

Star BUSINESS

জীবনে প্রয়োজন আরো বেশি স্বাচ্ছন্দ্য

সর্বাধুনিক প্রযুক্তি সমন্বিত ব্যাংকিং সেবায় মাসিক আয়ের সাথে বাড়তি আয় যোগ করুন আর জীবন করুন সুসমৃদ্ধ

যে কোন প্রয়োজনে ০৯৬১২০০১১২২

টোলফ্রী শ্রীআহা'র মুনাবাবা নীতির ভিত্তিতে পরিচালিত



DHAKA WEDNESDAY JULY 9, 2014, e-mail:business@thedailystar.net

HC acts on money laundering allegations against shippers

STAR BUSINESS REPORT

The High Court yesterday asked the Bangladesh Bank to explain why it should not be directed to investigate nine shipping companies for allegations of laundering money.

The central bank has four weeks to get back to the HC, which also asked the companies to explain their positions on the reported allegations against them within the same time frame.

The newspapers -- The New Nation, Sangbad and Bhorer Kagoj -- which have published news items at different times in this regard have also been asked to submit reports on their authenticity.

The move comes after Supreme Court Lawyer Quamrul Haque Siddique filed a petition on June 2 as public interest litigation, seeking directive for investigation into the matter by BB.

The companies are Continental Traders (BD) Ltd, Hapag-Lloyd, GBX Logistics, Aitken Spence, Etihad Crystal Cargo, GSA Cargo, Speed Air Cargo Net Pvt Ltd, Allport Cargo Services and Orient Overseas Container Line Ltd.

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Mobile phone users face fresh surcharge

ABDULLAH MAMUN and SOHEL PARVEZ

The tax authority plans to impose a 1 percent surcharge on the use of mobile phone, the proceeds from which will be spent on promoting rural education, officials said.

The National Board of Revenue earlier slapped a 1 percent surcharge on mobile handset sales, effective from the current fiscal year.

The new surcharge, if imposed, will put extra pressure on the users who already pay 15 percent value added tax on their phone bills.

Due to the VAT, a user actually gets talk time of Tk 85 against a top-up of Tk 100 as Tk 15 is deducted by mobile operators. The surcharge will leave the user with Tk 84 talk time.

Analysts and mobile operators opposed the new proposal, saying the surcharge is likely to discourage the use of telecom in all economic activities and undermine the growth of broader economy.

The NBR unveiled the plan of imposing the surcharge at a meeting with representatives of mobile operators at its office in Dhaka yesterday, according to officials who were present at the meeting.

"We are examining the scope," an NBR official said.

Revenue officials told the meeting that the surcharge will be termed 'development surcharge' to promote rural education, and it will be on airtime (talk time) or short message service and other services used by subscribers.

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KEY POINTS

1% surcharge may be imposed on talk time, SMS and other services

The proceeds will be spent on rural education

Surcharge to discourage the use of telecom in economic activities: analysts and telecom operators

The number of mobile phone subscribers is 11.62 cr now

The number of internet users through mobile phones rises to 3.74 cr in May from 2.12 cr two years ago

FAR Chemicals shares gain five times on debut

STAR BUSINESS REPORT

The prices of FAR Chemicals Industries soared more than five times to Tk 52.60 a share during the company's controversial trading debut on the stock exchanges yesterday.

Listed with a face value of Tk 10 each, FAR Chemicals share price oscillated between Tk 45 and Tk 54.50, before closing at Tk 52.60 on the Dhaka Stock Exchange.

A total of 54.63 lakh shares traded on the premier bourse, generating a turnover of Tk 27.68 crore. The company also topped the turnover list.

FAR Chemicals made a controversial debut on the stockmarket, as the company concealed market-sensitive information about its directors in its IPO (initial public offering) prospectus that was a violation of securities rules.

The textile chemical manufacturer,

however, made the concealed information public after an instruction from Bangladesh Securities and Exchange Commission.

The stockmarket regulator in January gave the green light to FAR Chemicals to raise Tk 12 crore from the public through floating 1.2 crore ordinary shares worth Tk 10 each.

The company will use the raised fund to buy capital machinery and increase the current capacity.

Govt's bank borrowing dips to four-year low

REJAUL KARIM BYRON

The government's bank borrowing stood at a four-year low last fiscal year thanks to higher sales of national savings instruments and lower development expenditure.

In fiscal 2013-14, the government borrowed Tk 7,951 crore from the banking system, which is 26.5 percent lower than the target and a 56.73 percent drop from the previous year, according to the central bank's provisional data.

However, a finance division official said the final figure might not be so low but it will still miss the target by a significant margin. He indicated that the final bank borrowing figure for fiscal 2013-14 might be Tk 12,000 crore.

The government aimed to borrow Tk 9,056 crore through national savings instruments, but it managed Tk 10,018 crore in just the first 11 months of the fiscal year.

In the last month of fiscal 2013-14, the net sales of instruments may increase by Tk 2,000 crore, which is a major cause for the decrease in bank borrowing.

As the interest rates in banks dropped, people leant more toward savings instruments: the interest rate on bank deposits is 8.11 percent on average but the rate on savings instruments is 12-13 percent.

Another reason for the low bank borrowing is the low development expenditure: the planning ministry through much squabble with the finance minister got the size of the revised annual development programme at Tk 60,000 crore, which is Tk 5,000 crore more than the original allocation, but it could not utilise the full amount.

While the ADP expenditure increased slightly year-on-year in fiscal 2013-14, it would remain much below the target, according to a planning ministry official.

In the first 11 months of last fiscal year, ADP expenditure stood at Tk 39,982 crore, meaning more than Tk 20,000 crore is

GOVERNMENT'S BANK BORROWING IN CRORES OF TAKA



SOURCE: BANGLADESH ECONOMIC REVIEW-2014

needed to be spent during the closing month to meet the target, which is a near-impossible task, he said.

At most, ADP expenditure would be Tk 53,000 crore, an almost 6 percent increase over fiscal 2012-13, according to both the planning and finance ministry officials.

The government's increased dependence on savings instruments is bad news for banks, according to Zahid Hussain, lead economist of the World Bank's Dhaka office.

Typically, when the government's bank borrowing increases, there is a crowding-out effect on private sector credit and inflation also rises, he said.

"That scenario is unlikely to happen this time as there is plenty of liquidity in the banking system. In fact, the banks are looking to invest in treasury bills to maintain their profit levels, but they can't if the government continues to rely on savings instruments."

Most of the government's bank borrowing takes place through 91-day treasury bills, the interest rate on which stood at 6.92 percent at the end of June.

Moreover, as the domestic borrowing is increasing the government's expenditure on interest payment has been soaring every year. Interest payment got the highest allocation -- of 18.4 percent -- in the current year's revenue budget.

EBL's Diners Club cards face setback

HC stays implementation of credit card deal

MD FAZLUR RAHMAN

The launch of Diners Club credit cards in Bangladesh hit a rough patch after the High Court stayed the implementation of the US company's deal with Eastern Bank Ltd.

The ruling from the bench of Justice Salma Masud Chowdhury and Justice Md Habibul Gani came on Monday following a writ petition filed by Travel Consultants, a local travel agent.

Travel Consultants has accused EBL of taking away the business it has been doing for three decades with Diners Club International (Hong Kong), the regional unit of Diners Club International (DCI) owned by US-based Discover Financial Services.

EBL, one of the respondents to the court rule, has denied any wrongdoing.

Travel Consultants said it has been the sole agent of DCI in Bangladesh since May 1985.

Since then, the travel agency has been serving foreigners with Diners Club credit cards during their stays in Bangladesh, earning up to \$1 million of foreign currencies a year in the process.



Travel Consultants paid all the local bills of the travellers against their DCI credit cards. Later, DCI reimbursed the travel agent.

Travel Consultants continued to receive payments through its account with Standard Chartered Bank before it shifted its account to EBL in April last year.

"Looking at business prospects, EBL entered into an agreement with DCI bypassing the local sole agent and is thereby trying most unethically to usurp the business of Travel Consultants," SA Reza Hussain, chief executive and proprietor of Travel Consultants, said in a statement.

The stay order will remain in force until it is vacated, Barrister Akhtar Imam, a senior advocate of the Supreme Court who stood for Hussain, told The Daily Star.

In December 2012, EBL signed a deal with DCI to become a card issuer and acquirer.

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Grameen Uniqlo to open ninth store

STAR BUSINESS REPORT

Grameen Uniqlo, the social business enterprise of Japan's Fast Retailing, will open its largest store in Bangladesh yet on Thursday to cater to the growing demand.

The store, at the capital's Jamuna Future Park shopping centre, will be the company's ninth in the country. Tadahiro Yamaguchi, managing director of Grameen Uniqlo, will inaugurate the store.

All merchandise at Uniqlo stores are designed in Japan but manufactured in Bangladesh using locally sourced materials.

Launched in 2011 as a joint venture between Fast Retailing, Asia's biggest clothing retailer, and Grameen Healthcare Trust, a non-profit organisation that provides healthcare services to low-income people in rural areas, Grameen Uniqlo quickly grew in popularity among the expanding middle-class.

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