Telecom stakeholders outraged by proposed tax hike

MAHMUDUL HASAN

The increased supplementary duty would raise talk time expenses, further reducing affordability for customers already struggling with inflation, according to mobile network operators.

PHOTO: STAR/FILE

The government's move to raise the supplementary duty (SD) on mobile talk time and internet services has sparked outrage among mobile operators, consumers and digital service providers.

The National Board of Revenue (NBR) is all set to increase the SD from 20 percent to 23 percent, just six months after increasing it from 15 percent to 20 percent, which experts view as a constraint for the industry.

Currently, customers pay Tk 138 for Tk 100 worth of mobile voice or internet services, factoring in 15 percent VAT, 20 percent SD, and a 1 percent surcharge.

When additional taxes, such as revenue sharing and minimum taxes, are included, the total tax burden surpasses 54 percent, one of the highest in the world, according to industry experts.

If implemented, the proposed hike will raise this figure to around 56.3 percent, further straining consumers and the industry.

Leading stakeholders of the telecom industry have criticised the 3 percentage-point supplementary duty hike.

The secretary general of the Association of Mobile Telecom Operators of Bangladesh, Lt Col Mohammad Zulfikar (retd), believes that further tax increases, amid the country's ongoing economic challenges, will undoubtedly harm both the mobile industry and its subscribers.

"The sector is already burdened with heavy taxes and duties. In recent months, nearly six million subscribers have left the network, signalling the sector's declining growth. This decision could severely impact the government's revenue generation from the sector."

"We urge the authorities to reconsider the consequences and avoid imposing such burdens."

Bdjobs CEO Fahim Mashroor said that mobile phone users in Bangladesh already face the highest tax burden among all Asian countries.

The additional 3 percentage-point hike in tax will further escalate data costs for 90 percent of the country's internet users, potentially tarnishing the government's pro-youth image, he said.

"At the recent D8 Summit, the chief adviser highlighted the transformative role of the internet and AI in education and healthcare. But certain bureaucrats within the NBR seem disconnected from this progressive vision."

The rising internet prices may provoke discontent among Generation Z, who have previously used the internet to challenge restrictive governance, he added.

"This decision risks alienating a key demographic and fuelling further unrest."

Pathao CEO Fahim Ahmed said the decision to raise supplementary duty on mobile top-ups is short-sighted.

Bangladesh already has the highest telecom taxes in the region, which limits internet adoption, he said.

"As the largest consumer tech platform in the country, we have observed how high costs constrain our market potential to just a fraction of what it could be."

The decision made by the interim government, which was expected to introduce reforms after taking charge six months ago, is taking us in the opposite direction, he said.

"We urgently call for its reversal."

Banglalink Chief Corporate and Regulatory Affairs Officer Taimur Rahman opined that the increased supplementary duty would raise talk time expenses, further reducing affordability for customers already struggling with inflation.

Telecom services have been instrumental in driving the country's economic growth and fostering digital inclusion, he said.

"The supplementary duty was increased just a few months ago, creating challenges for both the industry and its users. This move risks widening the digital divide, hindering sector growth, and reducing government revenue."

"We strongly urge the government to reconsider this decision to ensure sustained economic progress and the advancement of digital inclusion," he said.

READ MORE ON B3

Temporary hoarding leads to rice price instability

Says Bashir

STAR BUSINESS REPORT

Hoarding by rice traders has led to price fluctuations in the local market, but stability is expected to be reached soon as the government has intensified its monitoring, said Commerce Adviser Sk Bashir Uddin yesterday.

He made the remarks during the inauguration of the sale of essential commodities at subsidised prices among low-income people through smart cards at Begunbari in Dhaka's Tejgaon area.

The state-run Trading Corporation of Bangladesh (TCB) has been distributing the goods to ease the burden of high inflation.

Rice prices have surged despite the present times being the peak harvest period for Aman season paddy.

The adviser said he had met rice traders at the commerce ministry on Tuesday, where they raised concerns about banking regulations.

Specifically, rice importers complained about banks demanding a 100 percent margin for opening letters of credit, complicating imports, he said.

During the inauguration, Bashir Uddin highlighted the government's efforts to digitalise TCB operations, such as the distribution of 63 lakh smart cards.

Each cardholder can purchase two litres of edible oil for Tk 200, two kilograms of lentils for Tk 120, and one kilogram of sugar for Tk 70.

The adviser added that the TCB currently procures goods worth Tk 12,000 crore annually and ensures subsidies worth Tk 4,000 crore for the purpose.

Plans are underway to involve more businesses in the TCB's supply chain, potentially saving Tk 1,000 crore, which could expand services to more beneficiaries, he said.

He also announced that the government would stockpile both local and imported potatoes this year to keep prices stable.

The ongoing cold wave may affect the cultivation of dry-season Boro rice and increase the risk of pest attacks on potato and mustard fields. The photo was taken from Aditmari upazila in Lalmonirhat yesterday.

PHOTO: S DILIP ROY

Don't transplant Boro seedlings during cold spell: DAE

STAR BUSINESS REPORT

The Department of Agricultural Extension (DAE) has advised farmers not to transplant seedlings of Boro paddy during the cold spell.

The advisory comes as the country is likely to see a cold wave from today, affecting the cultivation of the dry-season rice Boro and increasing the risk of pest attacks on potatoes and mustard in the fields.

The weather office earlier this month forecast a cold spell for a couple of days.

The DAE targets to ensure the cultivation of the dry-season variety of the food staple on 50.69 lakh hectares so that 2.26 crore tonnes of rice can be produced in the current fiscal year, said Sarker Shafi Uddin Ahmed, director-in-charge of the Field Service Wing of the DAE.

Boro production rose by 1.45 percent year-on-year to 2.10 crore tonnes in fiscal year 2023-24.

READ MORE ON B3

'Made in Bangladesh' exhibition in Brazil in June

STAR BUSINESS REPORT

Bangladeshi businesses will organise a "Made in Bangladesh Exhibition-2025" in Brazil's Sao Paulo from June 15 to June 18 with an aim to diversify export markets and boost trade with the Latin American nations.

The Brazil Bangladesh Chamber of Commerce and Industry (BBCCI) made the announcement at a press conference at Ascott Palace Dhaka yesterday.

"This is a vital step toward fostering economic collaboration, providing a platform to showcase excellence and form meaningful partnerships," Ambassador of Brazil to Bangladesh Paulo Fernando Dias Feres said at the event, highlighting the significance of the initiative.

"Whether in garments, jute, or pharmaceuticals, this event aligns with our vision of global economic growth, and it is a golden opportunity for Bangladeshi exporters," said BBCCI Vice President Md Saiful Alam.

BBCCI Secretary General Md Joynal Abdin highlighted the trade potential between the two nations as it already amounted to $2.53 billion in 2022. The event will include business-to-business matchmaking, policy discussions and cultural showcases, focusing on innovation, investment, and trade.

Key dignitaries, including Leonardo de Oliveira Jannuzzi, deputy head of mission at the Brazilian embassy in Bangladesh, also attended the press conference.

Modi looks to new economic playbook as risks mount

REUTERS, *New Delhi*

After world-beating economic growth last year, India's policymakers are scrambling to head off a sharp slowdown as worsening global conditions and domestic confidence wipe out a recent stock market rally.

On Tuesday, Asia's third-largest economy forecast annual growth of 6.4 percent in the fiscal year ending in March, the slowest in four years and below the government's initial projections, weighed by weaker investment and manufacturing.

The downgrade follows disappointing economic indicators and a slowdown in corporate earnings in the second half of 2024, which have forced investors to rethink the country's earlier outperformance and cast doubts over Prime Minister Narendra Modi's ambitious economic targets.

The fresh worries are heightening calls for authorities to lift sentiment by loosening monetary settings and slowing the pace of fiscal tightening, especially as Donald Trump's looming second presidency throws more uncertainty over the global trade outlook.

"You have to revive the animal spirit, and you also have to ensure that consumption picks up. It's not that easy," Madhavi Arora, chief economist at Emkay Global Financial Services, said, adding India could expand its fiscal balance sheet or cut interest rates.

Such calls come amid a flurry of meetings by Indian policymakers with businesses growing increasingly worried about faltering demand.

The fresh worries are heightening calls for authorities to lift sentiment by loosening monetary settings and slowing the pace of fiscal tightening

Finance minister Nirmala Sitharaman held a series of meetings in December with industry and economists, customary ahead of India's annual budget, which is due Feb. 1.

Some of the measures proposed in those talks to boost growth include putting more money into the hands of consumers and cutting taxes and tariffs, according to demands by trade and industry associations.

The worries about India's economy knocked 12 percent off the benchmark Nifty 50 index from late September to November. It clawed back those losses to end 2024 up 8.7 percent, a decent gain but well off the previous year's 20 percent surge.

As confidence wanes, the political urge to stimulate growth appears to be broadening.

India's monthly economic report published last month said the central bank's tight monetary policy was partly responsible for the hit to demand.

Modi has made some high profile changes recently that are expected to lift economic growth as a priority over price stability.

In a surprise move in December, Modi appointed Sanjay Malhotra as the new central bank governor, replacing Shaktikanta Das, a trusted bureaucrat who was widely expected to get another one to two-year term as chief having completed six years at the helm.

The appointment of Malhotra, who recently said the central bank would strive to support a higher growth path, came immediately after data showed September quarter growth slowed much more than expected to 5.4 percent.

During the pandemic, Modi sought to keep the economy growing by raising infrastructure spending and limiting wasteful expenditure to keep government finances in good shape.

That lifted headline GDP growth but has not supported wages or helped consumption sustain an annual expansion of more than 7 percent over the past three years.

People shop at a wholesale market in Bengaluru, India. Asia's third-largest economy on Tuesday forecast annual growth of 6.4 percent in the fiscal year ending in March, the slowest in four years and below the government's initial projections.

PHOTO: AFP/FILE

While India's economy may still outperform globally, the question is whether it can maintain 6.5 percent-7.5 percent growth or slow to 5 percent-6 percent, said Sanjay Kathuria, visiting senior fellow at Centre for Social and Economic Progress.

Arora said the country currently is in a "bit of a limbo" where individuals are not spending. She expects this to continue if employment does not improve and wage growth remains weak.

Reuters reported last month the government plans to cut taxes for some individuals and is preparing to offer tariff cuts on some farm and other goods mainly imported from the US, to clinch a deal with Trump.

Economists say the government will have to slow some of its fiscal tightening to support growth with the success of such measures dependent on the extent of the cuts.

With regards to trade, analysts say India needs a credible plan to fight Trump's tariff wars.

READ MORE ON B3