ILLEGAL VoIP

BTRC seizes 17,354 SIMs

STAR BUSINESS REPORT

The telecom regulator seized over 17,354 SIMs in the capital's Nayapaltan and Khilgaon areas yesterday during drives against illegal Voice over Internet Protocol (VoIP) operators.

An inspection team of the Enforcement and Inspection Directorate of Bangladesh Telecommunication Regulatory Commission (BTRC) conducted the drives with the help of RAB members, according to a statement.

Apart from SIMs of various telecom operators, 56 illegal/unauthorised SIM boxes, 19 routers, 22 modems, 18 pen drives, 23 antennas, and various types of VoIP equipment were seized.

Two people involved in the VoIP business were arrested. Cases against the detainees are being filed under the provisions of the Bangladesh Telecommunication Regulation Act, 2001.

VoIP is a technology that allows users to make voice calls using a broadband internet connection instead of a regular or analog phone line.

Blacksmiths are busy hammering a hot piece of metal into a traditional meat cleaver, one of the largest kitchen knives with a broad blade meant for cutting animal carcasses into pieces. Sold by weight, such cutting tools can cost anywhere from Tk 500 to Tk 800 per kilogramme. The shop hopes to make sales of around Tk 30,000 to Tk 40,000 centring the sacrifice of cattle marking Eid-ul-Azha next week. The photo was taken from Khulna's Dumuria upazila recently.

PHOTO: HABIBUR RAHMAN

Go for recycled garments to boost exports

Experts say at BUILD discussion

STAR BUSINESS REPORT

Bangladesh should soon go for producing recycled garment products that meet global environmental safety standards to increase its exports to the European Union (EU), according to speakers at an event.

Changes in trade patterns often bring major shifts to a country's economic structure, technological advancement, government policies and emerging trade theories or agreements, they said.

However, Bangladesh needs to take adequate preparation to this end, they added.

These comments came at a discussion on the impact of EU circular textiles policies on its trading partners, organised by the Business Initiative Leading Development (BUILD) at its office in Dhaka.

The recently introduced EU Strategy for Sustainable and Circular Textiles emphasises transparency, sustainability and circularity across the textile value chain, impacting both the EU and non-EU consumers and companies.

The EU is an important destination for garment and textile exports from Bangladesh.

In fiscal 2022-23, apparel exports from Bangladesh to the EU amounted to $28.6 billion. In fiscal 2023-24, the amount was $25.44 billion, indicating a year-on-year decline of about 6.07 percent.

The EU and UK account for more than 60 percent of Bangladesh's garment exports while apparel products constitute more than 93 percent of the total shipments.

Ferdaus Ara Begum, chief executive officer of BUILD, said Bangladesh needs to devise new strategies and projections for textile exports to the EU. This includes identifying potential growth areas as well as challenges for market entry.

She said Bangladesh also needs to analyse the policy shifts and chart out a detailed scenario to support its textile and garment industries to adapt to the EU's sustainable and circular strategy.

"We need to assess the landscape of the sector before we provide feedback on potential impacts and necessary adaptations," said Patrick Schroeder, senior research fellow of the environment and society programme at The Royal Institute of International Affairs, a British think-tank.

"And we need to figure out strategies for enhancing collaboration between EU and Bangladesh stakeholders to promote a sustainable and circular global textiles sector," he added.

Producer countries like Bangladesh have existing circular practices and entrepreneurship, often in the informal sector having market structures, micro enterprises and trade for pre-consumer textiles (garment waste or Jhut).

"So, the EU should take a proactive, supportive, and collaborative approach with stakeholders to formalise the Jhut sector while preserving livelihoods," he said.

The garments sector in Bangladesh is already facing a crisis given the tight margins and slowdown in global demand. However, local entrepreneurs in the sector would finance the required investment for developing a circular economy, said Asif Ibrahim, chairman of Chittagong Stock Exchange.

Measures for macroeconomic stability, investment insufficient

Experts say at AmCham's post-budget discussion

STAR BUSINESS REPORT

Although some steps taken were in the right direction, the measures proposed in the budget for the upcoming fiscal year centring macroeconomic stability, trade and investment are insufficient, experts and businesspeople opined in a discussion.

They made the remarks during a "Post-Budget Panel Discussion" organised by the American Chamber of Commerce in Bangladesh (AmCham) at the Sheraton Dhaka hotel in the capital yesterday.

Those present recommended placing more emphasis on combatting the foreign reserve crisis, finding alternatives to increase export revenue and adjusting the tax-free income limits as well as tax and VAT policy.

Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industries, attended the discussion as chief guest.

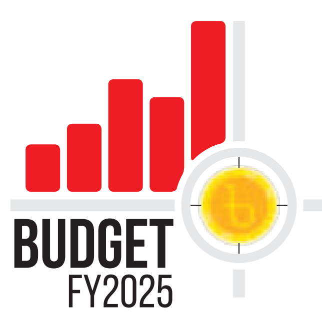
M Masrur Reaz, chairman of the Policy Exchange Bangladesh, moderated the discussion and also presented an overview of the proposed national budget for fiscal year 2024-25.

Reaz said the new budget faces three types of uncertainties: ensuring adequate revenue collection, managing the ballooning fiscal subsidy and managing the financing of the growing fiscal deficit.

In his presentation, Reaz said duties have been reduced on only a few essential items despite high inflation, with uncertain impacts on consumer prices.

He added that the domestic borrowing target of Tk 160,900 crore, or 64 percent of the total budget deficit, would exacerbate pressure on the taka and further affect dollar liquidity in the banking system.

Alam also urged the National Board of Revenue (NBR) to expand the tax net instead of putting more pressure on



those who are paying taxes.

He added that good governance was crucial in every sphere.

Muhammad Abdul Mazid, former chairman of the NBR, said that policy frameworks are needed to increase revenue.

He added that the NBR often makes policies, but those are not reflected in their operations in reality.

He also cautioned that the revenue earned in FY25 may not be good because the economic situation is not good enough, adding that banks are facing a liquidity crunch so businesspeople may not get adequate funding.

Nihad Kabir, former president of the Metropolitan Chamber of Commerce and Industry, recommended emphasising budget implementation.

Ashraf Ahmed, president of the Dhaka Chamber of Commerce and Industry, said the proposed budget was designed to contain high inflation. He hoped that the ongoing challenges, including the forex reserve crisis, would be resolved by this December.

Md Moinul Huq, AmCham executive committee member and country officer of Citibank NA Bangladesh, and Reaz Islam, chief executive officer of L-R Global Bangladesh Asset Management Company Limited, also took part as panellists.

Blow to private economic zones

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"This type of policy change will not be effective in attracting FDI," said Rupali Chowdhury, managing director of Berger Paints Bangladesh Ltd.

This will discourage the investors who have already set up factories in the EZs or are planning to establish units, she said.

She alleged that the investors who had secured land in the EZs were given a bad signal since they would not reap the benefits as promised by the Beza.

Chowdhury said Bangladesh is not the only destination for investments in the world. Therefore, investors will go to the countries where they will receive more facilities.

Central bank data showed Bangladesh received $3.004 billion in FDI last year, a fall of 14 percent from $3.5 billion in 2022.

Mohammad Zaved Akhtar, president of the Foreign Investors' Chamber of Commerce and Industry, said the new provision will send a wrong signal to international investors.

"It will reduce our competitiveness in attracting investments."

Bangladesh can attract $2 billion to $3 billion in FDI every year while Vietnam pulls $15 billion, according to him.

Speaking to The Daily Star, an official of the Bangladesh Hi-Tech Park Authority said it would write to the NBR, requesting it to continue the benefits because the purpose of setting up hi-tech parks hasn't fulfilled yet.

"It will hinder the growth of these companies."

Paban Chowdhury, chief adviser of City Group, said private economic zones and hi-tech parks have been established on the back of the benefits.

"The discontinuation will severely affect this progress and will have a serious implication for the country's economic growth and technological advancement."

The conglomerate has an economic zone as well as a hi-tech park.

"Hi-tech parks are already struggling in terms of investments," said Russell T Ahmed, president of the Bangladesh Association of Software and Information Services.

"Such a move also contradicts the government vision," he said, urging the government to retain the benefits.

Shaikh Yusuf Harun, executive chairman of the Beza, said it has already requested the Prime Minister's Office and the NBR to keep the existing benefits on income tax, customs and value-added tax.

"The government will make necessary decisions in this regard considering the planned industrialisation and to accelerate the flow of investments."

ADB gives $250m

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Phase II of the National Social Security Strategy, 2021–2026, to strengthen protective and preventive capacity of the social protection system in Bangladesh, the Manila-based global donor said in a statement.

The programme will help improve efficiency in the social protection programme management, enhance protection for the most vulnerable and improve the social protection scope by introducing contributory protection schemes, it said.

This will help reduce vulnerability, exclusion, and the risk of people falling into further poverty, according to the statement. The programme introduces a verification scheme of beneficiary's survival for cash-based social protection programmes to reduce leakages.

It also consolidates two cash-based protection programmes for people with disabilities to improve efficiency and effectiveness.

Moreover, the programme will integrate climate adaptive measures into social protection to strengthen resilience against climate vulnerability, including identification of people who are most at risk to climate change-induced disasters to help determine the appropriate assistance.

Md Shahriar Kader Siddiky, secretary of the Economic Relations Division (ERD), and the ADB country director signed the loan agreement at a ceremony at the ERD in Dhaka yesterday.

ADB's support strengthens the protection for vulnerable women and transgender people by increasing the number of beneficiaries under the widow allowance programme and expanding the coverage of the livelihood support programme for transgender people.

In addition, Bangladesh Bank is doubling its funding for the Small Enterprise Refinancing Scheme for Women Entrepreneurs to expand the access of women small business operators to financial services.

Another aim of the programme is to strengthen the governance mechanism of the employment injury scheme pilot, focusing on the ready-made garments sector.

It also supports establishing a tripartite committee -- comprising workers' association, employers' association and the government -- on social protection for workers under the labour ministry as a key institutional arrangement in further developing the country's social insurance schemes.

ADB will provide a $1 million grant from its Technical Assistance Special Fund.

Another $1 million grant will be extended from the ADB-administered Community Resilience Partnership Program Trust Fund under the Community Resilience Financing Partnership Facility to support programme implementation, technical and policy analyses, and capacity building of relevant government agencies.

Patenga Container Terminal

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under a customs risk management system until scanners are installed.

A brief inauguration ceremony was held at the PCT in the afternoon, when Rear Admiral Mohammad Sohail, chairman of the CPA, and Erwin Haaze, chief executive officer of RSGT Bangladesh, were present.

"This marks a significant day for the Chattogram port as a well-known foreign terminal operator has entered the country for the first time," said Sohail.

"We look forward to collaborating with our international partner, which will greatly boost the country's economic growth," he said.

"The initiative will also create more employment while modern equipment has been brought and more are in the pipeline for the terminal," he added.

"Our current position is advantageous for all parties involved. Revenue generation has commenced as of today (Monday) and we anticipate substantial earnings through profit-sharing as per the agreement," said Sohail.

Renowned companies of this sector will arrive in the coming days seeking to run other terminals and competition among the operators will increase revenue, said the CPA chairman.

"PCT stands as a symbol of collective vision to progress and prosperity. It is a gateway to open a new avenue for trade," said Haaze.

"With the state-of-the-art facility and extended capacity, the terminal will significantly improve vessels' turnaround time, enhance handling capacity and optimise the logistic chain," he said.

"As we embark on the new chapter in maritime history, this is just a beginning. We will navigate together toward a brighter and prosperous tomorrow for all," he added.

Budget missing guidance

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Additionally, the budget proposed the whitening of black money by paying only a 15 percent tax while taxing 30 percent on fair income, which is unprecedented.

It also failed to prove the political trustworthiness and neglected to mention the goals of the 8th Five Year Plan, Debapriya added.

Besides, the usual contradiction in allocation and implementation remains a worry.

"What is the strategy and what are the approaches for policy options in the implementation of the budget?" he asked.

Iftekharuzzaman, executive director of Transparency International Bangladesh (TIB), termed the proposed budget 'ambitious' and said it would assist corruption, which stands in contrast with the country's constitution.

The budget will increase discrimination as issues related to marginalised people have not been addressed.

It is a hostile budget for small businesses and is contradictory to the government's political commitments, the TIB chief also said.

While presenting his keynote paper, Towfiqul Islam Khan, senior research fellow at the Centre for Policy Dialogue, said the proposed budget failed to acknowledge the growing foreign debt pressure.

He also highlighted a lack of clarity, saying that while the projection for the principal repayment of foreign debt for FY25 is estimated to be $2.6 billion, the proposed budget allocation is much higher at $3.2 billion.

In FY20, the figure was just $1.3 billion, he added. In FY23, the government had to borrow Tk 25,584 crore to make principal payments for foreign loans, according to the keynote paper.

M Masrur Reaz, chairman of Policy Exchange Bangladesh, said issues like export competitiveness, such as spending to improve compliance and thereby increase exports to major destinations in the European Union, and renewable energy have also gone unaddressed.

Stocks drop

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Manufacturing, FAS Finance & Investment and Mercantile Bank also made gains.

Continental Insurance and Al-Arafah Islami Bank shed the most, equally losing over seven percent.

There was no price limit on the trading of shares of both companies, as their trading had resumed yesterday on remaining suspended on the preceding day for it being record date.

Record date refers to the day until which a shareholder must hold onto a stock to be eligible for that company's dividends.

The two were followed by Kay & Que (Bangladesh), Sonali Paper & Board Mills, JMI Syringes & Medical Devices, Orion Infusion and Usmania Glass Sheet Factory, all of which suffered losses of over two percent each.

Anwar Galvanizing, Alif Industries, Monno Ceramic Industries and ACME Pesticides were also in this list.

Among the market stalwarts, Square Pharmaceuticals, Renata, British American Tobacco Bangladesh, Beacon Pharmaceuticals, Grameenphone, BRAC Bank, Beximco Pharmaceuticals and Olympic Industries witnessed declines in their shares.

Chittagong Stock Exchange saw a similar trend with its all-share price index (CASPI) losing 1.09 percent to settle at 14,678.12 points and the Selective Categories Index (CSCX) losing 1.08 percent to reach 8,827.90 points.