A combine harvester spews out grains after cutting and threshing paddy at Lakutia area in Barishal sadar upazila. Bangladesh Agricultural Development Corporation says it rented the machine at a rate of Tk 5,500 per acre and the task was completed in around two hours. Doing it manually would have required hiring 18 farmhands for Tk 500 per person and a whole day, that too just to cut the paddy stalks. The photo was taken recently. PHOTO: TITU DAS

Separating policy, revenue in NBR top reform priority

Advisory committee tells interim govt

MD ASADUZ ZAMAN

The National Board of Revenue (NBR) should not both formulate policies and collect revenue, rather a separate, independent and specialised policy wing should be formed, recommended an advisory committee recently.

This should be the first priority when bringing about reforms, said the committee in a proposal to the interim government last week.

The five-member advisory committee was formed by the finance ministry on October 9 to bring about reforms in the NBR, such as speeding up revenue collection and improving services for taxpayers.

The advisory committee members include two former chairmen of the NBR, Muhammad Abdul Mazid and Nasiruddin Ahmed, former income tax members Md Delwar Hossain and Aminur Rahman, and former customs member Farid Uddin.

The separation proposal had also come from the International Monetary Fund (IMF) as a part of its $4.7 billion loan programmes. Businesses have been advocating for the separation for years, citing that otherwise it created an "autocratic" mindset in the NBR.

Since the NBR works with a revenue collection target, it inevitably ends up formulating policies more inclined towards achieving the target and this ends up ignoring detrimental effects that those policies have on taxpayers, explained the businesses.

A white paper committee led by economist Debapriya Bhattacharya, which was formed recently on unearthing the state of the economy, had also spoken on the issue.

"By creating a dedicated policy unit within the Ministry of Finance, the NBR can focus on efficient collection and enforcement, leaving strategic tax policy formulation to a specialised team," it stated.

Earlier, the NBR officials of both customs and tax departments also requested the creation of an "Independent Policy Commission".

However, they emphasised that its officials should be chosen from among them, as the job necessitates having prior experience working in their departments.

"We have recommended it following discussions with businesspeople, development partners and NBR officials to make a better tax system," said one of the advisory committee members yesterday, seeking anonymity.

"Although everybody has welcomed the proposal, the state should be very careful when implementing the proposal. Otherwise, it would not be fruitful," he said.

In 2008, the then caretaker government had undertaken the same reform initiative. Later, the elected government did not adopt the suggestion, he said.

"It will depend on the desire of the government," he added.

"We won't explain anything now," said Muhammad Abdul Mazid, a member of the advisory committee.

"We are working (on formulating a number of reform proposals). It will continue as the interim government didn't give any timeframe (with a deadline). We have just submitted our proposal on a single item or issue," he said. "Our next priority will be automation," he said.

Declining to comment on policy issues, Md Farid Uddin, another member of the advisory committee, said they were now giving a lot of focus on automation.

"Policy separation is one of several reform priorities of the NBR. Even larger issues, such as digitalisation and integration, remain to be addressed," he said.

"Our prime goal is to simplify the tax policy and ensure integration among all stakeholders," he said.

"Although this initiative is a massive task, it will bring immense changes to the tax systems, which will help to reduce tax evasion," he added.

Welcoming the separation suggestion, Shaikh Shamim Bulbul, general secretary of BCS Taxation Association, said, "As a specialised division, we, both taxes and customs officials, have urged to form an independent and separate 'Policy Commission'."

This is to ensure an effective tax system, he said, adding, "We hope the advisory committee has accepted our proposal...We want to see its execution soon," he added.

NBR exempts taxes on capital imports for green shipyards

STAFF CORRESPONDENT, *Ctg*

The National Board of Revenue (NBR) has exempted advance tax and value-added tax (VAT) on capital machinery imported by green shipbreaking yards, to bring in more investment for such yards.

Businesses used to pay 26 percent duty on capital equipment import for the shipbreaking industry.

Through an order on December 22, the NBR exempted green shipyard owners from 15 percent VAT and 5 percent advance tax.

However, the tax administrator kept the remaining 5 percent customs duty and 1 percent advance income tax unchanged.

Of the 50 shipyards Bangladesh has, only six have green certificates and 13 are in the process of becoming green, according to the data of the Bangladesh Ship Breakers and Recycling Association (BSBRA).

None other than green shipyards will be able to import old ships by next June as per the Hong Kong International Convention, BSBRA Vice President and PHP Family Director Zahirul Islam Rinku told The Daily Star.

The Hong Kong International Convention Bangladesh signed in 2023 for the safe and environmentally sound recycling of ships has made it mandatory for local shipyards to be green to be eligible to import scrap ships.

"As a result, most of our active shipyards need a huge amount of equipment to upgrade their yards to green shipyards. Investors in this sector will be encouraged to upgrade their yards due to this government decision."

The NBR order stated that the capital equipment imported under this facility must be used only in green shipyards and cannot be transferred or sold within 5 years.

According to shipyard owners, the shipbreaking industry started to take shape in 1960 and an average of 150 to 200 old vessels are dismantled and recycled in these yards annually.

STOCKS (AS OF TUESDAY)

DSEX ▼	CASPI ▲
0.03%	0.24%
5,169.32	14,489.24

COMMODITIES

Gold ▲	Oil ▲
$2,616.45	$70.65
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.06%	▲ 0.24%	▲ 0.46%	▼ 0.01%
78,485.91	39,130.43	3,769.55	3,393.35

Growth obsession deepened rich-poor divide

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WEALTH INEQUALITY A DEEPER PROBLEM

Compared to income inequality, wealth inequality is way worse in Bangladesh, which means a minuscule portion of the population owns a disproportionate amount of wealth compared to the majority.

The "White Paper on the State of the Bangladesh Economy", prepared by a panel of economists and experts and was submitted to the chief adviser of the interim government in December, says wealth inequality increased from 0.82 to 0.84 between 2016 and 2022.

Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development, said a lack of timely intervention has led to the historically high levels of income and wealth inequality.

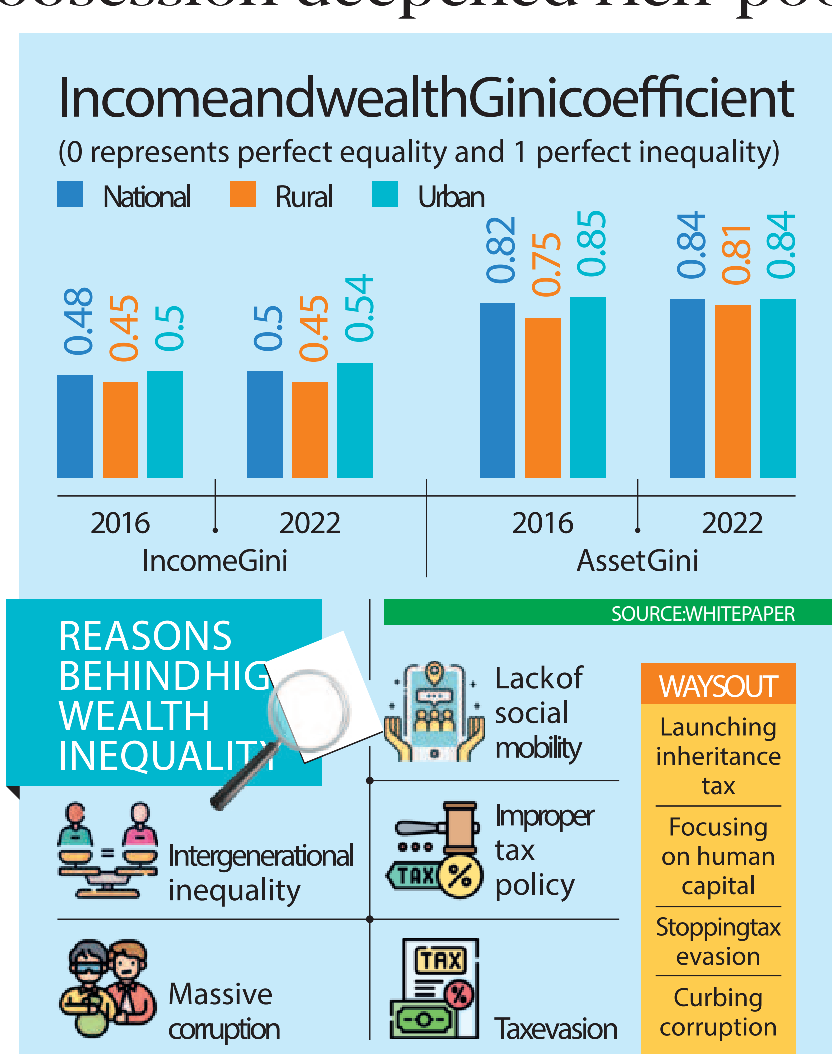
He said that as economies grow, income opportunities increase, especially in urban areas. However, if governments fail to address these disparities, inequality can worsen.

"Corruption has also contributed to high inequality, as power, income and wealth are interconnected in Bangladesh," Mujeri added.

IS HIGHER TAXATION THE ANSWER?

To reduce income inequality, Mujeri, a former director general of the BIDS, suggested a progressive income tax system, where higher incomes are taxed at higher rates.

However, he acknowledged obstacles like the difficulty of accurately assessing the real income of high earners and the influence of wealthy individuals on policymaking.



Therefore, alongside tax policies, the government should prioritise creating opportunities for the less fortunate. This includes improving education for low-income families, enhancing healthcare access for marginalised groups and expanding social safety net programmes with minimal misuse of funds, he said.

Such measures are urgent to create a socioeconomic structure that is more inclusive and equitable, he added.

US consumer confidence takes unexpected hit

AFP, *Washington*

US consumer confidence fell unexpectedly in December, according to survey data published Monday, as concerns were raised about the impact of tariffs on the economy before Donald Trump takes office.

The president-elect pledged on the campaign trail to implement sweeping tariffs on goods entering the United States, which many economists predict would have an impact on the cost of everyday items.

Responding to the criticism, Trump has continued to insist that, "properly used," tariffs would be positive for the US economy.

Geyser sales pick up

FROM PAGE B1

Gomes, product manager for home appliances of Walton.

However, the depreciation of the Taka against the US dollar has turned imported raw materials costlier, leading to a slight increase in production costs, he added.

"We have 30-litre to 67-litre geysers at prices ranging from Tk 8,390 to Tk 18,400," he said.

"We also introduced IoT [WiFi controlled] devices. Now, customers can use their geyser through a Walton app," he added.

Over the past two weeks, Transcom Digital has sold 700 geysers.

The demand increased in tune with the gradual drop in temperature, said Ritesh Ranjan, head of business at Transcom Digital.

Even demand for room heaters has also increased although a cold wave is yet to hit, he added.

According to him, such products are a creature comfort while remaining within the purchasing capacity of middle-income groups.

The company sells geysers of 15-litre to 50-litre capacities at prices of Tk 12,300 to Tk 15,800, he said.

"We also started selling Haier brand geysers for the first time in this season," Ranjan added.

With the arrival of winter, Pran-RFL Group witnessed double-digit sales growth this month compared to the same period last year.

"We set a target to sell at least 2.20 lakh units this season while the production capacity is around 3 lakh units," said Pran-RFL's Director for Marketing Kamruzzaman Kamal.

Accordingly, demand usually peaks in the winter season, and this year is no exception as sales are anticipated to rise in coming days, he continued.

"Over time, people have incorporated the product into their daily lives. Geysers provide hot water straight from the water supply outlet, which is very useful especially for showering," he said.

The device is now more affordable for middle-income people living in urban, semi-urban and even rural parts of the nation thanks to increased local production, he added.

According to Kamal, the price of locally made geysers ranges from Tk 3,000 to Tk 15,000.

The demand for winter-centric products like room heaters and geysers has increased not only in major cities like Sylhet, Chattogram and Dhaka, but also the country's colder northern districts.

These devices have become nearly indispensable in areas like Rangpur, Dinajpur and Panchagarh, particularly for households with young children, senior citizens or people with health conditions.

Markets in Rangpur and Dinajpur offer a range of geysers and heaters of local and international brands.

Room heaters are priced between Tk 1,200 and Tk 10,000 while geysers of 20-litre to 67-liter capacities cost between Tk 5,000 and Tk 20,000.

Delwar Hossain, a resident of Dinajpur sadar upazila, recently purchased a geyser for his family but expressed dissatisfaction with its "steep" price.

S Alam-linked firms account for 56% of loans from First Security

FROM PAGE B1

International, Abdul Awal & Sons, Murad Enterprise, Supreme Business Center, Momentum Business Center, Orchid International, Precious Trade Center, Royal Enterprise, Safran Trade International, Shah Amanat Traders, K Enterprise, Sagar Corporation and Minhaj Corporation received large volumes of loans from the bank.

The Chattogram-based S Alam Group and its affiliates obtained these loans through these trading companies and the loans remain unrecovered, the inspection team member added.

Most of the loans disbursed to these trading companies have now defaulted, contributing to the bank's overall default loan portfolio.

As of this September, First Security Islami Bank's defaulted loans stood at Tk 12,948 crore, up from Tk 2,015 crore a year earlier, according to central bank data.

In November, the bank's management identified 194 officials, including managers of the 24 Chattogram branches, with alleged involvement in loan irregularities linked to the S Alam Group. Subsequently, they were attached to the head office of the bank in the capital.

The commercial lender is likely to dismiss these individuals soon, said a number of officials of the bank.

They said that Syed Waseque Md Ali, managing director of First Security Islami Bank, cannot escape responsibility for these loan irregularities.

The Daily Star attempted to contact Ali, but he did not respond to phone calls.

Mohammad Abdul Mannan, who succeeded Mohammed Saiful Alam as FSIB chairman in September, declined to comment on the matter.

Founded in 1985 by Mohammed Saiful Alam, a relative of late Awami League politician Akhtaruzzanan Chowdhury Babu and his son former land minister Saifuzzaman Chowdhury Javed, S Alam Group has grown into one of the country's largest conglomerates.

Not only FSIB, but the business group also cleaned out Islami Bank Bangladesh, Union Bank, and Global Islami Bank between 2017 and July 2024 under the guise of loans, according to documents.

For comment, The Daily Star tried to reach Mohammed Saiful Alam over phone, but to no avail.

Earlier, Subrata Kumar Bhowmik, executive director of the business group, told this newspaper that he is not in a position to make a comment.