

Price corrections pull stocks down

STAR BUSINESS REPORT

Stocks ended in the red yesterday amid price corrections as investors opted to book profit.

The DSEX, the benchmark index of the Dhaka Stock Exchange, declined 19.80 points, or 0.33 percent, finishing at 5,859.60.

The premier bourse experienced a price correction after a four-day rally as late sell-offs pulled the index down, EBL Securities said in its market analysis.

Turnover, another important indicator of the market, soared by 3 percent to Tk 710.96 crore with 23.65 crore shares and mutual fund units changing hands.

Of the traded issues, 122 advanced, 184 declined and 32 closed unchanged on the Dhaka bourse.

Beximco dominated the turnover chart with 1.72 lakh shares worth Tk 53.75 crore traded, followed by Brac Bank, Keya Cosmetics, and Unique Hotel.

Among the major sectors, the financial

institutions lost the most declining 1.45 percent in market capitalisation, followed by engineering that fell 0.95 percent, life insurance 0.64 percent, and banks 0.33 percent.

Conversely, telecoms and mutual fund sectors rose 1.2 percent and 0.28 percent respectively.

Keya Cosmetics was the day's best performer with a 9.18 percent gain, followed by Renwick Jaineswar and Libra Infusion.

National Housing Finance was the worst loser, shedding 5.67 percent, followed by Peninsula Chittagong, Shurwid Industries, and Prime Bank.

The benchmark index of the Chittagong Stock Exchange—CSCX—fell 41.50 points, or 0.4 percent, to finish the day at 10,933.16.

Losers beat gainers as 146 declined, 81 advanced and 25 finished unchanged on the port city bourse.

The bourse traded 1.55 crore shares and mutual fund units worth Tk 45.23 crore.

New chairman for British Business Group

STAR BUSINESS DESK

Francois de Maricourt, CEO of HSBC in Bangladesh since 2014, has been elected as the new chairman of British Business Group (BBG), Bangladesh.

The primary focus of the group—incepted in 2005 with the support of the British High Commission Dhaka—is to improve the business environment for British companies operating in Bangladesh. In May 2017, the BBG was formally registered as a trust. Nearly 40 British organisations have become members of the group, BBG said in a statement yesterday.

British High Commissioner to Dhaka Alison Blake introduced Maricourt along with the other members of the new Board of Trustees of BBG, at an event held at the residence of Blake on April 8.

“For over 13 years, the BBG has been a strong partner in Bangladesh for the British government and a responsible and respected voice within the business community,” Blake said at the programme. “In its new form and under the leadership of Mr Francois’ de Maricourt, I am certain that it will go from strength to strength as a partner as we work together to strengthen the UK-Bangladesh trade and investment relationship.”

The members of Board of Trustees are: Francois de Maricourt; Shwapna Bhowmick, country manager at Marks & Spencer; Imran Ahmed, CEO Duncan Brothers (Bangladesh) Ltd; IA Khan OBE, managing director of Medway Consulting Services (UK) Ltd; Syed Nuruddin Ahmed, managing director of Maxwell Stamp Ltd; Syed Ferdous Anam, director of Property Care Services; and Selim Chowdhury, managing director of G4S Secure Solution Pvt. Ltd.

Project launched to support ultra-poor in Kurigram

Concern Worldwide, Trickle Up and MetLife Foundation took the initiative

STAR BUSINESS DESK

Concern Worldwide Bangladesh in partnership with Trickle Up has initiated a three-year programme titled “Empowering women and youth through graduation and financial inclusion” to continue its support to women living in extreme poverty.

This project, funded through a grant from MetLife Foundation, will work exclusively with women from ultra-poor families in Kurigram who will take their first transformative steps out of ultra-poverty.

The programme aims to support 600 families through an adaptive graduation approach and increase access and usage of financial services for 12,400 women, according to a statement.

Trickle Up works through local partners and in partnership with large institutions and governments to provide women and other vulnerable populations with business training and financial education.

MetLife Foundation has supported

graduation approach since 2014. Trickle up and Concern Worldwide implemented pilot projects in India and Bangladesh respectively to work with and support the rural ultra-poor, especially women.

The pilot projects in Bangladesh and India were successful as families achieved significant growth in income and livelihood opportunities, Concern Worldwide Bangladesh said in a statement.

The inception event of the project was held recently in Dhaka.

Krishibid Md Abdul Hannan, director of the Field Services Wing at the Department of Agricultural Extension; Helen Ware, programme director of Concern Worldwide, and Sayeed Mahmud Riadh, head of programme at Concern Worldwide Bangladesh, attended the programme.

Md Nurul Islam, chairman of MetLife Bangladesh, Nepal and Myanmar; N Ravindra, director at partnerships and new initiatives at Trickle Up, and Virginia Ubik, interim Asia regional rep from Trickle Up, were also present.



Alison Blake, British high commissioner in Dhaka, and Kazi M Aminul Islam, executive chairman of Bangladesh Investment Development Authority, pose with the newly elected board of trustees of British Business Group, Bangladesh at a programme at the former's residence on Sunday.

US-Bangla Airlines to fly to Chinese city

STAR BUSINESS DESK

US-Bangla Airlines is set to spread its wings to China on April 26, becoming the first Bangladeshi carrier to explore the Chinese air.

The airline will operate flights from Dhaka to Guangzhou, one of the most important cities of the eastern region of China, as its eighth international destination, a press release said.

Initially, three flights by 164-seater Boeing 737-800 aircraft will fly to the Chinese city on Saturdays, Tuesdays, and Thursdays. The return flight will be on Sundays, Wednesdays, and Fridays, it said.

The minimum one-way fare has been

fixed at Tk 30,408 and the return fare at Tk 39,442.

Currently, US-Bangla Airlines operates international flights to Muscat, Doha, Singapore, Kuala Lumpur, Bangkok, and Kolkata. It runs flights to all seven domestic destinations.

The airline plans to operate flights to more international destinations, including Dammam, Jeddah, Riyadh and Abu Dhabi.

The company currently owns four Boeing 737-800 and three Dash8-Q400 aircraft. Three more Boeing 737-800 and the similar number of Dash8-Q400 aircraft will be added to its fleet this year, according to the statement.

Indonesia's Lion Air buying 50 Boeing 737s

AFP, Jakarta

Indonesia's Lion Air is buying 50 Boeing 737 MAX 10 airplanes in a deal valued at about \$6.2 billion, the firms said Tuesday, as the carrier looks to cash in on a transport boom in the Southeast Asian nation.

The new single-aisle plane is the latest incarnation of Boeing's 737 MAX series, which can accommodate between 130 and 230 passengers and fly up to 3,850 nautical miles (7,130 kilometres).

WB gives \$515m for power, insurance projects

FROM PAGE B1

The \$450 million worth of Enhancement and Strengthening of Power Transmission Network in Eastern Region Project would improve supply and reduce load shedding in the eastern region, covering greater Comilla and Noakhali and a part of greater Chittagong, said a WB statement.

About 275,000 households and 16,000 agricultural consumers will get new electricity connections while 13 new substations will be built and an existing one rehabilitated, it said.

One 230 kV transmission line through greater Comilla and four short distance 132 kV lines in Comilla and Noakhali will also be built, it added.

The statement said the Insurance Sector Development Project of \$65 million would help strengthen the Insurance Development and Regulatory Authority's regulatory and supervisory capacity.

This will also happen for state-owned insurance bodies Shadharan Bima Corporation and Jiban Bima Corporation through modernisation of their systems and business practices, it said.

It will also help enhance Bangladesh Insurance Academy's capacity into becoming a reliable resource for training and research, addressing a severe lack of insurance professionals, it said.

The power project will receive a scale-up facility credit from International Development Association (IDA), a WB wing. It has a maturity period of 35 years, including a four-year grace period.

The insurance project will receive interest-free IDA credit, repayable in 38 years, including a six-year grace period and a service charge of 0.75 percent.

“Only investing in power generation is not sufficient, unless that is supported by improvement in transmission and distribution,” said Fan.

“By supplying uninterrupted power to Mirsharai Economic Zone, port, airport or other key economic facilities, the project will help unlock private sector growth,” he said.

In Bangladesh, insurance penetration is particularly low: less than 1 percent of the population has insurance coverage, he added.

Mahmuda said the 7th Five-Year Plan includes a vision for providing electricity to all and improving insurance coverage. “Both projects will contribute to creating more and better jobs, and boosting growth,” she said.

Yarn production to rise 2.67pc: USDA

FROM PAGE B1

So, there is scope for further production in the country. Moreover, there are a lot of varieties of yarn, which are mainly imported now to meet the local demand, he added.

A Matin Chowdhury, managing director of Malek Spinning Mills Ltd, a leading yarn producer, said yarn consumption in the local markets also increased due to higher consumption of clothing items by the people in the country.

Moreover, some spinning mills have of late gone into operations as the government has offered them gas connections, Chowdhury said.

Garment makers use more local yarn mainly to reduce the longer lead-time, he said, adding that this is one of the major causes for higher consumption of yarn in Bangladesh.

A new horizon opens for pharma ingredient makers

FROM PAGE B1

The policy has proposed a 20 percent cash incentive if producers add at least 20 percent value. However, the government will review the value addition issue after 2026.

“It is the need of the hour to help the pharmaceutical sector thrive and accelerate direct exports of APIs by way of manufacturing raw materials locally and cutting excessive reliance on imports,” said the summary of the proposal.

Presently, Bangladesh's pharmaceutical industry meets 98 percent of the local demand. In 2017, the size of the market was Tk 18,755.6 crore, according to IMS Health Care Report 2017. It was only Tk 170 crore in 1982.

The country also exports pharmaceutical products to more than 100 countries.

Pharmaceutical exports rose 9 percent year-on-year to \$89 million in fiscal 2016-17. And in the first nine months of the fiscal year, exports stood at \$76.52 million, up 13.40 percent from a year earlier, according to the Export Promotion Bureau.

Bangladesh can significantly boost its pharmaceuticals exports on the back of the patent waiver that has been extended to the least developed countries up to 2032, said the draft policy.

“And Bangladesh is the only LDC that produces pharmaceuticals.”

A time-befitting API policy can also attract local and foreign invest-

ment.

The developed and developing countries have to provide remuneration to patent holders if they produce molecules of patented medicines locally.

So, if the API policy is implemented properly these countries would invest in Bangladesh to secure the patent waiver, said the draft policy.

The proposed API policy will help cut raw material manufacturing cost significantly and produce 370 important API molecules for exports.

Last year, the total number of locally produced API molecule and laboratory reagents stood at 41.

The policy will aim to cut raw material import reliance from 97 percent in 2016 to 80 percent in 2032.

It also plans to raise API export income to \$9 lakh in 2032 from \$1.5 lakh in 2016 and create 5 lakh jobs by 2032. It also plans to ensure the entry of new firms in the raw material producing sector and attract \$1 billion in foreign direct investment.

The proposed policy said it would ensure that all raw material producers spend at least 1 percent of their annual turnover on research and development.

The policy also promises to extend foreign currency support to API producers.

For example, it says, the duration for late payment for import of raw materials will be extended to 360 days from 180 days at present.

In case of machinery import, the payment could be made within 360 days and it would be extended up to 3 years in case of irregular payments.

The tenure of term loans for factories and equipment could be 12 years instead of the six years at present.

Raw material manufacturers will be allowed to retain 40 percent of their export earnings, according to the draft policy.

The single borrower cap will also not be applicable for API and reagents producers. They will also receive back-to-back letters of credit facility.

API and reagents producers will get priority in getting land at the under-construction industrial parks and economic zones.

Industry people welcomed the draft policy, saying Bangladesh's pharmaceutical sector has developed but the backward linkage has not kept pace.

If the policy is approved it will help establish an API sector, cut reliance on imports for raw materials and export raw materials, said the owner of an API manufacturer on condition of anonymity.

There are seven to eight API producers in Bangladesh and all of them are local, he said, adding that the policy would bring international API producers to Bangladesh through joint ventures.

Some foreign companies have already approached him, he said.



Md Ali Hossain Prodhania, managing director of Bangladesh Krishi Bank (BKB), and Kazi Alamgir, managing director (current charge) of Rajshahi Krishi Unnayan Bank, attend a two-day workshop on “The remittance payment system of spot cash remitting exchange companies” for the banks' remittance officers at the BKB staff college auditorium in Dhaka recently.

Stock taxes to be consistent: NBR

FROM PAGE B1

Ahmed said the high tax rate was not helping the tax collector get more revenue as many firms hid incomes by refraining from getting listed.

He also demanded that the tax collector hike tax-free dividend income from the present Tk 25,000. Several years ago, dividend income of up to Tk 1 lakh was exempted from tax, he said.

Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh, said corporate tax rates should be reduced gradually to prevent putting too much pressure on revenue collection.

He also suggested that the revenue administrator should collect wealth tax by assessing wealth of individuals.

“If a person bought a house in Gulshan at Tk 60,000 in 1950, he will not have to pay wealth tax. But if anyone purchases a small apartment today, he will have to count tax on wealth. This is quite inequitable,” he said.

“Either you do it on a mark-to-market basis [assessing recent market price] or you do not do it. Use simple wealth assessment and impose tax on the basis of that, not on the income,” said Mansur, adding that the system has put a heavy burden on individuals.

He also recommended the NBR strengthen automation of the VAT system.

“The VAT online project has almost become stalled...Automation should be completed for public interest,” he said.

“It was decided that automation will be done based on the VAT Act 1991. It has been made hostage in absence of approval from the Federation of Bangladesh Chambers of Commerce and Industry,” he added.

Mamun Rashid, managing partner of PricewaterhouseCoopers (PwC) Bangladesh, said Bangladesh has been growing, driven by consumption growth, for which the domestic market was expanding, raising interest of investors.

But many foreign investors feel discouraged for various reasons, including ambiguities in existing laws, he said.

Sushmita Basu, partner and leader at Bangladesh Tax and Regulatory Practice, PwC, suggested the NBR end the practice of taxing the same dividend multiple times.

“The law and business regulations in Bangladesh require large corporates to build subsidiaries and special purpose companies,” she said.

Under such a structure, the dividend paid by a company to another is taxed more than once as it passes through different tiers, she said.

The PwC also recommended that the NBR introduce filing of VAT returns online without further delay.

The NBR chief sought suggestions on ways to bring under the tax net the taxpayers who could not be traced after taxes were deducted at the source of their incomes.

Brighter days await ceramics

FROM PAGE B1

Businesses have so far invested Tk 9,000 crore in the sector and provided jobs to five lakh workers, two lakh of whom are women, the BCMEA said.

In 2016-17, local ceramic makers exported \$41.82 million worth of products to over 50 countries, including the USA, UK, Canada and some European and Latin American countries, according to the National Board of Revenue and the Export Promotion Bureau.