

STOCKS

DSEX ▲ 1.10% 5,133.25	CSCX ▲ 1.18% 9,551.51
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COMMODITIES

Gold ▲ \$1,422.80 (per ounce)	Oil ▲ \$63.93 (per barrel)
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ASIAN MARKETS

MUMBAI ▼ 0.04% 37,830.98	TOKYO ▲ 0.22% 21,756.55	SINGAPORE ▲ 0.38% 3,381.26	SHANGHAI ▲ 0.48% 2,937.36
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CURRENCIES

USD \$83.50	EUR €92.16	GBP £103.28	JPY ¥0.75
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STANDARD CHARTERED BANK

BUY TK 83.50	SELL TK 84.50	95.96	107.08	0.79
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Social Islami Bank Limited

গ্রানাইটিল
সুপার ডিপিএস
বিশেষ স্বত্ত্ব ক্ষিম

প্রাকলিত মুদ্রাফা:	৩ বছর	৫ বছর	১০ বছর
১২৫%	১০০%	১০০%	

ইসলামী শরীআর্থ এর মুদ্রার মৌলিক পরিচালন।

SIBL বিশেষ প্রক্রিয়া

BUSINESS

1 DHAKA FRIDAY JULY 26, 2019, SRABAN 11, 1426 BS • starbusiness@thelystar.net

Tk 790cr goods sold locally misusing bonded facility

Tk 371cr tax dodged: Customs Bond Commissionerate

MOHAMMAD SUMAN, Ctg

Goods worth Tk 790 crore, which were imported under the duty-free bonded warehouse facility, were sold in the local market by more than 100 garments and accessories factories in Chattogram in the past five years.

The Customs Bond Commissionerate, Chattogram has filed about 300 departmental cases against the companies on charges of misusing the facility and dodging tax amounting to Tk 371.17 crore.

Export-oriented industries can import raw materials without paying tax under the bonded warehouse facility.

GOODS SOLD LOCALLY MISUSING BONDED FACILITY
Value in crores of taka

FY	Value in crores of taka
FY15	110
FY16	123
FY17	155
FY18	168
FY19	233

SOURCE: CUSTOMS BOND COMMISSIONERATE

But some factories misuse the benefit by selling the imported items in the local market instead of using them to produce export-oriented finished products.

In fiscal 2018-19, the Commissionerate filed 40 cases against 30 companies for selling goods worth Tk 233.03 crore in the local market.

Goods worth Tk 168.88 crore were sold in fiscal 2017-18 and Tk 155.66 crore in 2016-17, customs bond officials found.

READ MORE ON B3

Wheat import falls for first time in seven years

Reasons: higher carry-over stock and bumper rice production

IMPORT IN FISCAL 2018-19

Shares of public and private sectors in terms of volume

Sector	Share (%)
GOVERNMENT	7%
FOOD AID	2%
PRIVATE	91%

IMPORT COST

In crore taka

FY	Cost (crore taka)
FY12	5,000
FY13	6,000
FY14	8,000
FY15	9,000
FY16	10,000
FY17	9,000
FY18	10,000
FY19 (UPTO MAY)	10,000

COST SOARED 86% SINCE 2012

imports 10 lakh tonnes annually.

Bangladesh registered back-to-back good harvests of rice, as a result of which its prices dropped. On the other hand, prices of wheat flour were higher than last year, according to the Trading Corporation of Bangladesh.

Private importers typically account for 91 percent of the total wheat imports and last fiscal year their imports fell 4 percent year-on-year to 51.55 lakh tonnes.

Imports by government's food office also fell during the period, according to data from the food ministry.

The decline seems to be an effect of the lower prices of rice brought about by higher domestic production, said Abdus Shukur, head of supply chain of Bashundhara Food and Beverage Industries Limited (BFBIL), which roughly

imports 10 lakh tonnes annually.

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Over the last several years, wheat imports have been increasing, spurred by consumers' changing diet, flourishing baking industry and growing demand for wheat-based foods such as noodles. Imports trebled since fiscal 2011-12 in volume as domestic production could fulfil one-fourth the total annual requirement of the grain.

And the country's import cost for wheat doubled to nearly Tk 10,000 crore during the period, according to data from the Bangladesh Bank.

Private importers bring nearly half the total imported grain from Russia and Ukraine,

said Abul Bashar Chowdhury, chairman and managing director of BSM Group, a Chattogram-based commodity importing firm.

Nearly 30 percent of the wheat are bought from Canada and the rest from the US, Romania, Bulgaria, Argentina and Australia.

The private sector imported higher volume of wheat in fiscal 2017-18, and because of this private importers reduced purchase last fiscal year.

"This year, we do not have carry-over stock, so imports are likely to increase from August," Chowdhury said.

Bangladesh Bureau of Statistics is yet to release its estimate of wheat production, harvested in April, for fiscal 2018-19.

The Department of Agricultural Extension (DAE), however, estimates farmers bagged 11.48 lakh tonnes of wheat last fiscal year.

ADB lifts growth estimate to 8.1pc

Bangladesh sees fastest economic growth in Asia-Pacific, it says

STAR BUSINESS REPORT

The Asian Development Bank (ADB) has upgraded Bangladesh's growth estimate for fiscal 2018-19 to what would be the highest in the Asia Pacific region, in what can be viewed as a thumping endorsement for the economy's tremendous momentum.

The Manila-based multilateral lender now estimates the Bangladeshi economy grew by a record 8.1 percent in the just concluded fiscal year, up from its previous forecast of 8 percent.

"It is the highest in the Asia-Pacific," said Manmohan Parkash, country director of ADB, at the closing ceremony of the two-day Good Project Implementation Forum. The ADB organised the event at Bangabandhu International Conference Center (BICC) in Dhaka.

Furthermore, the ADB predicts Bangladesh will log in the highest growth in the Asia-Pacific region in 2020 too.

"Friends, I call Bangladesh a 'Land of Opportunity'. This is because the country has made tremendous progress in a very short period. Despite a difficult global economic outlook, Bangladesh continues to progress at a high rate," he added.

Finance Minister AHM Mustafa Kamal was the chief guest at the event that was attended by 300 officials from project executing and

ADB
Good Project Implementation Forum
Delivering Better Project Outcomes
Dhaka, 24 - 25 July 2019

Finance Minister AHM Mustafa Kamal, centre, and ADB Country Director Manmohan Parkash, extreme left, attend the closing ceremony of the two-day Good Project Implementation Forum organised by the ADB at Bangabandhu International Conference Center in Dhaka yesterday.

implementing agencies of Bangladesh, Bhutan, India, Indonesia, Nepal and Sri Lanka.

The forum, which was styled "Delivering Better Project Outcomes", saw the participants

share their experiences, best practices and lessons learned from implementation of various projects.

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TK 12,580CR DUES

GP will go to court for arbitration

STAR BUSINESS REPORT

Grameenphone yesterday said it would go to courts to bring the Bangladesh Telecommunication Regulatory Commission to table for an arbitration in order to settle the regulator's claim of Tk 12,580 crore dues.

In a press conference at the InterContinental Dhaka hotel, the top mobile phone operator called the BTRC's audit claim "disputed" and said it would serve a legal notice to address it through dialogue and arbitration.

GP also protested the telecom regulator's suspension of the process to give any kind of approval needed to roll out new packages and service or import equipment as it looks to pile pressure on the operators to clear the dues.

"We believe dialogue and arbitration could be the best solution and that's why we have sought it from the BTRC but it refused to sit," said Michael Foley, chief executive officer of Grameenphone.

He said the BTRC's move to stop giving all operational permit for the company is

unprecedented. The operational hazards for GP would create trouble for the economy as a large number of subscribers, businesses and investors are directly involved with the operator, he said.

On Monday, the commission stopped providing service, import and other operational approval to GP and Robi, the second largest player, to realise the audit claims. Robi owes Tk 867.24 crore to the BTRC as per the audit claim.

Foley said, "We might have disagreements with the regulator but that should not put our customers and stakeholders into trouble. We have already requested the regulator to reconsider its decision and resolve the matter through arbitration."

Hossain Sadat, acting chief corporate affairs officer of GP, said the operator has applied before the commission for an arbitration and 30 days have passed. As a result, that process has ended.

"As per arbitration law, we will now request the regulator with the help of a court to sit for an arbitration in order to resolve the issue."

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Ins regulator to clamp down on over 15pc agent commissions

STAR BUSINESS REPORT

The insurance regulator has decided to clamp down on the practice of general insurance companies offering more than 15 percent in commissions to agents.

The Insurance Development and Regulatory Authority (IDRA) took the decision after a series of meetings with insurers and relevant association.

Yesterday the IDRA went as far as seeking help from the Bangladesh Bank and the finance ministry to cap the commission, which, according to the regulator, is distorting the market and pushing relatively compliant companies aside. BB Governor Fazle Kabir chaired the meeting at the central bank headquarters.

Some insurers are offering exorbitantly high commissions -- up to 60 percent of premiums -- to get business. When a good company does not want to pay the same amount, parties go to other insurers without considering the risks.

The insurance regulator had issued a notice in 2012 fixing the ceiling for agents' commissions at 15 percent of premiums. The notice was to have come into effect from March 1, 2012. But nobody has followed the IDRA rules and if a good company tries to stick to the rules, they will lose business to other companies.

"It is urgent for all insurers to follow the rules. It will strengthen companies' capacity to pay claims and boost reserves," Manirul Islam, managing director of Pioneer Insurance, told The Daily Star yesterday.

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Diversification to help log \$60b exports by 2021

Munshi says priority is to ensure ease of doing business

STAR BUSINESS REPORT

Bangladesh can reach its export target of \$60 billion by 2021 if new products and value addition can be ensured alongside market diversification, said Commerce Minister Tipu Munshi yesterday.

"Now our priority is to ensure ease of doing business, and for this sake we took initiatives to provide all necessary support under an umbrella with a view to promoting business," he said.

Addressing the opening ceremony of the 14th annual general meeting of the International Business Forum of Bangladesh (IBFB) at Pan Pacific Sonargaon Dhaka, the minister also sought the business community's support to improve the overall environment.

Munshi said Bangladesh had opened its doors to foreign investors for the expansion of business and committed to providing all kinds of cooperation to promote local and

foreign investors.

He said Walton, Pran-RFL and Runner were able to enter the international market amid a lot of limitations, proving that there was immense scope for expanding

businesses.

Humayun Rashid, president of the IBFB, said Bangladesh needed investment from overseas to go both up and down the global supply chain.

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COLLECTED
Commerce Minister Tipu Munshi, FBCCI President Sheikh Fazle Fahim and IBFB President Humayun Rashid attend the opening ceremony of the 14th annual general meeting of the IBFB at Pan Pacific Sonargaon Dhaka yesterday.

Stocks finally looking up

STAR BUSINESS REPORT

Stocks edged up yesterday as the central bank and the capital market regulator's combined affirmative actions are having their effect on retail investors.

DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), gained 55.95 points, or 1.10 percent, to close at 5,133.25 points. Turnover was 23 percent higher than the previous day at Tk 467.93 crore.

Between June 28 and July 22, the index had lost 463.6 points and investors Tk 27,500 crore as the market reacted violently to the unfavourable measures for the capital market taken in the budget for fiscal 2019-20.

But it seems confidence is slowly returning to the market, said Royal Capital in its market analysis.

The development comes as the Bangladesh Bank and Bangladesh Securities and Exchange Commission worked in tandem all week to prop up the sinking market.

The central bank on Monday verbally asked banks and non-bank financial institutions that have the capacity to invest to support the market. As per its information, 19 lenders have the scope to park Tk 2,000 crore in the market.

Similarly, the capital market regulator asked the DSE to order all stock brokers to ensure that their clients place sell orders in person instead of giving instruction over the phone, making it harder for retail investors to dump their holdings.

Furthermore, on Wednesday, it requested the stock dealers, asset management firms and merchant banks to support the market as much as possible. And it warned the institutional investors that it would be monitoring if they were supporting the market or not.

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