**ASIAN MARKETS** 

**TOKYO** 

**V** 0.54%

SINGAPORE

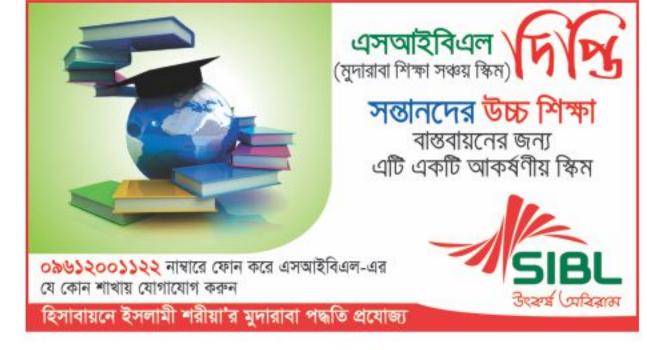
**V** 0.50%

SHANGHAI

**0.35%** 

MUMBAI

**0.65%** 



DHAKA THURSDAY FEBRUARY 27, 2014, e-mail:business@thedailystar.net

COMMODITIES

Gold A

### Hasina stresses capital market development

STAR BUSINESS REPORT

**STOCKS** 

DSEX

CSCX

Prime Minister Sheikh Hasina yesterday asked Bangladesh Securities and Exchange Commission to continue to develop the capital market.

The call came at a meeting with a delegation of BSEC, led by its Chairman M Khairul Hossain, at the Prime Minister's Office.

They briefed Hasina on demutualisation of bourses, new rules and restructuring of the commission.

Hasina lauded BSEC for attaining the highest status from the International Organisation of Securities Commissions, an alliance of organisations that regulate the world's securities and future markets.

She also said it is the regulator's major responsibility to look after the stockmarket so that no manipulative efforts take

## NBR to tackle tax evasion by multinationals

SOHEL PARVEZ

The National Board of Revenue has moved to curb tax evasion by scrutinising the transactions of multinational companies with their associated enterprises overseas.

......

The tax administration issued an order last week to form a unit to audit transactions of companies that abuse a mechanism, known as transfer pricing or TP, to manipulate prices of imports from their associated enterprises abroad.

Transfer pricing is the price at which divisions of a company transact with each other for goods or services. TP is not illegal, but 'transfer mispricing' is, said analysts.

The latest effort will help NBR to boost its revenue collections, now

falling short of fiscal-year targets.

The nation lost \$1.4 billion a year between 2001 and 2010 due to illicit capital flight, according to a Washington-based Global Financial implement the rules by July next Integrity.

A TP occurs when two related companies-such as a parent company and a subsidiary, or two subsidiaries controlled by a common parent—engage in international trade with each other for goods and services.

Sometimes, related entities of a multinational company show artificially high prices for an imported product or service in an attempt to deflate profits and evade taxes. The practice is known as transfer mispricing, a way of price manipulation or fraudulence.

"The order to form the cell is a step forward to curb TP abuse. We will now form the unit with five or six officials as part of our plan to year," said a senior official of NBR, seeking anonymity.

**CURRENCIES** 

**BUY TK** 77.20

STANDARD CHARTERED BANK

0.74

The move came one and a half vears after the rules on TP were framed.

NBR also assigned Md Shabbir Ahmed, one of its joint commissioners, to coordinate the TP efforts.

The tax authority framed the rules on TP in July 2012 as several studies revealed an illicit outflow of capital from Bangladesh in the past decades through various ways, including transfer mispricing, which causes the state to lose huge sums of taxes.

READ MORE ON B3

### Farm loan roll-out grows 14pc

4,532

STAR BUSINESS REPORT

Farm loan disbursement grew 14.2 percent to Tk 8,820 crore between July and January from the same period a year ago, with state banks accounting for most of it.

Eight state banks, including four specialised banks, disbursed Tk 5,756 crore in the first seven months of this fiscal year, up 27 percent year-on-year, according to the central bank.

"We are happy with the growth of agrocredit," Atiur Rahman, governor of Bangladesh Bank, said yesterday at a meeting with bankers.

Banks have set a target to disburse Tk 14,595 crore in farm loans for the current fiscal year, which is 3.3 percent higher than in the previous year. Rahman said he is hopeful of achieving

the annual target of agri-credit this year, as banks have already disbursed 60.43 percent of their annual target in the first seven months. Disbursement of farm loan by private

and foreign banks, however, dropped around 4 percent in the first seven months of the current fiscal year. Private and foreign banks rolled out a

FY13 FY14 STATE BANKS PRIVATE & FOREIGN BANKS

CREDIT DISBURSEMENT

IN CRORES OF TK/JUL- JAN

3,191

5,756

3,064

total of Tk 3,064 crore in farm loans in the July-January period, down from Tk 3,191 crore in the same period a year ago. At the meeting, the governor also

instructed the new banks and foreign banks to focus more on farm credit. Seven of the eight new banks failed to

disburse any fund for the farm sector during the period. "As per conditions of bank licence, new banks have to allocate 5 percent of their

total annual credit for farm loans. They must comply with the rule," Rahman said.

Seven foreign banks also failed to disburse any money for the sector between July and January.



chief technical officer of GP, and Jon Fredrik Baksaas, president of Telenor, pose with the Green Mobile Award that GP won for its climate change programme, at the GSMA Mobile World Congress in Barcelona on Tuesday. Story on B3

#### Foreign aid spending continues to stagger

STAR BUSINESS REPORT

Foreign aid disbursement target of \$3.37 billion for the fiscal year is unlikely to be met after the country dispatched about 47 percent of the sum in the first seven months.

Between July last year and January, aid disbursement rose 1.22 percent year-on-year to \$1.57 billion.

Political unrest in the last three months of 2013 has been blamed for the slow disbursement, according to an official from the **Economic Relations** Division.

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# Cotton use may rise 8pc next fiscal year

REFAYET ULLAH MIRDHA

Cotton consumption in Bangladesh may rise 8.75 percent to 870,000 tonnes in fiscal 2014-15 with higher demand for garments, according to a report by Economist Intelligence Unit (EIU).

At the end of the current fiscal year, cotton consumption will reach 800,000 tonnes, the same quantity that Bangladesh consumed in fiscal 2012-13, the report added.

Cotton consumption started picking up after fiscal 2011-12 when consumption had declined to 700,000 tonnes for volatility in the global cotton market. In fiscal 2010-11, Bangladesh consumed 840,000

For the sudden rise in cotton demand

▶প্রতি মাসে ৫০০ থেকে ২৫,০০০ টাকা

▶ ৫ থেকে ২০ বছর মেয়াদী

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reached a height of \$2.5 a kilogram from 60-90 cents previously.

Since Bangladesh is not a cotton producing country, it needs to import its entire cotton needs.

"The EIU forecasts are not abnormal

and matches our cotton consumption trends," said Jahangir Alamin, president of Bangladesh Textile Mills Association. With a rebound of the economy in the west, demand for Bangladeshi garment

items is increasing, he added. As a result, demand for yarn and fabrics is also increasing in Bangladesh, he said. Currently, Bangladesh can supply 80

percent of raw materials to the knitwear linkage industries.

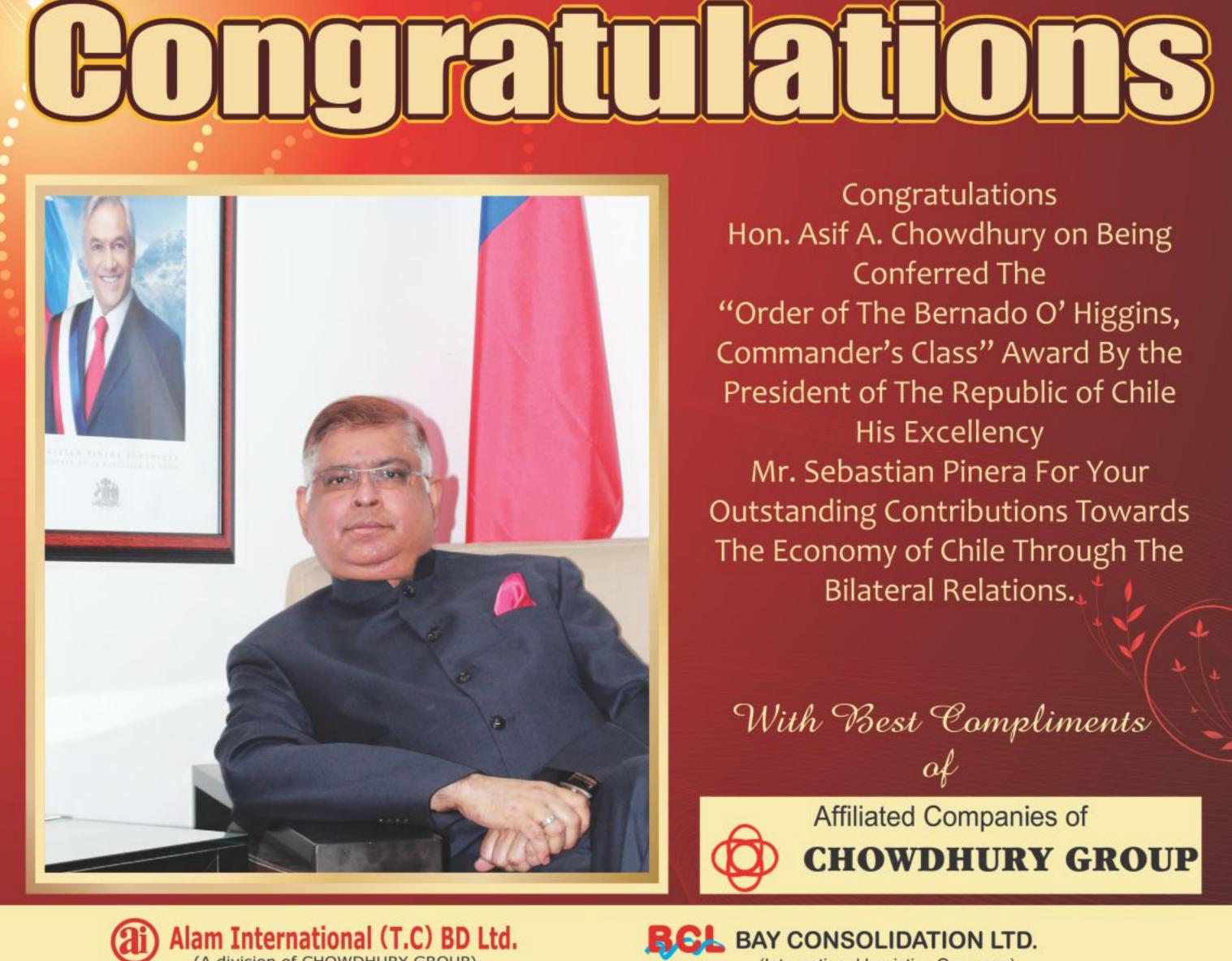
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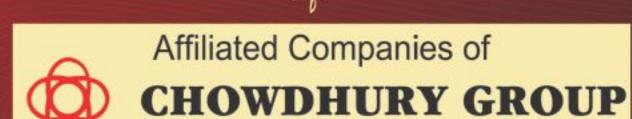
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योगीयोगं : ०১१७० - ७১৬১৬৮, ৯৮৯২২২১



Hon. Asif A. Chowdhury on Being Conferred The "Order of The Bernado O' Higgins, Commander's Class" Award By the President of The Republic of Chile His Excellency Mr. Sebastian Pinera For Your **Outstanding Contributions Towards** The Economy of Chile Through The

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