

Star BUSINESS

Jute growers in Bangladesh are facing deepening woes as prices of the natural fibre have been in a downward slide



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Disbursement of foreign loan falls 14%

STAR BUSINESS REPORT

Although the country saw a huge year-on-year rise in the amount of foreign loans pledged from abroad in the first two months of the current fiscal year, their disbursements have dropped, showed government data.

Meanwhile, debt repayment increased by 38.2 percent.

Around \$73.90 crore of foreign loans was disbursed in the July-August period of fiscal year 2023-24, down 14.48 percent, according to data published by Economic Relations Division (ERD) recently.

As for the commitments, it was for \$114 crore, which is a massive increase of 275 per cent. Simultaneously, Bangladesh paid back \$40.05 crore to development partners.

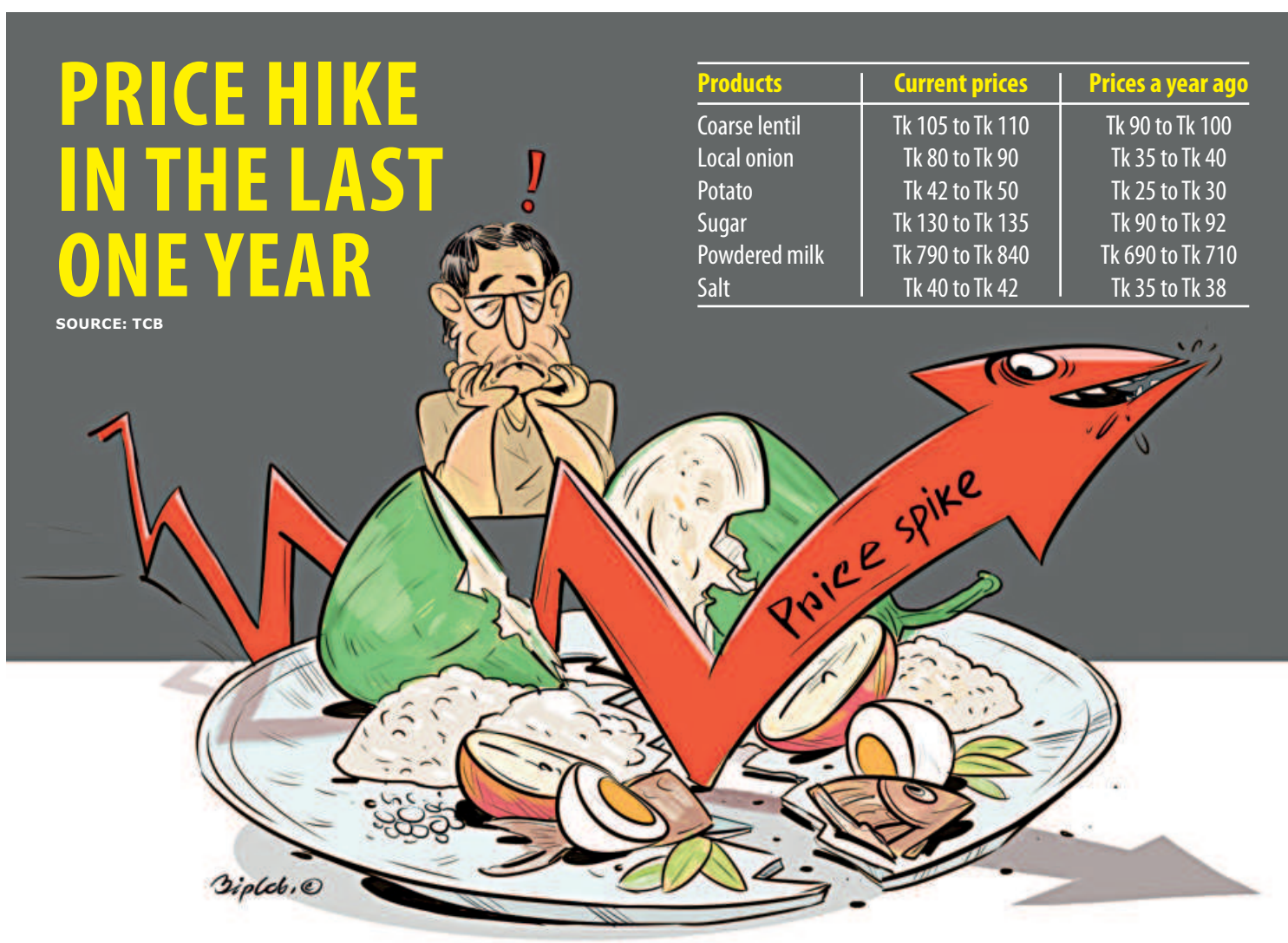
Project approvals and implementation alongside loan processes are usually sluggish at the beginning

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PRICE HIKE IN THE LAST ONE YEAR

SOURCE: TCB

Products	Current prices	Prices a year ago
Coarse lentil	Tk 105 to Tk 110	Tk 90 to Tk 100
Local onion	Tk 80 to Tk 90	Tk 35 to Tk 40
Potato	Tk 42 to Tk 50	Tk 25 to Tk 30
Sugar	Tk 130 to Tk 135	Tk 90 to Tk 92
Powdered milk	Tk 790 to Tk 840	Tk 690 to Tk 710
Salt	Tk 40 to Tk 42	Tk 35 to Tk 38



How long can fixed-income groups cope with higher inflation?

SUKANTA HALDER and MD ABU TALHA SARKER

The cost-of-living crisis has kept stressing out fixed and lower-middle-income groups in Bangladesh as inflation has persisted at elevated levels while their salaries and incomes have seen little upward adjustments.

The continuous erosion of the purchasing power has forced some to cut consumption, slashed the monthly budget set aside for groceries, pushed more people into side hustles, and compelled some to dip into their savings and transfer less money to their parents.

Kamrul Hasan Nayem, a resident of Dakshinkhan in Dhaka, says expenses have increased by more than 30 percent in the past one year but the salary has not been adjusted proportionately.

So, the official of an IT firm has been freelancing for more than a year on weekends to bear the additional expenditures.

Nayem and his three-member family used to go on a vacation two or three times annually. But the family has gone on holidays just once in the last two years.

Rezaul Karim, a senior medical promotion officer at a pharmaceuticals company

who lives in Chattogram, says he could save a portion of his income a year ago. "Now, I can't save a single penny."

A year ago, the family spent Tk 200 to buy vegetables for a week and now the same cost Tk 500.

Karim used to buy fruits worth Tk 3,000 for his children every month. Now the budget has been cut in half.

He is the breadwinner of a family of four, including two daughters. Many of the wishes of his children can't be fulfilled now, a situation that leaves Karim dejected as a father.

Like Nayem and Karim, there are hundreds of thousands of people in Bangladesh who are struggling to make ends meet amid the higher cost-of-living.

In Bangladesh, inflation has accelerated in the past year and a half owing to a mixture of external and internal factors such as higher commodity prices fuelled by the Russia-Ukraine war.

Food inflation rose 12.37 percent in September, the second successive month it has been above 12 percent. And it was nearly three percentage points higher than the rate seen in the same month a year before.

Non-food inflation stood at 7.82

percent.

This means almost everything has become expensive, which has forced people to bring changes to their consumption habits in order to survive.

A recent surge in inflation eroded consumer purchasing power, contributing to a deceleration in estimated private

percent.

In an unprecedented event, the price of a dozen farmed brown eggs matched that of one kilogramme of broiler chicken in the middle of August.

Owing to higher prices, Mahbub Ali, a seller of rod and cement in Mirpur, has stopped going to the kitchen market

living in the village home since joining the factory in 2021.

"Now I can send Tk 2,500 to Tk 3,000. The rest of the money comes from my elder brother and sister."

In January, the financial hardship forced Hossain to discontinue regular payments to the deposit pension scheme and withdraw the money.

Mozammel Hosen, a teacher of a non-government high school in Sirajganj, said that he planted saplings of papaya, pepper and gourd in his yard one and a half years ago so that he does not need to buy vegetables from the markets.

"And I didn't purchase any pepper from the market when it was selling at Tk 700 to Tk 1,200 a kilogramme across the country."

Hosen has a patch of land that he has given to a sharecropper, who cultivates sugarcane, mustard and potatoes.

"As a result, I don't have to purchase potatoes, mustard oil and jaggery. I can use them round the year."

There are also inflation-hit consumers who have switched to cheaper alternatives or stopped spending on non-essentials such as like eating out.

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Fishermen cast a massive net of 150 feet by 525 feet on the Arial Khan river, earning around Tk 1 lakh going out to catch fish for around 15 days a month. The photo was taken at Mirganj area of Barishal's Babuganj upazila recently.

PHOTO: TITU DAS

IMF mission unimpressed with NBR's collection plan

STAR BUSINESS REPORT

The visiting mission from the International Monetary Fund was not fully convinced with the plans laid out by the National Board of Revenue on accelerating the tax collection to raise the tax-to-GDP ratio by 0.5 percentage points in the current fiscal year.

At a meeting at the NBR headquarters in Dhaka yesterday, officials of three wings of the NBR – income tax, customs and value-added tax (VAT) – shared the measures initiated to attain the revenue collection target in line with IMF's condition attached with the \$4.7 billion loan extended to the government in January.

This includes collection of arrears of customs and income taxes, hikes of import tariffs against items such as cashew nut and fragrant rice, restructuring of taxation of cigarettes, removal of exemption of VAT on mobile phones, polypropylene staple fibres, ballpoint pens, software and LPG cylinders, and imposition of taxes on tobacco products.

Taxmen said the hike in rates of taxes on land registration, travel, tobacco and environmental surcharges and the minimum tax will expand the tax net.

In response, the delegation of the multilateral agency did not agree that the plan on the collection of arrears will ensure sustained revenue receipts.

They inquired about the structural measures that the NBR is taking to boost revenue collection and increase the tax-to-GDP ratio, one of the lowest in the world.

The mission sought quarter-wise breakdowns of revenue collection plans and wanted to know about the steps on how the revenue will be collected, said officials.

As such, the IMF officials are expected to meet the officials of the three wings of the NBR

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STOCKS

DSEX	CASPI
0.01%	0.10%
6,261.7	18,531.90

COMMODITIES

Gold	Oil
\$1,822.54	\$83.29
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
0.62%	1.29%	0.24%	0.10%
65,631.57	31,075.36	3,155.10	3,110.48

Private coal power plants to avail tax exemption till 2039

AKANDA MUHAMMAD JAHID

The National Board of Revenue (NBR) has relaxed rules to extend the income tax exemption facility to private coal-fired power producers by 15 years if they start electricity generation by June 30 next year.

Earlier, the NBR offered the exemption to the producers that could begin producing electricity by June 30 this year.

The extension comes following recommendations from the power, energy and mineral resources ministry as most of the power plants failed to go into production by the deadline, said a senior official of the NBR.

Producers that signed agreements by June 30, 2020 to establish power plants will qualify for the tax waiver for 15 years from the start of the commercial operation.

And the exemption can be enjoyed until June 30, 2039, according to a notification of the NBR issued on October 3.

The revenue board will also exempt income tax of foreign employees employed at the plants for three years.

The concession will also be applicable for the interest payable on foreign loans

secured by the companies, the expenditures used to pay royalties and technical know-how and technical assistance fees as well as the profits earned from transferring the shares of producers.

In another notification on June 19, the NBR extended a tax holiday by 12 years on the income for the plants other than privately-run coal-fired power units. However, they will have to begin producing electricity before June 30 next year.

The extension comes following recommendations from the power, energy and mineral resources ministry

The extension will give them tax exemption until 2036.

The tax break has been offered since 2011 to support the government's goal of expanding the country's energy production capacity.

Installed capacity totalled 27,834 megawatts last month, more than five times higher than the 4,942 MWs in 2009, data from the power division showed.