

**জীবনে প্রয়োজন আরো বেশি স্বাস্থ্য**  
 সর্বাধুনিক প্রযুক্তি সম্বলিত ব্যাবিকিং সেবায় মাসিক আয়ের সাথে বাড়তি আয় যোগ করুন আর জীবন করুন সুসমৃদ্ধ।  
 যে কোন প্রয়োজনে ০৯৬১২০০১১২২  
 ইসলামী শরীআহ'র মুনাব্বা নীতির চিহ্নিত পরিচালিত  


# STAR BUSINESS

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Tk 1, Tk 2 notes to be phased out; coins to stay on

## New VAT law to appease both IMF and businesses

Muhith says the law will see minor changes

**REJAUL KARIM BYRON**  
 The government is going to end a dispute between the business community and the International Monetary Fund over the implementation of the new VAT law. Some minor changes will be brought to the law, which will be acceptable to both the IMF and the business community, Finance Minister AMA Muhith said yesterday. A government committee on the VAT law has finalised its report and the finance minister held a meeting with the committee. Muhith said they will invite an IMF mission to Dhaka in February. After talks with the IMF, the ministry will issue an official order on the implementation of the VAT law, the minister said. "After that, there will be no problem in getting the rest of the ECF [Extended Credit Facility] loans," Muhith said. The IMF had deferred the release of the sixth instalment of the \$1 billion loan last year after the government failed to lay out a fresh roadmap for implementing the new VAT law. The government is introducing the new VAT law at the prescription of the IMF, but businesses earlier said their recommendations and concerns were not reflected in the law. The sixth instalment -- around \$140 million -- was scheduled for release in November last year.

The IMF had tagged a condition that the government would have to issue a formal notice announcing the rollout of the VAT law in July 2016. The lender said the sixth and the last instalments would be released together in April this year. The government had earlier committed to the IMF that the new VAT law would come into effect in July 2015, but due to opposition by influential ministers and the business community, the government had pushed it back to July 2016. The government last year formed the committee on the VAT law with NBR member Ali Ahmed as its head which included representatives of the business community. Muhith said the report submitted by the committee recommended some minor changes in the VAT law. He said the changes would be acceptable to the IMF. Businesspeople will not have any objection if the VAT law is implemented after bringing the recommended changes, he said. "Businesses also do not want any conflict with the IMF." The VAT law has two important features -- a uniform rate of 15 percent and elimination of various complications like truncated base, tariff value exemption and so on -- that would simplify the VAT collection process and make it more transparent. The existing VAT law was introduced in 1991 and has gone through many changes on an ad-hoc basis.



A deserted street in Cox's Bazar, pictured yesterday, spotlights how the tourism and hospitality industry has been battered by the ongoing blockade. About 200 hotels in the town have around 2,000 tourists a day now, compared to the regular 50,000 during the peak season of the year.

## BGMEA assessing blockade losses

**REFAYET ULLAH MIRDHA**  
 Bangladesh Garment Manufacturers and Exporters Association, the garment makers' platform has started assessing losses caused by the ongoing blockade. Factory owners have been asked to inform the trade body of the losses they have incurred so far, BGMEA President Atiqul Islam said. "We will disclose the findings very soon," he added. During the prolonged political crisis in 2013, the BGMEA had taken a similar initiative. The government had also offered incentives to the

affected businesses at that time. In 2013, the BGMEA had collected nine days' data (from Dec 1 to Dec 9) from 21 exporters to assess the overall losses caused by political unrest. Orders worth \$2.40 million were cancelled during the period, while exporters spent \$0.9 million on air shipment. In 2013, the sector had to bear air shipment bills worth Tk 5,000 crore and offer discounts worth Tk 9,000 crore because of political unrest, the BGMEA said in a statement last week. In the form of penalty for delayed shipment, the exporters saw a price cut by \$4.65 million as orders worth

\$6.6 million were delayed. Losses caused by vandalism and arson were worth \$1.9 million, according to the BGMEA. Real production in the garment sector is valued at Tk 430 crore a day. So, if half a day of production is hampered, output worth Tk 215 crore is damaged, the BGMEA said. The sector lost Tk 450 crore in the first 12 days of blockade this year, it said. Some apparel retailers have cancelled their scheduled flights to Dhaka due to a political upheaval and asked their suppliers in Bangladesh to meet them abroad to wrap up work orders.

## Marico tops dividend payers' chart

Multinational companies lead the way in stockmarket

**SARWAR A CHOWDHURY**  
 Marico Bangladesh offered 900 percent cash dividends in total last year, the highest among all listed companies, after it rolled out a 500-percent special dividend to mark the multinational firm's 12 years in the country. Marico that makes fast-moving consumer goods led the other 224 equity companies that disbursed dividends ranging from 5 percent to 620 percent in 2014. The 500-percent dividend was a one-off, said Iqbal Chowdhury, finance director of Marico Bangladesh. The company also offered special discounts in every product category for its consumers and special incentives to employees to mark the occasion, he said. Net profit of Marico Bangladesh, a leader in FMCG and a subsidiary of Mumbai-based Marico group, was Tk 139 crore for the year that ended in March. Earnings-per share of the company, which was listed in Bangladesh stockmarket in 2009, stood at Tk 43.99, net asset value per share Tk 54.16 and net operating cash flow per share Tk 85.84. British American Tobacco Bangladesh Company, Reckitt Benckiser, Linde Bangladesh, Heidelberg Cement, Glaxo SmithKline, Bata Shoe, Berger Paints and

COMPANY	DIVIDEND IN %
Marico Bangladesh	900
BATBC	620
Reckitt Benckiser	400
Heidelberg Cement	380
Linde Bangladesh	310
Bata Shoe	300
Glaxo SmithKline	300
Berger Paints	220
Grameenphone	140
Singer Bangladesh	100, 25B
Jamuna Oil	90, 10B
Padma Oil	90, 10B
ACI	85, 20B
Renata	75, 25B

Grameenphone were the other companies that gave over 100-percent dividends last year. The healthy dividends show that multinational companies (MNCs) are doing well in the country. The MNCs' capital structure is comparatively small and their retained earnings higher, since they usually do not go for expansion, said Faruq Ahmad Siddiqi, former chairman of Bangladesh Securities and Exchange Commission. So, they can afford higher dividends, he said, adding that MNCs prefer to give cash dividends. In contrast, the local companies prefer to give bonus dividends, he said, adding that bonus dividends reduce the ability to pay out dividends in future. Dividend in cash is an indicator of the financial soundness of a company and its ability to share profits with shareholders, he said. However, the tendency to give bonus dividends is declining in recent days, Siddiqi added. Of the 225 companies that disbursed dividends last year, 91 gave cash dividends, 74 bonus dividends and the rest 60 both cash and bonus dividends, according to data from the Dhaka Stock Exchange. Some 28 listed equity companies did not give dividends at all last year.

## India to get access again to transport rice


**REJAUL KARIM BYRON**  
 Bangladesh will allow India to use its territory to supply 25,000 tonnes of rice from Kolkata to Tripura, both Indian territories, on humanitarian grounds. The decision was taken last week at a high level meeting of the shipping ministry and is now awaiting the approval of Prime Minister Sheikh Hasina. Once the prime minister gives the green light, the decision will be conveyed to the neighbouring country. The arrangement is akin to the one that allowed India to take 10,000 tonnes of rice in July last year to its north-eastern state of Tripura through Bangladesh. The move came after India last year wrote in requesting the use of Bangladesh territory to supply 35,000 tonnes of rice to Tripura. The latest transit arrangement would allow India to transport the remaining 25,000 tonnes of rice. Under the existing shipping protocol, India pays an annual fee to Bangladesh -- and the transit facility would be covered by the fee, said an official of the National Board of Revenue. The rice will be carried by waterways from Kolkata in India to Ashuganj river port in Bangladesh by Bangladeshi ships. From there, it will reach Agartala through Brahmanbaria and Akhaura land ports in Bangladesh covered vans. The official said, by carrying the rice the owners of Bangladeshi ships and covered vans will get another outlet to make money. However, part of the road from Ashuganj to Akhaura is in bad shape and is not fit enough for heavy covered vans. Around Tk 1,700 crore is required for the repair of the road and the government will request India to finance its reconstruction, a shipping ministry official said. Earlier, during the last tenure of the present government, permission was given to transport heavy equipment for Palatana power plant in India through the Bangladesh territory.

## Poultry industry seeks security from arson

**STAR BUSINESS REPORT**  
 Poultry industry leaders yesterday urged the government to provide them with special security for moving their vehicles during the ongoing political crisis and save them from arson. "We are passing a very difficult time. Our supply vehicles are being attacked by the anti-government protesters," said Moshir Rahman, convenor of Bangladesh Poultry Industries Coordination Committee (BPICC), a group of seven associations in the poultry sector. The government must ensure smooth movement of trucks, lorries and covered vans, which transport eggs, chicks, poultry feed, medicines and other poultry-related raw materials, Rahman said. Rahman spoke at a press conference at Dhaka Reporters Unity to give updates on the poultry industry battered by political volatility. The poultry industry has incurred losses of around Tk 256 crore in the last two weeks, as violence disrupted the sector's tight supply chain, he said. Production of day-old chicks, eggs and broiler chicken takes place on a daily basis and they have to be transported on the same day, as the farms lack storage and preservation facilities, he said. "So, we have no other option but to kill the day-old chicks and destroy the eggs if we cannot send them out on the day." Blockades are forcing poultry farmers to destroy around 22 lakh day-old chicks every week, Rahman said. "If we take into account all hartals, blockades and violent movements of the last 15

months, the total losses of the industry would be around Tk 4,500 crore." "We are losing our investment everyday," said Fazole Khan Shahriar, president of Breeders' Association of Bangladesh. In the last two weeks, about 30 percent of eggs and chickens remained unsold, he said. "If we can't do business, how will we be able to repay bank loans?" Shahriar urged all political parties to keep vehicles laden with eggs, chicken, day-old chicks, feed, vaccine and other raw materials beyond the purview of shutdowns and blockades. MM Khan, secretary general of Bangladesh Poultry Industries Association, said the industry incurred a loss of around Tk 47 crore in the last two weeks, as around 8.5 crore eggs could not be marketed due to unavailability of transports. In the period, the industry incurred a loss of around Tk 79 crore for chicken meat and Tk 35 crore for day-old chicks, as about 7,000 tonnes of meat and 99 lakh chicks were destroyed. In the period, the feed industry recorded losses of Tk 73 crore, said Khondker Monsur Hossain, general secretary of Feed Industries Association Bangladesh. Rafiqul Haque, vice-president of Animal Health Companies Association, said the poultry medicine industry suffered a loss of Tk 20 crore in the period. Amirul Islam, senior vice president of Bangladesh Agro Feed Ingredients Importers and Traders Association, said the transport cost rose as raw materials could not be supplied in time. The BPICC leaders also demanded incentives for poultry farmers.

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