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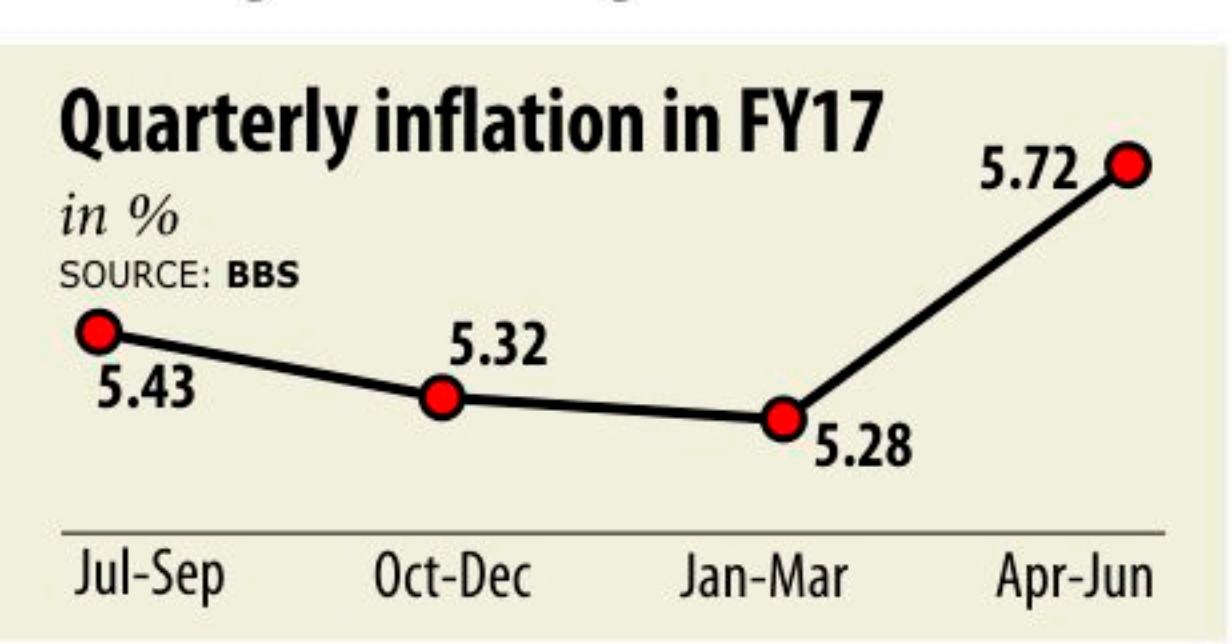
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# Inflation creeps up to 5.72pc in Apr-Jun quarter

## Govt releases quarterly data for the first time



**STAR BUSINESS REPORT**

For the first time in the country's history inflation data was released in a quarterly format, doing away with the global standard practice of releasing monthly data -- much to the criticism of economists.

In the last quarter of fiscal 2016-17, inflation edged up about 44 basis points from the previous quarter to 5.72 percent, according to the data unveiled by Planning Minister AHM Mustafa Kamal yesterday.

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# 10 firms provide 40pc of all VAT and SD

SOHEL PARVEZ

Some 40 percent of the total value-added tax and supplementary duty collected in a year by the National Board of Revenue comes from only 10 firms -- a startling detail for a \$220 billion economy that is growing fast.

The companies are from cigarette, gas, mobile operator and power sectors, according to data from the Large Taxpayers' Unit, VAT.

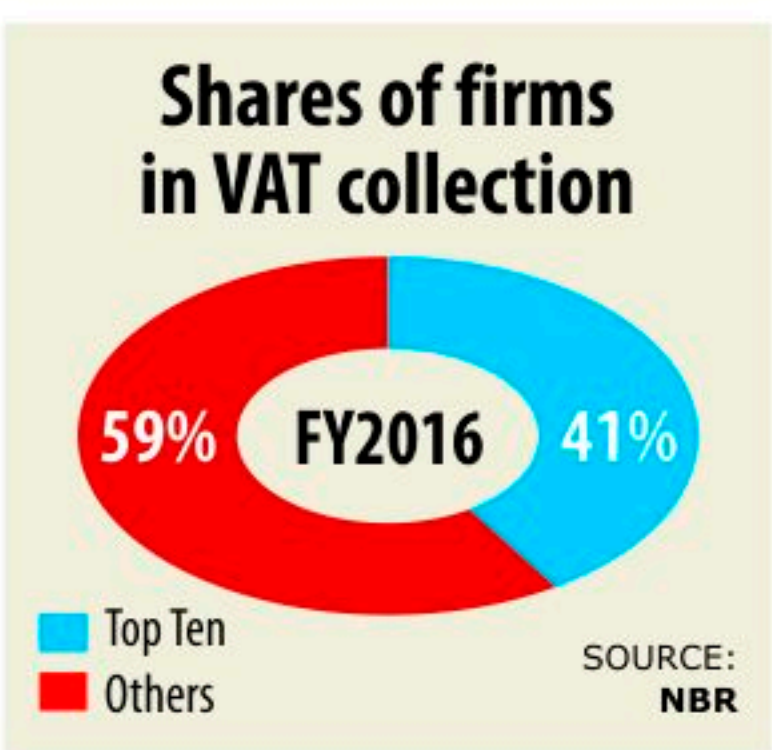
The disclosure also suggests extensive tax evasion by others.

"This indicates that VAT and SD collection from domestic economic activities is vulnerable to the fortunes of a few institutions," said Zahid Hussain, lead economist of the World Bank's Dhaka office.

Bangladesh has 8.5 lakh firms registered under VAT but only 32,000 submit returns and pay VAT, much to the vexation of Finance Minister AMA Muhith.

"This makes it clear that VAT is confined to a limited area," Muhith said in his budget speech last month.

Data showed that 157 firms accounted for 55 percent of the total



of Tk 56,080 crore collected as VAT and SD from domestic economic activities in fiscal 2015-16.

Of the sum, Tk 30,417 crore came from LTU-VAT, 75 percent of which, in turn, were from 10 firms.

VAT paid by the top revenue-generating firms such as British American Tobacco, Dhaka Tobacco Industries, Petrobangla, Grameenphone and Titas Gas stood at Tk 26,045 crore in the first 11 months of fiscal 2016-17.

The amount was 72 percent of the total VAT collected by the LTU in the

just concluded fiscal year, according to preliminary data released by the NBR.

Data by the NBR's field office also showed that five sectors -- cigarettes, gas, mobile operators, pharmaceuticals and banks -- provide 88 percent of the LTU's total collection in a year.

"This indicates the narrowness of the existing tax base and the scope to evade VAT," Hussain said.

The tax base is narrow because of the prevalence of different rates of VAT under the VAT Act 1991. As a result, there is scope for discretion by revenue officials and it creates grounds for corruption.

The state becomes a loser as all the indirect tax paid by taxpayers does not make it to the coffers in the end, the WB economist said.

"This also explains the recent resistance from many businesses against the implementation of the new VAT law that aimed at eliminating multiple rates and limiting discretionary power of revenue officials," he added.

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# Current account deficit hits \$2.1b

STAR BUSINESS REPORT

The country's current account deficit hit \$2.1 billion in the first 11 months of the just concluded fiscal year due to sluggish export earnings and higher import payments.

This is an about-face from 2015-16 when the current account was in surplus of \$3.19 billion.

In fact the current account balance set foot into the negative territory for the first time in four years in the first quarter of 2016-17 when the deficit stood at \$504 million. It has been on the rise since. The last time the current account was in the deficit was way back in 2011-12.

The trade deficit also widened 42.58 percent year-on-year to \$9.19 billion during the 11-month period.

The widening of the current account deficit is still not a matter of concern, said a senior executive of Bangladesh Bank.

He said the existing deficit is less than 1 percent of gross domestic product whereas a country is allowed to run a deficit of up to 2-3 percent of GDP.

*A BB official said the existing deficit is less than 1 percent of gross domestic product whereas a country is allowed to run a deficit of up to 2-3 percent of GDP*

The central bank official, however, said the rising trade deficit could put a little pressure on the exchange rates.

The current account deficit has already affected the exchange rate as the taka depreciated against the dollar.

The exchange rate of the American greenback was Tk 80.60 per USD yesterday, up from Tk 79 in April, the central bank data shows.

Exports only grew by 1.69 percent in the just concluded fiscal year. A massive drop in the shipment of garment items is blamed for the below-than-expected export earnings of \$34.83 billion.

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# Bangladesh to benefit from China's belt, road initiative: MCCI

STAR BUSINESS REPORT

Bangladesh should not go for policies that undercut the country's opportunities to benefit from the Chinese One Belt, One Road (OBOR) initiative, said Metropolitan Chamber of Commerce and Industry.

"Understanding the overwhelming reach and potential of this project, it is evident that Bangladesh is poised to bene-

fit enormously from the OBOR," the chamber said in its July bulletin.

The project with \$900 billion of planned Chinese investments ranging from ports in Pakistan and Sri Lanka to high-speed railways in East Africa to gas pipelines crossing Central Asia is arguably the largest overseas investment drive ever launched by a single country.

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# DSE turnover hits 4-month high

STAR BUSINESS REPORT

Turnover on the Dhaka Stock Exchange reached a four-month high yesterday riding on the rally for a week.

The daily turnover stood at Tk 1,320 crore yesterday, the highest since March 8 when shares worth Tk 1,302 crore changed hands. The turnover has been on the rise since last week.

The key DSEX index has continued its gaining streak for three consecutive sessions. It closed the day 3.58 points higher at 5,830.

The index, however, went through some major ups and downs yesterday, said an analysis of LankaBangla Securities.

In the first hour, the index gained 54 points but only came down to 5,823 in the next hour.

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