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আমরা দিচ্ছি শ্রীআ'হ ডিজিটাল সর্বাধুনিক ব্যাংকিং সেবার প্রতিশ্রুতি

# Star BUSINESS

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## Bangladesh still popular for low-cost apparel

REFAYET ULLAH MIRDHA

Bangladesh is still a lucrative destination for sourcing low-cost garment items, coming second to only China, according to the Global Sourcing Survey-2018 by the AsiaInspection, which provides inspection services to global brands.

"Outside of China, India and Bangladesh are increasingly given preferences for textile sourcing due to being lower-cost destinations," said the report on the survey conducted by AI in December last year.

Top officials of more than 250 companies working in all major consumer product segments were interviewed for the survey.

Of the total respondents, 16 percent said Bangladesh is their destination of choice for sourcing textile and garment products.



**KEY POINTS**

- Officials of 250 companies were interviewed
- 16pc preferred Bangladesh as a garment sourcing destination
- 88pc preferred China as their sourcing destination
- Of Bangladesh's apparel exports, 40pc are high-end value added items
- Tariff, quota, protectionism and embargo are major challenges in trade

China though remains in the lead: it is a regular sourcing destination for nearly 88 percent of the respondents and half of the businesses expect to buy even more from there in 2018.

"The work order situation is positive now," said Asif Zahir, director of Ananta Group, a leading garment exporter.

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## GP's first quarter profit down 2.48pc

STAR BUSINESS REPORT

Grameenphone's net profit declined 2.48 percent year-on-year to Tk 639.43 crore in the first quarter of 2018.

Revenue income, however, rose 2.03 percent to Tk 3,124.36 crore in the January-March period, said the largest mobile phone operator in the country in a statement yesterday.

GP did not give any reason for the fall in the profit. The revenue grew mainly through data and voice earnings, by 23.9 and 3.9 percent respectively.

The company acquired 21 lakh new subscribers in the quarter, bringing the number of active connections to 6.75 crore at the end of March, registering a 3.3 percent growth.

It added 11 lakh internet users during the period, meaning 47.8 percent of all subscribers are using its services.

"The quarter also marked healthy top-line and subscriber growth amidst the ongoing competitive environment," said Michael Patrick Foley, chief executive officer of GP.

"We launched a couple of relevant market offers both in voice and data that are showing positive results in revenue generating base and its corresponding usage," he said.

GP rolled out 4G services on February 19 with an ambition to provide "the best experience" in combination with additional spectrum and technical neutrality.

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## Robi asked to pay Tk 18.93cr in VAT on 4G licence fee

STAR BUSINESS REPORT

The telecom regulator has directed mobile operator Robi Axiata to deposit Tk 18.93 crore as value-added tax on 4G licence fee within April 25.

The country's second-largest carrier paid Tk 378.62 crore as 4G licence and spectrum fee and the National Board of Revenue has claimed the VAT against the sum.

The other two operators, Grameenphone and Banglalink, have already paid the VAT in this regard, said Md Matiur Rahman, commissioner of the Large Taxpayers Unit-VAT, the NBR field office dealing with the matter.

"So, we have no way to give any undue privilege to any specific operator. If we allow this, it will create an imbalance to the regula-



tion issues," said Shahjahan Mahmood, chairman of the Bangladesh Telecommunication Regulatory Commission.

Non-compliance with the NBR order is tantamount to violation of government order, said the BTRC in its letter to Robi on April 18.

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## Mutual funds pique investors in March

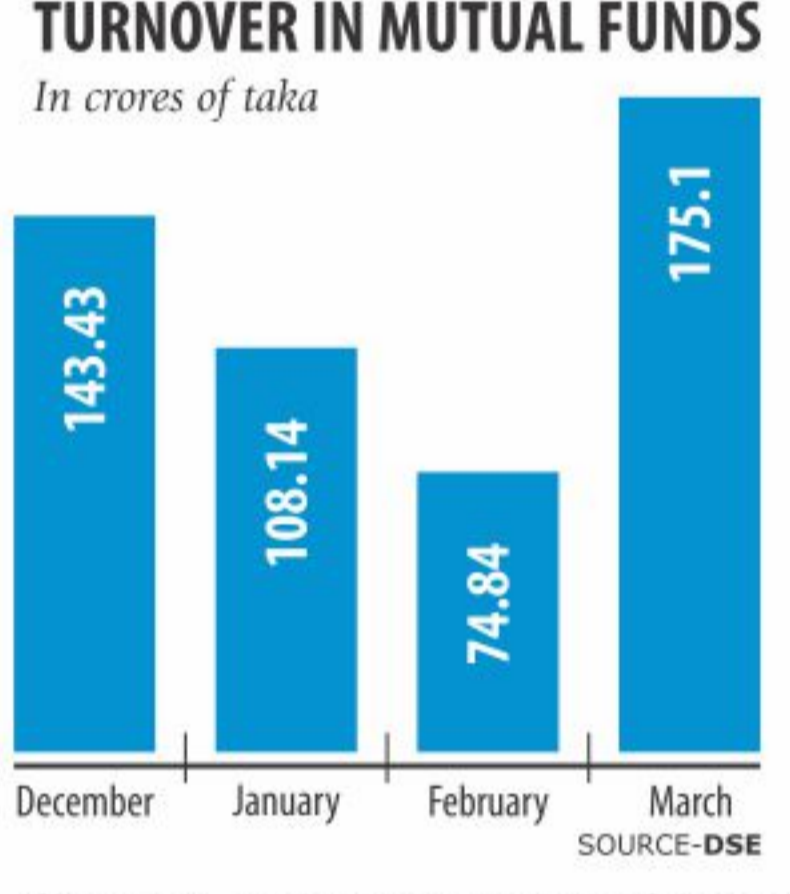
AHSAN HABIB

The closed-end mutual fund units saw their turnover double last month upon expectation of better dividends for the year ending on June.

Closed-end mutual funds are investment funds that gather a fixed pool of money for 10 years from a number of investors and re-invest them into stocks, bonds and other assets. Their shares trade like stocks.

In March, closed-end mutual funds' turnover stood at Tk 164.25 crore in contrast to Tk 74.84 crore a month earlier, according to data from the Dhaka Stock Exchange. However, total turnover in the DSE declined 10.73 percent during the period.

"Some of these funds will be liquidated soon, and they are trading at a



ICB AMCL 2nd NRB Mutual Fund will be liquidated in 2018 and five other funds in 2019. In 2020, 11 funds will be liquidated.

The unit price of the funds is lower than their net asset value (NAV), and the unit holders will get returns as per the NAV after conversion or redemption.

"In fact, the unit price of closed-end funds is lower than other shares."

All mutual funds listed on the DSE are trading on huge discount except Prime Finance First Mutual Fund, according to an analysis of Brac EPL.

"The performance of mutual funds was admirable last year and investors are expecting better dividend this year as the broad index of the DSE was mostly dynamic this time," Rahman said.

Grameen One: Scheme Two and

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## Stocks go down on profit-booking

STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange fell yesterday after gains for two consecutive days as investors booked profits largely in the banking and telecom sectors.

The DSEX, the benchmark index of the premier bourse, declined 30.18 points, or 0.51 percent, to finish the day at 5,813.28.

The market started the day with a positive vibe but the morning buoyancy did not sustain in the end as investors undertook the profit-taking stance, said EBL Securities in its market review.

Turnover, another important indicator of the market, dropped 14.73 percent to Tk 492.41 crore, with 13.61 crore shares and

mutual fund units changing hands.

Of the traded issues, 113 advanced, 188 declined and 37 closed unchanged.

Beximco dominated the turnover chart with its 1.47 crore shares worth Tk 46.75 crore changing hands, followed by Al-Arafah Islami Bank, Brac Bank, Grameenphone and United Power Generation.

Among the major sectors, telecom took the biggest blow losing 2.50 percent. Life insurance shares fell 1.67 percent, pharmaceuticals 0.69 percent, banking 0.37 percent and engineering 0.36 percent.

On the other hand, shares of the information technology and fuel and power sectors rose 1.12 percent and 0.23 percent respectively.

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## SCB keen on infrastructure financing under China's Belt and Road Initiative

STAR BUSINESS REPORT

Standard Chartered Bangladesh will extend financing support to implement infrastructural projects under the Belt and Road Initiative of the Chinese government.

The BRI is a development strategy proposed by the Chinese government that focuses on connectivity and cooperation between Eurasian countries.

Gas- and coal-based power plants, rail link and road-related infrastructure will be boosted under the BRI, where the SCB can play a major role in implementing the projects.

"China is the largest trading partner of Bangladesh and it was also the biggest supplier in the globe," said Naser Ezaz Bijoy, chief executive officer of SCB.

Bijoy's comments came in a media session organised by SCB styled 'Belt and Road - China-Bangladesh Opportunities' at the capital's Westin hotel.

"Bangladesh is facing a lack of infrastructure. So, a significant amount of infrastructure-related funding from foreign sources is needed."

SCB is active in financing power projects. "The financing extended by the bank has a direct role in generating 20 percent power in the country," he added.

Bangladesh had achieved over 6 percent GDP growth every year of last one decade, said Enamul Huque, country head of SCB's global banking division.

The BRI initiative will boost the country's business and the locally operated SCB would promote Chinese investment, he said. Jean Lu, head of global banking and corporate and institutional banking of Standard Chartered China, said the BRI is strengthening investment cooperation and people-to-people connectivity.

China earlier gave importance to making investment in the power sector but it now wants to focus on infrastructure, high-tech and healthcare sectors, she said.

SCB can play the role of a matchmaker to help implement the BRI as it has a good presence in the countries that will be linked via the 'One Belt, One Road' programme, she said.

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## High tax bar to better telecom service: GSMA

STAR BUSINESS REPORT

The national exchequer gets Tk 51 of every Tk 100 spent by a mobile user, leaving less money for the operators to develop network and run business smoothly, the GSMA said yesterday.

Bangladesh's mobile industry has one of the world's highest taxation rates while operators' monthly average revenue per user (ARPU) is one of the lowest, less than \$3, the association said.

The Groupe Speciale Mobile Association (GSMA) represents the interests of mobile operators worldwide, uniting nearly 800 operators with over 300 companies, including handset and device makers, software companies, equipment providers and internet companies and organisations in adjacent industry sectors.

"Low ARPU, high tax and high spectrum charge cannot give you quality of service," Emanuela Lecchi, head of Asia Pacific of GSMA, said at a press conference in Pan Pacific Sonargaon Dhaka.

This makes the situation very difficult for the government to achieve the goal of establishing a Digital Bangladesh, she said.

Lecchi also sought a predictable regulation regime for better investment, saying taxation should neither discourage investment, nor be industry specific.

At the press meet, the GSMA released three reports on the Bangladesh market where the officials of the Bangladeshi operators were present.

The operators could not purchase necessary spectrum in a recent auction due to high prices, leaving a huge amount of spectrum unsold and with "zero" value, said TIM Nurul Kabir, secretary general of the Association of Mobile Operators of Bangladesh.

He said the operators invested around \$1 billion for 4G services, including spectrum purchase and network development, and now they demand withdrawal of import duty on smartphones to boost broadband penetration.

"We have requested the National Board of Revenue to remove levies over internet use and import duty on smartphones so that people at the grassroots can afford 4G services," Kabir said.

The GSMA proposed withdrawal of the 35 percent supplementary duty and 15 percent value added tax on SIM cards.

It also demanded withdrawal of a 5 percent supplementary duty on mobile service usage. Along with supplementary duty, customers have to pay a 15 VAT and a 1 percent surcharge.

The GSMA said the corporate tax rate in Bangladesh was the highest in South Asia.

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