




Star BUSINESS



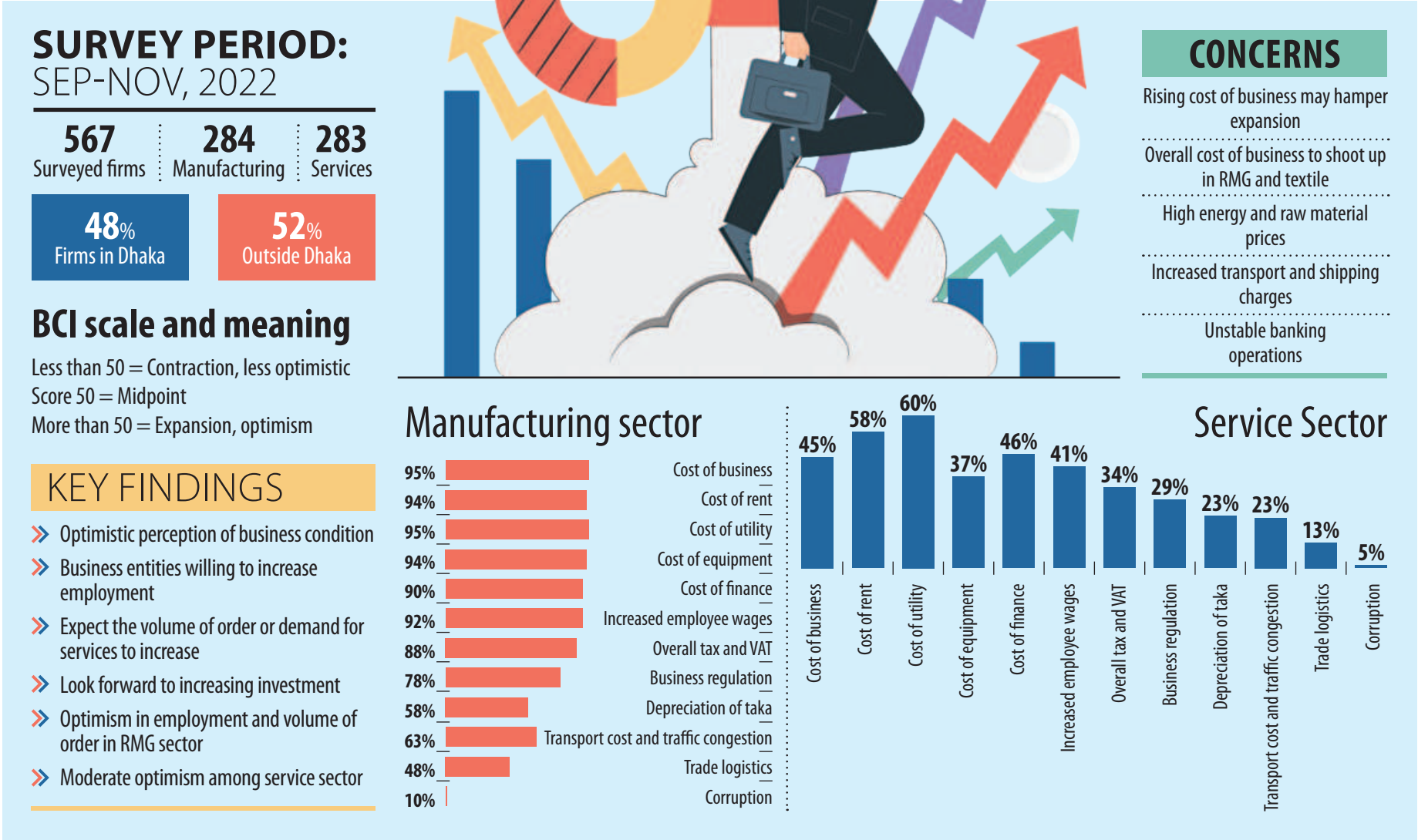
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Firms optimistic about overall prospect but fret over rising cost

According to the Business Confidence Index

STAR BUSINESS REPORT

Firms in Bangladesh are optimistic about their overall business prospect but they also worry that their cost of production will increase in the coming months which may hinder their growth, according to the Business Confidence Index (BCI) unveiled yesterday.

Firms in Bangladesh are optimistic about their overall business prospect but they also worry that their cost of production will increase in the coming months which may hinder their growth, according to the Business Confidence Index (BCI) unveiled yesterday.

This highlighted the need for immediate action to address the cost burden emanating from a spike in the prices of electricity, water, gas, and raw materials, according to the survey.

Measured on a scale of 0 to 100, the overall index stands at 74.4, indicating a positive outlook for business conditions over the next six months.

On the scale, 50 is the

midpoint while less than 50 reflects contraction or less optimism and more than 50 points to expansion or optimism.

The Business Cost Index, a sub-category of the BCI, is expected to fall to 22.4 over the months to June 2023, down from 35.8 earlier, said the Business Initiative Leading Development (BUILD) at the InterContinental Dhaka.

And concerns are very high about the spike in the cost of business among manufacturers. The cost index stands at 12.7.

Textile and RMG makers are highly pessimistic about the cost of business with the scale reading 4.3.

"This is giving a worrying signal to businesses. The business entities' willingness to expand may be hampered if the cost burden is not tackled on time," said Ferdaus Ara Begum, chief executive officer of the BUILD, while presenting the major findings of the survey.

The BUILD is a private sector dialogue platform set up in 2011 by the Dhaka

Chamber of Commerce and Industry in partnership with the Metropolitan Chamber of Commerce and Industry and the Chittagong Chamber of Commerce and Industry.

It carried out the survey among 567 micro, small, medium and large businesses between September and November, supported by the USAID-funded Feed the Future Bangladesh Trade Activity.

Of the firms surveyed, 284 are from the manufacturing sector and the rest are from the service sector.

The information related to the fifth edition of the survey

was collected on seven issues to prepare the index: employment, the volume of order or demand, business activity, operating capacity, selling price and investment, overall business cost, and investment.

Among the seven components, only the overall business cost index was in negative territory, giving a pessimistic perception, Ferdaus Ara said.

The cost confidence is low among the business entities, especially in the manufacturing sector, she said, adding that around 72 per cent of the respondents cited there might be an increase in the business

cost over the six months from the survey period of September-November.

"Immediate actions should be taken to tackle the cost burden of businesses."

She said 95 per cent of businesses termed the utility costs and the cost of materials as the main cost of doing business in the manufacturing sector.

Businesses are, however, confident that the volume of orders in the manufacturing sector, the demand for services in the service sector, sales prices, and business activity will accelerate in the next six months.

So, businesses are willing to create jobs and invest over the same period, said the BUILD.

The survey finds that the level of optimism is moderate in the service sector over the next six months. But the sector is currently operating below their capacity.

It finds that the manufacturing sector has, somehow, reached a stable position through several developments.



Pharmaceutical shipments making a turnaround

JAGARAN CHAKMA

Pharmaceutical shipments from Bangladesh are slowly making a turnaround with a gradual improvement in the global US dollar crisis, according to drug exporters.

In the July-February period of fiscal year 2022-23, exports in each month had been lower than what they were during the corresponding months of the previous year.

But over the span of the eight-month period, the difference has been coming down, giving rise to hope that the industry would start achieving year-on-year growth by the end of this calendar year.

In July 2022, exports were down 28.23 per cent year-on-year. But in February this year, exports were down by just 8.82 per cent.

Drugs worth \$119.06 million were exported during the July-February period of the current fiscal year, according to data of the Export Promotion Bureau (EPB).

It was \$130.57 million during the same period of the previous fiscal year.

Pharmaceuticals exporters say they are trying hard amid a number of obstacles.

Bangladesh mainly exports medicine related to malaria, tuberculosis, cancer, leprosy, kidney dialysis, homeopathy, biochemicals, ayurvedic and hydrocele alongside penicillin, streptomycin and anti-hepatic ones.

"The crisis of the pharma industry in Bangladesh will be overcome," said SM Shafiuzzaman, secretary general of the Bangladesh Association of Pharmaceutical Industries (Bapi), which represents about 250 local drug makers.

The industry has gained the strength to tackle any kind of crisis, except for natural disasters, as Bangladesh produces world-class generic drugs capable of competing with those of any other country, he said.

According to him, pharmaceutical manufacturers have adopted very sophisticated technologies and can offer competitive prices, for which exports would increase in spite of facing some obstacles for the time being.

He acknowledged that the industry was still struggling to recover from the crisis.

Bangladesh exports pharmaceutical products

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STOCKS	
DSEX ▲	CASPI ▲
0.58%	0.65%
6,250.20	18,402.95

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▲	
\$1,855.37 (per ounce)	\$79.91 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 1.53%	▲ 1.56%	▼ 0.09%	▲ 0.54%	
59,808.97	27,927.47	3,232.02	3,328.39	

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DCCI seeks 2.5% corporate tax cut for non-listed firms in FY24

STAR BUSINESS REPORT

The Dhaka Chamber of Commerce and Industry (DCCI) yesterday called for a 2.5 per cent reduction in the corporate tax rate for the non-listed companies in the upcoming budget.

Currently, the corporate tax rate for the non-listed firms is 27.5 per cent.

The chamber made the demand during a pre-budget meeting at the head office of the National Board of Revenue (NBR) in the capital's Agargaon.

The DCCI proposed an increase in the tax-free income limit for individuals to Tk 5 lakh from Tk 3 lakh now, considering the impacts of the higher cost-of-living, driven by the impacts of the Russia-Ukraine war.

While making the budget proposals for 2023-24, Sameer Satar, president of the DCCI, said: "The tax net should be widened to include the people with taxable incomes residing outside Dhaka and Chattogram."

In Bangladesh, there were 63.74 lakh taxpayer identification number holders in 2021-22 but only 25.90 lakh submitted returns in the fiscal year. The country has one of the lowest tax-to-GDP

ratios in the world.

Sattar also proposed an integrated tax administration system and an integrated VAT administration system to ensure a full automation of the taxation and value-added tax (VAT) ecosystem.

He recommended raising the VAT-free annual turnover limit to Tk 4 crore from Tk 3 crore for cottage and small businesses.

The chamber argued that the cost of production and transportation has gone up owing to higher inflation, which is eating up profits. If the VAT-free ceiling increases, it would help small traders.

The DCCI chief recommended withdrawal of the excise duty on bank deposits.

Since banks charge 10 per cent to 15 per cent source tax on deposits, the excise duty will discourage savings, he said.

In order to simplify customs-related processes, Sattar suggested implementing the Bangladesh Single Window as

soon as possible.

"It will create a paperless trading system that will cut the time and costs involved in international trades," he said.

The single window will be effectively implemented by the end of 2025, said Abu Hena Md Rahmatul Muneem, chairman of the NBR.

He said the NBR regularly arranges training for clearing and forwarding officials in order to reduce errors in using harmonised system (HS).

If businessmen want, they can avail advance ruling in this regard, he said, urging the business community to be aware about using correct HS codes.

Muneem informed that the NBR had taken various initiatives to improve the business environment.

"But on compliance, the NBR's position will always be firm."

He sought cooperation from the business community to better the business climate.

In the same meeting, the

Bangladesh Restaurant Owners Association demanded bringing all food-related businesses under the VAT registration system.

The Bangladesh Agro-Processors' Association called for withdrawal of the tax deducted at source against the supply of agricultural produce and increasing subsidies against the export of agro-processed products from 20 per cent to 30 per cent for the next five years.

The Bangladesh Tea Association has proposed to maintain the current minimum tariff of tea \$2.50 per kilogramme in the next budget as well.

In its proposal, the Bangladesh Dairy Farmers' Association demanded income tax exemption and removal of VAT on domestically produced milk, dairy products and meat for the next 20 years to protect the farmers struggling to survive owing to the ongoing economic stress.

The Hajj Agencies Association of Bangladesh has sought duty-free facility to import cars used by the operators.

The Bangladesh Security Services Companies Owners Association said the corporate tax, VAT, source tax and turnover tax should be withdrawn for them.



শুধুমাত্র প্রচারণা

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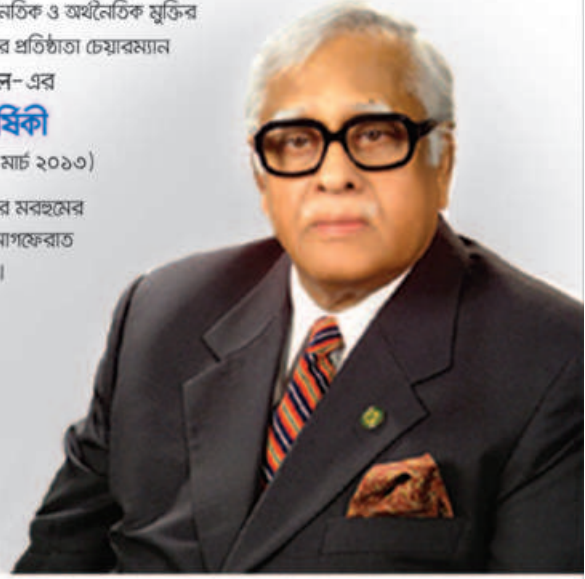
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