

এসআইবিএল রিটেইল ব্যাংকিং  
জীবনের জন্য, জীবন যাপনের জন্য

এসআইবিএল ইসলামিক কনজুমার ফাইন্যান্স  
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# Star BUSINESS

DHAKA MONDAY JUNE 6, 2016

## Govt to speed up ADP efforts

Both finance and planning ministries to monitor development projects

STAR BUSINESS REPORT

Both the finance and planning ministries will get down to monitoring the development budget from the first month of fiscal 2016-17 after disappointing implementation this year.

In the first ten months of the fiscal year, the implementation of the annual development programme has been the lowest in five years.

Between July last year and April this year, Tk 45,163 crore was utilised, which is about 50 percent of the revised allocation of Tk 91,000 crore for fiscal 2015-16, according to the Implementation Monitoring and Evaluation Division.

The original ADP allocation for this year was Tk 97,000 crore, but it was revised down for the lack of ability to implement it.

"The political situation is calm and things are looking good on the economic front. And yet, the implementation status is not good," Finance Minister AMA Muhith told reporters yesterday after a meeting on the status of development projects in his constituency in Sylhet.

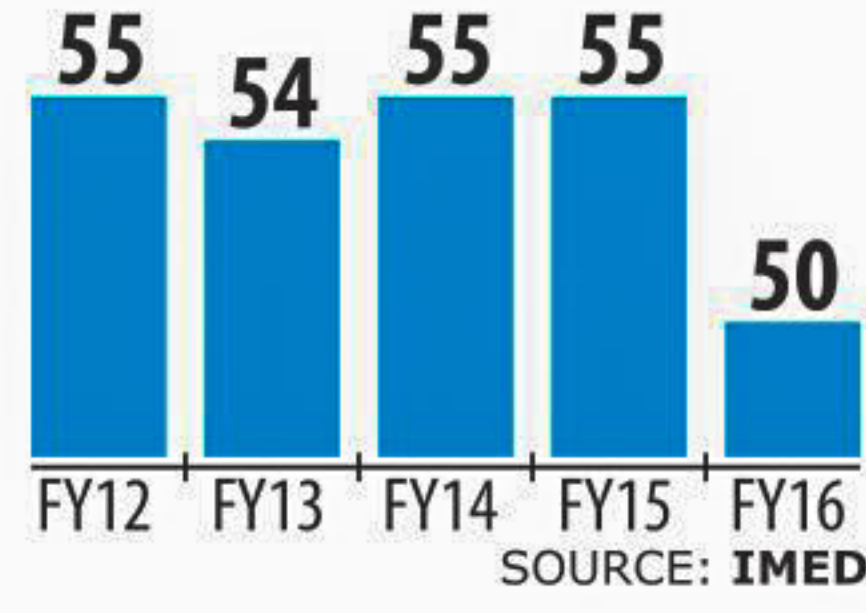
It seems there is slackness in the implementing authority, he said, adding that Planning Minister AHM Mustafa Kamal himself is concerned over the final implementation status of this year's development projects given the slow pace thus far.

"He has made much efforts but the performance is not very good," Muhith said. Every year the ministries are seen to intensify their spending in the last two months after doing not much for the rest of the year.

"If so much spending takes place at the end of a fiscal year, some money is wasted - attention cannot be given properly."

Considering this, the government plans to digitise the project monitoring system to ensure timely implementation as well as quality in project spending, Muhith said in

### ADP IMPLEMENTATION (July-April) in % of revised allocation



SOURCE: IMED

his budget speech for fiscal 2016-17. The digitisation, which is now at the final stage, will ensure close monitoring of project activities and instant retrieval of updated data on ongoing projects, which, in turn, will enable officials to observe the latest project status at the end of a week and give directives accordingly.

Muhith said the government will also put in practice a result-based monitoring and evaluation system from the next fiscal year. Importance will be placed on weighing the extent of targets and quality achieved against the level of resources utilised.

A pool of project directors will be put in place within next fiscal year.

**MUHITH ABOUT NEXT ELECTION**  
Muhith also said he will not participate in the next election, with his younger brother AK Abdul Momen most likely to take his berth.

"Momen is preparing the ground for contesting in the next general elections."

It has to be seen what his acceptability is and what his standing is in the party. On the basis of that, the party will take the decision, Muhith said.

## NBR seeks tax on interest from provident funds

SOHEL PARVEZ

The tax authority is seeking to impose 5 percent source tax on interest earnings of provident, pension or gratuity funds' bank deposits and savings instruments -- a move that will curtail the funds' ability to reinvest.

"I cannot support tax on interest earnings on provident and gratuity funds, because it is hard-earned retirement benefit for employees, especially those from the private sector," said Anis A Khan, managing director and chief executive of Mutual Trust Bank.

Private sector employees do not get pension like their public sector counterparts, he said.

The move comes the time when only 5 percent of the population are employed in government services and enjoy pension benefits. The remaining 95 percent are employed in the private sector.

Only 8 percent of those employed in the private sector receive gratuity benefits, according to Finance Minister AMA Muhith's budget speech for fiscal 2016-17.

"There is no pension or gratuity scheme for the remaining 87 percent of the employed population," he added.

At present, interest incomes from savings instruments bought in the name of government-approved superannuation funds, pension and gratuity funds, recognised provident fund or workers' profit participation funds have been exempted from tax.

"I do not think the imposition of tax on provident funds' interest income is logical. This is a potential future income of an employed person and the imposition of tax will reduce that future income of an employee," said Ahsan H Mansur, executive director of Policy Research Institute of Bangladesh.

"We should not encourage this. It's a saving for future income, so why would you tax future savings now? You should tax it when it becomes an income," he added.

Taxmen, however, said those who receive money from gratuity, provident or such funds are not under the tax net now. Taxpayers, including employers, also get tax rebate for investment in provident or gratuity funds, they added.

Boosting tax collection is another reason behind slapping tax on interest incomes by funds so that the tax authority can attain its direct tax target of Tk 71,490 crore for the next fiscal year, up 38 percent from the revised target this year.

Source tax on interest incomes from deposits and other savings instruments allows taxmen to get quite a handsome amount of tax.

The NBR logged Tk 6,329 crore in tax from interest on deposits in banks and savings instruments in fiscal 2014-15, up 20 percent from the amount a year ago.

## NBR imposes guarantee on transit goods

SOHEL PARVEZ

The National Board of Revenue has slapped on a condition that goods to be transited through Bangladesh will require owners of cargo or their agents to submit a guarantee or security.

The NBR is yet to decide in which form the guarantee will come.

"We will soon issue a notice to clarify it," a senior official of NBR said yesterday, seeking to remain unnamed.

The new measure comes in the Finance Bill 2016 placed by Finance Minister AMA Muhith in parliament last week.

"We have proposed to introduce a provision for the guarantee or security in the law to ensure that there is no leakage of goods on the way, and goods that will enter the country will be taken to foreign territory," said the official.

Rules will be framed in line with the latest provision, said the official, adding that NBR is working on the draft.

The move comes as the government is set to allow India and other neighbouring countries to transport goods to their terri-

tories through Bangladesh. Earlier, the revenue authority had proposed the need for a bank guarantee to give transit, particularly for goods to be carried from India to its northeastern region. However, the NBR did not get the green light from policymakers then.

The Customs Law, framed in 1969, already has a provision for transit of goods across Bangladesh, which empowers customs authority to allow transit without payment of duties.

In November last year, India agreed to pay Bangladesh a water transit fee of Tk 192.22 per tonne of goods to be transported from its Tripura state to Ashuganj port in Bangladesh.

Of the amount, Tk 130 will be custom-related fees for the transit and transshipment of goods through Bangladesh waterways authorised under a river protocol between Bangladesh and India.

The move is also meant to facilitate the movement of goods under the motor vehicle agreement among Bangladesh, Bhutan, India and Nepal.

## GP, Telenor roll out digital health service

STAR BUSINESS REPORT

Grameenphone and Telenor Health yesterday rolled out a new digital service, Tonic, in Bangladesh to take healthcare services to the underserved.

Tonic, an outcome of extensive research and development process that included input from health experts, medical practitioners and ordinary people, covers a range of wellness and health needs in four categories.

Tonic Jibon offers tips and information via SMS, web and Facebook to help mem-

bers live a healthy life by eating well, staying active and being mentally refreshed on a daily basis. Tonic Doktor provides access to knowledgeable and friendly advice from a doctor with a phone call -- 24 hours a day and seven days a week.

Tonic Discounts helps make hospital care more accessible by extending concession of up to 40 percent on fees at over 50 popular hospitals across the country, while Tonic Cash service offers members Tk 500 in cash to assist in covering costs if they are hospitalised for three nights or more.

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## Twin bourses want tax exemption to continue

STAR BUSINESS REPORT

The Dhaka and Chittagong stock exchanges yesterday urged the government to continue its full tax exemption facility for the bourses for the next three years.

The government provided full-tax exemption for the first two years of demutualisation of the exchanges and they are supposed to pay taxes at graduated rates from next fiscal year.

Tax exemption for another three years will help the stock exchanges strengthen their technology and provide better services to investors, officials of the twin bourses said.

"Tax exemption is necessary to

make the demutualised bourses lucrative to strategic investors," Saifur Rahman Majumder, managing director of Chittagong Stock Exchange, said at a media briefing in Dhaka.

Before demutualisation, the stock exchanges were non-profit cooperatives owned by the exchange members and were not subject to corporate taxes.

But with demutualisation, which is a way of separating management from ownership, the bourses were converted into profit-oriented companies owned by shareholders in 2013. As a result, they are subject to 35 percent corporate tax.

Under a graduated rate system, the bourses will get full tax exemption in

the first two years of demutualisation, 60 percent tax exemption in the third year, 40 percent in the fourth year and 20 percent in the fifth year; it will have to pay full taxes then on.

At a separate press conference, Justice Siddiqui Rahman Miah, chairman of Dhaka Stock Exchange, urged the government to reduce the tax at source on share transactions to 0.015 percent from an existing 0.05 percent, considering the market's current volatile situation.

The reduction will bring down the cost of transactions, which will ultimately enhance trade volumes and related taxes, according to Miah.

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