

# Italian investors keen to invest in Bangladesh: BEZA

STAR BUSINESS REPORT

A group of Italian investors have expressed interest to invest in power, IT and leather sectors in the special economic zones in Bangladesh as they see the country as a lucrative destination.

A business delegation from the European country met with Paban Chowdhury, executive chairman of Bangladesh Economic Zones Authority (BEZA), in the latter's office in Dhaka on Sunday and expressed their willingness to invest in the country.

"It's a very positive sign that the Italian investors are coming to Bangladesh one year after the Holey Artisan attack, in which nine Italians, mostly garment traders, were killed," Chowdhury said.

Already, there is a lot of Italian investment in Bangladesh either in joint ventures or as separate companies, he said.

The Italian investors however did not give any specific proposal or express interest about any special economic zone.

"However, the BEZA will give a separate zone to the Italian investors if they want one. The BEZA will also facilitate the Italian investors if they seek any cooperation from the investment promotion body to invest in any zones," said Chowdhury.

So far, the BEZA has awarded four special economic zones to foreign investors, including two zones to Indian investors – one on 1,000 acres of land at Mirsarai in Chittagong and the other in Kushtia.

A feasibility study is being carried out to establish the zones for Indian investors, said Sohelur Rahman Chowdhury, manager of the BEZA. A memorandum of understanding was signed for setting up a separate zone for Japanese investors at Araihaazar in Narayanganj.

The BEZA signed an agreement with China Harbour Engineering Company last month to develop a zone on 783 acres of land at Anwara in Chittagong. "We hope the formal operation of the zone will commence within the next two years," Chowdhury said.

## Latifur Rahman re-elected as chairman of National Housing

STAR BUSINESS DESK

Latifur Rahman has recently been re-elected as the chairman of National Housing Finance and Investments Ltd for the next two years.

The election took place at the company's 187th board meeting on June 29, National Housing said in a statement yesterday.

Rahman is the chairman and CEO of Transcom Group and a sponsor director of National Housing Finance, according to the statement.

He is a member of the executive board of International Chamber of Commerce-Paris, vice president of ICC-Bangladesh and a member of the governing body of Brac.



## Dollar bounces after worst quarter in seven years

REUTERS, London

The dollar recovered ground on Monday, hitting a six-week high against the yen as higher US government bond yields helped halt a run of losses that added up to the currency's worst quarter since 2010.

Signs of a shift towards policy tightening last week from central bank officials outside the United States drove the euro above \$1.14 to its highest in over a year, but the support of higher market interest rates continues to favour the greenback.

## DSE becomes full member of World Federation of Exchanges

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Dhaka Stock Exchange Ltd (DSE) has recently achieved full membership status of the World Federation of Exchanges (WFE).

DSE will be well known in world capital market through this achievement, the bourse said in a statement yesterday.

The acknowledgement will also play an

important role for attracting foreign investment, according to the statement.

The premier bourse applied for full membership of the federation in 2015.

The WFE, formerly known as La Federation Internationale des Bourses de Valeurs, is the trade association of publicly regulated stock, futures, and options exchanges across the world. At present, the federation has 67 full members.

## Japan business confidence hits three-year high

AFP, Tokyo

Confidence among Japan's biggest manufacturers has risen for the third straight quarter to the best level in more than three years, a key central bank survey showed Monday as exports continue to grow.

The Bank of Japan's Tankan report -- a quarterly survey of more than 10,000 companies -- showed a reading of 17 among major manufacturers, the highest since the first quarter of 2014.

The key index, which rose from 12 in the previous survey, also beat market expectations of a result around 15.

The better-than-expected Tankan would normally be good news for Prime Minister Shinzo Abe, who has been trying to revitalise

Japan's economy. But the results came a day after his Liberal Democratic Party suffered a crushing defeat in elections for the Tokyo municipal assembly.

The vote was seen as a barometer of current public sentiment toward his government which has been beset by a series of scandals that have dented its support.

Abe swept to power in late 2012 on a pledge to cement a lasting recovery in the world's third-largest economy with a growth plan eponymously dubbed Abenomics.

The scheme -- a mix of aggressive monetary easing and huge government spending along with reforms to the economy -- stoked a stock market rally as it weakened the yen and fattened corporate profits, but the effect on the wider economy has been less dramatic.

## Eurozone unemployment unchanged in May

AFP, Brussels

Unemployment in the eurozone remained stable in May as a hiring spree remained on course amid a strengthening economic recovery in Europe, EU figures showed Monday.

The Eurostat statistics agency said the jobless rate in the 19-nation eurozone remained at 9.3 percent in May.

This kept the unemployment rate at its lowest level since March 2009, though the rate rose slightly in trouble spots Italy and France.

During the worst of the debt crisis, unemployment in the single currency bloc peaked at 12.1 percent with 19.3 million people looking for work in April 2013.

The number of unemployed in May stood at just over 15 million, according to Eurostat. The latest figure was on par with the 9.3 percent unemployment predicted by analysts compiled by Factset, a data company.

The rate was again lowest in Germany, the eurozone's biggest economy, with 3.9 percent in May, while the second economy, France, saw joblessness edge up to 9.6 percent.



MERCANTILE BANK

Shahidul Ahsan, chairman of Mercantile Bank, speaks at a press conference at the bank's head office in Dhaka yesterday. The bank will organise Mercantile Bank Award-2017, at International Convention City Bashundhara in the capital today. Eleven individuals and organisations will be awarded for their contribution to the economy. Commerce Minister Tofail Ahmed and Bangladesh Bank Governor Fazle Kabir are scheduled to join the event.

## Latifur Rahman re-elected member of ICC's executive board

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The election of the ICC, the largest and most representative business organisation in the world, took place in Nairobi on June 6 this year on the sidelines of the ICC World Council.

Previously, Rahman served in many important national bodies in various capacities. He was the president of Metropolitan Chamber of Commerce and Industry, Dhaka for seven terms and president of Bangladesh Employers' Federation for two terms.

A leading businessman, Rahman is a member of the executive committee of the Federation of Bangladesh Chambers of Commerce and Industry, Bangladesh Jute Mills Association and Bangladesh Tea Association. He was a member of the executive board of Bangladesh Bank.

Rahman has been closely involved with fiscal and trade policy making bodies of the government as chairman of the trade body reforms committee and a member of the advisory committee on the World Trade Organisation.

In 2012, Rahman was awarded with the Oslo Business for Peace Award by the Business for Peace Foundation, Oslo.

This is the highest global distinction given to a businessperson for outstanding accomplishments in the area of ethical business. An independent committee of Nobel Prize winners in peace and economics selects the recipients.

Rahman was also honoured with the Business Executive of the Year 2001 award by the American Chamber of Commerce in Bangladesh.

He is also the chairman of National Housing Finance and Investments Ltd, a member of the governing body of Brac and a former chairman of Nestlé Bangladesh and Holcim Cement Bangladesh.

Transcom Group is one of the largest conglomerates in Bangladesh, employing over 14,000 people.

## Rod prices not going down

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Mintu said one of their regular customers had enquired about the possibility of a price fall since the government has shelved its plan to implement the new VAT law for two years.

The VAT and Supplementary Duty Act 2012 seeks to apply a uniform 15 percent VAT rate on most goods and services. At present, each tonne of rod priced at Tk 50,000 is subjected to VAT of Tk 900.

Bangladesh Auto Re-Rolling and Steel Mills Association (BARSMA) at a press briefing in the middle of last month warned that customers would have to pay as much as Tk 7,800 as VAT for each tonne of rod if the uniform rate was applied.

The trade body also warned that the growth of the sector, which manufactures 50 lakh tonnes of steel a year, would tumble because of a slump in demand as a result of the price hike.

The prices would go higher than

the existing prices had the 15 percent rate been imposed across the board, said Anamul Hoq Iqbal, vice-president of the BARSMA.

"People bought rod at higher prices in the last two weeks. But I can assure you that the prices will become normal because of high competition among mills," he added.

Tapan Sengupta, executive director of BSRM Group, one of the leading steelmakers, however, said the prices are unlikely to fall as scrap vessels that are used to make billet have become dearer in the global market.

The prices of rod were less than the current rates as there was old stock of raw materials. Now, raw materials are being imported at higher prices. Besides, a 5 percent regulatory duty has been imposed on scrap, he said.

"So, the prices are unlikely to decline," Sengupta said, adding that the prices have increased because of a

spike in production cost and not because of VAT. Mohammed Jahangir Alam, managing director of GPH Ispat, however, expects the prices to drop once supply rises after production starts in full swing in mills.

The workers of many mills have gone for Eid vacations. "It will take 10-15 days for mills to go to full production," he added.

On the issue of the imposition of 5 percent regulatory duty on scrap vessels and other items such as pig iron, ferrous waste and scrap, an official of the National Board of Revenue said it was an error on their part.

"We are working to issue a notification to withdraw the regulatory duty on raw materials for steel products where specific duties have been slapped," he said.

The government imposed the specific duty on the raw materials for steel industry during the passage of the budget for fiscal 2017-18.

## Small contractors struck by new source tax structure

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But contractors who receive between Tk 5 lakh and Tk 10 lakh will continue to pay 2 percent withholding tax this fiscal year.

Those who receive more than Tk 10 lakh but less than Tk 15 lakh will see a 1 percentage point decrease in their source tax rate to 2 percent.

The withholding tax rate for pay-

ment of more than Tk 15 lakh to contractors remains the same, according to the NBR notification.

"More people will now come under the tax net," said an NBR official. Withholding or source tax accounts for more than half of the total direct or income tax collection of the NBR.

Of the collection, tax deducted at

source on payment to contractors accounts for nearly one-third.

The NBR is yet to release its detailed tax collection data for fiscals 2014-15 and 2015-16.

Tax deducted at sources of income was Tk 24,893 crore in fiscal 2013-14, with Tk 7,231 crore coming from contractors, according to the NBR's annual report.

## India bonds slump after RBI announces open market bond sale

REUTERS, Mumbai

Indian government bonds yields rose sharply on Monday after the central bank announced an open market sale of debt to mop up excess liquidity that filled the country's banking sector following last year's demonetisation push.

The announcement from the Reserve Bank of India late on Friday on a 100 billion rupees (\$1.55 billion) sale of government bonds surprised traders, who had expected it to happen in August near the time when the central bank must pay a hefty dividend to the government.

The RBI has so far resorted to selling short-end securities through a special scheme to drain some of the excess cash, a method that was seen as less disruptive than removing liquidity through regular OMOs.

Traders said the open market sale appeared intended to help offset bond redemptions of 526.20 billion rupees due July 9, with another 303 billion rupees in August, which would have added liquidity to the financial system.

## Lull in Sonali's lending

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After the Hall-Mark scam came to light in 2012, the bank's credit growth plunged to the negative until 2015.

Between 2010 and 2012, Hall-Mark Group and five other companies borrowed Tk 3,547 crore from Sonali's Ruposhi Bangla branch using fake documents. The bank is yet to recover the embezzled funds five years on.

The reason for the negative loan growth is that Sonali's bankers are reluctant to disburse credit fearing further scam, said a high official of the central bank.

Loan disbursement turned positive in 2016 as economic activities returned to normalcy thanks to political stability. Moreover, the bank was under pressure from both the government and Bangladesh Bank to expand business, he added. "We are now putting in more efforts to find good borrowers to increase our lending," said a senior official of Sonali Bank.

For instance, Noman Group, the first and only Bangladeshi textile and garment manufacturing company to cross the \$1 billion mark in exports, has recently been offered loans by Sonali.

"It has a good repayment record," the official said, adding that Sonali plans to lend Tk 1,100 crore to Noman Group under a syndicated arrangement with four other banks.

Sonali is the biggest lender in Bangladesh in terms of coverage. It has 1,210 branches, of which 333 were unprofitable as of March. Its total net loss stood at Tk 1,248 crore in March, up from Tk 818 crore in December last year.

## DSE turnover hits three-month high

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Non-bank financial institutions were the highest gainer among the major sectors, followed by banks.

Financial institutions lead the transaction as banks are declaring healthy operating profit for the first six months of the year, said a senior executive of a merchant bank.

Some 18 banks released half-yearly operating profits and most of them showed growth in earnings, according to DSE news. A total number of 1.56 lakh trades were executed yesterday. Of the traded issues, 209 securities gained price, 77 declined and 43 remained unchanged.



A customer purchases products of Mithai, a brand of Pran-RFL Group, at a store. Mithai has recently launched canned sweets for the Bangladesh market.

PRAN-RFL GROUP



BRAC BANK

Kaniz Almas Khan, CEO of Persona, and Syed Abdul Momen, acting head of SME banking at Brac Bank, exchange the signed documents of a deal at a programme in Dhaka. TARA debit or credit cardholders of the bank will enjoy 11 percent discount on TARA Beauty Package and can avail Persona's membership card by taking beauty service worth Tk 500.