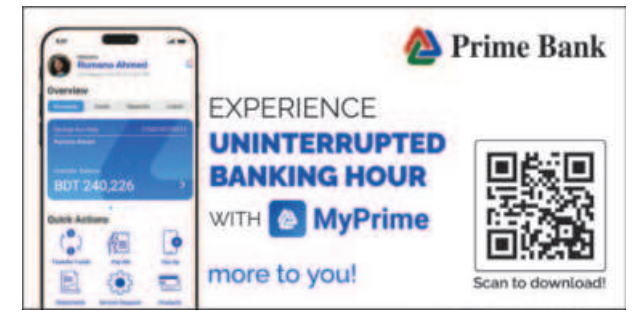


Star BUSINESS



National BUDGET FY2023-24

FBCCI calls for smooth energy supply

STAR BUSINESS REPORT

Uninterrupted supply of energy is the main demand of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), as it has a significant impact on the industrial sector.

The apex trade body called for more allocation for the energy sector to ensure power supply for enterprises.

If industries do not get adequate electricity and fuels at fair prices, their production will be hampered, thus the economy will be impacted, said Md Jashim Uddin, president of the FBCCI.

The industries will have to create jobs for the youths joining the job market every year but they will not be able to do so if the energy supplies to their manufacturing units are hampered, he asked.

The government can raise the allocation by partially shifting funds from other sectors which bear relatively

READ MORE ON B3

Budget offers no solutions to industries' challenges: BCI

STAR BUSINESS REPORT

The national budget for the upcoming fiscal year did not offer solutions to the multiple challenges facing the industrial sector, said the Bangladesh Chamber of Industries (BCI) yesterday.

It said industries have been seriously impacted by the fallout of the coronavirus pandemic and the war between Russia and Ukraine. But no direction came from the proposed budget for 2023-24 on how they would tackle the situation, it said in a press release.

Though the finance minister said the government is focusing on attracting foreign direct investments, creating jobs and developing import-substitute sectors, there was no clear direction in the budget, especially for micro, cottage and small enterprises, the chamber said.

Around 45 per cent of micro, cottage, and small enterprises in Bangladesh have gone out of business due to the impacts of the pandemic and the war, it said.

Medium and large companies are also witnessing lower growth because of high inflationary pressure, the dollar shortage, and the energy crisis.

"But there is no direction in the proposed budget on how industries can move out of the current predicament and return to their usual growth trajectory," the chamber said.

The BCI urged the government to focus more on local industries and import substitute industries so that they can continue to create jobs.

Digital bank to bring positive change

Says MD of Mutual Trust Bank

AKM ZAMIR UDDIN

The government's move to set up a digital bank and develop a machine learning and artificial intelligence-based credit rating system will bring a positive change in the banking sector, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank Limited (MTB).

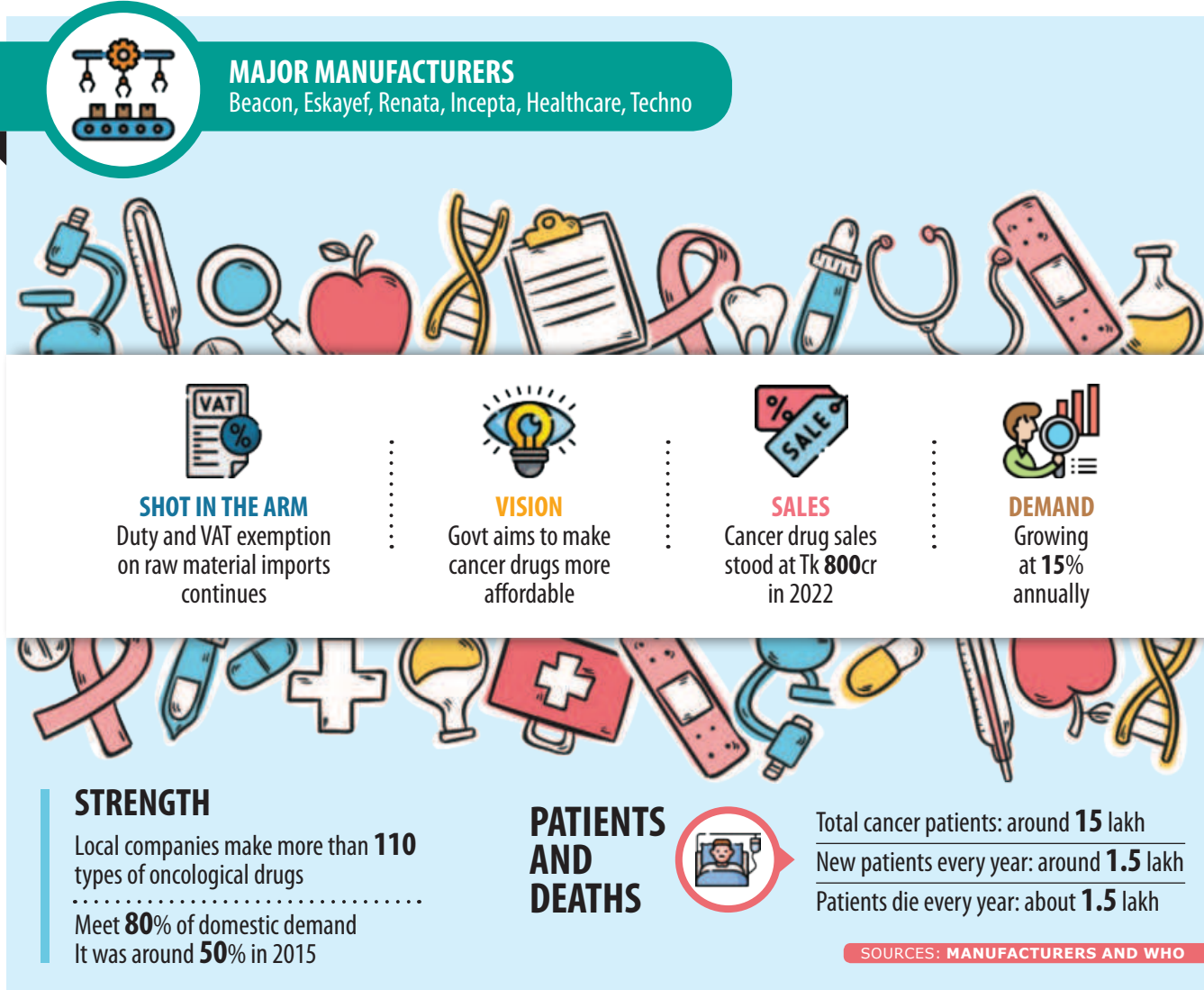
The measures will help clients get banking services with the utmost convenience, he said in an interview with The Daily Star yesterday.

On June 1 Finance Minister AHM Mustafa Kamal in his budget speech said a digital bank would be set up within the next fiscal year to broaden and accelerate financial inclusion efforts.

A Bangladesh Bank committee is engaged in working out strategies to broaden and accelerate financial inclusion efforts, Kamal said.

"At the same time, we are developing a machine learning and AI-based credit rating system. With these, it will be much easier to spot fake and anonymous borrowers, and at the same time, it will be considerably simpler for genuine borrowers to obtain loans," said the finance minister.

READ MORE ON B2



National BUDGET FY2023-24

Attaining inflation target will be hard

Say PRI, MCCI

STAR BUSINESS REPORT

The government has set a higher fiscal deficit and thus a loftier bank borrowing goal to finance the shortfall in the proposed budget but the targets are inconsistent with the aim of bringing down the average inflation to 6 per cent.

And it is likely to be hard to reach the target given the persistently higher inflation rates,

The experience with the implementation of FY23 budget provides important inputs for instituting corrective measures for the FY24 budget, says Sadiq Ahmed, vice-chairman of PRI

according to the Policy Research Institute (PRI), and the Metropolitan Chamber of Commerce and Industry (MCCI) yesterday.

At an event jointly organised by the MCCI and the PRI, Sadiq Ahmed, vice-chairman at the PRI, said the outgoing fiscal year of 2022-23 budget is ending up with a substantially higher rate of inflation than budgeted, a significantly lower economic growth, and continued pressure on the external accounts.

And in some way, he said, the FY23 budget contributed to inflationary and balance of payments pressure by running a high fiscal deficit, which surged to 5.1 per cent in FY23 from 3.7 per cent in 2018-19, and resorting to a substantial reliance on bank financing of fiscal deficit.

"The experience with the implementation of the FY23 provides important inputs for instituting corrective measures for the FY24 budget. To what extent this is the case? It does not appear that these lessons have been reflected in the FY24 budget."

READ MORE ON B3

Some respite for cancer patients

Prices of medicines may not rise as govt continues duty exemption on raw material imports

JAGARAN CHAKMA

Manufacturers of cancer medicines will be able to sell the lifesaving drugs at reasonable prices after the National Board of Revenue (NBR) extended duty-free import benefits to 100 more raw materials used to make such products.

If the prices of the expensive drugs remain unchanged at a time when almost all goods and services in Bangladesh have become costlier, this will come as a huge relief for the rising number of cancer patients.

The revenue authority has been offering the concessionary duty benefit for the import of ingredients of cancer drugs since 2015 in order to encourage domestic production and reduce the cost of medicines.

It expanded the list of ingredients in 2021 and the latest exemption comes in the proposed budgetary measures placed by Finance Minister AHM Mustafa Kamal for the next fiscal year of 2023-24.

"The number of cancer patients in Bangladesh is increasing. Since the prices of medicines needed to treat the disease are usually high, we have removed the customs duty and VAT so that people can get the drugs at lower prices," said a

senior official of the NBR.

Pharmaceutical manufacturers welcomed the move.

"The patients of our country will be benefited as they will get cancer medicines at the previous rates as manufacturers will not need to increase the price," said Abdul Muktaadir, senior vice-president of the Bangladesh Association of

Pharmaceutical Industries. The chairman and managing director of Incepta Pharmaceuticals Ltd said since the government has maintained the duty exemption, it will help keep the prices of oncology products unchanged.

In 2021, the government extended the preferential import duty and VAT benefit within the price and quantity limits specified by the Directorate General of Drug Administration.

According to a World Health Organisation report, there are around 15 lakh cancer patients in Bangladesh with 150,000 dying each year. Every year two lakh people are attacked by cancer.

The Global Cancer Observatory estimates that 109,000 people died of cancer in Bangladesh in 2020. It was 108,137 in 2018 and 91,300 in 2012.



Mohammad Mujahidul Islam, executive director for marketing and sales at Eskayef Pharmaceuticals Ltd, said, "The government's continued preferential duty and VAT facility is definitely good news for oncology patients and drug manufacturers."

"The number of cancer patients is increasing in Bangladesh. Because of the government's support, their treatment cost will not increase."

Eskayef's Oncology Manufacturing Facility started its journey in 2018 and got approval from the European Union after meeting good manufacturing practice criteria in 2020, joining a few companies in Asia that are allowed to sell products in the bloc.

"Those who make cancer drugs in Bangladesh will not bear any extra cost

READ MORE ON B3

Loss of duty benefits drives up sugar price

SUKANTA HALDER

Sugar prices have risen at the wholesale level amid speculations that import costs could go up seeing how the National Board of Revenue (NBR) has not extended duty benefits for importing the sweetener.

Sugar prices have been volatile in the domestic market for several months now. With this backdrop, the commerce ministry sent a letter to the NBR in January, recommending lower duties for refiners in a bid to normalise the market.

Then in February, the NBR slashed the 30 per cent regulatory duty by 5 percentage points.

The revenue authority also removed the import duty on unrefined and refined sugar, which previously stood at Tk 3,000 per tonne and Tk 6,000 per tonne respectively.

These facilities were in effect until May 31, after which importers were required to pay the taxes in full.

As such, the price has increased by Tk 140 to Tk 250 for each maund (37 kilogrammes) of sugar, according to various businesspeople.

Golam Mawla, a wholesale trader in Dhaka's Moulvibazar, said sugar was sold at Tk 4,400 per maund just seven



PHOTO: RAJIB RAIHAN

days ago while it is now priced at Tk 4,540.

"The price will increase further," he added.

Abdur Rahim, a trader of the Khatunganj wholesale market in Dhaka's Moulvibazar, said sugar cost Tk 4,300 a week ago while it is

currently selling at Tk 4,550.

Refiners say they have yet to receive any instructions from the government regarding the possibility of extending the duty benefits, impacting the domestic wholesale business.

However, an NBR official, on condition of anonymity, said they too

have yet to receive any letter from the commerce ministry in this regard.

"The price will rise further if the duty benefit on sugar is not retained," a refiner said.

The sugar market has been volatile since July-August last year due to the US dollar and fuel shortages resulting from the ongoing Russia-Ukraine war.

On May 10, the commerce ministry increased the price of loose refined sugar to Tk 120 per kilogramme while the price of packaged refined sugar was set at Tk 125 per kilogramme.

However, sugar is currently being sold for Tk 130 to 140 per kilogramme at retail.

Bangladesh now requires about 20 to 22 lakh tonnes of sugar each year. Of this amount, local mills can produce just 30,000 to 35,000 tonnes, necessitating imports of raw sugar by the country's five refiners.

Consumers are having to pay more than the government-fixed rate for sugar as local millers and refiners were forced to adjust their prices in line with higher production costs.

About 95 per cent of the imported sugar is unrefined, according to NBR data, which shows that shipments mainly come from Brazil, India, Australia, the UK, and Malaysia.

STOCKS		WEEK-ON-WEEK
DSEX ▲	CASPI ▲	
0.47%	0.63%	
6,355.56	18,755.93	

COMMODITIES		AS OF FRIDAY
Gold ▼	Oil ▲	
\$1,948.19	\$71.87	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSING
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.19%	▲ 1.21%	▲ 0.24%	▲ 0.79%	
62,547.11	31,524.22	3,166.30	3,230.07	



PHOTO: ISLAMI BANK BANGLADESH

Md Nazmul Hassan, chairman of Islami Bank Bangladesh, presided over a meeting of the board of directors of the bank virtually held recently. Among others, Yousif Abdullah Al-Rajhi and Tanveer Ahmad, vice-chairmen, Areef Suleman, representative of Islamic Development Bank, Mohammed Monirul Moula, managing director, and JQM Habibullah, additional managing director, attended the meeting.



PHOTO: PARTEX STAR GROUP

Muhammad Anisuzzaman Talukder, director of the research and innovation centre for science and engineering (RISE) at the Bangladesh University of Engineering and Technology (Buet), and Amman Al Aziz, group executive director of Partex Star Group, exchanged signed documents of a memorandum of understanding on sustainable, quality, and cost-effective innovation and research at the Buet campus in Dhaka recently.

Partex Star Group, Buet ink MoU

STAR BUSINESS DESK

Partex Star Group recently signed a memorandum of understanding (MoU) with the Bangladesh University of Engineering and Technology (Buet).

Muhammad Anisuzzaman Talukder, director of the research and innovation centre for science and engineering (RISE) at the Buet, and Amman Al Aziz, Group executive director of Partex Star Group, signed the MoU at the Buet campus in Dhaka, said a press release.

Under the MoU, Partex Star Group will work with Buet's RISE to conduct sustainable, quality and cost-effective innovation and research on its various products.

The group, particularly in Bangladesh, aims to explore alternative sources of raw materials and improve product quality, including the development of energy-saving manufacturing products in industries such as particle board, cables, gypsum, furniture, adhesives, builders, agro, home care, logistics, and garments.

"Under the deal, Partex Star Group will provide Buet's expert team with the necessary infrastructure and facilities for their research. Furthermore, internship and job opportunities will be available for Buet students at Partex Star Group," said Aziz.



PHOTO: PRIME BANK

Mamur Ahmed, head of consumer sales of Prime Bank, and Basher A Khan, executive director of Concorde Garments Group, exchanged signed documents of an agreement on payroll accounts at the latter's head office at Karwan Bazar in Dhaka recently. Faisal Rahman, additional managing director of the bank, and Ahmed Kamal Khan Chowdhury, finance director of the group, along with other high officials from both the organisations were present.



PHOTO: PRAN-RFL GROUP

Atiqul Islam, mayor of Dhaka North City Corporation, inaugurated a campaign styled "Let's Save the Planet" organised by Pran-RFL Group to remove plastic waste from 24 districts, including Dhaka, Gazipur, Chattogram, Rajshahi, Khulna, Barishal, Habiganj, Narayanganj, Narsingdi and Cox's Bazar to protect the environment at the Hatirjheel Amphitheatre in the capital on Friday. Eleash Mridha, managing director of Pran Group, Kamruzzaman Kamal, marketing director of Pran-RFL Group, and Kamrul Hasan, executive director of TEL Plastics, were present.

India's forex reserves fall

REUTERS, MUMBAI

India's foreign exchange reserves fell for a second consecutive week and stood at a one-month low of \$589.14 billion as of May 26, the Reserve Bank of India's (RBI) data showed on Friday.

That was a decrease of \$4.34 billion from the previous week.

Reserves had fallen by \$6.05 billion in the week ended May 19, the biggest fall in more than three months. The central bank intervenes in the spot and forwards markets to prevent runaway moves in the rupee.



PHOTO: MIDLAND BANK

Md Ahsan-uz Zaman, managing director of Midland Bank, inaugurates a Shahjalal Avenue sub-branch of the bank in Uttara (Ward No-1, Sector-6), Dhaka recently. Among others, Md Zahid Hossain, deputy managing director, Mohammad Nuruzzaman, head of Shahjalal Avenue sub-branch, Md Rashed Akter, head of retail distributions, and Md Ibrahim Khalil, area head and head of Uttara branch, were present.



PHOTO: UNION BANK

Md Nazrul Islam, deputy managing director of Union Bank, inaugurated an Aganagar sub-branch of the bank in Keraniganj from the bank's head office in Gulshan, Dhaka yesterday. Shafiuddin Ahmed, deputy managing director of the bank, Mohammad Rofique, former cricketer of Bangladesh national cricket team, and Mahmudul Alam and Asad Hossain Titu, local businesspeople, were present.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JUNE 3, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	2.27 ↑
Coarse rice (kg)	Tk 48-Tk 50	2.08 ↑	-2.00 ↓
Loose flour (kg)	Tk 52-Tk 58	2.65	14.58 ↑
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 175-Tk 185	4.96 ↑	-3.23 ↓
Potato (kg)	Tk 36-Tk 40	16.92 ↑	68.89 ↑
Onion (kg)	Tk 70-Tk 80	47.62 ↑	106.67 ↑
Egg (4 pcs)	Tk 45-Tk 50	3.26 ↑	15.85 ↑

SOURCE: TCB

Nagad welcomes rise in social safety net allocation

STAR BUSINESS DESK

Mobile financial service provider Nagad has welcomed a government move in the budget for fiscal year 2023-24 to increase the social safety net allocation.

Finance Minister AHM Mustafa Kamal proposed a budgetary allocation of Tk 1,26,272 crore for social security programmes, which is a little over 11 per cent higher than the current fiscal year's Tk 1,13,576 crore.

The allocation is 16.58 per cent of the budget and 2.52 per cent of gross domestic product, said a press release.

The finance minister has also proposed increasing the number of beneficiaries by over 8.5 lakh, which is a very timely move to give a breathing space to the financially insolvent who are grappling with the rising costs of daily necessities.

He has also proposed that monthly allowances be raised by Tk 50 to Tk 200 in different categories of safety net allowances, read the budget documents.

"This timely move will give poor people some relief during this tough time. Digital disbursements of such funds are done promptly while ensuring transparency," said Tanvir A Mishuk, founder and managing director of Nagad.

"From the beginning Nagad had been the first choice for the government in disbursing government allowances, education stipends and other cash aid as we ensured transparency by plugging all anomalies," he added.

AFP, Washington

Hiring in the United States heated up again in May, according to government data released Friday, with the strong labor market defying expectations of a slowdown amid efforts to cool the world's biggest economy.

The jobs market has been surprisingly robust even as regulators have worked to ease demand and tamp down inflation, with the central bank lifting interest rates 10 times since early last year.

While the expectation has been that higher rates will slow the economy, with elevated borrowing costs making it pricier to borrow

funds for major purchases or business expansion, the latest numbers could prove challenging for policymakers mulling a pause in rate hikes.

The United States added 339,000 jobs last month, surpassing estimates and picking up from a revised 294,000 figure in April, the Labor Department said Friday.

The jobless rate ticked up to 3.7 per cent, rising from a historically low level of 3.4 per cent.

But in a more welcome sign, wage gains moderated slightly with average hourly earnings up by 0.3 per cent, slightly down from 0.4 per cent in April, the report said.

"Today is a good day for the

American economy and American workers," President Joe Biden said in a statement.

He added that the jobless rate has been below four percent for 16 straight months, noting the long stretch of low unemployment.

"The data show that job growth is continuing at a rapid pace, but wage pressures are not building," said Rubeela Farooqi, chief US economist at High Frequency Economics.

Compared with a year ago, average hourly earnings were up 4.3 per cent, said the Labor Department.

Although hiring and unemployment both rose in the latest report, analysts said that the

pick up in the jobless rate was not due to an increase in the labor force participation rate.

The difference comes as the Labor Department uses two separate surveys each month to compile its "employment situation summary" -- with the unemployment rate calculated from a household survey and job gains or losses coming from an establishment survey.

"The two surveys can diverge quite substantially but over time they tend to signal the same thing," Farooqi told AFP.

Nationwide chief economist Kathy Bostjancic added that "looking at a three-month moving average of both shows less of a gap."

Sectors that saw job gains last month included professional and business services, health care and construction, said the Labor Department report.

But although the employment numbers were well above what analysts expected, Farooqi believes the wage data could still give the Federal Reserve room to hold policy steady.

Fed policymakers are set to convene in mid-June, and some senior central bank officials have indicated this week that they might support skipping a further hike at their upcoming meeting.

A key factor is that officials are eyeing the lagged effects of existing rate hikes as they ripple through the economy while deciding if more action is needed.

A particular area of concern is that strong demand for workers and continued wage growth could feed into inflation. But if wage gains are not rising, this could ease pressure on policymakers.

"Several Federal Reserve officials have signaled that they are likely to hold rates steady at their upcoming June meeting but are unlikely to reduce rates anytime soon," said Mike Fratantoni, chief economist of the Mortgage Bankers Association.

US hiring heats up in May



A customer walks by a "now hiring" sign posted in front of a Ross Dress For Less store on April 07 in Novato, California. Private sector employment in the US eased in May according to data from payroll firm ADP released on June 1, but slowed less than anticipated despite efforts to cool the economy.

PHOTO: AFP

Digital bank

FROM PAGE B1

Fraudulent activities can be tackled largely when an AI-based credit rating system is introduced, said Rahman, also a former chairman of the Association of Bankers, Bangladesh, a platform for managing directors of banks in Bangladesh.

Banks will have to create a database of their clients to operate their credit scoring system, which will bring positive changes in the banking system, he said.

The government should have taken a detailed roadmap in the proposed budget on how to recover non-performing loans (NPLs) from the wilful defaulters and strengthen corporate governance in the banking sector, he added.

"It is important to have a definition explaining who the wilful defaulters are," said Rahman, who joined the MTB in December 2019.

Although the finance minister in the budget speech stated that measures would be taken to reduce defaulted loans, a clear programme should be rolled out to this end, said Rahman.

The NPLs in the banking sector stood at Tk 131,621 crore as of March 31, up 9 per cent from three months ago and 16 per cent from a year earlier, showed data from Bangladesh Bank.

Commercial banks have been requesting the government for long to reduce the existing high corporate tax rate of 37.5 per cent as it has created a burden on them, said Rahman, who also served Dhaka Bank and Brac Bank as a managing director.

Besides, taxation on provisioning should be withdrawn, he said.

As per the rules, banks have to pay taxes on provisions, which have to be kept against both classified and unclassified loans.

"I hope that the government will take more initiatives to reduce the current stress in the foreign exchange market by increasing the inflow of US dollars," he said.

Some banks are now unable to open letters of credit in favour of importers, putting an adverse impact on the economy, he said, adding that more initiatives should be taken to address the issue.



Chicken eggs arriving on trains in Khulna from Rajshahi where they were bought for Tk 10.70 apiece. Everyday around 1 lakh eggs are traded in this manner. The photo was taken at Khulna Railway Station last week.

PHOTO: HABIBUR RAHMAN

E-waste can be valuable resources if recycled effectively

Speakers tell roundtable

STAR BUSINESS REPORT

E-waste, which witnessed a rapid growth in Bangladesh posing an environmental challenge, can be turned into valuable resources through effective recycling and reprocessing methods, according to experts.

"I don't consider e-waste as waste. I think it is a resource as you get so many valuable materials in it," said Rowshan Mamtaz, a professor at the civil engineering department of the Bangladesh University of Engineering and Technology.

"One of my students brought me some gold for a nose stud extracted from only a few laptops. But the challenge is that how you manage, preserve and extract it," she added.

She said select e-waste have been shipped to Japan and Singapore due to the absence of a recycling mechanism in the country.

"Besides, we need to have a collection system in place so that people don't throw e-waste into bins with other wastes. City corporations can develop a mechanism for it," she said.

This is how it can be a resource instead of piling up in landfills and posing environmental risks, she added.

She recommended setting up a plant in a high-tech park in the country so that the valuable materials can remain in Bangladesh and as well as generate employment.

Mamtaz was speaking at a roundtable titled "Bangladesh at risk due to E-waste: causes and solutions" organized by Bangladesh ICT Journalist Forum (BIJF) at the Sonargaon hotel in Dhaka.

Electronic waste or e-waste refers to discarded electronic devices such as computers, smartphones, televisions, ovens, and other electronic equipment.

She termed current recycling methods being used in the country improper and risky.

"I have seen a person dismantling an e-waste with his wounded hand without protective gear. He doesn't even know that the lead metal in the device could trigger a big health risk for him," said Mamtaz.

Improper management of electronic waste poses significant environmental risks that need to be addressed urgently, said Syed Akhter Hossain, head of the department of computer science and engineering at the Canadian University of Bangladesh.

"Currently, the annual rate of e-waste production is surging at about 30 per

cent in Bangladesh," he said.

Products which have been scrapped and are second-hand from developed countries are illegally being imported in Bangladesh and the rate of such imports is increasing, he said.

E-waste from different electronic devices contain hazardous substances such as lead, mercury, cadmium and brominated flame retardants and improper disposal has significant environmental consequences, said Hossain.

Besides, mobile phones and tablets contain precious metals like gold, silver and palladium and improper disposal leads to the loss of these valuable resources, he said.

Hossain called for strong legislation and regulations to address e-waste management.

"These laws should outline responsibilities for various stakeholders, such as producers, consumers, and waste management entities, and provide guidelines for proper collection, recycling, and disposal of e-waste," he said.

"Governments and organisations can set up collection systems to facilitate the proper disposal and recycling of e-waste. This includes designated drop-off points, collection centres, and periodic e-waste

recycling events," he added.

It is also important for people to show commitment to the environment and not throw away devices which have reached the end of their useful life with other wastes, said Md Sayed Ali, deputy secretary to the commerce ministry.

E-waste is generated from every electronic device, so awareness is needed about how it is being managed, said Atiqur Rahman, country director at Dell Technologies for Bangladesh.

There are very few opportunities for professional e-waste management in the country. Therefore, the authorities should be strict on stopping the entry of expired electronic products into the country through illegal channels, he added.

Mohammad Rezaul Karim, managing director at Bangladesh Hi-Tech Park Authority, Koushik Jana, business development manager at HP Bangladesh, Md Mahfuzul Alam, a deputy director at Bangladesh Telecommunication Regulatory Commission, Naznin Nahar, president at the BIJF, and Sabbin Hasan, general secretary, were present.

Shafquat Haider, executive committee member of the SAARC Chamber of Commerce and Industry (Bangladesh), moderated the event.

ICAB welcomes Tk 2,000 minimum tax

STAR BUSINESS REPORT

The Institute of Chartered Accountants of Bangladesh (ICAB) yesterday welcomed the budgetary proposal for registered taxpayers, who have to file their income, expenditure and wealth statements to avail 38 services, to pay a minimum tax of Tk 2,000 even if they have no taxable income.

The autonomous body thinks that it would help expand the tax net and increase the filing of returns.

The ICAB issued the statements organising a press briefing at its headquarters in Dhaka on the proposed budget for fiscal year 2023-24.

"The minimum tax is not new. It is already there," said Md Humayun Kabir, chairman of the ICAB's Taxation and Corporate Laws Committee while responding to journalists' queries.

Currently there are many individuals with bank deposits who actually pay taxes on their interest earnings from the savings, he said.

And the tax is deducted by banks while crediting the interest income to the accounts of the depositors, he said.

The depositors will be able to show the withholding tax in their tax returns, which now many do not do, he said.

Businesses should not oppose the new rule as this will increase tax net, said Kabir.

Besides, the body of professional also welcomed the Tk 761,795 crore budget despite the global and domestic challenges.

10th Berger Award for Excellence in Architecture underway

STAR BUSINESS DESK

The 10th Berger Award for Excellence in Architecture (BAEA) kicked off at the IAB Centre in Dhaka's Agargaon on June 1.

The six-day exhibition will remain open for visitors from 3:00pm to 9:00pm till June 6, according to a press release.

Prof Khandaker Shabbir Ahmed, president of the Institute of Architects Bangladesh (IAB), and Rupali Chowdhury, managing director of Berger Paints Bangladesh, attended the opening ceremony.

Md Ali Naqi, vice chairman of national affairs at IAB, moderated a panel discussion, styled "BAEA at 20 and moving forward", which was held before the inauguration.

Khan Md Mustapha Khalid, a winner of the BAEA award, Iqbal Habib, winner, Zishan Fuad Chowdhury, winner, Naushad E Huq, juror, Nabi Nawaz Khan, general secretary of IAB, Mohsin Habib Chowdhury, chief operating officer of Berger Paints Bangladesh, and Qazi M Arif, award director, were present.

A total of 118 projects are being exhibited at the event.

Berger Paints Bangladesh initiated the BAEA in association with the IAB to recognise distinguished or notable works in the field of architecture.

Attaining inflation target

FROM PAGE B1

Once again, the budget has set an ambitious GDP growth target and there are no efforts to reduce demand through lower fiscal deficit or slowdown in the growth of domestic credit by reducing the bank financing of the budget deficit.

"Like in FY23, the proposed budget is focused on boosting growth and not macroeconomic stability," said Ahmed while making the keynote presentation at the post-budget discussion at the MCCI office in Dhaka.

According to Ahmed, Bangladesh can follow countries such as India, Thailand, the US and Vietnam as well as the nations in the European Union to find out how they secured to manage the inflationary pressure by raising the bank interest rate.

"The demand for goods will decrease if the interest rate goes up." The central bank has maintained a 9 per cent interest rate cap since April 2020, thus preventing itself from using one of the potent tools to rein in inflation, which averaged 8.64 per cent in April.

Ahmed, a former senior official of the World Bank, is opposed to the government's move to borrow Tk 1.32 lakh crore from the banking system. "If the government takes away such a big amount of money from the banking system, the private sector will face the crunch of money inflow."

He suggested the government reduce the budget deficit to 4 per cent to 4.5 per cent from 5 per cent so that the banking sector does not suffer. Zaidi Sattar, chairman of the PRI, said inflationary pressure increased also because of the depreciation of the local currency by 25 per cent against the US greenback over the last one year.

"As a result, the import tariff and prices went up at the import stage. This stoked the inflationary pressure." The cut in the rates of regulatory and customs duties as well as tariff adjustments may help reduce the inflationary pressure, he added.

Planning Minister MA Mannan said the economy is weighed down by the fallout of Covid-19 and the Russia-Ukraine war. "But the political pressure is higher than the pressure stemming from the pandemic and the war."

He thinks the proposed budget will help the people in the rural areas greatly as the allowance for social safety nets has increased.

According to the minister, the proposed budget tried to address import substitution to help local industries thrive further.

If the supply side of commodities is not maintained properly and markets are not monitored, controlling inflation might not be possible, he warned.

"Increasing local production and allowing the import of selective goods may aid in taming higher inflation."

He said the proposal for introducing Tk 2,000 as a minimum income tax might be reviewed.

The budget has proposed the minimum tax for individuals who are required to submit income tax returns to avail various government services even if they don't have taxable incomes.

Kamran T Rahman, senior vice-president of the MCCI, said automation of the tax system and the reduction of system loss in tax collection are needed as part of policy reforms.

"There should also be an interim evaluation of the budget after three months." The budget deficit has been set at Tk 2.62 lakh crore for FY24, which is 5.2 per cent of the GDP.

"We think this deficit is likely to increase because of the proposed tax conditions by the International Monetary Fund," Rahman said.

"We think the inflation target may be hard to reach."

Adeeb H Khan, a director of the MCCI, said the new Income Tax law, 2023 is expected to be presented in parliament and requested the government to allow sufficient time to stakeholders so that they can examine it properly and give feedback.

Some respite

FROM PAGE B1

unless the price of raw materials goes up in the international market. This means local companies will be able to sell cancer medicines at reasonable prices," Islam noted.

He thanked the government for its continued support aimed at developing the pharmaceuticals industry.

"As a result, manufacturers will be able to continuously improve the quality of medicines. At the same time, cancer drugs produced in Bangladesh can be priced competitively for the export market. So, the policy support will boost export earnings as well."

Monjurul Alam, director for global business development of Beacon Pharmaceuticals Limited, the pioneer in manufacturing oncology drugs in the country, said: "Our patients are so fortunate that they are getting all the latest drugs at affordable prices."

According to him, the government has withdrawn the import tax on raw materials needed to produce diabetic drugs to make the products easily accessible.

Local cancer drug sales amounted to about Tk 800 crore last year and the demand is growing by 15 per cent on average annually, industry people say.

Alam thinks patients suffering from kidney and heart diseases should also get the access to medicines at lower prices.

Pharmaceutical companies such as Beacon, Eskayef, Renata, Incepta, Healthcare, and Techno Pharma manufacture more than 110 types of oncology drugs, meeting 80 per cent of the local demand. It was around 50 per cent in 2015.

The rising local production means a lower import of lifesaving medications, cuts import reliance, keeps the supply chain smooth, and avoids price fluctuations to a large extent.

Although local companies manufacture 99 per cent of the oncology drugs consumed by patients, some people still prefer imported drugs, according to a manufacturer.

Beginning in 2015, oncology products are exported to at least 140 countries.

China's yuan may slip further to aid economic recovery

REUTERS, Shanghai/Singapore

China's yuan has skidded to six-month lows against the dollar and analysts say it could weaken further as investors fret over a bumpy pandemic recovery in the world's second-largest economy.

Disappointing economic data, widening yield differentials with the United States, upcoming corporate dividend payments and continued capital outflows through foreign selling of stocks and bonds have combined to drag the currency down to levels last seen in November.

The yuan has depreciated more than 5 per cent against the surging dollar since the highs hit in January, when global markets embraced China's border reopening, and is one of the worst performing Asian currencies this year. It last traded at 7.0585 per dollar on Friday.

"The yuan suffers as China's

reopening story is less appealing than before, and there is no sign of further stimulus," said Gary Ng, senior economist for Asia Pacific at Natixis.

"A weaker currency at the current juncture can help export performance, especially as global trade is shrinking this year."

Exports have been one of the few bright spots for the Chinese economy over the past few years but new orders have been falling in recent months amid softening global demand.

Sources told Reuters that the commerce ministry has asked exporters, importers and banks recently about their currency strategies and how a weakening yuan could affect their businesses.

To be sure, the central bank has ample policy tools to prevent excess currency movements. The People's Bank of China (PBOC) said last month that it will resolutely curb

large fluctuations in the exchange rate and study the strengthening of self-regulation of dollar deposits.

"Expectations of financial institutions, enterprises and residents on the exchange rate are generally stable, which is a solid foundation and strong guarantee for the smooth operation of the foreign exchange market," the central bank said in the statement.

However, despite the yuan's quickening tumble over the past month, traders have only reported a few occasions when state banks have been suspected of stepping in to support the currency.

The PBOC did not immediately respond to Reuters request for comments.

"The PBOC essentially appears content to let the rising US dollar buoy USD/CNY higher, amid China's fading growth momentum," said Alvin Tan, head of Asia FX strategy at RBC Capital Markets.

FBCCI calls for smooth energy

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low importance, he said.

The government proposed an allocation of Tk 34,819 crore for the energy sector in the national budget for fiscal year 2023-24.

"I know that businesspeople feel the major pain from the energy sector because severe power outages come with huge costs for them," said Jashim.

Apart from the energy sector, the government should give more focus on skills development, he said.

His comments came at a press briefing the FBCCI organised on its premises in Dhaka yesterday to convey its reaction on the proposed national budget for fiscal year 2023-24.

Mostofa Azad Chowdhury Babu,

senior vice president of the FBCCI, and Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry (DCCI), were also present.

The FBCCI also demanded withdrawing all types of advance income tax and advance tax on imports as the refunding system of the tax was very complex and it increased the costs of business.

About the challenges in implementation of the proposed budget, Jashim, reading out from a written statement, spoke of taming inflationary pressure, improving balance of payments, stabilising the foreign exchange rate, raising foreign exchange reserves, getting crude oil and ensuring energy supplies.

A journalist asked how much of

the crowding out effect the private sector would face if the government borrowed a huge amount from the banking sector.

The FBCCI president said import of raw material was plunging along with capital machineries and if this continued, the private sector would not need credit in the upcoming year.

From July 2022 to April 2023, opening and settlement of letters of credit (LCs) for importing raw materials dropped by around 32 per cent and 9.5 per cent respectively, according to Bangladesh Bank.

In the same period, opening and settlement of LCs for importing capital machinery fell by around 57 per cent and 17 per cent respectively, the data showed.



A view of Thakurgaon Sugar Mills. Bangladesh Sugar and Food Industries Corporation incurred losses of Tk 678 crore in FY2022-23.



PHOTO: QUAMRUL ISLAM RUBAIYAT

Can we afford a dream budget?

MAMUN RASHID

The finance minister last Thursday presented a budget of Tk 761,785 crore, which is 15.33 percent higher than this fiscal's revised budget. Like any other usual ones, it has been portrayed as expansionary and future-oriented. However, one could barely see any reflection of the current challenges being faced by most in the country.

Two positives that can be noticed from the budget is the environmental tax (may be construed as carbon tax) – possibly influenced by the World Bank's loan conditionalities – imposed on owners of more than one car, and the allocation for startups that the government hopes can transform the country. This may not hold much water for the common people struggling for the hike in the prices of essentials.

The budget proposed increasing the tax-free income threshold, but only slightly, while the real income of most taxpayers at the lower echelon has gone down significantly. It increased the surcharge-free limit of wealth from Tk 3 crore to Tk 4 crore, though only few rich even pay wealth surcharge.

It also proposed increasing the monthly allowance for the elderly, widowed, deserted, and destitute women which is still a very negligible amount. It proposed the imposition of a minimum tax of Tk 2,000 for individuals who are required to submit income tax returns to avail themselves of 38 government services, even if they do not have taxable incomes.

This budget continued to rely more on indirect taxes, thought to be an easy way out having failed to expand the direct tax net for years.

It has also come up with an inflation target of 6 per cent although the prices of essentials in the local market do not show any signs of rationalisation despite international price reduction.

Most of the budgetary measures give little hope of achieving it especially in an election year and without effective

reforms.

The budget also set a highly ambitious revenue collection target of Tk 500,000 crore, with Tk 430,000 crore to be collected by the NBR. Though there is IMF loan terms pressure, most believe given that the NBR has failed to meet its tax collection target in the past 11 consecutive years, and that the newly proposed target will be its greatest challenge to date, we see no reason to believe that it will be different this time.

The budget says the government expenditure will be financed by significant borrowing from the banking sector which may lead to depriving the growth sector operators, not to mention increase of the government's debt burden. Like in the recent past, it may be financed by borrowing from the central bank ending up with more note printing, which will obviously create a further pinch on inflation.

The government also plans to finance the deficit via foreign borrowing despite squeezing bilateral or multilateral aid or loan pipeline.

It is said that the IMF had quite a bit of influence in the budgetary process, but that has not been echoed in the allocation for the healthcare and education sectors, with both sectors receiving lower percentages of the total outlay as compared to last year. The IMF is also opposed to government subsidies. Yet it is unclear what the government plans to do about its energy subsidies.

Understandably with a lot of external and internal challenges, the overall lack of initiative and courage pretty much sums up the proposed budget, which was neither pro-poor nor national nor international private sector friendly.

It has been observed for the last several years that the people related to putting up the budget start with many hopes or reforms agenda but end up with a very ordinary budget, constrained, maybe, by political realities, lack of accountability and ability to go beyond the box through innovation.

The author is an economic analyst

Consider properties' current market value for wealth surcharge

Suggests International Business Forum of Bangladesh

STAR BUSINESS REPORT

Valuation of properties when determining surcharge on net minimum wealth should be based on current market value, not their purchase value, according to research and advocacy platform the International Business Forum of Bangladesh (IBFB).

For instance, anyone who had bought a house in Gulshan 40 years ago now pays surcharge on its market value at that time, which is not reasonable, said Humayun Rashid, president of the IBFB.

They have to pay surcharge on the estimated value at present, he said, adding that this would help generate more revenue for the government.

Rashid, also managing director and CEO of Energypac Power Generation Limited, was addressing an event styled "Proposed National Budget 2023-24: Expectations and Achievements" at National Press Club in Dhaka yesterday.

Finance Minister AHM Mustafa Kamal proposed the budget of Tk 761,785 crore for fiscal year 2023-24 in parliament on June 1.

Total revenue earning has been estimated at Tk 500,000 crore. Of this, the National Board of Revenue (NBR) will collect Tk 430,000 crore, and the rest will be collected from other sources.

There is no good news for the fixed income group and there is almost no significant step towards improving the process of doing business in the budget, he said.

The budget mentions of Bangladesh's upcoming United Nations country status graduation from a least developed to a developing country but does not specifically mention any reform except a promise to bring reforms to the tax structure, Rashid said.

There are no steps to reform the financial or banking sector, the backbone of the economy. If the financial sector does not make a turnaround, the entire economy will become more fragile, he thinks.

The budget speech contains the country's development journey of the past one and a half decades and mentions of praise of the government by foreign leaders, said the IBFB.

But since there is no explanation of the context of the challenges currently visible, the government appears to be helpless in dealing with those difficulties and there is no roadmap to implement strategies to deal with those, it said.

State enterprises may see higher losses next fiscal year

Finance ministry says

JAGARAN CHAKMA

State-owned enterprises (SOEs) in Bangladesh will likely incur collective losses of Tk 14,703 crore in the coming fiscal year, according to the finance ministry.

This projection is 7 per cent higher than the provisional estimate of Tk 13,740 crore for the outgoing fiscal year, shows a summary of the proposed budget for SOEs in FY2023-24.

As per the document released by the Finance Division on June 1, the Bangladesh Power Development Board (BPDB) recorded the highest loss of Tk 6,969 crore in FY 2022-23.

The Bangladesh Sugar and Food Industries Corporation (BSFIC) came in second with losses of Tk 678 crore while the Bangladesh Jute Mills Corporation (BJMC) placed third with Tk 284 crore.

Meanwhile, the Bangladesh Road Transport Corporation faced net losses of Tk 84.83 crore while it was Tk 49.31 crore for the Bangladesh Inland Water Transport Corporation.

The Finance Division proposed allocating funds of Tk 824,565 crore for all 48 SOEs in the next fiscal year against projected earnings of Tk 409,862 crore.

Regarding the BPDB's losses, the finance division said the organisation aimed to earn Tk 51,516 crore against expenditures of Tk 97,698 crore in the outgoing fiscal.

But in the coming fiscal year, the BPDB is targeting revenue of Tk 59,172 crore against operational costs of Tk 109,179 crore, with which the government estimated advance net losses of Tk 4,959 crore.

Similarly, the Finance Division projects that the BSFIC will face losses of Tk 762 crore against earnings of Tk 879 crore and expenditures of around Tk 1,009 crore.

As per the provisional estimate, the total cumulative debt service liabilities (DSL) of the SOEs in Bangladesh stood at about Tk 183,170 crore as of February 28 in FY 2022-23.

Out of this amount, classified loans accounted for Tk 184.76 crore.

The SOEs that have classified loans are: the BJMC with Tk 132.12 crore, Bangladesh Agricultural Development Corporation (BADC) with Tk 27.21 crore and Bangladesh Textile Mills Corporation (BTMC) with Tk 24.9 crore.

Md Arifur Rahman Apu, chairman of the BSFIC, said the government is giving support to the SOEs so that they can recover their losses, which is better than nothing.

"We are trying to reduce losses and have taken initiatives like diversifying products and modernising operations," he added.

Apu went on to say that production at their mills would increase within the next two years as they are providing high-yield sugarcane seeds

As per the document released by the Finance Division on June 1, the Bangladesh Power Development Board recorded the highest loss of Tk 6,969 crore in FY2022-23.

with the help of British American Tobacco.

"Then, the losses will come down continuously," he said, adding that it is possible to recover the losses through an effective action plan that can save the local industry.

Khondaker Golam Moazzem, research director of Centre for Policy Dialogue, said losing concerns of SOEs should be closed, handed over to the private sector or utilised through leasing.

He then said the government should postpone the feasibility studies for reviving loss-making SOEs as there is no need to run a losing enterprise considering how the private sector has developed over the past 50 years.

Also, the government does not need to give subsidies or stimulus to save these enterprises as it is a waste of public money, added Moazzem, who is popularly known as an industrial economist.



Opec+ may go for further output cuts

REUTERS, London

Opec and its allies begin two days of meetings on Saturday which may culminate in further production cuts of as much as 1 million barrels per day, Opec+ sources told Reuters, as the organisation faces flagging oil prices and a looming supply glut.

Opec+, which groups the Organization of the Petroleum Exporting Countries and allies led by Russia, pumps around 40 per cent of the world's crude, meaning its policy decisions can have a major impact on oil prices.

Three Opec+ sources told Reuters on Friday cuts were being discussed among options for Sunday's session, when Opec+ ministers gather at 2 pm in Vienna. Before then, Opec ministers will meet at 11 a.m. on Saturday.

The sources said cuts could amount to 1 million bpd on top of existing cuts of 2 million bpd and voluntary cuts of 1.6 million bpd, announced in a surprise move in April and which took effect in May.

If approved, this would take the total volume of reductions to 4.66 million bpd, or around 4.5 per cent of global demand.

"This number is premature, we didn't go into these things (yet)," Iraq's oil minister Hayan Abdel Ghani told reporters on Saturday when asked about a possible cut of 1 million bpd.

Typically, production cuts take effect the following month after they are agreed, but ministers could also agree a later implementation.



Farmers collect Aman saplings from nurseries for transplanting into bigger fields. The photo was taken in Baishtila area of Khadimnagar union in Sylhet sadar upazila recently.

PHOTO: SHEIKH NASIR

Sri Lanka's economic recovery remains challenging

Says IMF

AFP, Colombo

Cash-strapped Sri Lanka's economy showed "tentative signs of improvement" but recovery remains challenging and Colombo must pursue painful reforms, the IMF said Friday.

The International Monetary Fund's Deputy Managing Director Kenji Okamura said the country was emerging from its unprecedented crisis thanks to reforms including the doubling of taxes, spending cuts and the scrapping of subsidies.

A currency crisis since late 2021 led to severe shortages of food, fuel and medicines and triggered months of protests that led to the toppling of former president Gotabaya Rajapaksa in July.