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Star BUSINESS

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INDIA-BANGLADESH TRADE

Promises aplenty but trade gap still wide

REFAYAT ULLAH MIRDHA

Bangladesh could not gain from the zero duty benefit offered by India six years ago as the neighbouring country also imposed a host of tariff and non-tariff barriers that negated the original gesture.

Even without any free trade agreement, countries such as Indonesia, Malaysia, Thailand, Myanmar and Sri Lanka have higher exports to India than Bangladesh.

In 2011, when India extended the duty benefit, Bangladesh accounted for only 0.1 percent of the neighbouring country's imports. That ratio now stands at 0.2 percent.

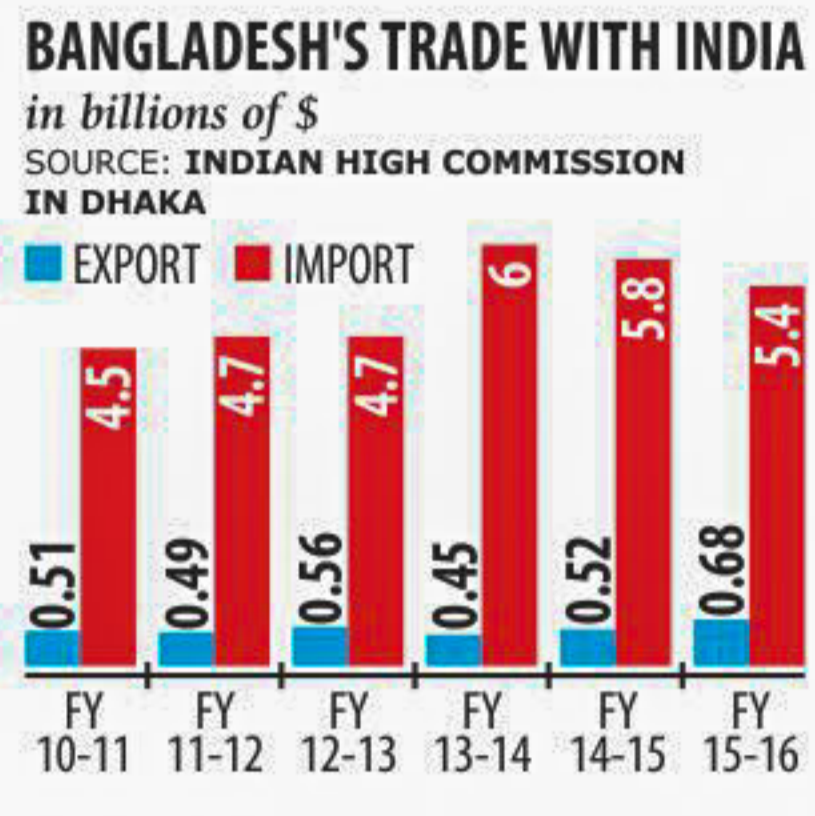
Following then Indian prime minister Manmohan Singh's visit to Dhaka in September 2011, the neighbouring country's government extended duty-free benefits to all Bangladeshi products save for two alcoholic beverages.

But in the following year, the Indian government imposed a 12.36 percent countervailing duty on Bangladeshi apparel shipments, the country's main export item.

Countervailing duties are the tariffs levied on imported goods to offset subsidies made to producers of these goods in the exporting country.

"Our garment export to India would have been way higher had there been no countervailing duty in place," said Farkhunda Jabeen Khan, director of MAKS Attire, which exports to India.

India's apparel market is worth nearly \$40 billion a year, according to Khan. "By all means it is a substantial



market," she added.

Pran-RFL Group, one of the largest exporters to India from Bangladesh, saw its exports to India edge up a little after the duty-free benefit, said its Marketing Director Kamruzzaman Kamal.

India accounted for 35 percent of the company's export receipts of \$184 million in fiscal 2015-16.

But, there are non-tariff barriers still in place, such as the non-acceptance of testing certification of the Bangladesh Standards and Testing Institution, he said.

Currently, India accepts BSTI certification for 14 Bangladeshi products, and most of the food items are left out from this list.

"We have to face a lot of challenges because of this," Kamal said.

Since the BSTI certification is not accepted, the Indian side takes the samples from almost all consignments at the land port and sends them to the central labs for testing. "This process is time-consuming."

The goods are left in the land ports

for many days without any care, as a result of which the quality of food items like juice, biscuits and spices sometimes deteriorates, he said, adding that the cost of shipments goes up too.

Bangladesh's jute exporters are the latest to feel hard done by due to the neighbouring country's anti-trade stance. In January, India imposed anti-dumping duty ranging from \$6.30 to \$351.72 per tonne on import of jute and jute goods from Bangladesh and Nepal.

The anti-dumping duty, which is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value, has been imposed for five years.

India accounted for about 30 percent of Bangladesh's jute and jute shipments worth \$919 million last fiscal year.

"We want to reduce the gap in trade between Bangladesh and India," said Taskeen Ahmed, president of the India-Bangladesh Chamber of Commerce and Industry.

During Prime Minister Sheikh Hasina's visit to New Delhi from today, the issues of countervailing duty, BSTI certification and anti-dumping duty will be discussed.

Export of garments and pharmaceuticals in bulk can reduce the trade gap between the two countries, Ahmed said.

"During the visit, we will also seek Indian investment in Bangladesh so that the trade gap is narrowed," Ahmed added.

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Online sales rocket ahead of Pahela Baishakh

MUHAMMAD ZAHIDUL ISLAM

E-commerce sites are bustling with promotions and orders ahead of Pahela Baishakh, as people rush to make online purchases, mostly for outfits and fashion accessories.

Targeting the Bangla New Year, online traders are offering huge discounts and cash-back options, helping them register 40 to 50 percent more orders than usual.

Razib Ahmed, president of e-Commerce Association of Bangladesh (e-CAB), said, "The number of orders we are getting now in one week, is typically the amount we get in a month."

In its third year, e-CAB is observing E-Commerce Day today.

Targeting Pahela Baishakh, traders are running online campaigns and giving huge reductions this year, said Ahmed. "We have asked our members

KEY POINTS e-commerce market

Market size	Tk 600cr
Cash on delivery	90%
Card payments	3-4%
MFS payments	6-7%
Total e-commerce firms	1,000
Facebook-based e-commerce business	500
Number of orders a day	1,500

to bring variation in their offers."

AKM Fahim Mashroor, founder of ajkerdeal.com, said business houses generally get around 15,000 online orders a day, which grows 40 percent

around this festival time.

With no official study on the recent size of this market, it is worth no less than Tk 600 crore, increasing at 50 percent a year, he added.

E-commerce sales in Bangladesh stood at about Tk 400 crore at the end of 2015, according to LightCastle Partners, a research centre that works on digital services.

Praising the government for introducing pay bonuses for its staff during Pahela Baishakh since last year, Ahmed said it also helped boost their business.

Ajkerdeal.com is offering up to 50 percent cash back on 10,000 Baishakhi products that mostly include sari, panjabi, salwar kameez, t-shirt and kids apparel.

Daraz Bangladesh Ltd (daraz.com.bd) is offering discounts of up to 70 percent; it is also hosting a Baishakhi Fair from March 30 till April 14.

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Bangladesh economy to grow 6.9pc this year: ADB

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The Asian Development Bank has made conservative projections for economic growth and inflation for the current fiscal year, compared to government estimates, due to declining remittance and an upward adjustment of some utility bills.

Bangladesh's economy is expected to grow 6.9 percent, coupled with inflation at 6.1 percent, according to the Asian Development Outlook

(ADO), published by ADB yesterday.

However, the government predicted GDP growth at 7.2 percent and inflation at 5.9 percent for this fiscal year.

Finance Minister AMA Muhiith on Wednesday said the economy may even grow at 7.5 percent. Last fiscal year, GDP growth stood at 7.1 percent and inflation at 5.92 percent.

"GDP growth is expected to moderate in FY2017 as domestic demand rises more slowly and the slide in workers' remittances deepens," Jyotsana

Varma, principal country specialist of ADB, said at a press meet in Dhaka.

ADB Deputy Country Director Cai Li said Bangladesh has been achieving good GDP growth for the last one decade and it has to be maintained.

Slower export growth caused by weaker consumer demand in the euro area and the United Kingdom is expected in part because the currencies of these destination markets have depreciated against the dollar, said the report.

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Mustafa Anwar to sell off 40 lakh shares in Islami Bank

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Mustafa Anwar, immediate past chairman and a sponsor of Islami Bank Bangladesh, yesterday announced to sell off 40 lakh shares out of his total holdings of 42.26 lakh in the bank.

"I am selling the shares for personal reasons. I have taken on a new business project, for which I need money," Anwar told The Daily Star over telephone.

The price of 40 lakh shares would be Tk 14.04 crore on the basis of the last traded price of Tk 35.1 per share.

Anwar became the chairman of Islami Bank Bangladesh in June 2015 as a representative of Ibn Sina Trust, a sponsor shareholder of the bank.

He was replaced in January this year by Arastoo Khan, a former bureaucrat.

Anwar is the chairman of Birds Group, which has concerns in the apparel, construction, IT and agro sectors.

Islami Bank Bangladesh was established in 1983 as the country's first Islamic bank with around 70 percent foreign shareholdings.

The bank has declared only 10 percent cash dividend for 2016, down from 20 percent in the previous year.

Earnings per share of the bank stood at Tk 2.78 for the year that ended on December 31, 2016, up from Tk 2.12 a year earlier.

Islamic Development Bank, Jeddah; Kuwait Finance House; Jordan Islamic Bank; Islamic Investment and Exchange Corporation, Qatar; Bahrain Islamic Bank; Al-Rajhi Company for Currency Exchange and Commerce; Sheikh Ahmed Salah Jamjoom, Jeddah; Fouad Abdulhameed Al-Khateeb (late); Dubai Islamic Bank, and the Ministry of Awqaf And Islamic Affairs Kuwait were the foreign sponsors of the bank. Of them, Dubai Islamic Bank sold off its entire shares in 2015.



Sir Fazle Hasan Abed, founder and chairperson of Brac; MA Mannan, state minister for finance; Debapriya Bhattacharya, convener of the Citizen's Platform for SDGs, and Shahin Anam, executive director of Manusher Jonno Foundation, attend a discussion on a study on marginalised people, at Brac Centre Inn in Dhaka yesterday.

Safety net schemes to get 15pc more allocation

A study on the state of the marginalised people is being conducted by Manusher Jonno Foundation

STAR BUSINESS REPORT

Over Tk 52,000 crore will be allocated for the social safety net schemes in the next budget, up at least 15 percent from the current year.

The additional allocation would be used for the betterment of the marginalised people, said Shamsul Alam, member of the General Economic Division.

"Sustainable development is not possible if social inequality increases."

At present, only 3.71 percent of the marginalised people have access to the social safety net programmes, while the rate stands at 50 percent for the rural people.

"The absence of social equality is a threat to democracy and also to the society," he said at a discussion on a study on the state of the marginalised communities in Bangladesh at Brac Centre Inn.

The study is being conducted by Manusher Jonno Foundation under the initiative of Citizen's Platform for SDGs, Bangladesh.

Shahin Anam, executive director of

Manusher Jonno Foundation, and Selim Ahmed Parvez, a researcher of the foundation, jointly presented the findings of the study.

Around 2,000 households from seven marginalised groups were surveyed. The study is still ongoing, with the complete findings to be presented in a month's time.

At present, there are about 3 crore marginalised people who lag behind others in terms of political, economical and social aspects, according to Anam.

Marginalisation is the by-product of political economy that is manifested by political domination and sustained structural inequalities, she said.

Presenting some of the key findings, Parvez said 89 percent of the surveyed people remain out of the social safety net, 93 percent do not get old-age allowances and 39 percent are absolutely landless.

Only 12 percent have access to jobs throughout the year, 90 percent have income generated from informal sectors and the

unemployment rate is 7.89 percent.

The budgetary allocation for the marginalised people will be increased in the next budget, said MA Mannan, state minister for finance and planning.

"I would also request the finance minister to introduce allowances for the dalits," he added.

The other speakers at the discussion said the lack of identity, insecurity, violent activities, absence of recognition and basic rights are the major barriers for the marginalised people in Bangladesh.

Access to education, health and basic human rights, creation of employment opportunities and internal and external migration, adequate policies and laws and increase of voice and representation in the decision-making process can improve the situation for the marginalised people, they added.

Debapriya Bhattacharya, convener of the Citizen's Platform for SDGs, moderated the discussion.

Eliminate source tax

Garment makers say at pre-budget meeting with NBR

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Garment makers yesterday demanded withdrawal of 0.7 percent source tax on export for at least two years to help them sail through choppy waters brought about by the uncertain global prospects and the need for remediation of structures.

"Once the situation improves we will start paying the source tax again," said Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association, at a pre-budget consultation meeting organised by the National Board of Revenue.

The garment sector has maintained about 13 percent year-on-year growth on average over the last ten years but in recent months the growth has crashed down to nearly 2 percent, which is alarming for the sector as well as employment, said the BGMEA president.

The demand for clothing items worldwide declined 6 percent last year and 7 percent in the previous year, he said.

As a result it has been negatively impacting the shipment of apparel items from Bangladesh.

Rahman also called for keeping the export sectors out of the purview of VAT to avoid unnecessary harassment for businessmen. "Please relieve us from unnecessary harassment," he added.

Aslam Sunny, vice-president of the BGMEA, demanded the government should allow the import of all kinds of prefabricated building materials as duty-free.

"The sector has been passing through a tough time as the local garment makers are spending more than \$3 billion for factory remediation purposes."

Sunny also suggested the government remove the hassle of auditing for receiving cash incentives on export.

Feroz Ahmed, secretary general of the Bangladesh Textile Mills Association, demanded zero duty on the import of viscose fibre and duty reduction on the import of spare parts of busbar trunking system as those are used for safety purposes in the industries.

He also demanded exemption from VAT for import of polyester yarn as the demand for the product is on the rise.

Ahmed also demanded reduction of income tax for textile millers to 25 percent from the existing 30 percent as they pay taxes in different stages.

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