



Workers unload leftover wood of sawmills from a vessel on the Sandhya river at Nesarabad upazila of Pirozpur district to load onto a truck, which would take those to Dhaka and Kushtia for use as firewood. Each person can earn anywhere from Tk 800 to Tk 1,000 working as long as daylight persists. The photo was taken recently. PHOTO: TITU DAS

DSE calls for withdrawing capital gains tax

STAR BUSINESS REPORT

Dhaka Stock Exchange (DSE) yesterday urged the tax authority to withdraw a capital gains tax on general investors to encourage the inflow of funds as the market was suffering from low liquidity.

At present, investors face a minimum 15 percent capital gains tax, which the country's prime bourse said was discouraging large individual investors from investing in the market.

The appeal was made when the DSE's board of directors met with the National Board of Revenue (NBR) Chairman Md Abdur Rahman Khan at the NBR headquarters in Dhaka.

A capital gain is an increase in a capital asset's value and is realised when the asset is sold. A person has to pay the capital gains tax if the capital gains of his/her portfolio exceed Tk 50 lakh. The provision was introduced in the last budget.

The tax rate varies depending on the amount of time the investor retained the shares.

It may rise up to a maximum 40.5 percent, including a surcharge on massive amounts of wealth, if the investor holds the shares for less than five years.

DSE Chairman Mominul Islam urged the tax authority to provide policy support in order to bring back confidence of investors in the market.

The capital gains tax is too high for large investors and this has a negative impact on the investors, which was ultimately causing the stock market index to plunge, he said.

In this situation, he requested to withdraw the capital gains tax as the investors were already paying a turnover tax of 0.05 percent.

On hearing all the proposals, NBR Chairman Khan said he would discuss the issue with Finance Adviser Salehuddin Ahmed, who is now in Washington attending the annual meetings of the International Monetary Fund and the World Bank Group.

Among others, DSE directors Mohammad Quamruzzaman, Shakil Rizvi and Richard D' Rozario were present at the event.

The directors also requested to allow taxpayers to carry forward their losses for at least six years when calculating capital gains tax. They also urged to incorporate all the taxes on the income, including a dividend tax, into a single rate.

Sri Lanka aims to exit default

REUTERS, Washington

Sri Lanka met this week with its bondholders in Washington to discuss a debt exchange as the South Asian country aims to emerge from default as soon as possible, central bank Governor Nandalal Weerasinghe said on Friday.

He said the talks, which happened on the sidelines of the IMF/World Bank meetings in Washington, aim to quickly get Sri Lanka "out of this default category."

Citibank will act as dealer manager to take charge of a consent solicitation, the next step for the island nation to exit default.

Sri Lanka defaulted in 2022 for the first time ever after being hit by an economic crisis, and reached in September a draft deal with creditors to restructure \$12.5 billion of international bonds.

Number of mobile internet users dropped in August

MAHMUDUL HASAN

The number of mobile internet subscribers in Bangladesh dropped by nearly one crore to 12.69 crore in August, marking the second consecutive month of decline.

Shahed Alam, chief corporate and regulatory officer at Robi, said customers have been discontinuing the use of secondary SIMs ever since a restriction on short-term data packages.

He said the lack of smaller packages, like the three-day option, has led many Robi and Banglalink users — who often use these as secondary SIMs — to avoid subscribing to costly, high-volume packages.

In October 2023, the Bangladesh Telecommunication Regulatory Commission (BTRC) revised mobile internet package guidelines, discontinuing three-day and 15-day data packages in an effort to simplify offerings and enhance user experience.

The minimum validity for data packages was extended to 7 days, addressing concerns that shorter durations were insufficient for many users.

However, the removal of three-day packages led to user dissatisfaction as these plans were popular for their affordability and flexibility. On a year-on-year basis, the number of mobile internet subscribers increased by 5.99 percent to 12.69 crore.

Broadband internet subscribers remain unchanged at 1.35 crore. The BTRC provides broadband internet subscriber information on a quarterly basis.

Limiting tourism in Saint Martin's not the right move

Tour operators say

STAR BUSINESS REPORT

Restricting traffic to Saint Martin's Island and stopping overnight stays will severely hamper the local tourism industry and put everyday entrepreneurs at significant risk, according to tour operators.

About 10,000 people live on Bangladesh's only coral island, most of whom are dependent on tourism, they said.

If tourism is limited or stopped, they will all be left without jobs, Md Rafeuzzaman, President of the Tour Operators Association of Bangladesh (TOAB), said at a press conference at the Economic Reporters Forum.

"At the same time, entrepreneurs' financial investment will be at great risk. This decision should be withdrawn immediately," he added.

"We want to protect the environment and biodiversity of

Saint Martin's Island, but not by stopping tourism."

On October 22, the Chief Adviser's Deputy Press Secretary Apurba Jahangir said that the interim government's advisory council had decided to impose restrictions on tourism to the island for four months, starting in November.

He stated that the decision was part of efforts to protect the island and surrounding coral reefs from environmental pollution.

According to the briefing, tourists will be allowed to visit in November but may not stay overnight. In December and January, tourists will be allowed to stay overnight, but the number of visitors will be capped at 2,000 per day.

The island will be closed to tourists in February to facilitate cleaning efforts, Apurba added.

Generally, October to March are the peak months for tourism to

the island, which was designated as an 'ecologically critical area' in the Bangladesh Environment Protection Act, 1995.

Shiblu Aizam Koreshi, a tour operator, said single-use plastics should be strictly prohibited to protect the environment.

However, he said tourism should continue unrestricted, adding that alternative travel routes to the island should be developed.

The use of generators on the island should be stopped and environmentally friendly solar plants should be set up, Koreshi said, adding that construction of permanent structures using bricks, sand, cement, and rods should be controlled.

According to Save Our Sea, a platform for marine conservationists, around 67 percent of the coral colonies surrounding the island had fallen prey to coral bleaching due to pollution and rising temperatures by 2016.

Edible oil prices rise despite VAT cut

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rates of other edible oils. Exporting countries are focusing on making biodiesel using palm oil," said a top official of a leading commodity importer and processor.

The official urged the government to reduce VAT on the import of both palm and soybean oil to 5 percent to contain domestic prices.

The World Bank, in its latest commodities price data, said palm oil prices soared 9 percent to \$937 per tonne in the July-September quarter this year from \$856 a year ago.

A report by Malay Mail said a supply shortfall from Indonesia, the world's largest palm oil producer, was a factor behind the spike in prices in the international market.

In September 2024, Indonesian exports dropped to 1.79 million tonnes from 2.38 million tonnes in August and 2.28 million tonnes a year earlier.

This decline in exports has been linked to the impact of the 2023-2024 El Niño, which affected palm fruit yields, as highlighted by Indonesian Palm Oil Association (GAPKI).

In the first eight months of 2024, Indonesia's production fell to 34.52 million tonnes from 36.29 million



PHOTO: PRABIR DAS

tonnes in the same period in 2023, it added.

In a report on October 9, Reuters quoted a leading industry analyst as saying that implementation of higher biodiesel mandates in Indonesia is likely to tighten supplies of the vegetable oil.

Indonesia currently has a mandatory

35 percent blend of palm oil-based fuel in biodiesel and is seeking to ramp up to biodiesel containing 40 percent palm oil to cut its energy imports.

The plan, if implemented, could see a rise in biodiesel consumption to 16 million kilolitres next year.

The move would involve the additional use of 1.5 to 1.7 million

tonnes of palm oil, leading to lower export volumes, Oil World Senior Analyst David Mielke told a palm oil conference in Kuala Lumpur, according to Reuters.

Abul Hashem, general secretary of Bangladesh Edible Oil Wholesalers Association, said there was no effect of the VAT reduction on the prices of edible oil in the domestic market.

Prices of both palm and soybean oil rose by Tk 200 to Tk 250 per maund [37 kilogrammes] over the last one week, he added.

"Supply is short of demand," he said.

The US Department of Agriculture forecasted that Bangladesh's consumption of vegetable oil would be 32 lakh tonnes in marketing year 2024-25, which began this month, up from 31 lakh tonnes in the previous year.

Palm oil accounts for almost half of the nation's total domestic consumption while soybean oil is roughly one-third. The types of vegetable oil include coconut, olive, palm, palm kernel, rapeseed, soybean and sunflower seed oil.

Bangladesh meets more than 80 percent of its vegetable oil requirement through imports.

Stocks plunge to 47-month low on sell-off

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Investors currently do not have any confidence in the market, said Saiful Islam, president of the DSE Brokers Association of Bangladesh.

As the second reason, he identified trigger sales or margin calls.

"The margin calls are not stopping. What we can do is restore investor confidence in the market," he said. "To regain it, we need leadership."

"Lenders can't go for the margin call. What we can do is restore the confidence of investors in the market, where leadership can play a vital role," he added.

A margin call is a demand made by a broker for an investor to deposit additional funds into their margin account. If the investor fails to do so, brokerage firms or the merchant bank then go for the forced sale.

The DSEX, the broad index of the country's primary bourse, plunged by 149.20 points, or 2.92 percent, to close at 4,965, the lowest in about four years.

The last time the DSEX had reached such a level was on December 2, 2020, when it stood at 4,934 points.

The other two indices of the DSE also showed negative performance. The DSES index for Shariah-compliant companies slumped by 36.28 points, or 3.17 percent, to 1,107 points and the DS30 index representing blue-chip firms dropped by 48.18 points, or 2.56 percent, to 1,830 points.

The day's turnover stood at Tk 304 crore, a decrease of 0.72 percent compared to the previous day's trading session. The banking sector dominated the turnover chart, accounting for 20.56 percent of the total.

Preferring anonymity, a top official of a stock brokerage said, "The market is falling as investors find that anybody who cares about the market is not in the government."

"So, buyers are rare in the market. On top of that, the fall is triggering forced sales for those who invested in stocks by taking margin loans."

The official said people who are now losing funds will not return to the market. Consequently, it would be more devastating for the market, he added.

For the recent fall, he blamed large investors for selling shares.

Islami Bank Bangladesh alone was liable for 17.76 points of the market decline. Renata, BAT Bangladesh and Square Pharmaceuticals compounded the woes with combined losses of more than 24 points.

Grameenphone, United Commercial Bank, Olympic Industries, Beximco Pharmaceuticals, IFIC Bank and National Bank also suffered losses.

At Chittagong Stock Exchange, the Caspi, the main index of the port city bourse, edged down by 295.99 points, or 2.07 percent, to settle at 14,006 points.

IMF team due in Dec to review

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Another major condition set by the IMF was to increase the country's net international reserves (NIR), which was fulfilled after the IMF lowered the required threshold in May upon request by the then government.

The initial NIR collection target was \$20.11 billion by June 30. However, the IMF lowered it to \$14.79 billion later in May. As of June 30, Bangladesh had an NIR of \$16.7 billion.

Previously, Bangladesh failed to fulfil the NIR target for each instalment of the loan, which was also revised by the IMF.

Bangladesh losing out to Pakistan in home textile

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of political instability in Bangladesh and international sanctions on China, which have led global importers to seek alternatives," the SAMAA TV report also said.

On the other hand, Bangladesh's exports of home textiles, which include bedsheets, tents and rugs, declined 2.05 percent to \$851.01 million in the fiscal year 2023-24, according to data from the state-owned Export Promotion Bureau (EPB).

The country's home textile exports had crossed the \$1-billion mark in FY21, registering a whopping 49.17 percent year-over-year growth. That momentum continued into the

following year, with exports rising by another 40-odd percent to \$1.62 billion.

However, the gas crisis upended that trend the following year, with home textiles fetching \$1.09 billion, down by almost a third.

"As per our previous plan, we were supposed to export \$30 million worth of home textiles each month. But we are now exporting \$25 million a month," said Md Shahidullah Chowdhury, executive director of Noman Group, which accounts for more than 70 percent of Bangladesh's home textile exports.

"This is even less than the previous monthly amount, which was

supposed to increase," he said.

Of the exported amount, \$15 million comes from home textiles and \$10 million comes from the shipment of terry towels, Chowdhury said.

"We are trying to recover the lost business but some factors like low gas pressure and labour unrest are posing major barriers at present," Chowdhury said.

Monsoor Ahmed, former chief executive officer of Bangladesh Textile Mills Association, echoed Chowdhury's views.

Ahmed said five to seven major home textile makers are currently exporting while a few big companies faced closures a few years ago for

various reasons.

Textile mills cannot run at full capacity due to low gas pressure and they cannot produce the goods adequately to be more competitive, he said.

Furthermore, Pakistan has enjoyed zero-rated or preferential tariffs on nearly 66 percent of tariff lines, enhancing the country's ability to export to the EU market under the GSP+ since 2014.

From 2014 to 2022, Pakistan's exports to the EU increased by 108 percent whereas imports from the EU increased by 65 percent. The total trade volume increased from 8.3 billion euros in 2013 to 14.85 billion euros.