

VAT on English medium school fees may go

STAR BUSINESS REPORT

The government will consider a VAT (value added tax) cut in tuition fees at English medium schools in the upcoming budget for fiscal 2015-16, officials said.

Last year, the government increased the VAT on tuition fees at English medium schools to 7.5 percent from 4.5 percent. Economic Reporters' Forum (ERF) made a plea to reduce the VAT as these schools are no longer considered for just the wealthy.

Speaking at a pre-budget consultation meeting with the ERF leaders yesterday, National Board of Revenue Chairman Nojibur Rahman said, "We will reconsider the VAT cut on education (English medium schools)."

ERF members also came up with sug-

gestions for the upcoming budget to expand the tax net.

The ERF asked the revenue authority to tackle the growing incidence of money laundering that takes place through under and over-invoicing, rationalise corporate taxes and tobacco taxes, and help new economic sectors grow. The ERF also asked the NBR to help the ailing capital market get a revival.

"The NBR is trying to seek empowerment in tackling the money laundering issues," Rahman said.

On tobacco taxes, the NBR chairman said there will be a chapter on the health economy and the consumption of tobacco products in the budget.

ERF President Sultan Mahmud Badal and General Secretary Sajjadur Rahman also spoke at the programme at NBR office.

Stocks bounce back

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Stocks bounced back yesterday from Sunday's sharp fall thanks to the regulator's latest efforts to rein in the freefall in share prices.

DSEX, the benchmark index of the Dhaka Stock Exchange, rose 54.63 points or 1.37 percent, before closing the day at 4,014.37 points.

The Bangladesh Securities and Exchange Commission sat with some top institutions, brokers and merchant banks on Sunday afternoon to discuss the current market situation against the backdrop of high volatility in the market, which hit an 18-month low on the same day.

As it is commonly believed that the institutions are hardly active in the market, the regulator made an effort to know the reasons for inactivity, the spokesperson of the BSEC said.

The institutions identified the move to limit the banks' investment exposure in the capital market as a major setback to the market, said Saifur Rahman, the spokesperson.

They also asked the regulator to sit with the central bank and find a way to over-

come the situation.

All banks are scheduled to bring down their investment exposure to the stockmarket to 25 percent of their paid-up capital by July 2016.

The BSEC will take necessary steps to discuss the issue with the central bank, said Rahman. "But we have asked the institutions to provide support to the market so that the investors get back their confidence," he said.

IDLC Investments said the natural buy pressure was reinforced with the BSEC's meeting with the stakeholders on Sunday.

LankaBangla Securities said the investors might have responded positively to the news that institutional investors will play 'active role', boosting morale and normalcy in the capital market.

Despite the rise in prices after the regulatory effort, the participants are still worried about the market outlook, as it is evident from the turnover.

The day's turnover, another important indicator of the market, fell by just 1 percent to Tk 327.30 crore with 7.26 crore shares and mutual fund units changing hands.

DCCI calls for business-friendly budget to recover from losses

STAR BUSINESS REPORT

The Dhaka Chamber of Commerce and Industry (DCCI) yesterday urged the government to provide tax cards to all taxpayers instead of honouring a select few with privilege cards, such that more people are inspired to be tax compliant.

It should be given to all taxpayers so that they can feel proud about their regular tax payments, said DCCI President Hossain Khaled while placing the association's proposals for the upcoming budget at a meeting with the higher-ups of the National Board of Revenue.

The tax card holders and their family members should be allotted cabins in public hospitals on a priority basis and be invited at national and local level ceremonies organised by the government and local government bodies, DCCI said.

Their children should be given preference during admissions to public educational institutes and hotels, said Hossain.

The DCCI proposal comes as the government has been honouring top and longstanding taxpayers at both the national and district levels for the last couple of years. In September last year, the NBR awarded 402 such taxpayers including companies for their compliance.

The chamber urged the revenue authority to expand the tax net instead of hiking the tax rates.

Businesses will not expand if the government sets a high revenue collection target by hiking the tax rates, it said, while citing that only 10.26 lakh taxpayers submitted their tax returns in the current fiscal year even after repeated time extension.

"It is unfortunate that only 5 percent of the population have to bear the burden of tax and the majority of them are businessmen."

Taxmen too believe the level of compliance is very low given the steady economic growth for the last two and half decades, rising income and a growing middle-class.

"We are highly recommending expanding the tax net, as it will not be possible to increase the tax rate after a certain stage," said Khaled in a written proposal.

Govt raises questions over Grameen Fisheries

FROM PAGE B1

The commercial approach gets priority in implementation of the microcredit model aimed at eradicating poverty, said the prime minister, according to officials present at the meeting.

She also said an analysis of the 54 associated companies and organisations bearing the Grameen name paints the picture of how the poor are getting caught in the debt trap.

But officials of Grameen Fisheries, an associated organisation of Grameen Bank, said they have developed the project from the scratch over a period of 25 years, by developing fisheries in derelict ponds and water bodies and augmenting fish production.

It is the negligence on the part of the government that should be blamed for the present state of the project covering 780 ponds, they said.

With the help of the UK, the government implemented the Neemgachhi Aquaculture Development Project in 1980-1985 in Raiganj and Tarash upazilas in Sirajganj, and Chatmohar and Bhangura upazilas in Pabna.

The project was leased out to Grameen Fisheries for 25 years. However, the control of the project was handed over to the fisheries department in January 2011 after the tenure of the lease expired.

In September last year, Ecneec asked the IMED to enquire about the project and furnish a report on it.

The IMED report said the true potential of the ponds and water bodies under the project could not be tapped in the 25 years as the infrastructure facilities under the project were not used in a scientific way.

The fish farming activities were carried out as per direct instruction from field officials of Grameen Bank. As a result, the farmers could not gain any technical or applied knowledge, it said.

Had the farmers been directly involved in the decision-making process and their implementation, the project would have helped them become independent, it said.

The report said, in the first 8-10 years of the lease, the foundation suffered from a lack of adequate knowledge and experience.

Production remained way below the mark as they had farmed the ponds in traditional ways.

As a result, the farmers incurred losses financially and the project has failed to reach its targets, said the report.

It also said the foundation could not specify how many people graduated from poverty during the lease period. But Ehsanul Bari, who had been involved with the project since 1986, said the government leased out the project to the foundation after the British government withdrew its support owing to irregularities in fish farming.

"We have not violated any conditions under the agreement. We excavated the ponds every year. We built roads in project areas. Many wholesales centres had sprouted after we took up the project," he said.

The IMED report also spoke of the development between 1986 and 2010.

For example, the number of ponds where fishes used to be farmed before the lease was 185. But the number went up to 615 when the lease expired.

Similarly, fish production skyrocketed from 46 tonnes to 20,400 tonnes during the 25-year period. The income from fish sales went up to Tk 70.24 crore from Tk 12.87 lakh.

The foundation also increased the number of ponds and water bodies under its control from 339 to 615 by recovering many of them from illegal occupation.

Bari said the project has also helped its member fishermen and -women increase their incomes, as the production was split among the foundation and farmers on a 50:50 basis.

The condition of a well-developed and successful project started to worsen after the lease expired, said Bari, who worked as the managing director of the foundation before it was handed over to the fisheries ministry.

He also rejected allegations of the foundation's lack of knowledge and experience in running the project.

First digital investment summit starts tomorrow

FROM PAGE B1

The ICT division under the posts, telecommunication and the information technology ministry will also take part in the programme, organisers said at a press meet yesterday.

Sajeb Ahmed Wazed, ICT affairs adviser to the prime minister, will inaugurate the summit, while Zunaid Ahmed Palak, state minister for ICT division; Jon Fredrick Baksaas, president and chief executive of

Telenor Group; and experts from Google will also participate in the event.

The summit will discuss the prospects of foreign investment in the sector, find ways to attract investment and build Bangladesh as an ICT destination, said Hans Henrichsen, chief representative officer of Telenor Group.

Raihan Shamsi, managing director of Accenture, and Russell T Ahmed, senior vice president of BASIS, were also present.

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০৩	কি জন্য আহ্বান
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Interest rate spread falls below 5pc

FROM PAGE B1

But it does not happen as some private and foreign banks charge high rates for loans and pay less for deposits. The spread did not decline in recent months, despite a significant fall in the interest rate on deposits.

"The spread has dropped to below 5 percent because of a recent reduction in lending rates," the central bank said.

Data shows that banks' weighted average lending rates went down to 11.93 percent in March from 12.23 percent in February.

The BB said lending rates have to go down to help raise investment in the economy.

Spread between lending and deposit rates would be calculated as the difference between weighted average interest rates on loans and weighted average interest rates on deposits.

The increase in interest spread discourages savings on one hand, and raises concerns on the effectiveness of bank lending channel of monetary policy on the other, according to the central bank.



Hans Henrichsen, chief representative officer of Telenor Group Bangladesh, announces Digital Investment Summit at a press conference at Pan Pacific Sonargaon Hotel in Dhaka yesterday. Raihan Shamsi, managing director of Accenture Communications Infrastructure Bangladesh, and Russell T Ahmed, senior vice president of BASIS, were also present. Story on B1

ADB vows reforms to stay relevant

FROM PAGE B1

"We will maximise cofinancing opportunities not only with our traditional partners but also with new partners," Nakao said yesterday at a media briefing that capped the ADB's four-day annual meeting in Baku, the capital of Azerbaijan.

"We will collaborate and cofinance with the Asian Infrastructure Investment Bank, based on our shared understanding of the importance of safeguard standards."

Battle or no battle between the ADB and AIIB, nations -- from Bangladesh to Vietnam -- stand to gain from the combined resources, as Asia's developing countries need about \$8 trillion for infrastructure building until 2020.

So, to stay ahead in the game, the ADB has fused its soft and hard loan windows to boost lending capacity by 50 percent to \$20 billion in 2017, while it will rise by up to 70 percent for poor countries.

The reform is seen as a springboard for policy changes across other multilateral agencies -- the World Bank and the International Monetary Fund.

Thanks to the merger, Bangladesh, loosely rated as a lower-middle income nation in the ADB's books, will qualify for more than the annual average fund of \$1 billion, which is mostly spent on infrastructure.

"We will keep our focus on low-income countries, and those in fragile and conflict situations," Nakao said.

The merger will give the ADB an opportunity to revisit the balance between country-based activities and regional and global pursuits; to redefine lending terms and eligibilities; and to better engage the bank's borrowers, whose economic success is not yet fully reflected in the bank's management

and governance.

The ADB takes pride in reducing poverty in Asia over the past five decades. About 1.4 billion Asians, or roughly 40 percent of the region's population, remain poor, according to the ADB.

"This is unacceptable," Nakao said. "We also see inequalities increasing in many countries. Continued economic growth supported by sound macroeconomic policies and structural reforms will be key to poverty reduction. At the same time, we need to squarely address the issues of quality of growth and inclusiveness."

The Manila-based lender that allocates 80 percent of its funds for infrastructure will continue to be an important financier of such projects in the region.

Nakao emphasises that infrastructure plays an important role in promoting economic growth and reducing poverty.

"We will do so by adhering to the best international practices on environmental and social safeguards," he said. "We will pay greater attention to inclusiveness and sustainability of infrastructure investments."

The ADB pledged to bolster support for education and health. "We will also help improve governance and capacity of our clients, deepen financial inclusion, and enhance food security and agricultural productivity."

As part of its internal reforms, the ADB -- often blamed for sluggish work -- said it would continue to improve efficiency and effectiveness of its operations.

The ADB is delegating procurement authority to its resident missions -- a reform that Nakao said started to show results.

"We are reviewing resource and skills gaps. We will make the best use of our existing resources."

Make power from green sources cheaper: energy adviser

FROM PAGE B1

But BERC Chairman AR Khan said such a price is not viable for Bangladesh at present.

They spoke at a seminar styled 'Feed-in Tariff (FIT) regulations: promotion and development of renewable energy in Bangladesh', co-organised by the Dhaka University's Institute of Energy, The Asia Foundation and Australian Aid.

With support of Australian Aid, The Asia Foundation and Institute of Energy are currently working with BERC to introduce Feed-in Tariff (FIT) regulations, to boost private investment for grid-connected power generation from renewable energy sources.

The FIT system is a concept popular in the West for promoting expensive green power alongside conventional power generation.

The system guarantees the renewable energy producer electricity tariff higher than the existing rates.

It also offers cost-based compensation for renewable energy producers, providing price certainty and long-term contracts that help finance projects.

As per the draft regulation, BERC proposes Tk 11.32 each unit as "levelised tariff" for wind power, Tk 12.72 for utility scale solar photovoltaic (PV) power project and Tk 14.13 for small scale solar PV power project with a life cycle of 25 years.

The government is aiming to generate at least 10 percent of the requisite power from renewable energy by 2020.

In pursuit of this goal, the government has actively supported the uptake of solar home systems in off-grid areas. The cumulative capacity of existing SHSs is around 150MW.

The country now produces 200-250MW electricity from renewable energy sources, according to Saiful Huque, director of Institute of Energy.

"We need to introduce FIT mechanism in a bid to accelerate the deployment of private sector-led medium scale renewable energy plant investment."

Since April 2013, the energy regulator has been working with FIT regulations and it is now at a pre-publication stage, said Selim Mahmood, a member of BERC.

The rate proposed in the draft FIT regulations is not final, he said, adding that the rate will be finalised after seeking opinions from stakeholders and conducting public hearings.

Greg Wilcock, Australian high commissioner in Bangladesh, said his government is focusing on promoting renewable energy in Bangladesh due to its immense potential.

AAMS Arefin Siddique, vice-chancellor of DU, also called for generating more electricity from renewable energy to ensure sustainable development.

Over the years, renewable technology is getting cheaper due to its mass production and intense competition globally, he added.

The draft FIT regulations for promotion of renewable energy development in the country has been prepared by India's Idam Infrastructure Advisory Pvt Ltd under the guidance and support of Institute of Energy on behalf of BERC.

Syed Al-Muti, director for economic development of The Asia Foundation, also spoke.



Jakaria Shahid, managing director of Edison Group, introduces the new V60 and H150 Symphony smartphones at the 100th brand outlet of Symphony in Jamuna Future Park, Dhaka recently. Ashrafur Haque, head of marketing, and Jafrul Alam Khan, business director of Edison Electronics, were also present.