Traders reluctant to import rice despite tariff cuts

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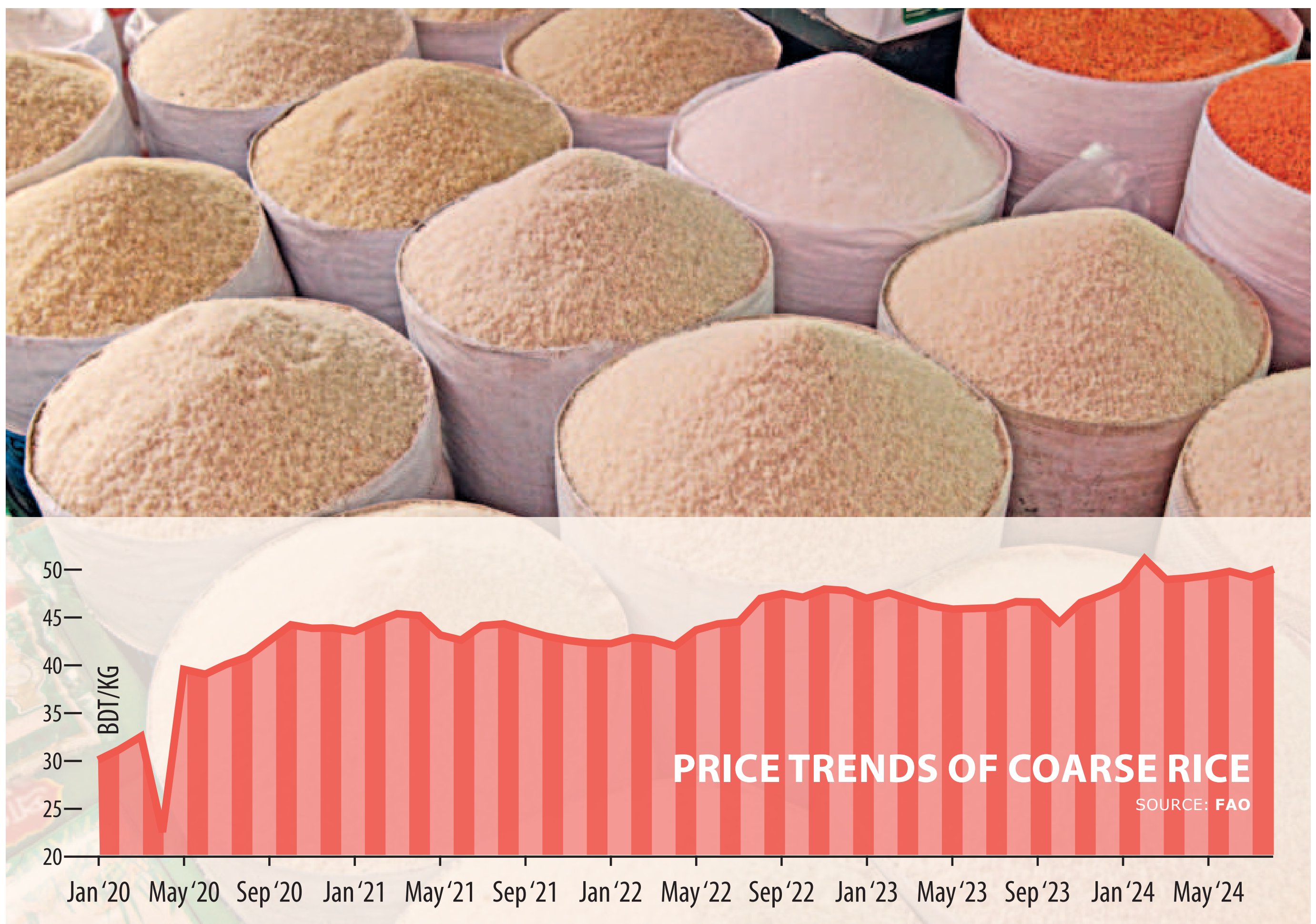

Rice traders in Bangladesh are less interested in importing the grain despite the recent slash in related tariffs as they do not believe there is enough of a profit margin because of high prices on the international market.

They added that doing so would have little effect on reducing domestic prices at this time.

The retail price of rice has been rising ever since severe flooding across the country's Northeastern region in August impacted the cultivation of Aman season paddy.

So, to prevent further hikes in prices due to reduced yields of Bangladesh's second-largest rice crop, the interim government tried to encourage imports and boost local stocks by lowering the import tariff.

In a circular on October 20, the National Board of Revenue (NBR) reduced the import tariff on rice to 25 percent from 62.5 percent.

The NBR said the reduction came in response to the widespread flooding, which raised concerns over a potential supply shortage in coming months.

The revenue authority also informed that the tariff reduction would lower the import cost by Tk 14.40 per kilogramme (kg).

However, millers said that importing rice from India is not financially viable even with the reduced tariff as market prices are similarly high in the neighbouring nation.

Moreover, associated costs like transportation mean that prices of imported rice would reach far higher than local varieties.

On condition of anonymity, a major rice importer said it is very unlikely that anyone would consider buying the grain from abroad considering current market conditions.

For example, even if the import duty was reduced to zero, the price of imported fine rice would reach Tk 80 per kg and coarse rice Tk 76 per kg after factoring in all related costs.

In contrast, locally grown fine rice is currently being sold domestically for around Tk 65 per kg and coarse rice for Tk 55 per kg.

The importer also said rice prices will likely decrease after the Aman and Boro rice harvests hit the shelves, further diminishing the need for imports.

Nazir Hossain Prodhan, another major rice importer, echoed those sentiments.

"At this price point, no one will import rice. As a result, prices in local markets will remain elevated in the near term."

An importer based at the Hili land port in Dinajpur, preferring to remain unnamed, said some people may consider importing rice after about a month.

This is because rice prices in India are expected to drop after it removed stringent conditions on rice exports as the upcoming harvest will likely be sufficient for domestic consumption.

The reduced supply of rice has been a driving factor in the rising prices of the grain in kitchen markets across Dhaka.

Traders said that the cost of rice has increased by Tk 50 to Tk 150 per 50 kgs in some areas over the past week.

For example, the popular BR-28 and BR-29 varieties have seen significant price hikes, with 50-kg sacks now selling for Tk 3,000 to Tk 3,100 compared to Tk 2,850 to Tk 2,950 just a week earlier.

The price of medium-grain rice increased by about 1 percent over the past week and about 2 percent over the past month, according to data of the state-run Trading Corporation of Bangladesh.

On an annual basis, the price of fine rice rose 9.09 percent while that of medium-grain rice shot up 11.43 percent. Prices of coarse rice increased 7.14 percent.

READ MORE ON B2

HR: The new corporate therapist

MAHTAB UDDIN AHMED

Human resources (HR), once the department that handled payroll, kept track of how many sick days (or less), and planned those awkward team-building retreats where you felt you would rather be anywhere else -- is now expected to do a lot more than just decorate artificial plants inside the office. According to the article, "HR's New Role", published in Harvard Business Review, HR has undergone more transformations than the local tea shop that has added bubble tea to its menu. HR is no more about hiring and firing, rather it is more about preventing employees from jumping ship faster than a Dhaka rickshaw-puller in heavy traffic.

The traditional HR recipe was to squeeze and watch the talent leave with indifference. We all remember a time when HR's primary task was cutting costs, as evident in the global giant IT companies, not to mention the MNCs in Bangladesh. The old approach was simple: reduce salaries, slash benefits, and limit training. The idea was to keep expenses low and profits high. And for a long time, this worked.

But that era is long gone. Workers have more options in today's tight skilled labour market. They don't want to stay in jobs where they feel underpaid, overworked, and unappreciated. So now, companies are struggling to keep essential positions filled. Squeezing employees is no longer a brilliant strategy as they exit the door faster than a busload of Dhaka commuters during rush hours.

The new priority of HR today is to keep the ship afloat. HR's biggest challenge these days is not cutting costs but preventing employees from leaving. Staff turnover is expensive and troublesome. In fact, the cost of replacing just one employee can exceed their annual salary! Unfortunately, this reality is yet to dawn on many companies that are still caught up in the traditional attitude of nonchalance.

Meanwhile, burnout is becoming a major issue. With rapid technological advancements and the looming threat of AI, employees are burning out faster than fuel on a highway. Workers are stressed, and HR needs to step in like a superhero, preventing burnout and keeping the workforce satisfied and engaged. More empathy and perhaps a few extra tea breaks can do the tricks!

To say HR has undergone major alterations in recent decades is an understatement. It has evolved from handling basic tasks like leave applications and payroll to becoming the "Corporate Therapist". It now educates leaders on the cost of staff turnover, alerting against layoffs that can slow down the process of recovery due to lengthy rehiring and retaining. HR also manages employee anxiety regarding automation and ensures transparency to prevent panic.

Moreover, training and development, once overlooked in Bangladesh, are now essential as businesses demand new skills. HR must advocate for skill development and foster Diversity, Equity, and Inclusion (DEI). After all, a homogenous team is less likely to innovate or excel in today's diverse market.

Gone are the days when HR's role was limited to being the "attendance police" or planning the awkward team-building exercises. Now, HR is the company's behind-the-scenes strategist, quietly pulling the strings to retain talent, prevent burnout, and give reality checks to leaders on recruitment costs. From lobbying for more training to calming everyone's AI-related fears, HR has become the unsung hero in today's cutthroat job market.

The new HR mantra is to keep employees motivated and, thereby, productive. In Bangladesh, HR is taking its time to step up to these new responsibilities compared to its global counterparts. But better late than never. With this dramatic shift, HR is no longer just a department but the engine driving business success. Top of form.

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

Square Pharma reports Tk 2,092cr profit in FY24

STAR BUSINESS REPORT

Square Pharmaceuticals PLC recorded a profit of Tk 2,092.91 crore for the year ending on June 30, 2024, posting a 10 percent year-on-year increase.

Consolidated earnings per share (EPS) for the year rose to Tk 23.61 from Tk 21.41 in FY23, according to a disclosure on the Dhaka Stock Exchange (DSE) website.

Buoyed by the profit growth, Square Pharma's board has recommended a 110 percent cash dividend, its highest in nine years.

The board also approved Tk 500 crore for balancing, modernisation, rehabilitation, and expansion, including the purchase of capital machinery and land for future extension.

Its consolidated net operating cash flow per share was Tk 20.90 in FY24.

Shares of Square Pharma started yesterday at Tk 224.5 but slumped 3.12 percent to Tk 217.50 on the DSE floor.

The largest pharmaceutical company in Bangladesh has maintained its position as the market leader since 1985, according to its website.

Established in 1958, the company got listed on the stock exchange in 1995 and continued to strengthen its position as a key player in both the local and global markets.

Pakistan seeks $1b from IMF

REUTERS, *Washington*

Pakistan is targeting around $1 billion in a formal request for funding from the IMF facility that helps low and middle income countries mitigate climate risk, its finance minister told Reuters.

"We have formally requested to be considered for this facility," Finance Minister Muhammad Aurangzeb said in an interview on the sidelines of the IMF/World Bank autumn meetings in Washington.

The International Monetary Fund had already agreed a $7 billion bailout for Pakistan, but has further funding available via its Resilience and Sustainability Trust (RST).

The RST, created in 2022, provides long-term concessional cash for climate-related spending, such as adaptation and transitioning to cleaner energy.

"We think we are a very good candidate to be considered for a facility like this," Aurangzeb said, adding that they aim to conclude the request in the coming months.

The South Asian nation is one of the most vulnerable countries to climate change according to the Global Climate Risk Index.

Floods in 2022, which scientists said were aggravated by global warming, affected at least 33 million people and killed more than 1,700. The country's economic struggles and high debt burden impinged its ability to respond to the disaster.

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Pakistan is also in talks with the Asian Infrastructure Investment Bank for a credit enhancement for a planned Panda bond, Aurangzeb said. It is targeting an initial issuance of $200-250 million by the end of June.

A Panda bond would be Pakistan's first foray into China's capital markets. Aurangzeb said they were talking to "a few other institutions" in addition to the AIIB for a credit enhancement.

Credit enhancements provide some level of guarantee for bonds, which can boost their rating, attract more investors and thus cut the government's borrowing costs.

Issuing in the world's "second largest and the second deepest" capital market was, Aurangzeb said, the key aim, rather than a particular issuance size.

"From our perspective it is diversification of the funding base," Aurangzeb. "Even if the inaugural issue is not significant in size, for us it is important that we print that and of course then we can keep it on tap."

Aurangzeb said Pakistan has engaged with Middle Eastern banks regarding commercial loans, and one had submitted "a relatively significant proposal."

Pubali Bank's profit surges 43% in Jan-Sep

STAR BUSINESS REPORT

Pubali Bank PLC's profit rose 43 percent year-on-year to Tk 876.87 crore in the first nine months of 2024.

The bank's consolidated earnings per share (EPS) rose to Tk 7.58 from Tk 5.30 in the same period, according to a disclosure on the Dhaka Stock Exchange (DSE) website.

The positive result led to a rally in prices of the lender's shares, which soared 9.64 percent to Tk 27.30 yesterday on the DSE floor.

The lender attributed this improvement to a substantial increase in interest income, fees and commission, investment income, and robust deposit collection from customers.

Pubali Bank also recorded a strong performance in its consolidated net operating cash flow per share, which jumped to Tk 7.30 during the period.

Additionally, there was growth in the bank's net asset value, buoyed by a rise in retained earnings, paid-up capital, statutory reserve, and revaluation reserve on government securities.

Established in 1959, Pubali Bank has evolved into one of Bangladesh's biggest banks, boasting 504 branches, 203 sub-branches, and 25 Islamic banking windows, as per its website.

China should use fiscal policy to boost growth: IMF

AFP, *Washington*

The Chinese government should use its tax-and-spend policies to help boost flagging economic growth, a senior IMF official told AFP ahead of key meetings this week in Washington.

The IMF has raised concern about the levels of global public debt, which it estimates will reach a record $100 trillion this year, with debt expected to rise in both the United States and China, the world's two largest economies.

"China is in the process of a major transition," Vitor Gaspar, head of the IMF's department that advises governments on fiscal affairs, said in an interview from his IMF headquarters office close to the White House.

"Fiscal capacity can help China reach a different plateau in terms of its economic ambition, in terms of its economic prosperity," he said ahead of the Monday opening of the International Monetary Fund and the World Bank annual meetings.

Gaspar noted China's "very strong fiscal capacity to act."

The IMF estimates that China's economic growth will ease over the coming years, slowing from 5.2 percent in 2023 to 4.8 percent this year, and 4.5 percent in 2025.

Countries like China and the United States, which have rising levels of public debt while also being "safely away from debt distress," should move gradually but decisively to adjust fiscal policy to bring down their debt-to-GDP ratios, Gaspar said.

At the same time, China should also be looking to implement fiscal policies to help drive growth and reverse its expected economic slowdown.

An employee works at a factory that produces charging stations for electric cars in Ruichang, in central China's Jiangxi province. PHOTO: AFP/FILE

"For a continental economy like China, the main driver of growth and development has to be domestic," he said, noting that if this issue was tackled it could help to rebalance the Chinese economy.

China should also be looking to tackle "financial misallocations" stemming primarily from the country's struggling real estate sector, and also to tackle some of the "vulnerabilities and financial weaknesses" at the sub-national level, he said.

Alongside China, the IMF sees the United States as a key driver of global public debt, and expects its gross general government debt-to-GDP ratio to hit 121 percent this year, and to approach 132 percent by the end of the decade, Gaspar said.

This figure does not include the trillion-dollar spending commitments made by both Democratic candidate Kamala Harris and Republican Donald Trump on the campaign trail ahead of the US presidential elections on November 5, Gaspar said.

Like China, "the US benefits from ample room to adjust fiscal policy instruments to bring US debt under control," he said, adding that the tax and spending choices would ultimately have to be made by politicians.