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Export target \$37.5b

STAR BUSINESS REPORT

The export target for fiscal 2017-18 has been set at \$37.5 billion -- 8.23 percent higher than last fiscal year's receipts. Bangladesh exported goods worth \$34.65 billion last fiscal year, up 1.61 percent year-on-year, according to data from the Export Promotion Bureau.

The garment sector would be gunning for a \$30.16 billion export target, 7.19 percent higher than fiscal 2016-17's receipts.

The current economic outlook, policy changes in different export destinations, the trade report of the World Trade Organisation, exporters' feedback, exchange rate movement and supply side capacity were considered during the setting of the export target, Commerce Minister Tofail Ahmed said while disclosing the figure yesterday.

Bangladesh could not achieve the export target last fiscal year because of the devaluation of the Euro and pound sterling against the US dollar, the minister said.

Brexit, national elections in major export destinations in the EU, and the lower prices of goods, especially garment, were also responsible for missing the target last fiscal year, he added.

Shafiul Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, called for hassle-free operations of both the airport and the Chittagong port to meet the target.

Last fiscal year's export earnings were at least \$3 billion less because of delays at the ports although political stability, the most important element for doing business, was there.

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SUPPLY-DEMAND MISMATCH OF DOLLAR Imports to be costlier

SAJJADUR RAHMAN

The gap between buying and selling rates for US dollar has recently widened to Tk 1.50 from Tk 1, in a development that has made imports costlier and can go on to create inflationary pressure and squeeze the foreign exchange reserves.

For years, the gap has been Tk 1 a dollar as per the instruction of the central bank, according to data from the Bangladesh Bank and Bangladesh Foreign Exchange Dealers' Association.

"Basically, it's a supply-demand conundrum," said Anis A Khan, managing director of Mutual Trust Bank and a former chairman of BAFEDA, about the widening gap.

Exports and inward remittances, the two major sources of foreign currency in Bangladesh, are on the wane while imports are rising, widening the current account deficit.

"All these factors have led to the increase in demand for the greenback and the rising gap between the selling and buying prices," he said.

Remittance inflow in fiscal 2016-17, of \$12.77 billion, was the lowest in six years. And for the first time in 15 years, Bangladesh's apparel exports failed to register even single digit growth.

The apparel export growth last fiscal year was just 0.20 percent. In contrast, in the last 10 years growth averaged about 13 percent.

On the contrary, import payments grew more than 9 percent last fiscal year.

"Still, the gap should not cross Tk 1," according to Nurul Amin, chairman of BAFEDA and managing director of Meghna Bank.

All banks though will not profit from the situation; only those with good reserves of the greenback will, he added.

Islami Bank Bangladesh that brings in more than one-fourth of remittance and handles a good sum of export receipts along with two foreign commercial banks may gain from the scenario, bankers said.

Banks provide foreign exchange services to their customers, including buying foreign currency from exporters and remitters and selling it on to importers. These transactions can be very profitable to banks when the gap between the buying and selling rate widens.

For example, if a bank buys \$10 million from exporters at Tk 80.25 a dollar (yesterday's rate) and sells it on at Tk 81.73, it makes a profit of Tk 1.48 a dollar. The bank's gain will be nearly Tk 15 million (Tk 1.5 crore) from the arrangement.

BANKS' BUYING AND SELLING PRICES OF DOLLAR (in taka)

Date	BUY	SALE
Jul 23	80.1883	81.6713
Jul 24	80.1892	81.6723
Jul 25	80.2109	81.694
Jul 26	80.2327	81.7209
Jul 27	80.2515	81.7326
Jul 30	80.2508	81.7338

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NBR to bring changes to VAT software

STAR BUSINESS REPORT

The National Board of Revenue is planning to bring changes to the VAT software so that firms can submit returns online in line with the VAT Act 1991, said a senior tax official yesterday.

Provisions for multiple rates of VAT, apart from the standard 15 percent VAT on goods and services, will be incorporated into the Integrated VAT Administration System (IVAS) software that is being developed to digitise the revenue administration.

The revenue authority mulls incorporating provisions of multiple VAT rates in the software after the government shelved for two years the enforcement of a new law in the face of opposition from businesses on grounds that small and medium businesses would find it hard to comply.

The government earlier planned to enforce the VAT and Supplementary Duty Act 2012 from the current fiscal through the digitisation of the VAT process and administration.

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New tech to deepen financial inclusion: HSBC analysis

STAR BUSINESS REPORT

Bangladesh's banks should not worry about the advancement in financial technology, also known as fintech, as it can create a huge opportunity for greater financial inclusion and expansion of basic services, according to an analysis of HSBC Bangladesh.

The banking giant said the new wave of fintech is often portrayed as a disruptive force that threatens banks with new, agile and savvy competitors.

But fintech is transforming the way people and companies connect with their banks, and the way banks manage their back-office operations, the bank said.

"Fintech complements rather than threatens banking institutions," said Francois de Maricourt, chief executive officer of HSBC Bangladesh, in a statement.

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Cost of internet use to rise

STAR BUSINESS REPORT

The cost of internet use may rise, as the expenses of the internet service providers are expected to increase due to a regulatory move.

Last week, the telecom regulator recommended the government ask the internet service providers to share 2 percent of their revenue with the BTRC and increase their licence and annual fees.

The internet service providers will have to share 1 percent of their gross revenue with the regulator and another 1 percent for the social obligation fund, according to the proposals of Bangladesh Telecommunication Regulatory Commission (BTRC).

The increased licence and annual fees—which were earlier Tk 1 lakh for each nationwide licence—will be set at Tk 25 lakh and Tk 5 lakh respectively.

To bear the increased cost, the operators may have to compromise with the service quality or put pressure on the end users, said MA Hakim, president of Internet Service Providers' Association of Bangladesh (ISPAB).

The fee for zonal licence—which the BTRC termed as the licence for urban category in its new proposal—will be Tk 15 lakh up from Tk 50,000. The licence fees and renewal charges for other categories will also be increased.

To renew the licences, all of the 590 internet service providers of the country will have to pay at the rate of the new licence fee, according to the recommendations.

Cyber cafes with trade licences will be exempted from the rule of notifying the regulator before starting a business, which was mandatory earlier.

The cyber cafes will have no obligation to the regulator if the new proposals are implemented, Hakim said. "This can create security concern."

Currently, there are 44 lakh fixed internet connections in the country and every connection has dozens of users.

Shahjahan Mahmood, chairman of BTRC, said they will review the recommendation if they see the new rules are increasing the cost of the end users.

Imdadul Haque, general secretary of ISPAB, termed the new proposal a conspiracy against the internet industry.

He said the government wants to reduce the cost of internet use but BTRC's new proposal will hinder the growth of the sector.

The telecom regulator did not consult the internet service providers before drafting the recommendations, ISPAB leaders said, adding that the BTRC should review the proposals.

The internet service providers said they have already called a meeting and will raise voice against the regulatory move.

Academics discuss educational aspects of social business

STAR BUSINESS REPORT

A group of national and international academics yesterday discussed educational aspects of social business in Dhaka as part of preparations for an upcoming social business academia conference.

The meeting took place at Yunus Centre, which promotes works and philosophies of Nobel laureate Prof Muhammad Yunus.

About 120 faculty members from 30 universities around the world attended the meeting, according to a statement of Yunus Centre.

What started as an academia workshop session during the Global Social Business Summit (GSBS) in 2010 evolved into the academia meeting in 2011 and 2012, and finally into a full research conference on social business in 2013 and 2014.

Since 2015, the event is a sole academic conference.

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Mr. Iqbal Ahmed OBE, founder Chairman of NRB Bank Limited has recently been awarded the Honorary Doctor of Business Administration (DBA) by the Manchester Metropolitan University in recognition of his outstanding achievements in business and his significant contribution to the economy and regeneration of Manchester and Bangladesh. The Board of Directors and the Senior Management Team of the Bank congratulates him on this brilliant achievement.