STOCKS		COMMODITIES		ASIAN MARKETS			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.07%	▲ 0.05%	▲ $1,227.00 (per ounce)	▲ $46.32 (per barrel)	▲ 0.23%	▲ 2.31%	▲ 0.22%	▼ 0.85%
5,529.50	10,403.81			29,926.15	19,895.70	3,236.98	3,076.79

CURRENCIES — STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	80.35	87.21	103.21	0.70
SELL TK	81.85	90.81	106.81	0.73

Star BUSINESS

DHAKA TUESDAY MAY 9, 2017, *BAISHAKH 26, 1424 BS*

NEW VAT LAW

Local industries to get better protection

SOHEL PARVEZ

The government is likely to provide increased protection to domestic industries from imported commodities and give more comfort to small and medium enterprises while implementing the new VAT law from July this year.

Revenue officials said they are working to increase the number of products in the list of supplementary duty (SD) to discourage imports and better safeguard the interests of the domestic industries. They are also working to increase the VAT-exempted threshold and turnover limit for small and medium enterprises.

The National Board of Revenue plans to expand the list of VAT-exempted items to ease the burden on consumers who have to pay the consumption tax to buy essential goods and services.

"The list will be published soon," said NBR Chairman Md Nojibur Rahman in a Facebook post on May 7.

The new law waives VAT on basic foods and unprocessed agricultural products, education, healthcare and life saving drugs, transport and residence.

The move comes amid concerns among businesses and many consumers that implementation of the VAT and Supplementary Duty Act 2012 will increase the cost of living.

The new law envisages a flat 15 percent VAT rate, ending the reduced rates that are now applicable for many goods and services, such as cooking oil, rods and electricity.

Framed at the prescription of the International Monetary Fund, the new law will replace the existing VAT Act 1991, doing away with the practice of package VAT paid by small and medium shops, including the ones that should pay VAT based on actual sales, according to officials.

The new law seeks to give VAT exemption to shops and business that register up to Tk 30 lakh in annual turnover. It envisages imposition of 3 percent tax on firms with annual turnover from Tk 30 lakh to Tk 80 lakh.

Businesses and the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) have been urging the government to raise the VAT exemption limit to Tk 36 lakh a year instead of Tk 30 lakh.

They also want a hike in the turnover threshold for turnover tax under the new law.

In his Facebook post, Rahman said active consideration will be given to increase the turnover ceiling in both the cases. However, he did not elaborate.

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Bangabandhu satellite's project director sacked

STAR BUSINESS REPORT

The government has removed Golam Razzaque, project director of Bangabandhu-1 satellite, for 'incompetence', said Tarana Halim, state minister for telecom.

The telecom division took the decision after it received a proposal to do so from Bangladesh Telecommunication Regulatory Commission (BTRC). BTRC Director Md Mesbahuzzaman has replaced him.

"In a meeting with Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy today, we placed the issue and he welcomed it," said Tarana after the meeting yesterday.

Earlier on Sunday, BTRC Chairman Shahjahan Mahmood said the regulator sent a proposal to the telecom division to remove Razzaque, who had been leading the project since its inception in 2012.

At the meeting, Joy also asked the telecom regulator to not coincide the launch of the satellite with the country's Victory Day celebrations.

The BTRC had planned to launch the country's first satellite on December 16 this year.

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Gowher Rizvi, international affairs adviser to the prime minister; Rehman Sobhan, chairman of the Centre for Policy Dialogue; Farooq Sobhan, president of Bangladesh Enterprise Institute (BEI), and Ma Mingqiang, Chinese ambassador to Bangladesh, attend a conference on Bangladesh-China relations, at the Westin Dhaka hotel yesterday. BEI organised the event.

China's One Belt, One Road initiative should be wider: analysts

STAR BUSINESS REPORT

China's Belt and Road Initiative should have a wider framework to provide more benefits to participating countries, said a noted economist yesterday.

The narrow framework of the BRI, which is also known as the One Belt One Road initiative, will not bring better results for the participating countries, said Rehman Sobhan, chairman of the Centre for Policy Dialogue, a private think tank.

For instance, the BRI should be stretched up to Afghanistan, as it was also part of the old Chinese silk route.

The economist was speaking at a conference on "Bangladesh-China Relations: One Belt and One Road Initiative", organised by the Bangladesh Enterprise Institute at The Westin Hotel in Dhaka.

Regarding the importance of the BRI, Sobhan said given the rise of anti-globalisation, protectionism and isolation the Chinese initiative could serve the purpose of openness, cooperation and free trade among the participating countries.

"This is a typical model of sharing economy. This could help India to integrate further into the global value chain."

Given the emergence of the new Asia-centric world order, this initiative can link the Asian countries, including Bangladesh, with the global value chain.

The new Asia-centric world order makes sense when the region's total reserves are considered, he said.

Of the total global reserve of $11.6 trillion, 70 percent is located in Asia -- with China alone accounting for $3 trillion.

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Joy for spectrum auction within a month or two

STAR BUSINESS REPORT

Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy yesterday instructed the telecom regulator to arrange the spectrum auction within a month or two with a view to expediting the roll-out of 4G services and improving the mobile operators' service quality.

"We are very much concerned about the mobile operators' service quality. That's why we want to allocate more spectrum to the operators," said Tarana Halim, state minister for telecom, after a meeting with Joy on the progress of the country's digitisation process.

To allocate more spectrum, the Bangladesh Telecommunication Regulatory Commission will seize different operators' unused spectrum and put them up for auction, she said.

The ICT adviser directed the BTRC to confiscate spectrum of Citycell, which has been out of service for more than six months now, and place it in the auction to help the existing mobile operators to improve their service quality, said a senior official who attended the meeting.

Joy also directed the BTRC to go for spectrum neutrality, which will help the operators to utilise spectrum in an efficient manner.

A charge of $5 million for spectrum neutrality was also discussed at the meeting but no final decision was taken, the official said.Tarana said every time the mobile operators are quizzed about their poor service quality they blame it on spectrum scarcity.

"Now we will give them scope to buy spectrum. After this we will be tough on them."

To proceed with the auction, the BTRC will now have to pass on a draft guideline to the telecom division.

"We have a plan to finalise the guideline within this fiscal year," Tarana said.

The BTRC has also sent its proposed guideline on 4G services, where it included an option to award a new licence.

Joy also asked the telecom regulator to take initiative to invite global telecom giants to invest in Bangladesh.

The BTRC proposed 15 percent revenue sharing for 4G service and $25 million as the floor price for each megahertz of spectrum in the auction.

"Price will not be an issue. We will fix it," Tarana said.

The issues of call drop and compensation were also discussed at the meeting.

Before arranging the spectrum auction, all the operators will have to compensate their subscribers for call drops and inform them through text message.

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Exports rise 3.9pc in July-April

STAR BUSINESS REPORT

Exports grew a modest 3.92 percent year-on-year to $28.72 billion in July-April, riding on shipments of knitwear, home textiles, leather products and jute.

Month-wise, it also rose nearly 3.49 percent to $2.78 billion in April compared to the same month a year ago, according to the Export Promotion Bureau. However, the earnings fell 4.25 percent short of the target set at almost $30 billion for the 10-month period.

April's earnings were also 3.82 percent shy of hitting the monthly $2.89 billion target.

Shipments of knitwear, jute and leather products and leather footwear helped the country maintain the positive export growth amid protracted slowdown in the European Union and uncertainty in the US following the presidential elections.

Knitwear exports went up by 4.81 percent to $11.25 billion in July-April.

Exports of raw jute, jute yarn and twine and sacks and bags all went up 25.22 percent, 12.91 percent and 15.17 percent respectively. Furniture sales also grew 10.36 percent.

Leather products shipments rose 19.08 percent to $373.31 million while that of leather footwear went up by 14.05 percent to 431.65 million in July-April period.

Home textiles registered a growth of 6.58 percent to fetch $664.8 million in the first 10 months of the ongoing fiscal year.

On the other hand, overseas sales for woven garments decreased by 0.14 percent to $11.88 billion during the period.

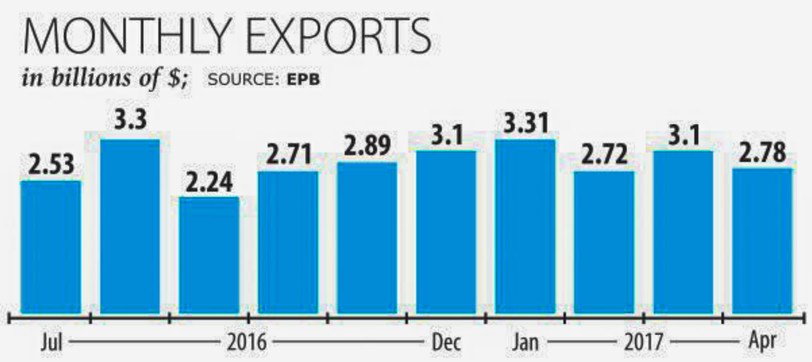
Exports of frozen fish fell by 10.46 percent, shrimps 3.02 percent, terry towel 9.34 percent, leather 6.34 percent and bicycle 11.05 percent.

Exports are an important driver of growth for Bangladesh, led by the garment industry, which accounted for 82 percent of total goods exports in 2015-16, a 2-percentage point increase from FY15.

Steady export growth in recent years has supported an increase in foreign exchange reserves to $32.22 billion as of March this year which was about $8 billion in FY2011.

Bangladesh shipped goods worth $34.26 billion in the last fiscal year and the government has aimed to earn $37 billion in the current fiscal year ending next month.

At the current pace of growth, Bangladesh could beat last fiscal year's total exports, but may find it difficult to hit the full-year target for 2016-17, which is 8 percent higher than the receipts in 2015-16.



One-stop services for investors on cards

STAR BUSINESS REPORT

The government has moved to enact a new law to offer foreign and local investors with one-stop services.

Entrepreneurs and investors with registered companies will get 16 types of services from the one-stop service centre within a stipulated time, said Mohammad Shafiul Alam, cabinet secretary.

Alam spoke while briefing the media after a cabinet meeting with Prime Minister Sheikh Hasina in the chair yesterday. The meeting approved the 'One-stop Service Act, 2017'. The services are issuance of trade licence, land registration and mutation, environmental clearance, construction permit, connections of power, gas and water, telephone and internet, explosive licence and boiler certificate.

Four organisations—Bangladesh Investment Development Authority, Bangladesh Economic Zones Authority, Bangladesh Export Processing Zones Authority and Bangladesh Hi-Tech Park Authority—would act as the central one-stop service authority in their respective areas.

The cabinet secretary said the act has been framed by making the procedure of doing business easier to encourage local and foreign investors.

The one-stop service would be delivered to both local and foreign investors and the service would be given centrally and regionally, he added.

Besides, the draft law also mentioned efforts to make the visa system and immigration process for foreigners easier.

"Failure in giving a service within the stipulated timeframe would be considered as misconduct under the law and action would be taken against the responsible person as per the rules," said Alam.

He also said the law was expected to enhance Bangladesh's position in the 'Doing Business' ranking published by the World Bank. Currently, the country ranked 176th out of 188 economies. Bangladesh has set a target to bring it within the top 100 countries in the next five years.

Accord could seek 3 more years to finish remediation

STAR BUSINESS REPORT

The Accord, a platform of European retailers and brands empowered to monitor safety standard in Bangladesh's apparel industry, yesterday said it would not be able to complete the remediation work within the stipulated time.

Rob Wayss, executive director and acting chief safety inspector of the Accord on Fire and Building Safety in Bangladesh, made the comment at a media briefing at a hotel in Dhaka.

He said the signatories to the Accord are now discussing to extend the tenure by three more years after its expiry in June next year.

"There is wide consensus among the signatories to the Accord, global unions and its local affiliates that the work of the Accord will not be completed by June 2018," said Wayss.

After the Rana Plaza building disaster in April 2013, the Accord took a five-year initiative to help factories improve fire, electrical and building safety standard in the apparel factories supplying products to its members.

According to the latest data of the Accord, 77 percent electrical, fire and structural safety hazards identified during the initial inspections have been addressed so far.

Eighty-eight percent electrical safety defects have been fixed, while it is 71 percent with fire safety risks and 57 percent with structural safety risks.

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Correction

In a report—Finance ministry in favour of firms investing abroad—published yesterday, it was mistakenly mentioned that the forex reserves crossed the $32-million mark. Actually the amount should be $32 billion. We regret the error.