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Strengthen monitoring of disbursed loans: BB

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked all scheduled banks to strengthen monitoring of their disbursed loans with a view to ensuring the intended use of funds. Stern actions will be taken against the bank officials who are involved in sanction, disbursement and monitoring of loans if they show any negligence in carrying out their responsibilities. The central bank made the call in a circular sent to the managing directors of the banks.

The banking watchdog came up with a same instruction in March last year, but majority of the banks did not abide by the order, contributing to a sharp rise in default loans, a BB official told The Daily Star yesterday.

Default loans rose to Tk 88,589 crore in March, from Tk 74,303 crore in December 2017, according to data from the BB.

The previous directive became fruitless as it had failed to take punitive measures against the corrupt bankers in many cases, the BB official said.

Some unscrupulous people frequently divert loans to the sectors, which are not stated in their credit proposal, he said.

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Exports cruising towards target

REFAYET ULLAH MIRDHA

After falling short last fiscal year, exports are on track to hit the target of \$37.5 billion this year, propelled by a reinvigorated garment sector.

In the first 11 months of fiscal 2017-18, exports brought home \$33.73 billion, meaning \$3.77 billion is needed this month to reach the target.

Last month, exports fetched \$3.32 billion, up 8.85 percent year-on-year, according to data from the Export Promotion Bureau.

Garment shipments that account for the lion's share of export receipts raked in \$28.13 billion, which is 9.80



SOURCE: EPB

percent higher than a year earlier.

The reasons for the higher receipts of the garment sector are increased sales of high-value items and the depreciation of the local currency against the US dollar.

"We will exceed our target for this

fiscal year," said Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association.

The government has set a \$30.16 billion target for garment exporters this fiscal year.

So far, the Accord and the Alliance, the two foreign inspection agencies, have completed 90 percent of the remediation works in 2,200 of their sourcing factories in Bangladesh.

As a result of the efforts, the garment factories can now confidently chase larger work orders from Western retailers.

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VAT on internet use may go down

MUHAMMAD ZAHIDUL ISLAM

Internet users are likely to get a boost tomorrow as possibilities are there for the finance minister to slash the value-added tax on internet use in the national budget for 2018-19.

Finance Minister AMA Muhith has recently said he would keep his promise of revising the VAT on internet use in the budget, Telecom and ICT Minister Mustafa Jabbar said.

"It is a longstanding demand of ICT-related trade bodies and it is expected to be met in the upcoming budget. Definitely, the waiver of the VAT will directly help establish the digital culture in the country."

Currently, there is 15 percent VAT on internet use. However, if internet is used on mobile phones, users face 5 percent supplementary duty and 1 percent surcharge. This means a mobile phone user has to spend Tk 121.96 to use Tk 100 worth of internet.

In the last few years, mobile telecom operators, internet service providers, software and services industry, e-commerce and other digital services industries have been demanding withdrawal of all types of taxes on internet use.

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SDGs must be funded with local resources: experts

STAR BUSINESS REPORT

The government should mobilise funds from domestic sources in an innovative way and improve institutional efficiency to achieve the Sustainable Development Goals, experts said yesterday.

Foreign assistance is not increasing in line with the demands of the SDGs, said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

"So, the government would have to mobilise domestic resources and ensure good value of money. And to ensure good value for money we need to enhance the institutional capacity and efficiency."

Rahman's comments came at a dialogue styled "Financing for SDGs implementation in Asia-Pacific Region" organised by the CPD in cooperation with the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) at the Brac Centre Inn in Dhaka.

With its present level of efficiency, Bangladesh can collect revenue amounting to only 10 percent of its GDP.

"If the tax to GDP ratio reaches 16 percent, Bangladesh will be able to earn hundreds of thousands of crores of taka from domestic sources, which could be used to finance SDGs."

Bangladesh should improve its export capacity and diversify products to mobilise additional resources from external sources, he added. Trillions of dollars will be required to finance the SDGs, said Abul Kalam Azad, principal coordinator of SDGs at the Prime Minister's Office.

"Who will give this additional fund? We need to manage this with our own resources as well as adopt innovative ways to bring money from external sources."

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VAT boost for flat buyers

SOHEL PARVEZ

Homebuyers looking for mid-sized flats can brace themselves for a helping hand from the government, which is considering slashing the value-added tax on apartments between 1,101 square feet (sft) and 1,600 sft.

The indirect tax, which falls on the shoulders of consumers, is expected to be reduced to 2 percent for fiscal 2018-19 from 2.5 percent in the outgoing year, said a senior official of the National Board of Revenue yesterday.

However, those who plan to buy up to 1,100-sft flats are going to face increased cost as the VAT rate is



expected to rise to 2 percent from 1.5 percent this fiscal year.

Buyers of old and used flats are also likely to face higher cost because of imposition of 2 percent VAT on re-registration value of the

apartment, said officials.

Finance Minister AMA Muhith is likely to unveil the measures in the parliament tomorrow in his budget speech for next fiscal year.

The VAT measures come at a time when the Real Estate and Housing Association of Bangladesh has been demanding reduction in registration cost of flats.

At present, the registration cost hovers around 14 to 16 percent of the flat price depending on size.

REHAB in its pre-budget proposal for fiscal 2018-19 demanded the cost be halved to 7 percent, saying that the high registration cost is putting off apartment sales.

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