

# RMC industry demands VAT exemption

STAR BUSINESS REPORT

Ready mixed concrete (RMC) makers at a press conference yesterday urged the government not to impose any value added tax on the burgeoning industry.

Pressed by tax officials for paying VAT, leaders of the construction sub sector said such a tax would hinder its growth.

RMC is the construction paste blended in a factory or batching plant in a controlled environment where proportionate use of raw materials such as sand, cement and crushed stone is ensured through a computerised system. The process allows producing quality RMC quickly in accordance with a set recipe.

The sector people demanded that it be exempted from the VAT net since there is no such tax on conventional

concrete that accounts for 99 per cent of its total output, with RMC contributing only one percent.

"RMC is a very new concept in Bangladesh. If government imposes VAT on it at this stage it will be no more cost effective to use and thus the sector will die down soon," said SK Lala, managing director of Concord Group.

Presently, there are around 7-8 RMC producers in the country.

They also demanded a tax waiver for the sector until RMC usage reaches 30-40 percent of the total concrete consumption.

Attaching importance to the usage of ready mixed concrete, Prof AKZ Shamimuzzaman Basunia, former chairman of Civil Engineering Department of Buet, said it is not possible to construct

quality building without RMC.

So, the government should facilitate the new-born RMC sector for the sake of quality construction, he suggested.

At the press conference, RMC producers pointed to the fact that RMC is very environment-friendly, while mixing of conventional concrete causes a huge air and sound pollution, which is why different cities of the world including Singapore and Kuala Lumpur banned the use of conventional concrete.

SM Anwar Hossain, chairman of Advanced Ready Mix Concrete Industry, a concern of Advanced Development Technologies Ltd, Nashid Islam, director of ABC Building Products Limited, Tariqul Islam, managing director of Equity Ready Mix Concrete Pvt Ltd, were also present.

**Etihad launches flights to Istanbul**

UNB, Dhaka

Etihad Airways, the national airline of the United Arab Emirates, has launched flights to Istanbul, the commercial capital of Turkey.

The inaugural flight EY097 departed Abu Dhabi Airport on Monday and landed in Istanbul at 12.50pm on the day, said a press release yesterday.

Turkey is one of the UAE's largest trade partners, with US\$9 billion in annual bilateral trade volume generating strong economic relations and sound business opportunities for both countries.

The new route has not only be welcomed by the 6,000 Turkish expatriates currently living and working in the UAE, but will also provide convenient onward connections to some of the well-established

Turkish communities served by Etihad's global network, in particular, Sydney and Melbourne.

Etihad operates a two-class Airbus A320 to Istanbul, configured to carry 140 passengers with 20 seats in business class and 120 in economy class.

## Bangladesh ready for private equity

### Seminar told

STAR BUSINESS REPORT

Bangladesh is ready for private equity investment, which can play an important role in the country, an investment analyst said in a keynote paper yesterday.

"We firmly believe that Bangladesh is ready for private equity, although it will take a process of education for both companies and local financial institutions as to the nature of private equity," said Ifty Islam, managing partner of Asian Tiger Capital Partners (AT Capital), in his presentation in Dhaka.

This includes issues such as corporate governance and valuations, he said.

Islam presented the keynote paper at a seminar on 'Private Equity in Bangladesh: Challenges and Opportunities' organised by AT Capital, a financial institution focusing on private equity and venture capital.

Private equity is medium to long-term finance provided in return for an equity stake in potentially high growth unquoted companies.

Islam said Bangladesh



Anubha Srivastava, managing director of Asia CDC Group, speaks at a seminar on 'Private Equity in Bangladesh: Challenges and Opportunities' organised by AT Capital in Dhaka yesterday.

remains a fundamentally capital-constrained economy.

Referring the World Bank's Second Investment Climate Report, he said access to finance is tight.

More than 40 percent of firms nationwide agree that access to finance is a major or severe obstacle to business, a higher percentage than the average for low and lower-income countries, and the highest in the region after Pakistan.

As a result, firms in Bangladesh need to use

internal savings to finance investment," Islam said. "Private equity can meet such investment requirements."

Islam said financial authorities would need to focus on the requirements and expectations for private equity investors in terms of the regulatory framework that will govern private equity investments in terms of leverage, taxation and repatriation.

It may not necessarily require new private equity specific regulations, as has been the case in India, where the private equity industry has flourished largely within the existing regulatory framework for foreign direct investment, Islam said.

Anubha Srivastava, managing director, Asia, CDC Group, one of largest private equity firms in the region, also spoke at the function.

### ILO chief warns of 8-year global jobs crisis

AFP, Geneva

A global "jobs crisis" caused by the economic downturn could last for up to eight years, International Labour Organisation chief Juan Somavia said Wednesday.

Somavia said at the opening of the UN labour agency's annual conference that about 300 million new jobs would be needed up to 2015 just to keep up with the natural growth in the global labour force.

"There are early and welcome signs that the downturn may be losing speed," the ILO Director General said.

But economic conditions were still fragile and most analysts were predicting a slow recovery, he added.

## Bahrain urged to recruit more manpower



Newly appointed Bahrain's non-resident Ambassador to Bangladesh Adel Yousif Sater presents his credentials to President Zillur Rahman at Bangabhaban yesterday.

UNB, Dhaka

President Zillur Rahman yesterday called upon Bahrain government to recruit more manpower from Bangladesh and also urged their entrepreneurs to invest in various sectors here availing a 'very congenial, investment-friendly atmosphere' prevailing in the country.

He also urged the government of the Gulf country to open a resident mission in Dhaka, in order to enhance the bilateral relations.

The President made the call when newly appointed Bahrain's non-resident Ambassador to Bangladesh Adel Yousif Sater presented

his credentials to him at Bangabhaban.

He noted that the volume of trade between the two countries "lags behind its potential, leaving a wide scope for its expansion".

In this connection, the President said Bahrain could import world-class Bangladeshi products, including RMG, pharmaceuticals, leather and leather goods, jute products and halal meat.

Ambassador Adel Yousif Sater, based in Bangkok, praised Bangladeshi workers as they are contributing much to Bahrain's economy.

As Bangladeshi workers are law-abiding, sincere and hardworking, he said that there is ample scope for

taking more skilled workers from Bangladesh. The diplomat assured that he would take initiative in this regard.

"Bangladeshi people as peace-loving, courageous and hardworking," the ambassador said and hoped that under the able leadership of present democratic government the country would advance towards rapid development.

Foreign Secretary Touhid Hossain, Secretary of the President's Office Mohammad Shaiful Alam, Military Secretary to the President Major General Md Ehtesham Ul Haque and President's Press Secretary Abdul Awal Howlader were present.

## Agrani to launch first mutual fund

STAR BUSINESS REPORT

State-owned Agrani Bank will launch a Tk 100 crore mutual fund, a relatively risk-free investment tool in stock trading.

The board of directors of the bank made the decision of launching the mutual fund named Agrani Bank First Mutual Fund, the bank said in a press statement yesterday.

The bank will subscribe at least 25 percent, or Tk 25 crore, of the fund as sponsor, while 7.5 percent, or Tk 7.5 crore, will be reserved for non-resident Bangladeshi and existing mutual funds in stock trading.

"Bringing more specialised mutual funds in future remains in our consideration," the bank says.

Mutual funds are playing a key role in increasing depth of the stock market, keeping stability and maintaining liquidity supply in the market.

from the Securities and Exchange Commission.

If approved, it will be the first mutual fund sponsored by a state-owned commercial bank.

The price of the fund per unit will be Tk 10 and a market lot will comprise 500 units.

Agrani has appointed ICB Asset Management Company as the asset manager of the MF. Investment Corporation of Bangladesh (ICB) will act as trustee and custodian of the fund.

In early morning deals, the European single currency surged as high as 1.4338 dollars -- a level last reached on December 29, 2008 -- as dealers weighed global recovery hopes with worries over the US economy.

The unit later stood at 1.4234 dollars, down from 1.4305 late in New York on Tuesday, as the market digested the latest European data.



Arshad Huq, chief operating officer of Transcom Electronics Ltd, inaugurates a showroom of Transcom Digital at Mohammadpur in Dhaka on Monday.

## Adulterated food item sales go unabated

STAFF CORRESPONDENT, Ctg

Sales of adulterated and substandard food items, such as ghee and butter oil, go unabated in city markets, as mobile court operations have remained stopped for long.

A BSTI (Bangladesh Standards and Testing Institution) team recently unearthed different factories in secret places outside the port city that manufacture such adulterated items.

A number of products with different brands, makers of which have not taken any BSTI licences, are also on sale.

The BSTI here last week cancelled licences of two brands of ghee and butter oil, as the samples were found substandard after testing those in its laboratory.

A BSTI team earlier collected samples of Elders Pure brand ghee and Grand Mountain brand butter oil from the markets.

Although the two local firms named Elders Food Products and Packaging

Industry, located at Pathanpara Lane in Pahartali, and Premier Food Processing Industry at Khatunganj earlier collected licences for their brands, they later marketed below-quality products.

On laboratory test, the two samples were found below-quality since less amount of milk fat was found in the items than the required 98.99 percent, said an official of BSTI.

BSTI Chittagong Deputy Director SM Israque Ali said palm oil and Vanaspati oil are usually used in the items.

On the sales of adulterated items, the BSTI admitted the absence of proper monitoring of the market. "We face a dearth of manpower," an official said.

There are only 7 inspectors or field officers in BSTI to do the job in greater Chittagong district.

Dr Ali Ashraf, a physician, suggested a re-launch of the anti-adulteration drive to ensure the quality of products.

## NRB confce next month

UNB, Dhaka

A three-day meet for promoting manpower export and contributions of expatriates, NRB Manpower Development and Opportunities Conference 2009: A Third Approach to Nation Building, will begin on July 2 at Dhaka Sheraton Hotel.

Scholars Bangladesh, an organisation working with Non-Resident Bangladeshis (NRBs), and Foreign Ministry will host the conference in association with Human Capital Development Limited.

President Zillur Rahman is expected to attend the inaugural session of the conference as chief guest, while Finance Minister AMA Muhiut will join it as special guests.

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