

BUSINESS

DHAKA THURSDAY JULY 6, 2017, ASHAR 22, 1424 BS

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Pharma sector to grow at 15pc a year: study

MD FAZLUR RAHMAN

Bangladesh's pharmaceutical sector can grow at 15 percent for the next five years riding on the expanded domestic market as well as new export frontiers, according to a new research.

"It would be unsurprising if it takes a similar route to Indian pharmaceutical industry," said LR Global, an asset management firm, in its report on Bangladesh's pharmaceutical sector.

In 20 years, the neighbouring country's pharmaceutical sector grew 30 times, according to the report.

Presently, the pharma industry of Bangladesh meets 98 percent of the local demand and exports to more than 125 countries.

Greater affluence among the poorest socio-economic group and a shift in disease profile are expected to drive the growth of healthcare expenditure in Bangladesh, it said.

Bangladesh's disease profile is expected to change in two major ways: the rise of non-communicable diseases and a gradual move from acute to chronic diseases.

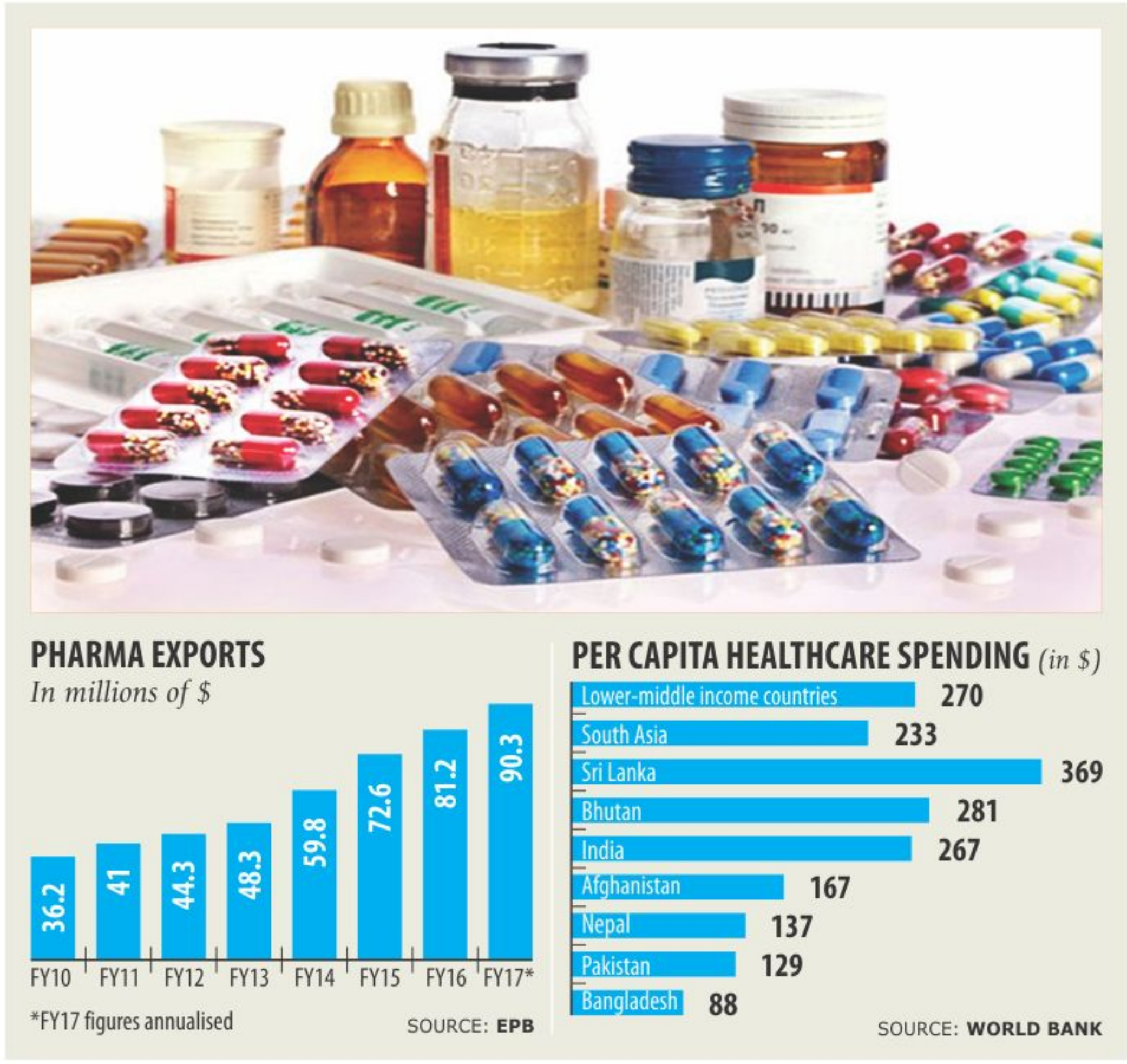
The country's ageing population is increasing: by 2036 about 25 percent of the population will be over 50 years of age.

Besides, drug purchasing power is likely to rise with sustained growth in income as Bangladesh advances into the league of middle income countries, according to the analysis.

The industry also has growth opportunities in the international domain -- enough to emerge as the next thrust sector after garment.

"With backward integration, quality research and skilled human resources, Bangladesh's pharmaceutical industry can emerge as a world leader in producing off-patented generics medicine."

Globally, healthcare providers are increasingly endorsing generic drugs and Bangladesh can capitalise on the trend to penetrate the markets in



the US, Germany, France, the UK and Japan.

Global generics were valued at \$168 billion in 2013, and are expected to reach \$380 billion by 2021.

Emerging markets also hold promise for

Bangladesh's exports: their spending for pharmaceutical products stood at \$249 billion in 2015 and is expected to reach \$345-\$375 billion by 2020.

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Dispute over SIM tax crops up again

NBR demands Tk 883cr from four operators as SIM tax

SOHEL PARVEZ and MUHAMMAD ZAHIDUL ISLAM

The Large Taxpayers Unit of the National Board of Revenue has asked four mobile phone operators to furnish Tk 883 crore to the state coffers as tax on SIM issuance, said officials yesterday.

Between July 2012 and June 2015, with the view to evading the SIM tax, the four operators -- Grameenphone, Robi, Banglalink and Airtel -- issued SIMs to new customers under the guise of issuing replacement SIMs, according to the LTU.

Subsequently, the LTU has demanded Tk 378.95 crore from Grameenphone, Tk 285.20 crore from Robi, Tk 168.91 crore from Banglalink and Tk 50.26 crore from Airtel.

"We have asked them to pay the money within 15 days," said a senior official of the LTU.

The LTU, which collects average 55 percent of the total VAT in a year, issued the letter on June 29, he said.

The four operators acknowledged the receipt of the letter and also expressed their frustration over the matter.

The letter comes at a time when the four operators are deep in their preparation for the roll-out of 4G services.

"Certainly investors will lose confidence on the regulator after this incident and new investments will also fall into uncertainty," said TIM Nurul Kabir, secretary general of the Association of Mobile Telecom Operators of Bangladesh.

The NBR's field office claimed the tax after examining data submitted by the operators. A tripartite committee was

formed in March to check the authenticity of the replaced SIMs.

The committee gave the four operators until July 10 to present their case. But, before the operators could respond the notice from the NBR arrive.

"This is a violation of the gentleman's agreement that we have," said a top official of one of the operators.

The mobile operators said the NBR took a similar step just before the 3G spectrum auction in 2013, demanding Tk 3,061.16 crore from them as SIM tax between July 2007 and December 2011.

Due to the dispute the auction had to be rescheduled quite few times.

"The same thing will happen this time as well," said an official of another mobile operator.

The operators refused to participate in the 3G auction, which prompted the NBR to revise down its claim to Tk 251.21 crore.

"We were ready to pay that amount, but suddenly after the 3G spectrum auction was over the tax authority cheated us," he said, adding that the NBR revised the amount upwards to Tk 2,048 crore.

The operators challenged the LTU's claim at the High Court, which, in turn, asked the operators to follow process as per the tax law.

Based on the directive, the operators went to Customs, Excise and VAT Appellate Tribunal with their grievance.

The VAT Appellate Tribunal last month gave the verdict in favour of the LTU, instructing the operators to pay Tk 2,048 crore as tax.

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Revenue target hard to achieve: Muhith

STAR BUSINESS REPORT

Achieving the revenue collection target of Tk 248,190 crore for this fiscal year will be "very difficult" after the last-minute obstruction to the implementation of the new VAT law, Finance Minister AMA Muhith said yesterday.

An additional Tk 20,000 crore has been added to the collection target banking on the implementation of the VAT and Supplementary Duty Act 2012 that prescribes a 15 percent VAT for most of the goods and services available in the country from fiscal 2017-18.

Following opposition from the business community and the general public, the implementation of the new law was shelved at the eleventh hour by lawmakers in parliament.

However, the VAT collection target was not changed in light of the development. The last-minute change meant that the National Board of Revenue did not get the time to make the requisite adjustments to its collection arrangements.

"How do you meet the target now? It is a critical problem," Muhith said while talking to reporters after a purchase committee meeting at the secretariat.

He will be able to give further details at the end of the month, after he has held meetings with the concerned authorities to discuss how the target can be achieved.

On the VAT online project, the finance minister said the process is ongoing. Meanwhile, the revenue authority is relying on cigarettes and tobacco products and steady growth of economic activities to soften the blow of the postponement of the new VAT law by another two years.

Some new measures could be taken under the existing VAT law, which is forecasted to generate about Tk 17,000 crore of additional revenue this fiscal year, according to taxmen.

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No headway in hiring boiler inspectors

REFAYET ULLAH MIRDHA

The government has apparently been negligent in recruiting people to inspect boilers at several thousand factories despite repeated incidents that killed dozens of poor workers.

Though it sounds surprising, the Office of the Chief Inspector of Boiler has been running for years with only five inspectors and is responsible for inspecting more than 5,500 approved boilers across the country.

The understaffed office could not recruit nearly 100 inspectors even in one and a half years due to delay on the part of the public administration and industries ministries.

The boiler office sent a proposal to the industries ministry in March last year seeking permission to recruit nearly 100 inspectors.

The ministry forwarded the proposal to the public administration ministry for approval to hire 71 inspectors.

The public administration ministry did not act on the proposal promptly. Rather, it sent back the proposal to the chief boiler inspector

BOILER BLASTS AND CASUALTIES

YEAR	NUMBER OF ACCIDENTS	DEATH TOLL	INJURED
2016	7	16	13
2015	5	6	83
2014	9	5	81
2013	5	6	25
2012	7	8	35
Total	33	41	237

The fire at Tampaco Foils Ltd that killed 41 workers last year is not included in the table as the government claims the fire was caused by a gas leak, not by a boiler explosion.

SOURCE: BILS

this week along with some queries.

Chief Boiler Inspector Mohammad Abdul Mannan said he would send a fresh proposal to the public administration ministry very soon to recruit the inspectors.

The total number of staff at the boiler office is eight, including five inspectors that also include Mannan.

Only five inspectors are responsible to inspect more than 5,500 boilers in the country, he said.

"The number of inspectors is inadequate. It is almost impossible to inspect all boilers going door to door. In an ideal situation, we need more than 100 inspectors to check

the existing number of boilers," he said.

The chief inspector added the office needs a lot of experts as local entrepreneurs have started to manufacture boilers since 2007.

Until then, only the imported boilers were approved at industrial units. The boiler office allows production and marketing of locally made boilers.

"So, experts are very much needed to examine the quality of locally made boilers," Mannan said.

A third of the registered boilers are made locally and the rest is imported, mainly from Germany and China, according to Mannan.

He said an inspector examines 15 to 20 boilers in an area a day and issues certificates.

Out of 5,500 registered boilers, more than 3,000 are in the garment and textile sectors.

Boilers made headlines again on Monday when one at Multifabs Ltd exploded killing at least 13 people.

The boiler was inspected in June last year and another inspection was due this week, said Mannan.

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Sales of savings tools surge

STAR BUSINESS REPORT

Higher returns on savings certificates continue to increase the government's interest payment burden, according to the data of the Directorate of the National Savings.

Sales of saving instruments in the first 11 months of the just concluded fiscal year were 238 percent higher than the government's target for the entire year, latest data shows.

A total of Tk 46,669 crore worth of savings certificates were sold in the July-May period against a target of Tk 19,610 crore for the fiscal year ended on June 30.

Yet, the savers continue to rush for buying the tools speculating that the government may slash the interest rates in line with other market rates.

The government raised Tk 33,689 crore from sales of different savings schemes in the previous fiscal year.

Currently, savings instruments that mature in five years offer the highest 11.52 percent interest rate, whereas the average deposit rate in the banking sector now stands at around 5 percent only.

Also, too much demand for savings schemes has forced the government to shy away from borrowing from the banking sector that costs only 2-7 percent, according to bankers.

The government's borrowing from the banking system remains negative 16.2 percent year-on-year till May of 2016-17. The government's target to borrow from banks was nearly Tk 39,000 crore in 2016-17.

Experts said the high interest rates on government savings certificates are deterring the development of a much-needed bond market and turning investors into savers in Bangladesh.

China firms to carry out feasibility study on LNG terminal

STAR BUSINESS REPORT

Two Chinese companies will carry out a study on the feasibility of constructing a land-based LNG terminal in Moheshkhali, charging around Tk 9 crore.

The cabinet committee on purchase yesterday approved a proposal in this regard.

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Credit growth dips in May after five months

STAR BUSINESS REPORT

Private sector credit growth bucked its five month-long upward trend in May, declining 0.2 percentage points to 16 percent.

"There is nothing to worry about," said Syed Mahbubur Rahman, managing director of Dhaka Bank, adding that the demand for credit is on the rise thanks to

the government's various infrastructure projects.

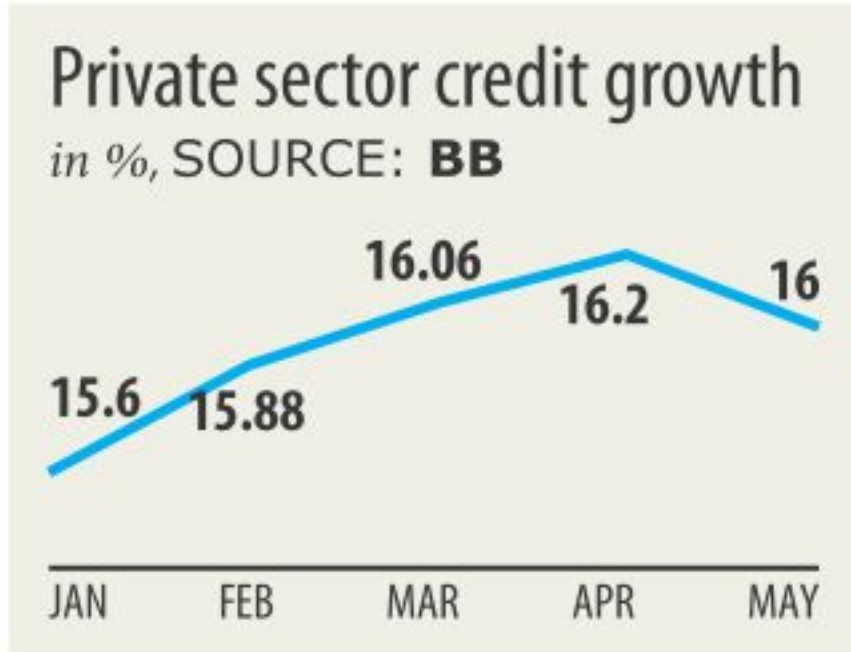
Moreover, the banking sector's liquidity might shrink by the end of this year due to the government's request last month to channel about Tk 20,000 crore to private sector power plant projects to fast-track their implementation, he said.

Banks also agreed to divert the funds as they are sitting on excess liquidity.

The banking sector's liquidity declined 11.15 percent from December last year to Tk 111,910 crore in March due to growing credit growth, according to data from the central bank.

The state banks are sitting on the highest amount of excess liquidity as their credit growth is significantly low due to lack of efficiency and default loans, said a senior executive of a state-owned bank.

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