STOCKS
DSEX ▼ 0.76% 4,230.72
CSCX ▼ 0.69% 8,282.65

COMMODITIES
Gold ▲ $1,188.00 (per ounce)
Oil ▲ $65.57 (per barrel)

ASIAN MARKETS
MUMBAI ▲ 1.36% 26,840.50
TOKYO ▼ 0.25% 20,046.36
SINGAPORE ▲ 0.93% 3,325.77
SHANGHAI ▼ 0.15% 5,106.04

CURRENCIES — STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	77.20	103.78	124.24	0.74
SELL TK	78.20	107.76	128.19	0.79

Star BUSINESS

DHAKA THURSDAY JUNE 11, 2015, e-mail:business@thedailystar.net

NBR tightens rules for hospitals that take duty benefit

SOHEL PARVEZ

Private hospitals that import medical machinery and equipment at zero duty will have to set aside 5 percent of their seats to provide free treatment to the poor from next month.

The hospitals will also have to provide other related services for enjoying the duty benefit, after the National Board of Revenue added the clause to the provision, in existence since 2005, in the budget for fiscal 2015-16.

The provision, which was introduced a decade ago with a view to developing the country's healthcare infrastructure, allows referral hospitals duty-free import of 229 medical instruments.

Referral hospitals are ones to which patients are directed from primary and secondary health care levels for complex and specialised treatments.

However, the duty waiver has not helped the poor get treatment for free or at low-cost at the 24 private hospitals that have so far enjoyed the benefit, revenue officials said.

The hospitals include Birdem, National Heart Foundation, Apollo, Square, United, Labaid and Green Life.

"We have now attached a condition so that people from the low-income segment can get better treatment," said Syed Mushfequr Rahman, first secretary of customs policy at the NBR.

Maniruzzaman Bhuiyan, president of Bangladesh Private Clinic Diagnostic Owners Association, welcomed the move, terming it a "good initiative".

Rashid-e-Mahbub, chairman of the National Committee on Health Rights Movement, is doubtful about the efficacy of the move, while calling for a monitoring mechanism to ensure the hospitals comply with the condition.

"Who will monitor it? Will it be a gentleman agreement or properly be reflected?"

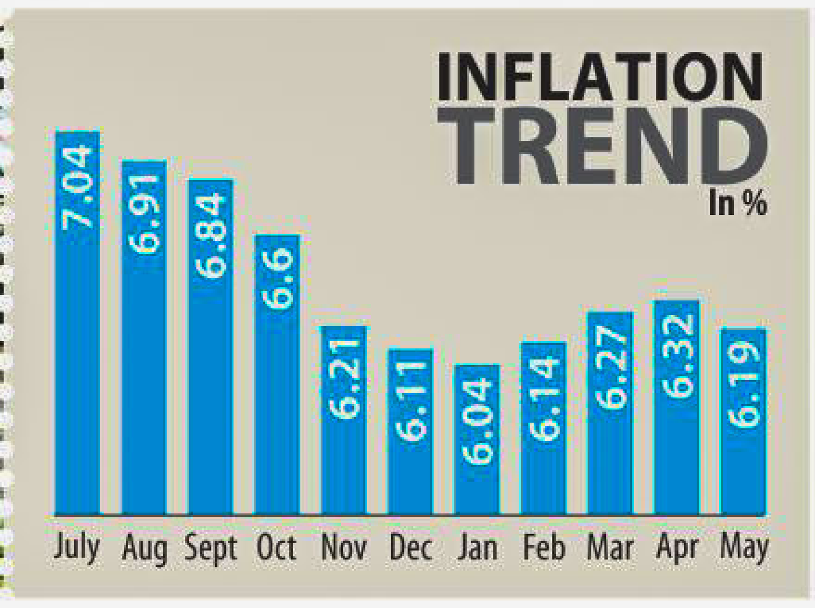
He suggested the responsibility of monitoring be given to either the Directorate General of Health Services or the social welfare ministry. In case of noncompliance, the duty benefits should be revoked and the revenue amount waived be realised.

HOSPITALS UNDER SCANNER

- More than 20 hospitals import machinery and equipment at zero duty
- They will have to set aside 5% of their seats to offer free treatment to the poor
- At present, there are more than 8,000 registered private hospitals, clinics and diagnostic centresin the country
- Analysts call for a strong monitoring mechanism

Inflation eases in May, helped by falling food prices

A decline in oil and rice prices in global markets keeps local prices down



STAR BUSINESS REPORT

Inflation slowed to 6.19 percent in May, which is close to the government's annualised target for the fiscal year, due to a decline in food prices.

The trend in prices reversed after accelerating to 6.32 percent, a six-month high, in April from 6.27 percent in the previous month.

Food inflation stood at 6.23 percent last month, down from April's 6.48 percent.

"Our inflation went down partly because of the fall in prices of rice, edible oil and oil in the international markets," Planning Minister AHM Mustafa Kamal said while disclosing the figures to reporters at the National Economic Council auditorium.

The low inflation in India as well as in the international markets and the stable exchange rate contributed to the fall.

"Our inflation is directly linked to Indian inflation as we import a lot of food items such as rice and lentil from the country," Kamal said.

Non-food inflation however went up a bit: it was 6.14 percent in May from 6.08 percent in April.

"Non-food inflation goes up and down because luxury items are part of non-food items," said Kaniz Fatema, secretary of the Statistics and Information Division.

The government is very close to reaching its inflation target of 6.5 percent in the current fiscal year. Average annualised inflation stood at 6.42 percent by the end of May.

"Our persistent efforts helped contain inflation at a tolerable limit," Finance Minister AMA Muhith said in his budget speech a week ago.

Supported by lower fuel prices in the international market, supportive fiscal and monetary policies, satisfactory agricultural production and improved distribution system, food and non-food inflation will likely remain within the target by the end of the fiscal year, he said.

Muhith said inflation is expected to slide further down in fiscal 2015-16, reflecting the fall in international oil prices, favourable agricultural production, continued improvement in domestic distribution system and impact of restrained monetary policy.

The government has set the inflation target of 6.2 percent for the next fiscal year.

Final compensation to Rana Plaza victims soon

Panel receives $30m from retailers: ILO's Reddy

REFAYET ULLAH MIRDHA

Srinivas B Reddy

The Rana Plaza Coordination Committee will complete all payments to the victims of the nation's worst industrial disaster in two weeks, as the panel has received the required amount -- $30 million -- from retailers.

"We are ready to finish paying the compensation money to the Rana Plaza victims as we have received the required $30 million," Srinivas B Reddy, country director for International Labour Organisation (ILO) in Bangladesh, said in an interview with The Daily Star yesterday.

"We have already disbursed 70 percent of the claims to the victims through bank accounts of Dutch Bangla Bank."

Reddy is the chairman of the committee, which was formed two years ago after the accident to settle the compensation claims, with government representatives, garment exporters, retailers and trade union leaders.

The committee has already disbursed $16.4 million of the fund among 2,889 claimants, except 668 victims who were directly awarded compensation by British retailer Primark, he said.

Primark made 95 percent of the payment to the victims and families of New Wave Bottom, a garment factory that was housed on the second floor of Rana Plaza and made garment items for the British retailer.

Primark is contributing $14 million to the $30 million fund, which includes $11 million in long-term payments, $2 million in short-term aid and a donation of $1 million to help other victims, according to its website.

More than $2.48 million came from the prime minister's welfare fund, said Reddy.

The committee has followed ILO Convention 121, which deals with payment for industrial accidents, in determining the amount of payment to the victims, Reddy added.

It took more than two years to disburse the fund as the committee had to sort out the new addresses and other details of a large number of workers, said Reddy. "The ILO is now relieved as the fund has been managed."

In determining compensation to the workers, the average salary of the victims has been fixed at Tk 5,300, the minimum wage for the garment workers, he added.

"In some cases, the amount of compensation varied as some victims came up with their last pay slips; those who used to get higher salaries received higher amounts."

The ILO has been conducting a feasibility study to launch the National Employment Injury Insurance Programme to bring all factory workers under insurance coverage, he said.

The insurance, which will be mandatory for all factories, will cover health, unfortunate death and other workplace accidents; and factory owners will need to pay less than Tk 60 as premium for each worker every

VAT on e-commerce opposed

STAR BUSINESS REPORT

The e-Commerce Association of Bangladesh (e-CAB) opposed the proposed 4 percent VAT on online trading as they believe the decision makers are unaware of the prospects of the thriving sector.

The association has demanded the same tax benefits for online trading as the ICT industry that will enjoy VAT exemption until 2024.

It was mentioned in the budget documents that the government imposed VAT on e-trading, but it was not clear whether the VAT will apply to the sales of used products in online marketplaces, according to e-CAB.

"We will organise awareness programmes involving the commerce ministry and the National Board of Revenue," said Razib Ahmed, president of e-CAB.

Annual e-commerce sales in Bangladesh are only Tk 200 crore, so it will be a huge burden for the sector that is just trying to spread its wings, he said.

The association has already launched an online protest against the proposed VAT.

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Revenue, investment targets not achievable

New York-based research firm says

STAR BUSINESS REPORT

The government is unlikely to achieve its revenue and investment targets in the upcoming fiscal year as its priority projects are stalled and major tax reforms will not be implemented before 2016-17.

In order to finance new spending, the government expects tax revenues to rise by around 27 percent year-on-year, almost triple the historical rates of revenue growth, said Eurasia Group, a research firm based in New York.

The budget has eliminated and tweaked a number of existing exemptions and raised export taxes on garments from 0.3 percent to 1 percent and taxes on cigarette firms, it said.

But a value-added tax reform, considered to be a crucial means of raising the government's revenue position, will not be implemented until the beginning of fiscal 2016-17, the firm said in an analysis.

Moreover, while the budget included plans to open tax offices in all sub-districts that do not already feature them -- a policy designed to broaden the tax base -- progress is likely to be slow, it said.

"With tax revenue likely to prove slower than expected, the government's fiscal deficit, already projected at 5 percent of GDP, would come under pressure if the government's spending programme is fully realised."

The analysis said the new budget relies on more rapid real GDP growth and a dramatic increase in tax collection to finance a rise in infrastructure spending.

The budget has announced a series of highly ambitious revenue and investment goals designed to make Bangladesh a middle-income country by 2021 and a developed country by 2041.

Overall, year-on-year spending is projected to increase by about 23 percent, with real GDP growth rising to 7 percent from 6.5 percent this fiscal year and annual average inflation remaining relatively stable at 6.2 percent.

"But the risks to the government's rosy forecasts are heavily weighted to the downside. Many independent forecasters see the FY2015-16 real GDP growth at about 6.5 percent," according to the analysis.

The finance minister argues that public sector wage hikes, moderate oil prices, strong remittance inflows and careful monetary policy management will drive higher consumer spending, bolstering growth in combination with rising public and private investment.

"But while the government is stepping up public investment and remittance flows are likely to remain robust, further political violence could dampen private investment," Eurasia Group said.

The removal of tax exemptions currently enjoyed by government workers will dampen the positive impact of wage increases.

The analysis said the government's planned infrastructure spending drive, 30.6 percent of total expenditure for the year, is also likely to fall short of target.

In order to implement the government's goal of providing electricity to at least 80 percent of the population by 2018-19, the power sector saw the most dramatic increases in allocations.

The next budget's annual development programme doubles the allocation for power and energy compared to the revised 2014-15 programme.

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