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BUSINESS



GDP growth target may be revised down to 5.25%

REJAUL KARIM BYRON and MAHMUDUL HASAN

The GDP growth target may be brought down to 5.25 percent in the revised budget for the current fiscal year due to the damage caused by multiple floods and the interim government's contractionary monetary policy to contain high inflation.

The previous government had set the growth target at 6.75 percent in the original budget.

A discussion on the revised budget for the current fiscal year was held among top officials from the finance, commerce, and planning ministries, as well as Bangladesh Bank, at the Chief Adviser's Office on Tuesday, with Chief Adviser Professor Muhammad Yunus in the chair.

Finance ministry officials said they presented the current macroeconomic indicators and the revised budget during the meeting.

"The growth of the agriculture sector will decrease due to repeated floods at the beginning of the current fiscal year," said a finance ministry official.

Additionally, Bangladesh Bank introduced a tight monetary policy and raised the policy rate, reducing overall GDP growth, he added.

This comes as the World Bank, International Monetary Fund (IMF), and Asian Development Bank (ADB) have also lowered their GDP growth projections for Bangladesh for the current fiscal year.

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Wage growth negative for 3 years as inflation outpaces pay rise

MD ASADUZ ZAMAN

Stubbornly high price pressures have kept real wage growth negative for three consecutive years, forcing low-income households to cut back on protein consumption and brace for food insecurity.

Inflation has outpaced wage growth for 36 consecutive months up to January, despite a gradual increase in pay gains since January 2021, according to the Bangladesh Bureau of Statistics (BBS).

The wage growth rate stood at 8.16 percent in November, 1.78 percentage points below

the inflation rate of 9.94 percent that month, as per the BBS Wage Rate Index (WRI).

The widest gap between inflation and wage growth was in July last year, at 3.73 percentage points.

Economists say this widening disparity has forced low-income and unskilled workers to reduce food consumption due to declining real incomes.

A recent report by the Food and Agriculture Organization of the United Nations (FAO) on Bangladesh supports the assertion.

The FAO said that the number of people in Bangladesh facing high levels of acute food

insecurity increased by 70 lakh to 2.36 crore in December last year, compared to 1.65 crore during the April-October period of 2024.

"The widening gap has been pushing low and limited-income groups to the brink for years," said Mohammad Lutfur Rahman, a professor of economics department at Jahangirnagar University.

"Prolonged high inflation will inevitably erode people's purchasing power and change their food consumption habits," he added.

In January, the overall food inflation was 10.72 percent, down from 12.92 percent in December 2023.

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Workers' protest disrupts container transport at Ctg port

DWAIPAYAN BARUA, Chattogram

Container movement at Chattogram port has remained suspended since Tuesday night following a clash between the workers of prime movers and the security staff of Chattogram DC Park earlier that day.

This is because the drivers and helpers of container-carrying prime movers stopped plying their vehicles after the clash, according to Md Ruhul Amin Sikder, secretary general

of the Bangladesh Inland Container Depots Association (BICDA).

As such, not a single export or import container was transported between the port and 21 private inland container depots (ICDs) in the last 21 hours till 5:00 pm on Wednesday.

Yesterday, the stalemate even forced a vessel bound for Singapore to leave with more than 100 TEUs of export containers missing from its expected load.

Also, the departure of a vessel

bound for Colombo, Sri Lanka, has been postponed by at least a day as it is waiting for a considerable number of export containers to reach the port from ICDs.

Hasan Mahmud, joint secretary of the Chattogram District Prime Movers Trailers Workers' Union, said the workers enforced work abstention in protest of an assault on a number of fellow workers by the security staff of DC Park on Tuesday evening.

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NBR seeks feedback on direct tax law

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has sought recommendations from business and professional bodies regarding income tax-related laws as part of its exercise to frame proposals for the next fiscal year (FY) 2025-26.

In a letter to trade bodies, professional organisations, and state investment promotion agencies, the tax administration said, "Direct tax plays a vital role in overall revenue collection and contributes to the economy."

The revenue board said that it began the exercise to make the direct tax process "timely and participatory" in fiscal year 2024-25.

To that end, the NBR sought observations from stakeholders on the Income Tax Act 2023, rules on withholding tax, the Travel Tax Act 2003, and the Gift Tax Act 1990 by February 20 of this year.

In a separate notice, the tax policy wing of the revenue board asked its field offices to provide their observations on the tax laws.

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