Budget measures to boost tyre production, cut imports

Say manufacturers

STAR BUSINESS REPORT

Tyre manufacturers expect domestic production to rise and import dependence to fall following measures proposed in the fiscal year 2026-27 budget, including a 20 percent supplementary duty on light truck tyre imports and value added tax on agricultural tyres.

The measures are expected to help save foreign currency by encouraging local manufacturing, industry representatives said at a post-budget press conference organised by the Bangladesh Tyre-Tube Manufacturers and Exporters Association (BTMEA) at Holiday Inn in Dhaka yesterday.

In a written statement, Lutful Bari, vice-president of BTMEA and chief executive officer of Meghna Tyres, outlined the budget's impact on the industry, including its possible effects on investment and employment.

"The proposed measures will encourage fresh investment and help existing factories operating below capacity expand production," he said.

Bari added that Meghna Group plans to invest around Tk 1,000 crore in a radial tyre manufacturing plant.

He also said that locally produced tyres would be more competitively priced than imported ones.

Sohail Rahman, general manager of Jamuna Tyres, said each direct job in the tyre industry creates about 12 indirect jobs.

"The new supplementary duty will discourage imports and support local manufacturers," he added.

Rahman also said Bangladesh imported tyres worth around Tk 4,700 crore last year.

The event was also attended by Miraj Rahman, managing director of Rupsha Tyres; Md Faisal Faruque Tuhin, vice-president of BTMEA and representative of Hossain Tyres; and Md Shariful Islam, chief operating officer of RFL.

Farmers bring Aman paddy to Talanda Bazar in Tanore, Rajshahi, where BRRI dhan71 and Jeera varieties are selling at around Tk 1,000 per maund amid claims of syndicate-driven pricing and rising production losses. The photo was taken on Sunday. PHOTO: AZAHAR UDDIN

Budget goals hinge on deep institutional reforms: experts

STAR BUSINESS REPORT

While the proposed national budget contains several positive signals, including business-friendly measures, tax incentives and investment promotion initiatives, experts have questioned whether its ambitious targets can be achieved in the current economic climate.

They said the budget's success hinges on deep structural reforms in key institutions, particularly the National Board of Revenue (NBR) and the Anti-Corruption Commission (ACC). Without such reforms, implementation of the government's fiscal agenda could prove difficult.

Economists, journalists and business leaders made the observations at a discussion titled Fiscal Priorities and Economic Justice: A Critical Review of the FY 2026-27 National Budget, organised by the Bengal Institute of Peace and Economic Development in Dhaka yesterday.

"Although the budget contains several encouraging measures for businesses and investors, the overall fiscal targets are highly ambitious. Achieving these goals without fundamental institutional reforms will be difficult," said AKM Waresul Karim, a dean at North South University.

He said the budget sets aggressive targets for growth, investment and public expenditure, but the governance and institutional reforms needed to achieve them remain largely unaddressed.

In particular, the modernisation and digital transformation of the NBR are essential. Unless millions of taxpayers -- both individuals and businesses -- are brought under an automated tax administration system, the ambitious revenue target may remain unrealistic.

"In our view, unless tax administration is modernised and automation is expanded significantly, the government's revenue targets may prove difficult to achieve."

Failure to meet revenue targets could force the government to rely more heavily on domestic and foreign borrowing, increasing debt-servicing costs, weakening the country's credit rating, creating pressure on private investment and reducing policy flexibility.

If revenue collection falls short, excessive borrowing could create long-term macroeconomic risks, including rising interest burdens and reduced fiscal space, he added.

Another concern lies in the banking sector. Although the government acknowledges political influence and non-performing loans, a clear reform roadmap remains absent. The government's plan to borrow Tk 112,000 crore from the banking system could further crowd out private-sector investment.

The scale of borrowing may reduce credit availability for private businesses and discourage fresh investment, he added.

Towfiqul Islam Khan, an additional director for research at the CPD, said the government's success should be judged by long-term implementation and the quality of expenditure rather than short-term budgetary targets.

A major systemic issue, he said, is the persistent reliance on inflated projections and the NBR's conflicting dual role as policymaker and tax collector.

He stressed that although some revenue measures appear business-friendly, the budget contains unnecessary "fat".

Kazi Jesin, a broadcast journalist and television talk show host, supported reforms such as cashless banking to curb rampant tax evasion. She criticised traditional metrics, noting that previous governments' GDP growth failed to prevent widespread financial hardship, looting or poverty.

Urging political factions to stop making immediate calls for the government's downfall, she argued that restoring investment and building trust require stability and unity.

"To make the budget effective, critics need to offer constructive suggestions rather than just predicting failure."

Ultimately, true development lies in maximising human capital and technical training, she added.

Zina Tasreen, a senior sub-editor at The Daily Star, said the budget was not drafted with current realities in mind, failing to recognise that Bangladesh's economy is experiencing stagflation.

"So there isn't any workable way out of our current economic situation. The budget assumed that we can spend our way out of any problem, as in Western nations. But our reality is different: strained reserves."

"The moment we go on expansion, our dollar reserves will deplete fast, and what will happen to inflation then? This is an elementary flaw of the budget."

She said the budget also leaned too heavily towards a welfare-state model, meaning it does not sufficiently encourage capitalism, productivity and success.

Govt forms drug advisory council

STAR BUSINESS REPORT

The government has formed a National Drug Advisory Council to advise the authorities on implementing the National Drug Policy and developing the country's pharmaceutical sector to ensure the availability of essential medicines.

The 22-member council will be headed by Health and Family Welfare Minister Sardar Md Sakhawat Husain, according to a circular issued by the Cabinet Division on Sunday.

The state minister for health and family welfare, the prime minister's special assistant on health affairs, the executive chairman of the Bangladesh Investment Development Authority (BIDA), the chairman of the National Board of Revenue (NBR), secretaries from various ministries and divisions, academics, and industry representatives have been included in the council.

One of the council's key responsibilities will be to publish a new essential drug list and update it every two years, the circular said. The council will meet at least twice a year and will be allowed to co-opt additional members.

The development comes within six months of the interim government's update of the National Essential Drug List, which increased the number of medicines to 295 in January this year following recommendations from a taskforce.

At the time, the government also announced that the prices of all these essential medicines would be fixed to ensure greater affordability for the public. However, neither the prices were fixed nor was the decision implemented.

Asked yesterday, Health Secretary Quamruzzaman Chowdhury, who will serve as the member secretary of the advisory council, said they would review the previous list and prepare a fresh essential drug list, taking all relevant factors into consideration.

When the interim government formed a taskforce to prepare the essential drug list, it did not include any industry representatives, citing the need to avoid conflicts of interest.

However, the Bangladesh Association of Pharmaceutical Industries (BAPI) criticised the move, particularly the exclusion of industry representatives from the taskforce.

The presidents of the Federation of Bangladesh Chambers of Commerce and Industry, BAPI, and the Bangladesh Pharmaceutical Society have been made members of the new advisory council.

The health secretary said several cases and countercases had been filed over the previous government's move. "All necessary procedures and practices were followed to form the council," he added.

Crude prices drop

AFP, *Hong Kong*

Oil prices fell on Monday on optimism over US-Iran talks, with mediators flagging a "roadmap" to a final agreement, while equities were mixed.

After a meeting planned for Friday was cancelled owing to fighting between Israel and Hezbollah, the negotiations finally got underway on Sunday in Switzerland with teams led by US Vice President JD Vance and Iran's Mohammad Bagher Ghalibaf.

Traders remain in buoyant mood after news that the two foes had paused their conflict, which had sent energy costs soaring and stoking inflation, sending shivers through the global economy.

NBR expects Tk 415,000cr

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The revenue authority has also strengthened post-clearance audit and risk management activities at customs houses, while simultaneously completing income tax and VAT audits of high-risk taxpayers.

Towfiqul Islam Khan, additional director, Research, at the Centre for Policy Dialogue (CPD), said the shortfall from the revised revenue collection target of Tk 588,000 crore, including the NBR's target, is likely to be Tk 100,000 crore this year.

For fiscal year 2026-27, the government aims to collect Tk 695,000 crore, including the NBR's target of Tk 604,000 crore. The amount is 18.2 percent higher than the current fiscal year's revised revenue target.

If the NBR's projection of Tk 415,000 crore is taken into account, the tax authority will have to collect 45 percent more revenue next fiscal year. Khan said that, given the current trend in revenue collection, there is a risk of a Tk 100,000 crore shortfall next year as well.

"There has to be extraordinary performance in revenue collection to achieve the target. For this, the NBR has to curb tax evasion and improve institutional capacity," he said. "There is no alternative to reforms to do this. Revenue mobilisation will be a defining factor in the implementation of the budget for the next fiscal year."

Until May, income tax collection recorded the highest year-on-year growth, followed by VAT and supplementary duty (SD) from domestic economic activities and import tariffs collected by customs.

The NBR logged Tk 121,072 crore from direct, or income, tax in July-May of fiscal year 2025-26, up 12.5 percent year on year.

Collection of VAT and SD from domestic sources, the largest source of revenue, grew 10 percent year on year to Tk 140,168 crore.

Collection of import and other tariffs from international trade grew 7 percent year on year to Tk 99,402 crore.

Govt to issue

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Local and foreign individuals, corporate bodies, investment firms, insurance companies, provident funds and deposit insurance funds can also participate through banks and financial institutions, it added.

In the proposed national budget for fiscal year 2026-27, the government has prioritised expanding the use of sukuk alongside corporate bonds, mutual funds and green bonds to reduce excessive reliance on bank-based financing.

The budget mentions that the use of sukuk, along with infrastructure funds, will be increased to support long-term public and private projects.

Hussain said the central bank looks to raise Tk 25,000 crore through sukuk in fiscal year 2026-27.

He noted that total outstanding investment in government bills and bonds stands at around Tk 5 lakh crore. Taking into account the 27 percent share of shariah-based banks in the banking sector, there is a potential sukuk investment pool of nearly Tk 1 lakh crore. So far, the government has issued sukuk with tenures of five to seven years, raising about Tk 48,000 crore in total.

Unrounded cigarette prices

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FY24 to 4,100 crore in FY25, and further to 2,830 crore as of May this fiscal year. Revenue from the tier fell from Tk 22,890 crore in FY24 to Tk 15,320 crore over the same period.

Smokers have increasingly shifted to medium-tier cigarettes. That tier accounted for just 7 percent of all cigarettes sold in FY22. In FY26, its share has since risen to 42 percent as of May. Low-tier share fell from 77 percent to 49 percent during the same period.

Despite the volume decline, total tobacco revenue has risen each year -- from below Tk 30,000 crore in FY21 to around Tk 45,000 crore in FY26 with a month still remaining.

Anti-tobacco campaigners and economists at the event renewed calls for an outright ban on e-cigarettes and other emerging tobacco products, warning that their growing availability could fuel nicotine addiction, particularly among the youth.

Hassan said the BNP government has reversed a ban on emerging tobacco products such as e-cigarettes and nicotine pouches, and is instead pursuing taxation of these items. The budget proposes a 40 percent supplementary duty on nicotine pouches and 67 percent on heated tobacco products.

Hossain Zillur Rahman, executive chairman of PPRC, said some price adjustments in the proposed budget appear disconnected from market realities.

"When tax decisions become trapped in decimal-point calculations rather than reflecting actual market conditions, the policy impact remains limited and valuable revenue opportunities are lost," he said.

Prof Shafiun N Shimul, director of the Institute of Health Economics, said Bangladesh has a large tobacco market with around 70 billion cigarette sticks sold annually, and that despite successive price hikes, smoking prevalence has not declined at the expected pace.

A significant share of price increases continues to be captured by tobacco companies rather than the government, he added.

SM Abdullah, associate professor at the University of Dhaka's Department of Economics, said the proposed budget signals a shift from curative to preventive healthcare, but achieving that goal will require a stronger and more effective tobacco tax policy.

Prof Syed Akram Hussain, chairman of the Clinical Oncology Department at Bangladesh Medical University, said tobacco consumption is responsible for around 30 percent of cancer cases in the country and is linked to many other major non-communicable diseases, and called on the government to take stronger measures to curb tobacco use.

The PPRC welcomed the budget's proposal to impose a 300 percent supplementary duty on acetate tow and filter rods -- two raw materials used in cigarette filter production that currently carry no supplementary duty -- and also cited the raising of the premium-tier minimum retail price to Tk 210 per 10 sticks as a step in the right direction.

BSEC paves way

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the investors, accords its consent to hold the meeting of the board of directors of Beximco Pharmaceuticals PLC for the purpose of approval and publication of the financial statements of Beximco Pharmaceuticals PLC and its subsidiaries".

Md Abul Kalam, spokesperson of the BSEC, said the decision was taken to protect both investors and the country's market reputation

"To save the image of the country and for the interest of investors, the regulator allowed the board meeting," he said.

Beximco Pharma is currently the only Bangladeshi company listed on AIM. Kalam said the possibility of delisting would have implications for the credibility of Bangladesh's capital market.

The governance dispute has had consequences for shareholders, too. Since the legal dispute began, Beximco Pharma has not published quarterly results or annual financial statements.

The absence of audited accounts led to the suspension of trading in its global depositary receipts on AIM on January 2.

Under London Stock Exchange rules, a company must publish audited annual accounts within six months of its financial year ends. If trading remains suspended for six months, admission can be cancelled unless issues are resolved.

As the deadline approached, concerns grew among investors that the suspension could result in delisting. Shares in Beximco Pharma fell 1.58 percent to Tk 143 on the Dhaka Stock Exchange yesterday, having risen earlier in the week on hopes of a breakthrough.

Speaking on condition of anonymity, a top official of a brokerage house said the regulator's involvement has been read by investors as a signal that the matter is finally being taken seriously.

Troubled NBFIs among top gainers

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initially proposed liquidating nine NBFIs -- Bangladesh Industrial Finance Company, Premier Leasing, GSP Finance, Prime Finance and the aforementioned five institutions.

The decision followed an assessment by BB, which identified 20 NBFIs, including Phoenix Finance and First Finance, as being in critically weak financial health due to high defaulted loans and depleted capital. These firms were placed in the "red" category.

Together, the nine institutions accounted for 52 percent of total defaulted loans in the NBFI sector, which stood at Tk 25,089 crore at the end of last year. This reflects years of weak lending practices and capital erosion.

Seven of the nine institutions have an average net asset value of negative Tk 95 per share, meaning there is little chance of meeting obligations without state support. In simple terms, if assets are sold and debts are cleared, there is likely to be nothing, or very little, left for ordinary shareholders.

However, the recent rise in share prices has surprised market analysts. A senior brokerage official, speaking on condition of anonymity, said some investors are buying these shares based on rumours that they may still receive some returns from these institutions.

He added that there is no realistic prospect of shareholders getting anything back from these NBFIs.

Beximco Pharma launches

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hope every CF patient gets to experience this very, very soon. For most of my life, this medicine was not an option for me. Finally, there is effective, affordable treatment."

Apart from Slovakia, patients from five countries, including South Africa, Qatar, the United States, the United Kingdom and Bangladesh, were among those who received the first doses of Triko last week.

Rabbur Reza, chief operating officer of Beximco Pharmaceuticals, said the drugmaker aims to address major gaps in access to essential medicines.

"At Beximco Pharma, we have always sought to address the unmet medical needs of patients, particularly in therapy areas characterised by severely limited access," he said.

"We are deeply proud to be part of this meaningful initiative," Reza added. "We believe that access to this life-saving treatment will have a truly transformative impact on the thousands of patients living with cystic fibrosis who are currently deprived of treatment due to the significant cost burden."