

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	BUY TK	USD	EUR	GBP	CNY
0.32%	0.55%	\$1,869.85	\$50.23	46,003.46	26,436.39	2,827.32	3,356.78	83.95	101.63	111.58	12.64	
5,098.48	8,833.67	(per ounce)	(per barrel)					84.95	105.43	115.38	13.29	

**OPENING**  
of  
**BORO DAROGAR HAT BRANCH**  
24 December, 2020

Nobi Plaza  
Boro Darogar Hat Bazar  
Mirsarai, Chattogram

16491

SIBL

# Star BUSINESS

DHAKA WEDNESDAY DECEMBER 23, 2020, POUISH 8, 1427 BS • starbusiness@thedailystar.net

## Tk 8,000cr Islamic bond for safe water supply

BB, finance ministry sign MoU as the first-ever sukuk will hit market next week

AKM ZAMIR UDDIN

Bangladesh Bank will issue a sukuk next week, the first of its kind in Bangladesh, to raise Tk 8,000 crore for the implementation of a safe water supply project.

The finance ministry is the originator of the Shariah-compliant bond, and the central bank will act as a special purpose vehicle (SPV) for the issuance of the security.

A memorandum of understanding between the central bank and the finance ministry was signed yesterday on issuing the bond.

A sukuk is an Islamic financial certificate, similar to a treasury bond, which complies with Shariah laws.

The government began to implement the project titled "Safe Water Supply for the Whole Country" on January 1. The fund raised by the sukuk will be invested in the project.

The overall cost of the project is estimated at Tk 8,851 crore, of which Tk 851 crore will be

provided by the government, according to a prospectus prepared by both the central bank and the finance ministry. The Department of Public Health Engineering (DPHE) will implement the project by June 30, 2025.

On October 8, the finance ministry issued guidelines on the investment criteria of the sukuk.

Investors will receive a profit of 4.69 per cent on their aggregate investment in the Islamic bond. The central bank has fixed the rate based on the Bangladesh Government Islamic Investment Bond (BGIIIB).

The last declared profit-sharing ratio of the six-month BGIIIB is 3.69 per cent, and the central bank has added 1 percentage point to settle on the rate for the sukuk.

Profits will be paid to investors on a half-yearly basis.

A client will have to invest a minimum of Tk 10,000 in the security, and there is no upper limit. Banks, corporate institutions and individuals will be permitted to invest.

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### THE BOND AT A GLANCE

Min investment limit Tk 10,000	No max investment ceiling	Profit: 4.69%	Profit: to be paid half yearly	5-year maturity
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Bangladesh has made significant progress on universal access to improved water sources. But access to safe drinking water is still low.

STAR/FILE

## High taxes to stymie sukuk market in corporate sector

Analysts say

AHSAN HABIB

High taxes on asset transfers act as the main obstacle to creating a vibrant Sukuk market in the corporate sector, according to market intermediaries.

Sukuk is a real asset-backed security which represents the claim on revenues generated from an underlying asset as well as the ownership of that said asset while abiding by sharia laws.

Although there have been some complexities given the tax issues, the latest initiative taken by the government and the central bank is expected to speed up the process.

The central bank will roll out a Sukuk bond next week in order to raise Tk 8,000 crore for the implementation of a government project that will ensure supply of safe water in every upazila.

The sharia-compliant product required the ownership of an asset covered by Sukuk to be repeatedly transferred from one party to another.

So, a high tax regime on registration increases the cost of Sukuk, which will create a roadblock to get momentum the sharia-compliant securities in the private sector, analysts say.

At present, there is a 1.5 per cent stamp duty on the registration of trust deeds while the fee for assets is 1 per cent.

Besides, local government tax, value added tax and gain tax are also included for Sukuk.

As per the present tax structure, the applicable cost varies from 8 to 9.5 per cent for the sharia-compliant investment tool.

"We have already met with government officials and informed them about the tax issues and so, the government was convinced too to work on it," said Ershad Hossain, CEO of City Bank Capital Resources.

To popularise Sukuk bonds, the tax issue should be resolved since it is the main issue.

For example, asset backed securities face the same issue and so they requested a reduction in tax as well.

"Governments from all over the world consider the tax realising its nature of transferring ownership," Hossain said.

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DBL GROUP IS A SUPERBRAND  
Consecutively for the second time

## Audit bodies join hands to eliminate fake reports

STAR BUSINESS REPORT

The Financial Reporting Council (FRC) yesterday signed an agreement with the Institute of Chartered Accountants of Bangladesh (ICAB) to plug the scope for unruly companies to prepare fake audit reports to evade taxes and borrow from banks.

The FRC, an independent oversight body, will monitor the financial statements of companies based on an application termed document verification system (DVS) developed by the ICAB to prevent unruly firms from submitting falsified or multiple audited financial statements.

"This will increase compliance and improve the transparency of audited financial statements by companies," said FRC Chairman Md Hamid Ullah Bhuiyan after the signing of the agreement at the ICAB in Dhaka.

The development came more than a month after the institute struck a similar agreement with the National Board of Revenue (NBR) for the use of DVS to verify the authenticity of audited financial statements filed by firms to tax offices.

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## PPP to offset Covid shocks

UN official says

STAR BUSINESS DESK

Public-private partnerships (PPPs) have the potential to contribute to a clean and green recovery from the ongoing Covid-19 crisis, mitigating the effects of climate change, ensuring gender and youth development and discovering partnerships, which have substantial impact on development.

Mia Seppo, resident coordinator of the United Nations (UN) in Bangladesh, made this comment when she called on Sultana Afroz, secretary and CEO of the Public Private Partnership Authority under the Prime Minister's Office, yesterday.

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## Bangladesh urges India to lift restrictions on seed import

STAR BUSINESS REPORT

Bangladesh yesterday demanded the withdrawal of a ban on seed imports from India to boost bilateral cooperation in the agricultural sector.

Agro mechanisation, improving the quality of yields and food products could be potential fields for cooperation between the two countries, said officials from Bangladesh.

"Bangladesh will appreciate if India removes its export barrier on seeds," said Muhammad Abdur Razzaque, agriculture minister.

"We would like to see more cooperation in agro processing. Indian companies can set up manufacturing plants in our economic zone," he added.

The minister was speaking



STAR/FILE

Farm mechanisation could be one of the potential fields for cooperation between the two countries.

at the 'India Bangladesh digital conference on agriculture sector', which was followed by a business-to-business session, according to a statement from the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

The conference was jointly organised by the FBCCI and Confederation of Indian Industries (CII). India is not just a neighbour but also a good friend of Bangladesh, Commerce Minister Tipu Munshi said at the discussion.

"India is the second largest trade partner of Bangladesh but the trade balance is in India's favour."

The minister also said the Indian anti-dumping duty on export of jute to Indian markets from Bangladesh has been adversely affecting the country's jute sector.

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## No bar for now on two telcos' value-added services



MD FAZLUR RAHMAN

The telecom regulator yesterday temporarily withdrew its ban on Robi and Banglalink on providing value-added services from third parties after the operators agreed to ensure compliance, a senior official said.

The Bangladesh Telecommunication Regulatory Commission (BTRC) suspended the order after the operators promised that telecom VAS would not be activated on the phones of subscribers without the consent of subscribers, said Subrata Roy Maitra, vice-chairman of the regulator. Senior officials of Robi and Banglalink went to the commission yesterday and sought withdrawal of the order that was issued on Sunday.

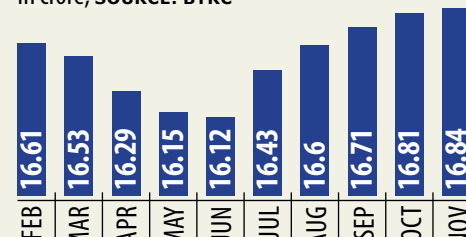
"We withdrew the order on conditions. We told them to bring an end to the harassment faced

### KEY POINTS

- Consent was not taken to activate services for 46pc customers, BTRC found in a probe
- VAS providers target feature phone users and activate services without consent after midnight
- About 60pc subscribers use feature phones
- The market size of VAS about Tk 100cr
- There are 183 VAS developers

### Total active SIMs in market

In crore; SOURCE: BTRC



### SOME VALUE ADDED SERVICES

SMS, missed call alert, call block, MMS, voice SMS, voice chat, game, welcome tune, music, video, news alert, job alert, sports alert, health, education and lifestyle tips, train tracking, matrimonial service, entertainment services, audio book, e-book

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## Avail UN advisory body's fund for clean energy: experts

STAR BUSINESS DESK

Multilateral public private partnership Private Financing Advisory Network (PFAN) could be a great source of funds for Bangladeshi companies focusing on environment-friendly, efficient renewable energy, said experts yesterday.

Initiated by Climate Technology Initiative and the United Nations Framework Convention on Climate Change, the network also provides advice to businesses in developing countries having a low carbon footprint, said its regional coordinator for Asia, Peter du Pont.

Since its inception in 2008, the PFAN has supported 675 projects, which raised a combined \$1.8 billion and 94 of which are in the pipeline in Asia as of this month, he informed.

Pont was addressing a webinar titled "Climate and Clean Energy Investment Opportunities in Bangladesh" jointly organised by the PFAN and Dhaka Chamber of Commerce and Industry (DCCI), says a press release.

Bangladesh has immense potential in attracting Thai investment in renewable energy and agriculture, said the PFAN advisor for Thailand, Jamorn Teo Hoonsiri.

PFAN Thai will focus on facilitating Thai investment in agriculture, renewable energy, tourism, health, energy efficiency and waste and circular economy, said Hoonsiri.

Thai strategic investment can focus on Bangladesh for shrimp export, said the PFAN country coordinator for Bangladesh, Shaymal Barman.

They could also look into solar solutions, including independent power production, considering the fact that banking sources were not suitable for the over 10 years' funds required for such projects, he said.

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