Star BUSINESS

Tax collection growth slows further

STAR BUSINESS REPORT

The National Board of Revenue (NBR) registered a further slowdown in the growth of tax collection, making it harder for the agency to achieve its target for the current fiscal year of 2022-23 ending in June.

The NBR collected Tk 196,037 crore in the July-February period of the current fiscal year, up nearly 9 per cent year-on-year, according to provisional data by the NBR.

During the same period of the last fiscal year, tax collection growth was 16.4 per cent.

With the collection, the NBR could attain 53 per cent of its target in eight months of the fiscal year beginning from July.

So, taxmen will have to collect 47 per cent, or nearly Tk 174,000 crore, in the remaining four months to attain the revenue collection target of Tk 370,000 crore for

READ MORE ON B3

BY THE NUMBERS

Total demand for API: Tk **13,000**cr ($1.3 billion)

Local production: Tk **2,000**cr

API manufacturers: **15**

Imported API: **85**%

API PARK

27 companies took plot for API facilities at API park

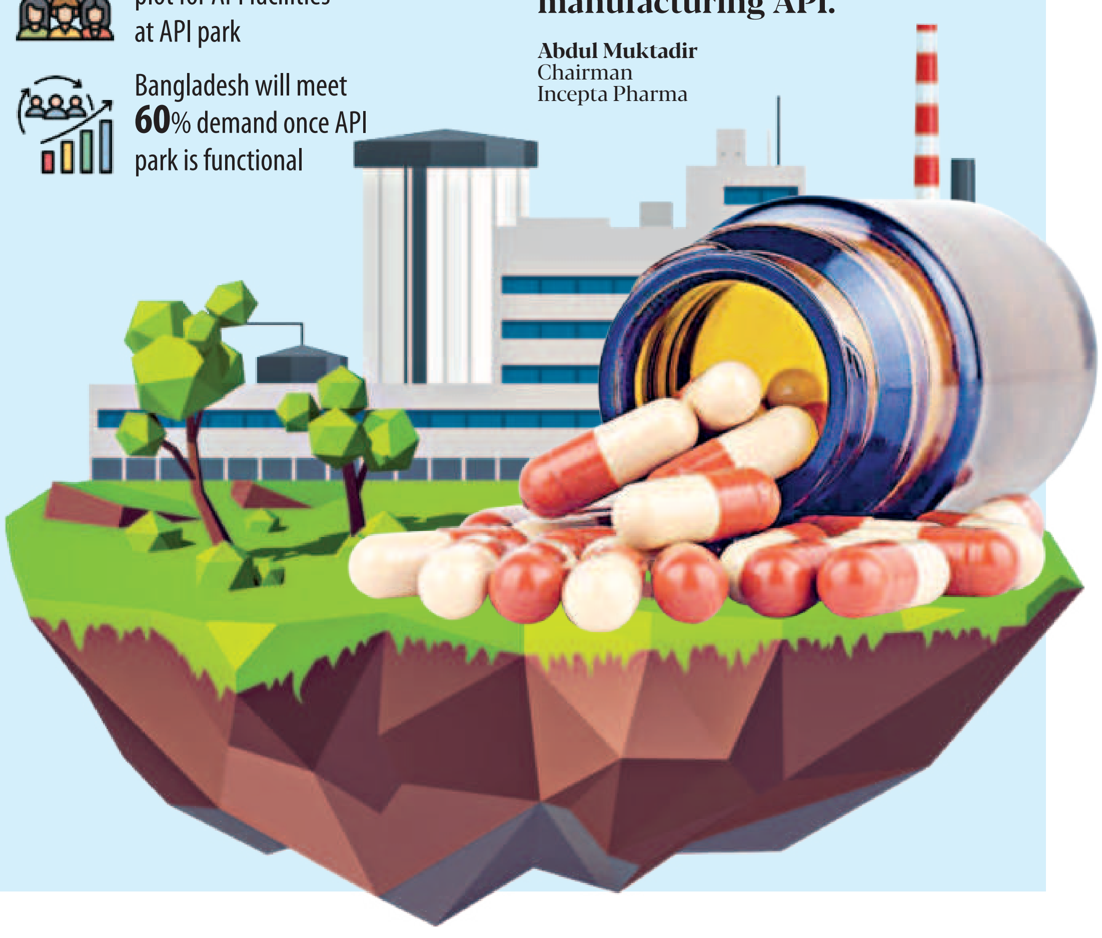
Bangladesh will meet **60**% demand once API park is functional

PROSPECTS

API production will help raise competitiveness globally

API production to offset post-LDC challenges

> **The pharma sector of Bangladesh will not face severe challenges in the post-LDC era as we are building capacity of manufacturing API.**
>
> **Abdul Muktadir**
> Chairman
> Incepta Pharma



Local production of pharma raw materials gaining traction

JAGARAN CHAKMA

Pharmaceutical companies are gradually enhancing their capacity to produce the raw materials needed to make medicines, which will go on to reduce Bangladesh's over-reliance on imports and augment the country's competitive edge in the global market.

In the last 12 years, the value of active pharmaceutical ingredients (APIs) made in the country grew four times to more than Tk 2,000 crore thanks to the entry of more firms in the segment in recent years. It was about Tk 500 crore in 2010.

"The pharmaceuticals sector will not face severe challenges after the graduation of Bangladesh from the group of the least-developed countries in 2026 as we are building our capacity of making APIs," said Abdul Muktadir, chairman and managing director of Incepta Pharmaceuticals.

Currently, 15 firms, including Eskayef, Square, Beacon and Beximco, produce APIs, up from 10 a couple of years ago, said SM Shafiuzzaman, secretary-general of the Bangladesh Association of Pharmaceutical Industries, which represents 265 domestic drug-makers.

Local companies meet 10 per cent to 15 per cent of the annual demand for APIs, according to Monjurul Alam, director for global business development at Beacon Pharmaceuticals.

"We have a vast opportunity to invest in API manufacturing. This will allow the sector to compete in the global market."

He believes if APIs are produced in sufficient quantities, pharmaceutical companies will be able to buy them immediately. "This will reduce the lead time."

A significant development in API production will provide a huge gain to the pharmaceuticals industry in a country where 97 per cent of the demand for medicines is met through local manufacturing.

Although API production has not grown in keeping with the pharmaceutical sector, local companies produce high-quality raw materials, albeit on a limited scale, helping the drug industry add value to their products.

And Shafiuzzaman thinks Bangladesh would not be able to manufacture 100 per cent of the required APIs due to patent issues.

Currently, Bangladesh has to depend on imports to meet around 85 per cent of requirements for APIs. This costs the country about $1.3 billion annually.

The country has made major progress in completing the construction of the API Industrial Park in Gazaria of Munshiganj.

Syed Shahidul Islam, the immediate past project director of the park, said the physical development work of the initiative has been completed and 27 companies have been handed over plots for setting up factories.

Acme Laboratories, UniMed UniHealth Pharmaceuticals, Healthcare Pharmaceuticals, and Ibn Sina Pharmaceutical Industry have already set up their plants. Of them, Healthcare Pharmaceuticals is about to begin trial production.

"We are ready for commissioning," said

READ MORE ON B3

Govt asks millers to cut sugar price by Tk 5 a kg

STAR BUSINESS REPORT

The commerce ministry yesterday asked millers and refiners to reduce sugar price by Tk 5 per kilogramme at the retail level three weeks after the revenue authority reduced import duty for raw and refined sugar in a bid to bring down the prices of the sweetener.

Though the government had fixed the rates of loose and packaged sugar at Tk 107 and Tk 112 respectively on February 1, traders in Dhaka's markets yesterday were charging Tk 115 to Tk 120, according to the Trading Corporation of Bangladesh (TCB).

Sugar imported following the duty cut are yet to hit the markets, said Commerce Minister Tipu Munshi at a press briefing after a meeting of a taskforce on essentials' prices and market situation.

The tariff withdrawal translates to a reduction of Tk 4.5 per kg at retail, he said.

Chairing the meeting at the ministry, Senior

READ MORE ON B2

UNPAID EDF LOANS

BB to impose 4% penal interest on banks

STAR BUSINESS REPORT

The central bank has decided to impose a 4 per cent penal interest on the banks' unpaid amount of loans made from its Export Development Fund (EDF).

In 2017, the Bangladesh Bank issued rules on the procedures and realisation of principal and accrued interest on EDF loans.

If the loans and interests are not repaid within the deadline, the BB can debit the overdue amount from the foreign currency clearing accounts that authorised dealer banks maintain with the Bangladesh Bank.

In a circular yesterday, the BB said it is observed that EDF loans are not being realised in accordance with instructions.

In view of the situation, it has been decided that a 4 per cent penal interest, or compensation in the case of Shariah-based banking, will be charged per annum above the prevailing interest rate on the overdue amount of EDF loans for the delayed period.

> **Currently, the volume of the EDF is $6 billion and the interest rate on the loans given from the fund is 4.5 per cent**

The BB asked ADs to submit a debit authority for realising the principal and accrued interest, including penal interest, at the time of application for the EDF loan.

A debit authority gives an individual or company permission to take funds directly from someone's bank account.

Established in 1989, the EDF facilitates access to financing in foreign exchange for input procurement by manufacturer-exporters. Banks can borrow US dollar funds from the EDF against their foreign currency loans to manufacturer-exporters.

Currently, the volume of the EDF is $6 billion and the interest rate on the loans made from the fund is 4.5 per cent.

The central bank move will give some comfort to banks since the cost of funds is going up. Banks would pass the penal interest onto customers, said a senior banker.

"The cost of deposits has increased. It has sent the cost of funds for banks higher."

The banker admitted that some loans related to the EDF are being deferred.

READ MORE ON B3

STOCKS

DSEX ▼	CASPI ▼
0.20%	0.15%
6,207.32	18,323.82

COMMODITIES

AS OF FRIDAY

Gold ▲	Oil ▼
$1,988.11 (per ounce)	$66.29 (per barrel)

ASIAN MARKETS

FRIDAY CLOSINGS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.62%	▲ 1.20%	▲ 0.88%	▲ 0.73%
57,989.90	27,333.79	3,183.28	3,250.55

PHOTO: STAR

While garment exports from Bangladesh are seeing growth, earnings from the sector are still limited to the top 10 apparel items. And with 75 per cent of the local industry still focused on making cotton-based clothing, it is seriously falling behind in terms of product diversity.

67% RMG export earnings come from 10 items

REFAYET ULLAH MIRDHA

About 68 per cent of Bangladesh's annual export earnings from apparels is still confined to just 10 items, indicating that product diversification in the industry is yet to reach expected levels even after a journey of four-and-a-half decades.

The 10 most exported apparel items accounted for $30.94 billion of the country's $45.70 billion earnings from the industry last year, according to data from the Export Promotion Bureau compiled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

As always, knitted cotton T-shirts saw the highest exports in 2022, registering earnings of $8.93 billion with roughly 26 per cent year-on-year growth.

This means that T-shirts contributed some 20 per cent of the total apparel exports that year, when Bangladesh captured 23 per cent of global trade in the sector, the data shows.

Men's woven trousers were the second highest earner, registering about 23 per cent year-on-year growth to hit $5.94 billion with a 13 per cent share of the total apparel exports. Locally made men's trousers, including child sizes, hold a 21 per cent stake in the global market.

Women's trousers were the third largest export item, earning $3.63 billon with year-on-year growth of 19.10 per cent. The sector has a global market share of around 16 per cent.

Meanwhile, cotton jerseys and pullovers placed fourth in terms of earnings while those made of manmade fibre stood at fifth.

Men's cotton woven came next at sixth, women's cotton knitted trousers seventh, synthetic woven trousers eighth, men's cotton knitted shirts ninth and men's cotton knitted trousers was the tenth most exported apparel item in 2022.

> **The 10 most exported apparel items accounted for $30.94 billion of the country's $45.70 billion earnings from the industry last year**

Bangladesh's share in the global market for these 10 items was about 15 per cent of the $160.43 billion registered that year. At the same time, the country grabbed an 8 per cent share of the overall global apparel market valued at $431.94 billion.

Among these top 10 garment items, only 12 per cent of the export earnings in 2022 came from non-cotton apparels while cotton-based apparels made up the rest, said BGMEA President Faruque Hassan.

"Although we have experience and a

READ MORE ON B3