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Navana Pharma ditches plans for new unit

STAR BUSINESS REPORT

Navana Pharmaceuticals yesterday decided to use the proceeds from its initial public offering (IPO) to expand and modernise existing facilities rather than establish a new production unit, according to a posting on the Dhaka Stock Exchange (DSE) website.

The newly listed drug company planned to construct a new general production building using Tk 23.24 crore from its IPO proceeds worth Tk 75 crore.

However, Navana Pharma's board of directors instead recommended utilising Tk 13.12 crore of the fund for modernising and expanding its small volume parenteral and ophthalmic (SVPO) facility.

In addition, they suggested setting aside Tk 4.68 crore for expanding the company's general liquid facility by adding a dispensing area.

Navana Pharma will

The company had planned to construct a new general production building using Tk 23.24 crore from its IPO proceeds

use another Tk 5.44 crore of the IPO proceeds for modernising and expanding its animal health facility.

Besides, the drug maker plans to modernise its overall quality control system by spending Tk 2.34 crore, which will be financed from the company's own source.

Navana Pharma's board elected to change their initial decision after a market assessment showed that the benefits of upgrading existing facilities outweighed those of establishing a new production unit.

This is because construction would take a considerable amount of time while marketing products of the new unit would be a prolonged process as well.

On the other hand, it was seen that modernising and expanding existing facilities would help immediately meet up the demand for the company's products.

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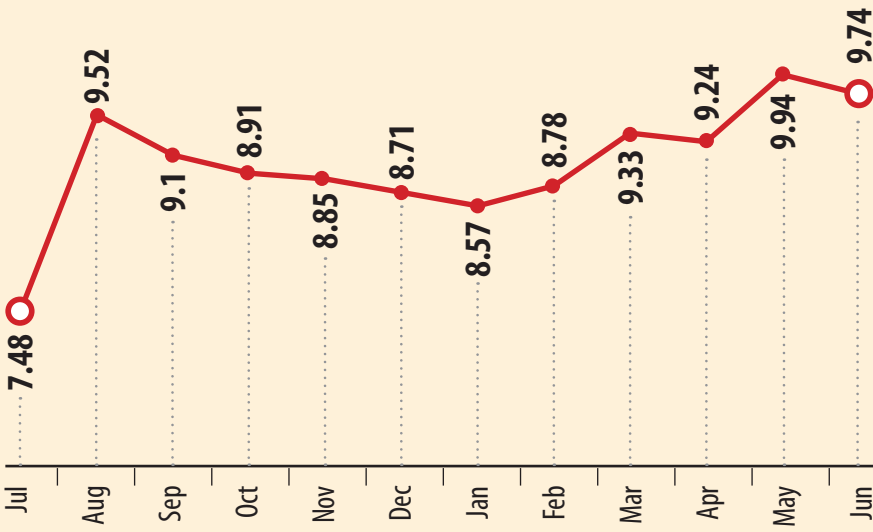
BBS' NEW CPI: AT A GLANCE

Updated CPI compilation from April 2023
 Changed the base index from 2005-06 to 2021-22
 Introduced new basket weights based on Household Income and Expenditure Survey of 2016-17
 In line with 2020 CPI manual of International Monetary Fund

New basket contains 383 items (goods and services) with 749 varieties
 There are 127 food items with 242 varieties and 256 non-food items with 507 varieties
 CPI data are collected from 154 markets from 64 districts

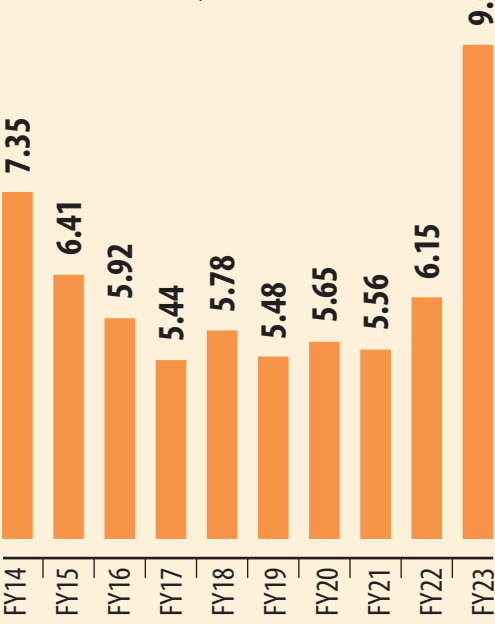
Trend of inflation in FY23

In %; SOURCE: BBS



CONSUMER PRICE INDEX

In %; SOURCE: BBS



Inflation climbs to 12-year high

Overshoots target

REJAUL KARIM BYRON and MD FAZLUR RAHMAN

Average inflation in Bangladesh surpassed the government's target for the just-concluded fiscal year by a large margin as higher prices of goods and services continue to linger for the economic crisis at home and abroad.

The Consumer Price Index (CPI) rose 9.02 per cent in 2022-23 against the government's revised target of 7.5 per cent. This was the highest average inflation rate in 12 years, according to the Bangladesh Bureau of Statistics (BBS).

This was much higher than the 5-6 per cent average inflation seen in the decade before the Russia-Ukraine war. General inflation was 6.15 per cent in 2021-22.

At the beginning of FY23, the government had aimed to limit the inflation to 5.6 per cent.

The goal was later revised upwards first to 6.5 per cent and then to 7.5 per cent since the war rages and the slide in the foreign currency reserve, the weakening of the taka against the US dollar, and the energy crisis continues.

The Consumer Price Index rose 9.02 per cent in 2022-23 against the government's revised target of 7.5 per cent

In FY23, average inflation stayed above 9 per cent for six months, above 8 per cent for five months and more than 7 per cent in one month, data from the national statistical agency showed.

In June, general inflation fell 20 basis points to 9.74 per cent compared to a month ago. This was down from an 11-year high of 9.94 per cent in May.

Food inflation rose 49 basis points to 9.73 per cent in the last month of the fiscal year, highlighting the persisting pains confronting the poor and the low-income groups. Non-food inflation declined 36 basis points to 9.6 per cent.

At the end, food inflation averaged 8.71 per cent, the highest in 12 years. Non-food inflation stood at 9.39 per cent, an 11-year high.

Economists blame inadequate measures on the part of the government and the central bank for the surge in consumer prices.

They argue that although the central bank has raised the policy rate five times in the past one year, it has not been able to rein in the rocketing inflation owing to the lending rate cap on loans and the largely administered exchange rate.

Recently, Sadiq Ahmed, vice-chairman of the Policy Research Institute of Bangladesh, a think tank, said the government's responses to inflation reduction comprised of control over the exchange rate and the use of subsidies to prevent a pass-through of global energy price increases.

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Tannery CETP needs renovation even before offering full service

REFAYET ULLAH MIRDHA

Bangladesh is yet to reap the full benefit from the much-talked central effluent treatment plant (CETP) at the Savar Tannery Industrial Estate (STIE) despite spending more than Tk 500 crore and waiting for nearly a decade.

Yet, it now requires renovation or rebuilding since the contractor that built the facility on the outskirts of the capital city handed over an incomplete CETP.

Now, uncertainty has emerged over who will foot the bill for the necessary work: the government is not keen to provide the fund needed to make the facility fully ready, while the tanners, the users, say they don't have the capacity to fund it.

But without a fully functional CETP, Bangladeshi companies will not be able to obtain the much-required Leather Working Group (LWG) certification, which is a must to attract international retailers and brands in the leather sector.

This means the country will continue to be deprived of valuable foreign currencies since local tanners don't get higher

prices for tanned leathers owing to a lack of compliance while finished goods manufacturers can't sell products made using the leather produced in the country.

This is unfortunate for Bangladesh as leather is among

not have the capacity to treat all of the rawhides collected during Eid-ul-Azha, an occasion when nearly half of the country's annual animal skins are generated.

As a result, untreated waste is being released into the Dhaleshwari river and the local

fully functional," said Mustak Ahmed, managing director of the Dhaka Tannery Industrial Estate Waste Treatment Plant Company (DTIEWTPC), which runs the plant and manages the solid waste generated at the STIE.

He said the CETP needs to be refurbished or replaced as the Chinese company handed over an incomplete plant to the DTIEWTPC in July 2021.

"The CETP is currently running partially. It needs to be refurbished to obtain the LWG certification."

Presently, DTIEWTPC earns Tk 2.25 crore a month from 142 out of 162 tanneries housed inside the estate. Its monthly expenditure stands at more than Tk 2 crore.

Most of the members of the DTIEWTPC board are tanners and the company has a deposit of Tk 5 crore, but the fund is inadequate to renovate or even rebuild the CETP, Ahmed said.

Owing to the partial operation of the CETP, the government has started allowing private ETPs inside the STIE.

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Women are seen strolling down an avenue displaying various plants at the Jatiya Brikkho Mela, a monthlong exhibition that aims to promote and raise awareness on the benefits of planting trees. Being held in Agargaon, Dhaka, visitors can attend the event from 9:00am to 8:00pm every day till July 12.

PHOTO: PALASH KHAN

\$1.09b import bills to bring down forex reserve again

STAR BUSINESS REPORT

The Bangladesh Bank will clear import bills to the tune of \$1.09 billion through the Asian Clearing Union (ACU) this week, which will bring down the country's foreign exchange reserve level.

A BB official told The Daily Star that the central bank would settle the import bills within a day or two.

The ACU is an arrangement for settling payments for intra-regional transactions among member countries.

India, Bangladesh, Bhutan, Iran, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka are members of the Tehran-based organisation. Members clear payments every two months.

The forex reserve usually falls after ACU payments are made. The BB cleared import bills amounting to \$1.18 billion in May.

The reserves stood at \$31.19 billion on June 30 in contrast to \$41.82 billion on the same day a year ago, BB data showed. And the reserves could drop below \$31 billion after import bills are cleared this week.

It rose past \$31 billion on June 26 after

three multilateral lenders extended \$925 million in loans to Bangladesh. In addition, a higher inflow of remittances on the occasion of Eid-ul-Azha also played an important role in pushing up the reserve level last month.

Migrant workers sent home \$21.61 billion in the just-concluded fiscal year, up 2.75 per cent from the \$21.03 billion remitted a year ago.

The expatriate Bangladeshis remitted about \$2.2 billion in June, the highest in a single month since July 2021 when \$2.6 billion entered the country.

Bangladesh's foreign exchange reserves soared to a historic high of \$48 billion in August 2021. But higher import payments driven by a surge in commodity prices globally dealt a blow in recent months.

The import payments, however, have decreased recently after the central bank took a set of measures to discourage non-essential and luxurious imports.

Between July and May of 2022-23, import payments stood at \$64.76 billion, down 14.11 per cent year-on-year.