

DHAKA THURSDAY JULY 23, 2009

Stocks

DGEN	▲ 1.61%	2,873.70
CSCX	▲ 1.75%	6,328.82

Asian Markets

MUMBAI	▼ 1.46%	14,843.12
TOKYO	▲ 0.74%	9,723.16
SINGAPORE	▼ 0.14%	2,450.83
SHANGHAI	▲ 2.60%	3,296.62

Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	95.23	100.45
GBP	110.36	115.79
JPY	0.72	0.80

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▼	\$946.92
Oil	▲	\$65.12

SOURCE: AFP

(Midday Trade)

More News

Any break in KEPZ clouds soon?



The atmosphere is shrouded in stillness. The land remains bare with small hills sporadically covering an area of 2,500 acres. It was supposed to be an industrial enclave years ago. But nothing happened in the last 8 years.

B-4

International

US unveils new regulation for rating agencies

US officials Tuesday unveiled legislation aimed at improving regulation of credit rating agencies, which were blamed for failing to alert investors about risky securities ahead of the credit crisis. The proposal aims "to increase transparency, tighten oversight, and reduce reliance on credit rating agencies," a Treasury statement said.

Wipro profit up almost 12pc
India's third-largest software maker Wipro posted higher-than-expected first quarter earnings Wednesday, with profits up 11.7 percent, despite the tough global environment. Consolidated net profit was 10.15 billion rupees (209 million dollars) in the three months to June 30, according to Indian accounting norms, up from 9.08 billion rupees a year earlier.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thediastar.net

NBR finishes close to target

Revenue shortfall runs into only Tk 523cr

REJAUL KARIM BYRON

The National Board of Revenue (NBR) has achieved 99.01 percent of its revised revenue-earning target fixed for the last fiscal year although the growth was a slim 10.63 percent year-on-year due to poor import-duty collection.

The overall revenue collection by the NBR was Tk 52,476 crore in fiscal year 2008-09 against the target of Tk 53,000 crore. The shortfall was Tk 523 crore.

NBR high officials said there was no growth in import duty rather revenue fell by 2.82 percent last fiscal year.

According to Bangladesh Bank statistics, during the July-April period in the last fiscal year import increased by only 8.86 percent, whereas the growth was 24.68 percent in the same period of 2007-08.

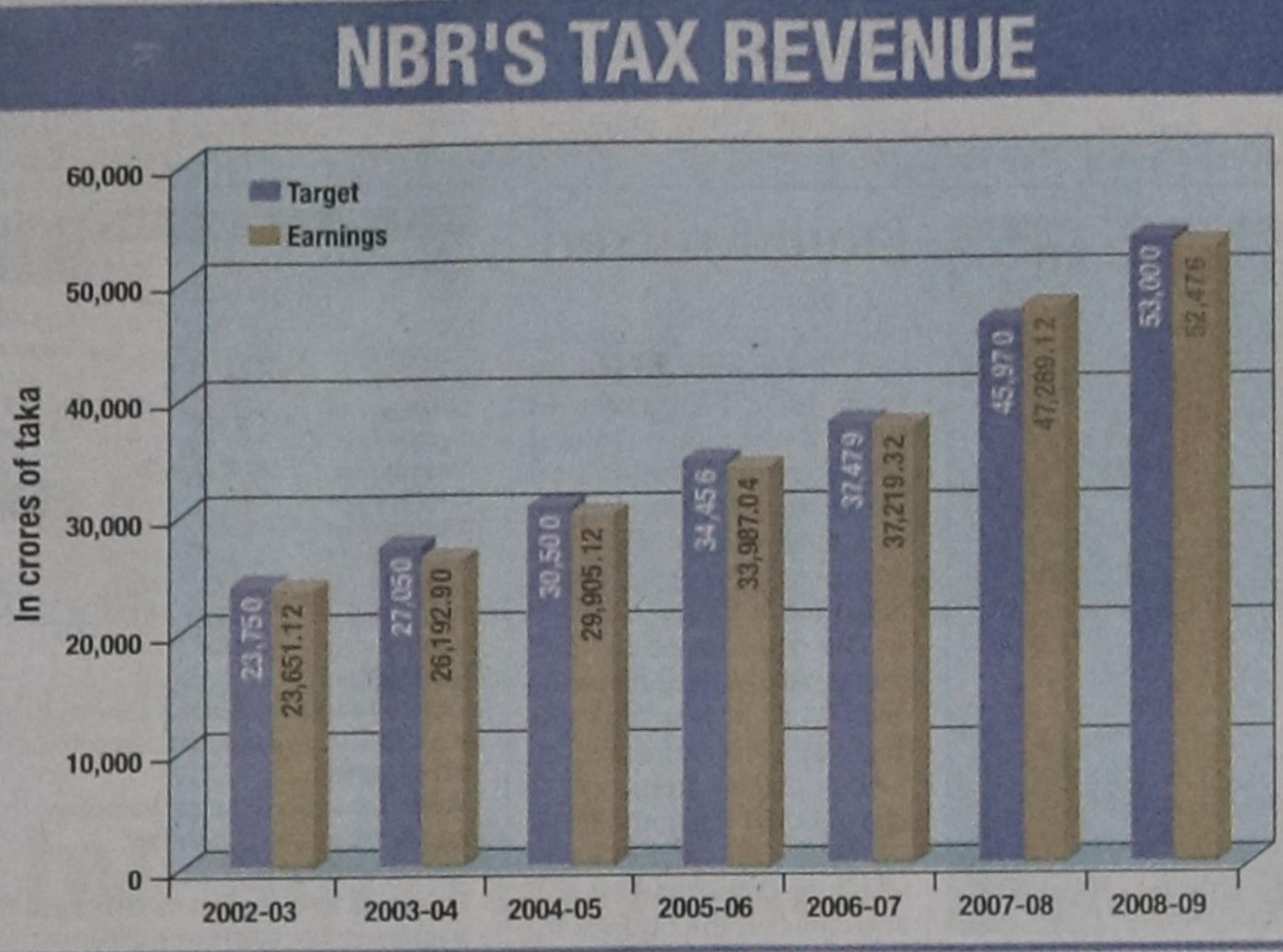
However a senior NBR official said they are putting emphasis on local tax including income tax and VAT (value added tax) -- two good performing areas.

Growth in both VAT and income tax was more than 18 percent last fiscal year. The NBR target for income tax was Tk 13,538 crore although achievement was Tk 351 crore higher than the target. The collection was Tk 13,889 crore and growth 18.26 percent.

At local level, Tk 17,317 crore tax was collected against the target of Tk 17,722 crore with a growth of 12.44 percent. But the VAT in local level collection was Tk 10,915 crore -- Tk 164 crore higher than the target. The growth was 18.91 percent.

At import level, Tk 20,856 crore was collected against the target of Tk 21,322 crore with a growth of only 5.09 percent.

Import-level tax includes import duty, VAT and supplementary duty. Import duty collection fell by 2.82 percent, while VAT (import level) growth was 8.19 percent and supplementary duty (import level) growth 33.38 percent.



For the current fiscal year the NBR fixed a target of collecting Tk 61,000 crore revenue, and the growth will be 16.24 percent. The NBR officials said they have started work to collect more revenue than the target and taken different initiatives from the beginning of the current fiscal year in this regard.

The NBR will conduct survey in Dhaka, Chittagong and Sylhet to net new taxpayers. At present VAT is not collected at upazila level, but initiatives are under consideration for setting up VAT offices at upazila level.

District-level officials will visit upazilas to collect VAT until VAT offices are set up at upazila

level, said NBR officials. For this, help of the lawmakers of the areas will be sought.

Another step will be to launch a special drive to bring under tax net 16 lakh TIN holders who do not pay tax now. For taking TIN (taxpayer's identification number), from the current fiscal year a person will have to pay an initial tax of Tk 1,000 no matter he/she has taxable income or not. The NBR officials hope to collect a good amount of tax through the new drive.

Several thousand crores of tax has been stuck up for pending cases in courts and steps will be taken to realise the money through out-of-court settlements, said officials.

BB must take views from stakeholders on monetary policy: MCCI

STAR BUSINESS REPORT

The central bank's consultation with trade body leaders and entrepreneurs prior to finalising its monetary policy will boost investor confidence and improve business climate, said the Metropolitan Chamber of Commerce and Industry (MCCI) yesterday.

The central bank released its mid-term monetary policy on Sunday, hoping for economic growth at 6 percent in fiscal 2009-10, despite global recession hurting exports.

According to Bangladesh Bank (BB), growth of gross domestic product (GDP) might fall to 5.5 - 6.0 percent in the current fiscal year, although the projection was termed conservative.

Speaking to The Daily Star on BB's latest monetary policy, MCCI President Abdul Hafiz Choudhury has said consultations with trade body leaders and entrepreneurs will pay off as the policy is designed for better economic management.

"We, industrialists and entrepreneurs, have several demands to smoothen business processes. We should have a good platform to discuss issues with the central bank governor before finalising the monetary policy," Choudhury said.

At present, the government and the central bank should sit together to solve the problems surrounding power and energy, infrastructure, special economic zones and other business related policies for better economic management, he said.

Choudhury appreciated the mid-term (July-December 2009) monetary policy statement for the central bank's decision to continue the accommodative monetary measures.

"We commend Bangladesh Bank's announcement that the credit needs of the productive sectors will be given priority and we support the different components of the new policy statement," Choudhury said.

He said such prioritisation was essential to control inflation and ensure a stable macroeconomic situation in the country.

The central bank cannot remain confined to monetary issues alone, as it will not be of any use to the economy on its own at this critical juncture, Choudhury added.

SEC rigid on transparency

The launch of City Brokerage told

STAR BUSINESS REPORT

Securities and Exchange Commission Chairman Ziaul Haque Khondker has warned that his organisation will not compromise with the stock market transparency.

Disclosures made by listed companies and other market stakeholders help investors take investment decisions, as those display company performance, strengths, market trends and current scenario, he said.

"Prompt disclosure is required to establish transparency in the stock market," Khondker told the formal launching of a brokerage house in Dhaka yesterday.

"Timely disclosures also help investors to refrain from blind consideration before investing," chief of the capital market watchdog added.

The City Bank kicked off the brokerage house -- City Brokerage -- which offers investment services, professional assistance and training facilities to existing and potential stock market investors.

"Reforms in rules and regulations and in other aspects are going on. We are planning to introduce a modern settlement and payment system for smooth transactions in the market," he said.

"We will take all necessary steps to make our stock market sound," Khondker said.

Dhaka Stock Exchange President Rakibur Rahman, Chittagong Stock Exchange President Nasiruddin Ahmed Chowdhury, The City Bank Chairman Aziz Al Kaiser, Managing Director K Mahmood Sattar, City Brokerage Chief Executive Officer Khondker Asadul Islam were present.

Aid funding reaches record levels despite recession: UN

AFP, Geneva

Funding for United Nations aid operations worldwide has reached record levels so far this year despite the economic recession, UN humanitarian chief John Holmes said Tuesday.

Over half way through 2009, notionally cash-strapped donor countries have contributed some 4.6 billion dollars (3.24 billion euros) of the current total of 9.5 billion dollars the UN has targeted for the full year.

"Funding for these appeals so far in 2009 is the best ever at mid-year both in absolute terms and as a percentage of requirements," the Under Secretary General for Humanitarian Affairs said after meeting donors here.

"The good news is that despite the global recession, funding from governments at least has been maintained for humanitarian needs, despite the increased needs."

Coverage of the total needs in recent years has sometimes been as low as 23 percent after six months, and last year donor nations provided 2.9 billion dollars or 46 percent of the UN's annual relief budget over the same period.

However, the needs in 2009 are also running at record levels, with 4.8 billion dollars outstanding for the rest of the year, and Holmes urged donors to keep up the momentum.

"If just a fraction of the hundreds of billions of dollars recently committed by governments to private financial institutions were allocated to humanitarian action, these appeals could already be fully funded," he said.

Nonetheless, in a good full year, donor funding for crisis relief covers just two-thirds to 70 percent of the amount the United Nations sought.

Needs have risen substantially since the beginning of the year due to unexpected crises like the displacement in northwestern Pakistan, which on its own added nearly 490 million dollars to the UN aid appeal for 2009.

Sewing operators, right, work in an organised line and another group, left, works in a disorganized line at the International Classic Composite Ltd in Gazipur. A productivity improvement method can increase profitability.

Method to push up industrial profit

REFAYET ULLAH MIRDHA

Profitability of Tusuka Trousers Ltd, a Gazipur-based export-oriented garment factory, increased by 21 percent in a seven-month period last year as it could save around Tk 24.41 lakh per month by adopting a productivity improvement method.

The method mainly focuses on five components -- land and building, raw materials, machinery, workforce, and power and energy, and minimises costs in every segment.

Bangladeshi entrepreneurs spend a lot in these components, said Aminda Athanayake, managing director and principal consultant of a Sri Lankan industrial consulting firm operating in Bangladesh since 2000.

The recession-hit Bangladeshi readymade garment (RMG) entrepreneurs are increasingly opting for such methods to survive in the crisis through proper utilisation of their existing manpower and financial capacity.

The entrepreneurs build the structures in such a way where they waste a significant amount for creating unnecessary space, he said. Fayzur Rahman, deputy managing director of Tusuka Group, said he is

going to adopt the method for the second phase soon as he was benefited from the first phase.

The group exported garments worth \$75 million last fiscal year with a 15 percent consecutive growth rate for the last five years, he added.

He went for the productivity improvement method of Spectrum Lanka Technology Solution Limited (SLTS), the Lankan consulting firm.

"We should adopt the method to tackle recession impacts, bring orders at our factories and improve relationship between owners and workers," Athanayake said.

"It can help improve 70 percent work efficiency from the existing 38 percent," Athanayake said.

Bangladeshi entrepreneurs spend a significant amount for purchasing land and constructing a mammoth building without proper planning.

Athanayake said on an average an entrepreneur spends 40 percent extra money for the five components for running a factory.

The entrepreneurs build the structures in such a way where they waste a significant amount for creating unnecessary space, he said.

He found that 90 percent garment factories waste fabrics worth Tk 5 lakh to Tk 10 lakh each per month for faulty cutting by unskilled workers.

"It is possible to reduce the cutting wastage through proper training and good layout of structures and machinery," said Athanayake, who completed designing 192 garment factories in Bangladesh since 2000.

Installation of extra machinery and faulty set-up coupled with improper sitting arrangement for unnecessary workers cost a huge amount in an RMG plant, he said.

These also lead to higher consumption of power and energy, the expert pointed out.

Athanayake said after signing agreements with the owners, his firm sends trainers and experts to the factories for designing or redesigning the layouts and training the workers.

Currently 13 Lankan and 26 Bangladeshi people are working in his company.

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Stocks buck trend

STAR BUSINESS REPORT

Dhaka