

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES	
DSEX	▲ 0.90%	CSCX	▲ 0.92%	As of Friday	Friday closings	USD	EUR
5,072.20		Gold	▼ \$1,223.10 (per ounce)	MUMBAI	TOKYO	GBP	JPY
		Oil	▼ \$92.40 (per barrel)	▲ 0.60%	▼ 0.88%	123.30	0.69
				26,626.32	16,229.86	76.90	95.83
						77.90	99.84
						127.31	0.73

পাঁচদোনা শাখা
ইসফার চাওয়ার
পাঁচদোনা মোড়
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star BUSINESS

DHAKA MONDAY SEPTEMBER 29, 2014, e-mail:business@thedailystar.net

Development projects go at slow pace

Road division spends only 1pc of allocation for the year

REJAUL KARIM BYRON

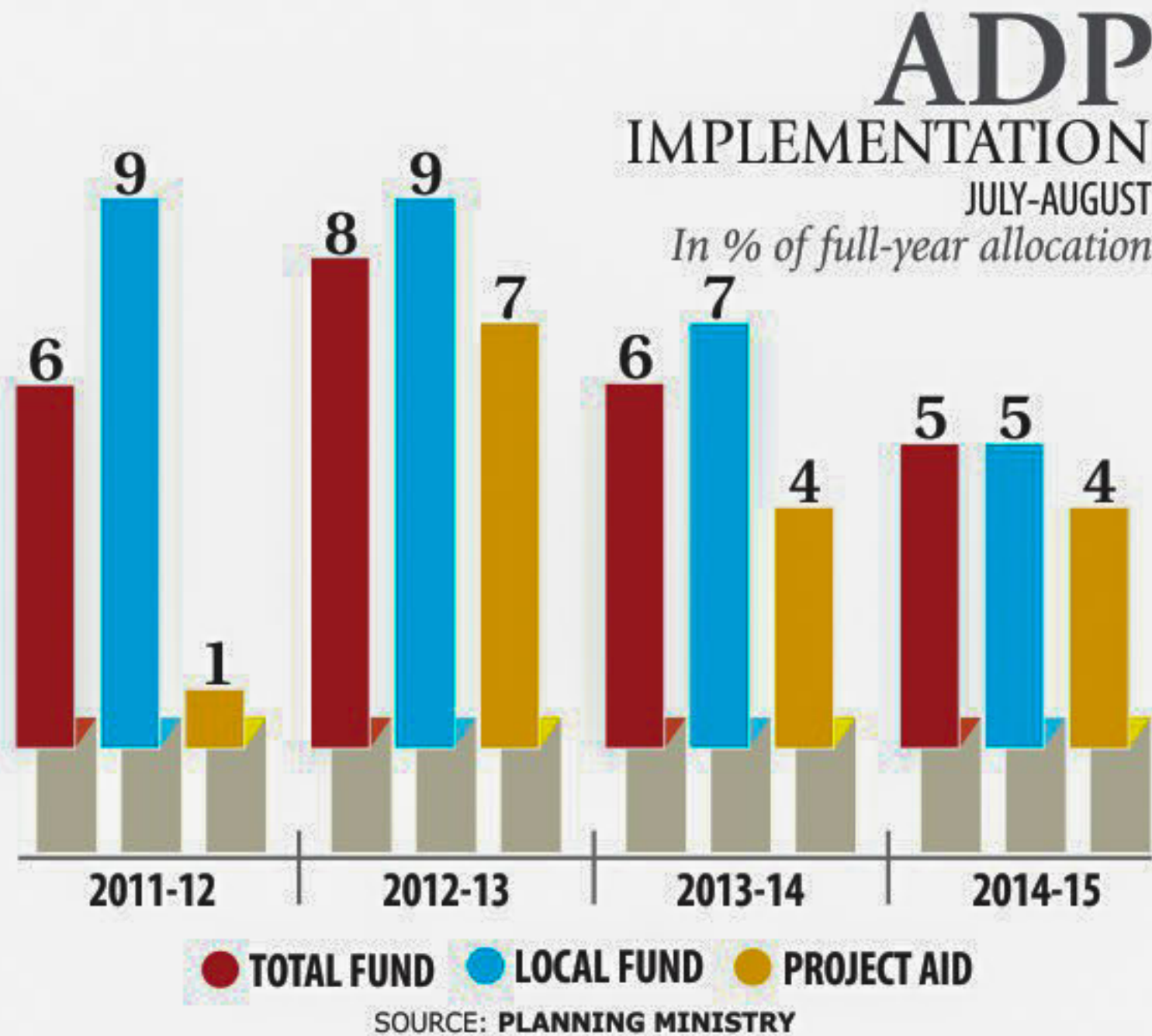
The pitiable state of many highways ahead of Eid-ul-Azha could have been averted had the road transport and highways division utilised its allocation for July-August.

Although there were no fund constraints, the division spent only Tk 52 crore in the first two months of the fiscal year, which is just 1 percent of its allocation for the year, according to data from the planning ministry.

The figure is a decline of 67 percent from the same period of fiscal 2013-14. The division spent Tk 159 crore between July and August of the last fiscal year, which was 5 percent of the allocation for the year.

The roads and highways division is not an outlier: in the first two months of the fiscal year, the ministries and divisions together spent only 5 percent of the Annual Development Programme.

The development is all the more puzzling as in the same period last



fiscal year, when the country was embroiled in political turmoil, they managed to spend 6 percent of the allocation for the year.

The ministries and divisions spent Tk 3,816 crore between July and August this fiscal year, down about 6.5 percent year-on-year.

Ten large ministries and divisions got 72 percent of the year's ADP budget Tk 80,315 crore. Curiously, of them, six spent below the 5 percent average in the first two months.

Zaid Bakht, research director of the Bangladesh Institute of Development Studies, said mega-projects got the highest focus in the current fiscal year's ADP.

Such projects see various hiccups in the initial stages by way of land acquisition, design finalisations and so on, which might explain the slow expenditure thus far.

Still, he recommended the government concentrate on speedy implementation of the big projects, as it will have a knock-on positive effect on the other projects.

The science and technology ministry could not spend a single taka in the July-August period, while the water resources ministry managed to spend only 0.31 percent of its allocation.

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Discount bonanza for festivals

GAZI TOWHID AHMED

Financial service providers, airlines, electronics retailers, clothing brands and motorcycle manufacturers have come up with generous discounts and gifts in the lead-up to the Eid and Puja festivals.

MasterCard, an American multinational financial services corporation, is offering discounts of up to 35 percent on purchases at upwards of 240 outlets and up to 22 percent at a host of restaurants in Dhaka, Chittagong and a couple of other major cities, its Country Manager Syed Mohammad Kamal said.

Furthermore, all MasterCard-holders can get

30 percent discounts on a Turkish Airlines package -- a 12 percent discount on bus tours in Istanbul and Bosphorus Cruise with dinner and traditional cultural programmes. The offer is valid until December 30.

Its gold and platinum cardholders will get 20 percent discounts on economy and business class tickets of Singapore Airlines between September 1 and November 15.

"MasterCard is continually focused on adding value to cardholders' shopping experience. We believe the special offers will encourage the use of electronic payment methods and consumers can enjoy a safer and more convenient shopping experience."

Regent Airways, too, has gotten in the discount act. The airline is offering an attractive 25 percent discount on tickets for all its destinations with its 'Buy and Fly Now, Get 25 percent Discount on the next flight' offer.

To enjoy the offer, interested passengers will have to buy a ticket on any of its routes from September 10 to October 10, and he/she will get a 25 percent discount on the next ticket purchase.

"It is an attractive promotional offer to show gratitude to our valued customers," Noor E Tazrian Khan, communication manager at Regent, said.

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Sales of savings tools on the rise

REJAUL KARIM BYRON

The government's borrowing through savings instruments more than trebled year-on-year to Tk 4,328 crore in the first two months of the current fiscal year.

The jump was mainly due to growing confidence of investors in the government's savings instruments that offer higher interest rates compared to banks.

The net sales of the savings tools were worth Tk 1,316 crore in the July-August period of last fiscal year.

Profits from savings instruments have been more attractive for the last several years, said an official at the

Internal Resources Division of the finance ministry.

A certain amount of savings by pensioners has been made tax-free in the current budget, which also led to a rise in the sales of the savings instruments, he said.

Many banks are now discouraging deposits as they are sitting idle on a huge pile of excess liquidity amid a dull investment situation in the country.

The average deposit rate fell by about 0.82 percentage point in one year and stood at 7.79 percent in June, which is why small savers are now looking to the savings instruments.

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A panel to review VAT law on way

STAR BUSINESS REPORT

The National Board of Revenue is set to form a panel to review the VAT and Supplementary Duty Act 2012 amid demands from businessmen.

The panel will comprise a private sector representative and the tax administrator has already asked the Federation of Bangladesh Chambers of Commerce and Industry to send in their recommendation for the post.

The remaining 6-7 members will be selected once the private sector representative, who will also act as the co-chair of the committee, has been nominated, said a high official of the NBR.

The move comes after Finance Minister AMA Muhith early this month announced a review of the contentious law.

The new VAT law, which will replace the existing VAT Act 1991, has been met with opposition from the business community, who allege that their recommendations and concerns were not reflected in the law.

It stipulates a flat 15 percent VAT and eliminates the scope of package VAT and VAT determined on a truncated basis, which many sectors including retailers enjoy at present.

Early this month, the FBCCI said it would be tough for businesses to comply with various provisions of the new law.

A new VAT law was not necessary as businessmen have become accustomed with the existing one passed in 1991, it said.

The apex body also questioned the framing of a new law without an impact assessment.

The government earlier aimed to enforce the law from July 2015 but it has now been pushed back to July 2016, tax officials said.

Review of the law, re-tendering to procure software to build an integrated VAT administration system and an ongoing inquiry into allegations against a firm that bid for management consultancy for the VAT online project are the reasons behind the delay in implementation, said revenue officials.

The NBR last week, citing the reasons, also informed an IMF mission that it would need another year to implement the VAT law.

The government had earlier taken up a Tk 551.52 crore project to implement the new VAT law. Of the amount, the World Bank will provide about Tk 470 crore as interest-free credit to help modernise VAT administration and increase tax revenue.

Stock regulator to probe United Airways hiccups

Share prices rise 7.34pc

STAR BUSINESS REPORT

The stockmarket regulator yesterday formed a three-member panel to investigate the recent developments at United Airways.

The team will look into the private carrier's suspension of operations, reconstruction of its board, resumption of operations and its trade pattern on bourses, said Saifur Rahman, spokesman of Bangladesh Securities and Exchange Commission.

BSEC Director Md Abul Kalam will lead the probe with deputy directors Mohammed Nazrul Islam and Mohammad Al Masum Mirdha being other members of the team.

"The regulator also asked the committee to submit a report within the next 21 working days," said Rahman, also an executive director of the BSEC.

Meanwhile, price of United Airways shares rose 7.34 percent yesterday, as the private carrier came back in flights operations after a three-day pause over a conflict among board members.

Each share of the lone listed airline traded between Tk 11.90 and Tk 11.60, before closing at Tk 11.70 on the Dhaka Stock Exchange.

During the four-hour trading session, the price also touched the 'circuit breaker' that did not allow the stock to go beyond Tk 11.90 for the day.

The price of a stock cannot increase or decrease by certain percentage on a trading day as per the circuit breaker rules of the DSE. In the case of United Airways, which was listed on the stock exchanges in 2010, the share could increase by 9.17 percent at most.

More than 83.53 lakh shares were traded, generating a turnover of Tk 9.86 crore.

United Airways resumed its domestic and international flights on Saturday after its board members settled disputes at a meeting on Friday night.

The airline had suspended operations on Wednesday evening for an indefinite period after the company faced a cash crunch due to the failure of its reconstituted board to come up with a plan.

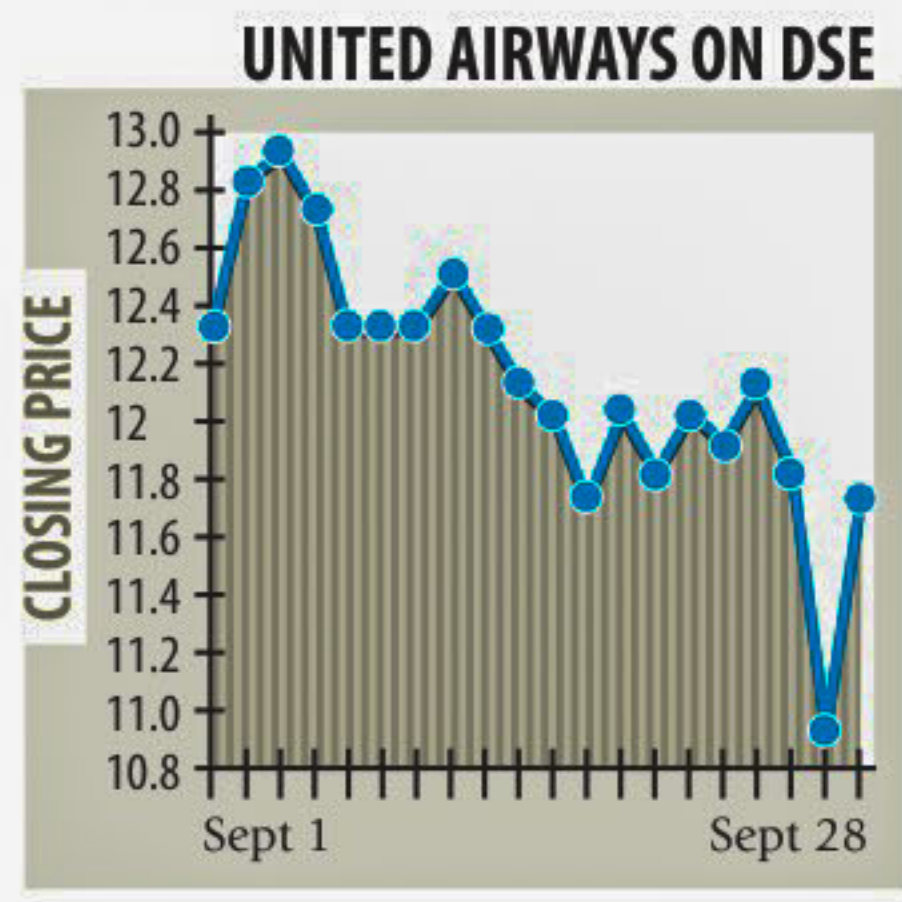
The board was reshuffled on September 22, after Tasbirul Ahmed Choudhury was forced to step down from the post of chairman and managing director because of internal conflict over the company's income and expenditure.

Mohammed Mahtabur Rahman, a direc-

tor, was subsequently appointed chairman, while Shahinoor Alam was made acting managing director and Ferdous Imam acting chief executive officer.

But after the Friday's meeting, Choudhury was reinstated as the managing director and founder chairman, while Rahman retained his new post as chairman; Alam was made vice-chairman.

The airline, which had not earlier given any posting on the bourses' websites and trading servers about the operational suspension though it was supposed to do so as per securities rules, finally came up with a posting yesterday.



The posting said, as the company secretary did not attend office due to illness, no news could be provided about the suspension of operations.

"The previous management took over again and flights resumed from September 27 morning. The management expresses their deepest regret for all that happened from September 24 to 26," according to the posting.

Set up in 2007, the airline has 11 aircraft in its fleet: two Airbus 310s, five MD-83s, three ATR-72s and one Bombardier Dash-8.

United Airways operates domestic flights to Chittagong, Sylhet, Jessore, Cox's Bazar, Rajshahi, Saidpur and Ishwardi.

On the international routes, it flies to Dubai, Kuala Lumpur, Kathmandu, Kolkata, Jeddah, Bangkok, Muscat and Singapore.

General investors hold 74.37 percent of the airline's shares, institutional investors 17.19 percent and sponsors and directors 8.44 percent.

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