Govt hikes retail price of soybean oil

STAR BUSINESS REPORT

The government yesterday increased the retail price of bottled soybean oil by Tk 4 to Tk 167 per litre, adjusting it in line with the removal of duty benefits on imports and a price hike in the international market.

Meanwhile, the retail price of five-litre bottles has been fixed at Tk 818, up by Tk 18 from the previous rate, while the price of loose super palm oil is now Tk 135 per litre.

On the other hand, the retail price of loose soybean oil has been reduced by Tk 2 to Tk 147 per litre.

Ahsanul Islam Titu, the state minister for commerce, announced the new prices at a press conference at the commerce ministry in Dhaka yesterday.

Refiners said the National Board of Revenue (NBR) cut the VAT at the import stage for soybean and palm oil from 15 percent to 10 percent through a notification on February 7.

The government increased the retail price of bottled soybean oil by Tk 4 to Tk 167 per litre, while the retail price of five-litre bottles has been fixed at Tk 818, up by Tk 18 from the previous rate

The government had also exempted them from the indirect tax at the production and trading stages to contain prices of the essential items ahead of and during the month of Ramadan.

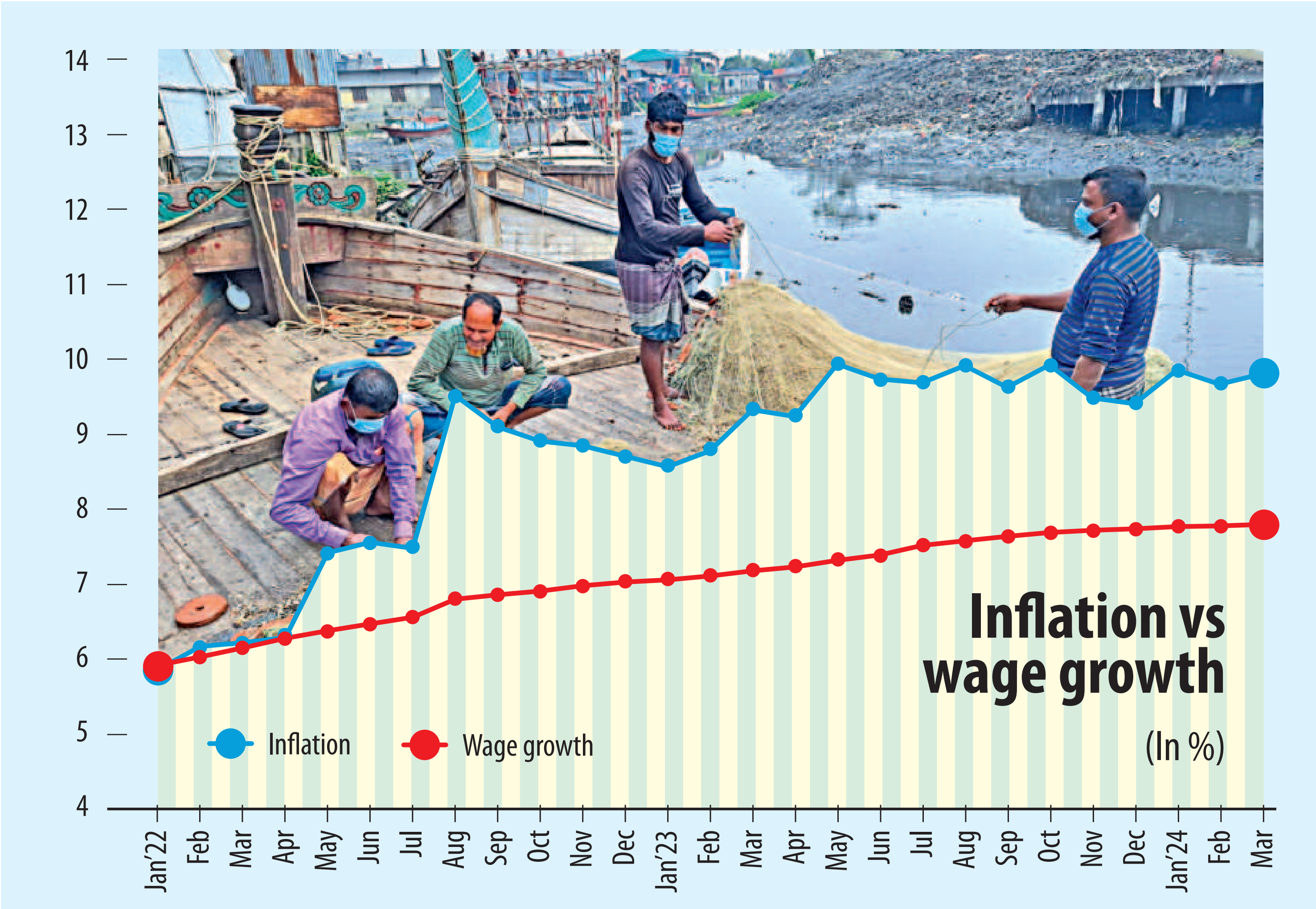
However, the privilege ended on April 15.

As such, the Bangladesh Vegetable Oil Refiners' and Vanaspati Manufacturers' Association increased prices, citing the expiry of the reduced VAT benefit, as per a statement from the association.

Reducing the VAT by 5 percent resulted in a Tk 10 reduction of retail prices of edible oil.

In another letter on April 1, the Bangladesh Trade and Tariff Commission (BTTC) recommended that the NBR extend the tenure of the 5 percent VAT exemption up to June 30.

The BTTC also said there is a possibility of further price hikes of edible oil as the cost of non-refined soybean and palm oil rose by 11-13 percent in the international market over the past month.



SOURCE: BBS

The cost-of-living crisis prolongs for wage workers

MD ASADUZ ZAMAN *and* SOHRAB HOSSAIN

The cost-of-living crisis in Bangladesh appears to have caused more trouble for daily workers as their wage growth has been lower than the inflation rate for more than two years.

The wage growth has gone up over the years, but it remained below the inflation rate for the 26th consecutive month in March, figures from the Bangladesh Bureau of Statistics (BBS) showed.

This means like many others, wage workers are in a precarious situation, which has compelled low-income households to cut back on their consumption amid falling real incomes and the rising cost of living.

In March, the wage growth of low and unskilled workers was 7.80 percent while the Consumer Price Index (CPI) rose 9.81 percent, according to the state-run statistical agency, highlighting a gap of 2.01 percentage points.

The Wage Rate Index of the BBS takes into account the wages of informal sector workers in 44 occupations in the agriculture, industry and service sectors who receive payments on a daily basis.

Talking to The Daily Star yesterday, Bashir Talukder, a construction worker in Patuakhali, said his six-member family was finding it difficult to survive with his limited income.

He works for a daily wage of Tk 750, which, Talukder says, is not adequate to pay for the basic expenses of the family. Therefore, he has been forced to engage his 14-year-old son at the construction site. The son earns Tk 600 per day.

"It is tough for me to buy an adequate amount of rice, vegetables, fish, pulses and salt with the money I earn," he said, adding that his family could not afford meat even once a year.

"If we don't find work for a day, we have to dip into whatever small savings we can manage to make."

Bachchu Kazi, a fishing worker in the Kuakata area of the southern district, says there was no extra joy in his five-member family during Eid-ul-Fitr owing to the lower incomes.

"The price of essentials has gone up sharply. Therefore, if you buy one thing, you will have to sacrifice the other."

The low-income groups in Bangladesh have been under constant pressure since May 2022 as external factors such as the Russia-Ukraine war and the sharp fall in the value of the local currency, inadequate policy interventions and poor market management at home have kept inflation at an elevated level.

The CPI surged to a 12-year high of 9.02 percent in the previous financial year. The trend has continued in the first nine months of the current financial year, with the International Monetary Fund projecting that Bangladesh's inflation will stay above 9.3 percent in the year that ends in June.

"Amid higher inflation, people are just fighting a losing battle," said Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development, a think-tank.

He says in a high inflation environment, the purchasing power of low-income people remains limited.

"Since people's purchasing power is continuously eroding, their coping capacity is shrinking and they are struggling to make ends meet."

"They have reduced their consumption and have failed to ensure a healthy diet for family members and used up their savings."

Around 5 lakh people in Bangladesh likely fell into extreme poverty between 2022-23 and 2023-2024 due to the erosion of the purchasing power, said the World Bank in a report recently.

"No one really thinks about poor people like us," said Bachchu Kazi.

Mujeri, also a former chief economist of the Bangladesh Bank, said currently, there is no possibility for the inflation to cool down.

Higher inflation has a long-term negative impact on health and education. So, the government should emphasise the issue in the upcoming budget.

"The government must extend social safety net measures in terms of both quantity and quality," the economist said.

The golden goose and the taxman

MAHTAB UDDIN AHMED

A golden goose had once started laying solid gold eggs in the whimsical land of Bangladesh. But alas, the taxman slapped a tax on it that turned its feathers grey. The ministers mourned, startups collapsed, and the goose migrated to a tax-free haven.

When you find a golden goose, cherish it without jeopardising its worth to avoid a scrambled situation. Recently, our minister for road transport and bridges expressed his grievance for being in the dark over the imposition of VAT (value-added tax) on metro-rail tickets.

The story came into my mind when I read the news that the NBR (National Board of Revenue) is considering withdrawing tax benefits to collect more revenue. The NBR's rationale is clear as the tax-to-GDP ratio in Bangladesh is one of the lowest in the world, with India, Pakistan, and Sri Lanka having ratios well above 15 percent. From the angle of the NBR, there is a clear problem with tax collections.

Over the past three decades, my engagement with NBR officials has revealed a recurring pattern: the target is to increase revenue collection by 20-25 percent annually. Unfortunately, this short-term focus on revenue collection becomes a hindrance to economic growth, as we miss out on many golden geese along the way and fail to reach a double-digit tax-to-GDP ratio.

Notably, during the nation's pursuit of a Digital Bangladesh, the NBR imposed hefty taxes on mobile network operators and other ICT services, resulting in our country being the worst performer in South Asia across several key digital parameters.

Bangladesh Hi-Tech Park Authority, a government agency, has invested heavily in setting up 28 hi-tech, software technology parks or IT training and incubation centres across the country in accordance with the government's long-term goal.

While we are yet to see any significant utilisation of these facilities (except for a few parks), such massive infrastructure would, in the long run, pave the way for us to be a leading ICT exporting country. However, it would require large-scale and constant investment and policy-level support.

India exported $193 billion of IT products in 2022-23. Hence, assuming our export potential is one-tenth of India's, we should be exporting around $20 billion. While Bangladesh's export revenue is approximately $548 million, Pakistan's exports are expected to surpass the $3-billion mark in 2024, and Sri Lanka faring above $1 billion.

Removing tax benefits from our ICT industry would have several adverse consequences, as it is a key to realise the vision of a Smart Bangladesh by 2041. The government has invested immensely in this regard. Now it needs to attract foreign direct investment that contributed significantly to the economy.

Tax incentives would encourage investment in digital infrastructure, innovation, and human resources. I am not sure if the NBR intelligence has worked out the assets impairment of ICT investment versus the revenue that it would collect from the industry.

It is also important to note that despite directives from Bangladesh Bank, our banking industry extends the least support to IT companies and startups, as they mostly deal with platforms and services, which serve little as tangible assets that banks need for collateral. As per Bangladesh Bank directives, banks are to invest 1 percent of their operating profits in this cause. Unfortunately, they are unable to invest even a tiny fraction of the said 1 percent.

Maintaining tax benefits for the ICT industry is crucial for sustaining economic growth, fostering digital transformation, creating jobs, and enhancing Bangladesh's global competitiveness. The solution is to strike a balance between revenue collection and supporting a thriving industry, which is key to the nation's progress.

The author is founder and managing director of BuildCon Consultancies Ltd.

Livestock services week, fair begin

Around 3,000 farmers from 466 upazilas taking part

STAR BUSINESS REPORT

A two-day fair and livestock services week began yesterday to showcase and sell different varieties of livestock along with promoting poultry and dairy farmers for the sake of the sector's development.

Over 3,000 farmers out of 55,000 members of the Bangladesh Dairy Farmers' Association from Dhaka, Cumilla, Manikganj, Munshiganj, Gazipur, Narayanganj, Jashore, Benapole and other districts took part in the fair.

The participants occupied 25 pavilions and 30 stalls to display their cattle and birds in the fair organised by the Department of Livestock Services under the fisheries and livestock ministry.

Prime Minister Sheikh Hasina opened the "Livestock Services Week and Exhibition, 2024" at the old trade fair ground at Sher-e-Bangla Nagar beside the Bangabandhu International Conference Centre.

The entrepreneurs will learn about the climate smart dairy sector, antimicrobial resistance and food safety, animal disease control and other issues from this fair, Fisheries and Livestock Minister Md Abdur Rahman said at the opening ceremony.

"This fair is a great opportunity for marginal farmers. They can also sell their animals at good prices here," he added.

Entrepreneurs will learn about the climate smart dairy sector, antimicrobial resistance, food safety and other issues from this fair

The fair will provide grassroot farmers with the opportunity to do business with mega companies, according to the Department of Livestock Services.

The fair is being held simultaneously throughout 466 upazilas of 64 districts in varying scale.

The fair will remain open from 10:00am to 8:00pm every day and no entry fee is required.

Two men try to rein in a bull as onlookers cheer at the "Livestock Services Week and Exhibition 2024", which began across the country yesterday. Members of the Bangladesh Dairy Farmers' Association have a unique opportunity to showcase their prized animals for sale at the event. The photo was taken from the exposition in Agargaon, Dhaka.

PHOTO: PALASH KHAN