Star

BUSINESS

DHAKA SUNDAY JANUARY 18, 2004 E-mail: dsbusins@gononet.com

Introduce VAT stamps, hold lottery on cash memos

Revenue Reform Commission report suggests

REJAUL KARIM BYRON

The Revenue Reform Commission (RRC) has recommended introduction of VAT stamps to increase VAT collection especially from a number of 'hard to tax' areas.

The RRC also suggested holding lotteries on cash memos of retail buyers to encourage them in taking the receipt from sellers and then retaining it.

The recommendations were included in RRC's final report that was presented to Finance and Planning Minister M Saifur Rahman last week.

The RRC report identified certain service sectors like sweetmeat shops, hotels and restaurants as 'hard to tax' areas. VAT from these sectors is either not collected or not deposited to the government treasury in full, the report observed.

In the light of these observations, the report has recommended the introduction of VAT stamps of different denominations (Tk one to Tk 100) that will be bought by the 'hard to tax' retailers to affix to original cash memos and packaging boxes.

The RRC suggested carrying out experiments on these in Dhaka and other divisional headquarters in the first phase.

Besides, lottery on cash memos has been recommended to the National Board of Revenue (NBR) and VAT Directorate to negate the problem of non-retention of cash memos by buyers and the reluctance of issuing memos by sellers.

The departments concerned are suggested to conduct lottery for awarding prizes to the lucky number holders. For taking part in the lottery, the buyers will send the original cash memos or their photocopies to the VAT office.

The lottery will allow the authority to check whether the seller is collecting the VAT and passing it on to the tax department. It is also expected to increase VAT consciousness among consumers, the report observed.

Such lotteries, the report suggested, can be carried out for chain stores or for particular goods and services sectors like Chinese restaurants.

PHOTO: FICCI

Foreign Investors' Chamber of Commerce and Industry (Ficci) President Mahbub Jamil speaks at a breakfast meeting of the chamber with visiting European Union (EU) Trade Commissioner Pascal Lamy (centre left) and his team members at a hotel in Dhaka yesterday. Among others, Head of EC Delegation to Bangladesh Esco Kentrschynskyj (1st from left) and Ficci Secretary Jahangir Bin Alam were also present.

AP holds annual distributors' confce

AP (Dhaka) Limited, a company engaged in producing unani and ayurvedic medicines along with herbal cosmetics and food, organised its annual distributors conference 2003 recently in Dhaka.

A total of 70 distributors from all over Bangladesh attended the conference, says a press release.

Raquib M Fakhrul, chairman of the company, and Razee M Fakhrul, vice-chairman, spoke at the conference.

Emirates takes delivery of Airbus

Emirates has taken delivery of the first of eight Airbus A340-300 aircraft which will join the airline this year.

Emirates President Tim Clark received the aircraft from Boyd Brown III, sales director for Boeing Aircraft Trading, in Hamburg recently.

Earlier, Emirates signed a nine-year lease deal for the fleet with Boeing Aircraft Trading, which acquired them from Singapore Airlines as part of a wider deal.

Annual sales confce of Globe Pharma held

The annual sales conference 2003 of Globe Pharmaceuticals Limited was held recently in Dhaka.

Some 400 employees of sales and marketing division of the company attended the conference, says a press release.

Chairman and Managing Director of the company Md Harunur Rashid and directors spoke at the conference.

Korean steelers avoid brunt of anti-dumping tariffs of China

ANN/ THE KOREA HERALD

Korean steel makers escaped relatively unscathed from China's recent imposition of hefty duties on imported cold-rolled steel, giving rise to hopes that they could even gain from the move.

The world top steel importer recently imposed higher tariffs, effective immediately, on the metal used by auto and shipbuilding sectors in the belief that Russia, Korea, Ukraine, Kazakhstan and Taiwan are dumping their product.

While levying import duties ranging from 10 per cent to as much as 55 per cent on the other four countries, China Ministry of Commerce reduced the burden on Korea top steel makers.

POSCO, Korea's largest steel maker and fourth largest in the world, was excluded from the tariffs, while those on Union Steel Manufacturing were lessened to 3 per cent from 9 per cent.

The tariffs will last five years until September 2008.

Local industry watchers said Korean steel makers could benefit from the new tariff system that brings the effect of higher export prices.

"The Chinese authorities visited us shortly before making the decision and based on mutual standards, they reduced the tariffs," said Park Sung-min of Union Steel commerce team.

India eases FDI flows in petroleum, pvt banking

PALLAB BHATTACHARYA, *New Delhi*

Giving a hard push to economic reforms, the government of Prime Minister Atal Behari Vajpayee has allowed cent percent foreign direct investment (FDI) for petroleum, private banking and scientific and technical journal sectors.

However, the much-expected liberalisation of FDI quantum in the flourishing telecom sector did not come about in what was billed as the big-ticket reform.

A cabinet meeting on Thursday chaired by Vajpayee decided to increase the FDI ceiling from 74 to 100 percent in petroleum marketing, gas and oil pipelines from the existing 51 percent.

Barring natural gas, approval of FDI in these sectors would take place through the automatic channel and would not require clearance by Foreign Investment Promotion Board (FIPB).

Foreign investment in private oil refineries can now flow through the automatic clearance route.

The cabinet also raised FDI cap in private banks from 49 to 74 percent. The increase in FDI limit in banking sector had been hanging fire since Finance Minister Jaswant Singh had promised it in his budget speech in February last year.

The decision on allowing foreign investment in private banks is the most important since India had set out on the reforms path in 1991 and is likely to encourage foreign banks to acquire stakes in them and set off mergers and acquisitions, finance experts say.

The FDI limit in scientific and technical journal sector was hiked to 100 percent from 74 percent at present. This would, however, require clearance from FIPB and subject to adherence to norms set by information and broadcasting ministry.

The decisions on easing foreign investments in these sectors came ahead of presentation of vote-on-account instead of full-fledged budget by Jaswant Singh likely in end-January or early February in view of early parliamentary polls.

The prime minister has already asked Singh to present a vote-on-account budget as the ruling BJP-led alliance seeks to cash in on a robust economic growth to return to power earlier than the normal schedule for polls later this year.

With elections in mind, the government had just a week back announced a slew of sops for the middle class and the corporate sector slashing customs and excise duties on a range of consumer and industrial goods.

It had also unveiled a series of incentives for the infrastructure sector to help build on the remarkable 8.4 percent economic growth in the second quarter of the current financial year which ends on March 31 this year.

The FDI inflow into India has gone up from 2.32 billion dollars in the year 2000 to 3.44 billion dollars in 2002.

PHOTO: MCCI

Kutubuddin Ahmed, president of Metropolitan Chamber of Commerce and Industry (MCCI), and Binod K Chaudhary, president of Confederation of Nepalese Industries (CNI), exchange documents after signing a memorandum of understanding (MoU) between their organisations at the MCCI chamber in Dhaka yesterday.

Vietnam, Lanka keen to boost trade with Bangladesh

BSS, *Dhaka*

Vietnam and Sri Lanka have expressed their keen interest to boost bilateral trades with Bangladesh involving more private sector initiatives in the process.

The interest was shown when two delegations from Sri Lanka and Vietnam held separate meetings with the senior executives of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) at the Federation Bhaban yesterday.

The delegation members of the two countries underscored the need for taking further steps to harness full benefits from the existing business potentials between Bangladesh and Vietnam as well as Bangladesh and Sri Lanka.

They, however, were reluctant to comment on investments in Bangladesh, as both of them like Bangladesh are hungry for foreign direct investments for their economic developments, FBCCI sources said.

Vietnam Vice Minister for Trade Do Nhu Dinh who met First Vice President of FBCCI Kamaluddin Ahmed said Bangladesh and Vietnam both can meet their import demands bilaterally through promotion of exports to each others.

"Bangladesh can import items from Vietnam what it imports from other countries. At the same time Vietnam can also import necessary items from Bangladesh," the vice-minister was quoted as saying in the meeting.

Do Dinh said Vietnam can import medicines, cement and leather goods from Bangladesh, and Bangladesh can import coffee, electrical equipment, boilers and floating structures from Vietnam.

The trade volume between Bangladesh and Vietnam fluctuates around 7-18 million US dollars in Bangladesh favour. Bangladesh exports products worth around 10 million dollars and imports around 4 million dollars.

Murtuza A Lukmanjee, who led the Sri Lankan business delegation to FBCCI, shown keen interest to import medicines, leather goods, cement and some other products. Bangladesh has trade deficit with Sri Lanka, which imports jute goods, textiles, tobacco, woven garments and cosmetics.

FBCCI Vice President Kamaluddin Ahmed urged the Sri Lankan minister to encourage his countrymen to investment in Bangladesh especially in the Export Processing Zones (EPZs), where profit and capital are hundred per cent ensured. He also invited Sri Lankan investors to take full advantages from Bangladesh's business opportunities.

Meanwhile, Bangladesh Honorary Consul in Hamburg, Germany Water Stork called on FBCCI First Vice President Kamaluddin Ahmed at his office. Stork underlined on further promotion of businesses with Germany, which may be the gateway to ensure due share in European market.

ADB consultants at DSE

Modalities of offloading SoE shares discussed

STAR BUSINESS REPORT

As part of the Privatisation Commission's move to offload government shares in state-owned enterprises (SoEs) through stock exchanges, a team of consultants yesterday met with the Dhaka Stock Exchange officials and brokers to discuss the issue.

Led by Barrister Rabia Bhuiyan, the consultants from the Asian Development Bank (ADB), which is providing assistance for the privatisation programme, discussed the modalities of selling the SOEs shares, sources said.

"There is no problem in selling the government shares through brokerage houses. ADB is consulting with DSE on the issue to keep the process transparent," said DSE Director Anwar Hossain who was present in the meeting.

"They sought our opinion about selling the government stakes in petroleum companies like Eastern Lubricant and Padma Oil," he said.

The ADB consultants team also included Eric G Postel, senior partner of Pangaea Partners, and Shawkat Ali Ferdousi, associate professor of the Institute of Business Administration of Dhaka University.

DSE President Ahmed Iqbal Hasan, Vice-President M Abdullah Bokhari, Director Mujibur Rahman and M Rafiqul Islam, former chairman Imtiyaz Hussain and CEO Salahuddin Ahmed Khan were present.

Seminar for bank officials starts

STAR BUSINESS REPORT

A two-week long national seminar on project management for bank officials began in Dhaka yesterday.

Five national banks and financial institutions and a Saudi-Bangla joint venture company organised the training programme with the assistance from ADFIMI, a regional association of development finance institutions (DFIs) in the member countries of Islamic Development Bank (IDB).

Inaugurating the workshop, Bangladesh Bank Governor Fakhruddin Ahmed hoped that bank officials' performances in implementing the bank-funded projects would improve after completing the course.

The BB governor hoped that the participants of the seminar would be able to use their knowledge in implementing projects to avoid any sort of negligence.

Bangladesh Shilpa Bank (BSB) Chairman Abu Ahmed presided over the inaugural ceremony. BSB Managing Director (Current Charge) Ziaul Huq, ADFIMI Secretary General Orhan Sagcel and ADFIMI special adviser Prof. Iqbal M Khan also spoke.

A total of 25 officials from 15 national banks and financial institutions are taking part in the seminar.

According to the BSB managing director, the objective of the seminar is to familiarising the bank officials with the state-of-the- art technologies for project management.

The focus of the seminar will fall on techniques of planning of project management, organising projects monitoring, identification of the goals and selecting priorities, he said.

Malaysians plan investment in Bangladesh's electronics, ceramics, edible oil

STAR BUSINESS REPORT

Malaysian entrepreneurs have identified electronics, ceramics and edible oil as major areas for investment in Bangladesh.

A 13-member Malaysian trade mission led by Federation of Malaysian Manufacturers President Dato Mustafa Mansur yesterday unveiled the investment plan while meeting officials of Board of Investment (BoI) in Dhaka.

The mission is on a five-day visit to Bangladesh to assess viability of investment.

BoI Executive Chairman Mahmudur Rahman made a presentation making an overview of competitive sectors for investment.

About incentives, the BoI chief said the government offers tax holiday of 5-7 years for foreign investment and special exemption of 15 years for power generation sector.

"We are satisfied with incentives offered to the foreign investors and keen to invest in competitive sectors," one BoI source quoted Mustafa Mansur as saying at the meeting.

The BoI chief said Bangladesh and Malaysian entrepreneurs should form strategic alliances in the form of contract production, cross licensing, merger and acquisition, market mapping to expand investment and trade co-operation, according to meeting sources.

According to the BoI, Malaysia has ranked fifth among 29 countries with $26.69 million investment during January-June, 2003.

"As Malaysian investment is mainly concentrated in telecoms sector in Bangladesh the new investment will help diversify investment," an official said.

Malaysia ranks top in world specialisation in consumer electronics with annual export of over $55 billion. Malaysia is also highly skilled in tiles manufacturing and specialised in palm oil production.

The investment registration board also invited Malaysian investment in textiles, leather, agro-processing, processed foods, steel, sugar, paper and tourism sector in Bangladesh.

After attending international conference being held in Dhaka the trade team will go to Chittagong today to meet chamber and business leaders there.

Salauddin Kashem Khan, president of Bangladesh-Malaysia Chamber of Commerce and Industry, was also present at the meeting.

20 depository participants sign deal with CDBL

STAR BUSINESS REPORT

As the central depository system (CDS) starts operation from January 24, some 20 brokerage houses signed agreement with the Central Depository Bangladesh Limited (CDBL), service provider of the system, to become depository participants (DP).

The depository participants will maintain account of shareholders and settle and transfer shares through computerised book-entry.

Square Pharma has been chosen as the pilot stock by CDBL for the introduction of the CDS with shares of other listed companies entering the system gradually.

The brokerage houses from Chittagong which signed agreement with CDBL are ICB Securities Trading Company Ltd, Royal Capital Ltd, and Salta Capital Ltd. While from Dhaka are AKM Abdur Razzak & Sons, BLI Securities Ltd, Country Stock (B'desh) Ltd, Globe Securities Ltd, ICB Securities Trading Company Ltd, Imtiyaz Husain & Co, Kabir Ahmed & Co, MA Mannan & Co, Md Feroz Khan & Co, Md Rafiqul Islam & Co, Md Shakil Rizvi & Co, Mona Financial Consultancy and Securities Ltd, Moshihor Rahman, Rising Securities Ltd, Salam & Co, SAR Securities Ltd, SCL Securities Ltd and Square Securities Management Ltd.

Earlier, SEC on December 23 issued business commencement licence to CDBL and it also granted licences to 32 brokerage houses including Dhaka and Chittagong stock exchanges to become depository participants.

The suspension of share trading of Square began yesterday to facilitate smooth dematerialisation of share certificates for CDS and it will continue till Thursday. The bourses also arranged spot trading of the company during January 10-15, according to SEC directive.

To avail of the CDS service, investors buying or selling Square Pharma shares are advised to get in touch with any of the above brokerage houses which have so far entered into an agreement with CDBL.

Anyone buying Square Pharma shares from now on must have a CDS account in his name to which the quantity of shares purchased through the stock exchanges will be credited on settlement date.

Anyone willing to sell his holding of physical share certificates of Square Pharma must also open a CDS account to which he will first have to get the quantity he wants to sell credited through the process of dematerialisation.

To dematerialise their shares, investors should take their share certificates to their CDBL participant and fill up a dematerialisation request form (DRF), which will be available in the CDS by the CDBL participant.

The dematerialisation request can be viewed at Square Pharma Share Department computer terminal linked to the CDS. On receipt of the physical share certificates, Square Pharma Share Department will verify and retain the same and confirm the dematerialisation request through its computer terminal in the CDS, which will result in credit of the quantity of shares dematerialised into the CDS account of the investor.

Dollar steady against taka

BSS, *Dhaka*

The US dollar was steady against Bangladesh taka in thin inter-bank trade yesterday, while the US unit rallied after data showing that foreign investors beefed up US holdings and the US consumer sentiment is on the rise.

Dealers said the dollar traded between 58.86 and 58.90 taka yesterday -- slightly lower than its from its record high at Tk 60.00 the previous week -- but higher than its last month's closing.

The demand for the US dollar remained strong due to higher import payments but the volume of trade was lower as most international markets remained closed due to weekend holiday, dealers said.

The local market reopened yesterday after weekend holiday on Friday while most international markets on Saturday and Sunday. Foreign currency trading with overseas markets will reopen on Monday without Tokyo.

However, dealers said, the demand for the US currency remained strong as some banks private commercial banks face short-fall in dollar earnings when corporate bodies showed more interest in forward buying to avoid currency fluctuations.

Most dealers quoted rates of foreign currencies in line with the New York's closing on Friday.

Meanwhile, the dollar rallied for a third session Friday after data showing that foreign investors beefed up US holdings and the US consumer sentiment is on the rise.

Dealers said the reports helped accelerate a dollar recovery started earlier in the week when European officials began expressing concerns that additional gains for the single currency could hurt prospects for economic recovery.