



Prime Minister Sheikh Hasina speaks at a roundtable with Malaysian investors in Kuala Lumpur yesterday. Commerce Minister Faruk Khan, left, and Chairman of Federation of Malaysian Manufacturers Mustafa Mansur are also seen. (Story on B1)

Records continue on DSE

STAR BUSINESS REPORT

Dhaka stocks set new records yesterday, as the key indices continued to fly high.

The benchmark index of Dhaka Stock Exchange, DSE General Index, reached a new high of 5,981.85, after gaining 60.35 points, or 1.01 percent for the day.

Non-bank financial institutions (NBFI), miscellaneous category and insurance led the rise in the market.

The NBFI sector gained around 3.8 percent with 11 institutions -- out of 19 -- increasing more than 5 percent each.

Insurers -- general and life -- gained around 2 percent, as most traded in the black.

The market went up sharply yesterday at the beginning of trading hours, but lost the momentum later.

After a rebound, the market steadily gained for the rest of the session and reached 5,998 points to close at 5,981.85.

Advancers beat losers 166 to 70 with five securities remaining unchanged on the premier bourse.

A total 4,70,72,989 shares and mutual fund units worth Tk 1,796.48 crore changed hands on the board.

Beximco Ltd topped turnover leaders with 51,98,700 shares worth Tk 161.09 crore trading on the DSE.

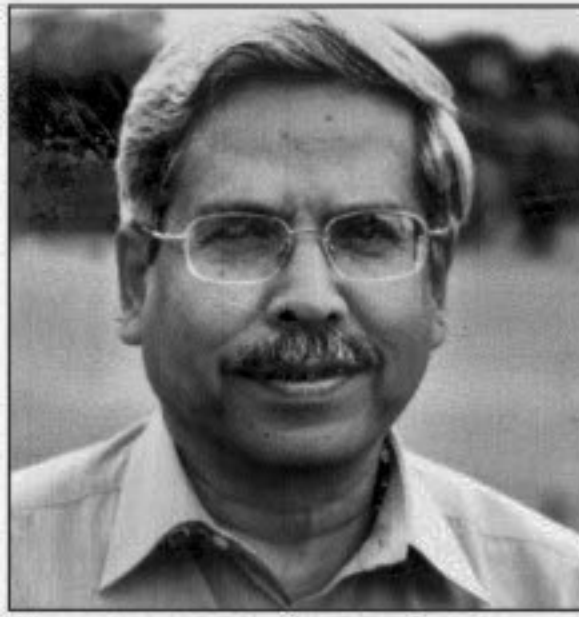
Chittagong stocks also posted a rise with the CSE Selective Categories Index increasing 126.05 points, or 1.12 percent, to 11,315.29.

Chittagong Stock Exchange traded 54,59,133 shares and mutual fund units worth Tk 131.95 crore.

Of the traded issues, 108 advanced, 54 declined and 12 remained unchanged on the port city bourse.

Beximco topped the turnover leaders with 6,31,780 shares worth Tk 19.59 crore trading on the CSE.

BASIS gets new office bearers



Mahboob Zaman
STAR BUSINESS DESK

Bangladesh Association of Software and Information Services (BASIS) has elected Mahboob Zaman and Forkan Bin Quasem as president and secretary general for 2010-12, the association said in a statement yesterday.

The election for the association's office bearers took place in Dhaka on Wednesday.

Zaman is the managing director of DataSoft, while Quasem is the MD of Spectrum Engineering Consortium Ltd.

Strike goes on at Sitakunda shipyard

STAFF CORRESPONDENT, Ctg

Work remained suspended for a seventh day at Sitakunda ship-breaking yard as shipbreakers continued their demonstration yesterday for quick environmental clearances for 42 scrap vessels.

The work suspension started on Friday after the High Court passed an order to obtain environmental clearances for operating ship-breaking yards in line with the environmental law.

Bangladesh Ship Breakers Association (BSBA) Vice-President Kamal Uddin said importers are seeking permission to cut up the vessels for scrap. The vessels were imported between January and March.

He also blamed the Chittagong customs authority for not completing the taxation procedure for the vessels.

"We're holding meeting with the authorities to solve the legal complexities and hope to resume activities by Sunday," he added.

Kamal alleged that the Department of

Environment (DoE) is responsible for the delay in issuing the environmental certificates and urged the DoE to help set up a model ship-breaking yard so that businessmen can run activities in an environment-friendly way.

Syed Golam Kibria, Chittagong customs commissioner (import), said: "We have to follow the import policy. We can't go for an assessment or taxation unless a vessel has an environmental clearance or meet compliance."

Mostafizur Rahman Akhand, acting director of DoE for Chittagong division, said his department informed the BSBA leaders that they would issue environmental certificates in the earliest possible time after required documents were ready.

The suspension increased the prices of mild-steel rod by around Tk 3,000 to Tk 40,800 a tonne in seven days, said Md Nurul Absar, an employee of Nazrul Traders.



Citycell Chief Executive Officer Mehboob Chowdhury launches Webstore, an online sales service for purchasing Citycell's packages, at the mobile operator's head office in Dhaka recently.

Black money, tax-free income kick up debate

Roundtable on budget held

UNB, Dhaka

A former caretaker government adviser said yesterday scope for whitening black money should not continue in the upcoming budget, as it has proved ineffective in the current fiscal year.

"It sends wrong signals and is unethical. It is discriminatory against other taxpayers," said Mirza Azizul Islam at a roundtable on budget, organised by the daily Bhorer Kagoj at the National Press Club.

In a presentation, tax lawyer M Jahangir Alam Chowdhury proposed that the government increase the individual tax-free income ceiling to Tk 300,000 from Tk 165,000 and hike the rate of tax rebates on investment.

But Azizul Islam said there is no necessity to increase the tax-free income ceiling. It can be extended to Tk 175,000, if the government has to, he said.

He underscored the need to speed up steps to simplify the submission of

income tax returns.

The chairman of the parliamentary standing committee on the finance ministry, AHM Mustafa Kamal, said all capable persons would be brought under the tax net.

"Although it is unethical, the government kept the provision for whitening black money in the current fiscal year, considering that most businessmen went into hiding during the rule of the caretaker government after 1/11," he added.

The opportunity was meant to help the businessmen return, invest and create employment, he added.

Kamal also blamed think-tanks for a mismatch in the economy.

"The intellectual people had earlier said the country was floating on gas. Where is this gas now?"

M Hafizuddin Khan, chairman of Transparency International Bangladesh Trustee Board, said the progress of the government's develop-

ment projects was not evaluated.

The government increases the development projects every year only to scale them back again, he added.

Questioning the government's capacity to control revenue expenditure, he said there was a frequent misuse of revenue expenditure.

Khan emphasised holding more consultation meetings before finalising the budget.

MA Mubin, a former secretary, expressed a different opinion on increasing the tax-free income ceiling and said the ceiling should be reduced to take more people under the tax net.

Ali Ahmed, a former member of the National Board of Revenue, said taxpayers, tax officials and tax lawyers, if united, could bring a positive change to the tax system.

Shakil Rizvi, president of Dhaka Stock Exchange, demanded that the tax-free income ceiling for individual taxpayers should be increased to Tk 300,000.

Three urea fertiliser plants in the pipeline

Barua says govt moves to check sugar prices in Ramadan

STAR BUSINESS REPORT

The government will set up three new urea fertiliser factories having around six lakh tonnes of annual production capacity, said the industries minister yesterday.

"The government plans to increase the country's fertiliser production to ensure food security. And for that we are going to set up the factories," said Dilip Barua.

"Of the three projects, construction work of Shahjalal Fertiliser Factory will start by the year-end," he said while addressing a press briefing at the ministry's conference room.

The industries ministry hosted the briefing to inform about the progress of state-owned mills, factories and government initiatives for the development of the country's industrial sector.

Bangladesh and China signed an agreement for constructing the Shahjalal Fertiliser Factory during Prime Minister Sheikh Hasina's visit to China in March.

The estimated cost of the project is around Tk 6,000 crore, of which the

Chinese government has agreed to provide Tk 1,624 crore as loan, said the minister.

He said the government had a stock of 28 lakh tonnes of fertiliser as of April 30 against the demand for 29.5 lakh tonnes set by the agriculture ministry for the current fiscal year.

The government plans to reopen four fertiliser factories in phases, which were shut down in the face of acute gas crisis, Barua said.

In a bid to ease fertiliser distribution system and enhance storage capacity, the government has also taken steps to set up 13 new warehouses in different districts, said the minister.

He said the government has decided to import 25,000 tonnes of sugar from the international market to help keep sugar market stable during Ramadan.

"The cabinet purchase committee has already approved import of 25,000 tonnes of sugar. The industries ministry has also set a target to import one lakh tonnes of sugar through Bangladesh Sugar and Food Industries Corporation."

The sugar price will be set once the import is complete, he said, adding

that the price will be at a tolerable level.

Local manufacturers have produced a total of 62,000 tonnes of sugar in the July-April period of the current fiscal year, said Barua.

He said the government is keen on reopening four paper mills soon, and has conducted several feasibility studies in this regard.

The government is trying to enhance local production of paper and reduce dependence on imports, the minister said.

"Now the matter of reopening Pakshi Paper Mill is under consideration of the finance ministry, and once we get approval, the mill will be operational."

He also said nine industrial units of Bangladesh Steel and Engineering Corporation made profit of Tk 71 crore in the July-April period.

The industries ministry has achieved 58 percent success so far in implementing a total of 22 projects in the annual development programme of the current fiscal year, Barua said.

"We are optimistic about achieving 99 percent progress in project implementation by June."



Yeaasin Ali, managing director of Dutch-Bangla Bank Ltd, and Ahmed Abou Doma, managing director and chief executive officer of Banglalink, exchange documents after signing a deal in Dhaka on Tuesday. With the agreement, the bank and the mobile phone operator will now work together to launch mobile financial services in Bangladesh.

India's Jet Airways sees 11pc profit rise

AFP, Mumbai

India's largest private sector airline, Jet Airways, said Thursday its net profit for the fourth quarter rose by 11 percent as air traffic recovered in an improving climate for the industry.

The company said it made a net profit of 585.8 million rupees (12.73 million dollars) in the three months to March, from a 529.9 million rupee profit in the same period last year.

Total income for the quarter rose 12.66 percent to 27.77 billion rupees.

Jet shares closed down 2.97 percent, or 15.15 rupees, at 495.2 at the Mumbai stock exchange ahead of the announcement.

"The revival in the domestic travel industry and higher passenger traffic internationally have aided earnings," the airline said in a statement.

In the quarter ended March, Jet's domestic and international traffic grew by 26 percent and 31 percent respectively.

The airline said the outlook for the next few months was "healthy" as air traffic trends improve.

Lucrative 3G sale may help bridge India's fiscal gap

REUTERS, Mumbai

The Indian government's \$14.6 billion haul from the 3G mobile spectrum sale could prompt a brief, sharp spike in short-term interest rates as auction winners pay up, draining cash from the banking system.

The windfall also provides the government with some welcome spare cash, which it would use to reduce its stubbornly high budget deficit.

However, economists and traders say first the government would wait to see how other revenue streams pan out and whether there is any upside surprises to growth projections to ease pressure on the budget.

Although the windfall has been welcomed by the deficit-strapped government, the government has not said how it will manage the proceeds.

Indeed, the windfall may grow. Combined with the proceeds of an upcoming auction of broadband wireless spectrum, the government could raise a combined 921 billion rupees (\$19.7 billion) from selling the rights to its airwaves, Morgan Stanley says.

The success of a programme to sell minority stakes in state companies is another variable that could influence the government's fiscal management.

India's fiscal deficit was at a 16-year high of 6.9 percent of GDP in the last fiscal year, and it has set a target to cut that to 5.5 percent this year.

"The government could be able to reduce its fiscal deficit to 5-5.2 percent provided it manages its expenditure and revenues within target," DK Joshi, principal econo-

mist at CRISIL said.

The government is most likely to ask winning bidders to make one-time payments for the allotted spectrum and the sudden outflow from the banking system could cause a temporary cash crunch.

Tight conditions may also be exacerbated by corporate advance tax payments due in mid-June.

Short-term rates like one-year overnight indexed swaps (OIS), commercial paper and certificates of deposit may rise 20-50 basis points during the crunch period, while overnight rates could jump 200 basis points to the repo rate of 5.75 percent.

On Thursday, the one-year OIS was quoted at 4.85/88 percent, above 4.80/84 percent at Wednesday's close.

However, any uptick in market rates is likely to be short-lived because the windfall is expected to be pumped back into the financial system via government spending.

The government had high outstanding loans with the Reserve Bank of India (RBI) for three straight weeks until May 7, which could be spent to ease tight liquidity in the banking system around the time when payments may be made, analysts said.

Economists suggest the government could use some of the revenue to fund its fiscal deficit, especially at a time when the eurozone crisis has brought fiscal consolidation to the forefront of policy making.

This could reduce the current fiscal year's market borrowing by around 350 billion rupees (\$7.5 billion), the government's chief statistician Pronab Sen said.



Mamun Rashid, Citi Country Officer for Bangladesh, poses with the participants of a training programme on 'Improving the Control Environment', organised by the bank with the help of Citi Centre for Advanced Learning of Philippines, in Dhaka recently.