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 এসআইবিএল হোম ফাইন্যান্স
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Star BUSINESS

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Mindless exports put firms at risk

Traders ship processed foods not meant for export

SOHEL PARVEZ
 A section of traders are engaged in exporting processed foods, buying those straight from the domestic market, ignoring the fact that shipped items may not fully comply with the standards set by importing countries.
 Analysts and industry operators warned about the risks of such exports, saying the practice puts Bangladesh's image at risk.
 "It also raises the risk of a ban on the entry of Bangladeshi items if exported products do not comply with the requirements of the importing country," said Humayun Kabir, director general of South Asian Regional Standards Organisation (SARSO).
 The parameters of food standards vary from country to country and the standards of Bangladesh Standards and Testing Institution may not be acceptable to the importing country, he said.
 So, one should export goods in line with the standards of the importing country, he added.
 Food processors also raised the same concerns; they face problems when their food items that were made for the local markets and not meant for export are shipped by traders abroad, overlooking the packaging and quality requirements of the importing country.
 "We have to suffer for such shipments by a section of traders," said Khurshid Ahmad Farhad, head of export at Square Food and Beverage Ltd, a concern of Square Group.
 The US Food and Drug Administration (FDA) issued an alert mid last year after a hazardous bacteria was found in Square's chilli powder, he said.
 Square did not ship the product; a trader



TOP TEN EXPORT MARKETS

in millions of dollars

UAE	28.24
SAUDI ARABIA	23.56
INDIA	12.57
UK	6.34
MALAYSIA	6.05
USA	4.63
OMAN	3.29
KUWAIT	3.14
SINGAPORE	2.66
SOMALILAND	2.34

exported the item buying it from the local market, he said.
 Square exports to the US by treating spices at a lab to make sure it meets standards of the country, Farhad said.
 To market locally, the company does not treat the chilli powder separately on grounds that the bacteria cannot survive in very high temperatures, the way that food is usually cooked here, he said.
 Farhad said Square continued efforts so that FDA withdraws the alert about the chilli powder.
 "It costs us time and money," he said. If the FDA finds noncompliance in any product of a

company, it detains all the products of that firm for lab tests before release, he added.
 The importer has to bear the costs of the tests and wait for several weeks for the result, while the whole process makes business less feasible, he added.
 "We give high importance to our brand value. But exports by some traders affect not only our brand but also the country's image."
 Square is not alone. Other manufacturers, such as Pran and Bombay Sweets have also faced problems related to the shipment of food items that were meant for the local market.
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Economic growth to keep up momentum: WB

REJAUL KARIM BYRON
 Bangladesh's economic growth will keep up its momentum this fiscal year despite pressure on the budget from a salary hike for government employees and spending on infrastructure, the World Bank said.
 Increased infrastructure spending and public sector wage hikes in Bangladesh are expected to keep growth high at 6.8 percent over the medium term, but will widen the fiscal deficit, said the WB's Global Economic Prospects 2016 released yesterday.
 The WB report forecasts that GDP growth will be 6.5 percent against the government's target of 7 percent in the current fiscal year. Growth will be 6.7 percent and 6.8 percent in the following two fiscal years, it said.
 The hike in public sector wages will affect the GDP in two ways, said Zahid Hussain, lead economist at the WB's Dhaka office. One of the major sectors on which GDP is calculated is public administration, and government officials' income is reflected in public administration.
 On the other hand, the employees will spend their increased salary on consumption, which will also have a positive impact on GDP growth.
 The new pay scale was introduced in January last year, while it was made effective from July 1. Some 12 lakh government employees have been drawing their salaries as per the new pay scale with arrears.
 In addition, when the teachers under the MPO and other officials related to the national pay scale are counted, the basic salaries of an additional nine lakh people have gone up.
 The 5.2 lakh pensioners also got a hike in their pay cheques this fiscal year.
 The government has made effective only the hike in basic salaries this fiscal year; the allowances will be raised next fiscal year.
 An additional Tk 15,904 crore will be

	GDP growth (%)	Investment rate in % of GDP
Bangladesh	6.2	28
China	8.3	45.3
India	7.3	30.6
Indonesia	5.6	32.1
Pakistan	3.9	13.2
Philippines	6.2	20.1
Sri Lanka	7.1	28.1
Vietnam	5.9	26

required to bear the increase in basic salaries this fiscal year; an additional Tk 23,828 crore will be needed next year to cover the allowances, according to the finance ministry.
 Bangladesh has also started implementing a number of big infrastructure projects, including the Padma bridge and metro-rail, said Hussain.
 The government plans to implement a good number of projects in the power and road sectors, he added. Under a \$2 billion Indian line of credit, a number of projects will be implemented in the road and railway sectors.
 If these projects are implemented properly, economic growth will accelerate in the medium-term, according to Hussain.
 An amendment to the labour laws in September that strengthens workers' rights and workplace safety should assist export performance, particularly in light of the ongoing US review of Bangladesh trade status under its generalised system of preferences, the WB report said.
 As political tension in Bangladesh has abated, exports have rebounded strongly, supporting activity, according to the report. The easing of political tensions or uncertainty should bolster private consumption, it said.

Muhith wants spectrum auctions by June

STAR BUSINESS REPORT
 Finance Minister AMA Muhith has instructed the revenue board to take steps to clear barriers to spectrum auction for mobile phone operators within the current fiscal year.
 The move comes as the National Board of Revenue is some way off its target this year and the auction would give a boost to the collections.
 Revenue collection rose about 14 percent year-on-year to Tk 54,407 crore in the first five months of the fiscal year, which is Tk 8,308.60 crore less than its target for the period.
 "We have to make a special effort to minimise the gap between collection and target," Muhith said in a letter to the secretary of the Finance Division and the NBR chairman.
 Bangladesh Telecommunication Regulatory Commission aims to raise nearly Tk 5,000 crore by selling 3G and 2G spectrum, according to officials.
 But mobile operators are not participating in the auction due to disputes with the NBR about SIM (subscriber identification module) replacement tax.
 Last month, the NBR at a meeting requested the telecom regulator to organise the spectrum auction as early as possible.
 In the letter, Muhith also said the NBR has to speed up efforts to increase the number of taxpayers by at least five lakh.



Zunaid Ahmed Palak, state minister for ICT; Young Lee, general manager of Samsung Electronics Bangladesh; and Mustafa Jabbar, former president of Bangladesh Computer Samity, pose as Mushfiqur Rahim, national cricketer, takes a selfie at the Grameenphone Smartphone Tab Expo that began at Bangabandhu International Conference Centre in Dhaka yesterday. The fair ends tomorrow.

Primark, DFID team up to improve factory conditions

REFAYET ULLAH MIRDHA
 British retailer Primark and the Department for International Development of the UK have announced a partnership to improve working conditions in Bangladesh's garment factories.
 The partnership, which was announced on Wednesday, will combine the presence, networks and expertise of both the organisations to improve the health and wellbeing of Bangladeshi workers, bolster national economic development and help alleviate poverty.
 Primark, in a statement, said it will also launch a similar programme in four other countries -- Pakistan, Myanmar, Ethiopia and India -- where both of the organisations have operations.
 But, neither Primark nor DFID stated when and how the programme would be launched.
 A large part of the programme will focus on creating positive change for women working in the developing world by way of gender equality training in the garment sector.
 The fashion and textile industries are the second largest employer after agriculture in developing markets, employing many female workers.
 Research shows providing these women with education and training is a driver of positive benefits for their families and the wider communities in which they work, the statement said.
 Subsequently, both Primark and DFID will concentrate on achieving transformative change across three key areas -- women's economic empowerment, market development and disaster response.
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Stocks end flat amid volatility

STAR BUSINESS REPORT
 Stocks closed the week almost flat, as investors went for profit booking from the gains of the previous two days.
 DSEX, the benchmark index of Dhaka Stock Exchange, declined 3.72 points or 0.07 percent, finishing the last day of the week at 4,676.08 points. After two consecutive positive sessions, the market took a slight negative tilt amid a surge of volatility, IDLC Investments said.
 "Starting on a negative tone, the market gained momentum during the mid-session which was eventually wiped out as some investors went for profit booking from the short trail of gain in the recent past," the merchant bank said.
 The recent upward trend slowed down yesterday, LankaBangla Securities said in its regular analysis.
 "Most of the large-cap securities did not experience a significant rise or decline. Top gainers and top losers of the day mostly consist of mid-cap and small-cap stocks," the stockbroker said.
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Telcos' call volumes rise despite focus on data

MUHAMMAD ZAHIDUL ISLAM
 Mobile call volumes rose 16.91 percent in 2014-15 from the previous fiscal year, despite a heavy marketing focus on data usage, BTRC data shows.
 The volume of calls -- international and local -- was 26,416.84 crore minutes in 2014-15, rising from 22,596.18 crore minutes in 2013-14, according to Bangladesh Telecommunication Regulatory Commission.
 However, the operators' earnings from the segment eroded despite growth in call volumes, according to industry insiders.
 Market leader Grameenphone, in its third quarter report, said there was 10.6 percent year-on-year growth in the operator's outbound call minutes in the first nine months, but revenue from voice was down 3.1 percent.
 Rajeev Sethi, chief executive of Grameenphone, had earlier said that the company expects growth in voice call minutes in the next few years.
 "Even though the fastest data service was launched in Bangladesh about two years ago, it will still take some time to take lead over the voice-call segment, which will probably dominate the business for the next five years."
 Calls within Bangladesh increased 12.23 percent to 23,125.5 crore minutes in 2014-15, from 20,606.25 crore minutes in the previous year.
 Intra-operator calls grew to 16,850.82 crore minutes last fiscal year, from 15,615.69 crore minutes in 2013-14.
 The number of mobile users is on the rise, which also led to growth in call minutes, as well as a fall in the price of calls.
 "The voice call market still has huge untapped potential, and we are trying to grab it," said PD Sarma, chief executive of Airtel.
 That is why call volumes are increasing even today, along with a hike in internet usage, said Sarma.
 There was 65.5 percent growth in incoming international calls last fiscal year, the BTRC said.
 In September 2013, the incoming international call termination rate was halved to \$0.15, and call volumes immediately jumped, which led to an increase in total minutes; but the government's revenue declined.
 In 2013-14, the incoming international call volume was 1,956.57 crore minutes, which increased to 3,293.34 crore minutes last fiscal year, according to the BTRC.
 "The government can say that most international voice calls are now terminated legally due to the price cut, but this also diminished our revenue," said a senior official of BTRC.
 The outbound international call volume was nearly unchanged at 33.46 crore minutes in 2014-15.
 Many people are now also using various mobile applications to communicate, which has significantly cut the call volume.
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