

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.57%	2.39%	\$1,296.40	\$45.41	25,229.70	16,147.38	2,811.20	2,993.20	BUY TK 77.90	89.03	113.63	0.72
4,171.40	7,981.82	(per ounce)	(per barrel)					SELL TK 78.89	92.42	117.02	0.75

এসআইবিএল রিটেইল ব্যাংকিং
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Star BUSINESS

DHAKA WEDNESDAY MAY 4, 2016

New VAT law to fuel living costs

SOHEL PARVEZ

Prices of many goods and services will soar, while various local industries will face increased competition with imported goods once the new VAT and supplementary duty law comes into effect in July.

Framed at the prescription of the International Monetary Fund, the new law envisages a flat 15 percent value-added tax, replacing different rates of VAT.

The revenue authority shared the views in a document presented to the government high-ups, including Finance Minister AMA Muhith, citing the challenges of the new law.

However, the new law will boost the state's revenue collection by as much as 20 percent from Tk 32,276

POSSIBLE EFFECTS of new VAT law

- Abolition of VAT waiver on nearly **2,000** products and services
- Prices of various products and services such as rod, paper and electricity may rise
- Various industries to see tough competition for cut in protection
- VAT collection from local stage to rise by up to **20%**

crore in fiscal 2014-15, finance ministry officials said.

People may have to spend more for MS rod, edible oil and electricity, among others, after the VAT exemption for nearly 2,000 products and services as well as the privilege of

reduced VAT rates end.

"There can be implications on the prices of commodities due to the abolition of the VAT exemption benefit," said the National Board of Revenue.

Under the new law, the VAT waiver benefit will be limited to certain products such as basic foodstuffs, selected life savings drugs, public transport, public health, education and farming.

The withdrawal of VAT waiver will not put the burden on businesses as there will be scope to claim input tax credit.

"But the abolition of the benefit may create fear among businesses and ordinary people that the burden of VAT will increase upon them. And dishonest businesses, by taking the opportunity, may demand higher prices from consumers."

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Online VAT registration starts next month

SOHEL PARVEZ

The National Board of Revenue plans to launch online VAT registration for companies next month as part of its plan to automate its system under the new law, officials said yesterday.

The revenue authority has started giving re-registration to the companies that comply with rules and submit returns regularly. After the completion of this phase, the NBR will ask businesses to re-register online.

"We will make the registration form online from mid-June. Anyone will be able to get fresh registration or re-register online for business identification numbers or BINs," said the official.

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Inflation edges down on lower commodity prices

STAR BUSINESS REPORT

Inflation declined 4 basis points to 5.61 percent in April on the back of the lower rice and vegetable prices at home and the slump in commodity prices in the international market.

Last month, food inflation dropped 5 basis points to 3.84 percent and non-food inflation 2 basis points to 8.34 percent, according to data from the Bangladesh Bureau of Statistics.

Planning Minister AHM Mustafa Kamal, while releasing the data yesterday, said food inflation fell as the prices of rice and vegetables were low. Non-food inflation also fell as global commodity prices were low.

Citing the recent trend, Kamal forecast that inflation will not rise during Ramadan.



However, the buying frenzy in the lead-up to Eid-ul-Fitr will spark off inflationary pressures. "But it will remain within tolerable levels."

"We are always trying to maintain people's buying capacity by keeping inflation at tolerable levels and we have had huge success on this front," Finance Minister AMA Muhith said in parliament last week.

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ADB President Takehiko Nakao greets German Chancellor Angela Merkel at ADB's annual meeting in Frankfurt yesterday.

ADB must fast-track project approvals: Muhith

SAJJADUR RAHMAN, from Frankfurt

Finance Minister AMA Muhith yesterday said the Asian Development Bank is committing and disbursing more funds for Bangladesh, but the lender is still very slow in giving approvals to projects.

"If a project is discussed today, it takes at least two years to start disbursing the funds," Muhith told The Daily Star in an interview on the sidelines of the annual meeting of ADB's board of governors in Frankfurt.

"The ADB will have to bring down the time and I will talk on the issue [at the governors' meeting]," he said.

Earlier, finance ministers of South Asian countries at a meeting discussed connectivity and economic development of the region.

"There are bottlenecks in the corridors and we talked about how to

develop the corridors among Bangladesh, Bhutan, India and Nepal," Muhith said after the meeting.

The minister said the ADB is working on the issue and they have prepared a plan by engaging a consultant.

The issues discussed yesterday include moving towards cities of the future, Asian-European approaches to finance and infrastructure, and mobilising youths to contribute to achieving sustainable development goals.

Mayors of Frankfurt, Yokohama, Bandung and Colombo took part in the discussion on future cities.

They urged the ADB to finance infrastructure projects in the cities of developing countries.

German Chancellor Angela Merkel at a reception said her country would double its contribution to the climate fund by 2020.

"The ADB finance has to be sustain-

able and for long-term; short-term financing is no longer needed at this time," Merkel told the gathering.

She also said economic growth has to be socially and environmentally sustainable.

Merkel also stressed decent working conditions and supply chain management. "We are ready to cooperate with you (ADB)," she said.

On the refugee crisis, Merkel urged the developed nations to find out the root causes of the problem.

ADB, GERMANY JOIN FORCES ON CLIMATE ACTION

In their 'Frankfurt Declaration', the ADB and the German federal ministry for economic cooperation and development agreed to join forces for progress on climate action and technical and vocational education and training (TVET).

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Stocks break seven-day losing streak

STAR BUSINESS REPORT

Stocks returned to the black yesterday after breaking a seven-day losing streak, as investors rushed to take positions in low-priced securities.

DSEX, the benchmark index of the premier bourse, rose 100.77 points or 2.41 percent, finishing the day at 4,272.17 points. It was the highest single day gain since May 2015.

"Lucratively priced fundamental stocks attracted bargain hunters," said IDLC Investments, a merchant bank.

LankaBangla Securities said the market's nerve was staid in the last few trading sessions as around Tk 10,000 crore of market value evaporated in just eleven trading days.

However, it said, half of that loss has been recovered in a single epic session as the benchmark index came roaring back yesterday. Stocks have got a boost from the central bank's declaration on the relaxation of rules for banks to adjust their exposure to the capital market, the stockbroker said.

Under the revised policy, the central bank said the banks would be allowed to adjust their overexposure through restructuring the exposure components and enhancing the capital of their subsidiaries with some internal adjustments.

Turnover, another important indicator of the market, however, dropped 12

percent to Tk 405.85 crore, with 12.48 crore shares and mutual fund units changing hands on the DSE.

Of the traded issues, 263 advanced and 24 declined with 29 securities closing unchanged on the premier bourse.

MJL Bangladesh dominated the turnover chart with 21.01 lakh shares worth Tk 22.65 crore changing hands, followed by Keya Cosmetics, BSRM, Linde Bangladesh and United Power Generations and Distribution Company.

All the major sectors gained in market capitalisation with engineering increasing the most, 3.63 percent, followed by cement that rose 3.5 percent, textile 3.48 percent, non-bank financial institutions 2.87 percent, banks 2.06 percent, fuel and power 1.66 percent, telecom 1.62 percent and general insurance 1.54 percent.

Eastern Cables was the day's best performer with 9.96 percent in gains, while BD Welding Electrodes was the worst loser, shedding 18 percent.

Chittagong stocks also jumped yesterday with the bourse's benchmark index, CSCX, increasing 186.88 points or 2.39 percent to finish the day at 7,981.82 points.

Gainers beat losers as 192 advanced and 33 declined, while 15 finished unchanged on the Chittagong Stock Exchange. The port city bourse traded 1.01 crore shares and mutual fund units worth Tk 23.19 crore in turnover.

Bangladesh signs deal for welfare of migrant workers

STAR BUSINESS REPORT

Bangladesh signed a deal on Monday as part of a project to ensure decent work for migrant workers abroad.

The project, known as the Application of Migration Policy for Decent Work for Migrant Workers, is to be executed by the International Labour Organisation and funded by the Swiss Agency for Development and Cooperation.

The project, which will cost around \$7.25 million, will run until March 2018 and can be extended to 2021, the ILO said in a statement.

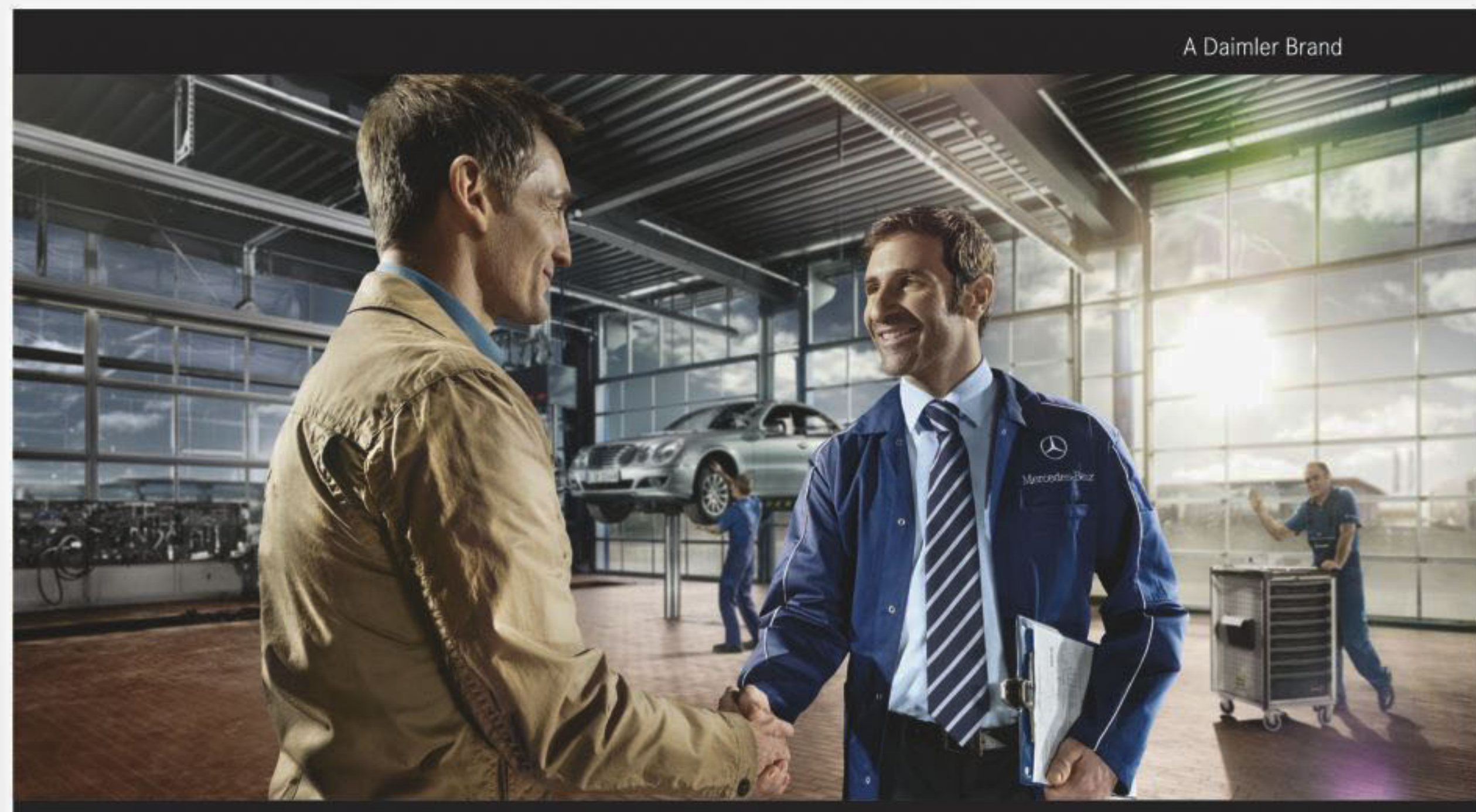
The expatriates' welfare and overseas employment ministry and workers' and employers' organisations will implement the project, it said.

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HSBC profit drops on market volatility

AFP, London

HSBC on Tuesday said its net profit fell almost a fifth in the first quarter, with Europe's biggest bank hit by "extreme levels" of market volatility, while bad loans doubled. Equity and currency markets from Asia to the Americas were sent into meltdown at the start of the year as a growth slowdown in China and plunging oil prices fanned concerns about the world economy.



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