

# Mobile operators call for restructuring taxation

STAR BUSINESS REPORT

Telecom operators and experts in Bangladesh yesterday demanded restructuring taxation in the sector, arguing that the rates in place are not only limiting the sector's growth, but also potentially hindering the implementation of "Smart Bangladesh".

As such, they demanded lowering the corporate tax rate for listed and non-listed companies in the sector to 20 percent and 27.5 percent from 40 percent and 45 percent respectively.

Additionally, they urged for reducing the minimum turnover tax. At present, mobile network operators in the country face a minimum turnover tax of 2 percent while other industries pay only 0.6 percent.

Lt Col (retd) Mohammad Zulfikar, secretary general of the Association of Mobile Telecom Operators in Bangladesh (AMTOB), said a significant portion of the revenue collected from customers is allocated towards subscriber taxes and other duties.

He was speaking at a roundtable, styled "Telecom Taxation for Smart Bangladesh", jointly organised by AMTOB and the Telecom and Technology Reporters' Network Bangladesh (TRNB) at Pan Pacific Sonargaon Dhaka.

Out of every Tk 100 collected from a subscriber, telecom operators have to pay Tk 39 to the National Board of Revenue as value added tax, supplementary duty, SIM tax, customs duty, corporate taxes, etc.

Zulfikar also highlighted the challenges posed by revenue sharing, which is roughly Tk 18 out of every Tk 100, with ecosystem players such as the International Internet



Existing taxes in the telecom sector are limiting the sector's growth, hindering the implementation of a "Smart Bangladesh", experts say.

PHOTO: STAR/FILE

Gateway, International Gateway, tower companies, and so on.

Besides, another Tk 15 from every Tk 100 has to be paid for annual license fees, annual spectrum fees, and revenue sharing with Bangladesh Telecommunication Regulatory Commission (BTRC).

Operational expenses further strain financial resources, with Tk 26 of every Tk 100 collected being allocated for covering costs related to network operations, marketing, administration, human resources, depreciation and finance.

As such, only Tk 2 is left for the operator out of each Tk 100 collected from customers.

Such taxation and fee structures hinder their ability to invest in network expansion, technology upgrades and service innovation, which are essential for meeting the growing demands of consumers and the digital economy, Zulfikar said.

The telecom sector's contribution to government revenue is 5 percent, making the tax regime of the local telecom industry the most imbalanced compared that of other countries, he added.

TIM Nurul Kabir, a telecom expert, said foreign investment in the sector is declining due to high taxation. Questioning why the same taxation

system is applied for both cigarette and telecommunication companies, he said while cigarettes negatively impact health and inflate healthcare costs, the telecom industry drives GDP growth.

He suggested that removing value added taxes on internet services could be a significant milestone for Bangladesh's development over the next three to five years.

Zunaid Ahmed Palak, the state minister for telecom and ICT, said the National Board of Revenue should be modernised to enable the telecom sector to contribute more to the country's GDP.

"Without an intelligent taxation policy, the desired growth of the telecom sector will be hindered. The telecom sector should evolve into a smart industry," he added.

Md Mohiuddin Ahmed, chairman of the BTRC, said the entire ecosystem of telecom industry should be made simpler to expedite the country's journey towards "Smart Bangladesh".

So, reviewing the taxes on telecom operators is a must, he added.

Yasir Azman, chief executive officer of Grameenphone, said telecom operators would be better positioned to contribute to the development of "Smart Bangladesh" if their tax burden is alleviated.

And in the long run, this would enable the government to collect more taxes as well, he added.

Taimur Rahman, chief corporate and regulatory affairs officer at Banglalink; Shahed Alam, chief corporate and regulatory officer at Robi Axiata; Rashed Mehedi, president of the TRNB; and Masuduzzaman Robin, general secretary, also spoke.

# 70% factories yet to pay salary of March

## Industrial police say

STAR BUSINESS REPORT

Around 70 percent of the factories in Bangladesh are yet to pay the salary of March as of yesterday, according to industrial police.

However, around 70 percent of the production units have already paid the festival bonus of the workers ahead of Eid-ul-Fitr, to be observed on April 10 or 11.

As of yesterday, around 99 percent out of the nearly 9,500 industrial units and factories under eight industrial zones paid the salary of February.

It is expected that the industrial units and factory owners will pay the workers in the next two days before the beginning of the Eid holidays.

The industrial zones are located in Ashulia, Savar, Gazipur, Narayanganj, Cumilla, Chattogram, Khulna, Sylhet and Narsingdi.

Earlier on March 27, State Minister for Labour and Employment Nazrul Islam Chowdhury urged the industry owners to clear the payment of workers' salaries and festival bonuses before the start of the Eid-ul-Fitr holidays.

The state minister made the call at a press briefing following a meeting with the representatives of the National Tripartite Consultative Council at the labour ministry.

No specific date was fixed then, but he wanted the payments to be cleared before the start of the government holidays for Eid.

He further clarified that the workers' Eid holidays will be equal and not shorter than the government declared holidays.

Moreover, no worker can be terminated or laid off before Eid, Chowdhury said.

The payments should be cleared in time to avoid any untoward protest for salaries and bonuses before Eid, he said.

# StanChart saw record Tk 2,335cr

FROM PAGE B1

Bangladesh's overall financial sector is suffering from a lack of confidence due to a pile-up of default loans.

The amount of bad loans that SCB has is still low compared to its total lending. In 2023, the amount was Tk 785 crore, which was 2.63 percent of its total loan portfolio of Tk 29,820 crore.

Of the Tk 29,820 crore, a major part was in the form of short-term loans of Tk 5,838 crore and personal loans of Tk 2,852 crore.

The loan portfolio is

concentrated in Dhaka division, which accounted for around 93 percent, or Tk 27,691 crore, of the amount.

The bank reduced the number of branches and ATM booths, cutting down its costs for rent, insurance, electricity and so on by 15 percent to Tk 22 crore.

The bank kept a much higher regulatory capital, cash reserve ratio and statutory liquidity ratio compared to the requirement.

Out of its total investment of Tk 21,236 crore, it invested almost

all of the fund in treasury

bonds, bills, and sukuk issued by the government.

Apart from this, it has an investment of Tk 1.8 crore in shares of Central Depository Bangladesh. However, SCB has no investment in the stock market.

In 2023, the bank's advance deposit ratio was 61.35 percent while classified loans were 3.23 percent of its total loans.

SCB's return on assets grew to 4.09 percent last year while it was 3.28 percent the preceding year.

During the period, its deposits grew by Tk 5,500 crore while loans grew by

Tk 5,000 crore.

"Well-judged investment decisions helped optimise our investment income. Alternate financing solutions for large projects helped drive non-funded income, despite reduced foreign exchange income," the bank said.

"Strong governance and high liquidity remained hallmarks of Standard Chartered Bangladesh," it said.

Its robust risk management approach resulted in a decrease in non-performing loan (NPL) ratio, it added.

# Income inequality

FROM PAGE B1

Parvez also sought credible export data, pointing out that the Export Promotion Bureau was saying that export earnings stood at \$32 billion while customs said it amounted to \$26 billion.

Shams Mahmud, managing director of Shasha Denims, said there are 750 small and medium-sized garment factories which may face challenges because of the rising cost

of doing business.

He suggested that the government hold negotiations with India so local exporters can export goods with duty benefits.

Former senior finance secretary Mahub Ahmed suggested that the government raise allocation in sectors such as health, education, agriculture, and skills development.

State Minister for

Finance Waseqa Ayesha Khan said the private sector was very important for the economy and the government always consulted private sector stakeholders before taking any decision.

She said the government has been availing opinions of the private sector for the preparation of the next budget.

The government has also been providing incentives to different

sectors for many years and some of the sectors are now capable enough to be more competitive and may not need incentives anymore, she said.

ERF President Mohammad Refayet Ullah Mirdha chaired while General Secretary Abul Kashem moderated the discussion, which was attended by businesspeople, economists and journalists.

# Slowdown in private credit flow

FROM PAGE B1

In February, the SMART rate grew to 9.61 percent from 7.10 percent when it was introduced in July. Since then, the benchmark rate rose further. As such, borrowing has become expensive.

Saha said businesses are adopting a "go slow" approach in taking new projects and going for BMRE (balancing, modernisation, rehabilitation and

expansion) amid the hike in interest rates.

In its April issue of Bangladesh Development Update, the World Bank said tight domestic liquidity conditions, high inflation and uncertainty related to exchange rate policies weighed on private investment.

This was led by a sharp deceleration in private sector credit growth, which fell to 10.6 percent in FY23,

down from 13.7 percent the previous year, it added.

The multilateral lender also said private sector credit growth slowed further in FY24, reflecting a broader slowdown in investment.

"The slowdown in credit growth to the private sector is a manifestation of a liquidity dearth in the market and high interest rate," said a top official of a private bank.

"Borrowing is no longer lucrative. Besides, most banks are not interested to lend as they get over 12 percent interest from treasury bonds," he said.

"There is no chance of an improvement in the situation in the coming days if the money that has been taken from banks through loan scams do not return formally to the banking system," the official added.

# Festival fervour driving

FROM PAGE B1

He informed that his company is currently offering up to 30 percent discount on online purchases, with digital warranties to be provided for products instead of a hard copy.

Farhan Azhar, head of product at Singer Bangladesh, said sales have increased slightly compared to the last two years but are yet to reach the expected level.

According to him, mid-level salaried individuals only purchase large home

appliance like refrigerators, televisions, and washing machines when they get extra money in the form of bonuses.

On the other hand, Azhar said small-scale importers could not import enough products this year amid the ongoing US dollar shortage, which has impacted the formal market as customers turned to bigger companies and thereby increased their sales ahead of Eid.

Didarul Alam Khan, chief marketing officer of Walton Hi-Tech Industries,

said they usually witness a significant rise in consumer spending across multiple categories ahead of Eid each year.

This year is no different as demand is being driven by the festive spirit and the need to purchase home and kitchen appliances as well as televisions, refrigerators and air conditioners, he added.

Khan said Walton has launched a nationwide "Digital Campaign Season-20" centring its exciting "Nonstop Millionaire" offer.

Additionally, the company is offering crores of taka in guaranteed cashbacks, he added.

Khan said to sweeten the Eid offerings from Walton, customers purchasing Walton brand televisions could win a free Dhaka-Cox's Bazar-Dhaka air ticket, creating a truly memorable Eid experience.

"Furthermore, our online platform waltonplaza.com.bd is offering special Eid discounts of up to 15 percent on various products," he added.

# Govt asks ministries

FROM PAGE B1

not been included in the documents of the schemes that have already been approved.

Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, described the finance division's step aimed at discouraging the block

allocation as an initiative in the right direction. He argued when ministries seek any block allocations, they don't have to mention the project or sector for which the funds would be used.

"This allows them to spend the money at their will. This means in many cases it may not be possible

to ensure accountability." On the mid-term budgetary framework, Prof Rahman said the budget management will be much better if the government can formulate it on the basis of studies and proper data.

The IMF is providing technical assistance to Bangladesh to help it make

the national budget and the macroeconomic policy framework realistic.

An IMF team visited Dhaka between January 22 and February 1 last year and identified some weaknesses and made several recommendations. Several more visits are expected till 2025.

**Government of the People's Republic of Bangladesh**  
Office of the Project Director of project 'Capacity building of concerned officials in the planning process and strengthening of institutional arrangements to address the adverse effects of climate change'  
Agriculture, Water Resources and Rural Institutions Division,  
Planning Commission, Agargaon, Dhaka-1207  
[www.plancomm.gov.bd](http://www.plancomm.gov.bd)

### Request for Expressions of Interest

1	Ministry/Division	Ministry of Planning/Planning Division.	
2	Agency	Agriculture, Water Resources and Rural Institutions Division, Planning Commission	
3	Procuring Entity Name	Project Director, 'Capacity building of concerned officials in the planning process and strengthening of institutional arrangements to address the adverse effects of climate change (CBOP & SIA)' project	
4	Procuring Entity Code	N/A	
5	Procuring Entity District	Dhaka	
6	Expression of Interest for Selection of	Individual Consultant (National), Junior IT Consultant (Database)	
7	EOI Ref No.	20.04.0000.337.07.002.24-10	
8	Date	07 April 2024	
<b>KEY FUNDING INFORMATION</b>			
10	Source of Funds	Bangladesh Climate Change Trust Fund (BCCTF)	
11	Development Partners	N/A	
<b>PARTICULAR INFORMATION</b>			
12	Project / Programme Code	N/A	
13	Project / Programme Name	Capacity building of concerned officials in the planning process and strengthening of institutional arrangements to address the adverse effects of climate change (CBOP & SIA)	
14	EOI Closing Date and Time	Date: 24 April 2024	Time: 03:00 PM
15	EOI Opening Date and Time	Date: 24 April 2024	Time: 03:30 PM
<b>INFORMATION FOR APPLICANT</b>			
16	Brief Description of Assignment	<ul style="list-style-type: none"> <li>Development of database system software for the project and maintain the database of the trainees under the project;</li> <li>Preparation of the minutes of the meetings and follow up on the decisions taken in these meetings;</li> <li>Prepare the work plan for the consultants/consulting firm and follow up accordingly;</li> <li>Prepare monitoring plan in order to successful implementation of the project;</li> <li>Organize seminar, Training, Meetings, according to the work plan;</li> <li>Other activities as and when requested by the project Director.</li> </ul>	
17	Qualification and Experience	<ul style="list-style-type: none"> <li>B.Sc &amp; M.Sc in Computer Science &amp; Engineering</li> <li>The specialist should preferably have at least 8 years of work experience as assistant programmer or equivalent position in IT &amp; Training related projects in donor aided/GoB financed projects</li> <li>Should have excellent communication, interpersonal and team working skill</li> <li>Should have knowledge in Website development, Database Management.</li> <li>Experience in developing Database management system software and/or website development for any government organization on any autonomous body of GoB will give preference.</li> <li>Age Limit Below 40 years</li> </ul>	
18	Other Details (if applicable)	<ul style="list-style-type: none"> <li>Interested applicants are invited to provide information indicating that they are qualified to perform the services indicating in the ToR (Complete CV with supporting documents and other details as required). Interested applicants are required to submit their expressions of interest in accordance with the Standard application forms which may be collected during normal office hours. Consultant will be selected using the selection of individual consultant sub-method in accordance with Public Procurement Rules 2008.</li> <li>Detailed profile of the applicants with list of jobs performed by mentioning appointing organizations shall be submitted where their role in the relevant work will be mentioned.</li> <li>This advertisement is available in the website: <a href="http://www.cptu.gov.bd">www.cptu.gov.bd</a></li> </ul>	
<b>PROCURING ENTITY DETAILS</b>			
19	Name of Official Inviting EOI	S. M. Shafiqul Islam	
20	Designation of Official Inviting EOI	Project Director (Deputy Secretary)	
21	Address of Official Inviting EOI	Room # 28, Building # 17, Agriculture, Water Resources and Rural Institutions Division, Planning Commission, Agargaon, Sher-e-Bangla Nagar, Dhaka-1207	
22	Contact details of Official Inviting EOI	Mobile: 01715-580401	E-mail: <a href="mailto:shafiq20521@gmail.com">shafiq20521@gmail.com</a>
23	The Procuring Entity reserves the right to accept or reject any/all Expression of Interest (EOI)		

07.04.2024  
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