

Stagnant private investment hinders Bangladesh's growth: ICCCB

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Bangladesh faces formidable challenges in moving to a higher growth path of 8 percent plus GDP to become a middle-income country, Mahbubur Rahman, president of International Chamber of Commerce Bangladesh, said yesterday.

The foremost challenge lies with the stagnant private investment followed by weak institutional capacity to implement development projects, he said.

To achieve its goal of middle-income country status by 2021 and to accelerate inclusive growth as well as reduce poverty and income inequality, the country will require a substantial increase in yearly investments from 29 percent of GDP in fiscal year 2015 to 34.4 percent of GDP by fiscal year 2020, he said.

He spoke while presenting the executive board report at the ICC Bangladesh Annual Council held in Dhaka yesterday.

Bangladesh economy embraces 2017 with some other challenges that include declining remittance and rising nonperforming loans from the domestic side, according to the report.

Volatile global and gulf region politics, and troubled European economy pose threats as external sources, it said.

Following the European debt crisis and depreciation of different currencies against the US dollar, the pace of recovery of the European Union economies—the primary destination of Bangladeshi exports—will be critical in 2017, the council report added.

According to a World Bank report, Bangladesh is both an inspiration and a challenge for policymakers and practitioners of development. While the poverty reduction efforts to date have been extraordinary, Bangladesh faces daunting challenges with about 28 million people still living below the poverty line, Rahman said.

The country is at an important juncture when with the right policies and timely action, it can move up within the



From left, Ataur Rahman, secretary general of International Chamber of Commerce, Bangladesh; Latifur Rahman, vice president; Mahbubur Rahman, president; Rokia A Rahman, vice president; Golam Mainuddin, vice president of Metropolitan Chamber of Commerce and Industry, and Kutubuddin Ahmed, chairman of Envoy Group, attend the ICCB Annual Council 2016, in Dhaka yesterday.

middle-income bracket, he said. However, Bangladesh economy is moving on a stable path, despite external and internal challenges, the report said.

With positive near-term macroeconomic outlook, declining inflation, rising reserve, contained fiscal deficit and stable public debt indicates brighter prospects, it said.

The country is among the top 12 developing countries, who achieved 6 plus percent growth in 2016 and one of the top performers in Asia over the past decade.

According to experts, Bangladesh economy is doing well by any standards and Bangladesh's economic and social

achievements are widely acclaimed around the world, Rahman said.

The council adopted the executive board report and audited financial statements of ICC Bangladesh for 2016.

Rahman presented congratulatory memento to Envoy Group Chairman Kutubuddin Ahmed and Meghna Group Chairman Mostafa Kamal for receiving DHL-The Daily Star Business Award as Business Person of the year 2016 and Enterprise of the year 2016 respectively.

Latifur Rahman and Rokia A Rahman, vice presidents of ICCB, were also present among others.

Zakat funds help reduce poverty: analysts

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Zakat funds can be mobilised to remove poverty on global scale, said Hossain Zillur Rahman, former caretaker government adviser and chairman of Power and Participation Research Centre (PPRC), an NGO.

He spoke yesterday while moderating a roundtable on the "Role of private sector in achieving SDGs: a case study of CZM programmes".

The programme jointly organised by Dhaka Chamber of Commerce and Industry (DCCI) and the Centre for Zakat Management (CZM) took place at the DCCI auditorium in the capital.

AB Mirza Md Azizul Islam, former caretaker government adviser and a visiting professor in Brac University, attended the event as the chief guest.

Kamrul Islam, acting president of DCCI; Arastoo Khan, chairman of Islami Bank Bangladesh; Niaz Rahim, chairman of CZM, and Mohammad Ayub Miah, CEO of CZM, were also present.

The roundtable was attended by scholars, distinguished people from the civil society, including diplomat, academics, directors of DCCI and other renowned dignitaries.

Speakers lauded the joint collaboration between DCCI and CZM and at the same time emphasised increasing the role of faith-based organisations in making contribution towards achieving sustainable development goals.

Regent flies to Doha

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The programme held at Doha Marriot Hotel was attended by Akhtar U Ahmed, chief commercial officer, Rehan Ali Syed, country head of Regent's GSA, Mohammed Al Hashemi, sponsor of GSA, Anisul Alam Chowdhury, head of marketing, Rahul Bhatkoti, head of Regent's airport operations, and members of the Bangladeshi community in Qatar.

The first flight was welcomed with a water salute at the Hamad International Airport in Doha. The ambassador received the passengers.



Nazeem A Choudhury, head of consumer banking at Eastern Bank, and Pradip Kar Chowdhury, executive director of ACI Ltd, exchange the signed documents of a deal at a programme at the ACI office in Dhaka on May 24. The distributors of ACI will be able to use commercial payment solutions of the bank.

Excel Dyeing rushes to buy shares of Islami Bank

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Arastoo Khan, Islami Bank's chairman, represents another little-known company Armada Spinning Mills in the board.

Islami Bank, the largest private bank in the country, has recently plunged into a bout of fighting five months after going through a wholesale restructuring of the board and the top management. Syed Ahsanul Alam, vice-chairman of the bank, was removed from his executive post on Tuesday, a move considered by many as an attempt to muffle dissent.

Earlier, Khan had alleged that Alam violated his oath of office by spreading propaganda about the bank.

Islami Bank was set up in 1983 with nearly 70 percent of its sponsorship coming from the Middle Eastern countries.

Since its inception, it has grown threefold every five years. It has around Tk 70,000 crore deposits and over one crore account holders. The bank also channels over one-fourth of the inflow of Bangladesh's remittances.

Islamic Development Bank, a sponsor shareholder of IBBL, announced on Tuesday that it wanted to sell 8.69 crore shares out of its total holding of 12.07 crore in IBBL.

According to an update on the Dhaka Stock Exchange, the IDB finished the sales of the shares yesterday.



From left, Regent Airways' Commercial Officer Akhtar U Ahmed, Regent's GSA Country Head Rehan Ali Syed, GSA sponsor Mohammed Al Hashemi, Bangladesh Ambassador to Qatar Ashud Ahmed, Regent Airways Chief Executive Officer Lt Gen (ret'd) M Fazle Akbar, Head of Marketing Anisul Alam Chowdhury and Head of Airport Operations Rahul Bhatko at the inaugural ceremony of Regent's Dhaka-Doha-Dhaka flights in Doha Marriot Hotel on May 21.

Govt to forfeit Tk 10,000cr for rise in turnover ceilings: NBR

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Domestic industries will also get protection under the new law, Hossain said, allaying the fears of small- and medium-sized enterprises and local industries, which are anticipating an erosion of competitiveness to imports.

Initially, the list of items for supplementary duty at the import stage was supposed to be condensed substantially under the new law, with only high-end products retained.

But now, it has been decided that the list will be the same as that under the VAT Act 1991, Hossain said. "There is no reason for businessmen to be worried. The level of protection that you enjoy now will not reduce."

The government, at the prescription of the International Monetary Fund, framed the new law to boost revenue collection from domestic trade and economic activities by increasing compliance and curbing evasion.

Introduced in 1991, VAT is now the biggest source of revenue for the government, followed by the income tax and import duty.

Hossain, noting the general concerns of price hike, said many

products including essential commodities, basic education, healthcare and lifesaving drugs will remain exempt from VAT so that the poor and low-income people are not affected.

Save for rod, the prices of products and services will not rise for the application of the uniform VAT rate, he said.

"But, there are some businesses that wait for any excuse to increase prices. Vigilance should be there so that the unscrupulous traders cannot take the benefit," he added.

In theory, inflation should not rise, said Sheikh Fazle Fahim, first vice-president of the Federation of Bangladesh Chambers of Commerce and Industry. "But where is the check and balance that consumer will not be charged higher?"

Fahim said the government does not have enough capacity to protect the rights of consumers.

Citing a recent raid at a factory, he said such foray should not take place if the NBR wants to play the role of a facilitator. The imposition of the uniform VAT on rod from the current reduced rate will affect the construction and the real estate sector, which has been seeing slug-

gish demand, he added.

The increase in the prices of rod will not only affect home builders but also the economy as a whole, said Liakat Ali Bhuiyan, vice-president of the Real Estate & Housing Association of Bangladesh.

About the NBR's claim of easy rebate, he presented the case of house painters, who work informally and do not issue receipts. "It will be difficult for home builders to claim rebates," he added.

Towfiqul Islam Khan, research fellow of the Centre for Policy Dialogue, said ensuring the issuance of receipts will be very important for proper implementation of the law.

He suggested the NBR run awareness campaigns so that consumers can identify the receipts they are given to be genuine.

Consumers are afraid that the prices of gas, electricity and petroleum would rise because of the implementation of the new law, said Ghulam Rahman, president of the Consumers Association of Bangladesh.

Housing is one basic rights of a human and the hike in the price of rod will curtail the access to home ownership for a large number of

low- and middle-income people, he added.

The raising of VAT-free turnover threshold and the ceiling for turnover will affect small and medium firms, said Ahsan H Mansur, executive director of the Policy Research Institute. "None will be interested in buying from them as sourcing from these firms will not ensure buyers' credit."

He criticised the plan to maintain the existing SD product list to protect local industries. "High levels of protection do not induce growth."

Mansur suggested reduction of import duty on raw materials of rod to keep the prices lower.

The cost of doing business is high in Bangladesh, and one of the reasons is tax, said Syed Nasim Manzur, former president of the Metropolitan Chamber of Commerce and Industry.

He said the tax and revenue policy should be predictable and framed for the long-term so that investors can plan properly.

The practice of collecting advance income tax must be stopped, he said. "How can you collect tax until there is income?"

State banks to get Tk 1,700cr to plug capital shortfall

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The two specialised banks -- Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank -- together have a capital shortfall of Tk 7,826 crore.

Last year, the finance ministry started working on an alternative way to plug the state bank's capital deficit, said an official.

"That is why only Tk 2,000 crore was allocated this fiscal year. Earlier, Tk 5,000 crore used to be allocated," he added.

The banking division, however, proposed Tk 10,000 crore last year, which the finance division turned down.

"If Tk 10,000 crore is given in two consecutive years to meet their capital deficit, the banks will be told that they would not be given any money in future," said a banking

division official.

Meanwhile, a high official of BASIC Bank said running the financial institution is difficult if its huge capital deficit, which was incurred due to previous board and management's malpractice, is not met.

This fiscal year, the banks are yet to get their capital injection due to a disagreement on how the funds would be made available: by cash or in the form of bonds.

Three banks -- BASIC, Rupali and Janata - wanted to raise about Tk 4,100 crore by issuing different types of bonds to meet their huge capital shortfall. But the finance division is yet to give its consent.

Now, BASIC will most probably be given Tk 800 crore from this year's budget and Tk 1,000 crore from next year's budget.

Robi posts Tk 171cr loss in first quarter

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Robi's revenue grew 30.71 percent year-on-year to Tk 1,546.90 crore in the January-March quarter, with incomes from data sales contributing 83 percent to the growth, according to its financial report. "During the first quarter we continued to bring the most innovative and affordable product offers to the market," said Mahtab Uddin Ahmed, chief executive officer of Robi, in a statement.

"We started this year with an expectation to provide the widest mobile network coverage and superior mobile services experience to our subscribers," he said, adding that the operator has successfully completed network integration in 12 regions covering 50

percent of Airtel's subscribers.

Robi added 24 lakh new customers in the quarter to take its total subscriber base to 3.62 crore, grabbing a 27.5 percent market share.

The operator invested Tk 410 crore as capital expenditure in the first quarter to expand and improve the network.

Robi has network coverage in all 64 districts through its more than 12,000 sites, of which over 7,900 are 3G sites.

Although the network integration work is going on smoothly, the absence of technical facility is making it difficult to ensure expected service quality, said the company.

In the first three months of the year, Robi contributed Tk 680 crore to the exchequer.



Mahbubur Rahman, chairman of Eastland Insurance Company Ltd, presides over the company's 30th annual general meeting at Spectra Convention Centre in Dhaka on May 24. The company approved 10 percent cash and 5 percent stock dividends for 2016.

AC market hots up as mercury climbs

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Bangabandhu National Stadium Market, the biggest marketplace for electronic appliances in Dhaka, is now buzzing with buyers looking at air-conditioners and other cooling appliances.

"The summer heat has become unbearable and we cannot sleep at night," Sanjamul Kadir, a shopper at the Bangabandhu Stadium Market in Gulistan.

He came all the way from the city's Sukrabad area to buy a 1.5-tonne air-conditioner for his bedroom.

According to estimates, around three lakh pieces of air conditioners are sold every year, while most are global brands like Singer, Sony-Rangs, LG-Butterfly,

General and Gree.

Buyers are mostly looking for 1.5-tonne to 2-tonne air conditioners, said a trader at Bangabandhu Stadium Market. Currently, people are able to buy an air-conditioner starting from Tk 30,000 to more than Tk 1 lakh.

Md Mahabubul Wahid, general manager of marketing at Pran-RFL Group that assembles the Vision brand of air-conditioners, said a supply of electricity is the main challenge to the sale of this product.

They receive a good response in Dhaka and Chittagong, but people in other towns are suffering from load shedding, he said. That is why they prefer rechargeable fans, he added.

The price of air coolers is much

cheaper than air conditioners, but customers feel cheated later when an air cooler does not provide relief from the heat, he said.

Targeting the summer months, companies are also offering zero-interest, six to twelve months instalment schemes, along with cash-back offers, special discounts and gifts.

This year, Singer Bangladesh is offering zero-interest for six-months out of a 15 instalment scheme, by depositing only Tk 10,000.

Singer is selling air conditioners at a price range of Tk 39,990 to Tk 69,990. Local electronics brand Walton has set a target to achieve 57 percent sales growth for air conditioners this year.