

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.49%	0.60%	\$1,247.40	\$50.85	29,620.50	18,909.26	3,175.11	3,222.60	BUY TK 79.65	83.58	98.73	0.70
5,691.37	10,688.75	(per ounce)	(per barrel)					SELL TK 80.65	87.18	102.33	0.73

# star BUSINESS

DHAKA MONDAY APRIL 3, 2017, CHAITRA 20, 1423 BS

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## Budget to be revised down 7.4pc

### Development budget to remain same

REJAUL KARIM BYRON

The government is set to revise down this fiscal year's budget by 7.4 percent, with the non-development sector taking the hit mostly.

The revised budget, which will be disclosed in June, will be of Tk 315,400 crore, according to the finance ministry's documents.

The non-development budget will be truncated about 11 percent to Tk 204,700 crore, despite an increase in government expenditure caused by salary hike of public servants.

The development budget will not be cut; it will remain at Tk 110,700 crore.

However, for the Annual Development Programme the government will make available Tk 7,000 crore more of its own funds, while slashing the foreign fund component by the same amount.

Despite the cuts, the budget deficit will remain at 5 percent of GDP, as the optimistic revenue collection projection made originally will not be achieved.

In the revised budget, the overall revenue collection target has been cut 13.28 percent and set at Tk 210,504 crore. Of the amount, the revised target for the National Board of Revenue will be Tk 180,000 crore, down 11.39 percent from the initial target.

In the first six months of the fiscal year, the NBR's collection grew about 18 percent, which is still satisfactory when viewed in the historical context.

To meet the NBR's revenue collection target set at the beginning of the year, the

**BY THE NUMBERS**

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Overall revenue collection target brought down to **Tk 210,504cr**

Non-NBR revenue will be reduced to **Tk 20,000cr** from **Tk 32,350cr**

growth rate should be 43.89 percent compared to the actual collection last year.

"Chasing a revenue growth target of more than 40 percent is absurd," said a former NBR official.

When the budget was placed in June last year, many economists had said the revenue growth target would not be met as it was overly ambitious.

The non-NBR revenue will also be downsized to Tk 20,000 crore from the original amount of Tk 32,350 crore.

To meet the budget deficit, the government typically borrows from banks and savings instruments. But in the last few years, most of the borrowings were made by way of the relatively costlier option of savings instruments, even though the banks are sitting on excess liquidity.

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## State banks' loss-making branches soar

JEBUN NESA ALO

The four state-owned banks' loss-making branches more than doubled in 2016, much to the worries of Bangladesh Bank and the finance ministry.

At the end of 2016, Sonali, Janata, Agrani and Rupali's loss-making branches stood at 446 in contrast to 186 at the end of 2015.

The reason for the sharp rise in the number of loss-making branches is that they were previously shown to be breaking even or in the black artificially on the back of their interest income from head office against deposits.

"But that was a wrong concept," said Mohammad Shams-Ul Islam, managing director of Agrani Bank, whose number of loss-making branches shot up to 78 last year from 16.

The practice masked the true performance of the branches, he said.

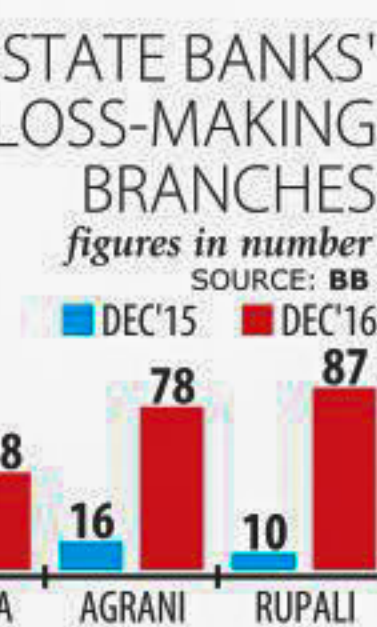
Sonali's loss-making branches increased to 233 from 126, Janata's from 34 to 48, Agrani's from 16 to 78 and Rupali's from 10 to 87, according to data from the BB.

"There is nothing to be worried about the increase in the number of loss-making branches," Islam said.

The state banks have now decided to give the branches realistic performance targets and leave out the interest income earned in-house from their books.

Meanwhile, the net profit of all four banks declined last year on the back of soaring operating expenses.

Sonali incurred loss of Tk 818 crore in 2016 in contrast to profit of Tk 58.65 crore a year earlier.



figures in number SOURCE: BB

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## Dairy farms to get a boost

### Govt to set up a dairy development board

SOHEL PARVEZ

The government has taken steps to develop the country's dairy sector that did not receive adequate attention from policymakers in the past decades, said stakeholders.

The fisheries and livestock ministry is drafting a law to set up a dairy development board.

The ministry is also working to finalise the National Dairy Development Policy that was drafted earlier, said officials.

"We are working on both for development of the dairy sector," said Md Nazrul Anwar, additional secretary of the ministry.

Of the two, the ministry is currently giving more importance to framing the law, under which the organisation will be set up. The body is expected to operate autonomously and steer growth of the sector, he said.

The move comes a decade after the government shared plans of establishing a Dairy Development Board in its National Livestock Development Policy in 2007.

Dairy processors and analysts hailed the initiative and said formation of a separate board will encourage dairy farming, boost milk production and thus, cut import dependence to meet annual requirement.

In recent years, milk production has increased, owing to rising commercial farming of cattle for milk and meat production.

Yet, domestic production remains largely insufficient to meet annual demand for milk and milk based foods.

Bangladesh requires 1.46 crore tonnes of milk a year, while it can produce 52.75 lakh

tonnes of milk, according to data from Department of Livestock (DLS).

The country imports nearly 70,000 tonnes of powder milk a year to meet the rest of the demand, according to Mohammad Anisur Rahman, director of the Dairy and Food Enterprise of BRAC.

Industry stakeholders said despite having quite a large number of cattle, Bangladesh faces an insufficient production of milk for a host of factors, including a lack of improved cow breeds, skilled manpower and credit support; scarcity of feed and fodder; and limited veterinary services.

Stakeholders said the DLS currently deals with livestock or cattle related issues. But there is no organisation that solely deals with the sector's issues, such as infrastructure, transport and tax matters.

The dairy development board will be a big platform for farmers and processors where they can raise their problems for resolution, said Rahman.

Dairy is a promising sector but its prospects remain untapped, he added.

"It has a multifarious impact. We should visualise that," he said, citing the impact of cattle farming on the rural economy, leather industry, health and nutrition.

Prof Md Nurul Islam of Department of Dairy Science, Bangladesh Agricultural University, said the country has become self-sufficient in crops, but it lags in meeting its requirement for quality, nutritious food.

"This is good that policy makers feel the need. We will get a healthy nation if we can increase milk production," he said, citing that a person requires 250ml of milk a day.

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## Dhaka travel mart saw transaction of Tk 5cr

STAR BUSINESS DESK

The international travel fair -- Dhaka Travel Mart -- that ended on Saturday saw more than 15,000 visitors and transaction worth over Tk 5 crore.

Airlines and tour operators sold air tickets and holiday packages, while hotels and resorts took advance booking at the 14th edition of the show, according to a statement from Bangladesh Monitor, a fortnightly magazine that organised the fair.

Kazi Wahidul Alam, editor of the magazine and chairman of the fair organising committee, disclosed the figures at the closing ceremony.

Iqbal Sobhan Chowdhury, media affairs adviser to the prime minister, said the fair has been successful to take tourism to the people. Tourism not only helps people relax but also educates tourists about the destinations they visit, he said.

If tourism products are improved further, it would help the country earn the much needed foreign exchange, Chowdhury said.

People's disposable income will rise further in the days to come, which will boost domestic tourism, he said. He also distributed certificates among the participants of the fair, according to the statement.

## Dialogues to help garment sector solve crisis: expert

REFAYET ULLAH MIRDHA

Bangladesh needs to hold effective dialogues with the union leaders and senior officials from the European Union and the International Labour Organisation to resolve the crisis of the garment sector and improve relations with the EU, an expert said.

"The dialogues will help resolve the crisis in the garment sector as all the stakeholders will have equal rights to express their opinions," said Christian Ewert, director-general of the Foreign Trade Association (FTA), a Brussels-based organisation.

The FTA comprises nearly 2,000 retailers and brands, transacting 1.1 trillion euros in 2016.

During the dialogues, Bangladesh should highlight the progress in workplace safety after the Rana Plaza industrial disaster, Ewert suggested.

"Bangladesh has made remarkable progress after the Rana Plaza building collapse as the Accord and the Alliance have completed the inspection, and the remediation is underway to improve workplace safety."

Of late, the apparel sector has come under renewed pressure after the EU sent a letter to the government with a call to



Christian Ewert

improve the labour rights further.

The letter urged the government to implement the ILO's special paragraph that was given to Bangladesh during the International Labour Conference (ILC) in Geneva last year.

The special paragraph called for amending the labour law and putting in place a single labour law for all workers in the country -- a law that also covers workers employed at factories in the export processing zones.

The ILO paragraph, which has EU's endorsement, has called for easing the terms of forming trade unions at factory level.

During its tour to the country last week, an EU delegation consisting of parliamentarians

suggested Bangladesh follow the ILO's special paragraph.

The third-round meeting of the Bangladesh Sustainability Compact meeting is scheduled to take place in Dhaka on May 18 and the next ILC is going to be held in June.

"So, immediate dialogues are important for resolving the crisis. I hope a positive outcome will come out from the dialogues," said Ewert.

Ewert said Bangladesh also needs to build a better relationship with the retailers and brands by following compliance and supplying goods within the stipulated time to be more competitive.

He said the inspection and

remediation of the factory buildings should have a strong follow-up to strengthen the workplace safety.

Ewert backed extension of the tenure of the Accord and the Alliance for stronger monitoring of the remediation.

The tenure of Accord and Alliance will expire in June 2018, he said.

The FTA chief said Bangladesh needs to invest in skills development and diversification of export items.

He said product diversification can even take place within the garment sector as so many varieties of clothing items could be manufactured.

"This means Bangladesh should focus on value added items to be more competitive. Once the country produces more value added items, the exporters will get higher prices by producing less number of products."

"As a result, the cost of production will go down, which will boost the profit margin. All this requires a skilled workforce capable of producing value added items at minimum cost."

According to Ewert, Bangladesh will remain as a hotspot for sourcing apparel items as the country has already proved one of the strongest players worldwide.

## Banglalink wants to sell towers to buy spectrum

STAR BUSINESS REPORT

Banglalink wants to sell its towers to a third party as it plans to use the proceeds to invest in spectrum and improve service quality.

The operator has recently sent a letter to Bangladesh Telecommunication Regulatory Commission (BTRC), saying that it could invest more in spectrum if towers are sold.

The government is currently planning to hold spectrum auction for 2G, 3G and 4G services. The regulator plans to fix the floor price of spectrum at more than \$25 million per megahertz (MHz).

At present, Banglalink has 20 MHz spectrum in three bands, the lowest in the

industry.

Earlier, Banglalink sought permission from the regulator to establish a subsidiary company to handle its network infrastructure such as towers, energy equipment and civil work, with an aim to sell the subsidiary to a third party once the government introduces licensing for tower companies.

"Banglalink intends to carve out its passive infrastructure into a subsidiary company to focus on the development of the tower service industry, alongside our already successful core telecommunication services," according to a letter signed by Taimur Rahman, chief corporate and regulatory affairs officer of Banglalink Digital Communication Ltd.

In February, Jean-Yves Charlier, chief executive of VimpelCom, the operator's majority shareholder, met with the BTRC chief and placed their plan.

At that meeting, the VimpelCom CEO sought more clarity on the issue, according to the letter.

During his visit, Charlier said the company wants to establish a subsidiary company, which will own and manage all of its 8,500 towers. After the government awards licences for tower companies, it will sell the subsidiary company, said Charlier.

According to Bangladesh's plan, the new subsidiary will become an independent passive infrastructure provider, and for that, it applied for a no-objection certificate.

The telecom regulator earlier allowed Robi to set up a similar subsidiary company, edotco, which has about 9,000 towers in its books.

Banglalink cited this move as an example in the letter but did neither mention Robi nor edotco.

Currently, the government and the telecom regulator are working to separate the tower operation business from the mobile service.

Mobile operator Grameenphone applied to the commission to establish a subsidiary company for its tower business in January.

BTRC officials said they are considering both applications and will take a decision soon.

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## Stocks fall for third session

STAR BUSINESS REPORT

Stocks continued its fall for the third consecutive session yesterday, led by banking securities that underwent a strong selling pressure following three banks' dividend declarations.

DSEX, the benchmark index of Dhaka Stock exchange, declined 28.23 points or 0.49 percent to finish the first trading day of the week at 5,691.37 points.

The market declined on profit booking, IDLC Investments, a merchant bank, commented in its regular market analysis.

The banking stocks, which were rallying in recent weeks on their annual earnings declaration, yesterday saw a massive correction amidst heavy sell pressure, as many investors opted to book profit.

"Banks underwent intense sell pressure," the IDLC Investments said.

The sector, which took the highest hit, lost 2.8 percent in market capitalisation. Islami Bank announced 10 percent cash dividend, City Bank recommended 24 percent cash dividend and One Bank declared 13 percent cash and 10 percent stock dividends.

The daily turnover, another important indicator of the market, also dropped 9.3 percent to Tk 741.06 crore, with 2.06 crore shares and mutual fund units changing hands on the DSE.

Of the traded issues, 110 advanced and 179 declined with 36 securities closing unchanged on the premier bourse.

LankaBangla Finance dominated the turnover chart with 61.22 lakh shares worth Tk 38.48 crore changing hands, followed by Islami Bank, City Bank, IDLC and Ifad Autos.

Among the major sectors, telecoms gained the most-1.74 percent-in market capitalisation, followed by pharmaceuticals with 0.62 percent, food and allied 0.51 percent and non-banking financial institutions 0.23 percent. Conversely, apart from the banking sector, general insurance and mutual funds declined 0.89 percent and 0.83 percent in market capitalisation respectively.

Linde Bangladesh was the day's best performer with 4.82 percent in gains, while Islami Bank was the worst loser, shedding 12.4 percent.

Chittagong stocks also fell yesterday with the bourse's benchmark index, CSCX, declining 65.1 points or 0.6 percent to finish the day at 10,688.75 points.

Losers beat gainers as 134 declined and 72 advanced while 27 finished unchanged on the Chittagong Stock Exchange. The port city bourse traded 1.45 crore shares and mutual fund units worth Tk 54.31 crore in turnover.