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## Expectations unmet in budget

Lament businesses

STAR BUSINESS REPORT

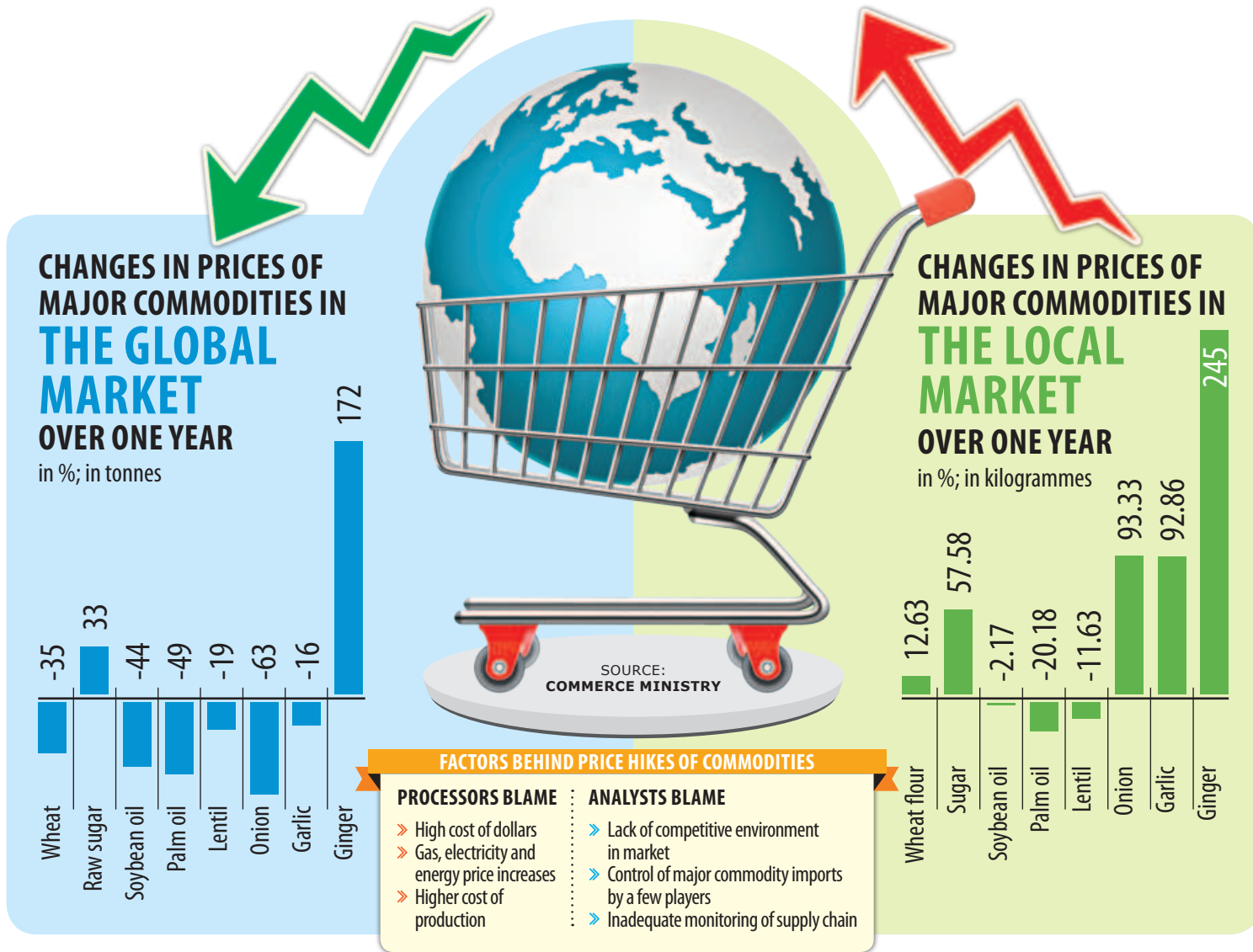
The expectations of businesses in Bangladesh have grossly remained unmet in the proposed budget for fiscal year 2023-24 at a critical juncture of the country's macroeconomic turmoil, according to various businesses.

Moreover, the panacea for curing the macroeconomic ills is also largely absent in the proposed budget, raising questions among economists over whether it can be implemented or not.

Besides, some proposals in the budget will not aid economic growth, rather hinder it if left in place when the budget is passed in parliament, they said.

For instance, there is an option to create posts for tax collectors empowered by the National Board of Revenue (NBR), which reminds of the

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## Tax rebate scope for investment in mutual funds narrows

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The draft Income Tax Bill 2023 has delivered bad news for big investors of mutual funds though it has retained all benefits for stock investors, including the capital gains tax.

Drafted in Bangla, the bill, which was placed in parliament on June 8 by Finance Minister AHM Mustafa Kamal, will replace the existing Income Tax Ordinance 1984.

The new law proposed that investments up to Tk 5 lakh in any government securities, units of mutual funds, and exchange-traded funds will get a tax rebate.

Previously, any amount of investment in mutual funds qualified for the tax rebate. The rebate on investments in any listed securities has remained unlimited.

As a result, investors will be discouraged to park funds in mutual funds since they will not be eligible for the rebate if the investment crosses Tk 5 lakh, said a top official of an asset management company.

"People will be encouraged to invest in stocks. But the government should have encouraged people to invest in mutual funds."

The investment in open-ended mutual funds, which are not listed, will mainly be impacted now, he added.

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Kamal Quadir

## bKash CEO named global high-impact finance leader

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bKash CEO Kamal Quadir has been named as one of the global high-impact leaders in finance by Washington-based nonprofit organisation Aspen Institute.

The Aspen Institute, the global organisation committed to realising a free, just, and equitable society, has named the 2023 Class of its Finance Leaders Fellows and included Quadir in the list, as a diverse range of high-impact leaders to shape the future of finance.

The Finance Leaders Fellowship is a global community of values-based

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# Why aren't prices of essentials falling locally?

Prices of commodities declined for 13th consecutive month in May globally

SUKANTA HALDER

Global commodity prices are falling.

The Food Price Index of the Food and Agriculture Organisation also shows that the prices of commodities declined for the 13th consecutive month in May. The Index was 35.4 points, or 22.1 per cent, lower than the all-time high reached in March 2022.

The decline in May was underpinned by significant drops in the price indices for vegetable oils, cereals and dairy, which were partly counterbalanced by increases in the sugar and meat indices, said the UN agency in its latest prices index.

For millions of consumers in Bangladesh, things are, however, different. They are not reaping the benefit of the decline. Instead, they continue to see the opposite in some cases.

Take wheat flour, a highly import-based commodity. Over the last one year, the prices of the grain declined 35 per cent year-on-year to \$311.5 per tonne in the international market.

In Bangladesh, the prices of wheat flour went up as much

as 25 per cent during the same period, according to a commerce ministry paper presented at a meeting of the government task force on essentials yesterday.

The scenario is identical in the case of lentils.

The extent of price decline is

much lower in Bangladesh than that of the global trend, raising questions about why prices are not falling locally in line with the international market.

For edible oil, consumers, however, have received some relief.

In the last one year to June 8, the prices of soybean oil have fallen 44 per cent to \$912 per tonne in the international market.

Commodities processors cite

various reasons, including the increased import cost because of the dearer US dollars and the hike in the prices of gas, electricity and energy. Some also blame the less-than-required imports of commodities such as wheat and the supply-demand mismatch.

Analysts also point to other issues, including a lack of competitive environment, control of major commodity imports by a few players, collusion among market participants, and a high profiteering tendency among businesses in the supply chain amid inadequate monitoring and enforcement by public agencies, compelling consumers to pay more.

In its review of the economy last month, the Centre for Policy

Dialogue (CPD) said importers argue that their current stocks were purchased at higher costs, preventing them from immediately lowering prices in response to a drop in global rates.

"If this argument is logical, then the reverse should also hold - when commodities are imported at cheaper prices, these should also be sold at lower prices until old stocks are depleted, even if there is a price hike in the international market."

"When international prices rise, importers immediately raise prices, even for their old stocks."

This is, according to the CPD, related to the presence of an imperfect market mechanism, where market rules fail to operate optimally. This has contributed to the current inflationary trend.

The CPD said high prices are not fully an external phenomenon.

Citing his experience, a top private banker dealing with international trade said a section of commodity importers do not want to cut the prices as they want to make up for their previous losses.

Asked, Md Shafiqul Ather

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Thin rectangular pieces of cotton fabric, called "gamchha" in Bangla and traditionally used as a towel, hung by the footpath in Shyamoli in Dhaka for sale at up to Tk 250 each. Nowadays it is also used in making saris, accessories and home decorations. The photo was taken yesterday.

PHOTO: PRABIR DAS



Subir Kumar Ghose

## Specific duty on crude oil imports a welcome move

Says Partex Petro CEO

JAGARAN CHAKMA

Oil refiners in Bangladesh have welcomed the government's specific duty proposed in the budget for the next fiscal year on the imports of crude oil.

"We welcome the fact that the proposed budget has kept the specific duty," said Subir Kumar Ghose, chief executive officer of Partex Petro Ltd.

The government has proposed an import duty of Tk 1,117

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