs Limited

This World Environment Day, our team and management members joined hands with teachers in primary schools to teach children to love nature and plant trees around them.



Md. Abdul Quddus, Executive Director, Multifabs limited, spearheaded the opening of the program in two schools on the occasion of World Environment Day.



Today I learned that trees are our friends, and they get hurt when we pick their leaves and cut them down. We promised to never let anyone hurt our friend trees again"

