



Sir Fazle Hasan Abed, chairman of Brac Bank, presides over its 20th annual general meeting at Brac-CDM in Savar on April 30. The bank approved 15 percent stock dividend for 2018. Selim RF Hussain, CEO, was present.

Alamgir Kabir elected president of cement manufacturers' association

STAR BUSINESS DESK

Md Alamgir Kabir, managing director of Crown Cement Concrete and Building Products, has recently been elected president of Bangladesh Cement Manufacturers Association (BCMA) for a two-year term.



The association also elected Md Shahidullah, managing director of Meteorcem Cement and chairman of Metrocem Group, and Zahir Uddin Ahmed, managing director of Confidence Cement, as first and second vice presidents respectively.

The election took place at the BCMA's annual general meeting in Dhaka on April 30, the association said in a statement yesterday.

Faizur Rahman Bakul of Himalaya Cement was elected treasurer. The executive members are Abdul Khaleque Perviz (Diamond Cement), Md Manwar Hossain (Anwar Cement), Md Khurshed Alam (Fresh Cement), Ashraf Amin Badal (Heidelberg Cement), PN Iyer (Insee Cement) and Saif Rahman (Seven Rings Cement).

Kabir has also been serving as additional managing director of MI Cement Factory (Crown Cement), chairman of GPH Ispat and director of Premier Cement Mills.

Bangladesh lost \$5.8m for BATB's profit-shifting

FROM PAGE B1

For every dollar the BAT paid in tax in the countries it operates in, it shifted more than half a dollar that would have been taxed locally to a UK subsidiary, said the report that also focused on the tobacco manufacturer's operations in Indonesia, Kenya, Guyana, Brazil and Trinidad and Tobago.

The countries together stand to lose a total of nearly \$700 million in tax revenue by 2030 from the "financial manoeuvring" of just one tobacco company if business continues as usual.

The report found a range of mechanisms used by the tobacco company in 2016 to shift income equivalent to over 12 percent (\$941 million) of its pre-tax profits to BAT Holdings Ltd, a UK-based subsidiary.

"By charging itself royalties, rerouting loans through tax havens and paying interests fees on loans made between regional offices, BAT shrunk its tax contributions in low- and middle-income countries where public funding is high in need and short in availability."

However, the TJN said the picture remains incomplete: BAT has over one hundred offshore subsidiaries spread across 19 tax havens and books hundreds of millions of dollars each year to "other operating charges" without further explanation.

The profit shifting practices fly in the face of tobacco companies' claims to be essential tax providers to low- and middle-income countries, where 80 percent of the 1.1 billion smokers worldwide live, the TJN said.

In Bangladesh, tobacco companies face

corporate tax rates of 45 percent, which the BATB found "arbitrary" and "unjustified from the shareholders' point of view", as per its annual report for 2016.

After paying excise duty, value-added tax and corporate income tax, the BATB's net profit margin in 2016 was 17.3 percent. The TJN also included the BAT's response in its report.

As a listed company, BAT Bangladesh is also regulated by the Bangladesh Securities and Exchange Commission. The local board of directors is required to approve all royalties and T&A fees before they can be remitted.

Post board approval, invoices and detailed calculations are provided to the central bank for review and approval and on top of this, before remittance an application is made to Bangladesh Investment Development Authority (BIDA) for approval, the BAT said.

The TJN said it shared the report with the BAT and asked for its response.

In its response, the BAT said "the group does not accept that there is any avoidance or loss of tax to the countries concerned in the manner contended by the report".

The BAT said the group fully complies with all applicable tax legislation where it does business, and is a significant tax contributor to governments worldwide; and that all the transactions highlighted within the report fully comply with relevant tax legislation and have been transacted on an arm's length basis.

The TJN report said BAT denies that their intra-group UK transactions were "opaque".

IPDC profit soars in first quarter

FROM PAGE B1

There is an increasing tendency among many borrowers not to pay back loans in time, pushing default loans to a record level.

Despite various challenges, IPDC pulled off 120.5 percent year-on-year increase in net profit to Tk 15.9 crore in the January-March quarter, Islam said.

Non-performing loans came down to 1.2 percent in March from 2.14 percent in December last year. IPDC's bad loan is the lowest among all the publicly listed NBFIs in Bangladesh thanks to its quality portfolio, Islam said.

Though the financial market has been under a liquidity pressure, IPDC has not faced any such problem due to a strong deposit base.

Large corporate and multinational companies are interested to park funds with the NBFIs for its good governance, according to Islam.

"We do not see the liquidity pressure as a major challenge unless it is a systemic failure because our economy is strong."

The main sources of fund for IPDC are public deposit and bank borrowing. Some 47 percent deposits come from the public and 30 percent from bank borrowing.

"We are discussing with the central bank to simplify the issuance of bonds so that NBFIs can raise funds," said Islam.

The revenue growth of IPDC was mostly driven by the corporate sector. And Islam said the strategic focus would be on small and medium enterprises, women and retail banking in the future.

Currently, women make up 13 percent of the total loan portfolio of IPDC and it plans to raise it to 30 percent by 2020.

"We want to focus on women financing because their repayment behaviour is much better than men's," Islam said.

He said consumerism is booming in Bangladesh but the credit penetration is still very low. Banks face regulatory constraint in the consumer banking segment but the NBFIs do not face such constraint.

"So, the NBFIs have opportunity to broaden their consumer financing by developing diversified products. IPDC is working on consumer financing," he said.

IPDC has set a target to increase the number of its branches to 16 by this year from 12 in 2018.

The NBFIs closed at Tk 34.20 on the Dhaka bourse on Thursday, the last session of the week.

US rejects Tesla bid for tariff exemption for Autopilot 'brain'

REUTERS, Washington

US trade officials rejected Tesla Inc's bid for relief from President Donald Trump's 25-percent tariffs on the Chinese-made Autopilot "brain" of its Model 3 and other electric vehicles, one of more than 1,000 product denials linked to China's industrial development plans.

According to documents filed by the US Trade Representative's office (USTR) and reviewed by Reuters, exclusion requests from Tesla and others for Chinese-made products from aircraft parts to biotechnology instruments were denied because they were deemed "strategically important" to the "Made in China 2025" program.

Tesla declined to comment. The company has separate pending tariff exclusion requests for duties on the Chinese-made Model 3 Center Screen and for the Model 3 Car Computer before USTR.

Tesla said in a securities filing on Monday: "Our costs for producing our vehicles in the US have also been affected by import duties on certain components sourced from China."

The denials illustrate a systematic approach by the Trump administration to thwart China's efforts to develop high-technology industries that Washington alleges benefited from theft and forced transfer of US intellectual property.

Govt seeks ADB support to develop bond market

FROM PAGE B1

The disclosure comes on the heels of the International Monetary Fund's projection that Bangladesh will be among the three fastest growing economies in the world this calendar year.

Prior to that, the World Bank also projected that the Bangladesh economy would be among the five fastest growing economies in the world this fiscal year.

The superlative GDP growth is being propelled by robust private consumption and continued recovery of remittance inflow, according to the ADB report.

Public investment will remain strong as the government continues to expedite the implementation of mega infrastructure projects and other large projects receiving

overseas support.

"Bangladesh's performance is really good. Not only is the economy growing fast, the implementation of the projects is also showing steady improvement," said Hun Kim, ADB's director general for South Asia operations, in a press briefing on Wednesday.

Although the GDP is soaring Bangladesh's revenue collection is not increasing accordingly. In fact, Bangladesh's revenue to GDP ratio is the lowest among the Asia and the Pacific nations, according to the ADB report.

In 2018, Bangladesh's revenue to GDP ratio stood 9.6 percent, whereas the ratio in most of the Asia and the Pacific nations is more than 16 percent.



AKM Nurul Afsar, national team leader of the Food and Agriculture Organization of the UN, opens an outlet of Bengal Meat in the capital's Green Road on Friday.

Buyers more concerned about prices than factory conditions

FROM PAGE B1

"They squeeze suppliers so hard financially that the suppliers face powerful incentives to cut costs in ways that exacerbate workplace abuses and heighten brands' exposure to human rights risks."

Many brands demand their suppliers maintain rights-respecting workplaces, but then incentivise them to do the opposite, the study said.

"The HRW report rightly identifies speed to market as a concept that reduces lead times for us," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Indeed, the brands with poor sourcing, poor forecasting practices and shorter lead times add to the woes of garment manufacturers.

"Suppliers often get pressured by buyers' hard negotiating practices," Huq said in an email reply to The Daily Star. The prices brands pay to suppliers can undercut factories' ability to ensure decent working conditions.

Spend zakat funds collectively

FROM PAGE B1

ABM Azizul Islam, a former caretaker government finance adviser, said if zakat money could be utilised in an institutionalised way, the country could have got the maximum benefit from it.

He recommended using the money in income generating activities so that no family fell into poverty once getting zakat.

Zakat should not be distributed in the form of small cash or clothes to provide temporary relief to the poor, rather should be for small business purposes, said Muhammad Abdul Mazid, former chairman of the National Board of Revenue.

Some good ways to utilise the fund could be starting programmes on education and skills development, keeping provision of physical capital and making available financial capital for the start of businesses so that the

poor can be productively employed, he added.

However, the institutions focusing on zakat are yet to underpin it as a national strategy for eliminating economic inequality, he pointed out.

In a comparative analysis of zakat and tax, former secretary AMM Nasir Uddin said taxes were collected from both the rich and the poor and its advantages did not have a huge impact on the poor.

On the other hand, zakat is collected from the rich only and its advantages go to the poor only, he said. So zakat is a much more effective way of eradicating poverty but it has to be utilised in an institutionalised way, he added.

Niaz Rahim, chairman of the CZM, said they have been helping livelihoods of over 4 lakh people from impoverished families to prosper.

The activities include income

generating programmes and ensuring medical assistance along with safe drinking water, sanitation and nutrition support for children, the physically challenged, widows and orphans.

"We want to create awareness on the socio-economic impact of institutional utilisation of Zakat funds," he said and added that people could channel their zakat to the CZM to ensure that it has a good impact on poverty alleviation.

The CZM website says it was officially launched on September 14, 2008 to ensure proper utilisation of zakat funds for the wellbeing of the poor as per the tenets of Islam.

Justice Mohammad Abdur Rouf, former chief election commissioner; AKM Nurul Fazal Bulbul, secretary general of EXIM Bank Foundation, and Abdul Haque, managing director of Haq's Bay Automobiles, also spoke.

60pc bank agents yet to break even: study

FROM PAGE B1

The study found that agent banking was getting popular among the rural people as the payment channel was much cheaper than mobile financial service (MFS). The cash out charge through the MFS is almost 2 percent whereas it is zero to a maximum 0.5 percent in case of agent banking.

Agent banking's cash-in and cash-out limit is 25 to 30 times higher compared to that of MFS platforms.

Average daily transaction value of an agent is Tk 360,000, according to the study.

An agent requires an initial investment of Tk 5 lakh to Tk 8 lakh in rural areas and Tk 8 lakh to 10 lakh in urban areas, according to the report. One-third of the agents face liquidity problems once in two weeks, the study found.

"The agent banking has brought the unbanked people under banking services in the rural areas which was not possible through the traditional branches of banks in the last 40 years," said Ahmed Jamal, deputy governor of the central bank, while addressing the seminar.

He said there should be some commission for the agents so that the service becomes commercially viable.

Md Nazimuddin, an executive director of Bangladesh Bank, said the agent banking was effective for inclusive financing in the rural areas and it was now providing a number of services, including utility bill collection, remittance transfer etc.

Md Arfan Ali, president and managing director of Bank Asia, said the agent banking was really effective

for marginalised people, who were not under banking services in rural areas.

"We are yet to provide full benefit to the unbanked people because of some constraints," he said.

Shortcuts should not be followed in selecting agents to avoid unexpected complexity, he said.

Rashed Al Hasan, policy manager of the BFP-B, said agent banking should be used to pay salaries and make utility bill payment to ensure the commercial viability of the alternative banking service.

The central bank awarded agent banking licences to 20 banks as of June last year. Of them, 19 have already started operations.

The number of agent banking accounts was 24.6 lakh last year, out of which 87 percent were in rural areas.



Syed Mohammad Kamal, country manager for Bangladesh at Mastercard, launches its The Swiss Delight campaign in Dhaka recently marking Ramadan and Eid-ul-Fitr. Customers can win an all-expenses paid, five-day-four-night trip for two to Switzerland making purchases with Mastercard debit, credit or prepaid cards from May 1 to June 15.



Experts take part in a seminar styled "Future of banking: Agent banking as alternative delivery channel to reach the last mile" organised by the BFP-B at the Lakeshore hotel in Dhaka yesterday. Story on B1