

PHILIPS 52" Full HD LCD TV



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Discounted Price: Tk. 365,000/-

Assembled in Europe

28.9 Billion Color Processing
50000:1 Contrast Ratio
5 ms Response Time

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Stocks

| | |
|------|-----------|
| DGEN | ▲ 0.29% |
| | 5,745.78 |
| CSCX | ▲ 0.25% |
| | 10,916.73 |

Asian Markets

| | | |
|-----------|---------|-----------|
| MUMBAI | ▲ 1.17% | 16,226.68 |
| TOKYO | ▲ 0.21% | 10,034.25 |
| SINGAPORE | Closed | |
| SHANGHAI | Closed | |

Currencies

| | Buy Tk | Sell Tk |
|-----|--------|---------|
| USD | 68.70 | 69.70 |
| EUR | 92.21 | 96.36 |
| GBP | 106.37 | 110.73 |
| JPY | 0.75 | 0.80 |

Commodities

| | | |
|------|---|------------------------|
| Gold | ▲ | \$1,114.30 (per ounce) |
| Oil | ▲ | \$75.36 (per barrel) |

News in Brief

ADB offers \$1.2b assistance

STAR BUSINESS DESK

Asian Development Bank (ADB) will provide \$1.2 billion in assistance to Bangladesh per annum over the next three years, said Sultan Hafeez Rahman, director general of ADB's South Asia Department.

Rahman, who came to Dhaka to attend Bangladesh Development Forum, said in a statement that ADB is committed to help Bangladesh sustain progress on the Millennium Development Goals and become a middle-income country by 2021 as pledged by the government.

As a major development partner, ADB will continue to support the government's priorities, including construction of the Padma Bridge, improving power production and mitigating the climate change impacts, the DG said in the statement issued yesterday.

"We are firmly committed to assist the government in scaling up the pace of infrastructure development, improving the quality of education, supporting urban sectors, promoting regional cooperation and continuing governance reforms."

ADB provided around \$600 million in assistance to Bangladesh per annum during 2006-2008.

The bank is currently supporting a wide range of development programmes with 59 projects of the government worth around \$4.5 billion as of January, according to the statement.

Tata Steel profit down 42pc

AFP, Mumbai

Tata Steel, the world's eighth-largest steelmaker, reported Tuesday a 42 percent drop in consolidated quarterly profit that included results from British unit Corus.

It blamed low steel prices for the performance.

For the three months to December, consolidated net profit slumped to 4.72 billion rupees (102 million dollars) from 8.13 billion rupees a year earlier, the company said.

The consolidated net profit for the fiscal third-quarter however beat market expectations of 1.8 billion rupees.



Chris Austin, co-chair of the Local Consultative Group, speaks at Bangladesh Development Forum (BDF) 2010 that ended in Dhaka yesterday. The BDF adopted a joint cooperation strategy and agreed to design an action plan on how to better utilise external resources.

Recipe for better use of aid

Bangladesh Development Forum comes to a close

SAJJADUR RAHMAN

The Bangladesh Development Forum (BDF) 2010 that concluded yesterday adopted a joint cooperation strategy and agreed to make an action plan as the next step on aid effectiveness.

The strategy prepared by 19 development partners will improve understanding between the government and the development partners, according to both the parties.

Chris Austin, country director of UK Department for International Development (DFID) and the co-chair of Local Consultative Group, expressed optimism about the strategy.

"It's a compact guideline and will help Bangladesh set priority work," Austin told The Daily Star in an interview yesterday.

The meeting agreed to prepare a joint action plan on aid effectiveness to improve the country's capacity in utilising external assistance.

The BDF 2010 has identified some major weaknesses including low internal resource mobilisation, inadequate public expenditure, poor infrastructure and transport system, inefficient bureaucracy and acute energy crisis.

Climate change is also becoming a great challenge for Bangladesh, which according to the development partners and other experts is the most vulnerable in the world.

Austin termed this year's meeting 'really a good one'.

"Both sides got engaged strongly, talked on the priorities and discussed to make the best use of external resources," he said.

He said if Bangladesh wants to become a middle-income country, it must grow at 8 percent or more.

The joint cooperation strategy will help Bangladesh achieve the middle-income country status, reduce poverty and improve transport and communication, farm production and make Bangladesh a digital country by setting the priority projects, Austin added.

It will help both Bangladesh and the development partners take decisions on current issues and set future course of actions, he said.

Bangladesh receives on an average \$2 billion from the development partners annually, which is over 40 percent of the annual development outlay. "We want to increase it further, but there must be priority of projects," he added.

Austin, however, cautioned Bangladesh against its poor delivery of services for which it may fail to achieve the status of a middle-income country.

Bangladesh is one of the worst performers in the world in collecting internal revenue with less than 11 percent tax to its GDP (gross domestic product).

"The government needs more internal resources to deliver services," said the DFID country head.

Austin said population density

and shrinking land are also becoming big challenges for Bangladesh.

He said tackling the impacts of global economic crisis like the 2009 one is also a challenge. "Although Bangladesh was almost untouched by the impacts of the current economic crisis, it doesn't mean that it will be unaffected," said Austin.

"So your macroeconomic framework must be developed in line with those challenges."

On the allegation that the World Bank will charge 15 percent from 60 million pounds donated by the UK to adapt climate change, he said it is not right.

"The WB will take just one percent of the fund for providing the technical assistance," he added.

The BDF 2010 was organised after four and a half years, but Austin said it would be better to have a meeting every year for a better coordination between the government and the development partners.

About the joint cooperation strategy, Finance Minister AMA Muhith said: "The strategy will indicate how we are advancing. Future course of actions will also be determined on it."

The minister said yesterday an agreement to this effect will be signed by June this year.

He said: "The action plan will identify our faults and streamline the project approval process."

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(RELATED STORY ON B3)

Changes in customs law likely

High duty leads to product price hike: Taskforce

SAYEDA AKTER

The government is likely to bring about some changes in the operative tariff and assessment clauses of the existing Customs Act in line with the proposals put forward by the taskforce.

Identifying a number of anomalies, this taskforce has proposed rationalisation of the legislation relating to customs and value added tax.

At a view exchange meeting in Dhaka, organised by the National Board of Revenue on February 11, the taskforce on rationalisation customs tariffs unveiled its findings and recommended a wide range of reforms.

| FOUR-TIER DUTY STRUCTURE | |
|-----------------------------|------------|
| Finished products: | 25 percent |
| Intermediate raw materials: | 12 percent |
| Basic raw materials: | 5 percent |
| Capital machinery: | 3 percent |

It said the existing tariff slabs and structure is strongly in need of reforms because the high duties that have been imposed on industrial raw materials often lead to a hike in finished product prices.

"Such high tariff not only causes a price surge, but also messes up the opportunities to diversify export baskets beyond garment and textile," said Zaidi Sattar, the head of the taskforce and chairman of Policy Research Institute, a private think tank, at the meeting.

A four-tier duty slab is now in existence, such as 25 percent for finished goods, 12 percent for intermediate goods, 5 percent for basic raw materials and 3 percent for capital machinery.

"The government now needs to bring about changes in the operative tariff, and also to modernise the assessment legislation. A consolidated operative tariff and rationalised assessment will help ease the law and increase revenue earnings," Sattar said.

In his keynote paper presented at the NBR programe, he said actual tax burden on import products has become a complex procedure due to a variety of taxes including regulatory duty (RD), advance trade value added tax (ATV), advance income tax (AIT), supplementary duty (SD) along with the customs duty.

According to the taskforce findings, at present the NBR has imposed supplementary duty on 1,100 items, of which some 880 are produced locally.

"Local industries often complain of tariff anomalies because the effective protection is undermined by these higher rates of tariff," said Sattar.

The taskforce has found that the maximum rate of tariffs remains unchanged to 25 percent for the past five years. The tariff slabs have come down to four in 2010 from 18 in 1990 and average tariff rate to 24 percent from 90 percent.

"It is the time to lower the top rate and continue to gradually reduce the rate over a pre-announced period of time," the taskforce suggested.

It also recommended that the NBR ease assessment system, where local taxmen lack expertise in classified valuation of imported products.

"Now the tasks of classified valuation of imported products are mostly done by the PSI (pre-shipment inspection) companies, but the NBR needs to boost its own skills to replace the system by the next week," the taskforce head added.

Enhancing technical and professional skills of NBR officials will help reduce taxpayers' harassments, Sattar said, suggesting developing a research cell with specialists, accountants, economists and statisticians.

LankaBangla Securities plans to go public

SARWAR A CHOWDHURY

LankaBangla Securities Ltd, a subsidiary of LankaBangla Finance Ltd, plans to go public using book building method within the next three months.

If the regulator gives a go-ahead, the company will be the second one after RAK Ceramics to go for IPO (initial public offering) using the book building method, a modern pricing system for IPO.

The brokerage firm will float three crore ordinary shares of Tk 10 each, officials said.

"The raised fund will be used for business expansion and diversification," Mohammed Nasir Uddin Chowdhury, chief executive officer of LankaBangla Securities, told The Daily Star yesterday.

He said the company may go for strategic investment in other companies, participate in bond market and effectively activate dealership activities.

"We want to help strengthen the supply side of the stockmarket, which is now in need of new shares," Chowdhury said.

The board of LankaBangla Securities, 99.99 percent owned by LankaBangla Finance, took the decision of going public under book building system at a meeting on Monday.

"If we get the regulator's approval, we hope to complete the IPO process within the next three months," Chowdhury added.

The existing paid-up capital of LankaBangla Securities, which recom-

mended 104.25 percent stock dividend including previously declared 63.40 percent interim dividend for 2009, is Tk 50 crore.

The company performed best on the country's two bourses in terms of turnover in 2009, and now has seven branches across the country -- three in Dhaka and Chittagong each and one in Sylhet.

On Monday's meeting, its owning company LankaBangla Finance also recommended 15 percent cash dividend and 20 percent stock dividend (20 shares for every 100 shares) for 2009.

LankaBangla Finance has also announced consolidated profit after tax of Tk 74.40 crore with consolidated EPS (earnings per share) of Tk 16.81 for the year ended on December 31, 2009 against Tk 37.76 crore and Tk 8.53 respectively as of December 31, 2008.

The company made net profit of Tk 35.09 crore with EPS of Tk 7.93 for the year ended on December 31, 2009 against Tk 16.63 crore and Tk 3.76 respectively as of December 31, 2008.

Following the corporate disclosures, share prices of LankaBangla Finance rose by 5.7 percent to Tk 372.60 yesterday.

LankaBangla Finance is a joint venture financial institution established with multinational collaboration. Sampath Bank of Sri Lanka, First Gulf Asia Holdings, and local entities such as One Bank, SSC Holdings and Shanta Apparels have stakes in LankaBangla Finance.

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| LankaBangla Securities by the numbers | |
|---------------------------------------|----------------|
| LankaBangla Finance owns | 99.99 percent |
| Paid up capital | Tk 50 crore |
| Shares to be floated (planned) | 3 crore |
| Face value of shares | Tk 10 |
| Stock dividend for 2009 | 104.25 percent |
| Number of brokerage branches | 7 |

Guidelines for PPP projects await nod

JASIM UDDIN KHAN

Guidelines for ambitious mega-projects like deep-sea port, metro rail and elevated expressway under public-private partnership (PPP) are awaiting cabinet approval.

The guidelines have been placed before the cabinet for its approval and are expected to be discussed at the next cabinet meeting, Board of Investment (BoI) officials said.

The guidelines have highlighted the issues like project selection, financing and coordination, Abu Reza Khan, executive member of BoI, said yesterday.

According to the guidelines, the planning commission will select PPP projects, while the finance ministry will monitor financial matters and the BoI will coordinate the programmes.

The modes of project implementation under PPP will be build-own-operate, build-operate-transfer and build-own-operate-transfer, Khan said.

Investment in power and energy, ports, communication, supply of drinking water and waste management, education and health will get top priority, said the guidelines.

However, no private investors have so far submitted any project proposal under the PPP although the government has earmarked Tk 2,500 crore in the budget for such projects.

Economist Prof Wahiduddin Mahmud has expressed doubt about the projects, saying the necessary fund may not be available as was expected.

"When the government is struggling to manage funds to build a simple underpass, getting billions of dollars for such ambitious projects is difficult in times of the global economic crisis," he said.

Big projects such as Dhaka-Chittagong Express Highway, underground rail and elevated expressway for the capital, deep sea port, Gulistan-Jatrabari flyover and submarine cables may come under PPP.

Power sector projects such as LNG terminal in the Bay of Bengal, Bibiyana 2 and Meghnaghat 2 (330-450MW) gas-run power plants, 150-MW plant in Bhola, two peaking power plants in Kaliakoir and Savar and four coal-fired power plants in Meghnaghat, Zajira, Khulna and Chittagong are also planned to bring under the PPP.

Bangladesh first adopted Private Sector Infrastructure Guidelines in October 2004 to facilitate private investment in infrastructure. Later the guidelines were updated in line with the PPP programmes to expedite implementation of the projects.

Annisul Huq, president of the Federation of Bangladesh Chambers of Commerce and Industry, said the PPP move has lost pace. The government should start at least one or two projects on a priority basis.

AB Mirza Azizul Islam, former finance adviser to caretaker government, said it is a big step to include PPP in the budget although its implementation may be quite difficult.

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Khulna digital expo starts today

STAFF CORRESPONDENT, Khulna

A three-day computer fair starts at Tiger Garden Residential Hotel in Khulna today.

There will be 29 stalls and four pavilions in the Digital Expo-2010, organised by Bangladesh Computer Society (BCS).

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