



Mahbubur Rahman, president of International Chamber of Commerce-Bangladesh, presents the annual report of the chamber at its 21st annual council in Dhaka yesterday. ICCB Vice Presidents Latifur Rahman and Rokia A Rahman were also present.

# Faster growth a must to achieve middle income status: ICCB

**STAR BUSINESS DESK**  
Bangladesh has successfully graduated from the least developed country's category to lower middle income group, but it needs to hold on to the status for the next six years to achieve middle income country status by 2021, ICCB President Mahbubur Rahman said.

However, it would be difficult to do so without a solid industrial base, adequate infrastructure, uninterrupted power supply, exploration of natural resource and skilled workforce, he said.

He spoke while presenting the report of the International

Chamber of Commerce-Bangladesh (ICCB) at its annual council in Dhaka yesterday.

Bangladesh needs to increase its GDP growth to 7.5-8 percent based on accelerated export and remittance growth, and public and private investment should also increase, the council report reads.

Growth will also need to be more inclusive through creation of productive employment opportunities in the domestic economy, according to the report.

To sustain accelerated and inclusive growth, Bangladesh will need to manage the urbanisation process more effectively, as well as prepare

for adaptation to climate change impacts, the chamber said in a statement. Bangladesh needs to sustain its growth to reduce extreme poverty and boost shared prosperity, the ICCB chief said.

For that, investment is a must, which remains stagnant and insufficient at just 20 percent of GDP, the chamber said.

"Private investment increased by only 0.1 percent and public investment fell short of the target by 0.6 percent. Low implementation of the ADP is a major factor for lower public investment."

The key challenges for Bangladesh in 2016 will be the acceleration of

private investments and the better use of public sector resources to implement important infrastructure, it added.

To address the issue, structural reforms and developments in infrastructure and energy are vital, and Bangladesh has the potential to attract foreign direct investment from a wide range of countries, the chamber's report observed.

The annual council adopted the executive board report and audited financial statements of ICCB for 2015, the chamber said.

ICCB Vice Presidents Latifur Rahman and Rokia A Rahman were also present.

## Govt to import 13 lakh tonnes of crude oil

**STAR BUSINESS REPORT**

The government will import 13 lakh tonnes of crude oil from the international markets this year at a cost of \$553 million.

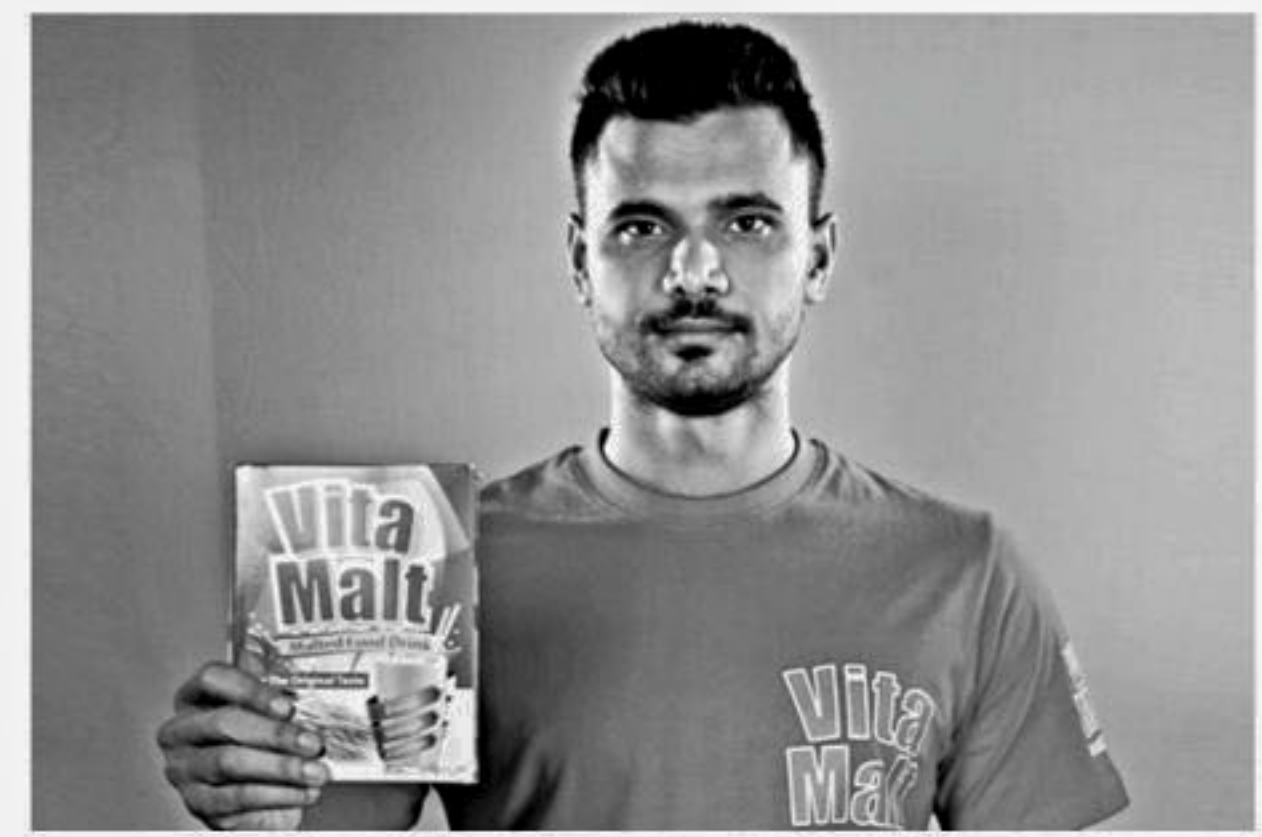
The cabinet committee on purchase approved the procurement plan at a meeting chaired by Finance Minister AMA Muhiith at the secretariat yesterday.

Of the amount, Abu Dhabi National Oil Company will supply six lakh tonnes of unfinished oil worth \$268.36 million and Saudi Arabian Oil Company will supply seven lakh tonnes of Arabian crude oil at \$284.98 million under government-to-government agreements.

The price of oil might be \$55.39 a barrel for six lakh tonnes and \$58.47 a barrel for seven lakh tonnes, according to official figures.

Eastern Refinery Ltd, the country's lone refinery owned by Bangladesh Petroleum Corporation, will refine the crude oil.

Bangladesh consumes more than five million tonnes of oil a year.



Mashrafe Bin Mortaza, captain of Bangladesh's national cricket team, poses with VitaMalt at a programme, as a brand ambassador of the malted food marketed by Vitalac Dairy and Food Industries.

## ADB keeps growth forecast unchanged

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Implementing the new VAT law and improving the banking system and administration are also important for Bangladesh, he added. Garment, which accounts for around 80 percent of the country's exports, increased 9.5 percent year-on-year in the first eight months of fiscal 2015-16.

Bangladesh's overall export is expected to increase 8 percent this fiscal year, up significantly from 3.3 percent a year earlier, according to the report. Imports are projected to grow 9 percent. Remittance, which dropped 1.5 percent in the first eight months, is tipped to increase 5 percent.

On the concerns about a decline in remittance from Malaysia, Mohammed Parvez Imdad, principal country specialist of the ADB's Bangladesh office, said it will be offset by the inflow of remittances from the new markets.

Industrial growth will be slightly faster at 9.8 percent against fiscal 2014-15's 9.7 percent, due to better performance by garment exports, manufacturing for the domestic market and expansion of the construction sector.

The services sector is also estimated to grow 5.9 percent, which is slightly higher than last fiscal year's 5.8 percent.

The ADB report said agricultural growth is expected to undergo little change, growing at 3.2 percent, down slightly from the previous year's 3.3 percent, due to base effect.

Investment rose only marginally to 28.9 percent of GDP in FY2015 from 28.6 percent the previous year, mostly on increased public investment.

Private investment remained stagnant owing to investor caution, infrastructure and skill shortages, and a weak business environment. Foreign direct investment remains below 1 percent of GDP and 3 percent of total investment.

The average inflation is projected to slow to 6.2 percent this fiscal year, down from 6.4 percent a year earlier, due to declining fuel and commodity prices in the international market and prudent monetary policy.

The central bank's active exchange rate management kept the Bangladesh taka stable against the dollar, depreciating by only 0.2 percent in FY2015.

However, trade partners' greater currency depreciation against the dollar and lower domestic inflation pushed the taka up in real effective terms by 14 percent year-on-year during the fiscal year, indicating some loss of export competitiveness, the report said. The current account deficit is projected to improve slightly to 0.5 percent of GDP this year.

The ADB report said growth in developing Asia will soften to 5.7 percent in 2016 and 2017, down from 5.9 percent last year, mainly because of moderating growth of China.

The ADB projected India's growth at 7.4 percent this year and 7.8 percent next year.



Syed Mohammad Kamal, country manager of MasterCard Bangladesh, and Muhammed Ali, managing director of United Commercial Bank, pose at the launch of three exclusive payment cards—Platinum Debit and Platinum Credit and Imperial Platinum Debit—at the bank's headquarters in Dhaka.



Muhammad Musa, chairperson of Industrial Promotion and Development Company, attends the company's 34th annual general meeting. The company declared 20 percent stock dividends for 2015. Mominul Islam, managing director, was also present.

## Household database project kicks off

**STAR BUSINESS REPORT**

The government has piloted the national household database project in two districts and one municipality, as the first step in making the vast database.

The National Household Database project began in July 2013 and will be completed by December 2017.

Under the project, data on 3.5 crore households will be collected in three phases, officials said at a workshop at Bangladesh Bureau of Statistics yesterday.

The workshop was organised to share the experience of collecting household-based data of two unions of Bhurungamari upazila in Kurigram and Melandaha municipality in Jamalpur, BBS said in a statement.

Once completed, the database will give the socio-economic indicators of each household and help the government select the eligible beneficiaries of social safety net programmes, said Kaniz Fatema, secretary of statistics and informatics division of the planning ministry. "This database will play an important role in reducing poverty."

## Realtors demand cuts in tax on used flats

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REHAB's recommendation comes at a time when demand for used apartments is on the rise. Urban clients seek to buy used apartments for lower prices, to move into smaller or larger units or to shift to a new, convenient location, said developers.

Bhuiyan said nearly 5,000 old flats change hands every year in Bangladesh.

In addition, REHAB urged the government to cut the registration cost of new flats to 7 percent from 14 percent now.

To add vigour to the sector and curb the illegal transfer of funds abroad, REHAB urged the NBR to exempt homebuyers from explaining the sources of funds in income tax and other legal records.

"Many term it black money, but we call it undeclared money. If undeclared money is allowed to be invested without question, holders of the money will come under the tax net in future," he said.

**MISDECLARATION, MISUSE OF BONDED WAREHOUSES**  
Along with REHAB, representatives of a number of sectors, including steel and re-rolling mills, stone traders, plastic goods manufacturers, spectacles and watch makers, also submitted shared proposals to boost their businesses.

Some urged the NBR to prevent the misdeclaration of imported goods and misuse of bonded warehouse benefits, under which raw materials and accessories of different

sectors, including garment, are allowed to import duty-free goods to make finished products before exports or domestic sales.

"Finished plastic goods are being sold here below the international market rates. It shows that there is under-invoicing of imports. It must be stopped," said Shamim Ahmed, former president of Bangladesh Plastic Goods Manufacturers and Exporters Association.

It is now easy for revenue officials to know the prices of finished products abroad, he said. "It is just a click away."

"We are suffering as manufacturers. There are huge misdeclarations in the import of spectacles. It is unclear to us how imported spectacles are sold at such cheap rates," said Manjurul Hoque Sikder, president of Bangladesh Optical Industries and Traders Association.

He demanded a 100 percent physical examination by customs officials prior to the release of spectacles import consignments.

On the issue, NBR Member of Customs Policy Md Farid Uddin, promised to examine the issue and take measures.

Wall-clocks are assembled locally at the cottage level, said M Kawsar Uzzaman of Bangladesh Watch Merchants Association. "So the high duty on wall-clock imports will help the sector flourish."

Mohammad Shahjahan, secretary general of Bangladesh Steel Mill Owners Association, urged the NBR not to hike import duty on billets.

"Some firms have started making billets here. But we are yet to attain self-sufficiency and not every re-rolling mill has the capacity to make billets," he said.

"Rod prices will rise in the case of a spike in the duty on billets. It will only benefit some big companies," Shahjahan said.

"The spiral in import duty will ultimately affect implementation of the government's annual development programme, as well as construction work in rural and urban areas."

Abdul Ahad, president of stone traders' body Bangladesh Pathor Babosayee Samity, said a section of cement makers import huge quantities of stones and sell them, affecting local boulder crushers.

The import duty on broken stones should be raised to protect jobs, Ahad said.

Abdul Matlub Ahmad, president of Federation of Bangladesh Chambers of Commerce and Industry, said the big industries are getting more benefits than the smaller ones, who now want a level playing field. "The big businesses are eating up the small businesses."

"It is good that we focus on large firms but the time has come to pay attention to the small and medium enterprises," he said, adding that the growth of SMEs has helped neighbouring countries such as Thailand and India.

The FBCCI chief also demanded NBR increase monitoring to prevent the misuse of bonded warehousing by a section of dishonest people.

## More needs to be done to improve factory safety: US agency

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The Alliance identified a sample of 14 factories currently undergoing remediation in the Dhaka region and arranged for the project team to visit the sites, observe building operations and interview key stakeholders in the building industry.

Based on the activities, the NFPA made recommendations and suggested processes for the Alliance, government officials and other stakeholders to explore or undertake.

The success of the remediation, training and other suggested methods for improvement after the Alliance timeframe expires will depend on the concerted efforts of all stakeholders in Bangladesh's garment industry, the NFPA said in its assessment report.

The Alliance has been working hard to meet its goal to create a safe environment for workers in Bangladesh's factories, and its results-oriented process has helped make progress within the industry, said Don Bliss, NFPA's vice-president for field operations.

"Their work clearly aligns with our global mission of helping to save lives and eliminate loss due to fire, electrical and related hazards," he added.

"We believe that improving worker safety in Bangladesh's factories is a moral imperative, and we have made great progress over the last three years in improving factory safety and empowering workers," said Ellen Tauscher, independent chairwoman of the Alliance.

This has led to a dramatic reduction in the number of fires and fire-related deaths in factories between 2012 and 2015, she said. Formed in 1896 by a group of insurance firms, the NFPA is now a trade association that creates codes and standards to minimise the risks and effects of fire.

## 12 firms get President's Award

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Basumati Distribution, National Agri Care Import and Export and Jalalabad Frozen Foods were awarded in the medium-industry category.

Three industrial units which were awarded in the small industry category are Helal and Brothers, Adhesion Products and Prince Chemical Company.

Besides, Western Marine Shipyard and Service Engine were awarded as hi-tech companies while Janani Weaving Factory was awarded in the cottage industry category.

It is not possible for the government alone to create jobs for the country's huge population, and for that local and foreign invest-

ments are needed, Hamid said.

The government plans to set up 100 economic zones in 15 years, creating jobs for 1 crore people, he said. "Major portions of these economic zones will be allocated for private entrepreneurs."

Hamid said it is essential to develop the private sector to achieve the expected target of industrialisation.

He further said banks, financial institutions and investment firms have to come forward, and steps need to be taken so that entrepreneurs can get loans with soft terms without delay.

Industries Minister Amir Hossain Amu and Industries Secretary Mosharrif Hossain Bhuiyan also spoke.

## DBBL declares 40pc cash dividends

**STAR BUSINESS DESK**  
Dutch-Bangla Bank announced 40 percent cash dividends for its shareholders at its 20th annual general meeting yesterday, the bank said in a statement yesterday.

Sayem Ahmed, chairman of the bank; KS Tabrez, managing director, and M Sahabuddin Ahmed, founder of Dutch-Bangla Bank and chairman of Dutch-Bangla Bank Foundation, attended the meeting at Pan Pacific Sonargaon Hotel in the capital.

The audited financial statements of the bank for the year ended December 31, 2015 were placed at the meeting, according to the statement.

## Spend \$200m to brand Bangladesh as an IT hub

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"We had good business opportunities in the Netherlands, but we are losing it as India set up its liaison office there, and Dutch businesses lost interest in Bangladesh," Ahsan said.

The government has a target to earn \$1 billion from IT exports by 2018, and increase the amount to \$5 billion by 2021, said Russell T Ahmed, chief executive of Team Creative and senior vice-president of BASIS.

In 2014-15, Bangladesh's exports from the sector amounted to \$124.72 million, from \$101.38 million the year before, Ahmed said.

Only giant foreign companies can take part in the government's ICT procurement processes under the current policy, BASIS leaders said.

In most cases procurement agencies

fix condition for eligibility of transaction at \$100 million, and a local firm does not have that much of financial strength, Ahmed said.

"If the government cannot completely change the condition, it can at least provide scope for 50-50 partnership for local companies," Ahsan said.

Ahmed said Bangladesh's ICT market has more than 1,000 entrepreneurs and 2.5 lakh professionals. "We need quality professionals; our emphasis should not be on quantity."

State Minister for ICT Zunaid Ahmed Palak said the government is giving utmost importance to increasing skilled human resources in the sector. "Within a short time one lakh skilled professionals will join the IT industry."

Bangladesh is also transforming its traditional labour-based economy

into a digital economy, and for that digital infrastructure and skills are the main focus, Palak added.

Many local youths are now working for leading global companies like Facebook, Google and Microsoft, which shows the capacity of Bangladesh, said Sungsup Ra, director of human and social development at Asian Development Bank's department for South Asia.

Mohiuddin Alamgir, international staff consultant for the ADB, said the government can tag universities with the planned ICT parks to maximise benefits.

ICT Division Secretary Shyam Sunder Sikder presided over the workshop, also attended by Hosne Ara Begum, managing director of Bangladesh Hi-Tech Park Authority.