Meena Bazar opens 3 outlets

STAR BUSINESS DESK

Retail chain Meena Bazar has gone through further expansion, launching three new outlets at Uttara 3, Uttara 4 and Nazimuddin Road in Dhaka yesterday.

Kazi Inam Ahmed, director of Gemcon Group, its parent company, inaugurated the Uttara outlets while investors Md Kamruzzaman and Md Mokhlasur Rahman opened the one on Nazimuddin Road, said a press release.

The company has been operating in Bangladesh since 2002. With the new ones, the company now has 26 outlets across Dhaka and Chattogram.

Ahmed Shoyeb Iqbal, chief operating officer of expansion, brand and online, Md Razibul Hasan, expansion and corporate sales general manager, and Shameem Ahmed, chief operating officer of operations, and other officials were also present.

Poorer nations will cut food imports for price hike: UN

AFP, Paris

High food prices will prompt poorer nations to cut back on food imports this year, the UN's Food and Agriculture Organization said

Global production of maize, milk and meat has increased this year, allowing developed nations to ramp up their own food imports, the FAO said in its biannual global Food Outlook report.

But imports in the world's 47 least developed countries, mainly in Africa, will fall 1.5 per cent, the FAO said. The drop will be closer to five percent in developing countries that are net food importers, including Turkey, Egypt and Pakistan, highlighting a fall in purchasing power, it said.

Russia's invasion of Ukraine, a major grain exporter, sent food and energy prices soaring last year.

Although cereal and cooking oil have fallen off their peaks from March last year, they remain elevated, the FAO said.

Prices for fruit, vegetables and daily products are continuing to rise, curbing demand.

The global food import bill will hit a record \$1.98 trillion this year, up 1.5 per cent on 2022, but volume will be lower due to the higher prices, the

Lower international prices for a number of primary food items have not translated into lower prices in supermarkets, suggesting "costof-living pressures could persist in 2023", the FAO said.



A farmer tends to vine crops such as bottle gourd and okra growing on a string trellis overhanging a pond along the edges, increasing utility of a space whose use would otherwise been simply limited to fish cultivation. The photo was taken at Shahapur of Rangpur union in Khulna's Dumuria upazila recently. PHOTO: HABIBUR RAHMAN

Income tax bill business-friendly

ICAB says

STAR BUSINESS REPORT

The proposed Income Tax Bill 2023 is investment and business friendly in many ways, according to the Institute of Chartered Accountants of Bangladesh

"It introduced many new areas of admissible expenses for tax determination apart from widening the cap on expense limit," said Md Moniruzzaman, president

He yesterday made this remark while speaking at a webinar on the "Draft Income Tax Act 2023 and Salient Features of Finance Bill 2023-2024".

Moniruzzaman said the measure to implement automation in the appeal, tribunal, return filing and assessment handling processes would reduce the arbitrary powers of tax officials.

Other changes were also included in can be implemented. the proposed income tax act, including the imposition of an environment

based environmental surcharges on multiple vehicles are expected to protect our environment and reduce hectic traffic congestion," he added.

And to promote local manufacturing of import substitutes and reduce the related tax burden, VAT exemption in excess of 5 per cent at the production stage of optical fibre cable is a good measure.

The ICAB president went on to say the government needs to be pragmatic in addressing certain challenges, such as restoring macroeconomic stability, revenue mobilisation, financing the budget deficit and protecting social spending.

"If the government fails to address them properly, it may destabilise the macroeconomy," he said.

Moniruzzaman believes that despite the existing challenges, this "timely budget"

steps to expand the existing tax net Barua, partner of Snehasish Mahmud & while implementation of the document Co. Chartered Accountants, also spoke at "The constant current or kilowatt- verification system will help achieve the the event.

targeted revenue, he said.

However, Nasiruddin Ahmed, former chairman of the National Board of Revenue (NBR) criticised the move to increase the net wealth surcharge to Tk 4 crore from Tk 3 crore.

"Are we trying to make rich people richer through this new rule?" Ahmed

He also urged for reducing the tax benefits extended to garment makers seeing as it is not sustainable for the government to provide such facilities for

Apurba Kanti Das, ex-member (income tax) of the NBR, said the government formulated the income tax bill in a way that should make it easily understandable

Md Humayun Kabir, former president of ICAB, MBM Lutful Hadee, council member, Md Farid Uddin, ex-member The government needs to take further (customs and VAT) of NBR, and Snehasish

Grameenphone launches tourist SIM for first time in Bangladesh

STAR BUSINESS REPORT

Grameenphone has introduced "Tourist SIM" for foreigners, entrepreneurs, travelers, business owners, traders and others making a short trip to Bangladesh. Shyam Sundar Sikder, chairman of the

Bangladesh Telecommunication Regulatory Commission (BTRC), launched the service at Le Meridien Dhaka on Wednesday, said a press "To highlight our country on the world map,

we need improved mobile connectivity to research and exchange information, and this is where Grameenphone is providing solutions," said the BTRC Chairman. "Being at the forefront of bringing innovative

products and services, we are thrilled to share this milestone of introducing the Tourist SIM for the first time in Bangladesh," said Yasir Azman, chief executive officer of the mobile operation.

The Tourist SIM enables short-term visitors to enjoy seamless connectivity without having to pay excessive roaming and other charges, it said.

Interested users can purchase the SIMs using a valid passport and visa and enjoy the number 1 network of the country from any corner.

The SIM comes in three different validity options -- 7,15 and 30 days -- each offering suitable features and pricing.

ECB hikes rates to 22-year high

The European Central Bank hiked interest rates to a 22-year high Thursday and said another increase in July was "very likely", as it pushed ahead with its fight against inflation despite a darkening eurozone economy.

The ECB's governing council increased rates by a further 25 basis points, taking the closelywatched deposit rate to 3.50 per cent -- its highest level since 2001.

"Inflation has been coming down but is projected to remain too high for too long," ECB president Christine Lagarde said.

The move comes a day after the US Federal Reserve held off from raising rates after 10 straight

"We're not thinking about pausing," Lagarde said, adding that the ECB still has "ground to cover" on rates after the Frankfurt institution lifted its inflation outlook for 2023-2025 in fresh forecasts on Thursday.

"Barring a material change to our baseline, it is very likely the case that we will continue to increase rates in July," she told reporters.

The ECB has lifted borrowing costs at the fastest rate ever to combat red-hot inflation after Russia's war in Ukraine sent food and energy prices points since July.

Focus on making apparel

It was organised by Bangladesh Apparel Exchange in collaboration with Laudes Foundation and in partnership with P4G. The summit was powered by GIZ, Embassy of the Netherlands in Bangladesh and H&M

Among the speakers was AK Azad, chairman and chief executive officer of Ha-Meem Group, a leading garment exporter who launched a recycled materials production factory at Maona six months ago.

The demand for such items is on the rise as the EU retailers and brands have to follow the EU due diligence

"Currently, I have been producing 8 tonnes to 10 tonnes of yarn in a month at the factory from the recycled materials," Azad told The Daily Star over the phone.

"I have been setting up new machinery to take the production of such yarn to 50 tonnes per month within the next one year," he said.

Azad said he has been exporting garment items made from recycled materials to India. He also said the cost of production from recycled materials was relatively low as virgin cotton was not used here.

In the near future, Azad plans to produce denim items from recycled yarn and fabrics to meet the demand and grab a bigger market share.

HC reconstitutes

The liquidation process began after the board of the PLFSL informed the BB in April 2019 about its inability to pay back depositors' money in spite of their deposits reaching maturity.

continuation procedures, the same HC bench in July 2021 threw a lifeline to the PLFSL through constituting its board of directs, thus saving it from potential liquidation and also issued several directives on the board, borrowers, and the Anti-Corruption Commission to smoothly run the company.

Mohammad president of Bangladesh Textile Mills Association, said currently the local textile factory owners and spinners can supply only 5 per cent of the demand for recycled materials to garment manufacturers.

It will take a bit more time to go for recycled materials as the local millers are taking preparations in this regard. However, government support is very important to grab the markets of recycled garment items globally, he Faruque Hassan, president of the

Bangladesh Garment Manufacturers and Exporters Association (BGMEA). said the association has already started working on grabbing a bigger share of the global recycled markets.

Last month when the H&M Group CEO visited Dhaka, the BGMEA signed an agreement with the retailer to reduce carbon emissions by 30 per cent by 2030 and grab a bigger share of the market for recycled materials.

The H&M is the single largest company in terms of the sourcing of products from Bangladesh. Bangladesh is also the single largest sourcing destination for the H&M.

Annually, the H&M sources more than \$4 billion worth of garment items from Bangladesh.

"So, we have started working for grabbing recycled garment materials," said Hassan.

BB hikes capital

The central bank also set a paid-up capital requirement of Tk 125 crore for digital banks.

The central bank board had approved guidelines for digital banks on June 14.

The Bangladesh Bank official said digital banks would not need huge infrastructures like traditional ones.

So, the amount of paid-up capital required by digital banks is lower than their traditional counterparts, he

11 banks facing

Default loans increased by Tk 10,964 crore in the first three months of 2023 to Tk 131.621 crore. The nonperforming loans (NPLs) in the banking sector increased by 9 per cent from three months ago and 16 per cent from a year earlier.

The ratio of NPLs stood at 8.8 per cent of the outstanding loans as March, up from 8.16 per cent in December and 8.53 per cent in the same month last year.

Banks have to set aside a large amount of provisioning against the defaulted loans, which ultimately hit their capital base.

"Both the government and the central bank should take concerted efforts to lower the capital shortfall," said Mansur, also a former official of

the International Monetary Fund. The government should inject capital into the state-run banks since it is the owner of them, he said.

"But such an injection has a negative impact as funds will come from the pockets of the common people. So, the central bank should sit with the private banks facing the capital shortfall to formulate a strategy to improve their situation."

"But no formula will work unless corporate governance is strengthened." The banks weighed down by the capital shortfall have played a major role in deteriorating the capital base in the entire banking sector.

The capital base eroded in March compared to December, so the capital adequacy ratio (CAR) shrank to 11.23 per cent in contrast to 11.82 per cent.

The CAR, also known as the capitalto-risk-weighted assets ratio, measures a bank's financial strength by using its capital and assets. It is used to protect epositors and promote the stability and efficiency of financial systems. The capital base of the banking

industry in Bangladesh is also weaker than its peers in South Asia, according to the Bangladesh Bank's Financial Stability Report. In 2021, banks in Pakistan maintained a capital adequacy ratio of

18.7 per cent, while it was 16.5 per cent in Sri Lanka, and 16.6 per cent in India. "If a bank faces a capital shortfall,

its capacity to absorb shocks erodes," Mansur said.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, says the capital shortfall reflects the weak health of the banks. "The central bank should specify

the banks whose financial health has deteriorated despite the injection of funds.' He thinks there is a strong

correlation between higher default loans and capital shortfall.

"So, ensuring corporate governance is important to improve the capital

Md Mehmood Husain, managing director of National Bank, said the private commercial lender had already taken a number of measures to reduce the capital shortfall.

The capital shortfall at National Bank stood at Tk 1,059 crore in March. "We have already taken permission from the central bank and the Bangladesh Securities and Exchange Commission to issue bonds to strengthen our capital base," said

"We are also working to find out foreign investors to sell shares so that the capital base is strengthened."

Dollar hits Tk 109

FROM PAGE B1

Husain.

But a chief executive said the depreciation of the taka is needed to encourage migrant workers and nonresident Bangladeshis to send their earnings through the banking channel.

This will improve foreign reserves and facilitate banks to clear payments in various areas such as transfer of profits by multinational companies to their shareholders abroad and payment to foreign airlines, he said.

"We are failing to clear payments timely and delaying for shortage of dollars," he said, adding that dollar scarcity is a major reason behind the recent downgrade of Bangladesh's long-term rating to B1 from Ba3 by Moody's Investors Service.

"The dollar rate should be near to the market reality as we will get more remittance for this. This will allow us to regularise payments too," said the CEO.

HSBC, CCCI bring stakeholders working 'Together for Climate'

STAR BUSINESS DESK

The Hongkong and Shanghai Banking Corporation Limited (HSBC) and the Chittagong Chamber of Commerce & Industry (CCCI) jointly hosted "Together for Climate", an initiative dedicated to address the pressing challenges of climate change and fostering environmental sustainability, in

The British multinational bank aims to play a transformative role in creating a sustainable future for its customers, employees and the community it serves, said a press release.

Chattogram on Wednesday.

The event brought together individuals, communities, organisations and governments

from all corners of the globe to work collectively towards a greener and more sustainable future for

generations to come. Md Shahab Uddin, minister for environment, forest and climate change, Mahbubul Alam, president of the CCCI, Yuji Ando, country representative of JETRO Bangladesh, Ian J Tandy, head of global trade and receivables finance for South and South East Asia at HSBC, Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh, Md Showkat Ali Chowdhury, chairman of ABC Group, Mohammad Zahirul Islam, director of PHP Group, and AKM Fazlullah, managing director of Chattogram WASA, were present.

Govt forced to borrow

FROM PAGE B1

from the internal source and Tk 1,02,490 crore from the external sector in FY24.

"If the weakness in revenue collection is not overcome, the pressure of this debt will continue to increase," said M Abu Eusuf, a professor of the development studies department at the DU

Although tax collection by the National Board of Revenue shot up in May, powered by buoyancy in value-added tax collection from domestic economic activities and increased income tax receipts, the tax administration is set to miss its target for the entire financial year. If so, this would be the 11th consecutive year the NBR would fall short of the collection target.

Eusuf, also the director of the Centre on Budget and Policy, said the main challenge in the budget will be to rein in inflation.

We will have to move forward carefully by combining the monetary

policy and the fiscal policy. He said if the allocation for any sector increases in the budget, the spending has to be ensured.

"At the same time, attention should be given to ensure that there is no corruption and irregularities in the implementation."

He said more allocations are

needed for the social safety net sector to help the fixed-income groups and the poor cope with rising inflation, which stood at 8.95 per cent on average in May, way above the target of 7.5 per cent for FY23.

"In particular, food assistance need programmes strengthened.

Prof Md Akhtaruzzaman, vicechancellor of the DU, said education and employment can't exist without each other.

"Therefore, the government has to pay more attention to this issue while allocating the budget.'

Rashed Al Mahmud Titumir, chairman of the development studies department, said if the value of the dollar increases further, the suffering for most of the people in the country will be exacerbated.

"So, the government will have to do what it needs to do.'