NBR forms taskforce to reform income tax law

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has formed a taskforce to reform the income tax law in Bangladesh, with its main objective to make the rules people and business friendly.

The seven-member committee, headed by Tax Commissioner Ikhtiar Uddin Mohammad Mamun, will analyse income tax laws, related rules, and statutory regulatory orders before suggesting reforms.

The team will also examine the impact of enforcing certain provisions and regulations under the income tax law, according to a notice from the NBR at the end of September.

Besides, the panel is assigned to review the tax exemptions given by the NBR to various sectors and recommend reforms.

"We will hold meetings with internal and external stakeholders," said Md Mohidul Islam Chowdhury, a joint commissioner of taxes and a member of the taskforce.

Ibn Sina Pharma declares 63% cash dividend

STAR BUSINESS REPORT

The Ibn Sina Pharmaceutical Industry has announced a 63 percent cash dividend for the financial year that ended on June 30 this year, marking its highest payout in seven years.

The company's net profit surged 10 percent year-on-year to Tk 67.04 crore, up from Tk 60.55 crore the previous year.

Ibn Sina's consolidated earnings per share (EPS) was Tk 21.46 as of June 30 compared to Tk 19.38 the year prior, according to a disclosure on the Dhaka Stock Exchange (DSE).

The company's consolidated net asset value per share stood at Tk 111.94 in financial year 2023-24 while its net operating cash flow per share was Tk 12.48.

Founded in 1983, Ibn Sina is a leading player in the local pharmaceutical sector, producing a wide range of pharmaceuticals, including herbal and Unani medicine.

But despite registering higher earnings and paying out attractive dividends, the drug maker's shares dropped by 4.99 percent to Tk 329.40 at the DSE yesterday.

With heatwaves in March and April disrupting the planting season for jute, production of the fiber has dropped 10 percent year-on-year. Prices have already increased by more than 20 percent and farmers expect the shortfall to cause further hikes. PHOTO: SUZIT KUMAR DAS

Jute prices surge as production plummets

SUZIT KUMAR DAS *and* MD AMINUL ISLAM

Raw jute production in Bangladesh has declined by nearly 10 percent year-on-year, mainly due to punishing heat during the planting period in March and April.

Heatwaves were recorded on at least 23 days in April, with temperatures peaking at around 42 degrees Celsius.

The unprecedented temperatures hindered seed germination and strained supply, which was also impacted by local farmers reducing jute acreage in recent years thanks to declining prices.

Following the drop in the production of raw jute -- once dubbed the "golden fibre" of Bangladesh -- prices have already soared by at least 22 percent.

Jute growers and traders said the finest quality jute is currently selling for around Tk 3,600 per maund (37 kilogrammes), up from Tk 3,200 just ten days ago and Tk 2,700 last year.

Medium-quality jute prices have also increased by Tk 500 per maund to Tk 2,700 since last year.

Farmers in major jute-producing districts like Faridpur and Mymensingh anticipate further price hikes to Tk 4,000 per maund soon due to the emergence of a supply-demand gap.

According to the Department of Jute, raw jute production this year is projected to be around 7,574,000 bales (one bale is around 182 kilogrammes), compared to 8,414,000 bales in fiscal year 2023-24.

Arifujjaman Chan, a jute trader from the Kanaipur market, one of the largest in Faridpur, said prices are rising daily due to high demand.

Many traders are buying in bulk, he said, anticipating that prices would reach Tk 4,000 per maund soon.

Julhas Mia, a jute grower from Hatkrishnapur village, said increased costs for fertiliser, irrigation and labour had pushed cultivation costs to Tk 27,000-30,000 per bigha (1,338 square metres).

"Still, yields are low as jute seeds could not germinate properly due to excessive heat during the planting period. Many plants died due to lack of rain," he said.

Imarat Matabbar, a jute grower from Baliadangi village under Saltha upazila of Faridpur, said: "I cultivated jute on 3 bighas of land this year at a cost of Tk 80,000. I harvested 35 maunds of raw jute and sold five maunds at Tk 3,200 per maund compared to Tk 2,700 last year."

Isarat Matubbar, another jute grower from the Chotto Bahirdia village of the same upazila, said he used to cultivate jute on 5 bighas but reduced it to 2 bighas due to high cultivation costs and low prices.

In Mymensingh, farmers are also happy with raw jute prices. Medium-quality jute is fetching Tk 2,000 to Tk 2,400 per maund while the finest quality costs Tk 3,200 to Tk 3,400 per maund.

Mohammad Johirul Hoque, a farmer from Char Gobindapur village, said medium-quality jute was priced at Tk 1,600 while the finest quality was Tk 2,500 per maund last year.

Md Zahidul Islam, an assistant director at the Department of Jute in Faridpur, said many farmers stopped growing jute in recent years.

"Many of them shifted to maize cultivation instead, leading to low jute production in Faridpur," he added.

Md Rashedul Hasan, deputy director of the Department of Jute, said the government's special measures to reduce the use of polythene bags in favour of jute bags had partly increased the demand for jute.

He also acknowledged that the total production of jute decreased this year due to adverse weather conditions.

"But farmers produced good quality jute this season and are getting good prices. With better prices, farmers will increase jute production in upcoming seasons."

Do you need a godfather?

MAHTAB UDDIN AHMED

It goes without saying that in national politics and even in the corporate world, one needs a godfather to survive and succeed. This godfather is not the kind that you find in movies, as in Marlon Brando. These come in the form of mentor guides and, let's be real, they are the heavyweights who have your back.

I learned this lesson the hard way. For years, I believed my professional success was the result of my hard work and determination. I thought I was making it independently with the team I worked with. But in truth, my success had a lot to do with two important figures in my career -- my godfathers, if you will, who believed in me and helped me grow. But once they left, everything changed. The new boss, from a completely different industry, failed to see my worth, nor did I put the effort into getting into his good books. The result was not good for either party.

In the absence of my so-called mentors/godfathers, I realized how important they had been. I felt orphaned against office politics. My hard-earned achievements mattered little to the new boss, who had a completely different perspective. It was like speaking a different language. Suddenly, everything I had built with the team seemed to fall apart.

This is not only unique to the corporate world. It is rampantly found in national politics. For example, our former government's "godfather" was our neighbouring country. But now, the interim government has a new godfather -- the Western world. The rules of the game may have changed, but we are still playing the same game. One powerful ally was replaced by another. At least we still have a godfather!

To be honest, having a godfather is great -- when it works. In the corporate world, it means you have someone who opens windows of opportunities for you and protects you from potential setbacks. It is like having a guardian angel watching over your career.

But there is a downside too. Relying too much on your godfather can make you complacent. You might start to believe that you don't need to work as hard because someone powerful has your back. But what happens when that person is no longer around? If you have not developed your own skills and reputation, you could find yourself in trouble.

In politics and even in family structures, the same troubling pattern persists: support from a "godfather" always comes with strings attached. When our government relied on the backing of our neighbouring country, we were forced to toe their line on numerous issues. Now, with the shift to a Western "godfather," we are left hoping for more balanced exchanges, but the risk of unrealistic compromises remains. It is clear that, in the end, everything revolves around who holds the power, leaving us caught in a cycle of dependency.

The secret to having a godfather without becoming their puppet is simple: never undermine your own worth. Sure, they are helping you, but you have your skills, and it is important to remind everyone, especially yourself, that you are valuable too. Most importantly, do not take godfathers for granted. One day, they might ride off into the sunset, leaving you alone to stand on your own feet.

Remember, godfathers are not doing any favours; they support you because you are also valuable to them. So, stay sharp and play the game wisely. If they disappear or lose their influence, start searching for the next powerful ally who can open doors for you. In politics and the corporate world, you are only as strong as the people in your corner, so always keep your network growing!

Having a godfather, whether in politics or business, can make or break your success. Appreciating their support while ensuring you can stand on your own is essential. Learn to navigate these relationships carefully and always have a backup plan because, if your godfather flies into oblivion, you do not want to be redundant or, worse still, file for unemployment!

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

Bank of England warns of prolonged economic risk

AFP, *London*

The British economy remains open to financial market shocks amid geopolitical tensions and high levels of public debt in major economies, the Bank of England warned on Wednesday.

The BoE's Financial Policy Committee (FPC) said that "significant financial market and global vulnerabilities remain" since its report in June.

The Bank pointed to a short-lived market rout in August to illustrate the potential for the market to react strongly to unexpected or even seemingly-small pieces of news.

During the summer, a confluence of factors from weaker-than-expected US jobs data to disappointing results from US AI companies, as well as diverging interest rate decisions between the United States and Japan, all came together to cause the market to spike, the bank said.

The BoE warned of the potential for further markets unrest driven by the "current period of elevated geopolitical risk and uncertainty".

The bank's committee did not make specific mention of the effects on the UK economy of recent escalation in tensions in the Middle East, which is pushing up oil prices.

Financial players questioned in the BoE's survey put geopolitical risk at the top of their list of fears about threats to the UK's financial sector.

Adding to geopolitical risks, UK financial stability could be negatively impacted by "high public debt levels in major economies" along with "structural trends such as demographics and climate change", it said.

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Gulf turmoil will leave ratesetters on edge

REUTERS, *London*

Central bankers are probably watching unfolding events in the Middle East through their fingers. Tuesday's strike by Iran on Israel raises the risk of a robust riposte. One of the dangers facing the global economy is that the conflict makes a mess of ratesetters' plans to loosen monetary policy.

Tehran's 180-missile attack makes it more likely that Israel responds with a direct strike on a meaningful piece of Iranian infrastructure. One potential target is the Islamic Republic's Kharg Island facility, which handles around 90 percent of its oil exports. If that then caused Iran to restrict access to the Strait of Hormuz, through which a fifth of daily oil supply passes, crude prices could spike above $100 a barrel, like they did in 2022 after Russia's invasion of Ukraine.

US Federal Reserve and European Central Bank ratesetters have plenty of reasons not to panic. Given Iran's missiles caused minimal casualties as Israeli defence systems aided by allies like the US shot them down, Israel may restrict any response to Iran-backed Hezbollah in Lebanon. Even if it doesn't, oil swing producer Saudi Arabia's potential to pump a lot more crude may offset all but the most serious of Gulf export blockages -- its oil minister even warned fellow members of the Organization of the Petroleum Exporting Countries that prices could slump to just $50 a barrel if they failed to observe agreed cuts.

Still, central bankers aren't very good at managing energy supply shocks -- US and European inflation soared to high-single-digit levels amid the 2022 power crisis. A serious Middle East-derived repeat, along with other inflationary headaches like the US longshoremen strike, could leave Fed chief Jay Powell and his ECB counterpart Christine Lagarde with a dilemma. Continuing to reduce rates would almost certainly fuel bigger price increases. But pausing rate cuts, or even raising borrowing costs again, would sharply increase the risk of recession for an already sluggish global economy.

The US Federal Reserve is seen in Washington, DC. Pausing rate cuts, or even raising borrowing costs again, would sharply increase the risk of recession for an already sluggish global economy. PHOTO: AFP/FILE

Right now, investors aren't factoring much of this in. In Europe, weak economic data means traders expect a second consecutive rate cut to 3.25 percent on Oct.17, according to derivative prices collected by LSEG. They also anticipate a steady stream of reductions after that, leaving the deposit rate at 1.75 percent by October next year. US derivative prices, meanwhile, imply that the benchmark rate will fall to around 3 percent by October 2025 from around 4.9 percent now.

Powell and co are still some way from having to contemplate a major volte-face. But having missed an inflationary spike within the last five years, they are likely to respond even more quickly if events in the Middle East intensify.