

## Withdraw money whitening facility

### Unnayan Samannay urges finance minister

#### STAR BUSINESS REPORT

Termining the proposed budget anti-social and anti-justice, Unnayan Samannay, an NGO, yesterday criticised the finance minister for extending the time limit for whitening black money by another one year.

The provision stands against morality and social justice, and it is nothing but another opportunity to make the rich people richer, said economist Dr Atiur Rahman, chairman of Unnayan Samannay.

He urged the finance minister to withdraw the provision of whitening black money from the proposed budget for the FY2005-06. "It will create more disparity between the rich and the poor," Atiur felt.

He was addressing a press conference on the proposed budget organised by Unnayan Samannay in Dhaka.

He also said the provision of

increasing value added tax (VAT) in the new budget will adversely affect the poor as the prices of essentials will shoot up following the collection of additional VAT.

The finance minister has fixed the earnings from VAT for the next fiscal year at Tk 12,675 crore, which is Tk 2,070 crore or 19 percent higher than the revised budget of FY2004-05, he said.

"It will assess a negative impact on the poor and the ultra-poor as everybody has to pay VAT," Atiur went on.

Termining the new budget election-oriented, Atiur said allocation for annual development programme (ADP) has been increased, but the number of projects has been cut down from 1012 to 856.

The huge money proposed for ADP, which is Tk 24500 crore, may be used mainly to please the ruling party leaders and activists in the name of development activities, he

said pointing out, "It may increase corruption, break financial discipline and deteriorate governance."

He apprehended that the number of unemployed people will increase alarmingly due to the absence of any significant approach to this regard in the proposed budget.

One of the main objectives of the Poverty Reduction Strategy Paper (PRSP) is to create employment for the unemployed, he said. "But how will the government meet the Millennium Development Goal (MDG) ignoring the employment issue?" he questioned.

Atiur also criticised the government for imposing 0.25 percent duty at source on knitwear saying it will seriously hamper the normal production in knitwear industries.

He also censured the government for not taking adequate measures in the proposed budget to face the challenges of post-MFA era.

Raising question about the actual figure of GDP growth, he said the statistics shown by the government is not correct.

The government statistics showed the GDP growth at 6.27 percent in FY2003-04, which Atiur said was 6 percent.

He suggested the government to give full autonomy to the Bangladesh Bureau of Statistics to get the actual figures of GDP growth and other statistics properly.

On the issue of government's stand regarding the dollar reserves, he said the inflation will go up if the central bank does not release dollar in the market soon.

However, he also pointed out some positive initiatives taken in the proposed budget in different sections such as education, public service, agriculture, tax holiday, fisheries and livestock, rural development, agro-processing and agro-based industries.

## Wintel launches customer rewarding scheme today

### STAR BUSINESS REPORT

Customers will be able to earn reward points against commodity and service purchases under a programme, the first of its kind in Bangladesh.

Wintel Limited today will introduce Customer Incentive Card (CIC) to reward customers through accumulative points against their purchases.

"This is almost similar to customer loyalty programme 'Air Miles' operating in the North American region," said Faisal Alim, managing director of Wintel Ltd.

The customers will have rewarding points while buying commodities and services from stores under the network of the programme. Anytime customers can claim gifts or cash vouchers on the basis of accumulated points, Alim said.

For each purchase of Tk50, customers will get 1 point and it will be calculated accordingly by CIC point processor machines at the stores. Customer will have to produce CIC at the cash counters to have their points accumulated.

Points will be counted with every purchase and will be updated online at the central server. The customers will be able to claim gift or rewards after gathering 300 points.

Tk 50 is needed to get a subscription of CIC for two years, Tk 100 for five years and Tk 500 for lifetime where bonus 100 points will be added instantly.

Some 300 shops have already joined the programme. As many as 1,500 shops will be brought under the network by the year-end.

## ICC-B workshop on credit risk management

International Chamber of Commerce-Bangladesh (ICC-B) organised a two-day workshop on 'Credit Risk Management' in Dhaka yesterday.

Speaking at the inaugural session of the workshop, ICC-B President Mahbubur Rahman said, "Economic development and corporate governance in Bangladesh can only be effectively established if identified willful defaulters, corrupt officials, businesspersons and political hoodlums are exposed as well as effective sanctions are imposed to act as a deterrent."

He made the comments referring to the huge outstanding loans of Tk 19,327 crore as of March 2005, bulk of which was given by the nationalised banks followed by private commercial banks, according to a press note released by the ICC-B.

The ICC-B president expressed his concern that it would be almost a 'mission impossible' for the country's banking sector to recover unless quick and deterrent actions are taken. He said that the situation could have been avoided if the banks were careful in disbursing credit only after careful analysis.

Latifur Rahman, ICC-B vice president, Mamun Rashid, chairman of ICC-B Standing Committee on Banking Technique and Practice and CEO of Citibank NA, NC Raghava, vice president of Structured Finance and Enterprise Banking of DBS Bank Singapore, S Kutubuddin Ahmed, deputy general manager of Commercial Bank of Ceylon, and Ataur Rahman, ICC-B secretary, were also present at the inaugural session of the workshop.

A total of 90 senior and mid-level executives from 54 organisations comprising from banks, non-banking financial institutions, CA firms, investment as well as multinational companies are taking part in the workshop.

## Saudi backs Opec ceiling hike

### REUTERS, Norway

Saudi Arabia's powerful oil minister said on Saturday he supported a 500,000 barrel per day rise in Opec's output ceiling and that current prices above \$50 a barrel were "too high" and should be brought down.

"Raising the ceiling seems reasonable," Oil Minister Ali al-Naimi said. "I support the process of raising the ceiling by 500,000 barrels per day, yes," he told a news conference during a visit to Norway.

Opec ministers will meet on June 15 in Vienna to discuss output policy for the second half of 2005. The group is expected to consider raising its production limits to help ease prices.



Kazi Kholiqzaman (C), president of Bangladesh Economic Association (BEA), speaks at a post-budget press briefing organised by BEA in Dhaka yesterday. Professor Abul Barkat, general secretary, and other office bearers of the BEA were also present at the press conference.

## Up money whitening levy to 10pc

### Demand tax lawyers

#### STAR BUSINESS REPORT

Jatiya Kar Ainjibi Samiti (JKAS), an association of tax lawyers, yesterday demanded that the government increase tax rate for whitening black money to 10 percent from the proposed 7.5 percent.

Honest taxpayers will feel demoralised if they pay more tax than the black money holders do, JKAS leaders told a post-budget news conference at Jatiya Press Club.

Holders of black money are not at all interested in whitening it, although the government in the new budget has extended the deadline for another year in this regard, they said.

"Besides increasing the tax, the

government should also make it mandatory to invest black money in productive sectors," said JKAS President Advocate Zakir Hossain.

The lawyers urged the government to enforce the Tk 1.2-lakh increased ceiling of zero tax on individual income from the next fiscal year instead of the 2006-07 FY.

They emphasised the need for bringing the country's political parties under the tax network, which is common in the neighbouring countries.

"If the political parties, which regularly spend huge sums of money, are brought under the tax network, their accountability will increase and the government will

also earn revenue," Hossain said.

He, however, praised the government for making the highest allocation to the education sector.

"The government should now make a proper education policy to develop the sector using the highest allocation."

The government should be more careful about marginal farmers so that they get the benefit of the proposed subsidy facilities, said JKAS president.

The tax lawyers also demanded introduction of the Tax Ombudsman.

JKAS General Secretary Advocate Abdul Aziz Sarker was also present.

## Eastern Bank launches Jiban Dhara Loan

Eastern bank Ltd has introduced a new loan scheme, Jiban Dhara Loan, to help people refurbish their lifestyle.

Kazi Mahmood Sattar, managing director of the bank, announced the inauguration of the new loan programme at a press briefing in Dhaka on Friday.

Individuals between 22 and 60 years of age and with a minimum income of Tk15,000 per month for salaried executives and Tk20,000 per month for businesspersons are eligible to avail the loan.

No personal guarantee will be required for the salaried executives of 'EBL priority organisations' comprising of multinational companies, banks and financial institutions, says a press release.

## Renata okays 50pc cash, 20pc stock dividends

Renata Limited has declared a 50 percent cash dividend and a 20 percent stock dividend for its shareholders for the year 2004.

The dividends were approved at the 32nd annual general meeting (AGM) of the company held in Dhaka Wednesday, says a press release.

SH Kabir, chairman of the company, presided over the AGM, which was also attended by directors Dr Sarwar Ali, Md Ziaul Hoque Khondker, A Hasant Khan, Sajida Humayun Kabir, Managing Director Syed S Kaiser Kabir, other senior officials and shareholders.

## Ibn Sina Pharma declares 21pc dividend

The Ibn Sina Pharmaceutical Industry Ltd has okayed a 21 percent dividend for its shareholders for the year 2004.

The dividend was approved at the 21st annual general meeting (AGM) of the company held Friday in Gazipur, says a press release.

Mozibur Rahman, chairman of the company, presided over the AGM, which was also attended by other senior officials.

## Citigroup to pay \$2b to settle Enron lawsuit

### AP, New York

Citigroup Inc, a financial services company, will pay \$2 billion to settle a class-action lawsuit over its role in helping Enron Corp. orchestrate a massive accounting fraud that led to the energy trader's collapse.

The settlement announced Friday marks the largest payout so far pledged to Enron investors, who claim they were bilked out of billions of dollars when the energy company went bankrupt in 2001.

## Basis urges govt to lift 10pc tax on software business

#### STAR BUSINESS REPORT

Bangladesh Association of Software and Information Services (Basis) yesterday urged the government to withdraw 10 percent corporate income tax on software businesses from the fiscal year 2006 to FY 2008.

The association demanded continuation of the existing tax exemption facilities for the sector until FY 2010.

"Basis feels the proposed introduction of 10 percent income tax is going to hamper the growth of the industry and at the same

time will cause harm to national interest," Basis President Sarwar Alam told reporters at a press conference.

He said software industry in the country is still in a premature stage. As experienced by other countries, the industry needs some more time and big amount of investment for reaching a mature level.

Citing examples from different countries he said, since it takes long time to get the return from this sector, different countries provide special tax incentive to attract investors for investing in software sector.

He urged the government to allocate two percent of the annual development programme (ADP) for purchasing locally produced software.

Alam also called upon the government to extend similar tax exemption benefits to IT-enabled services business.

Considering the increasing demand for automation and computerisation, the size of the country's software market is presently estimated at Tk 250 crore, which will be increased by 100 percent within a few years, a Basis official said.



Mahbubur Rahman (2-R), president of International Chamber of Commerce-Bangladesh (ICC-B), speaks at the inaugural session of a two-day ICC-B workshop on 'Credit Risk Management' in Dhaka yesterday. Latifur Rahman (2-L), ICC-B vice president, Mamun Rashid (L), chairman of ICC-B Standing Committee on Banking Technique & Practice and CEO of Citibank NA, Bangladesh, and NC Raghava, resource person of the workshop, are also seen.

## Dollar strikes nine-month high against euro

### AFP, New York

The dollar rose to its highest level against the euro in nine months Friday after the US trade deficit came in somewhat better than expected.

The euro bought 1.2122 dollars at 2100 GMT from 1.2227 late on Thursday in New York. Earlier the euro had tumbled to 1.2106 dollars, its lowest level since September 8, after the publication of the US trade data.

The dollar rose to 108.65 yen, from 107.41 yen.

Though the US trade deficit widened in April to 57 billion dollars from 53.6 billion in March, it was better than the 58 billion dollars pencilled in by analysts.

Because March's shortfall was not as bad as the 55 billion indicated in last month's data release, analysts said Friday's data was likely to mean that first-quarter gross domestic product growth in the United States could be upwardly revised.

"The deficit is not getting better, but at least it isn't getting much worse," said Mitul Kotecha, head of global currency research at CALYON.

Part of the dollar's strength was linked to congressional testimony from Federal Reserve chairman Alan Greenspan on Thursday widely viewed as indicating the Fed will keep making steady, quarter-point rate hikes.

The euro has been under pressure throughout most of June, following rejections of the proposed EU constitution by French and Dutch voters.

"The post-referendum turmoil and mounting market speculation of an ECB rate cut should push the euro even weaker versus the dollar in the next three months to 1.17 dollars but thereafter it should stabilize and then very gradually recover," said Societe Generale analyst Brian Hilliard.

"There seems to be a snowball effect with the euro," said IDEAGlobal currencies analyst Sean Callow.

"People are just piling on and selling it because other people are selling it. No one knows where the bottom is. They may be overshooting with the euro," Callow said.

Currency markets will monitor events at the Group of Eight finance ministers' meeting in London Friday and Saturday.

Chinese officials will also attend the G8 meeting, so investors will be watching carefully for any signals on currency reform in that country.

A report in the New York Times Friday said China's political leadership is actively considering breaking the yuan's peg to the dollar, but the yuan's initial value under the new system could be very close to its current dollar value. The report cited interviews with current and former senior Chinese officials.

In late New York trade, the dollar stood at 1.2680 Swiss francs from 1.2543 Thursday.

The pound was being traded at 1.8123 dollars from 1.8204 late on Thursday.

## BTMA seeks withdrawal of import duty on dyeing chemicals

#### STAR BUSINESS REPORT

Bangladesh Textile Mills Association (BTMA) in its budget reaction yesterday demanded exemption of value added tax (VAT) and import duty on dyeing chemicals, saying that tax on chemicals is zero in other textile-making countries.

BTMA, however, appreciated the exemption of import duty on cotton waste for the terry towel industry.

#### PLASTIC GOODS MANUFACTURERS

Bangladesh Plastic Goods Manufacturers and Exporters Association in its reaction said the highest import duty on the raw materials of plastic industry is a self-

destructive step for the industry. It demanded the government to fix the import duty at 7.5 percent.

Some 16 types of plastic papers, used for wrapping purposes, are not produced locally. So, the increase of supplementary duty from 15 percent to 20 percent will pave the way for foreign goods, it added.

BTMA, however, appreciated the exemption of import duty on cotton waste for the terry towel industry.

"This budget will bring about a positive socio-economic change in the country provided the proposed ADP is implemented and the targeted revenue collected."

#### FINISHED LEATHER, LEATHER GOODS EXPORTERS

Bangladesh Finished Leather, Leather goods and Footwear Exporters Association and Bangladesh Tanners Association in a joint reaction yesterday expressed frustration for not giving any cash incentives to tannery export, for which they have long been demanding.

ELECTRICAL ASSOCIATION Bangladesh Electrical Association Chairman Shahadat Hossain Bhuiyan in his reaction severely criticised the proposed 20 percent supplementary tax on lamp and light fittings in the new budget.

He demanded full exemption of supplementary tax from all types of light fittings, except the special light brackets and the decorative lights.

## Capital market to benefit from proposed budget

### Says DSE chief

#### STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) yesterday appreciated the proposed budget for widening tax gap between listed and non-listed companies and withdrawal of dividend distribution tax.

The premier bourse also hailed proposals of tax reduction on approved securities and bonds and extension of tax holiday facility.

In a post-budget press conference in Dhaka, the DSE President Shahiq Khan said the widening tax gap between listed and non-listed companies will definitely encourage good companies to be listed with the

exchanges.

He said the proposal to withdraw dividend distribution tax and make the dividend taxable in the hands of shareholders will enhance the dividend pay out capability of the companies.

Besides, the premium bourse chief called for priority basis implementation of the declarations made in the budget to offload government shares in different profitable companies.

Khan highly appreciated the proposed provisions for income tax at source on the transaction value of shares for the members of the exchanges, adding that the move

will eliminate bourse members' 'harassment' by taxmen.

In this regard, the DSE president demanded to lower the rate to 0.010 percent instead of proposed 0.015 percent.

Khan also lauded the tax reduction proposal on approved securities and bonds and proposed that such tax be made as final settlement to encourage institutions and individuals to actively participate in the bond market.

DSE Vice President Ahmed Rashid Lali and Chief Executive Officer Salahuddin Ahmed Khan also attended the function.