



Latifur Rahman, chairman of National Housing Finance and Investments Ltd, presides over the company's 19th annual general meeting at Raowa Convention Hall in Dhaka on May 3. The company approved 19 percent cash dividend for 2017. Mahbubur Rahman, a director, and Md Khalilur Rahman, managing director, and other directors were also present.

ICAB devises way to prevent doctoring of audit reports

STAR BUSINESS REPORT

The Institute of Chartered Accountants of Bangladesh has introduced a digital system that would help prevent doctoring of audit reports and financial statements and dodging of corporate tax.

The ICAB organised a training programme on the Digital Identification of Audit Report (DIAR) and audited financial statements for the officials of the VAT Intelligence Cell of the National Board of Revenue at its auditorium.

Some 50 senior officials of the VAT Intelligence Cell are participating in the two-day training that began yesterday, said the association in a statement.

Speaking at the inauguration, Md Mosharraf Hossain Bhuiyan, chairman of the NBR, described the DIAR initiative a noble one.

"It will help NBR officials in assessing real taxpayers and the tax which will ultimately leave a positive impact on revenue collection," he said in the statement.

Bhuiyan said the revenue board largely depends on the financial statements duly signed by an auditor while assessing the taxpayers and the tax.

"In our country, some businesses prepare two financial statements for a particular fiscal year instead of one to evade taxes. They think that dodging of tax is an integral part of their profit which is totally unethical."

He said businesspeople accumulate the money by giving wrong information in letters of credit and under or over-invoicing in export and import statements.

"This undisclosed money becomes black money," Bhuiyan said, urging the businesspeople to give accurate information in financial statements.

He also requested not to view the payment of tax as a burden, but as a sacred responsibility.

Bhuiyan said the tax-to-gross domestic product ratio stands at 8 percent to 10 percent, leaving Bangladesh dependent on an extensive amount of foreign loans that carry a higher interest rate in order to implement development projects.

"If we can prevent the fake audit and financial statements, the revenue collection of the NBR will definitely increase."

ICAB President Dewan Nurul Islam said modernisation of tax collection and simplifying the process at the same

time was not easy for the NBR. "The ICAB wants to be a close associate of the NBR to face this challenge," he said.

He said there was a huge gap between the number of financial statements audited by CA firms under the ICAB and the reports submitted to the tax authority.

"It is happening because a vested quarter is active in submitting tampered financial statements attached to the annual tax returns at the discretion of alleged companies."

To prevent the malpractice, the ICAB has developed the DIAR system, Islam said.

Under the system, the list of auditors and their clients is stored in a database, allowing anyone to find the name of auditors and the companies they have audited, said Islam.

Submitting financials duly audited by chartered accountants is mandatory for all corporate taxpayers, said the ICAB statement.

"The ICAB thinks that if the NBR uses the DIAR system efficiently, it will be able to detect tax dodgers and raise revenue collection."



MHM Fairoz, Singer Bangladesh managing director, launches its new range of advanced no-frost refrigerators manufactured in Thailand at a hotel in Dhaka on Sunday.

Rules relaxed to save Farmers Bank

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The two resigned from the bank board in November last year after the BB asked them to quit over their alleged

involvement in the malpractices.

The bank has repeatedly failed to repay depositors' money on time.

Imports 70pc costlier for higher tariffs: PRI

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"Consumers suffer the most from existing tariff policy and they are a big part of the economy. Yet consumers seem to have no voice in pre-budget talks -- the budget affects them," Sattar said.

When the interests of consumers and producers are in conflict, there is a need to strike a balance, according to the expert. The high tariff protection also discourages exports as tariffs make sales in the domestic market more profitable than exports.

"Protective tariff has an inherent bias against exports," Sattar added.

Tariff protection creates inefficiency among producers, so they should not continue for long, said AB Mirza Azizul Islam, a former finance adviser to a caretaker government.

"There should be a transition policy," he added. Citing the protection given to import-substitute industries such as steel, PRI Executive Director Ahsan H Mansur said any country can produce anything but the question that needs to be asked is at what price.

He stated the high tariffs on steel imports as a case in point.

"Why are you buying steel at Tk 75,000 a tonne? Bangladesh has never had a comparative advantage in steel. We are not allocating our resources properly," he added.

Bangladesh has not taken serious tariff reforms since the mid-90s, said Selim Raihan, executive director of the South Asian Network on Economic Modelling. Trade policy in Bangladesh is primarily a revenue-seeking policy,

he added.

"Development works are suffering for the spiral in rod and cement prices. Why is such a high protection?" asked Ghulam Rahman, president of the Consumers Association of Bangladesh.

He went on to rue that consumers' interests are not considered properly in government policy-making.

"It is never said that the budget should be consumer-friendly. Rather, it is said that the budget should be business-friendly, industry-friendly. Political parties also do not talk about the interests of consumers."

Rahman said consumers were assured that the prices of sugar would not increase ahead of the month of Ramadan but it has already crept up Tk 4 per kg.

Snowtex brings lifestyle brand Sara

STAR BUSINESS REPORT

Apparel exporter Snowtex is set to launch a new fashion retail brand, Sara Lifestyle Ltd, in the local market to provide quality products at a reasonable price.

"Our motto is 'Fashion for Everybody' as we are committed to offer quality apparels which everybody can afford," said SM Khaled, managing director of Snowtex and Sara, at a press conference at The Daily Star Centre in Dhaka yesterday.

The brand's official launch will take place at its first outlet at Senpara in Mirpur, opposite Sher-e-Bangla National Stadium, on May 12.

"All kinds of men's, women's and kid's products will be available at the flagship shop where customer will get

local, tradition and western tastes of fashion," said Khaled.

"Sara starts its journey with about 20 years of apparel experience of Snowtex in the international market working with world renowned retailers," he said.

Snowtex started its journey in 2000 with a buying house. In 2005, Snowtex established its first factory, Snowtex Apparel. Later it established two more factories -- cut and sew in 2011 and Snowtex Outerwear in 2014.

"Snowtex employs over 10,000 people and gained \$100 billion in exports in 2017. Our exports will reach \$200 million in 2020 when total employment will stand at 20,000," said Khaled.

Panjabi, casual shirts, polo, t-shirt, chino and jeans will be available for men and boys at the shop while western

tops, casual shirt, ethnic tops, exclusive party wear, knit t-tops, leggings, denim, chinos, lawn, shrugs and palazzo for ladies and girls.

"More shops to be opened soon in local market as well as outside of Bangladesh as a creative designing team is working with commitment, sincerity and honesty to make quality dresses which will have strength to attract the masses," he added.

Sharifun Reba, a director; Mohammed Motiur Rahman, an assistant director, and Kashfia Nehreen Hossain, head designer, were also present.

Snowtex Outerwear received Leed gold certificate from US Green Building Council and Health and Safety Award from the Ministry of Labour and Employment in 2018.



SM Khaled, managing director of Snowtex and Sara Lifestyle Ltd, speaks at a press conference at The Daily Star Centre in Dhaka yesterday.

Banking sector plagued by scams: UN

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Implementation of several policy initiatives requires mobilising domestic public financial resources and leveraging private capital, the report noted.

According to the report, developing economies were estimated to have sustained a relatively high economic growth rate of 5.8 percent in 2017 compared with 5.4 percent in 2016.

About two thirds of the regional economies, accounting for over 80 percent of the region's GDP, achieved faster economic growth in 2017 than in the previous year.

The recent recovery in global manufacturing, investment and trade is providing a tailwind to the already steady expansion of economic output in the region.

In addition to robust consumption, investment expenditures and trade volumes, which showed lukewarm growth in recent years, showed signs of recovery in 2017.

Firmer global demand and increased public infrastructure outlays supported the uptick in trade and investment.

The report points out that due to robust domestic demand and improved global economic prospects, developing economies in the region are projected to grow by 5.5 percent in 2018 and 2019, with a slight

moderation in China offset by a recovery in India and steady performance in the rest of the region.

However, this diagnostic does not imply that there are no risks or challenges.

Potential financial vulnerabilities along with high private and corporate debt, particularly in China and some countries in South-East Asia, declining or low foreign exchange reserves in a few South Asian economies and uncertainty concerning trends in oil prices must be closely monitored.

"With regard to the medium-term outlook, potential economic growth is on a downward trend in several countries owing to population ageing, slower capital accumulation and modest productivity growth," said UN Under-Secretary-General and ESCAP Executive Secretary Dr Shamshad Akhtar during the launch of Survey 2018.

Simultaneously rapid technological advancements, while promising immense opportunities, are also posing considerable challenges in terms of job polarisation and income and wealth inequalities, Akhtar added.

"The bottom line is that the prospects for mobilising financing for development purposes are promising," Akhtar concluded.

Banks fond of big borrowers

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Generation of such fictitious loans can be prevented by going through six months' transaction history of the respective business, he said.

But influential borrowers do not let bankers check the business history, rather they force the officers to approve loans soon after the accounts are opened, he added.

He said loan concentration increased in two forms -- one among top borrowers and the other among some sectors.

Most of the loans remained concentrated among 20 borrowers in Dhaka and Chittagong city while among businesses textile and garment sectors topped the list, he said.

A significant share of loans

belonged to borrowers with accounts of above Tk 20 crore which is risky for the industry, said Mehmod Husain, managing director of NRB Bank.

Rural credit flow is also dissatisfactory, he said, opining that agent banking could play a vital role in disbursing loans in rural areas.

Of the total loan in the banking industry, 90 percent was given in urban areas, according to the survey.

Banks will have to put more emphasis on knowing their customers to prevent generation of fictitious loans, said Syed Waseque Md Ali, managing director of First Security Islamic Bank.

He said the amount of default loans was rising due to changes in the behavioural pattern of customers and

bankers' tendency of ignoring court stay orders.

A stay order raises the flag on a borrower, so bankers should be cautious on providing loans to such a customer, he suggested.

Borrowers will have to change their mental setup to come out from the culture of becoming defaulters, said Helal Ahmed Chowdhury, supernumerary professor of BIBM.

Customers who showed multiple industries in business cards are mostly fraud and should not be provided finance, he said.

Abu Hena Mohd Razee Hassan, deputy governor of Bangladesh Bank, attended the event as the chief guest while Shah Md Ahsan Habib, a BIBM director, moderated the session.

Dhaka stocks fall for fifth session

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Among the major sectors, textile shares saw a 1.80 percent fall, followed by pharmaceuticals 0.76 percent, engineering 0.71 percent, banks 0.63 percent and financial institutions 0.42 percent. Conversely, fuel and power as well as mutual funds increased 1.04 percent and 0.52 percent respectively in market capitalisation. Western Marine Shipyard was the day's best performer with 9.62 percent gain, followed by United Power Generation, SEMPL Lecture Equity Management and Bangladesh General Insurance Company.

Dulamia Cotton was the worst loser, shedding 6.81 percent followed by Standard Insurance, Queen South Textiles and HR Textile. Chittagong stocks also fell yesterday with the bourse's benchmark index, CSCX, falling 88.99 points or 0.84 percent to finish the day at 10,524.96.

Losers beat gainers as 141 declined, 60 advanced and 31 finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded 73.83 lakh shares and mutual fund units worth Tk 22.31 crore in turnover.

Alibaba snaps up Daraz

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With Alibaba's involvement, Daraz's total merchant number will expand significantly from existing two lakh, said Shayantani Twisha, public relations and communication manager of Daraz Bangladesh.

"Together with Daraz, we can now empower entrepreneurs to better serve consumers in the region through our technology and expertise," said Daniel Zhang, chief executive officer of Alibaba Group.