

star BUSINESS

TAX RETURN DEADLINE FBCCI demands extension

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The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has urged the revenue authority to extend the deadline for income tax return submission for individual taxpayers until December 31 this year.

The apex trade body sent a letter to the National Board of Revenue (NBR) to this end, stating many taxpayers could not take preparations to file tax returns in line with the Income Tax Act 2023.

The official deadline for the filing of income, expenditure and wealth statements without penalty is November 30.

"We have received requests from various chambers regarding an extension of the tax return submission deadline. I think it would be convenient

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GARMENT WAGE 168 out of 200 review petitions are from owners

REFAYET ULLAH MIRDHA

Out of more than 200 applications seeking a review of the recently declared wage structure for garment workers, 168 came from factory owners urging for a review of the declared salary structure.

Citing how small and mid-sized units lack capacity to pay higher wages, they asked for revising the minimum wage down from Tk 12,500 to Tk 10,400.

On the other hand, about 30 unions and NGOs have applied to the minimum wage board for garment workers to revise the entry level salary structure to between Tk 23,000 and Tk 25,000.

They also urged for adjusting the wage scale across all grades so that workers are not deprived of benefiting from the wage hike regardless of their position.

The minimum wage board for garment workers had published a gazette on

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Bankers' decision to appreciate taka draws mixed reactions

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Bankers yesterday decided to appreciate the taka against the US dollar by Tk 0.50 from today as they observed an improvement in the overall current account balance, which records the nation's transactions with the rest of the world.

From today, banks will buy the greenback at Tk 110 from exporters and remitters and sell at Tk 110.5 each, according to a decision taken in a meeting of the Bangladesh Foreign Exchange Dealers' Association (Bafeda) and the Association of Bankers, Bangladesh (ABB).

Until yesterday, the official purchase rate of the dollar by banks was Tk 110.5 and the selling rate was Tk 111, which most of the banks did not follow as they were struggling to get the greenback at the prescribed rates from exporters and remitters amid a shortage of the dollar and speculation of further depreciation of the taka.

Importers have been complaining about counting higher expenses to open letters of credit (LCs) than the uniform rate of Tk 111, while bankers said they were facing difficulty getting foreign currencies from remitters despite paying up to Tk 116 for each dollar.

The latest decision, which comes three weeks after the ABB-Bafeda decided to depreciate the taka, drew mixed reactions from some heads of treasuries at banks while an economist termed it 'inappropriate', saying that the taka was in no position to appreciate now.

"Let us wait and see how the market reacts," said a treasury chief of a private bank on condition of anonymity.

Bankers said the decision was taken as the country's current account returned to the positive, reaching \$892 million in July-September of the current fiscal year of 2023-24 due to a sharp slowdown in imports.

A country's current account represents its imports and exports of goods and services, payments made to foreign investors, and transfers such as foreign aid, according to Investopedia.

Besides, ABB Chairman Selim RF Hussain said overdue payment

dollar holdings had improved and overdue international payment obligations had reduced.

The ABB-Bafeda decision may also tame speculation in the market, said a banker.

"The market will act according to its own reality," said a top official at another private bank.

He said they were only getting insignificant amounts of the US dollar at the rate fixed earlier. "We have to pay higher if we want to buy large amounts of foreign exchange," he said.

countries, covers claims or liabilities to non-residents concerning financial assets. Its components include foreign direct investment, medium and long-term loans, trade credit, net aid flows, portfolio investments and reserve assets.

Mansur said improvement in the current account balance is not enough to stabilise the foreign exchange market.

"The decision to appreciate is inappropriate. Because no significant transaction will take place at this exchange rate other than official transactions," he said.

He said a second inter-bank foreign exchange rate had already emerged within the interbank market since banks are trading foreign exchange at the depreciated rate amid shortage of the dollar.

"This is the first time we have seen the emergence of an unofficial interbank exchange rate. It is very disappointing," he said. "Banks are making transactions at the unofficial exchange rate but they cannot show that in their documents."

"This situation may give rise to false accounting, creating another problem for the regulators."

Mansur said the market has received no signal for the taka to appreciate given the large overdue forex obligations.

In response to the ABB-Bafeda's view that the foreign exchange situation in the market has improved, he said: "I hope that is true. But we don't have any data in this regard. How will we understand whether the foreign exchange crisis is getting worse or better?"

He suggested the government

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obligations of banks with correspondent banks abroad had reduced.

"Net open position (NOP) of most of the banks has normalised. The overall situation has improved," he said.

NOP means the net sum of all foreign currency assets and liabilities of a financial institution, inclusive of all of its spot and forward transactions and off-balance sheet items in that foreign currency.

Hussain said the taka had been losing value against the US dollar for over one year. "We have to bear the pain. We must also send a positive signal to the market," he said.

Bankers hoped that the liquidity situation might improve in the market as banks' overall

reduced rate is not going to work properly."

Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh, said it is true that there has been an improvement in the country's current account balance.

"But given the deficit in financial account, the foreign exchange market is not going to be stable anytime soon," he said.

Bangladesh's financial account fell into a deficit of \$3.92 billion during July-September period this fiscal year from a surplus of \$839 million in the same period of the previous fiscal year of 2022-23.

The financial account, a key component of overall transactions with other

countries, covers claims or liabilities to non-residents concerning financial assets. Its components include foreign direct investment, medium and long-term loans, trade credit, net aid flows, portfolio investments and reserve assets.

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Foodpanda and its parent company Delivery Hero maintain an unwavering commitment to the Bangladeshi market, said a senior official.

Interview on B4



Many SMEs in a tight spot

Failing to repay loans for drop in economic activities

SUKANTA HALDER

Jahangir Alam, owner of a small shoebox workshop in the Kamalpur area of Bhairab, was supposed to pay Tk 18,000 as the last instalment of a bank loan on November 12. But he did not have the means to pay it.

He discussed the matter with the bank and deferred it to November 20. Sadly, he failed to make the payment again.

Alam then requested the bank to extend the time again until the last week of this month. But in spite of his plea being granted, he is still concerned over whether he would be able to come up with the money.

"Banks are repeatedly asking to repay the loan. The last instalment must be paid at the end of this month even if it comes to borrowing from another source. There is no other way," he said.

He had taken Tk 6 lakh under a loan category meant for small and medium enterprises (SMEs) from a Bhairab Bazar branch of Brac Bank PLC in January 2022 for a two-year term.

"The business situation was already bad due to the overall economic situation of the country. When the strikes and blockades started, the situation started getting worse," said Alam, owner of Faria Box House.

There have been 14 days of blockades since October 31.

His buyers too have not paid their dues, reasoning that shoe sales have decreased a lot.

"Yesterday, when I visited markets to collect dues, I received only Tk 3,000 from them. What can I do with this money? Will this meet workers' pay? Will it bear family expenses? Or will I be able to repay the bank loan?" he asked.

Other than Alam, many other entrepreneurs of cottage, micro and SMEs in Bangladesh are finding it impossible to repay their bank loans on time due to the current economic crisis.

Some entrepreneurs said they were repaying bank loans by borrowing from friends and relatives to avoid increasing the bank debt burden.

The SME sector is considered to be the country's lifeline, accounting for about 25 percent of the gross domestic product (GDP).

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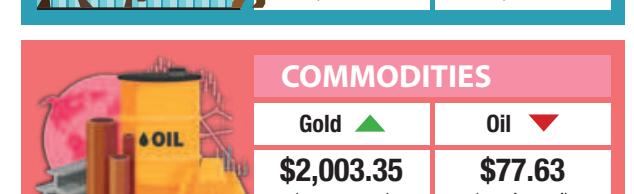


STOCKS

DSEX ▲ CASPI ▲

0.04% 0.02%

6,224.47 18,473.76



COMMODITIES

Gold ▲ Oil ▼

\$2,003.35 \$77.63

(per ounce) (per barrel)



ASIAN MARKETS

MUMBAI TOKYO SINGAPORE SHANGHAI

0.13% 0.29% 0.6% -0.79%

66,017.86 33,451.83 3,114.92 3,043.61



PHOTO: SOHRAB HOSSAIN

The untimely rain caused by cyclone Midhili has laid waste to raw bricks left to dry in fields across Patuakhali and Barguna, forcing most manufacturers to restart the production process. The picture was taken from Banani Brickfield in Patuakhali sadar upazila yesterday.

Brickfields incur huge losses for cyclone Midhili

SOHRAB HOSSAIN and JAGARAN CHAKMA

Brickfields in Bangladesh have incurred losses of around Tk 1,200 crore as heavy rains amid cyclone Midhili on November 16-17 hindered production early this season, according to industry people.

As per estimates of the Bangladesh Brick Manufacturing Owners Association (BBMOA), there are about 8,500 brickfields in the country that each faced an average loss of about Tk 15 lakh.

"We suddenly faced a natural disaster right when the brickmaking season began in early November," said Md Monirul Khan, treasurer of the BBMOA.

Khan, also proprietor of M/S Raja & Brothers in Dhaka, added that manufacturers will likely increase brick prices by Tk 1 per piece to cover their losses, leading to higher construction costs.

Referring to BBMOA data, he informed that Bangladesh needs around 2,000 crore bricks annually for various public and private construction projects.

Raw bricks are typically sundried in fields before being baked in kilns, leaving them at the weather's mercy with nothing but a sheet of polyethylene laid on top for protection during rain.

"So, the bricks were badly damaged by heavy precipitation amid cyclone Midhili," Khan said.

In Patuakhali and Barguna, a total of 110 brickfields incurred combined losses of around Tk 11 crore.

Shafiqur Rahman Chan, president of the Patuakhali Brickfield Owners Association, said at least 20 of the 60 local brickmaking units were about to start the baking process before cyclone Midhili hit.

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Power to be produced from waste

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The government will set up a power plant in Brahmanbaria to generate electricity from waste and each unit will cost Tk 21.16.

The Bangladesh Power Development Board (BPDB) will establish the plant to produce 11 megawatts of electricity.

If electricity is purchased at tariff rates, the government will have to pay around Tk 4,068 crore to the plant at a rate of Tk 21.105 per kilowatt hour for a period of 25 years.

The cabinet committee on public purchase yesterday approved a proposal to this end in a meeting with Finance Minister AHM Mustafa Kamal in chair.

The BPDB approved a tender for setting up the plant in Brahmanbaria municipality, Cabinet Division. Additional Secretary Sayeed Mahbub Khan said after the meeting,