Wheat output largely steady despite drop in acreage

Production remains over 10 lakh tonnes thanks to improved varieties

TREND OF WHEAT PRODUCTION AND ACREAGE

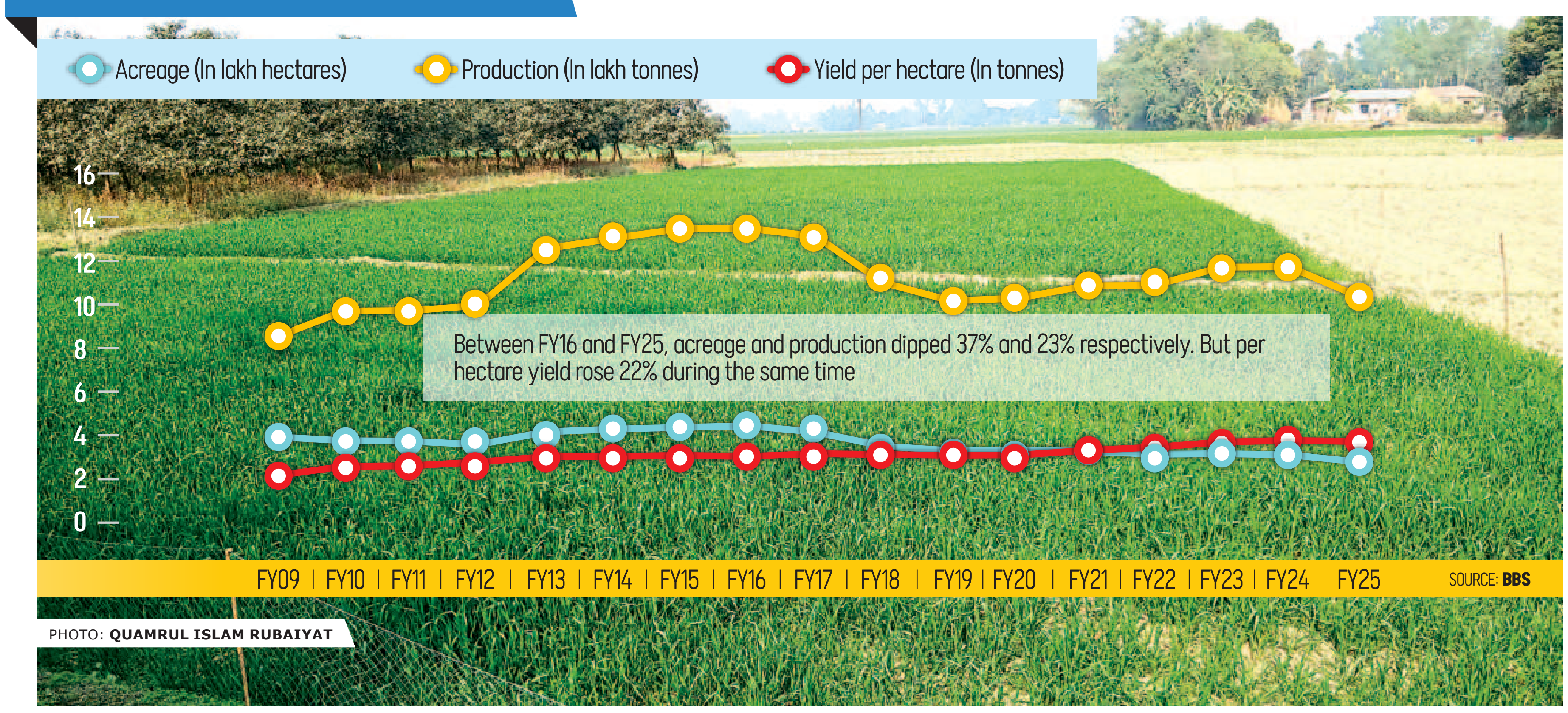

PHOTO: QUAMRUL ISLAM RUBAIYAT

SOHEL PARVEZ

Over the past decade, wheat acreage has fallen, giving way to more profitable crops. Yet farmers kept bagging over 10 lakh tonnes of the cereal annually as rising yields per hectare, driven by the spread of improved, heat- and disease-tolerant varieties, helped cushion total production losses.

Data from the Bangladesh Bureau of Statistics (BBS) shows that the area under wheat declined from 4.44 lakh hectares in fiscal year 2014-15 (FY15) to 2.8 lakh hectares in FY25, a drop of nearly 37 percent.

Over the same period, total output fell by about 23 percent, from 13.48 lakh tonnes to 10.41 lakh tonnes, remaining above 10 lakh tonnes a year despite the sharp reduction in cultivated area.

The divergence between acreage and output reflects a steady improvement in productivity with average wheat yield rising from 3.04 tonnes per hectare in FY15 to 3.72 tonnes per hectare in FY25, an increase of 22 percent over the decade.

Scientists attribute the gains to the growing adoption of improved wheat varieties suited to Bangladesh's short winter and rising temperatures.

Wheat requires an optimum temperature of 20°C to 25°C and can tolerate up to 35°C. Sowing typically begins in early December, with harvesting in March and April, leaving farmers little room to adjust to heat stress late in the season.

In the short winter of Bangladesh, farmers have been shifting to varieties that mature early and can tolerate higher temperatures while giving better yields.

For example, with a yield potential of up to 5.5 tonnes per hectare, early-maturing and heat-tolerant Bari Gom-33 is cultivated extensively by farmers, mainly in the north-west region. The Bangladesh Agricultural Research Institute (Bari) released the blast-resistant variety in 2017, after the outbreak of the fungal disease severely damaged the wheat crop in Bangladesh in 2016.

"The variety covered 35 percent of the wheat area two years ago. Its area has expanded further," said Mohammad Rezaul Kabir, principal scientific officer at the Bangladesh Wheat and Maize Research Institute (BWMRI).

"Bari Gom-33 has gained popularity for two reasons: it is heat-tolerant and blast-resistant. At the same time, it has enabled farmers to bag higher yields," he said.

Aside from this popular variety, Bari Gom-30 and Bari Gom-32 are grown, along with four varieties developed by BWMRI. The research institute is working on developing another heat-tolerant and blast-resistant variety.

"We are targeting increased yields to above 6 tonnes, keeping in mind the short duration of winter in our country," he said.

At present, the yield potential of the improved varieties of wheat is 4.5-5.5 tonnes per hectare.

"We could boost production further if we could reduce the yield gap," he said.

Kabir said wheat has been losing out to other crops -- maize, potato and vegetables -- because it generates lower profits for farmers than maize, potato and vegetables.

"The situation of wheat is worsening day by day. The main problem is ensuring fair prices for the grain during the harvesting season. If we could do this, cultivation would have increased. Farmers are cultivating crops that offer them higher returns."

"Wheat farmers in Chuadanga Sadar Upazila rarely use any variety other than Bari Gom-33, because they want to avoid the risk of wheat blast," said Md Anisur Rahman, Chuadanga Sadar Upazila Agriculture Officer.

Wheat blast disease first emerged in six southwestern districts in 2016. Research conducted by the Cereal Systems Initiative for South Asia in collaboration with Bari estimates average yield losses of 25-30 percent, with severely infected fields suffering total crop failure. The prospect of suffering such severe losses makes wheat farmers steer clear of varieties that may be susceptible to the disease.

The divergence between acreage and output reflects a steady improvement in productivity with average wheat yield rising from 3.04 tonnes per hectare in FY15 to 3.72 tonnes per hectare in FY25, an increase of 22 percent over the decade

Rana Biswas, a wheat farmer in Monirampur village under Chuadanga Sadar Upazila who grows wheat in five-and-a-half bigha of land, echoed the sentiment.

"I have been growing wheat since 1977, and now I only grow Bari Gom-33," he said.

While Rana has stuck to wheat cultivation all his life, fellow farmers in the upazila have moved onto more profitable options like papaya.

During the current sowing season, farmers sowed wheat on 2.84 lakh hectares as of January 11. The figure rose marginally from 2.8 lakh hectares the previous year, the lowest on record, according to a provisional estimate by the Department of Agricultural Extension.

Bangladesh cultivated the cereal on 8.88 lakh hectares in FY99, the highest in 37 years.

In its Grain and Feed Update on Bangladesh, released in December 2025, the US Department of Agriculture (USDA) predicted that wheat acreage could be 2.90 lakh hectares and production 10.5 lakh tonnes.

It blamed the lack of improved varieties, saying this has led to a gradual decline in both wheat acreage and production over time. "Wheat blast disease reduces yields significantly, and farmers are earning higher profits cultivating fruits and vegetables during the Rabi season."

Local production currently meets only about 13 percent of Bangladesh's total wheat demand, according to the USDA. The Food and Agriculture Organisation of the United Nations estimates that imports cover the rest -- roughly 80 percent of national consumption.

Md Abdul Hakim, director of administration and finance and chief scientific officer at the BWMRI, said despite comparatively lower profit, farmers are still growing wheat because yields are increasing.

The scientist said wheat could be expanded in the southern coastal regions if more salinity- and heat-tolerant varieties are developed, pointing out that farmland remains fallow for nearly eight months in the region.

Currently, farmers in Patuakhali, a southern coastal district, are growing BWMRI Gom-4 in some areas as demonstration plots. The variety can withstand salinity of 8-10 deci siemens (dS/m), a unit of electrical conductivity primarily used in agriculture and soil science to measure salinity levels in soil or water.

"We are working on developing more salinity-tolerant inbreds that can tolerate up to 12 dS/m of salinity," he said. "Wheat cultivation can be expanded to 2 lakh hectares in the southern region."

When dividend rules hurt investors

SHUVA SAHA

Open-end mutual funds are gaining popularity in Bangladesh as retail investors look for diversification, liquidity and professional management. However, the current dividend and tax framework creates distortions, complicates fund operations, encourages inefficient investor behaviour, and ultimately undermines fairness, market efficiency and long-term investor confidence, although it was designed with good intentions.

An open-end mutual fund allows investors to buy and redeem units directly from the fund at its net asset value (NAV). Unlike closed-end funds, the number of units is not fixed and adjusts as investors enter or exit, providing built-in liquidity. Investors can convert their holdings into cash at any time by redeeming units at NAV.

Because of this feature, mandatory cash dividends are not economically essential for open-end funds. Redeeming units effectively serves the same purpose as receiving a dividend. When a fund distributes a dividend, its NAV falls by the same amount. No new wealth is created; value is simply converted into cash.

Take a simple example. An investor holds 1,000 units at Tk 10 each, worth Tk 10,000. If a 10 percent dividend is paid, the investor receives Tk 1,000 in cash, and the NAV falls to Tk 9. The total value remains Tk 10,000, only in a different form.

Despite this economic neutrality, Bangladesh's regulatory and tax policies treat dividends and capital gains very differently. Mutual funds must distribute at least 70 percent of annual income as dividends, which are taxed at the investor's personal rate, up to 30 percent. Capital gains receive more favourable treatment. Gains of up to Tk 50 lakh from mutual fund units are tax-exempt, while amounts above that are taxed at a flat 15 percent. Crucially, dividend tax applies even when the investor suffers an economic loss.

Consider an investor who buys 41,667 units at Tk 12 each on December 1, investing Tk 500,000. By December 31, the NAV falls to Tk 11.90, reducing the investment value to Tk 495,833. The fund then declares a Tk 1.50 dividend per unit, lowering the NAV to Tk 10.40. The dividend of Tk 62,500 is taxable. At 30 percent, the investor pays Tk 18,750 in tax, leaving a post-tax value of Tk 477,083. The investor incurs a net loss while still paying tax.

Faced with this mismatch, informed investors often redeem units just before the dividend record date, avoiding taxable dividends and converting returns into lightly taxed or exempt capital gains. While rational at an individual level, this behaviour creates systemic problems.

Pre-record-date redemptions force funds to sell assets, often at unfavourable prices, depressing NAV and harming long-term investors. Fewer outstanding units raise dividend amounts and tax burdens for those who remain, effectively transferring value to more tax-aware investors without improving fund performance. Fund managers are also distracted from long-term strategy as they manage liquidity, dividend timing and redemption risks.

The problem becomes more acute when asset management companies raise funds late in the year. With little time to deploy capital productively before dividend declarations, late investors may suffer capital losses yet still face dividend tax. Even when performance is reasonable, investors often feel cheated when taxed despite seeing no real gain. Trust in funds and in the industry erodes.

Asset managers face an uncomfortable choice: accept new inflows and risk harming investors, or refuse investments and constrain growth.

Two reforms could ease these distortions. First, regulators could introduce a capped tax exemption for mutual fund dividends, similar to the capital gains threshold. This would protect small, long-term investors and reduce tax-driven redemptions. Second, the requirement for mandatory dividend payouts in open-end funds should be reconsidered. Allowing earnings to remain invested and reflected in NAV would better align taxation with real wealth creation.

Bangladesh's current framework, which mandates dividends while taxing them heavily and largely exempting capital gains, creates inefficient incentives and weakens investor confidence. Revisiting these rules is essential to build a fairer, more efficient and more resilient mutual fund industry.

The writer is director and chief strategy officer at Ekush Wealth Management Limited

Trump threatens 100% tariff if Canada seals China deal

AFP, *Washington*

US President Donald Trump on Saturday warned Canada that if it concludes a trade deal with China, he will impose a 100 percent tariff on all goods coming over the border.

Relations between the United States and its northern neighbor have been rocky since Trump returned to the White House a year ago, with spats over trade and Canadian Prime Minister Mark Carney decrying a "rupture" in the US-led global order.

During a visit to Beijing last week, Carney hailed a "new strategic partnership" with China that resulted in a "preliminary but landmark trade agreement" to reduce tariffs -- but Trump warned of serious consequences should that deal be realized.

If Carney "thinks he is going to make Canada a 'Drop Off Port' for China to send goods and products into the United States, he is sorely mistaken," Trump wrote on his Truth Social platform.

"China will eat Canada alive, completely devour it, including the destruction of their businesses, social fabric, and general way of life," he said.

"If Canada makes a deal with China, it will immediately be hit with a 100 percent Tariff against all Canadian goods and products coming into the USA."

Trump insulted Carney by calling him "Governor" -- a swipe referring to the US president's repeated insistence that Canada should be the 51st US state.

Trump this week posted an image on social media of a map with Canada -- as well as Greenland and Venezuela -- covered by the American flag.

Canada's minister responsible for trade with the United States, Dominic LeBlanc, pushed back against Trump's latest threat. "There is no pursuit of a free trade deal with China. What was achieved was resolution on several important tariff issues," he wrote on X.

The two leaders have sharpened their rhetorical knives in recent days, beginning with Carney's speech on Tuesday at the World Economic Forum in Davos, where he earned a standing ovation for his frank assessment of a "rupture" in the US-led global order.

His comment was widely viewed as a reference to Trump's disruptive influence on international affairs, although Carney did not mention the US leader by name.

EU suspends India's GSP benefits: report

STAR BUSINESS REPORT

The European Union has suspended its Generalised Scheme of Preferences (GSP) tariff benefits for a wide range of Indian exports from January 1, a move expected to significantly raise duties on shipments to the 27-nation bloc and weaken India's price competitiveness in key sectors, according to a report by The Hindu.

Citing a regulation adopted by the European Commission on September 25, 2025, the Official Journal of the European Union said the suspension applies to the 2026-2028 period and covers India, Indonesia and Kenya.

The decision comes at a sensitive time, as India and the EU are expected to announce the conclusion of negotiations for a free trade agreement (FTA) on January 27.

According to trade think tank Global Trade Research Initiative (GTRI), about 87 percent of India's exports to the EU will now face higher most-favoured-nation (MFN) tariffs following the withdrawal of GSP concessions. Only around 13 percent of exports, mainly agriculture and leather products, will continue to enjoy preferential access.

Under the GSP, Indian exporters were able to ship goods to the EU at duties below MFN rates. For example, an apparel item attracting a 12 percent tariff paid only 9.6 percent under the scheme. From January 1, exporters must pay the full duty.

PHOTO: AFP/FILE

In this photograph taken on September 23, 2025, employees work at a garment factory in Tiruppur, in India's southern state of Tamil Nadu.

The EU has removed GSP benefits across almost all major industrial sectors, including textiles and garments, plastics and rubber, chemicals, iron and steel, machinery, electrical goods and transport equipment -- together forming the backbone of India's exports to Europe.

While the EU has periodically reduced preferences in the past, this marks a complete withdrawal for three years.

GTRI Founder Ajay Srivastava said Indian exporters will face higher trade barriers in the near term, compounded by rising compliance costs and the rollout of the EU's Carbon Border Adjustment Mechanism. He warned that in price-sensitive sectors such as garments, the loss of GSP could divert EU buyers toward duty-free suppliers like Bangladesh and Vietnam.

India's goods trade with the EU stood at $136.53 billion in 2024-25, with the bloc accounting for about 17 percent of India's exports.