

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
Week-on-week	As of Friday	As of Friday	Friday closings	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
DSEX	1.58%	Gold	\$1,286.30	Closed	0.49%	Closed	0.44%	BUY TK	80.65	84.75	99.90	0.72
CSCX	1.79%	Oil	\$52.91					SELL TK	81.65	88.35	103.50	0.76
	5,645.86		(per ounce)		18,335.63		3,261.64					

star BUSINESS

DHAKA SUNDAY APRIL 16, 2017, BAISHAKH 3, 1424 BS

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Garment makers line up to hit \$500m in exports



AT A GLANCE

- Number of garment exporters: **4,500**
- Number of exporters that ship apparel of more than \$500m: only **1**
- Firms with \$400m plus exports: around **10**
- Apparel exports in 2015-16: \$**28.06b**
- Bangladesh's position in global apparel export: second after China with **6%** market share

REFAYET ULLAH MIRDHA

Only one Bangladeshi garment manufacturer could hit \$500 million in exports in a year -- a puzzling statistic for a country that is the second largest apparel supplier in the world.

There are a bunch of companies whose export receipts amount to more than \$400 million but less than \$500 million, said Mohammed Nasir, vice-president of the Bangladesh Garment Manufacturers and Exporters Association.

Ha-Meem Group, which counts retail giants like Gap, H&M, Mango and Zara as its major buyers, is the only company to have managed to break out from that bracket, according to data from the BGMEA.

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Muhith plans an ambitious budget

Deficit may cross 5pc of GDP after several years

REJAUL KARIM BYRON

Budget deficit may exceed 5 percent of GDP in fiscal 2017-18, breaking out from years-long practice with the view to wooing the electorate ahead of the next national election.

It will most definitely be about 6 percent of GDP, said a finance ministry official.

The finance division is due to present the preliminary budget projection for the next year at a meeting today of the fiscal coordination council and resource committee.

There is no clause in the budget management act specifying an upper bound on the deficit.

But in the last several years the budget was diligently prepared such that the deficit stayed within 5 percent; but, in the course of the fiscal year the deficit would come to below 4 percent.

One of the reasons for the budget deficit to settle on the 5 percent of GDP mark was that the International Monetary Fund put it as a condition for the Extended Credit Facility programme.

The tenure of the IMF's ECF programme ended at the beginning of last year, meaning there is no condition that the deficit be kept within 5 percent.

But Finance Minister AMA Muhith wants the next budget to cross the Tk 400,000 crore-mark. In that scenario, it would not be possible to contain

BUDGET PROJECTION FOR NEXT FISCAL YEAR

Total budget: Tk	400,200 cr
ADP: Tk	150,000 cr
Revenue earning: Tk	282,000 cr
NBR revenue: Tk	236,000 cr
Budget deficit: 5.8% of GDP	
GDP growth: 7.4%	

the deficit within 5 percent.

If the deficit has to be kept within 5 percent, an abnormal revenue growth target has to be set, which would be unworkable.

"We tried to keep the revenue growth somewhat realistic and also to keep the deficit close to the earlier practice," said the finance ministry official.

Muhith is giving more emphasis on the upcoming budget as he wants to accommodate all his plans. The budget will be completed before the next national election.

After a pre-budget meeting recently, the finance minister said: "At first I decided to keep the size within Tk 400,000 crore, but later I increased the size to implement my plans properly."

The size of next fiscal year's budget may be Tk 400,200 crore -- the highest in the country's history and yet another milestone for the current Awami League government.

When the government assumed

power in 2009, it set a record by setting a budget of Tk 110,524 crore in fiscal 2009-10 -- the highest then.

As per the medium-term budgetary framework, the size of the next budget should be about Tk 390,000 crore, so the Tk 400,200 crore-figure is not overly ambitious.

The size of the current year's budget is Tk 340,605 crore, but it is going to be downsized to less than Tk 310,000 crore in the revised budget, the official added.

The revenue collection target for next fiscal year may be more than Tk 282,000 crore, of which the National Board of Revenue will have to contribute Tk 236,000 crore.

The NBR's target this fiscal year is Tk 180,000 crore, which means the revenue authority would be working with a 24 percent higher clout.

In the first eight months of the fiscal year, the NBR's collection grew around 20 percent, which is still satisfactory when viewed in the historical context.

But as per the target set at the beginning of fiscal 2016-17, the growth should be 43.89 percent from the previous year's actual collection.

"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.

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BTRC to run cost model analysis for data prices

MUHAMMAD ZAHIDUL ISLAM

The executive committee of the government's Digital Bangladesh Taskforce has asked the telecom regulator to run a separate cost model analysis to formulate the data pricing guideline within a month.

The committee took the decision in a recent meeting presided over by Kamal Abdul Naser Chowdhury, principal secretary to the Prime Minister's Office.

The Digital Bangladesh Taskforce, which consists of senior ministers and different top experts from the sector, is the highest policymaking body on digitisation headed by the prime minister.

Its executive committee assists the taskforce and supervises implementation of the taskforce's decisions.

"We have been working on it for the last few months and we hope to complete it soon," said Shahjahan Mahmood, chairman of Bangladesh Telecommunication Regulatory Commission, who attended the meeting.

The regulator plans to fix the upper and lower price limit for mobile operators' data packages, added Mahmood, who is also a member of the committee.

For regular voice calls, there is a Tk 2 ceiling and a floor price of Tk 0.25 for each minute, which the regulator fixed in 2008 after a cost modelling analysis supported by International Telecommunication Union. The ITU gave the service for free for Bangladesh's least developed country status.

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AHM Mustafa Kamal, planning minister, and MA Mannan, state minister for finance, pose with the recipients of Citi Microentrepreneurship Awards, at the Westin Dhaka hotel yesterday.

Loss-making exchange houses being turned into agent banks

JEBUN NESA ALO

Banks are working to turn their exchange houses into agent banks as their overseas operations have largely flopped.

The central bank has so far allowed banks to open 67 exchange houses overseas to facilitate remittance sent to Bangladesh. Of them, 35 are now in operation while 10 closed and 22 did not start the operation at all, according to data from Bangladesh Bank.

As the most exchange houses have flopped, banks are now concentrating their focus on a business model similar to agent banking, bankers said.

BB is allowing banks to go for agency agreement for opening exchange houses to serve non-resident Bangladeshis, moving away from its earlier stance which barred banks to appoint agents for

running such branches.

Under the agency agreement model, a bank starts an exchange house in partnership with a local agency in the host country. The model is similar to the agent banking now flourishing in Bangladesh.

A local resident who runs businesses and has infrastructure in place will be appointed as agent to collect remittance.

Currently, 36 banks have exchange houses in 13 countries and most of which are unprofitable, according to the central bank data.

Higher operational cost is blamed for the loss incurred by banks, which prompted them to adopt alternative business model like appointment of agents, said Selim RF Hussain, managing director of Brac Bank.

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Citi celebrates successes of small businesses

STAR BUSINESS REPORT

Twelve micro-entrepreneurs and two microfinance institutions have been honoured in this year's Citi Microentrepreneurship Awards for their contribution to the economy.

Citi Foundation, the philanthropic arm of Citigroup, yesterday awarded the individuals in four categories and institutions in two categories at the 12th edition of the show.

The awardees were picked up from rural areas across the country to recognise their contribution to the GDP, said Wahiduddin Mahmud, chairperson of the awards' advisory council.

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US banks report solid earnings

AFP, New York

Strong trading results, rather than lending, was the driving force behind solid earnings reported by large US banks, as executives expressed optimism about the prospects for President Donald Trump's pro-growth agenda.

JPMorgan Chase and Citigroup reported big jumps in first-quarter net income compared with the same period of last year, while Wells Fargo continued to feel the effects of a fake accounts scandal and reported flat profits, missing analyst estimates for revenues.

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