

DHAKA TUESDAY DECEMBER 22, 2009

Stocks
DGEN <span style="color: green;">▲ 0.40%</span> 4,329.49
CSCX <span style="color: green;">▲ 0.49%</span> 8,147.95

Asian Markets
MUMBAI <span style="color: red;">▼ 0.71%</span> 16,601.20
TOKYO <span style="color: green;">▲ 0.41%</span> 10,183.47
SINGAPORE <span style="color: red;">▼ 0.56%</span> 2,786.81
SHANGHAI <span style="color: green;">▲ 0.29%</span> 3,122.97

Currencies
Buy Tk <span style="color: green;">▲</span>
USD 68.60
Sell Tk <span style="color: green;">▲</span>
69.60
EUR 96.98
101.21
GBP 109.43
113.83
JPY 0.74
0.79

Commodities
Gold <span style="color: green;">▲</span> \$1,113.93 (per ounce)
Oil <span style="color: red;">▼</span> \$73.19 (per barrel)

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## SEC moves to discipline brokering

Financial institutions asked to set up separate subsidiaries

SARWAR A CHOWDHURY

The stock market regulator has asked banks, other financial institutions and insurers to form separate subsidiaries to run brokerage and dealer activities.

The subsidiaries must be formed by March 31 next year, according to a decision taken by the Securities and Exchange Commission at a recent meeting.

"Brokerage activities have widened and so an institution may face problems running usual work and brokerage and dealer activities under the same management," said Ziaul Haque Khondker, chairman of SEC.

Some 200 brokers and dealers are registered with Dhaka Stock Exchange: 32 run by banks, financial institutions and insurance companies.

Of the 32 brokerages, 16 are run by banks, while other financial institutions and insurance companies operate the rest.

The banks which have brokerages are: NCC Bank, Islami Bank, City Bank, Bangladesh Shilpa Bank, Bangladesh Commerce Bank, IFIC Bank, Dhaka Bank, Mutual Trust Bank, National Bank, Pubali Bank, Mercantile Bank, Shahjalal Islami Bank, Bank Asia, Premier Bank and AB Bank.

Some financial institutions already have separate brokerage houses. They are: Phoenix Securities, International Leasing and Financial Services, Equity Partners Securities, IDLC Securities, Green Delta Financial Services, ICB Securities Trading Company, LankaBangla Securities, SES Company and BJS Securities.

The other financial institutions and insurers with brokerage houses are Bangladesh Shilpa Rin Sangstha, Sadharan Bima Corporation, IIDFC and Popular Life Insurance.

In October, Bangladesh Bank directed commercial banks to form separate subsidiaries to operate merchant banking.

A bank will have to take permission from Bangladesh Bank to set up a subsidiary company for merchant banking. The banks -- already in merchant banking -- will have to turn their units into subsidiaries by January.

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## NBR revenue grows 14pc

SAYEDA AKTER

The National Board of Revenue (NBR) has recorded 14 percent growth in revenue in the July-November period of the current fiscal year compared to the same period last year, thanks to an improved taxation.

During the five-month period, the board has achieved 24 percent growth in income tax collection, while the growth rates in value added tax (VAT) and customs duty were 20 percent and 5 percent respectively.

The total revenue in the period stood at around Tk 21,309 crore, of which around Tk 4,272 crore came from income tax, Tk 7,649 crore from VAT and Tk 8,816 crore from customs duty, according to NBR.

However the customs department has posted a minimal growth mainly because of the global financial meltdown and a decline in import.

The government in the current fiscal year has set a target of collecting higher revenue than the previous year -- 38 percent growth in revenue from

import, 33 percent in VAT and 27 percent growth in income tax.

"We are trying to improve our tax collection system by introducing simpler methods and technology, which also helped collect more revenue in the July-November period. If we can streamline the entire taxation system, it will increase revenue collection further," said NBR Chairman Dr Nasiruddin Ahmed.

"At the same time, we are trying to enhance the board's strength, and bring more transparency and accountability, which we hope will help boost revenue collection," he added.

Ahmed said the number of taxpayers has increased to around 7.53 lakh until November from 6.56 lakh last year. However the number of the taxpayer identification number (TIN) holders is around 2.4 million now.

The NBR chief said a move is under way to set up 'dedicated benches' in the Supreme Court to handle NBR-related cases and promptly collect the revenues in due.

"Revenue will increase further after

setting up two dedicated benches for resolving tax-related cases involving settlement of Tk 8,000 crore revenue," he said.

He also said the government plans to introduce Alternative Dispute Resolution for out-of-court settlement of cases.

The NBR started a tax survey from August to net 4 lakh more taxpayers within the current fiscal year. The tax administrator is working to introduce an online tax payment system by next month to upgrade the existing tax returns submission procedure. In this process, the taxpayers will be able to pay tax online from January.

Ahmed said the board now works to rationalise the tariff structure and remove anomalies in the taxation to encourage more taxpayers to submit VAT, customs duties and income taxes.

The NBR chief said they will set up a national data centre to provide adequate information to help taxpayers avoid hassles.

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## Separate banking division in the making

STAR BUSINESS REPORT

A committee on administrative reforms yesterday approved a proposal to form a banking division, which will be separate from the finance division.

The approval came at a meeting of the secretary-level committee held at the Cabinet Division with Cabinet Secretary M Abdul Aziz in the chair.

After vetting by the law ministry, the proposal will be sent to a cabinet meeting for final approval, officials said.

A finance ministry official said the existing banking and insurance wings would come under the banking division led by a secretary.

The insurance wing had earlier been transferred to the finance division from the commerce ministry.

The latest move for the separate banking division is meant to mount closer watch over the banking system amid the global financial meltdown.

But Khondkar Ibrahim Khaled, a former deputy governor of Bangladesh Bank, told The Daily Star: "I don't think the formation of a separate banking division is right."

"It will increase interference in banking activities."

An official of a state-owned bank said the central bank is properly regulating the banks. "So, the banking division will not have much to do."

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A view of a rubber garden. Locally produced rubber now sells at Tk 125 a kilogram, up from Tk 90 last year, which came as a boon for growers.

## Rubber prices soar on rising demand

SAJJADUR RAHMAN

Rubber price almost doubled in the past one year riding on the significant rise in domestic and foreign demand, private and public producers said.

Locally produced rubber is now selling at Tk 120-125 a kilogram, while it was between Tk 60 and Tk 90 last year. International market price now hovers around Tk 150 per kg.

"We have no stock now, but 6,000 tonnes of rubber remained stockpiled last year because of poor market demand," said Abdul Mannan Ilias, general manager of state-owned Bangladesh Forest Industries Development Corporation (BFIDC).

Rubber producers in the private sector are getting fair price for the item this year.

"We're getting a lot of export orders this year," said Motahar Billah Chowdhury, vice president of Bangladesh Rubber Garden Owners Association, the trade body for private sector rubber producers.

India, Pakistan and Turkey are the export destinations, Chowdhury said. He also pointed to the fact that local manufacturers meet a significant portion of domestic demand.

Rubber plantation is relatively new in Bangladesh compared to other countries, industry insiders say. The government has been encouraging plantation in the hilly areas since 1980. Some 45,000 acres of land have so far been allotted to the BFIDC and 32,500 acres to private owners.

BFIDC data shows Bangladesh's present annual rubber production is around 11,000 tonnes against the 30,000-tonne capacity. The amount rubber garden owners produce is 5,000 tonnes.

Local companies including Gazi Tyre, Hossain Tyre, Rupsha Sandal and Meghna Cycle are the largest consumers of locally produced rubber. Local consumption is likely to rise further as some of these companies are going to manufacture automobile tyre soon in the country.

The BFIDC, responsible for production and sale of government-produced rubber, is now in a strong position due to good sales in the steady domestic market, said the corporation's general manager.

The corporation fetched nearly Tk 100 crore from rubber sales in 2009. It sells rubber in auction.

Private producers however credited the price hike on widening export demand.

"We could not enter into the multibillion dollars export market because of negligence of successive governments," said Harun-ur-Rashid, general secretary of rubber garden owners association.

He said: "Bangladesh started getting export orders only after private producers attended an international fair in India early 2009".

Foreign consumers even did not know Bangladesh produces rubber, said Chowdhury, stressing government policy support for flourishing of the industry.

"The government has neither set up any administrative wing to help the sector, nor it formulated any policy for the industry," he lamented.

According to industry people, as many as 10 people are employed in every 25 acres of rubber land.

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