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# Zero progress in offloading shares of state-run firms

REJAUL KARIM BYRON

Some of the 26 state-owned enterprises that were instructed to offload their shares in the stockmarket are being resolutely defiant in doing so, dragging the matter for almost ten years now.

Take, for instance, Liquefied Petroleum Gas Ltd (LPGL), which has failed to meet the deadline set for offloading its share by the prime minister and the finance minister -- five times in the last 10 years.

Finance Minister AMA Muhith had set the deadline of April 2008, and another of June 2010. Then Prime Minister Sheikh Hasina got involved, giving a directive to offload LPGL's shares by December 2010.

As in the previous two times, the deadlines were disregarded. Muhith set two more deadlines after that: March 2011 and June 2016. Nothing is yet to be done on this front.

The narrative holds for 25 other companies, all of which failed several deadlines set by the PM and the finance minister.

On Wednesday, Muhith sat with the concerned ministries and regulators to review the progress of the share offloading process by the companies, only to learn there has been absolutely no movement on that front.

The majority of the companies showed

negative attitude towards share offloading, according to a finance ministry report that was placed at the meeting. After detailed discussion, it was decided at the meeting that a committee will be formed on this matter.

The committee, which will be led by Mohammad Muslim Chowdhury, additional secretary of the finance ministry, will submit a report in the next one year.

With a view to injecting good shares into the stockmarket, the finance ministry in 2005 decided to offload the shares of 63 state-owned enterprises. So far, only eight have offloaded their shares. Some 29 SoEs were suspended, while the other 26 are procrastinating doing the deed.

Of the 26 companies, nine are under the energy division, four under the power division, five under the industries ministry, three under the civil aviation and tourism ministry, four under the post and telecommunication ministry, and one under health service division.

The energy companies are: LPGL, Bakhrabad Gas Transmission and Distribution Co, Gas Transmission Co Ltd, Jalalabad Gas T&D System, Paschim Anchal Gas Co Ltd, Sylhet Gas Field Co Ltd, Bangladesh Gas Field Co Ltd, Titas Gas Transmission & Distribution Co Ltd, and Rupantarito Praktitik Gas Co Ltd.

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## Airport's import terminal to remain open whole week

STAR BUSINESS REPORT

Hazrat Shahjalal International Airport's cargo import terminal will remain open seven days a week from now on in an attempt to lessen the pileup of goods.

Biman Bangladesh Airlines yesterday took the decision, Public Relation General Manager Shakil Meraj told The Daily Star.

He said the national flag carrier urged all importers to utilise the opportunity to get their imported goods released from the terminal as soon as possible.

Biman reminded that there was a provision for imposing fines if goods were not received within the given time.

Biman's cargo officials said the airport's maintenance and security operations were hampered for the pileup of goods at the cargo terminal for months.

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# 9-digit BINs a must for businesses from Jan

STAR BUSINESS REPORT

Firms have to re-register to get electronically generated 9-digit business identification numbers by December 31 this year, the date when the validity of the existing 11-digit BINs expires, the NBR said.

And firms which have already got 9-digit BINs will continue using the numbers, the National Board of Revenue said in a notice yesterday.

On March 23 this year, the 9-digit BIN was introduced, as part of an effort to implement the VAT and Supplementary Duty Act 2012.

The notice was issued to clear confusion which arose after the government postponed the implementation of the VAT law for two years.

The online registration for value added tax was introduced to clean NBR's database, which now has 8.5 lakh manually-issued 11-digit BINs. Of them, only 37,000 submit returns regularly.

The tax collector now suffers from many non-existent entities and insignificant number of returns.

About 43,289 firms have so far received 9-digit e-BINs. Many of them termed the online registration system business-friendly, the NBR said.

"Online registration is no way linked with the new VAT law," the NBR said.

Firms having many units that are now doing business by completing central registration with 11-digit

## AT A GLANCE

NBR introduced 9-digit BIN on Mar 23

Validity of 11-digit BINs expires on Dec 31

There are 8.5 lakh 11-digit BINs, only 37,000 of them submit returns regularly

43,289 firms have so far got the 9-digit BINs

BINs will also have to sign up for the 9-digit e-BINs.

Firms that operate businesses from various places and have separate BIN for every unit or branch will also have to obtain 9-digit BINs for each of the units, the NBR said.

If a firm has a single taxpayer identification number (TIN), each of its units will have to use the same TIN to submit VAT returns and carry out business, it said.

The firms with separate BINs for every unit will also be allowed to apply for central VAT registration, the NBR said.

"Central registration is optional under the VAT Act 1991. A company can get that if it wants to," a senior official of the NBR said seeking anonymity.

The NBR also said it would go for a revision to make the online system compatible with the VAT Act 1991.

Recently, a mission of the World Bank, which provides a majority of funds for the Tk 550 crore VAT online project, suggested for continuation of the VAT system automation to increase domestic revenue collection.

VAT, also known as consumption tax, is the biggest source of revenue for the state.

The NBR fetched Tk 66,891 crore as VAT from local businesses in 2016-17, which was 36 percent of the total collected revenue.

## BB to disburse Tk 20,400cr agri loans this year

STAR BUSINESS REPORT

Bangladesh Bank targets distributing Tk 20,400 crore as agricultural loan in 2017-18, which is 16.24 percent more than that of last year.

The state-owned banks will disburse Tk 9,590 crore while private and foreign banks will give out Tk 10,810 crore, according to the new agriculture and rural loan policies for the current fiscal year.

A number of changes have been brought to the policies to provide farmers with easy and low-cost loans, Bangladesh Bank Deputy Governor SM Moniruzzaman said while announcing the policies at a press conference.

This year, the highest interest rate for agricultural loan will be 9 percent, down from 10 percent, and banks will distribute 10 percent of their yearly targeted loan to the live-stock sector.

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# Garment shipments to Japan decline

REFAYET ULLAH MIRDHA

Apparel exports to Japan, Bangladesh's most promising export destination in Asia, dipped 3.88 percent in fiscal 2016-17, which exporters blame mainly on the terrorist attack in Gulshan last year that killed seven Japanese nationals.

Exports of garment products to the far-eastern nation -- whose apparel market is worth about \$40 billion a year -- raked in \$744.47 million last fiscal year, according to data from the Export Promotion Bureau.

"The slowdown in shipment growth to Japan is temporary," said Tareq Rafi Bhuiyan, secretary general of Japan Bangladesh Chamber of Commerce and Industry, adding that Japanese retailers have once again started coming to the country to place orders.

Not only clothing retailers, but Japanese multinationals that have operations in Bangladesh for many years have expanded their operations and some are on their way to investing more after the Holey Artisan Bakery attack, he said.

Bhuiyan went on to cite the recent survey by the Japan External Trade Organisation in which Bangladesh was the top investment destination for Japanese entrepreneurs out of 20 Asia and Pacific countries.

Japanese retailers are more thorough than others: they physically survey the production units to verify the compliance standards.

"This was one of the major reasons for slowdown in garment export to Japan last fiscal year. Many Japanese retailers either deferred their trips to Dhaka or cancelled them altogether after



the attack," Bhuiyan said.

Garment shipments to Japan from Bangladesh began after the adoption of 'China Plus One' policy by the Japanese government in 2008 to reduce overdependence on China for goods like apparel, electronic gadgets and home appliances.

The 'China Plus One' policy was supplemented by the relaxation of the Rules of Origin by Japanese government for least-developed countries, which worked in Bangladesh's favour.

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# Foreigners can own 49pc stakes in services sector JV: Tofail

STAR BUSINESS REPORT

Foreign investors can now own up to 49 percent stakes in a services sector joint venture after the government modified the rules, according to Commerce Minister Tofail Ahmed.

Previously, foreign investors were allowed a maximum of 40 percent ownership in a joint venture, which they deemed to be low.

Since 2014, they have been lobbying to the government for higher stakes, and the government finally listened to their request, Ahmed said at the third EU-Bangladesh Business Climate Dialogue.

The dialogue, which was held yesterday at the secretariat office in Dhaka, was attended by diplomats and businesses from the European Union.

A government high-up who was present at the dialogue told The Daily Star that although the minister said the ownership rules have been changed for the services sector as a whole, it is applicable only for logistic services.

The government changed the rule because a foreign shipping line with operations in Bangladesh had ownership disputes in 2014 and asked the government to resolve the disputes.

Eventually, the government changed the rules only in case of logistics services through a statutory regulatory order in 2014, the official said.

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# Guideline needed for short-term foreign loans: BIBM

STAR BUSINESS REPORT

The rising trend of the private sector availing short-term foreign currency loans needs to be supervised under a guideline otherwise it may pose a risk in the future, experts told a workshop yesterday.

The programme, "Prospects and challenges of short-term foreign currency financing of banks", was organised by the Bangladesh Institute of Bank Management (BIBM) at its office in the capital.

A team from BIBM disclosed findings of their research on the event's theme.

They said the private sector's short-term foreign currency loans stood at \$6.16 billion at the end of 2016 whereas it was \$1.58 billion four years ago.

The researchers showed that some borrowers abused the loans.

Attending as the chief guest, Bangladesh Bank Deputy Governor Abu Hena Mohd Razee Hassan gave a background of this loan.

He said there was a huge demand for foreign currency financing in Bangladesh due to its low interest rate. Bangladesh Bank has allowed foreign currency financing facilities to support investment, he said.

Now more customers are availing loans in foreign currency in the form of UPAS/buyers credits and export bill discounting. Considering the increasing trend, BB has



BIBM

Razee Hassan, deputy governor of Bangladesh Bank, speaks at a workshop on 'Prospects and challenges of short-term foreign currency financing of banks' at BIBM office in Dhaka yesterday.

imposed a quarterly repayment mechanism for these types of transactions, he said.

Hassan said though BB was very cautious regarding foreign currency transactions, especially on foreign book liability,

yet the opportunities of using short term foreign currency financing were not overlooked.

Bangladesh Bank is customising the risks and opportunities of using short term foreign

currency financing products considering the country's ability to pay it back, he said.

He also said BB has formulated a policy titled "An analysis of private commercial borrowings from foreign sources in

Bangladesh" which identified different inputs behind the trends and uses of private sector commercial borrowing from external sources in Bangladesh.

"Still, there are some grey areas in the industry in addressing proper need and challenges of short term foreign currency financing. The misuse of facilities makes the short term transaction more vulnerable for the country in some instances," he noted.

Bangladesh allowed local industries to obtain short term foreign currency loans from overseas banks and financial institutions, mainly to finance import of capital machinery and raw materials for setting up new industries.

But many borrowers paid off their high cost local loans with the low-cost foreign loans.

Chairing the programme, BIBM Director General Toufic Ahmad Choudhury said there were good and bad sides of foreign currency loans.

The loan portfolio increases because it costs lower than local loans. If the local currency gets depreciated during the time of repayment, the country's balance of payments will be in trouble, he said.

Other speakers said many East Asian countries had faced the problem in 1990s. Later, many of these countries discouraged foreign short-term foreign currency borrowing, they said.