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Star BUSINESS

DHAKA WEDNESDAY MAY 7, 2014, e-mail:business@thedailystar.net

Japan to invest \$1.2b in Bangladesh

STAR BUSINESS DESK

The Japan International Cooperation Agency will invest \$1.2 billion in the priority sectors including power generation in the next fiscal year, the planning ministry said yesterday quoting Jica's representative in Dhaka.

Bangladesh can become a middle-income country by 2021, but the planning ministry and the planning commission will need to speed up implementation to achieve that, Mikio Hataeda, Jica's chief representative in Dhaka, said at a meeting with Planning Minister AHM Mustafa Kamal.

The government also needs to pick and prioritise projects for faster implementation, Hataeda said.

Currently, the sheer number of projects—1,200—causes delays and increases costs, he said.

The government is prioritising power generation, infrastructure development, education, women's empowerment, Kamal said.

Jica will provide technical assistance to implement a project to increase efficiency of the planning ministry and the commission, according to the statement.

Jica will arrange a seminar on the agency's plan for Bangladesh in June.

Amnesty for black money: a no-go



YEAR	MONEY WHITENED IN CRORES OF TK	TAX COLLECTED IN CRORES OF TK
1971-1975	2.25	0.19
1976-1980	50.76	0.81
1981-1990	45.89	4.59
1991-1996	150.79	15.08
1997-2000	950.41	141.24
2001-2006	827.74	102.77
2007-2008	9,682.99	911.32
2009-2013	2,098.01	279.29
TOTAL	13,808.84	1,455.29

REJAUUL KARIM BYRON and FAARIA TASIN

The government is once again looking inclined towards giving amnesty to black money in the upcoming fiscal year, a concession which did not yield desired results in the past.

At a pre-budget meeting with the Economic Reporters Forum last week, Ghulam Hussain, chairman of the National Board of Revenue, spoke favourably of the provision to legalise undisclosed or black money, as it might arrest the rampant capital flight from the country to Malaysia, Dubai and Canada.

Between 2002 and 2011, \$16 billion of illicit capital left the country, according to a December 2013 study by Global Financial Integrity, a

US-based non-profit organisation focused on curtailing cross-border flow of illegal money.

"It appears that the amount of illicit financial outflow from Bangladesh is quite large, relative to the size of GDP," said Zahid Hussain, lead economist of World Bank's Dhaka office.

Barring a few exceptions, the scope to legalise black money was present, in one form or the other, in every year's budget.

Between fiscal 1971-72 and fiscal 2012-13, some Tk 13,808 crore was whitened, with the NBR receiving taxes of Tk 1,455 crore during the period, which is just around 1 percent of this year's collection target.

In other words, the idea of extending amnesty to black money sounds

promising in theory but underwhelms to no end in practice.

"I oppose it from all perspectives, in terms of social justice, economic justification and political culture," Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue, said at a pre-budget meeting.

He said those who advocate for the provision to bring illegal wealth into the mainstream economy have no data to back them up.

"The reality is there is no evidence that big such liberal provisions brought big amount of investment."

Rather, it creates a culture of tax evasion, which, in turn, is an unjust punishment to honest tax payers, Bhattacharya added.

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GP net profit rises, after dismal 2013

STAR BUSINESS REPORT

Grameenphone's net profit rose 13.67 percent to Tk 516 crore year-on-year during January-March, as the return of political normalcy restored vibrancy in economic activities.

"GP managed performance revival during the quarter, after the depressed fourth quarter of 2013, aided by resumption of economic activities and maintenance of solid traction in the market," said Vivek Sood, chief executive of GP.

The first-quarter turnaround came after the operator's net profit fell 16 percent in 2013 due to higher corporate taxes along with 3G spectrum and 2G renewal fees, while political unrest came as a fresh blow.

Net profit fell to Tk 1,470 crore in 2013

BY THE NUMBERS

Q1 net profit rises **13.67%** to Tk **516cr**

EPS stands at Tk **3.81**

New subscribers **15.7** lakh

Investment for 3G Tk **280cr**

Share price closes at Tk **270.3**

from Tk 1,750 crore in the previous year.

GP's revenues rose 6.1 percent to Tk 2,493 crore during January-March, compared to the same period of 2013.

The growth was mainly driven by increased voice outgoing from acquisition, data revenue with momentum from 3G, SMS and campaign driven content services.

Growth in both local and international interconnection minutes, and wholesale and financial services also contributed to this top line.

"We expect to maintain this momentum and drive business further. We lived up to our commitment and managed to bring all the 64 district headquarters under 3G coverage," Sood said at a press conference at the Westin hotel in Dhaka.

SIM REPLACEMENT Procedures in tax claim not consistent: GP boss

STAR BUSINESS REPORT

The procedures followed by the tax administrator in claiming around Tk 2,464 crore in SIM replacement taxes from four mobile operators were inconsistent with the original terms and conditions of a review committee, Grameenphone said yesterday.

"The procedure followed was inconsis-

tent with original terms of reference regarding the report prepared by the committee members," its CEO Vivek Sood said at a press conference at the Westin hotel in Dhaka.

"We are hopeful that the NBR [National Board of Revenue] and the finance ministry will find a way to resolve the deadlock."

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BB lifts curbs on foreign loans for EPZ enterprises

STAR BUSINESS REPORT

Bangladesh Bank has lifted restrictions on industrial enterprises in Export Processing Zones (EPZs) to borrow loans from overseas.

The industrial units in the EPZs will have to submit loan applications through their authorised dealer banks to Bangladesh Export Processing Zones Authority (BEPZA), which will send the proposals to BB for approval, the central bank said in a notice.

For non-EPZ enterprises, a separate scrutiny panel under the Board of Investment approves foreign loans.

But enterprises in EPZs that do not fall under BOI's jurisdiction could not apply for external borrowing that costs less than local loans.

There are three types of enterprises in EPZs: fully foreign-owned, joint ventures and local companies. All companies will be able to borrow from external sources, according to the notice.

HALL-MARK SCAM

ACC okays charge sheets in 10 cases

STAR BUSINESS REPORT

The Anti-Corruption Commission yesterday gave a go-ahead to charge sheets in 10 cases out of 26 filed in connection with the Hall-Mark loan scam.

Twenty-one people were shown accused -- ten are representatives of Paragon Knit Composite Ltd, DN Sports Ltd and Khanjahan Ali Sweater Ltd, and the rest are officials of Sonali Bank, said ACC Public Relations Officer Pranab Kumar Bhattacharya.

The charge sheets that mentioned swindling of around Tk 18.69 crore will be submitted to court, said Bhattacharya, also a deputy director of ACC.

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Workers operate a machine at Tazrian Weaving Mills, a concern of Mahin Group, in Narsingdi. The fabrics manufacturing unit with an annual production capacity of 12 million metres started operations on March 1.

MAHIN GROUP

Mahin Group shells out \$50m for expansion

REFAYET ULLAH MIRDHA

Mahin Group, a leading local garment and fabrics maker, plans to spend \$50 million by 2015 for expansion to meet the growing demand from the international retailers for quality products at competitive prices.

The group will set up a new yarn dyeing unit at a cost of \$20 million and a spinning mill with \$30 million in the next one year,

said Abdullah Al Mahmud Mahin, managing director of Mahin Group.

The proposed Hamid Yarn Dyeing will go into operation by February next year while the operation of the spinning mill will start at the end of the next year at Shilmandi in Narsingdi.

Mahin Group opened Tazrian Weaving Mills Ltd which was built at a cost of Tk 90 crore at Shilmandi on March 1.

"The production capacity of the newly launched weaving unit is 12 million metres a year and our annual sales target from this unit is \$30 million," he said.

Mahin said his buyers have been pushing him for several years for the expansion. "The fabrics of the newly launched weaving unit are pre-sold to my buyers."

The annual turnover of Mahin Group, which has been in gar-

ment business since 1993, stands at over \$100 million.

The group supplies fabrics to almost all renowned retailers of the US and Europe. The major buyers include Abercrombie & Fitch, PVH, Marks & Spencer and H&M, said Mahin.

"I have been receiving a lot of work orders both from China and Japan as the cost of production in those countries have gone high."

United Power sets share bidding for May 18

STAR BUSINESS REPORT

Institutional bidding for United Power Generation and Distribution Company's shares will begin on May 18 under the book building method, a modern pricing mechanism.

United Power will float 3.3 crore ordinary shares of Tk 10 each.

Institutions will bid for 1.32 crore shares worth Tk 10 each; bidding will start at 2:00pm on May 18 and continue until 2:00pm on May 20, according to a notice posted on the Dhaka Stock Exchange website yesterday.

Of the rest 1.98 crore shares, 49.50 lakh shares have been kept for general investors, 33 lakh for non-resident Bangladeshis, 49.50 lakh for mutual funds and 66 lakh for affected retail investors, who lost money during market downswings in 2011.

An indicative price for each United Power share has already been built at Tk 60 through bidding by 28 institutions from six-categories at a roadshow in May last year.

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Tap into potential of SMEs: experts

STAR BUSINESS REPORT

Bank and non-bank financial institutions should set up separate subsidiaries or centres exclusively dedicated to small and medium enterprises, to cater to their need for funds, experts said yesterday.

Relationship managers or the SME desks at banks are not enough to understand the needs of the highly untapped market, they added.

"Banks should form subsidiaries to better serve the SMEs, as banking for SMEs is different from other banking services," said Khondkar Ibrahim Khaled, a former

deputy governor of Bangladesh Bank.

"There should be SME banking centres at the regional hubs to cater to this segment, instead of leaving them in the hands of relationship managers," said Leif Andersen, commercial bank training expert at the Bangladesh Institute of Bank Management. "It will help banks generate more profit."

They were speaking at a national seminar organised by the SME Foundation on sustainable business model for SME banking, at Bangladesh Bank Training Academy in Dhaka.

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