

Star BUSINESS

DHAKA MONDAY OCTOBER 9, 2017, ASHWIN 24, 1424 BS

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Engage local firms to study impact of new VAT law

Businesses and economists yesterday suggested that the revenue authority engage local research firms to carry out an independent study on the new VAT law's impact on various trade and industrial sectors after it comes into effect.

"We want an independent study to know the impact. It should not favour the business community. It should not favour non-compliant firms," Md Shafiu Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, told a meeting at the Institution of Diploma Engineers, Bangladesh.

The National Board of Revenue organised the meeting to exchange views with businesses and researchers on its latest bid to conduct an impact analysis on the VAT and Supplementary Duty Act 2012.

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A serial defaulter in BB

Punitive action being taken, says an official

STAR BUSINESS REPORT
At a time when the Bangladesh Bank is struggling to tackle the rising bad loans in the banking sector, it found out that one of its senior officials is a loan defaulter of 11 banks.

Provash Chandra Mallick, a general manger of the central bank, has defaulted on loans from 11 banks in a stunning case of misuse of position of power over a three-year period.

He took out loans amounting to Tk 82.43 lakh from 15 banks, Tk 53.39 lakh of which has already become classified, according to central bank data.

Not only that, he borrowed money, amounting to about Tk 1 crore, from several of his colleagues on an informal arrangement and never paid them back, said a BB official who preferred to remain anonymous due to the sensitivity of the matter in hand.

The incident has tarnished the image of many central bank officials who work with integrity to regulate the banking sector such that depositors' interests are safeguarded.



Provash Chandra Mallick

It's a shameful incident," said another central bank official.

The 11 banks that Mallick still owes money to are: NRB Commercial, United Commercial, National, Pubali, Mutual Trust, Prime, City, Meghna, Premier, Southeast and Mercantile.

Mallick, who is now posted at the Bogra office, took the majority of the loans by way of credit cards and small personal loans, leveraging his familiarity with bank officials.

As per rules, BB officials have to take prior permission from their higher-ups to take any loan from banks.

"But Mallick took no such permission," the central bank official said.

The BB's human resource policy does not specify whether defaulters can continue with their jobs.

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Exports slump in Sep



STAR BUSINESS REPORT
Export receipts came crashing down in the month of September on the back of lower shipments of garment products, after registering a record high in the previous month.

Last month, exports raked in \$2.03 billion, down 10.18 percent from a year earlier and 44.23 percent from August that saw the highest receipts in a single month in Bangladesh's history.

September's earnings missed the monthly target set by the commerce ministry by \$750 million, according to data from the Export Promotion Bureau.

Lower shipments of garment products, which typically account for 80 percent of the total export receipts, have been blamed for the slump in September's export earnings.

Garment shipments brought home \$1.62 billion in September, down 11.48 percent year-on-year and 46.71 percent from the previous month.

One of the reasons for the slowdown in garment exports last month is that it coincided with Eid-ul-Azha, so the factories remained shut for a long stretch, said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

"Production was on pause for a while," he said, adding that the congestion at the Chittagong port meant that lesser number of consignments could be sent.

The appreciation of the taka against the dollar also had a part to play in the lower garment export receipts, Rahman added.

Meanwhile, September's takings mean a total of \$8.66 billion was received from shipments in the first quarter of fiscal 2017-18, which is an increase of 7.18 percent from a year earlier.

It, however, fell short of its target by \$253.27 million.

During the July-September period, export of frozen and live fish and shrimp soared 23.08 percent year-on-year to \$168.27 million, and agricultural products 20.94 percent to \$147.90 million.

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Seven banks fined for flouting stockmarket rules

JEBUN NESA ALO
The central bank has fined seven banks for violating stockmarket rules by way of miss-reporting on share investment and over-exposure.

The seven banks were penalised over Tk 15 lakh in total, confirmed a senior executive of the Bangladesh Bank.

The central bank took the decision last week based on the banks' stock exposure of August, he said.

Last month, the BB carried out investigations over the banks' stockmarket activities following the recent upward trends in share prices of the banking sector.

Market capitalisation of the listed 30 banks rose 57 percent to Tk 76,146 crore as of last Thursday from Tk 48,406 crore in December last year, Dhaka Stock Exchange data showed.

The central bank is now investigating the stock activities of another eight banks, while five more banks

are also being treated with suspicion and they will come under the probe very soon, according to the central bank's decision.

The BB probe found that the banks invested in the stocks by way of providing loans to their subsidiaries but did not report to the regulator. Some banks invested in stocks exceeding their exposure limit and some invested further despite having overexposure already.

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Aamra to start local assembly of handsets in Dec

MUHAMMAD ZAHIDUL ISLAM
Local ICT service provider Aamra Holdings plans to start test production of smartphones in its assembly plant in the capital's Mirpur in the first week of December.

The company has completed more than half of the plant's construction work and hopes to get it ready by December, said AM Ehasan-ul Haque, chief operation officer of the smart solutions division at Aamra Holdings Ltd.

Commercial assembling will start in the middle of the last month in 2017 and exports from the plant will begin in the middle of next year, he said.

Aamra initially targets assembling around 30 lakh 3G and 4G enabled mobile phones every year to meet the local demand, Haque said.

"Currently, Aamra exports WE branded handsets to UAE and Doha directly from its Chinese factory and we are working to start exporting to Sri Lanka as well."

The company has already applied to the telecom regulator to get a certificate to start production in the semi

aamra
the power of WE

AT A GLANCE

- Aamra initially targets to assemble around 30 lakh 3G and 4G handsets a year
- It will also set up a modern testing lab in the assembly plant
- Aamra now exports WE branded handsets to the UAE and Doha from its Chinese factory
- The company is working to start exporting to Sri Lanka
- Aamra aims to sell handsets worth Tk 450cr this year

knockdown assembling factory, said Sayed Farhan Ahmed, managing director of Aamra Companies, which owns Aamra Holdings.

"We hope to obtain the certificate soon." Aamra also aims to start using the Internet of Things in the first quarter of 2018, Haque said. "We will set up a modern testing lab and a certification system over there which will also be of international standards."

The government slashed customs duty for mobile components meant for local assembling by 36 percentage points to 1 percent in the last budget, which has prompted Aamra to go for handsets assembling, he said. The government doubled the customs duty on handset imports to 10 percent, which also helped the local entrepreneurs to plan for setting up such plants in Bangladesh.

Local brand Walton has already opened its handset plant last week and market leader handset importer Symphony is also getting ready for domestic assembling.

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BIDA to recruit private sector professionals

It vows to become more business-friendly

STAR BUSINESS REPORT
Bangladesh Investment Development Authority (BIDA) will recruit half of its manpower from the private sector to become more business-friendly, its chief said yesterday.

Private sector businesspersons are unhappy with the services of the business and investment promotion body, which is currently run by public servants, and have been urging BIDA to incorporate private sector professionals to expedite service delivery.

"BIDA started its journey a year ago. We will launch one-stop service to help the businessmen," said Kazi M Aminul Islam, executive chairman of BIDA, at a meeting of bilateral chambers at a city hotel.

Canada-Bangladesh Chamber of Commerce and Industry (CanCham) organised the the meet-up, which was attended by chamber leaders, government high-ups, businesspeople, exporters, manufacturers, importers and entrepreneurs.

"Running business in this country is not simple. We have to be pragmatic. We need roads and ports. Special economic zones will help businesses," said Stéphane Nordé, managing director of Nestlé Bangladesh Ltd.

Nuria Lopez, president of Spain-Bangladesh Chamber of Commerce and Industry, said: "Bangladesh is not really following the open policy like Singapore. Doing business in Bangladesh is very difficult. It costs \$4,000 to send a container of goods to the EU from Bangladesh whereas the cost is \$2,000 from Myanmar."

"The supply situation of gas did not improve. However, the government has

been imposing more taxes on a small bunch of compliant companies without expanding the base of taxation," said Shadab Ahmed Khan, managing director of Coca-Cola Bangladesh.

"We need stable regulatory and policy support from the government for the growth of business," said Shafiu Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry.

The main challenges of business in Bangladesh are a shortage of quality power supply at affordable prices, infrastructure bottlenecks, traffic congestion in cities, inefficient ports and airports, a shortage of need-based educated, trained and technical manpower and effective regulatory reforms, said Masud Rahman, president of CanCham.

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Venue Grand Ballroom, Le Méridien Dhaka

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