



Anisha Biswas drains water out of a nursery for saplings of Boro season paddy. Planting of the crop runs from November to February whereas harvests continue from April to June. Boro accounts for nearly 55 percent of the country's yearly rice production. An estimated 2.07 crore tonnes were cultivated in fiscal year 2022-23, according to the Bangladesh Bureau of Statistics. The photo was taken at the Bil Abad village in Khulna's Dumuria upazila recently.

PHOTO: HABIBUR RAHMAN

Not revenue, tobacco tax should mind public health: economists

STAR BUSINESS REPORT

Higher tobacco taxation should not be a key tool of the government for boosting overall revenue collection, as this could compromise the overall status of public health, according to economists.

Historically, Bangladesh has allocated a meagre one percent of its total budget to the health sector, while tobacco was responsible for around 22 percent of all deaths in 2021.

The economists contended that the health and economic costs associated with tobacco use outweigh the revenue generated from cigarettes and other harmful tobacco products.

They raised these points at a seminar, titled "Effective Cigarette Taxation in FY2025-26", organised by non-governmental think-tank Unnayan Shamannay at the National Military Museum in Dhaka yesterday.

"Prioritising tobacco taxation as a key revenue driver could have detrimental

consequences," said MA Razzaque, a renowned economist.

He said that the National Board of Revenue (NBR) might achieve its revenue targets, but the revenue administration could hesitate to increase tobacco taxes for fear of revenue declines.

"While increased taxation is currently acceptable, the long-term focus should not be solely on revenue generation," Razzaque added.

He said tobacco taxes will have to be increased for the sake of public health and it is the responsibility of the state.

The economist suggested that the government should invest in awareness campaigns to reduce tobacco consumption.

Currently, cigarette companies pay roughly around 47 percent tax on their products.

During his presentation, Abdullah Nadvi, research director of Unnayan Shamannay, called for cigarette price increases in the next budget, exceeding

the annual average inflation rate.

He said current price hikes have been insufficient to deter tobacco consumption.

Over the past five fiscal years, annual cigarette sales have increased from Tk 35,167 crore to Tk 47,307 crore, according to the presentation, which claimed that ineffective cigarette taxation is costing the government Tk 6,600 crore annually.

At the event, Mirza Mohammad Mamun Sadat, first secretary of Tax Policy at the NBR, called for modernising the existing cigarette tax structure to effectively reduce smoking rates in Bangladesh.

Md Mashiur Rahman, first secretary of VAT Policy at the NBR, urged anti-tobacco activists to submit specific cigarette taxation proposals well in advance of the next fiscal year's budget finalisation.

MA Sattar Mandal, an emeritus professor, elaborated on the harm

caused by the tobacco industry and urged policymakers to implement stringent tobacco taxes.

"Currently, 66,000 acres of land are used for tobacco cultivation. Discouraging tobacco cultivation would allow for more profitable crops like potatoes or maize," he said. "Besides, tobacco cultivation depletes soil fertility."

SM Zulfiqar Ali, research director of the Bangladesh Institute of Development Studies, called for strong policy measures to reduce tobacco consumption.

"The NBR must remain vigilant against manipulative proposals from tobacco companies and consumers should be wary of their deceptive advertising," he commented.

Among others, Md Sahidul Islam, former member of the NBR and Md Mostafizur Rahman, lead policy advisor for Campaign for Tobacco-Free Kids (CTFK) - Bangladesh also spoke at the event.

Govt plans to offer revised budget by Feb

Wahiduddin says

UNB, Dhaka

Planning Adviser Dr Wahiduddin Mahmud yesterday said the interim government would announce the revised budget, although in this case more of an emergency budget for the abrupt change in government, for fiscal year 2024-25 by February.

"It would be better to announce it by the end of January. Time has come to prepare a revised budget in line with the monetary policy, budgetary policy and annual development budget," he said.

"We are trying to do that by end of January or in February so that everyone can be benefitted," he said while briefing reporters after a meeting of the Executive Committee of the National Economic Council at the ministry.

Mahmud said once the revised budget was passed, Bangladesh Bank would be able to implement its monetary policy, the finance ministry would know how to manage the budget deficit or how much foreign aid would be needed.

The planning ministry will be able to formulate plans quickly to complete projects at hand.

He commented that people's suffering cannot be alleviated without employment generation.

Mahmud mentioned that usually the revised budget is prepared by the end of March, that is by the end of the third quarter in terms of a fiscal year.

"We did not prepare this budget (current budget for fiscal year 2024-25), the previous government formulated it. We want to revise this budget ahead of that time (March)," he said, signalling what may be more of an emergency budget.

But for that, the interim government needs some estimations like figures of revenue collection from the National Board of Revenue (NBR) and foreign aid flows, he said.

"This will be needed to put the budget deficit at a tolerable level and revise the development budget," said Mahmud.

STOCKS		
DSEX ▼	CASPI ▼	
0.49%	0.09%	
5,170.79	14,454.64	

COMMODITIES		
Gold ▼	Oil ▼	
\$2,615.26	\$69.12	
(per ounce)	(per barrel)	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.64%	▲ 1.19%	▲ 0.87%	▼ 0.50%	
78,540.17	39,161.34	3,752.33	3,351.26	

Realtors optimistic

FROM PAGE B1

Now though, most apartment purchases are being made by people who feel an acute need for personal housing and those who can afford luxury units.

Credence is displaying a total 54 projects, 18 of which are ongoing, at the fair.

The projects are mainly located in the Dhanmondi, Lalmatia, Uttara, Elephant Road, Mohammadpur, Gulshan and Banani areas of Dhaka city.

Hasan informed that their apartment sizes range from 1,200 square feet to 3,500 square feet.

KM Shapnik Mahmud, assistant general manager and cluster head of sales at Rangs Properties Limited, said sales of high-end apartments are sustaining the market, which would have otherwise completely collapsed. He informed that while Rangs Properties is not offering discounts on occasion of the fair, they are open to negotiating with clients to find the best prices for both parties.

The company is showcasing 28 projects at its stall, with most located in the more affluent areas of the capital.

The size of the apartments under these projects is between 2,200 and 8,000 square feet while their prices range from Tk 20,000 to Tk 35,000 per square feet, Mahmud said.

Md Sharif Hossain Bhuiyan, executive director of operations at Sheltech (Pvt.) Limited, said they are offering discounts of up to Tk 25 lakh and an Apple smartphone for clients that book units at the fair.

"Basically, the demand for apartments has declined since August 5, and the sector has been suffering a lot," he added.

Bhuiyan further said that they are participating in the fair despite the low demand as a means of attracting clients.

"We are not sure about how many clients we could get through the fair

but still, we are optimistic about the potential results," he added.

Bhuiyan informed that of the 24 projects being showcased at Sheltech's stall, two are commercial while the rest are residential.

Apartments under these projects with sizes between 971 to 1,173 square feet are available at the price of Tk 10,750 per square feet, he said.

Md Siddiqur Rahman Sarkar, chairman of Rajdhani Unnayan Katiripakka (RAJUK), inaugurated this year's REHAB fair as the chief guest.

The five-day event kicked off at the Bangabandhu International Conference Center in Agargaon, Dhaka yesterday.

Currently, only the people who consider homeownership as an absolute necessity are buying apartments, that too for personal use rather than renting to others, said an official of a company

With 220 stalls set up at this edition, the Real Estate and Housing Association of Bangladesh (REHAB) has allowed building material suppliers and financial investment companies to participate alongside realtors.

During the inauguration ceremony, Sarkar said that measures will be taken to amend the Detailed Area Plan and relevant rules within the next two weeks.

"RAJUK is already undertaking activities to make Dhaka a beautiful place for living," he added.

The RAJUK chairman also lauded REHAB's significant contributions toward fulfilling housing dreams in the country.

Md Wahiduzzaman, president of REHAB, presided over the inaugural ceremony.

Broiler chicken prices rise

FROM PAGE B1

The challenge in opening LCs in 2024 has caused businesses to face considerable losses, said Pran-RFL Group Chairman Ahsan Khan Chowdhury.

"If investors cannot open LCs properly, it has a huge impact on exports and production levels," he added.

In such a situation, the attention of businessmen is impaired and production fails, which impacts exports and the economy, he said.

However, he said the government should not be blamed for this, rather businessmen also have a responsibility here as they can also supply the required US dollars using export earnings.

INCONSISTENT POWER, GAS SUPPLIES

Throughout 2024, production was severely affected by the gas and electricity crisis, said Muhammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

"We were only getting three to five PSI [pounds per square inch] of gas during the day whereas we needed 15 to 40 PSI," he added.

Hatem further said that the government's decision to increase gas prices from Tk 11.95 to Tk 31.50 per cubic metre led to higher production costs.

However, he noted that the recent political shift is encouraging and a significant conquest for the business community.

According to the business leader, the new chairman of the National Board of Revenue is showing positive approaches to improve the business climate.

LABOUR UNREST EXPOSED LAW AND ORDER VACUUM

Soon after the formation of the interim government, major industrial belts on Dhaka's outskirts heated up with agitating labourers.

A year of firefighting

FROM PAGE B1

The challenge in opening LCs in 2024 has caused businesses to face considerable losses, said Pran-RFL Group Chairman Ahsan Khan Chowdhury.

"If investors cannot open LCs properly, it has a huge impact on exports and production levels," he added.

In such a situation, the attention of businessmen is impaired and production fails, which impacts exports and the economy, he said.

However, he said the government should not be blamed for this, rather businessmen also have a responsibility here as they can also supply the required US dollars using export earnings.

INCONSISTENT POWER, GAS SUPPLIES

Throughout 2024, production was severely affected by the gas and electricity crisis, said Muhammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

"We were only getting three to five PSI [pounds per square inch] of gas during the day whereas we needed 15 to 40 PSI," he added.

Hatem further said that the government's decision to increase gas prices from Tk 11.95 to Tk 31.50 per cubic metre led to higher production costs.

However, he noted that the recent political shift is encouraging and a significant conquest for the business community.

According to the business leader, the new chairman of the National Board of Revenue is showing positive approaches to improve the business climate.

LABOUR UNREST EXPOSED LAW AND ORDER VACUUM

Soon after the formation of the interim government, major industrial belts on Dhaka's outskirts heated up with agitating labourers.

They abandoned the production lines, took to the streets and chanted slogans for pay hikes and other benefits.

This impacted apparel exports and the pharmaceutical industry in particular.

According to Pran-RFL Group Chairman Chowdhury, about 10 percent of business and trade were lost in 2024 due to political instability and labour agitation.

Meanwhile, FICCI President Akhtar said improving law and order and energy security remain the biggest concerns in the immediate term for existing investors.

"Unless we have a full grip on the situation, existing investors will be jittery," Akhtar said.

This issue needs to be addressed quickly as existing investors act as the country's ambassadors and have a strong impact on the confidence of incoming investors, he added.

According to central bank data, during the January-June period of 2024, Bangladesh received just \$712.44 million in foreign direct investment compared to \$728.63 million during the corresponding months of 2023.

Akhtar also said investors are taking a wait-and-see approach before making investment decisions.

The footfall of foreign guests, a proxy of foreign investment and exports, also speaks of a topsy-turvy business climate in 2024.

Md Shakawath Hossain, chief executive officer of Unique Hotel and Resorts PLC, said the hotel business was dull throughout the outgoing year.

After sluggish booking for months, he said the presence of foreigners at their two luxury hotels slightly improved in October but saw a fresh downturn in November.

"Business recovery totally depends on the current political and economic situation in the country," Hossain

said.

HIGH INTEREST RATES ELEVATED COST OF BUSINESS

Contractionary measures, like raising interest rates, were adopted to curb inflation, but the long-term project financing interest rate from banks rose to about 14 percent, which resulted in a slowdown in the growth of private sector credit, said former DCCI president Ibrahim.

According to him, the private sector credit growth rate had already dropped by 9.8 percent by mid-year.

Pran-RFL Group Chairman Chowdhury said that anyone wishing to invest in or conduct a business should bear in mind the high bank interest.

"I think we will get rid of the current difficult situation with time," he commented.

Ferdous Ara Begum, chief executive officer of Business Initiative Leading Development (BUILT), said high loan interest rates, a lack of established law and order and unclear guidelines have made investors hesitant and foreign investors have chosen to wait-and-see.

She said the government is also giving projects under the Annual Development Programme higher priority than others, and that some projects have been shelved. This indicates that there might be a wait for fresh investment until the budget for fiscal year 2025-26 is placed.

However, she said Bangladesh has been able to send a signal to the international world that the country has fought against oligarchies, and transparency and accountability will be the main thrust of the government.

"Several reform commissions and committees have been formed, and they are currently turning in their reports that expose the real facts, which can be viewed as encouraging," she added.