

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.04%	▼ 0.06%	\$1,300.90	\$67.16	▲ 0.71%	▲ 0.77%	▲ 0.07%	▲ 1.04%	BUY TK 83.30	93.30	109.52	0.73
5,655.81	10,514.70	(per ounce)	(per barrel)	38,024.32	21,450.85	3,200.18	3,021.75	SELL TK 84.30	97.10	113.32	0.77



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DHAKA MONDAY MARCH 18, 2019, CHAITRA 4, 1425 BS • starbusiness@thedailystar.net

## Duty exemption doubles in 3yrs

SOHEL PARVEZ

The amount of import duty exemption extended to the industrial sector has doubled in three years, prompting calls for impact assessment of the tax break.

In the fiscal year of 2017-18, Tk 44,117 crore was extended as duty exemption on imports by various industrial sectors, according to data from the finance ministry.

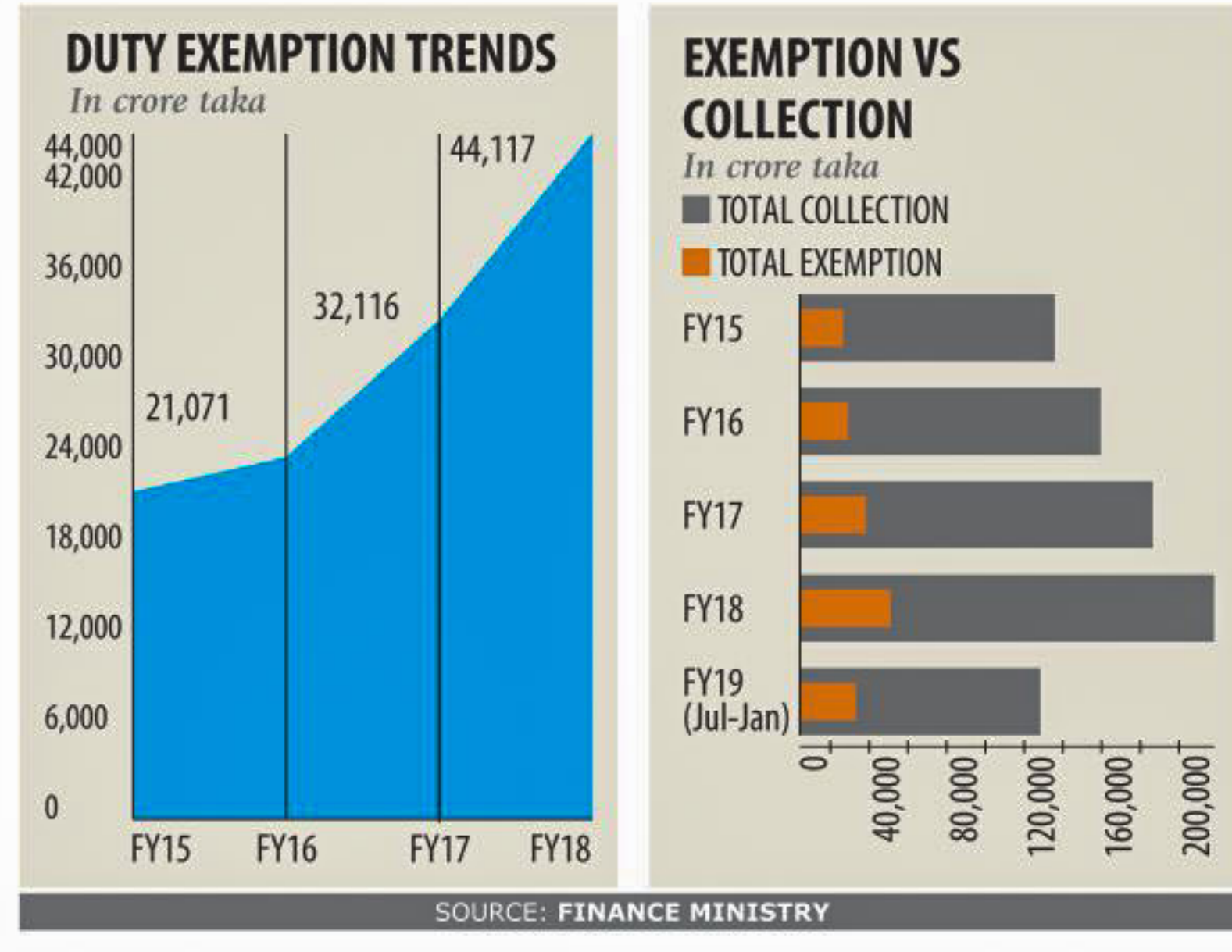
"This is tax expenditure," said Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh.

The government could have spent this money for public purposes.

One of the major reasons behind the slowing revenue growth is exemptions, Mansur said, while calling for restricting tax expenditure to a reasonable level.

"Otherwise, it can continue to proliferate and then create problem for revenue," he added.

Officials said the country would have got the amount as tax had there been no exemption extended on various occasions in the past to sectors such as apparel, textile,



pharmaceuticals, poultry, mobile and computer-making, and ship-building.

Capital machinery, defence items and industrial raw materials are the top items that enjoyed duty waiver last year.

A good amount of duty is exempted for imports of relief goods, goods brought by diplomatic missions and cars by lawmakers, data showed.

Officials said the duty lost has been calculated by taking into

consideration the rates of tariffs that would have been applicable had there been no exemption.

And the amount of overall tax breaks would be much higher if waiver and holidays in income tax and VAT are taken into account, they said.

The amount of duty exemption for imports was equivalent to 17 percent of the total tax collection in 2014-15. It began to increase from 2016-17 and last fiscal year the ratio stood at 22 percent of total collection.

With growing import payments, duty exemptions have also increased, said Towfiqul Islam Khan, senior research fellow of the Centre for Policy Dialogue.

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## ADP spending from govt fund on the rise

STAR BUSINESS REPORT

Development spending from the government's own purse rose in the first eight months of the current fiscal year while the use of the funds from the foreign aid portion of the budget fell.

Between July and February, Tk 42,979 crore, or 32.41 percent of the allocation from the government owned fund, was spent. It was Tk 33,654 crore, or 35.23 percent, in the same period a year ago, according to data from the Implementation Monitoring and Evaluation Division (IMED) of the planning ministry.

On the other hand, Tk 24,225 crore was spent from the foreign aid, which is 40.37 percent of the allocation. It stood at Tk 25,341 crore, or 41.94 percent of the allocation, during the same eight-month period in the last fiscal year.

Officials of the planning ministry said the implementation of the annual development programme (ADP) did not hit the target because of the delay in land acquisition.

As a result, the budgetary allocation from foreign aid will be shaved off by Tk 9,000 crore to Tk 51,000 crore now in the revised budget, a planning ministry official said.

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## BASIC drowning in default loans

Logged losses of Tk 118cr in 2018

JEBUN NESA ALO

BASIC Bank continues to be overwhelmed with default loans despite going on a loan rescheduling spree, with the scam-hit bank logging in operating loss of Tk 118 crore last year.

In 2018 the bank rescheduled loans of Tk 1,286 crore, 35.52 percent more than in the previous year, when it registered a profit of Tk 35 crore.

Still, the bank's non-performing loans hit a peak of 57.55 percent of total outstanding loans at the end of December last year, up from 52.73 percent a year earlier.

The default loans increased as the large amounts of loans that the bank had regularised during 2014 and 2015 have been reclass-



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sified again, said Alauddin A Majid, chairman of BASIC Bank.

The bank had regularised more than Tk 5,500 crore of loans during the period with little down payment.

Moreover, the bank fell into huge loss as it had to comply with the government's instruction of lending at 9 percent and taking deposits at 6 percent, he said.

On one hand, the bank is struggling to attract deposits at this low rate, and on the other hand it is lending at minimum margin.

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## Stock investors stare at losses as firms fold

AHSAN HABIB

Investors of C&A Textiles and Tung Hai Knitting stocks stand to lose as much as Tk 260.10 crore after the two companies shuttered their factories and remain nonoperational.

The managing director of Tung Hai Knitting died in a factory fire, after which the board of directors fell into dispute, according to Mahbub H Mazumdar, managing director of AFC Capital, one of the issue managers of the

**Investors of C&A Textiles and Tung Hai Knitting stand to lose Tk 260cr**

two companies.

The chairman and managing director of C&A Textiles were a husband-wife duo who divorced, leaving the company in a state of disarray, he added.

"It is very tough for companies to become functional again after such chaos, so the investors' money is on the line," said a top official of a merchant bank requesting

anonymity due to the sensitive nature of the matter.

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