



Md Golam Mostafa sprays pesticides on a field of hybrid chili called "DG Super" for which he adopted mulching, a process where the topsoil is covered with plant material such as straw to enhance the activity of soil organisms such as earthworms. As per one seed company, this chili plant provides fruits within around 65 days of sowing. Mostafa invested Tk 15,000 on 18 decimals of his cropland with hopes of making a profit of Tk 70,000. The photo was taken at Gopalbari village in Rajbari sadar upazila, some 150 kilometre west of capital Dhaka, recently.

PHOTO: SUZIT KUMAR DAS

Gold rebounds

REUTERS

Gold prices rebounded on Friday as uncertainty surrounding the incoming Trump administration's policies lifted safe-haven appeal, even as a stronger-than-expected US employment data reinforced expectations the Federal Reserve might not cut interest rates as aggressively this year.

Spot gold was up 0.6 percent at \$2,686.24 per ounce as of 01:57 p.m. EST (1857 GMT), while US gold futures settled 0.9 percent higher at \$2,715.00.

Gold prices briefly slipped to \$2,663.09 an ounce after data showed the US added 256,000 jobs last month, compared with economists' estimate of a rise of 160,000. The unemployment rate stood at 4.1 percent, compared with a forecast of 4.2 percent.

Bullion prices, however, quickly rebounded and hit their highest levels since Dec. 12, poised for a weekly gain of more than 1.7 percent.

"Gold's price action points to a lack of committed sellers of the metal; a diffidence well-learned from last year's remarkable rise," said Tai Wong, an independent metals trader.

"The momentum from the knee-jerk reaction faded quickly and the short-term traders and programs that sold reversed quickly."

The dollar rallied while US stock futures fell sharply after the jobs data.

Markets show traders now expect the Fed to cut interest rates by just 30 basis points over the course of this year, compared with cuts worth about 45 basis points before the data.

Garment exports to US fell slightly in Jan-Nov

STAR BUSINESS REPORT

Bangladesh's garment exports to the US fell by 0.46 percent in value between January and November of the recently concluded 2024, according to data from the US Office of Textiles and Apparel (OTEXA).

However, import volumes by Bangladesh's single largest apparel buyer increased by 3.95 percent in the first 11 months of last year year-on-year.

This indicates a decline in unit prices compared to 2023, with OTEXA estimating a 4.24 percent fall. It suggests that despite maintaining export volumes, Bangladesh's revenue was impacted.

The drop is attributed to competitive market pressures,

changes in the product mix, or fluctuations in raw material prices.

US apparel imports from Bangladesh have shown robust growth since September 2024, with a remarkable year-on-year increase of 41.6 percent in November.

Import volumes by Bangladesh's single largest apparel buyer increased by 3.95 percent in the first 11 months of last year

However, the sharp rise in November was partly due to the unusually low import levels in the same month of 2023.

Despite the overall growth in apparel imports by the US,

Bangladesh trails behind other top sourcing countries. For example, China posted a 0.4 percent increase, Vietnam 4.54 percent, Indonesia 0.19 percent, and India 4.5 percent during the January-November period last year.

In January-November 2024, the US's global apparel imports rose by 0.74 percent in dollar terms compared to the same period in 2023. A steady recovery over the last three months (September-November) contributed to this positive trend.

In terms of volume, measured in square meter equivalents (SME), US global apparel imports grew by 5.24 percent year-on-year during the first 11 months, reflecting a 4.28 percent decline in global import prices.

11 conditions attached for trade through Benapole port

OUR CORRESPONDENT, Benapole

The Benapole Customs House has recently issued an order detailing 11 conditions that businesses must comply with for exports and imports through the port from January 12 onwards.

The customs office also listed 12 types of imported goods as sensitive and high-risk for customs evasion, making physical inspections mandatory for them.

The customs house implemented these measures as part of efforts to expedite import-export activities, reduce processing time, and foster a taxpayer-friendly environment while curbing tax evasion, according to the order signed by Customs Commissioner Md Kamruzzaman on January 6.

The goods identified in the order include assorted items, all types of clothing, new and used motor parts (two-wheelers, three-wheelers, four-wheelers), bike parts, electronics, electrical products, cosmetics, imitation jewelry, machinery and parts imported under commercial concessions, industrial sector parts, medical equipment, surgical supplies, and mixed consignments.

The customs office also listed 12 types of imported goods as sensitive and high-risk for customs evasion, making physical inspections mandatory for them

The order instructed officials to review the Automated System for Customs Data (ASYCUDA) — a computer system that helps manage information for international trade — and conduct regular inspections of high-risk institutions, harmonised system codes, and product consignments.

Officials were also directed to collect data on clearance processes, monitor revenue collection, uncover irregularities, and take legal action to prevent smuggling.

The customs house has also decided to implement additional measures, including the submission of the import general manifest and the Bill of Entry lock, based on information from the Customs Intelligence and Investigation Directorate and other agencies.

Regarding exports, shipments valued at over \$40,000 or containing more than 20,000 pieces of readymade garments like shirts, pants, t-shirts, and undergarments will undergo mandatory physical inspections to verify consistency with declared goods.

These directives will remain effective until further notice for Benapole Port, which handles 80 percent of imports from India via land ports and facilitates exports to both India and third countries through Indian transit routes.

Small businesses face

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since the Covid-19 pandemic, and consumers, who ultimately bear the VAT burden, are also facing price pressures for a long time.

"Over the past few years, real incomes have stagnated while inflation has remained stubbornly high," he added. "Against the backdrop, the government's decision will impose an even greater strain on everyone, from day labourers to middle-income people."

For many people, bearing this heavy burden will be extremely difficult, he said.

In December 2024, inflation eased slightly to 10.89 percent from 11.38 percent the previous month. The price pressures remained above 10 percent throughout October and November, according to the Bangladesh Bureau of Statistics (BBS).

Bhuiyan said they plan to meet with the finance adviser to lodge their concerns.

Like tax expert Barua, a senior NBR official said that automation of the tax system is the ultimate solution.

However, he said the latest threshold lowering would not impact small businesses.

"We issued an order in 2019 under which we have brought most services, including restaurants, sweetmeats and other stores, under the VAT net regardless of turnover," he said. "Therefore, there is no practical impact of the reduction in the turnover tax enlistment threshold."

However, those firms with a turnover of more than Tk 50 lakh but below Tk 3 crore, which are currently paying 4 percent turnover tax, will have to pay 15 percent VAT after VAT registration, he said.

"We may get additional VAT in this area after revising the VAT registration limit," said the official, adding, "but the amount is going to be small."

He added that Tk 17 lakh in turnover tax would accrue to the government's coffers when these firms were under the turnover tax net.

However, Dewan Aminul Islam Shaheen, recent former president of the Dhaka New Market Business Owners' Association, said such a government decision will create extra

pressure on shop owners and traders.

"Real incomes of buyers have not increased in the last two to three years," he said. "In the overall situation, profit margins have also decreased."

"We will have to face more difficult situations in the coming days," said Shaheen, also the owner of Siraj Jewellers at New Market.

"It would have been better if the government had taken a decision to increase the VAT net by keeping the VAT threshold at the previous level," he added.

"In the past, we have never seen the government make such a decision in the middle of the year," he continued. "So, it's quite irksome on the one hand and extremely frustrating on the other."

Abul Hashem, general secretary of the Bangladesh Edible Oil Wholesalers Association, said that any increase in VAT will inevitably push up commodity prices, further escalating costs for consumers.

"With people's purchasing power already on the decline, this decision will only worsen their suffering," he said.

"If these non-compliant traders are held accountable, it would help distribute the tax burden more evenly and reduce pressure on consumers," he added.

Rizwan Rahman, former president of the Dhaka Chamber of Commerce and Industry (DCCI), said traders already face massive challenges.

He argued that the budget for the current fiscal year should be reviewed and adjusted downward to align with economic realities.

Rahman said that while the government continues to expand facilities for bureaucrats, the situation for ordinary people is deteriorating.

"Reducing public expenditure is essential, and the government must prioritise protecting consumers' interests above all."

Rahman said that the government should engage in negotiations with the IMF to find out more balanced policy solutions.

Speaking on condition of anonymity, another business leader said that businesses were already in a tight spot, and increased VAT and supplementary duty will only complicate the problem.

"Business owners will either evade taxes or increase the prices of goods and services. If prices are raised, it will further reduce consumer demand," the leader said.

"On the other hand, a sudden and sharp increase in VAT rates is disappointing," the leader added. "A gradual increase would have been more acceptable."

"The government has added to the burden on the public by imposing taxes in the middle of a fiscal year, following IMF recommendations," the leader mentioned. "It has failed to consider the current state of the economy," he said.

Local airlines

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Kamrul also suggested that the government provide subsidies to airlines or reduce other surcharges to increase passenger numbers, which would, in turn, boost the aviation sector's contribution to the GDP, currently at 3 percent.

"The government's step will now adversely impact GDP growth, particularly in the aviation tourism industry," he said.

Air Astra CEO Imran Asif expressed strong disapproval of a finance adviser's comment that people who travel by domestic flights can afford an additional Tk 200 and that the hikes were marginal changes.

"First of all, the hike from Tk 500 to Tk 700 represents a 40 percent rise! If he thinks this is marginal, he needs a crash course in vocabulary," he said.

Asif pointed out that Bangladeshi air operators were struggling to cover costs due to competition from foreign airlines.

This is an industry where "the majority of travellers (who are migrant workers) don't even choose their airline (because intermediaries like manpower agents decide for them)," he said.

"... and where foreign airlines have a massive cost advantage, this abrupt tax hike will dig a deeper grave for Bangladeshi airlines operating or planning to operate international routes," he added.

VAT, tax hikes: Short-sighted state policies

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adequately taxed on their income and wealth. This inequality erodes social justice and trust, harming the national economy. If the government took more stringent measures in tax enforcement and collected due taxes from evaders, it could significantly strengthen its revenue. Specifically, the government has a responsibility to investigate and take legal action against those who evade taxes illegally.

If the government reduced its reliance on indirect taxes and increased the collection of taxes from the wealthy through direct taxation, it could help create a more balanced and stable economy. Reducing economic inequality and promoting fairness in revenue management could bring long-term success to the government. However, if the government continues to rely heavily on indirect taxes, it will harm not only the common people but also the

country's economic stability.

On the other hand, the decision to suspend the TCB truck sale programme is deeply concerning. This programme was an essential means of supplying affordable goods to the poor. At a time when inflation has reached critical levels and people's incomes are unstable, the government could have used this programme to provide much-needed assistance to the poor.

Instead, the government's decision to suspend the programme contradicts the reality and needs of the people. By halting the TCB programme, the scope of assistance for the poor has been reduced, creating a stark disconnect between the government's economic policy and the needs of the public. This decision will not only make life more difficult for the poor but also undermine public trust and confidence in the government.

These decisions clearly

demonstrate a lack of proper coordination between the government's monetary policy, revenue policy, and market management. The government should have taken effective measures to increase support for the poor and general population during this period of high inflation while ensuring market stability. Instead, the government has implemented harsher measures, which will only exacerbate the suffering of the people. Revising the revenue policy to avoid placing additional burdens on affected populations and focusing on increasing revenue by taxing the wealthy would have been a more prudent approach. Hopefully, the government will soon exercise sound judgment and make effective and positive decisions that align with the real needs of the people.

The author is the executive director of Sanem.

Consensus reached

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approaching, as well as many other issues that the administrator cannot handle, he added.

The trade body's last election was held on March 9 last year. However, the board was reconstituted on August 5 of the same year following the fall of the Awami League government, and an administrator was appointed to manage the association.

Initially, the BGMEA administrator was instructed to hold an election within 90 days of his appointment. However, the election did not take place within the stipulated timeframe, and the administrator's tenure was extended to complete the process.

Additionally, the BGMEA and the administrator of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) have recently sought amendments to the trade organisation rules.

For example, they proposed electing the BGMEA president directly without involving the two panels, limiting presidents to no more than two consecutive terms, and reducing the number of directors in the trade bodies.

In the BGMEA election, Sammilita Parishad and Forum will compete for 35 director posts, who will later select the association's president for a two-year term.

Under the current election rules for major trade bodies, including the FBCCI, the president is elected indirectly.

The winning panel in the election selects the president from among the elected directors.

Similarly, over the past several years, the number of directors in trade bodies like the FBCCI has been increased several times to help people secure influential positions.

Both the administrators of the FBCCI and BGMEA have recently pointed out the presence of numerous fictitious names in the current voter lists of the trade bodies.

They noted that many businesses have ceased operations, some business owners have left the country, and many others have retired from trade.

For instance, the number of voters in the BGMEA has surpassed 3,375, while the current number of active garment factories under this trade body is around 2,100, according to the administrator.

He urged BGMEA members to submit their documents by January 31 this year to help create an accurate voter list.

Genuine businessmen must submit their tax return certificates, updated trade licences, and a few other documents to qualify as eligible voters for the election, he said.