

জীবনে প্রয়োজন আরো বেশি স্বচ্ছন্দ
 সর্বাধুনিক প্রযুক্তি সমন্বিত ব্যাংকিং সেবায় মাসিক আয়ের সাথে বাড়তি আয় যোগ করুন আর জীবন করুন সুস্বন্দ।

যে কোন প্রয়োজনে ০৯৬১২০০১১২২
 ইসলামী শরীআহ'র ফায়দা বা নিতির ভিত্তিতে পরিচালিত



star BUSINESS

DHAKA TUESDAY NOVEMBER 4, 2014, e-mail:business@thedailystar.net

Savers without e-TINs face higher tax

STAR BUSINESS REPORT

Taxpayers will face a 15 percent cut in their interest earnings from savings and fixed deposits if they do not submit the electronically generated 12-digit taxpayer identification numbers (TINs) to banks.

The National Board of Revenue (NBR) on October 26 issued a letter to the central bank seeking its instruction to banks in this regard.

The tax administration said banks will cut 10 percent withholding tax on the interest earnings if a depositor possesses a 12-digit e-TIN.

Without e-TIN, banks will have to deduct 15 percent source tax on interest or profit earnings of a depositor.

The NBR move comes after it brought related changes in the income tax law during the passage of the budget for fiscal 2014-15.

The tax authority introduced online registration for TIN in July last year to clean its manually issued TIN database.

So far, more than 14 lakh taxpayers registered online for the 12-digit TINs.

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Efforts to step up aid roll-out

REJAUJUL KARIM BYRON

The government has decided to intensify its foreign aid disbursement efforts this fiscal year in the face of a sudden surge in aid inflow: a record \$19.5 billion.

It aims to dispatch 22 percent of the total by next June, after which the disbursement rate will be bumped up to 25 percent. In other words, some \$4.29 billion in foreign aid has to be dispatched in fiscal 2014-15, up 43 percent from last year's record disbursement of \$3 billion.

The decision came at yesterday's cabinet meeting chaired by Prime Minister Sheikh Hasina, during which the Economic Relations Division placed a report on foreign aid.

Foreign aid piled up in recent times due to an increase in commitments, Cabinet Secretary Musharrif Hossain Bhuiyan told reporters after the meeting.

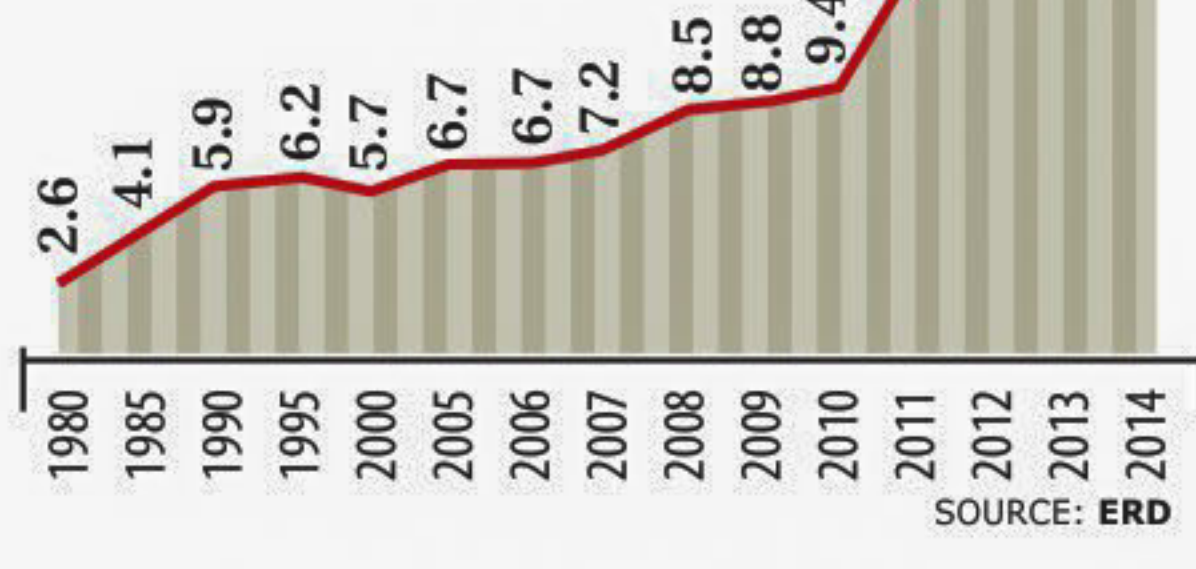
But the government will take steps to improve the disbursement rate, including heightened monitoring at field level and frequent meetings with donors to expedite the disbursement process. It will also ask development partners to delegate more power to their field offices, he said.

Meanwhile, the ERD report said the aid pipeline bulged due to huge mobilisation of foreign aid starting from fiscal 2010-11. The average commitment between fiscal 2010-11 and 2013-14 stood at \$5.6 billion in contrast to \$2.6 billion between fiscal 2006-07 and 2009-10.

In response, the average disbursement between fiscal 2010-11 and 2013-14 was raised to \$2.43 billion from \$1.94 billion in the preceding four fiscal years.

AID IN THE PIPELINE

In billions of \$ Annual figures as of June 30



SOURCE: ERD

It takes one to two years for projects to just start. Some 62 percent of the delays were caused due to bottlenecks on the government's side and 19 percent due to the development partners; 12 percent were due to both government and development partners, and 7 percent were affected by outside causes like political unrest, according to the ERD report.

The delays from the government side were by way of slow approval of project proposals and drawn-out tendering, contract awarding, project designing and land acquisition processes. The tardy tendering and contract awarding processes jointly contributed 26 percent of the delays.

From the donors' side, lags in project approval and appointment of experts or consultants held back start dates.

"All these problems ultimately snowball into delayed disbursement of aid in the pipeline," the report said, adding that it takes more than six years to complete disbursement on a project.

The report also presented a number of immediate and long-term action plans for increasing the disbursement.

"This means our ability to utilise aid has lagged behind our ability to negotiate new aid," said Zahid Hussain, lead economist of the World Bank's Dhaka office.

The report, however, said that the swell is likely to recede soon as the capacity for project implementation is continuously increasing.

One of the core reasons cited for slack aid disbursement is the delay in project take-off:

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Bangladesh, India decide on power inter-connection line

STAR BUSINESS REPORT

The import of 100 megawatt electricity from Tripura received a boost yesterday after officials of Bangladesh and India finalised the inter-country transmission line.

The two countries decided that an inter-connection line would be drawn from Suryamaninagar power sub-station in Agartala to Comilla in Bangladesh. The electricity will be transported from the 726MW thermal power project at Palatana in Gomati district of the northeastern Indian state.

The decision was taken at a meeting of technical experts from India and Bangladesh in Agartala, the capital of Tripura, according to the Press Trust of India.

Chowdhury Alamgir Hossain, director of Power Grid Company of Bangladesh, who led the Bangladesh delegation, said from Suryamaninagar substation, the line would be drawn by the Indian government up to Konaban, the crossing point to Bangladesh, covering a distance of about 24km.

From Konaban, the line would enter Bangladesh territory and would be drawn by the Bangladesh government up to Comilla grid covering a distance of about 27km which would cost about Tk 135 crore.

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Nine new banks face competitive pressure

STAR BUSINESS REPORT

Nine new banks are struggling to do business, facing intense competition from 47 old peers in lending and attracting deposits, industry insiders said.

Lending is the biggest challenge for the new banks as borrowers demand the lowest interest rate without considering the banks' cost of funds.

"Often, we cannot afford the interest rate a borrower wants," said Muklesur Rahman, managing director of NRB Bank.

According to these banks, the cost of their funds is between 12 and 14 percent, which is well within a single digit for many old banks. In terms of lending, if a new bank offers a borrower 11 percent, an old bank offers 10.5 percent.

"We are in a double bind -- depositors demand more and borrowers offer less. It's tough to get a margin," said Abdul Kuddus, managing director of NRB Global Bank.

Touhidul Alam Khan, deputy managing director (business) of Modhumoti Bank, said attracting low-cost deposits by competing with other banks and lending to appropriate clients have become a big challenge for them.

These new banks commenced business at a bad time last year, when the country was facing months of political unrest. Nine banks came into the market between April and October of 2013. Despite debate and opposition from different quarters, Bangladesh Bank allowed these fresh banks to take the tally to 56.

As on September 30 this year, Union Bank collected the highest deposit worth Tk 3,025 crore, followed by NRB Commercial with Tk 1,586 crore, South Bangla Agriculture Bank Tk 1,349 crore and NRB Global Tk 1,095 crore; others' deposits were less than Tk 1,000 crore, BB data showed.

Union Bank also topped the list in lending. The bank lent Tk 2,323 crore till September 30 this year, followed by NRB Commercial with Tk 1,127 crore, South Bangla Agriculture Tk 1,050 crore and NRB Global Tk 752 crore.

In terms of income, Modhumoti Bank earned the highest of nearly Tk 32 crore in operating profits in one year through September this year, followed by Union Bank with Tk 30 crore and South Bangla Agriculture Tk 20 crore.

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October sees fall in foreign investment

SARWAR A CHOWDHURY

Net foreign investment in the Dhaka stockmarket slumped 14.22 percent year-on-year in October as investors remained cautious.

Foreign investors bought shares worth Tk 302.88 crore and sold shares worth Tk 107.02 crore to take net investment to Tk 195.86 crore last month, according to data from the Dhaka Stock Exchange.

Stock indices and turnover rose last month, leading some foreign investors to offload a portion of shares from their portfolio to book profit.

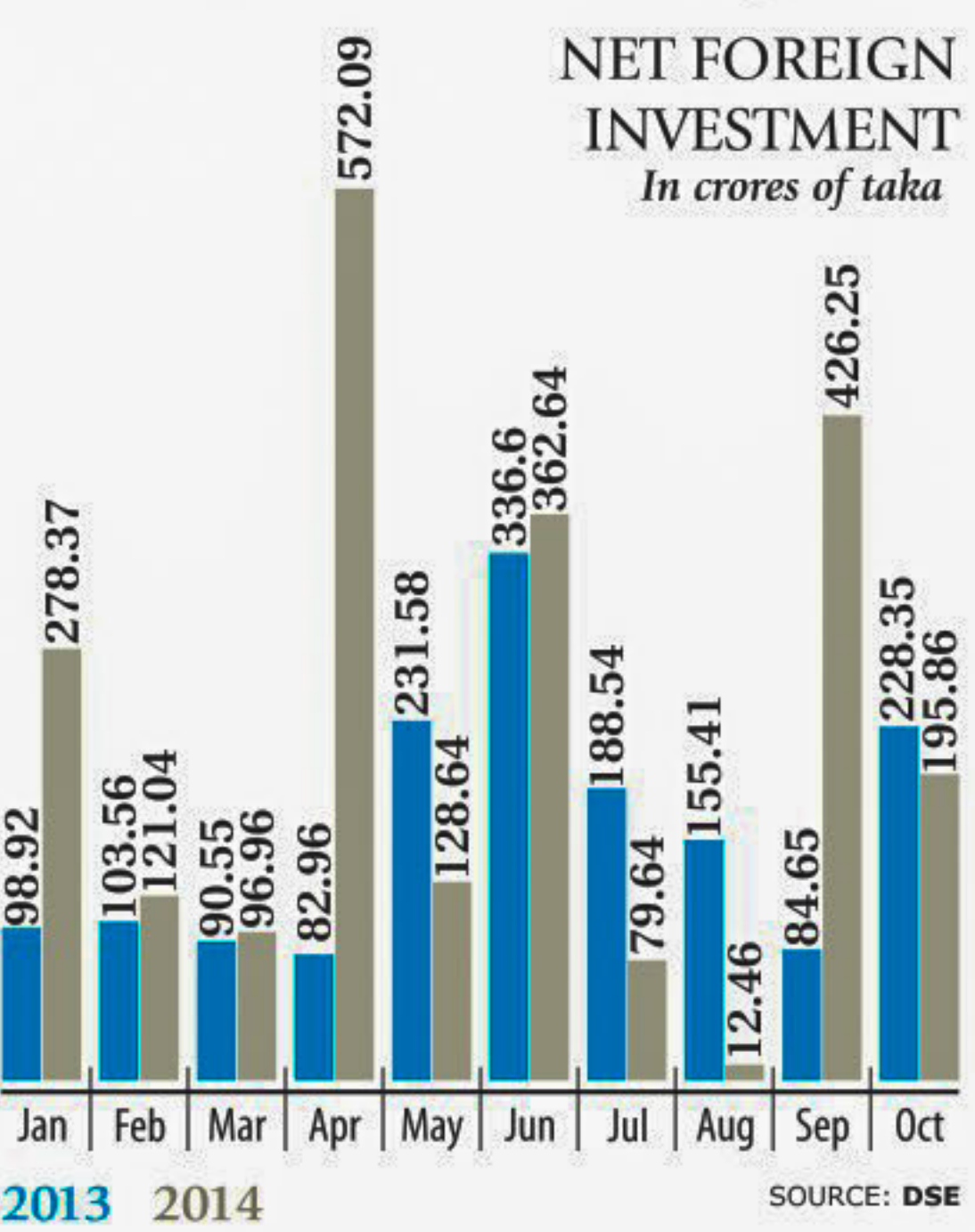
DSEX, the benchmark index of the premier bourse, increased almost 2 percent to 5,173 points last month.

Daily average turnover on the DSE jumped 186 percent to Tk 750 crore in October from the same period last year.

"It is not possible to evaluate the foreign investment trend with one or two months' statistics, as they are long-term investors," said a leading stockbroker who deals with foreign investment.

Foreign investors usually remain on the sidelines when the market rises, he said, adding that their go-slow approach may be a reason behind last month's decline in net position.

However, overseas investors still interested in the



SOURCE: DSE

Bangladesh market with the country's favourable economic factors, political stability and a positive market outlook, the stockbroker said.

The foreign investors are mostly fund managers like Morgan Stanley, JP Morgan, Goldman Sachs and BlackRock.

They managed various types of funds like endowment funds, hedge funds, long-only funds and mutual funds, and they invest in the Bangladesh market through these funds.

Last month's net investment amount was 1.5 percent of a total turnover of Tk 12,765 crore on the premier bourse.

Also known as portfolio investment, foreign investments account for around 1 percent of DSE's total market capitalisation of Tk 341,003 crore as of yesterday.

Banks were initially the foreign investors' preferred sector, but non-bank financial institutions, power and energy, pharmaceuticals, multinationals, telecoms and IT also caught their attention.

In January-October, foreign investors bought shares worth Tk 3,871.34 crore and sold shares worth Tk 1,597.39 crore to yield a net investment of Tk 2,273.95 crore, according to DSE data.



Inspiration of Unshakable Trust

Heartiest congratulations to **Sir Fazle Hasan Abed**, KCMG on receiving the prestigious **'Spanish Order of Civil Merit'** for his efforts in tackling poverty and empowering the poor.

This international accolade belongs not only to BRAC family, but to Bangladesh as a nation.

Sir Abed's unshakable trust in the potential of mankind remains as our inspiration to provide inclusive financial services.




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