

Minister suggests wider tax net to ensure economic growth

STAR BUSINESS REPORT

The finance minister has reiterated that the present tax net should be widened to up government's earnings, which could ensure economic growth further.

"It's really depressing that only 30 lakh people are paying income tax, while the number should be 10 percent of the total population. We should bring more 10 lakh people under the income tax net in a year or two," said AMA Muhith.

The minister also stressed raising the number of

registered companies in the tax net, pointing his finger at the existing 6.5 lakh registered companies that pay value added tax. "The number should be at least 30 lakh."

He was speaking at a view exchange meeting on 'reforming VAT law and rationalising customs duty', organised by the National Board of Revenue in Dhaka yesterday.

Muhith suggested such law needs a vast modification so that it turns helpful in raising revenue earnings.

Terming the existing law with regard

to VAT and customs as difficult, he said, "We know that revising all tax laws overnight is next to impossible, but the government is keen on correcting those. Initially, we have prepared two separate basic papers with recommendations to discuss them with stakeholders and civil society."

The two proposals are likely to be finalised by June, the minister hinted, insisting on changing the existing VAT law completely.

He stressed the need to improve internal communication among all departments and sections of NBR to reduce taxpayers' harassment.

Mashiur Rahman, economic affairs adviser to the prime minister, said a massive change is required in the tax structure.

"We have to revise the tax and duty structure to make it more pragmatic. At the same time, the government should bring changes in the criterion of the provision of exemption," he said.

In his keynote paper, 'Toward A Taxpayer-friendly Modern VAT System in Bangladesh,' Enamul Haque, first secretary (VAT) of NBR, said changes are needed to re-establish the input

credit mechanism through all levels of sale to ensure avoidance of cascading effect on tax.

"The present system of account should be replaced by return-based tax payment. Also the treasury chalangas, payments should be made through certified cheques, wire transfers from registered person's bank account and credit cards," he said.

Suggesting wide use of ICT in VAT collection system, he said, "Incidence of tax avoidance at the intermediate stage will be minimal, once the invoice based VAT is in place, as one can gain a very little by avoiding VAT."

In another paper titled Structure of Customs Tariff Imperative of Rationalisation, Zaidi Sattar, chairman of Policy Research Institute, suggested protection for the locally produced products over the imported goods.

Dr Nasiruddin Ahmed, chairman of NBR, chaired the meeting, while Anis Ud Dowla, president of Metropolitan Chamber of Commerce and Industry, and Abul Kashem Khan, president of Dhaka Chamber of Commerce and Industry, also spoke.



Faruk Khan, commerce minister, receives the post-forum report of Showcase Bangladesh 2010 from Syed Moazzam Hossain, president of Bangladesh Malaysia Chamber of Commerce and Industry, and his delegation at the minister's office yesterday.

Dhaka-Delhi customs meeting held

BSS, New Delhi

The officials from Bangladesh and India discussed a series of issues including custom formalities and movement of trucks across the border at the sixth joint group of customs meeting in New Delhi yesterday.

"A new protocol on standard operating procedures (SOP) regarding movement of trucks was one of the issues that came up for discussion in the meeting," said Hussein Ahmed, member of the National Board of Revenue and also the leader of the nine-member Bangladesh delegation.

India is likely to send their proposal to Dhaka by March 15 in this regard, he added.

Describing the meeting as "successful", Ahmed said such meetings are commonly held to sort out the problems that customs officials and businessmen come across.

The meeting also reviewed the progress of the decisions taken at the fifth meeting held in Dhaka earlier.

Among others, the Bangladesh side discussed the opening-up of Bibirbazar port to allow Indian export cargo to the newly developed port facilities, practising border timing at Akhaura, Bibirbazar land custom stations, and start Banglabandha land port to allow Nepalese trucks to enter the nearest port.

The Bangladesh agenda also included construction of road from Zero Point near Gojadasngah to Bashirhat of West Bengal to ease the movement of cargo trucks to and from Bhomra on Bangladesh side and to create facilities at custom warehouse of

Petrapole for unloading of export goods carried by Bangladeshi trucks.

SK Goel, member of Central Board of Excise and Customs, headed the 10-member Indian side.

Danish funds to improve water supply

STAR BUSINESS DESK

Denmark will give Bangladesh more than \$100 million in loans to help improve water supply in Dhaka city, the Danish embassy said in a statement yesterday.

The loans are meant for the construction of a large water treatment plant at Sayedabad in the capital.

The plant will be constructed under a three-year project financed by mixed credits from Denmark and it is part of the partnership agreement between the Bangladesh government and five main development

partners that provide assistance to urban water supply and sanitation.

Taqsem A Khan, managing director of Dhaka Water Supply and Sewerage Authority (WASA), and Ole Steen Christensen, senior vice-president of MT Hojgaard in Denmark, signed the contract at the DWASA office yesterday.

"The government is highly committed to improve the critical water supply situation in the capital and we are very pleased that this important new project will now commence after signing the commercial

contract with the contractor," said Khan.

DWASA will implement the project while MT Hojgaard and Degremont JV will control the design, construction and operational work. The project will be supervised by Grontmij-Carl Bro, a consulting company.

"We hope the Danish assistance will contribute significantly to improve Dhaka's water supply situation and the project will definitely support DWASA in improving its services to the populous Dhaka," said Einar H Jensen, Danish ambassador to Bangladesh.

Pubali Bank appoints three DMDs



Safiul Alam Khan Chowdhury



MA Halim Chowdhury



M Mustafizur Rahman

STAR BUSINESS DESK

Pubali Bank recently appointed three new deputy managing directors, said a press statement.

The three appointees are M Mustafizur Rahman, MA Halim Chowdhury and Safiul Alam Khan Chowdhury.

Rahman, who has a MBA from the Institute of Business Administration under Dhaka University, joined the bank as a financial analyst in 1994. He was promoted to the

ranks of general manager (GM) for the credit division in 2004.

Halim Chowdhury got his MSc degree from Chittagong University and joined Pubali Bank as a principal officer in 1988. He had been serving the bank as GM since 2006.

Prior to this appointment, Saiful Alam Khan Chowdhury was the bank's GM for general services and development division. An MSS in Sociology, he was a probationary senior officer in 1983 when he joined the bank.

Kia to launch hybrids in US

AFP, Chicago

Kia plans to introduce its first hybrid vehicle to the United States by the end of the year, officials for the South Korean automaker said Wednesday.

"It will be here before the end of the year and will be available to consumers not

just fleets," said Alex Fedorak, Kia's director of communications.

Fedorak was unable to say how closely the upcoming hybrid sedan would resemble a concept vehicle called the Ray which is currently being displayed at the Chicago auto show.

"I haven't been briefed on

all the details," he told AFP during a press preview.

The small but growing US market for vehicles with alternative powertrains has until now been dominated by Japanese automakers Toyota and Honda and domestic latecomers General Motors, Ford and Chrysler.



Anjan Chatterjee, chairman and managing director of Speciality Restaurants Private Ltd, speaks at the launch of an outlet of Mainland China, a brand of Speciality Restaurants, at Uttara in Dhaka yesterday. Suchanda Chatterjee (left), director for planning and designing of the company, is also seen.

Mainland China opens outlet in Dhaka

STAR BUSINESS REPORT

India's premier fine dining Chinese restaurant, Mainland China, opened its first international outlet at Uttara in Dhaka yesterday.

The restaurant is the flagship chain of Speciality Restaurants Private Ltd, a group of restaurants based in India.

Mainland China has also over 26 outlets in Mumbai, Kolkata, Chennai, Bangalore and other cities.

"After serving India for the last 16 years, we are here now to win your hearts with authentic cuisines from Guangdong, Hunan, Sichuan by our master chefs," said Anjan Chatterjee, chairman and managing director of Speciality Restaurants Private Ltd.

Suchanda Chatterjee, director for planning and designing of Speciality, said: "We feel comfortable running our operations here as our similar language help us communicate with people easily which is not possible in India."

Anjan said that they would also open an outlet in Gulshan or Banani soon.

Answering to a query, he said: "We had a target to start our operation in Chittagong at first. But as a capital city, Dhaka got the priority."

The group chief said that they would also set a world class catering college in Bangladesh.

Analysts push for curbs on inflation

STAR BUSINESS REPORT

Economists yesterday advised policymakers to be active in curbing inflationary pressure, expressing concerns that the annual average inflation might exceed 7 percent.

The government has the target to limit the inflation rate to 6.5 percent for fiscal 2009-10.

A rise in the prices of both food and non-food items was influenced mainly by an upward trend of global food prices and the creation of demand by strong growth in remittance, they added.

Negative growth in exports, imports and industrial term loans slows growth in the private sector, they said.

Given the problems of supply of electricity and gas to existing factories, prospects of a surge in new investment in the industrial sector remains bleak, which raises doubt on attaining the targeted economic growth at 6 percent for the current fiscal year.

These views were expressed at a seminar on global recession and the Bangladesh economy, which was organised by the Power and Participation Research Centre (PPRC) at LGED.

Former finance adviser to caretaker government Mirza Azizul Islam, Former

Bangladesh Bank governor Salehuddin Ahmed, Professor of Development Studies of University of Dhaka Mahbubullah, CPD Executive Director Mustafizur Rahman and Bangladesh Institute of Development Studies (BIDS) Director General MK Mujeri also spoke.

PPRC Executive Chairman Hossain Zillur Rahman chaired the session.

"Growth is likely to be lower than 5.9 percent last fiscal year," said Mirza Azizul Islam. "One of the main problems is the shortage of energy and gas. When existing industries are subject to rationing, it is tough to attract new investment from the private sector."

He said strong remittance growth against a backdrop of negative growth in imports contributes to the rise in foreign exchange reserve, but he feared that maintaining such growth in remittance inflows would be difficult unless the problems in the major migrant worker destinations like Saudi Arabia and Malaysia are resolved.

"These are problems that are not linked to recession," he said.

Referring to inflation, Azizul Islam said it is on the rise because of rising food prices.

Since September 2009, the prices of food and non-

food items have been pushing inflation gradually up.

In November 2009, the monthly inflation rose to 7.24 percent from 6.12 percent in the same month a year ago. Annual average inflation however stood lower at 5.21 percent in November from 9.36 percent in the same time last year.

"I strongly feel that in a small open economy, inflation is determined by the global economy rather than domestic economy," he said.

Salehuddin Ahmed, former governor of Bangladesh Bank, observed that inflation might rise to more than 7 percent in fiscal 2009-10.

"We have reasons to enjoy high reserves due to growth in remittance. At the same, we also have reasons to worry as remittance inflow may influence inflation by creating demand," said Mahbubullah, professor of development studies, Dhaka University.

Mustafizur Rahman of CPD said maintaining inflation below 7 percent will be a challenging as it is influenced by global price trends even though Bangladesh produces major food items, such as rice.

"Non food inflation is also on the rise. Policy makers should consider steps to dampen non-food inflation," said MK Mujeri, Director General of BIDS.

Turkish firm keen on joint venture investment

BSS, Dhaka

Arslan Group of Companies has expressed keen interest in joint-venture investment in Bangladesh's potential sectors especially garments, IT and power.

The interest has been shown while a high-profile business group exchanged views with Commerce Minister Faruk Khan at a city hotel on Wednesday night.

State Minister for Liberation War Affairs AB Tajul Islam, State Minister for Primary and Mass Education M Motahar Hossain and a large number of business leaders from Bangladesh were also present.

The visiting group organised the meeting. Turkish Ambassador to Bangladesh Sakir Ozkan was also present.

The visiting group organised the meeting. Turkish Ambassador to Bangladesh Sakir Ozkan was also present.

"We came to Bangladesh to explore potential business areas. I believe that a new era of Dhaka-Istanbul business relationship would be shaped in the days to come," said Ahmet Arslan, chairman of the group.

The Arslan Group, which has already invested a huge amount of money within Turkey and its neighbouring countries, is now eager to partner with Bangladesh.

Arslan said Bangladesh has become a better destination for investment and both the countries can be benefited equally with the expected joint venture investment. "Our slogan would be bridging Bangladesh and Turkey," said Arslan.

Sakir Ozkan said Turkey-Bangladesh trade volume nearly doubled during the last two years and

the volume is expected to grow further.

Termining the giant business group's visit as a positive gesture, Faruk Khan said the two countries could explore untapped potentials to benefit each other.

Annisul Huq, president of the Federation of Chambers of Commerce and Industry, said he sees ample scope for investments in diverse sectors of Bangladesh.

Turkish President Abdullah Gul is due today on a two-day official visit to Bangladesh. The trade issue will be high on agenda during Gul's stay here, the Arslan Group boss told the news agency.

Bangladesh imported goods worth US\$134.7 million from Turkey in fiscal year 2008-09, while it exported \$523.4 million.



M Mahfuzur Rahman, general manager, and Kamal Hossain, deputy director of the Anti-Money Laundering Department of Bangladesh Bank, attend a workshop on anti-money laundering and combating financial terrorism, organised by Industrial and Infrastructure Development Finance Company Limited (IIDFC) at the MCCI Conference Hall in Dhaka recently. Md Asaduzzaman Khan, managing director of IIDFC, was also present.