

Govt plans to cut fuel prices

Muhith seeks proposal from energy ministry

REJAUUL KARIM BYRON

The government is once again considering cutting fuel prices in line with the international market so that the economy can benefit from it.

The issue was discussed at a meeting, chaired by Finance Minister AMA Muhith, of the fiscal coordination council yesterday at the secretariat.

At the meeting, the energy ministry has been asked to send a proposal to the finance ministry about the fuel price cut. The meeting discussed the price cut but the decision in this regard will be taken later, according to a finance ministry official.

Oil fell to its lowest in three months yesterday, as the prospect of another year of oversupply and weak prices overshadowed chances that Opec will reach a deal to cut output. Brent crude futures fell 50 cents on the day to \$44.25 a barrel.

Earlier in April, Bangladesh cut the prices of octane and petrol by Tk 10 a litre and diesel and kerosene by Tk 3, aiming to pass on to consumers the benefits of low prices on the international market. The price of diesel and kerosene is now Tk 65 a litre, octane Tk 89 and petrol Tk 86.

In April it was said that the cut

AT A GLANCE

- Govt to take tough action to curb illegal money transfer business abroad
- Finance and expatriates' welfare ministries to prepare a joint strategy to boost remittance
- Interest on savings instruments won't go down soon: Muhith
- Next fiscal year's budget may be of **Tk 390,000cr**
- Revenue collection target will be **Tk 284,000cr**
- GDP growth target **7.4%**

would be part of a government plan to reduce the fuel prices in three phases, according to energy ministry officials.

After lowering the price in April, it now costs Bangladesh Petroleum Corporation Tk 61.25 for producing a litre of octane, Tk 62.5 for petrol, Tk 49.25 for diesel and Tk 48.25 for kerosene.

Despite the cut, BPC will still make a profit of Tk 27.75 a litre on octane, Tk 23.5 on petrol, Tk 15.75 on diesel and Tk 16.75 on kerosene.

The fiscal coordination council meeting observed that the economy was in good shape but it expressed concern over the fall in remittances in the current fiscal year.

The finance minister also said they do not have any plan to lower the rate of interest on savings instruments. Muhith, however, said he would review the situation by 2017 and evaluate whether it would be wise to lower the rate.

As the sales of savings instruments went up, the government did not have to borrow from the banking system this fiscal year. He however admitted that the interest rate on savings certificates is higher than in the case of bank borrowing.

The council meeting also made a preliminary budget estimate for the next fiscal year, which will be finalised later, Muhith said. The budget would be Tk 390,000 crore, up from the current year's Tk 340,605 crore. The economic growth target for the next fiscal year would be 7.4 percent in contrast to 7.2 percent this year.

"The economy is very good this year as there is no political problem. Revenue collection is close to the target and the expenditure is better than last fiscal year," Muhith said.

Take steps to boost remittance transfer via banks: BB

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked commercial banks to take steps so expatriates feel encouraged to send more remittance through banking channels.

The central bank gave the directive following a decline in inward remittances so far this fiscal year.

SK Sur Chowdhury, deputy governor of BB, chaired the meeting attended by

chief executives of 30 banks.

The central bank has identified several reasons behind the fall in remittance. Hundi, an illicit way to transfer funds, was a major cause for the slide.

"We have asked banks to take measures so people send remittance through banking channels," Chowdhury said after the meeting held at the BB headquarters.

Separately at a meeting of the fiscal

coordination council, chaired by Finance Minister AMA Muhith, a high official of the finance ministry said he went to Saudi Arabia, where he found that money was being sent through hundi from fake bKash counters in Riyadh.

The meeting directed the Ministry of Expatriates' Welfare and Overseas Employment to send letters to the Bangladesh embassies to take action to close down the fake bKash outlets.

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Higher growth hinges on better infrastructure

MCCI calls for fixing power crisis

STAR BUSINESS REPORT

Bangladesh's economy is progressing well, but below its true potential, as infrastructure bottlenecks and a shortage of power and energy do not let it perform at full capacity, a leading chamber said yesterday.

The overall situation in the first quarter of this fiscal year was positive as indicated by steady improvements in major economic indicators.

"Inflation was under control, exchange rate remained stable and foreign exchange reserves rose to a comfortable level," Metropolitan Chamber of Commerce and Industry said in its quarterly economic review.

The international rating agencies have given a stable rating to Bangladesh, as they have done for a number of years now. "Development partners are speaking highly about Bangladesh's recent achievements and further prospects," it said.

The agriculture, manufacturing and services sectors have all performed well, but continuous government support of various types will be needed to sustain their growth, the MCCI said.

"Infrastructure deficits and gas and power supply problems are now undermining the performance of all productive sectors of the economy."

It said the government should adopt adequate steps to overcome these problems, and achieve and preserve political stability, which is essential for creating an investment-friendly climate.

MCCI also has made projections on some selected economic indicators for the second quarter of 2016-17.

"It is assumed that the relatively calm political situation that currently prevails will continue in the second quarter. Therefore, both exports and imports can be expected to increase."

Remittance may also rise with new opportunities for job creation in the Middle East and Southeast Asia.

The trade body predicted that export earnings in October-December will be \$9.08 billion, while imports will be \$14.64 billion and remittances \$3.54 billion.

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IGW blocked for Tk 120cr dues

STAR BUSINESS REPORT

The telecom regulator has cancelled the licence of an international gateway operator, Apple Global Tel Communication, for nonpayment of Tk 120.01 crore in dues.

The telecom watchdog also decided to file a case under the Public Demands Recovery Act against the company to recover the money, said an official of Bangladesh Telecommunication Regulatory Commission.

BTRC took the decisions at a regular meeting recently with prior approval of the government under the telecom act.

An IGW operator transfers international calls to the local telecom operators. BTRC is supposed to receive 40 percent of their earnings, according to guidelines.

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Reforms can make Bangladesh an export powerhouse: WB

STAR BUSINESS REPORT

Bangladesh can become an export powerhouse like its East Asian neighbours by improving its business competitiveness and trade regime, which will help firms compete globally, the World Bank said in a new report yesterday.

Bangladesh is a wonderful case of how the rise in competitiveness can help cut poverty, said Vincent Palmade, lead economist for trade and competitiveness global practice at the WB, presenting the report at a programme at Le Méridien in Dhaka yesterday.

With over two million youths entering the labour market every year, Bangladesh needs to act now to seize the opportunity and create more jobs, he added.

The WB launched the report jointly with the Policy Research Institute of Bangladesh.

Speaking at the launch, Finance Minister AMA Muhith said Bangladesh has been very good in exploiting areas where it has comparative advantages.

In the 1980s, his major concern was how to manage food for the population, and he had to sit with development partners three to four times a

firms in Bangladesh practise technological innovation, well above the average in Eastern Europe and Africa, most are limited to imitating existing products and processes, according to the report.

To better connect and expose South Asian firms to international good practices, Bangladesh and other South Asian countries should deepen reforms to improve the capabilities of firms to participate in global value chains, which will require making it much easier for exporters to import what they need, gradually reducing tariff, while improving trade logistics, said the report.

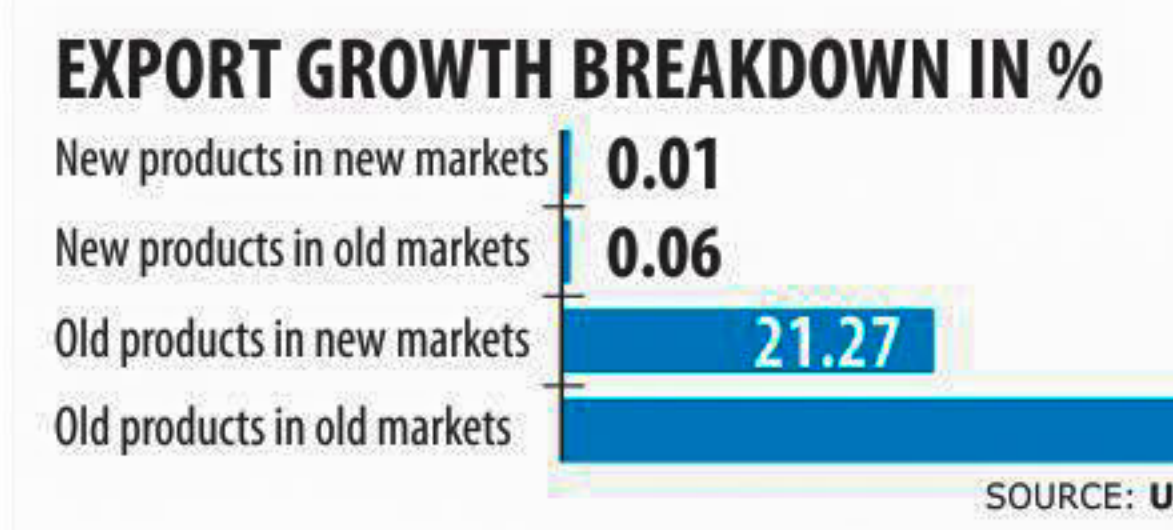
With support from governments, firms can improve their productivity and competitiveness by investing more in training their workers and managers, innovating to introduce new products and processes, as well as making greater use of the internet to buy, sell, market, or manage their inventory, the report said.

"To realise Bangladesh's competitiveness potential, the country needs to start by focusing on improving its trade policy regime and the business environment, and address the acute shortage of industrial land," Qimiao Fan, the WB's country director for Bangladesh, said in a statement.

"With the right set of policies and an enabling environment, there is no reason why Bangladesh cannot become the next Asian export powerhouse."

Wendy Jo Werner, country manager of the International Finance Corporation, said increasing private investment is the key to creation of more and better jobs, an important development objective for Bangladesh.

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"Now the challenge for Bangladesh is to continue the success and diversify into other areas."

The report -- South Asia's Turn: Policies to Boost Competitiveness and Create the Next Export Powerhouse -- identified four policy levers that can help Bangladesh enable its firms to boost productivity and become more globally competitive. These include improving the business environment, connecting firms to global value chain, maximising agglomeration benefits, and strengthening the firms' capabilities.

"With rising labour costs in East Asian countries, investors and buyers are now turning to South Asia, including Bangladesh," said Palmade.

year, he said.

"Now I have no worries about food although arable land has narrowed by 10 percent, while the population has doubled over the last three decades."

Bangladesh's exports increased 13 percent a year in the last decade, according to the report. However, 80 percent of its exports remained concentrated in garment, mostly low-value items. Bangladesh needs to continue to grow its exports by improving the mix and quality of its apparel products, as well as diversify into new labour and skills intensive industries, such as footwear, light engineering and electronics.

While about 80 percent of the

Samsung to buy US auto parts supplier Harman for \$8b

AFP, Seoul

Samsung Electronics said Monday it would buy US auto parts maker Harman International Industries for \$8 billion in a bid to enter the growing market for automotive technology to produce "connected" cars.

The deal, the biggest in the firm's history,

will provide a chance for the tech titan to move past the exploding Galaxy Note 7 crisis that is expected to cost it billions of dollars as well as its cherished reputation.

Board members of Samsung -- the world's largest producer of smartphones -- approved the all-cash deal of the Connecticut-based firm for \$112 a share, Samsung said in a statement.

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