



Star BUSINESS

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Second from right, Prof Rehman Sobhan, chairman of Centre for Policy Dialogue, speaks at a post-budget discussion at Lakeshore Hotel in Dhaka yesterday. Mustafizur Rahman, executive director of CPD; Amir Khosru Mahmud Chowdhury, former commerce minister; AHM Mustafa Kamal, planning minister; and MA Mannan, state minister for finance, are also seen.

Minister criticises the way budget is prepared

STAR BUSINESS REPORT
A minister yesterday criticised the way the national budget is prepared in Bangladesh. "Prioritisation is missing completely in our budget," State Minister for Finance and Planning MA Mannan told a post-budget discussion organised by the Centre for Policy Dialogue at Lakeshore Hotel in the capital. However, the minister did not elaborate on the issue. Mannan also called upon economists and representatives of the civil society to identify the areas of unnecessary spending, which the government often cannot.

Roadmap for revenue

Planning Minister Mustafa Kamal outlines budget financing as CPD holds discussion

STAR BUSINESS REPORT
Planning Minister AHM Mustafa Kamal yesterday spelt out an outline for financing the proposed budget, removing the confusion on how the government would meet the 30 percent revenue growth target. The disclosure came at a post-budget discussion organised by the Centre for Policy Dialogue at the capital's Lakeshore Hotel. The government proposed a revenue target of Tk 176,370 crore for fiscal 2015-16, an increase of Tk 40,942 crore over current year. Of the additional revenue, Tk 11,166 crore will come from income tax, Tk 4,500

crore from cigarette makers and Tk 1,000 crore from mobile operators, Kamal said. Garment exporters would chip in with Tk 1,600 crore and the services sector Tk 400 crore. The remaining amount -- of around Tk 20,000 crore -- will come from transfer pricing, auditing of tax and alternative dispute resolution or ADR. Some Tk 26,000 crore remains pending with the ADR. "We've to resolve these cases anyhow in the coming year," said the minister. Most of the discussants at the event said the fiscal targets set in the budget are unrealistic.

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Progress in fiscal transparency poor: US report

STAR BUSINESS REPORT

Bangladesh did not make "significant progress" towards meeting the minimum requirements for fiscal transparency this year, the US Department of State said in a report.

"The budget does not include expenditures to support executive offices. It is unclear whether these represent a significant outlay," said the 2015 Fiscal Transparency Report.

The supreme audit institution has not produced and made publicly available verifications of the government's annual financial statements within a reasonable period of time, it added.

The State Department released its report yesterday assessing the fiscal transparency of 140 governments.

Among the countries, 60 including Bangladesh did not meet the minimum requirements of fiscal transparency.

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Biscuit makers to face fiercer competition

SOHEL PARVEZ

Local biscuit makers are set to face increased competition from imported ones after the government has decided to slash the supplementary duty to 45 percent from 60 percent from next fiscal year.

Furthermore, the value-added tax on the locally made biscuits are due to increase by up to 30 percent each kilogram as part of the measures proposed by Finance Minister AMA Muhith to amp up revenue collections in fiscal 2015-16.

The VAT on cracker, digestive and chocolate biscuits have been raised to Tk 120 from Tk 100 each kilogram.

For cream biscuits, it has been hiked 25 percent to Tk 100 and general biscuits 30 percent to Tk 85.

The competition between locally made and foreign biscuits is going to rise following the duty cut, said Madad Ali Virani, executive director of Olympic Industries, a leading biscuit maker.

The country's biscuit industry has grown over the last several years thanks to increased investments as a result of the rising demand for the snack.

Operators said the local firms have been able to win the confidence of a greater section of consumers by improving the quality and providing the snack at reasonable prices.

As a result, the local manufacturers were able to sustain their position in the biscuit market by driving away products imported from India, Malaysia and Indonesia.

Currently, the domestic biscuits makers -- both large firms such as Olympic and Pran, and small bakeries -- cater to 95 percent of the local demand, said Virani.

The organised sector accounts for 2 lakh tonnes of biscuits a year and the unorganised biscuit makers such as bakery account for the same, he said.

The proposed duty cut -- a measure taken by the government to gradually liberalise trade -- is going to give an edge to foreign biscuits.

The market share of imported biscuits may increase, said Virani, adding that local manufacturers who make premium biscuits may be affected.

The duty reduction is unlikely to hamper the cheap product segment, he said.

The prices of locally made biscuits may rise by 5 percent after hike in VAT, said Md Jashim Uddin, vice-chairman of Bengal Group of Industries that operates in the biscuit segment through a concern, Romania Food & Beverage.

The price gap between domestically produced and imported biscuits will reduce, he added.

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