

# GRADUATION FROM LDC

## Steps taken to address challenges: PMO official

STAR BUSINESS REPORT

The government has decided to identify the challenges Bangladesh would face after its graduation from the group of least developed countries (LDC).

The General Economic Division has been asked to identify the challenges with the help of an expert group to get ready to overcome the challenges, said Abul Kalam Azad, chief coordinator for sustainable development goals affairs at the Prime Minister's Office.

He spoke at a discussion organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) at its conference room in Dhaka yesterday.

Moreover, the government has also given importance to diversify export baskets of agriculture, pharmaceuticals and leather sectors, Azad said.

"But the diversification of the export basket won't be possible without the cooperation of the private sector."

"You (businesses) have to take the lead role in this regard," Azad said. "Then we will be able to face the challenges and compete with the global

players as well. Let us get prepared for the graduation challenges."

He also emphasised building skilled manpower to tackle the challenges.

Shafiul Islam Mohiuddin, president of the FBCCI, said they will sit with the Bangladesh Bank governor to discuss the lending rate and the existing liquidity crisis in the banking sector.

Criticising the upcoming VAT law, he said the government is trying to introduce the 1991's version of the related act just by adding some new provisions.

He said this will not bring anything good for the expansion of businesses as well as the economy.

The chief of the apex trade body also said they are taking preparations to adopt modern technologies in their businesses to compete with the global players.

After the graduation, Bangladesh will definitely lose some benefits it enjoyed as an LDC like the GSP facilities and quota- and duty-free access, said Shubhashish Bose, commerce secretary.

As a developing country,

Bangladesh will be eligible for the 'GSP plus' facilities from the European countries, he said.

To grab the GSP plus benefit, Bangladesh needs to take preparations, diversify the market and export baskets, Bose said.

He further said the corporate tax will come down, if the business volume increases. "But the individual tax will increase with the decreasing corporate tax."

To attract more foreign direct investment, the government should go for more infrastructure development, said Abul Kashem Khan, president of Dhaka Chamber of Commerce and Industry.

He also suggested the government should form an 'investment and SME ministry' to boost investment as well as to create new entrepreneurs.

Sheikh Fazle Fahim, senior vice president of FBCCI, moderated the discussion where Moinuddin Ahmed Mintu, acting president of Bangladesh Garment Manufacturers and Exporters Association, also spoke.



Arif Khan, CEO of IDLC, poses with the participants of Purnota Fair 2018, organised by the non-bank financial institution, at Rangpur Public Library in Rangpur yesterday. The two-day fair will showcase the products made by women entrepreneurs.

## Trump picks TV commentator Kudlow as economic adviser

REUTERS, Washington

US television commentator and conservative economic analyst Larry Kudlow will replace Gary Cohn as President Donald Trump's top economic adviser, the White House and Kudlow said on Wednesday, adding another loyalist to Trump's inner circle.

Kudlow, a Republican who served as an economic adviser to former President Ronald Reagan in the 1980s and also worked on Wall Street, is an ardent advocate of "supply side" economic policies that focus on cutting taxes and reducing regulations.

Kudlow, 70, told Reuters that Trump offered him the job on Tuesday evening and he accepted. White House spokeswoman Sarah Sanders confirmed that Trump had offered him the position. A formal announcement could come as early as Thursday.

Chris Zaccarelli, chief investment officer at Independent Advisor Alliance, said investors on Wall Street generally viewed the pick positively because of Kudlow's Washington experience and his policy views.

"He's generally regarded to be more of a free trade advocate than (White House adviser Peter) Navarro or the others," Zaccarelli said.

"Larry Kudlow is very much a free trader," said Stephen Massocca, senior vice president at Wedbush Securities in San Francisco. "This shows that (Trump) wants to hear the other side of the argument as well."

Kudlow, a CNBC contributor, has acknowledged ups and downs in his life, having been addicted to drugs and alcohol before getting sober more than 20 years ago.

The NEC director can have wide influence over the president on a variety of issues from steering economic policy to offering guidance on whom to choose for open positions at the US Federal Reserve.

Cohn, a Democrat who was seen as a moderating influence on the president's nationalist economic instincts, announced his resignation last week after a disagreement over Trump's decision to impose steep tariffs on imports of steel and aluminum.

Kudlow, an informal adviser to Trump's 2016 presidential campaign, had also criticized the president's decision, saying tariffs would harm steel-consuming producers. Earlier this month, he was one of three authors of an article that argued such tariffs were akin to sanctions on the United States itself.

During an interview with CNBC on Wednesday, he said he was relieved that some countries would get exemptions from the tariffs, did not think they would hurt the broader US economy, and believed China deserved to face tough action over trade.

"China has not played by the rules for a long time. ... I must say, as somebody who doesn't like tariffs, I think China has earned a tough response," he said, adding he hoped a coalition of countries could act against China on trade.

## Bad loans soared 20pc in 2017

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The interest rate on lending would have declined if the default loans had actually shrunk, Islam said.

A BB official said that the central bank had allowed some banks to reschedule their default loans on case-to-case basis.

The central bank's policy also helped to bring down their classified loans.

## Singer's profit rises 37pc

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Computer sales rose 129 percent, air conditioners 34 percent, washing machines 33 percent, panel televisions 32 percent and refrigerators by 28 percent.

In 2017, Emerging Credit Rating Ltd announced that it maintained its "AAA" long-term credit rating for Singer Bangladesh with a stable outlook.



Mirza Elias Uddin Ahmed, additional managing director of Jamuna Bank, and Sanam Mia, CEO of Sha Global, a UK-based remittance company, attend a deal signing ceremony at the bank's head office in Dhaka. The bank launched remittance services in association with Sha Global.

## India calls for cross-border container train service

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The joint venture has sought exemption of 15 percent VAT from the National Board of Revenue.

To avail the exemption, the NBR has informed that the manufacturing unit should buy materials, including raw materials and other products, from Bangladesh.

Dhaka raised the issue of India's imposition of anti-dumping duty on jute goods and some other products exported from Bangladesh. It requested India to review the duty for jute products.

The Indian side said anti-dumping investigations are carried out by the Directorate General of Anti-Dumping through quasi-judicial proceedings and, there is little scope for the government to intervene in the process.

However, India said a review, if applied by Bangladesh, would be examined as per the law. New Delhi's demonetisation move has left an impact on over 5 million Indian rupees being held by Bangladesh, according to the minutes.

Sonali Bank is holding 534,500 Indian rupees in 500 and 1,000-rupee banknotes thanks to some legal transactions at border haats. In addition, Bangladesh Bank is holding about 500 million Indian rupees seized by customs authorities at border posts and airports. The Reserve Bank of India said the current law does not allow foreign nationals or institutions to exchange or deposit specified bank notes or the demonetised currency.

Dhaka said Bangladeshi businesses are interested to export Bangladesh-originated cargoes from Indian airports, such as Kolkata or any other Indian gateway airports, using their unused cargo space, as airports in Bangladesh sometimes find it difficult to provide the service because of a lack of cargo space.

The Indian side said even though the use of airways is not specifically stated in the India Bangladesh Trade Agreement, it would examine the proposal upon the reception of a proposal from Bangladesh.

The visiting side sought cooperation from Dhaka for early implementation of the Bangladesh Bhutan India and Nepal Motor Vehicle Agreement.

## Stocks gain for second straight day

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The regulator urged the government to take initiative on three broad issues -- redefining of banks' capital market exposure, extending the timeframe for lowering banks' loan-deposit ratio and increasing the investment capacity of Investment Corporation of Bangladesh.

Turnover, an important indicator of the market's vigour, was 51.1 percent higher than the previous day at Tk 338.59 crore.

Among the major sectors, non-bank financial institutions gained 1.8 percent, non-life insurance 1.3 percent and engineering 1.2 percent. Paper and printing fell 0.5 percent.

Of the 336 issues that traded on the premier bourse, 275 advanced and 43 declined, while 18 remained unchanged.

Brac Bank topped the turnover chart with its transactions of 21.46 lakh shares worth Tk 19 crore. IFAD Autos, Queen South Textile Mills, Monno Ceramics and Mercantile Bank rounded off the top five spots.

Islamic Finance & Investments was the day's best performer, posting a gain of 9.70 percent, upon news that its board has recommended 14.50 percent cash dividend for the year that ended on December 31, 2017.

It was followed by CAPM BDBL Mutual Fund 01, CAPM IBBL Islamic

Mutual Fund, SEML IBBL Shariah Fund and Mercantile Bank. First Finance was the day's biggest loser, shedding 3.73 percent, followed by Phoenix Finance, NCCBL Mutual Fund-1, Central Insurance Company and Agrani Insurance.

Over at the port city, its benchmark index, CSCX, also gained: 140.88 points or 1.3 percent to finish the day at 10,661.35 points.

Gainers beat losers as 164 advanced and 36 declined, while 13 finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded 62.36 lakh shares and mutual fund units worth Tk 20.42 crore.

## NBR digging out revenue data mismatch with CGA

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The gap has widened in recent years. For example, it was Tk 5,819 crore in 2012-13.

The NBR posted 19 percent year-on-year growth to Tk 185,003 crore in revenue collection in 2016-17, higher than the revised collection target of Tk 185,000 crore for the fiscal year.

By contrast, the CGA, which is responsible for compilation and consolidation of government accounts, recorded Tk 171,510 crore as the NBR's collection for the year.

The revenue board recorded a collection of Tk 75,308 crore in July-November of 2017-18 whereas it was

Tk 72,928 crore as per CGA data, according to the monthly fiscal report of the finance ministry and the NBR data.

At Tuesday's meeting, heads of the field offices said the discrepancy originates from factors such as duplication in recording of same chalanghs by more than one commissionerates as well as counting of collections twice: first, on the basis of an expected amount from a taxpayer and second, after receiving the actual chalan.

Officials said source tax collections are not properly deposited to the treasury.

A senior official of the NBR, seek-

ing anonymity, said there is a tendency among a section of field level officials to show inflated collection figure in order to receive appreciation from high-ups about their performance.

At the meeting, Bhuiyan instructed the field offices not to show collection data without actual treasury chalanghs and inform respective field offices in case the tax is deposited to the accounts of another field office.

He also directed the field offices to deposit the pay orders issued by taxpayers in the quickest possible time to the treasury, according to the minutes of the meeting.

## Alliance remediation fund left untouched

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"The factory owners have already spent a lot of money for upgrading safety in production units," he said at a press briefing yesterday at the capital's Westin hotel.

Moriarty, a former US ambassador to Bangladesh, went on to laud the progress in factory safety over the last five years.

As per the conditions, the tenure of the Alliance is supposed to expire in May. But, it might be extended by six months for a smooth transition. "Our factory remediation work is progressing at a rapid pace, and we remain on track to meet our stated commitments by the end of the year."

As of yesterday, 322 Alliance-affiliated factories have completed all material components in their corrective action plans and are considered substantially remediated.

As many as 88 percent of factory remediation is complete across all active factories, including 84 percent of items most critical to life safety, he said. All told, 290 Alliance factories have required structural retrofitting.

Of those, 264 factories, or 91 percent, have fully completed retrofitting, meaning that their foundations, columns and beams are now able to meet the imposed load demands required for an industrial building, he said.

Similarly, 141 factories needed to install sprinkler systems. Of these, 118 factories, or 84 percent, have completed installation.

"These systems extend the time available for people to escape from fires, and they can also extinguish fires in the very early stages of combustion, reducing risk for workers and fire-fighters alike."

He went on to express hope that the government, the International Labour Organisation, the Department of Inspection for Factories and Establishments, the BGMEA and the Bangladesh Knitwear Manufacturers and Exporters Association will establish an independent, credible and trustworthy organisation like Remediation Coordination Cell for monitoring the progress of safety in factories.

In May 2013, Alliance started preliminary inspection of more than 700 member factories.



Kazi Md Talha, managing director (current charge) of NRB Commercial Bank; Erik Aas, CEO of Banglalink, exchange documents after signing a deal at the latter's head office in Dhaka on Tuesday. The retailers of the mobile operator can now take part in distribution of the government's social safety net funds with the help of the bank's mobile banking app.

## Consumers becoming more aware

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He spoke at the seminar organised to mark the World Consumer Rights Day at the Osmani Memorial Hall.

The Directorate of National Consumer Rights Protection and the Consumers Association of Bangladesh jointly organised the event.

The minister said the complaints of mixing formalin with foodstuff are not heard thanks to the government's special move against the import of the chemical.

He said the rising number of complaints against the wrongdoers indicates the increased consumer awareness and the stricter enforcement of laws.

The government plans to form committees at divisional, district, and upazila levels to protect consumers' rights.

On the occasion, a rally was brought out from the city's National Museum Square in Shahbagh.



Muzafer U Siddique, founder chairman of the board of trustees of BGMEA University of Fashion and Technology, cuts a cake to celebrate the sixth anniversary of the university at its main campus in Dhaka on Wednesday. Nizamuddin Ahmed, vice chancellor of the university, was also present.