



Stocks		
DGEN	▲ 1.16%	6,332.68
CSCX	▲ 1.12%	11,992.40

Currencies		
	Buy Tk	Sell Tk
USD	69.34	69.34
EUR	83.89	83.92
GBP	100.76	100.75
JPY	0.75	0.75

SOURCE: BANGLADESH BANK

Commodities		
	Gold	▲ \$1,220.00 (per ounce)
	Oil	▼ \$73.78 (per barrel)

SOURCE: AFP (As of Friday)

## News in Brief

## Warren Buffett lunch sells for \$2.63m on eBay

REUTERS, New York

A bidder has agreed to pay \$2.63 million for a steak lunch with the billionaire investor Warren Buffett in a charity auction held on eBay Inc's website.

The highest bid in the 11th annual auction topped the previous record \$2.11 million paid in 2008 by Zhao Danyang, a Hong Kong investor. Wealth manager Salida Capital Corp of Toronto won with a \$1.68 million bid in 2009.

The identity of the winning bidder could not immediately be determined after bidding closed Friday night.

Ebay was not immediately available for comment. Berkshire Hathaway Inc, Buffett's company, did not immediately return a request for comment.

## EU has deal with Greece on pension reform

REUTERS, Helsinki

The European Union has reached agreement with Greece on how to proceed with pension reform in the debt-laden country, European Economic and Monetary Affairs Commissioner Olli Rehn said on Friday.

"The Greek government has agreed with us on how to move forward on pension reform in line with the memorandum of understanding ... They will do it in the course of June and July," Rehn said at a seminar in Helsinki.

# NBR to get Tk 1,500cr more revenue

REJAUL KARIM BYRON

The new tax measures proposed in the budget for the next fiscal year will add Tk 1,500 crore more revenue to the tax administrator's collection.

The National Board of Revenue (NBR) will get the additional amount from the tax on the stockmarket, the increase of advance income tax at import level and the money whitening provision at limited scale.

In the next fiscal year's budget, the income tax revenue target has been increased by Tk 4,445 crore and set at Tk 21,005 crore, with a growth target of 27 percent.

NBR officials said Tk 3,000 crore would come in line with the normal growth of tax heads and the rest from the additional measures.

The increased rate of advance income tax (AIT) at import level and the widening scope of AIT would bring about Tk 1,000 crore additional revenue. In the budget, AIT has been proposed at 5 percent -- a 2 percent increase over the present rate -- for about 3,000 commodities.

In the budget for the next fiscal year, the government for the first time has proposed a 10 percent tax on institutions that profit from share trade.

A 5 percent tax on the income made by sponsor shareholders or directors of listed companies has also been proposed. The government also considers imposing a 3 percent tax on the premium value of shares.

The NBR officials said the new tax measures for the stockmarket would help the government log additional revenue of about Tk 500 crore.

The limited-scale money whitening provision for infrastructure development may pull in Tk 5 crore as tax, the officials said.

In the current fiscal year, the scope for whitening money was given in four categories but it did not get much response. So, the scope has been made limited to one category for the upcoming year.



Annisul Huq, centre, president of the Federation of Bangladesh Chambers of Commerce and Industry, speaks at a press conference on the proposed budget at Dhaka Sheraton Hotel yesterday.

# FBCCI sees looming tax burden

STAR BUSINESS REPORT

A proposed hike in VAT and other taxes will increase the prices of essentials and burden consumers, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) said yesterday.

Revenue collections may surpass targets thanks to additional taxes and VAT, if the proposed budget is implemented, said FBCCI President Annisul Huq at a post-budget press conference at Dhaka Sheraton Hotel.

"But consumers will have to bear the burden. Such taxes may influence the prices of basic commodities."

"So I urge the government to review the proposal and continue the tax exemption facilities for different sectors."

Pressure will mount on consumers if the VAT is increased to Tk 6,000 a year from Tk 4,200 now at retail and small shop-owners' levels in Dhaka and Chittagong City Corporation areas.

The budget also proposed to increase VAT to Tk 4,800 from Tk 3,600 a year in other city corporation areas.

"This will increase public harassment," the apex trade body chief said.

Moreover, a rise in the advance traders VAT to 3 percent from 2.25 percent at import levels and to 3 percent from 1.5 percent at traders' level will increase commodity prices.

He said all the proposed hikes, like increasing the tolerable level of VAT at traders' level to 20 percent from 10 percent and 15 percent VAT on rented houses for commercial purposes will push prices upwards.

Additionally, the withdrawal of the cottage industrial facilities and imposing a VAT of 15 percent on chanachur, juice, energy drinks, bidi, gul and jarda will negatively impact the prices.

In its budget analysis, FBCCI said the proposed tax hike from 4.5 percent to 5.5 percent in the construction sector, and 6 percent tax on furniture at production level and 3 percent at distribution level will increase prices in the sectors.

Asking the government to withdraw the regulatory duty on the import of spares parts of capital machinery, Huq said the small and

medium industries would suffer from such a decision.

Huq urged said consumers have to suffer in case the advanced income tax is pushed up to 5 percent from the existing 3 percent.

If the tax on the export of knitwear, woven and other products is raised to 1 percent from the existing 0.25 percent, it will have a negative impact on overall export growth, he said.

Imposing a 3 percent tax on the premium value of shares that are sold at a premium, and the 10 percent tax on the income of listed companies, will have a negative impact on the stockmarket, he said. The premium is not an income of the company, it is absolutely a capital receipt, he added.

Still, the FBCCI greets the budget for proposing increased allocations in the power and public-private partnership sector, he said. These are business friendly proposals, he added.

He praises the proposed budget for allocating Tk 1,600 crore to the Bangladesh Infrastructure Financing Fund, which will encourage investment.

The body also hails the move to set

aside Tk 4,000 crore as subsidies for the agriculture sector.

The proposal to increase the social safety net allocation and climate change fund is also positive, said FBCCI.

"But qualitative implementation of the proposed budget will be a challenge for the government," the outgoing FBCCI boss said.

In response to queries made by journalists, Huq said the finance minister tried to incorporate a "growth-oriented sense" into the budget by targeting a GDP growth rate of 6.7 percent next fiscal year. "But achieving the target would be a big challenge for the government."

Following the higher taxes and VAT in different sectors, he fears inflationary pressures. "But a mild increase in inflation is always good for economy."

FBCCI Presidential candidate AK Azad said loan disbursement in the private sector might be squeezed because of the government's high borrowing from the banking system.

"The government should privatise the loss-incurring state-owned enterprises."

# Local firms to make deep-sea fishing vessels

SOHEL PARVEZ

After entering the global shipbuilding industry, Bangladesh now aims at making international standard deep-sea fishing vessels with an eye on export.

Two local businesses -- Western Marine Shipyard Ltd and Fishers Shipyard Ltd -- have recently signed a 50:50 partnership deal to make such vessels with capacities up to 350 tonnes.

The joint-venture deal, entrepreneurs said, would open a new chapter by enhancing capacity of the shipbuilders in the country that will also be able to cut import dependence.

A Rouf Chowdhury, managing director of Fishers Shipyard Ltd, and Md Sakawat Hossain, managing director of Western Marine Shipyard Ltd, signed the partnership deal on behalf of their organisations.

Officials of these organisations

said the venture would encourage sustainable fishing in the deep sea.

"We are going to make international standard fishing trawlers for the first time in Bangladesh," said Hossain of Western Marine, which has so far won around \$200 million orders for making 24 vessels for the buyers including from Germany.

The MD of Western Marine said the new venture would help meet the domestic demand.

Bangladeshi fishermen now import deep-sea trawlers from countries such as Japan and Thailand.

At present nearly 200 deep-sea trawlers are operating to catch shrimp, pomfret, snapper and tongue sole in the Bay of Bengal.

Stakeholders said almost all these trawlers are imported and have become very old.

Hossain said many of these old trawlers would need to be replaced by new ones within the next five to 10

years.

"Our initiative will help cut import dependence and save foreign currencies," he said. "We will make trawlers following the European standards."

Hossain also said they would be able to make modern deep-sea fishing trawlers at lower cost, giving those a competitive edge over the imported ones.

The official said Tk 25 crore-Tk 30 crore is needed to import a fishing vessel of 300-400 tonnage capacity.

"We will be able to make such deep-sea vessels at 20 percent lower cost."

"Our main target is to explore the global market," said Amanullah Chowdhury, managing director of Sea Fishers Group that owns Fishers Shipyard Ltd.

Md Saiful Islam, chairman of Western Marine Shipyard, was also present at the signing programme.

# Poultry sector wants insurance coverage

SOHEL PARVEZ

Poultry industry operators have urged the government to introduce insurance scheme to protect farmers in the sector from losses in the wake of avian influenza.

They said the government should include poultry insurance in its plan for an agriculture insurance scheme proposed in the new budget.

The government has taken steps to introduce agriculture insurance to provide farmers with crop price support in case of crop failures due to natural disasters.

The poultry industry leaders they do not need price support but a policy guideline to encourage insurance companies to introduce poultry insurance.

Poultry insurance will help improve quality management practices and encourage new investment in the sector, they said.

"We expect the poultry insurance to be part of the agriculture insurance scheme," said Kazi Zahedul Hasan, president of Breeders' Association of Bangladesh, a body of about 50 poultry breeders.

The poultry insurance is necessary to offset the losses caused by disasters such

avian influenza, said Hasan, also managing director of a leading poultry breeder, Kazi Farms Ltd.

The poultry stakeholders make their plea as the attack of avian influenza continues to bleed the sector, causing a loss of investment and jobs. The disease is claimed to have caused a loss of about Tk 5,000 crore since the outbreak in early 2007.

According to the statistics of Bangladesh Poultry Industries Association, the first wave of the bird flu outbreak forced nearly 40 percent out of 150,000 farms to quit production, winding up direct and indirect jobs of around 20 lakh people.

"We have seen that the farmers just become bankrupt in a night because of the death of the birds in avian flu attack," said Moshir Rahman, managing director of Paragon Group, another leading poultry breeder.

He said many farmers run business by procuring chicks and feed on credit. "If insurance coverage is extended to the farmers, they will be able to repay the debts and won't need to quit the business," he said.

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# Law for mandatory use of jute on cards

REJAUL KARIM BYRON

The government is going to make a law for mandatory use of jute in different industrial units.

A bill, Mandatory Use of Jute in Wrappers, will be placed before the cabinet meeting today for its perusal.

The bill proposed the use of jute as 75 percent of the component of wrappers of any unit with an aim to revive the lost glory of the sector.

The industrial unit showing any lapse will face punitive action like a Tk 50,000 fine, or in default, three months in jail.

Officials said a committee is likely to be formed to monitor the use of jute as wrapping material. The jute minister, or the secretary will head the body.

A list of the commodities will also be prepared where jute will be used as wrapping material.

According to the sources in the finance ministry, a fund of more than Tk 1,000 crore was earmarked in the 2009-10 budget for implementing different projects in the jute sector to reinvigorate it.

The government has several other plans to raise the export of jute and widen its use in the country.

A proposal for the amendment to the Banking Companies Act and a policy for Public Private Partnership Initiative will also be placed in today's cabinet meeting.

This possible amendment will bar a person from simultaneously becoming director of a bank and a financial institution.

The PPP initiative is said to be non-functioning so far because of the absence of a policy in this regard.

This initiative is expected to function in full swing next fiscal year, if the cabinet endorses such a policy. The new budget has earmarked Tk 3,000 crore for the PPP.

## AB BANK LIMITED

Registered Office: BCIC Bhaban, 30-31, Dilkusha C/A., Dhaka.

### SHAREHOLDERS' INFORMATION

Further to AB Bank Limited's Price Sensitive Notification dated February 28, 2010 regarding investment in the Equity of the proposed Amana Bank Limited (ABL), the first Islamic Bank venture in Sri Lanka, we would like to inform that Bangladesh Bank vide it's letter No. BRPD(M)200/21/2010/247 dated 13.06.2010 has accorded its approval to AB Bank Limited for investment of 15% in the Equity of ABL.

Dhaka, June 13, 2010

Sd/-  
Company Secretary

 **AB Bank**



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