

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.15%	▲ 0.10%	\$1,119.10 (per ounce)	\$45.05 (per barrel)	▲ 2.01%	▲ 1.08%	▲ 2.52%	▲ 5.40%	BUY TK 77.25	85.87	118.35	0.63
4,812.82	8,970.61			26,231.19	18,574.44	2,945.43	3,085.42	SELL TK 78.25	89.87	122.35	0.66

জীবনে প্রয়োজন
আরো বেশি স্বাস্থ্য
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যে কোন প্রয়োজনে ০৯৬১২০০১১২২
ইসলামী শরীআহ'র মূদারাবা নীতির ভিত্তিতে পরিচালিত



Star BUSINESS

DHAKA FRIDAY AUGUST 28, 2015

Industrial units get new gas connections

SAJJADUR RAHMAN

The government in a major move has decided to provide new gas connections and additional load to over 354 industrial units after a pause of about six years.

The call has long been demanded by businesses and investors, who put their investment plans on hold for this. The development will also provide a helping hand as the economy looks to move to the 7 percent growth trajectory.

"Though late, it's a great decision," said Shahidullah Azim, vice-president of Bangladesh Garment Exporters and Manufacturers Association.

The decision, which was taken last month by a committee headed by Prime Minister's Power and Energy Advisor Tawfiq-e-Elahi Chowdhury, will go on to create nearly four lakh new jobs and raise

IMPACTS

- Four lakh new jobs to be created
- Annual exports to rise by **₹1.5-2b**
- Private sector credit to grow faster
- Banks will benefit from lending
- Country likely to see more foreign investments

annual exports by \$1.5-\$2 billion, Azim said.

The government had stopped giving gas connections to industries in July 2009.

The suspension has not only piled up applications, but also hurt banks and entrepreneurs, who invested their money in setting up factories and were forced to run the plants on costly diesel generators in the absence of gas connections.

Over 2,000 applications are now pending with distribution companies for new gas connections and load increase, meaning many factories will still remain unconnected.

Yet, it is positive news for businesses that the government is going to provide new connections to over 300 industries, said Abdus Salam Murshedy, managing director of Envoy Group, one of the lucky units to be getting a boost to its gas supply.

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NBR zeroes in on tax dodgers

STAR BUSINESS REPORT

The National Board of Revenue or NBR is making a list of tax dodgers to keep them under close watch to prevent tax and duty evasion, its Chairman Md Nojibur Rahman said yesterday.

"This is a message to the dishonest businessmen to return to the right path. Do not deprive the country of revenue. The intelligence teams will follow the dishonest businesses," he said.

His warning came at a press meet at the inauguration of the new office of Customs Intelligence and Investigation Directorate at the Institution of Diploma Engineers Bangladesh in Dhaka. MA Mannan, state minister for finance and planning, and officials of NBR were also present.

"Honest businessmen will be able to continue work without worry."

Rahman vowed to bring tax and duty evaders under the legal process, declining to share further details. "It's important to keep it secret to make the strategy successful."

The revenue collector has also formed a committee to detect tax evasion. "We are working to create a tax culture and establish a business and industry-friendly revenue environment," Rahman said.

The NBR chairman's office has taken steps to prevent the misuse of bonded warehousing, where raw materials for export-oriented industries are given zero-duty entry on a condition that final products will be shipped abroad.

"We foiled attempts of such misuse recently. A number of vigilance teams are also working."

The government has framed a new customs law to fight smuggling better. The new law will replace the existing Customs Act 1969 after passage in parliament.

Customs intelligence seized 365 kilograms of smuggled gold in fiscal 2014-15, down from 565 kilograms a year ago. It also seized illegally carried foreign currencies, prohibited medicines, electronics and mobile handsets in its drive to catch duty dodgers, according to customs intelligence data.

It said the state got additional revenue for its vigilance at various customs houses and stations and detection of commercial fraud.

It's time to take advantage of low oil prices

The government yesterday hiked the electricity and gas prices -- by 2.93 percent and 26.29 percent on average. The new rates will be effective from September 1. Zahid Hussain, a lead economist at the World Bank's Dhaka office, however, says Bangladesh has so far missed out on taking advantage of the current low oil prices to move initially to an automatic price adjustment mechanism. He thinks upward adjustment of retail power prices, as experienced in recent years, should not be the only means of reducing subsidies. Here is his take on the latest price adjustment.

Natural gas prices in Bangladesh have been regulated at very low levels. Natural gas was priced as low as \$1 per mmBtu (one million British thermal unit) for fertiliser and power producers. Upward adjustment in gas prices is a powerful means of rationalising the use of our rapidly depleting proven gas reserves. From this point of view, the hike in gas prices is a long overdue step in the right direction. However, we need to move away from the ad hoc price adjustment system with arbitrary timings to a pricing policy that is transparent, predictable and market based. The absence of clear indications from the government—that tariffs will be raised to levels that would enable cost recovery with reasonable returns for efficient operators, accompanied by a firm timetable for such tariff adjustments—has led to abandonment of some very large gas development projects, exacerbating gas shortages.

Cash loan and subsidy to Bangladesh Power Development Board is estimated at Tk 9,000 crore in the FY2015 revised budget, equivalent to nearly 78 percent of the revised budget allocation to health (both development and non-development). Subsidies in the power sector have serious repercussions upstream of power generation, which can boomerang. Cash-strapped power utilities all



Zahid Hussain

too frequently do not pay gas producers in time even when gas tariffs are kept artificially low. Payment arrears cause cash-flow problems for gas producers. At the same time, a monopoly state-owned company in control of gas pipelines may be struggling to invest in the requisite infrastructure.

However, upward adjustment of retail power prices, as experienced in recent years, should not be the only means of reducing subsidies. It is about time the operational inefficiencies of the state-owned enterprises in the energy sector are assessed and addressed. There is a need for rethinking the continuation of public monopoly along the lines of gradually deregulating the energy sector in order to allow private players to compete with the energy SOEs. Liquid fuel prices in particular should be deregulated in a competitive market. Such a market would need to be governed by sound technical, environmental, health, and safety regulations that are effectively enforced, and companies face level playing field and vigorous competition.

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Kaymu eyes expansion amid a boom in online shopping

REFAYET ULLAH MIRDHA

With robust growth in the number of customers in the first year of operations, German-based online shopping company Kaymu plans to raise investment in Bangladesh, according to Christian Schroeder, co-founder and managing director for Kaymu Asia.

He, however, did not disclose the amount that will be further invested in the country.

Kaymu that began its online shopping business in Bangladesh in January 2014 offers an array of products, including clothing, footwear, mobile phones, computers, jewellery, watches, electronics, books, and food and beverages.

"We plan to expand our business here as Bangladesh is already a key market for us in South Asia," he told The Daily Star in an interview yesterday.

Kaymu also has operations in Pakistan, Nepal, and Sri Lanka in South Asia.

"The Bangladesh market is growing fast. Our company grew 300 percent in our one year here," said Niroshan Balasubramaniam, managing director at Kaymu for Asia.

Kaymu Bangladesh has now 10,000 registered sellers and 100,000 different products on its website, he added.



From left, Christian Schroeder and Niroshan Balasubramaniam, both co-founders of Kaymu; and Hendrik Chasse, country manager, Bangladesh, pose during an interview with The Daily Star at the company's office in Dhaka yesterday.

The number of its registered buyers across Bangladesh is more than 100,000 and the number is increasing every day, as people are more interested in making online purchases, he said.

Customers can buy products directly and have the products delivered safely to them anywhere across the country.

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Meek gain for stocks at end of week

STAR BUSINESS REPORT

Stocks gained slightly on the last day of the week amid weak investor participation.

DSEX, the benchmark index of Dhaka Stock Exchange, rose 7.16 points or 0.14 percent, before closing at 4,812.82 points. The index crept up with muddled perception on market direction, Lanka-Bangla Securities said.

"All the blue-chip stocks closed flat or red as those lost their zeal, while some small cap stocks reignited," the stockbroker said.

Turnover, another important indicator of the market, however, fell 2.4 percent to Tk 421.58 crore on transaction of 10.35 crore shares and mutual fund units.

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BB steps in to cool down onion prices

STAR BUSINESS REPORT

The central bank has now taken a step after the Trading Corporation of Bangladesh to arrest the spiralling onion price, instructing banks to keep the interest rate within 11 percent for import financing of the ingredient.

In a letter yesterday, Bangladesh Bank also advised banks to keep the rate of margin at the lowest level when opening letters of credit for onion imports.

Onion prices went up as much as 50 percent on Tuesday from a week ago after India, a major source of the key cooking ingredient, raised the minimum export price by \$275 a tonne.

India increased the minimum export price of onion to \$700 a tonne from \$425 earlier this week to discourage exports and increase supply in its domestic market to offset the escalating prices.

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After Hong Kong, Eastern Bank Limited Representative Office opens today Friday, August 28, 2015 in Myanmar, a resource-rich nation of the region. EBL is committed to providing all banking and financial services to the bilateral business growth of the two neighboring countries and thereby act as a catalyst exploring business and trade opportunities for customers both in Bangladesh and Myanmar.

