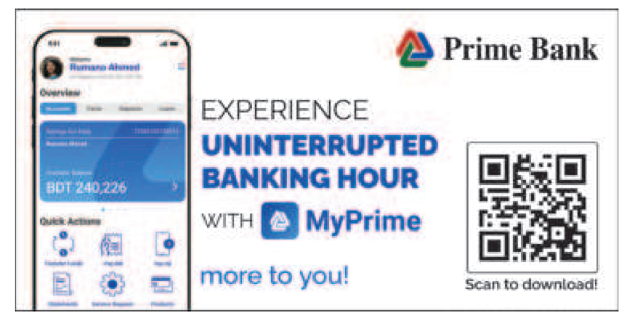
Star BUSINESS



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

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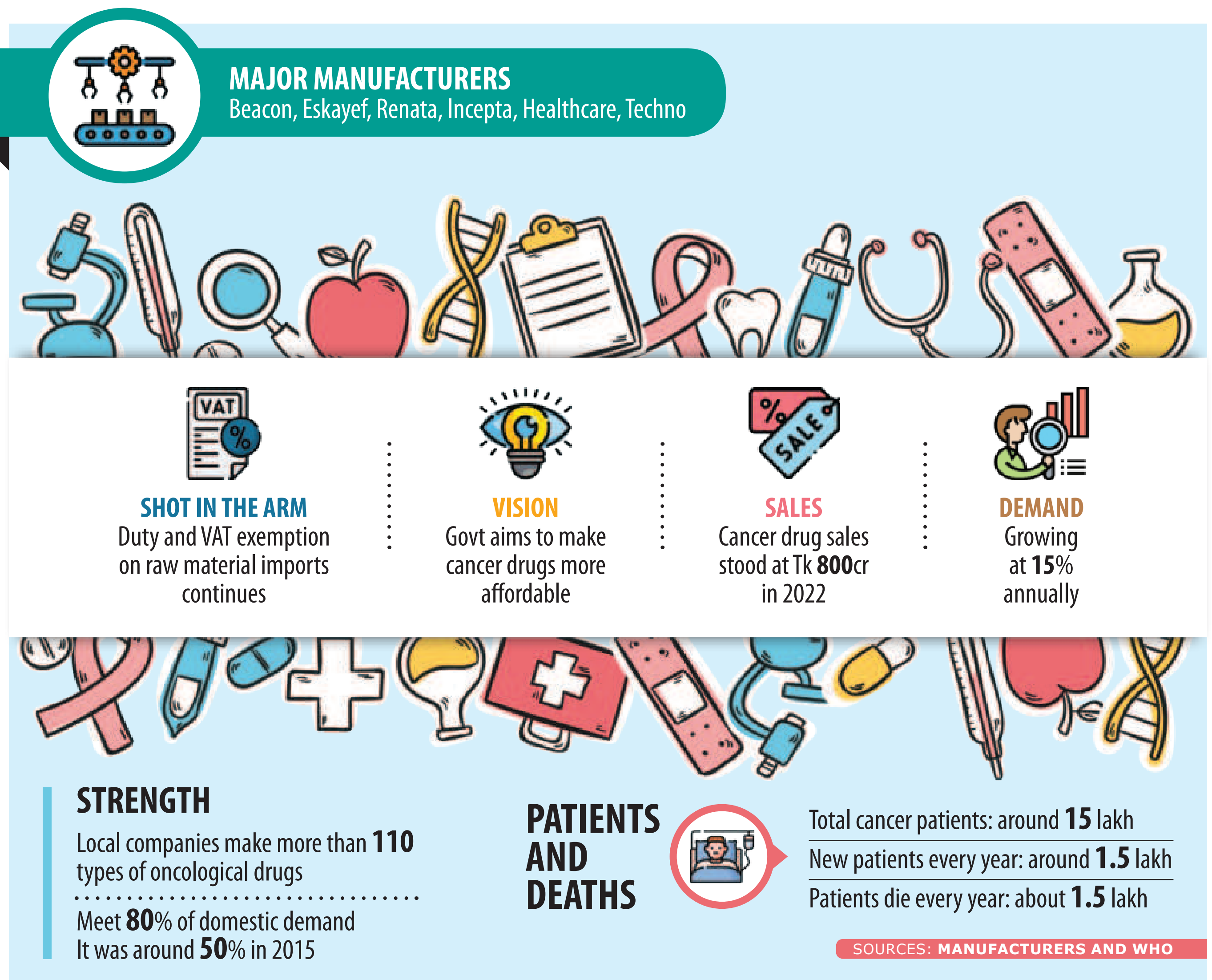

Some respite for cancer patients

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 Muktadir, 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

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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 industries, 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.

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

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

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."

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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 CLOSINGS)

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

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.

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

PHOTO: RAJIB RAIHAN

"The price will increase further," he added.

Abdur Rahim, a trader of the Khatunganj wholesale market in Chattogram, said each maund of 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 tones, 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.