

DHAKA THURSDAY DECEMBER 31, 2009

Stocks	
DGEN	0.35%
4,535.53	

Stocks	
CSCX	0.41%
8,560.05	

Asian Markets	
MUMBAI	0.33%
17,343.82	
TOKYO	0.86%
10,546.44	
SINGAPORE	0.35%
2,876.76	
SHANGHAI	1.58%
3,262.60	

Currencies	Buy Tk	Sell Tk
USD	68.65	69.65
EUR	96.87	101.08
GBP	107.67	112.05
JPY	0.72	0.77

SOURCE: STANDARD CHARTERED BANK

Commodities	
Oil	\$78.84 (per barrel)

SOURCE: AFP

Oil	\$78.84 (per barrel)
(Midday Trade)	

BB asks banks to report land purchase in 7 days

REJAUL KARIM BYRON

All commercial banks have been asked to report to the central bank in seven days about the amount of any land purchased in the last two years, or under process of purchase by those.

Following the alleged involvement in such malpractice, Bangladesh Bank (BB) in a letter issued to the banks on Monday made this directive.

Pointing out that such land purchase is a violation of the Banking Companies Act, the letter had asked all managing directors of the banks concerned to submit reports detailing about the locations of the lands, prices and the purposes of such purchases.

"Banks cannot participate in this business," a BB official said, referring to the law. He also pointed his finger at the hike in land prices in recent times, which he thinks a sequel to banks' involvement in such business.



NBR falling short

SAJJADUR RAHMAN and SAYEDA AKTER

Bangladesh's tax-GDP ratio is one of the lowest in the world and at the bottom in South Asia. Only 7.5 lakh people submitted their income tax returns this year although more than 23 lakh hold taxpayers' identification numbers.

A huge publicity and extension of time twice for paying tax have not done much in a country with 15 crore-plus people.

An 8.5 percent tax-GDP ratio is not enough to push the country towards a middle-income country by 2020. The average tax-GDP ratio is 13 percent in Asian countries and 15 percent in poor Sub-Saharan African countries.

Different studies and estimates show it is possible to raise the ratio by another 2-4 percentage points. Many say Bangladesh has the potential to earn several times higher revenues than the present level.

NBR Chairman Dr Nasiruddin Ahmed has blamed complicated laws and anomalies in operation of the board for the poor revenue collection.

He also blamed thousands of pending cases that he said are hindering the revenue growth.

"Around 18,000 tax evasion cases that involve nearly Tk 8,000 crore in revenue are now pending with the High Court," said Ahmed.

He said exemption and incentives given to some sectors also led to poor revenue collection.

Ahmed also pointed out that people's unwillingness to pay taxes as another reason for a poor tax-domestic production.

The NBR main source of income of the NBR revenues provide sixty percent of the government's annual budgetary expenses.

For the current fiscal year the NBR has fixed a target of collecting Tk 61,000 crore in revenue with 16.24 percent growth. The overall revenue collection by the NBR was Tk 52,476 crore in fiscal 2008-09.

Many including government policymakers often blamed inefficiency of tax officials for poor performance of the NBR.

The prime minister's Economic Adviser Dr Mashur Rahman has recently said many of the appraisers officials at the NBR cannot understand a company's account.

Fariduddin Ahmed, an NBR member, said some 400 inspectors (appraisers) out of 1,000 are unable to understand today's global business, integrated business system and products.

The government had to appoint pre-shipment inspection companies for a lack of efficiency of the revenue officials.

Corruption is also blamed for poor revenue collection. "If we pay Tk 10 as tax, the equal amount we have to pay as bribe," said a top industrialist.

Can the taxpayers duck all their responsibilities? "No," said a managing director of a leading first generation private commercial bank.

He cited the example of a businessman who has personal assets worth Tk 150 crore to Tk 200 crore, but paid only Tk 2 lakh in taxes.

Good news is that the NBR is undergoing some reforms and simplifying taxation. But the NBR chairman said the reforms are going slow because of a lack of cooperation from stakeholders.

The reforms already made are: Automation of the Chittagong Customs House and Large Taxpayers Unit and online tax payment system.

■ NBR LOGS 15PC REVENUE GROWTH on B3



Share investors take to the streets in Dhaka yesterday to protest restrictions on mutual funds.

Investors threaten tougher movement

STAR BUSINESS REPORT

A group of retail investors took to the streets yesterday demanding withdrawal of loan restrictions on mutual funds and retraction of the announcement of pulling out the funds having no maturity period from the market.

The investors, who have investment in mutual funds, staged demonstration in front of both Dhaka Stock Exchange and Securities and Exchange Commission under the banner of 'Share Market Retail Investors Forum'.

They also met SEC Chairman Ziaul Haque Khondker and placed their demands to him.

They said regulator's intervention led to a sharp decline in the prices of each and every mutual fund during the last few weeks that resulted in huge losses to them.

"If we now bear the losses caused by SEC's move, we would lose everything," MA Bashir Dablu, the forum's convener, pointed out during the meeting with the SEC chief.

The lifting of SEC restrictions can save their capital, Dablu said.

The SEC chief assured the investors of

considering their demands.

The market regulator on December 17 set new criteria for margin loans for mutual funds after about two months of suspension. The regulator said mutual funds must trade in a limited range to qualify for margin loans.

The funds that will trade 7.5 percent higher than their latest NAV (net asset value) will not qualify for the loans. It means if a mutual fund has Tk 100 in NAV per unit and trades only up to Tk 107.50 (7.5 percent higher than NAV), margin loans can be sanctioned for the fund.

Later on December 23, the SEC announced that mutual funds having no maturity period would have to pull out of the market by December 2011.

The decisions took a heavy toll on the mutual fund sector.

The agitated investors told journalists that they would go for tougher movement such as 'hunger strike unto death', if the SEC does not meet their demands.

"We will have no other way but going for hunger strike unto death," Dablu said.

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Bharti Airtel seeks approval for investment

STAR BUSINESS REPORT

Bharti Airtel has sought approval from the central bank to inject a \$300 million initial investment as part of its move to buy a 70 percent stake in Wardi Telecom.

On the last day of his visit to Dhaka, Sunil Bharti Mittal, chairman and group chief executive officer of Bharti Enterprises, yesterday met Ziaul Hasan Siddiqui, deputy governor of Bangladesh Bank.

Mittal asked Siddiqui about how to open a foreign currency account to channel investment into Bangladesh, said central bank officials.

Earlier, the Airtel team visited the Board of Investment and Bangladesh Telecommunication Regulatory Commission (BTRC).

However, Airtel and Abu Dhabi Group, the owning company of Wardi did not sign a memorandum of understanding yesterday as it was expected.

Wardi made its Bangladesh debut as the sixth mobile operator in May 2007 and has roped in 2.79 million subscribers until October.

Partnership is crucial to Wardi as its investment cost is higher than other operators' because of 'discrimination' in frequency allocations, said the officials of the company.

