

Muhith places VAT bill in parliament

STAFF CORRESPONDENT
Finance Minister AMA Muhith yesterday placed a bill in parliament seeking to enact a new value-added tax law for expansion of the tax base and scope for collection of more tax.

The proposed legislation empowers the government to set up a VAT authority consisting more than one VAT directorate and other VAT officials.

All VAT officials will perform their functions under the control and supervision of high-level authorities, according to the bill, which also proposed to repeal the existing VAT Act of 1991.

Some provisions of the proposed legislation will take immediate effect while the government will decide the effect of other provisions by gazette notification.

When the cabinet approved the proposals for the new law in March this year, it was reported

that the government moved to bring massive changes to the VAT law in line with an IMF condition to get \$1 billion credit from the donor.

In defence of the proposed legislation, Muhith also said the bill was aimed at expanding scope of value-added tax, supplementary tax and turnover tax.

In a brief statement tagged with the copies of the bill, he said the proposed legislation will simplify the tax collection procedure and consolidate rules and regulations related to tax collection.

The finance minister said there were some distortions in the existing VAT Act introduced in 1991 which stood on the way to implement standard VAT system.

According to international standards, the VAT rate should be 15 percent, as the existing tariff values, fixed rates and the truncated base system have led to

numerous VAT rates.

The proposed law stipulates that VAT will be imposed at any point where new value will be added from import or production level to retail level.

The bill proposed for a maximum of one year imprisonment or fine or both for any sort of forgery to evade tax for institutions while a six months of imprisonment or fine or both for individuals.

It proposed holding the trial of VAT-related cases in judicial magistrate courts instead of the existing special judges' courts.

It also proposed to introduce alternative dispute resolution (ADR) system to settle any dispute outside of the court and the ADR will get priority over other provisions regarding to resolving tax related disputes.

Meanwhile, Food and Disaster Management Minister Abdur Razzak yesterday placed a bill

seeking to enact a law to face all types of disaster in a coordinated way.

The proposed legislation has a provision to set up national disaster management council headed by the prime minister. The other ministers and secretariats concerned will be the members of the high-powered council.

It will also empower the government to set up a disaster management directorate and a disaster management research and training institute to enhance the country's efficiency in tackling disasters.

According to a provision of the bill, the president may declare an affected area as a distressed area. Such announcement will remain effective for maximum of two months.

Both the two bills were sent to the parliamentary standing committees on the ministries concerned for scrutiny.

BB gives loans to Ctg women entrepreneurs

OUR CORRESPONDENT, Ctg
Bangladesh Bank yesterday disbursed loans worth Tk 2.44 crores to 22 women in the port city from different SME (small and medium enterprise) loan provider banks.

The money was disbursed after a discussion on SME loans, organised by the banking regulator at its Chittagong office, to encourage women entrepreneurs and ensure women empowerment.

As the chief guest, M Abul kaseem, deputy governor of Bangladesh Bank, said as part of millennium development goals, women empowerment is very important for developing countries like Bangladesh and SME loans will help them develop their



Zareef Tamanna Matin, country manager of Chartered Institute of Management Accountants; MA Kalam, chief executive officer of LCBS Dhaka, and Vandana Saxena Poria, a financial professional trainer, attend a two-day workshop for corporate professionals on its concluding day at BRAC Centre Inn in the capital yesterday. Leading corporate houses took part in the event organised by LCBS.

Shipping agents' assoc re-elects top brass

OUR CORRESPONDENT, Chittagong
The Bangladesh Shipping Agents' Association yesterday re-elected its chairman, senior vice chairman and vice chairman for 2012-13 and 2013-14.

The election took place at the association's 35th annual general meeting in Chittagong.

The proceedings of the association's 34th AGM held on June 29, 2011, annual report of 2011 and audited accounts report of the year ended on

Kingfisher starts paying Feb salaries to staff

REUTERS, New Delhi
Kingfisher Airlines has started paying February salaries to employees, a spokesman said on Friday, providing a measure of relief to frustrated staff, including pilots who had recently threatened to go on strike.

Kingfisher, which had debt of \$1.4 billion at the end of March, has faced staff agitation over non-payment of salaries, and is under pressure from its lenders to come up with a turnaround plan.

SEC asks listed firms to form audit committees

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At the same time, independent directors are not allowed to hold shares more than 1 percent of the company's total paid-up capital.

The elected board of a company will appoint the independent directors for three years, which can be extended by one term, and the posts cannot remain vacant for more than 90 days.

A person cannot act as the chairman and chief executive officer of a company simultaneously, the guidelines said. The number of directors must be within the range of 5 to 20.

However, the guidelines say the boards of banks and non-bank financial institutions, insurance companies and statutory bodies should be constituted as prescribed by their respective primary regulators.

DSE turnover dips to multiyear low

FROM PAGE B1
Both retail and institutional investors appear to be cynical about the market prospects and prefer liquidity instead, it said.

Market analysts feel the investors are waiting on the monetary policy statement, and until then are reducing their portfolio exposure.

Retail investors want to quit the market, so whenever the market goes up they sell off their shares at the most minimum loss possible, the analysts added.

A total of 0.47 lakh trades were executed with 2.78 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 264 issues that traded on the DSE, 81 advanced, 152 declined and 31 remained unchanged.

Bangladesh Submarine Cable Company was the most traded stock of the day: 12.54 lakh shares worth Tk 7.7 crore changed hands.

Unique Hotel and Resort and Grameenphone were the next most popular stocks.

United Insurance, too, featured in the top ten gainers chart, having gained by 8.9 percent.

NLI First Mutual Fund was the worst loser of the day, plunging by 8.6 percent.



Tore Johnsen, chief executive officer of Grameenphone, and Md Arif Al Islam, managing director of Summit Communications Ltd (SCL), sign a deal recently which gives SCL access to the mobile operator's nationwide fibre network for providing lease of transmission bandwidth capacity.



Khalilur Rahman, chairman of KDS Group and president of Metropolitan Chamber of Commerce and Industry, Chittagong, opens the 94th branch of Al-Arafah Islami Bank at Halihsahar in the port city yesterday. Badiur Rahman, chairman of the bank, and Ekramul Hoque, managing director, were also present.

ICT to help jute farmers offset losses

FROM PAGE B4
Now that mobile phone has become ubiquitous and even smallholders in this part of the world have access to them, it becomes possible to think of ICT-supported solutions to the SQP problem. However, any use of ICT must take in to account the various administrative structures or lack thereof in the identified market structures in communicating quality downstream using either standards or more informal methods.

Success stories
A case where gherkin smallholders in Sri Lanka used text messages to track the rejection rate of their produce at the processing plant to improve the next batch is an effective yet simple way to reduce the SQP. Even in the case of jute smallholders in Bangladesh, ICT-supported solutions could be found to address the SQP they face. As long as the marginal cost of adopting such a service is less than the marginal revenue, there is likelihood of success. With dramatically falling cost of telecommunication use, there is no reason smallholders should shy away from such simple technology based answers to long thought as unresolvable problems in agriculture.

Harsha de Silva, PhD, is a consultant economist and a member of parliament in Sri Lanka. He has worked on ICT in agriculture for the last ten years. He provided intellectual guidance to this work supported by International Development Research Centre (IDRC), Canada.

China slowdown weighs on emerging market funds

REUTERS
As China slips, the second-half performance for many emerging market mutual funds might soon follow.

In recent months, investors have been pulling hundreds of millions of dollars out of stock funds that invest mainly in companies associated with the big four emerging market nations of Brazil, Russia, India and China.

But it's China that is causing most of the worry for fund investors, amid signs that the world's second-largest economy is slowing more sharply than expected.

Even emerging market bull Jim O'Neill, chairman of Goldman Sachs Asset Management, who famously coined the BRIC acronym, said he's been a bit surprised by the slowdown in China. But that said, O'Neill remains convinced China's economy will be more than enough to make-up for any weakness in the other BRIC nations.

"It is making the trajectory that I predicted difficult to stick with," O'Neill said about the slowdown. But he added, "I find it hilarious that people question the thesis on the basis of two quarters."

The second-quarter was not kind to so-called BRIC-focused stock funds, with investors redeeming \$787 million during the period, according to fund tracking firm EPFR. Chinese-focused funds were hit particularly hard, with investor redemptions totalling 88 percent of the \$1.6 billion in new money those funds took in during the first quarter.

The rush of money out of Chinese funds come as institutional investors are dialing back growth estimates. In a recent report, Ray Dalio's Bridgewater Associates attributed "about half" of the slowdown in global growth "to the slowdown in China."

One sign of the Chinese slowdown can be seen in China's purchasing managers index which dropped to 50.2 in June after hitting a year-long high of 53.3 in May.

The growing concern about China and slower growth in the other BRIC nations is also starting to show up in the performance of some U.S. emerging markets funds and hedge funds focused on Asia.

Mutual fund industry tracking firm Morningstar says U.S. emerging market stock funds were up 4.61 percent as of June 30, compared to a 5.51 percent gain for non-emerging market stock funds.

China-focused U.S. mutual funds are up 2.9 percent, lagging behind the 4.15 percent gain recorded by diversified emerging market stock funds, according to Morningstar.

The benchmark S&P 500 index, meanwhile, is up about 7 percent this year.

Some Asia-focused hedge funds that go long and short stocks are posting mediocre numbers. HSBC Private Bank reports the Chilton China Opportunities Fund was up a little under 1 percent as of June 22, while the Pinpoint China Class A Fund was up about 1.3 percent over the same period.

As a whole, however, emerging market stock funds are performing far better than last year, when the group posted a 20 percent decline. But after a fast 13.1 percent gain in the first quarter of 2012, emerging market funds as a group gave back more than half of those gains in the second-quarter.

Now the worry is that with China's economy slowing, emerging market funds may see further losses in the second-half of 2012, especially if other BRIC nations experience even slower growth.

Bill Rocco, a Morningstar analyst, said China is showing that it is vulnerable to the financial crisis in Europe and the less than robust economy in the U.S.

"I'm always wary of people trying to pick this market or that market," he said.

On top of that, some investors are beginning to become more cautious about China's growth estimates.

Cameron Brandt, director of research for EPFR Global, said investors are showing "growing discomfit with official statistics" from China.

Then again, recent history suggests that emerging market countries will still outperform the rest of the world. From 2009 to 2011, the economies of the BRIC nations grew at rates that were 2 to 3 percentage points higher than most other nations, including Europe and the US.

BRIC boosters like O'Neill point out that even if China's growth slows it will still far outpace the average 2.8 percent growth recorded last year by the G-20 nations. The most recent World Bank estimate is that China's gross domestic product for 2012 will be 8.2 percent, down from 9.2 percent last year and 10.4 percent in 2010.



Shahidul Amin Bhuiyan, country manager for Himalaya Bangladesh, attends a programme in the capital recently where the winner wholesalers of a sales promotion of the company were awarded.



Abul Khair, chairman of Times Group, and FS Huma Khair Mannan, managing director, attend a press briefing where Times ASL Call Centre, a sister concern of the group, launched a new product, Flight Information Service, at Hotel Orchard Plaza recently.



Shagufa Anwar, general manager of Apollo Hospitals Dhaka, and Farzana Chowdhury, additional managing director of Green Delta Insurance Company Ltd, sign a deal in the capital recently. Apollo will provide priority corporate benefits and medical services for the clients nominated by Green Delta.