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PHOTO: STAR/FILE

Bangladesh lost \$3.72b to climate change in 20 years

Microinsurance could be the solution, an analyst says

STAR BUSINESS REPORT

Over the past 20 years, Bangladesh has suffered about \$3.72 billion in economic losses due to climate change, according to an analyst.

In terms of climate change vulnerability, Bangladesh is the seventh most susceptible country in the world with about 5.3 crore people subject to "very high" exposure, said Dr Syeda Zinia Rashid, senior programme officer of the Embassy of Switzerland in Bangladesh.

And although agriculture plays a vital role in accelerating the country's economic growth, the sector is the biggest sufferer of climate change vulnerability.

In such a situation, microinsurance could be an effective instrument to foster the economic resilience of smallholder farmers and micro, small and medium enterprises, she added.

Rashid made these remarks during the closing session of the first phase of

the Bangladesh Microinsurance Market Development Programme (BMMDP), held at Sheraton Dhaka yesterday.

The event was organised by the Embassy of Switzerland in Bangladesh in association with Swisscontact, a non-profit organisation that carries out initiatives aiming to reduce poverty.

The BMMDP is a programme funded by the Swiss embassy and anchored by the Financial Institutions Division under the finance ministry, and NGO Affairs Bureau of Bangladesh.

It focuses on developing microinsurance products, conducting research, and enhancing capacity in the country's microinsurance sector.

More than 1.5 million farmers of 51 districts were reached through BMMDP activities and 56,000 acres of land were covered under crop insurance, according to the organisers.

The programme has been branded as Surokha, which implies protection for

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farmers from any inconvenience resulting from all kinds of calamities.

At the event, Planning Minister MA Mannan said agriculture is the main pillar of Bangladesh's economy as it ensures basic food security.

But the sector has been facing challenges from many natural calamities, such as riverbank erosion, cyclones, flooding and drought, over the years, he added.

In its Bangladesh Agriculture

Insurance Situation Analysis, the World Bank Group in 2018 said the country's annual loss for disasters stands at \$300 million.

Mannan said Swisscontact, Palli Karma-Sahayak Foundation and many other companies have introduced crop insurance for marginal farmers, which is really helpful.

Moinul Islam, member of the Insurance Development and Regulatory Authority, said microinsurance is growing in Bangladesh but not as expected by failing to keep pace with the expansion of the economy.

"This is a concern for us," he added.

Among others, Corinne Henchoz Pignani, deputy head of cooperation of the Embassy of Switzerland in Bangladesh, Md Anwar Hossain, director of the NGO Affairs Bureau, and Alamgir Kabir, head of business administration of Swisscontact Bangladesh, also spoke at the event.

Govt to appoint firm at Tk 17.5cr for TCB smart cards

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The government is going to appoint a company at a cost of Tk 17.5 crore to give smart cards to one crore poor families so that they can buy various essential commodities at subsidised rates from the Trading Corporation of Bangladesh (TCB).

State-run Infrastructure Investment Facilitation Company (IIFC) will enable the TCB to sell commodities such as edible oil and sugar to the cardholders through apps.

This was decided at a meeting of the Cabinet Committee on Government Purchase (CCGP) at the National Economic Council in the city's Sher-e-Bangla Nagar yesterday.

The meeting, chaired by Finance Minister AHM Mustafa Kamal, also decided to buy 50 lakh litres of rice bran oil from two concerns of the Majumder Group of Industries at Tk 80 crore under direct procurement method.

The purchase committee also gave the go-ahead to an energy and mineral resources proposal to buy liquefied natural gas from the spot market.

As per the decision, the government will buy a 67.2 metric million British thermal units (MMBTU) from Gunvor Singapore Pte Ltd at Tk 1,152 crore from the spot market in two lots.

The prices of the LNG in one lot of 33.5 MMBTU is \$12.98 per MMBTU and the another lot is \$13.85, according to the meeting documents.

The CCGP also approved three proposals for the import of fertiliser by Bangladesh Agriculture Development Corporation (BADC).

The state agency will buy 25,000 tonnes of triple superphosphate fertiliser at Tk 91 crore from Tunisia. The BADC will purchase 30,000 tonnes of the same fertiliser and 40,000 tonnes of diammonium phosphate (DAP) from Morocco at over Tk 316 crore under a state-to-state contract.

Among others, the CCGP approved a proposal from Rajdhani Unnayan Kartripakkha for construction of high-rise flats at Purbachal new town for low-income people on the basis of a public-private partnership.

AP to invest \$7.18m in Bangabandhu Shilpa Nagar

STAR BUSINESS REPORT

The Ayurvedia Pharmacy (Dacca) Ltd (AP) will invest \$7.18 million on a three-acre land inside Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Chattogram.

The company will manufacture foodstuffs, Ayurvedic healthcare and personal care products and create job opportunities for 300 people, according to a statement.

Md Mozibor Rahman, executive member for investment development at Bangladesh Economic Zones Authority (Beza), and Raquib Mohammad Fakhru, chairman of AP, signed a land lease agreement in this regard at Beza's office yesterday.

After signing the agreement, Sheikh Yusuf Harun, Beza's executive chairman, said the investment of AP, a trusted name in the herbal world, was creating investment opportunities in new sectors at BSMSN. The meeting was attended by the senior officers of the investment institutions and the non-executive officers.



Sheikh Mohammad Tauhidul Islam, chief executive officer of Chattogram City Corporation, Zaved Akhtar, managing director and CEO of Unilever Bangladesh, and Palash Chowdhury, finance director of Young Power in Social Action, pose for photographs after signing a memorandum of understanding on plastic circularity in CCC at Radisson Blu Chattogram Bay View in the port city yesterday.

PHOTO: UNILEVER BANGLADESH

Deal signed for plastic circularity in Ctg

STAR BUSINESS DESK

Unilever Bangladesh Limited (UBL) yesterday signed a memorandum of understanding (MoU) with Chattogram City Corporation (CCC) and Young Power in Social Action (YPSA) for improved plastic circularity under CCC.

Sheikh Mohammad Tauhidul Islam, chief executive officer of CCC, Zaved Akhtar, managing director and CEO of UBL, and Palash Chowdhury, finance director of YPSA, inked the MoU at Radisson Blu Chattogram Bay View in the port city yesterday, said a press release.

"The collaboration between CCC, UBL and YPSA is helping to enhance the local value chain, support our waste collection workers and drive plastic circularity in Chattogram,"

said CCC Mayor Md Rezaul Karim Chowdhury.

"Through our initiative, we have embarked on a journey that holds the promise of creating a better and more sustainable world for generations to come," said the ULB CEO.

"It is a collective responsibility for each and every one of us to protect our environment and ensure the proper management of waste in Chattogram city," said the YPSA CEO.

Mubarak Ali, councilor and chairman of a standing committee on waste management, Mohammad Abul Hasem, acting chief conservancy officer (deputy secretary), and Shamima Akhter, director of corporate affairs, partnership and communication at UBL, were present.

Robust growth in RMG not reflected

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the manufacturing sector is being increasingly attributed to the use of more capital-intensive technologies and automation," said Razaque.

This is coming about as the services and industry sectors' employment shares are not expanding proportionately with the GDP, he said.

Since 2010, the share of the industrial sector in the GDP increased by more than 10 percentage points to 36.9 per cent, but the share of employment fell by 1 percentage points to 17 per cent, her said in a presentation.

According to Labour Force Survey (LFS) 2017, workers employed in the industrial sector have fallen by 3.5 lakh (0.35 million) from 12.4 million to 12.05 million in 2022, read the presentation.

Meanwhile, the average real GDP output of the industrial sector grew by more than 9 per cent per annum. On an average, 65 per cent of industrial GDP output comes from manufacturing, it added.

Between LFS 2013 and 2017, manufacturing employment declined by 0.7 million. But the manufacturing GDP grew by Tk 648 billion (average growth of 9 per cent) during the same time, it read.

Provisional report of LFS 2022 did not report the share of employment of manufacturing sectors, it said.

His presentation was on "Labour Market Dynamics in Bangladesh



Though Bangladesh's garment exports grew from \$10 billion to \$42 billion between 2008 and 2022, employment in the sector is almost stagnant at around 3.5 million to 4 million.

PHOTO: STAR/FILE

and the National Employment Policy (NEP) 2022".

The NEP includes provisions for skills development of both domestic and migrant workers, establishment of labour market information system (LMIS), creation of national employment database, etc.

The policy identified 11 challenges to creating skilled manpower in Bangladesh, including inadequate sector-based training centres with modern technology, lack of education and language proficiency of workers, shortage of modern benefits, instruments and skilled trainers and weakness in operating and monitoring training institutes.

A lack of government and private initiatives to create a productive labour force and lack of sector-based modern training manuals and trainers are also key challenges.

Razaque said the NEP 2022 was a welcome initiative as its objectives and "issues for consideration" were well-specified.

"However, its effective implementation will be most important," he said.

"It requires a concrete time-bound national action plan with clear and pragmatic goals. The NEP should be subject to regular periodical review/monitoring and evaluation mechanisms to assess progress and

undertake any corrective measures," he added.

Begum Monnujan Sufian, state minister of labour and employment, said the Ministry of Labour and Employment, together with other ministries and stakeholders, would pursue evidence-based policy development and targeted interventions to create an enabling environment for decent employment opportunities.

"This initiative will be aligned with the employment policy developed last year. As part of its implementation, the Ministry of Labour and Employment is also exploring the establishment of an employment directorate to coordinate the employment agenda," she said.

Tuomo Poutiainen, country director for ILO Bangladesh, ensured ILO's support for the Bangladesh government to achieve the United Nations country status graduation and Vision 2041 by implementing a 4th decent work country programme.

"It is evident that jobs creation, social security, quality of employment and international trade are crucial to achieve the goals, but the national employment policy could be the pivotal tool to pushing employment agenda further in connection to achieve the country's vision," he said.

"Promoting the creation of full and productive employment has been an integral part of ILO's work in Bangladesh," he said.

Tax system enters a new era

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Drafted in Bangla, the NBR framed Income Tax Act 2023 in order to update and modernise the direct tax system in line with international best practices.

The new law allows individual taxpayers to furnish tax returns through universal self-assessment throughout the year but a fine will be charged for submissions after the official deadline.

"We arranged the law in a way that taxpayers get an idea about the topic of each section. We kept tax holidays,

exemption and rebates in the schedule part for the convenience of taxpayers," said a senior official of the NBR.

The final version of the law has also discarded the provision of compulsory wealth statement submission by persons who travel abroad for anything other than religious or medical purposes.

The Income Tax Act 2023 includes accounting methods, depreciation and amortisation rules, provisions related to capital gains, income from intangible assets, transfer pricing

and alternative dispute resolution provisions.

It has cut the number of returns that companies would need to file over tax deduction at source to 12 from 29.

Businesses, however, expressed concern over the inclusion of some provisions in the new law. This includes increasing the minimum tax on carbonated beverage makers, hike in land transfer tax, imposition of tax on provident funds as well as on interest on foreign loans.

In addition, the new tax law features

the scope for the deregistration of taxpayer identification numbers.

It also seeks to conduct greater scrutiny of transactions of firms, that enjoy tax exemption, with their associated enterprises in a bid to curb profit shifting and tax evasion.

Moreover, regular tax rates will be imposed on firms, which enjoy tax exemptions, if any of their transactions with associated entities are found to have not taken place as per open market prices and the income of the firms falls below the actual income.