

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.43%	▲ 0.23%	\$1,280.00	\$68.93	▲ 0.84%	▼ 0.29%	▼ 0.64%	▼ 0.31%	BUY TK 83.50	92.02	104.61	0.75
5,377.74	9,916.91	(per ounce)	(per barrel)	39,831.97	20,942.53	3,143.00	2,905.81	SELL TK 84.50	95.82	108.41	0.79



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Capital market, real estate to get a shot in the arm

REJAUUL KARIM BYRON and REFAIYET ULLAH MIRDHA

The government is likely to take several steps for reviving the capital market and the real estate sector, including a cut in tax for flat purchase, in next fiscal year's budget. As part of the steps, the government may increase the tax exemption limit of dividend earnings to up to Tk 50,000 from the existing Tk 25,000 ceiling considering the current market scenario, said a senior official of the finance ministry yesterday.



RUN-UP TO BUDGET 2019-20

Govt may increase the tax exemption limit of dividend earnings to up to Tk 50,000 from the existing Tk 25,000 ceiling

Govt also plans to cut tax for flat purchase by 20 percent on average

20's budget, the finance ministry official said. At present, the government's tax on flat purchase varies from Tk 600 to Tk 7,000 per square metre in Dhaka and its adjacent areas. It is Tk 5,000 per square metre if the apartment size is below 2,000 square metres in posh areas like Gulshan, Banani and Baridhara. For flats of more than 2,000 square metres, the tax is at Tk 7,000 per square metre.

In other parts of Dhaka, the rate is lower. For outside of Dhaka the tax is Tk 600 per square metre. Currently, in case of land sales the registration fee is 17 percent and for flat purchase it is 14 percent to 16 percent. The government may slash the registration fee by half, he said. Like the retail investors in stock market, the realtors too are complaining of dull business.

In many cases, the realtors are not completing the construction works of the buildings for years, leaving the flat buyers in the lurch. "If the government takes some measures, the real estate business may boost up again," said Toufiq M Seraj, managing director of Sheltech, a leading real estate company. The price of flats in fact decreased this year compared with the price level of fiscal 2012-13, said Seraj, also a former president of the Real Estate and Housing Association. But the high registration cost and taxes pushed up the overall cost of real estate. As a result, flat purchase became difficult for fixed income people, he added.



Stacks of colourful sneakers put on display by footpath vendors draw shoppers hopeful of a bargain ahead of Eid-ul-Fitr. The photo was taken at Gulistan in Dhaka yesterday. **RASHED SHUMON**

S&P rating remains same for Bangladesh

STAR BUSINESS REPORT

Global rating agency Standard and Poor's yesterday maintained its long-held BB- rating for Bangladesh, in what can be viewed as a setback of sorts given how the country has become the toast of the development world for its tremendous growth momentum. Bangladesh is forecasted to be amongst the top three fastest growing nations in the world this year and the next by all leading multilateral institutions. "We are affirming our 'BB-' long-term and 'B' short-term sovereign credit ratings on Bangladesh," said

the American credit ratings agency yesterday. The stable outlook reflects S&P's expectation that Bangladesh's solid growth path will continue to raise average income and prevail over risks to external metrics over the next 12 months. However, Bangladesh faces the vulnerabilities of a low-middle-income economy, fiscal constraints and heavy development needs. The BB- rating reflects the country's low economic development and limited fiscal flexibility owing to a combination of constrained revenue-generation capacity, high debt-servicing costs and heavy spending to

improve its basic infrastructure and government services. The administrative and institutional weaknesses represent additional rating constraints. "Bangladesh's political landscape constrains the effectiveness of institutions and impedes sound policymaking." However, the economy continues to sustain high, steady economic growth supported by a competitive garment sector. Given a weak institutional setting, infrastructure deficiencies and difficult business environment, Bangladesh's foreign direct investment has remained persistently low. **READ MORE ON B3**

BB steps in to ease Eid liquidity crunch

Tk 2,300cr injected into money market
AKM ZAMIR UDDIN

The central bank yesterday injected Tk 2,300 crore into the money market to ease liquidity crunch in the banking sector amid the cash withdrawal spree in the lead up to Eid. Cash-strapped banks secured the fund using the window of repurchase agreement (repo) and assured liquidity support facility (ALSF) at 6 percent interest rate. The repo is a short-term fund that the central bank gives to commercial banks in case of capital shortfall, while primary dealer banks, which are dedicated to lending to the government, are allowed to get funds through the ALSF. The central bank lent Tk 3,000 crore and Tk 4,000 crore every day through the windows for some working days in April. It went down significantly for most working days in May.

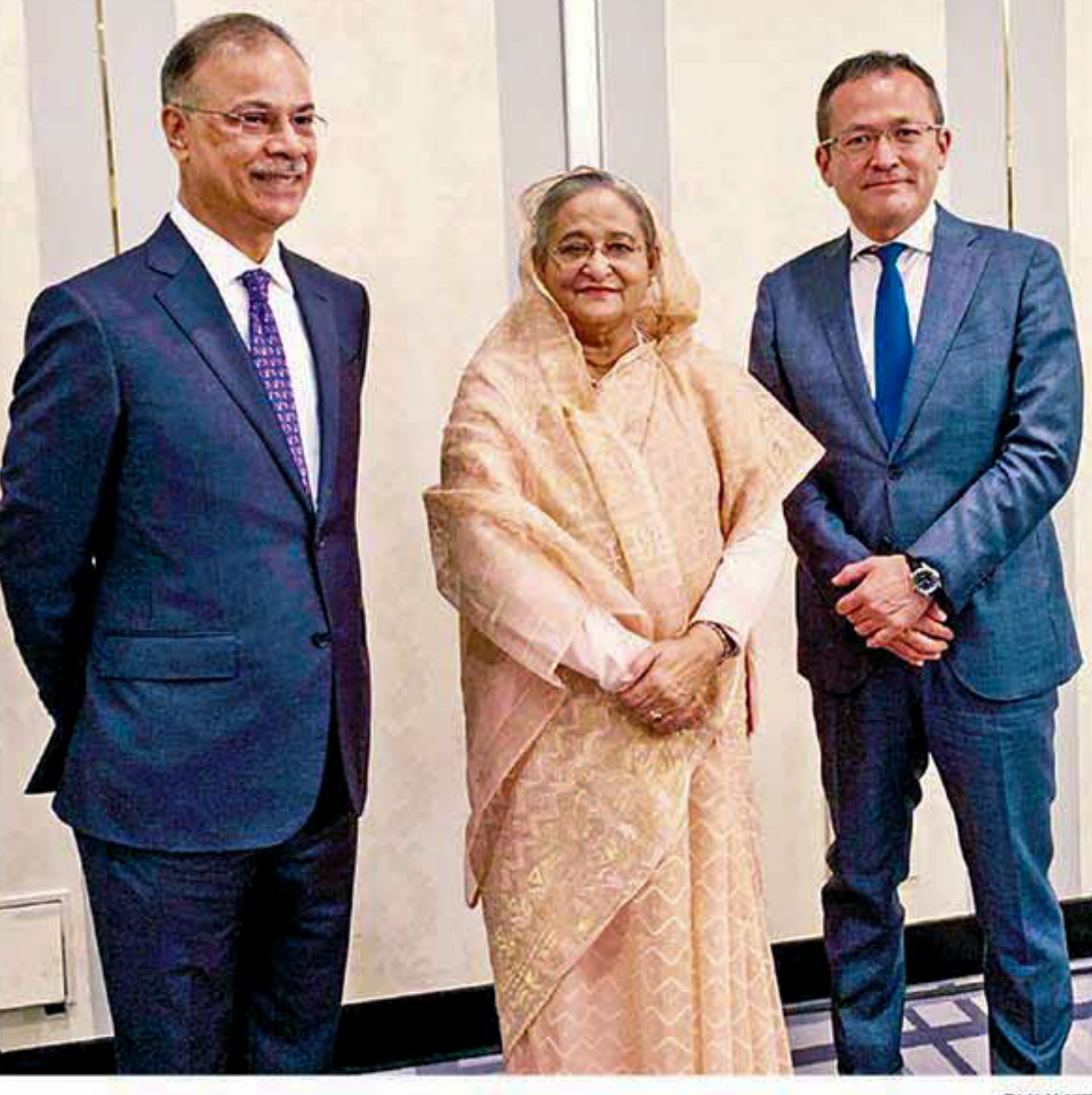
Injection of funds into the market before Eid-ul-Fitr, one of the largest religious festival for Muslims, is a common phenomenon and it is done to keep the market stable, a Bangladesh Bank official said. Transaction in the interbank call money market, which allows banks and non-banks to borrow and lend for a short period, also accelerated in the last few days. But, the weighted average interest rate in the call money market is still under control as the central bank has repeatedly instructed lenders verbally not to hike the rate. The call money rate ranges between 4.53 and 4.56 percent. The call money market saw a high transaction of Tk 6,954 crore on May 29 in contrast to Tk 5,461 crore on May 1.

The money market comparatively remained stable this month despite the spending spree ahead of Eid, as the majority of banks has taken cautionary measures to avoid the cash crunch the banking sector has been facing since the first quarter of last year. "We have taken preparation a month earlier to tackle the money withdrawal pressure ahead of Eid. This is helping us manage the situation," said M Kamal Hossain, managing director of Southeast Bank. The bank has not needed to turn to the central bank and the call money market this year, he said. Many contractors of the government's mega projects have recently repaid loans against their previous borrowing from banks, giving some comfort to the lenders. "Clients withdrew as much as Tk 400 crore from Jamuna Bank in the last few days. But we have not faced any crisis," said Shafiqul Alam, its managing director. Mamun-Ur-Rashid, managing director of Standard Bank, says the bank did not face any liquidity crunch in recent days because of adequate preparation. "We have maintained a balanced growth between deposit and lending in recent months. This has helped the bank avoid liquidity pressure."

\$3B INVESTMENT Summit, Mitsubishi brief PM on progress

UNB, Dhaka

Mitsubishi Corporation and Summit Group yesterday apprised Prime Minister Sheikh Hasina about the progress of the Summit-Mitsubishi and GE's \$3 billion investment in Bangladesh. Jun Nishizawa, group CEO of Natural Gas Group of Mitsubishi Corporation, and Muhammed Aziz Khan, founder chairman of Summit Group, met the prime minister at the New Otani Hotel, Tokyo during a business breakfast meeting to brief her on the investment progress. They also discussed other power and energy projects being pursued by Summit and Mitsubishi, said Summit Group in a media release issued from Tokyo. Nishizawa said they are happy to have successfully partnered in Bangladesh's second FSRU (floating storage regasification unit) terminal with Summit Group. "Mitsubishi has a track record and is keen to invest in gas-to-power project in Bangladesh with our partner Summit Group in order to contribute to the country's growing energy demand." **READ MORE ON B3**



Jun Nishizawa, group CEO of Natural Gas Group of Mitsubishi Corporation, and Muhammed Aziz Khan, founder chairman of Summit Group, pose with Prime Minister Sheikh Hasina at the New Otani Hotel, Tokyo yesterday during a business breakfast meeting to brief her on the progress of the Summit-Mitsubishi and GE's \$3 billion investment in Bangladesh.

Japan's Nipro to invest Tk 182cr in JMI Syringes

STAR BUSINESS REPORT

Nipro Corporation, a Japanese medical equipment manufacturer, is set to invest Tk 182.15 crore in JMI Syringes to become its strategic partner. JMI will use the proceeds to expand operations, repay bank loans and as working capital. The listed medical equipment manufacturer will issue 1.11 crore shares to Nipro through private offer at Tk 164.10 per share with a premium of Tk 154.10, according to a notification on the website of the Dhaka Stock Exchange yesterday. The Bangladesh Securities and Exchange Commission approved JMI's proposal of raising paid-up capital subject to some conditions. The shares to be issued to Nipro will have a lock-in period for five years from the date of issuance. The sponsors and current directors of the company will not be able to sell their shares in the next five years from the date of the issuance of the consent letter. The knowledge and technology transfer from the Osaka-based multinational company will enhance the quality and business potential of JMI, the notification said. JMI's share rose 2.97 percent to Tk 371 on the DSE yesterday.

Delays in freight train service irk importers

DWAIPAYAN BARUIA, Cig

Freight train services on the Dhaka-Chattogram route have fallen way below acceptable standards, to the extent that it recently took one importer over one month to get two goods-laden containers delivered from the port city to the capital. The containers, containing cosmetics, raw materials for shoes and industrial machinery from China, reached the Chattogram port on April 16. The two got delivered to Kamalapur's Inland Container Depot (ICD) in Dhaka on May 19 and reached the Dhaka-based importer on May 23. The importer, Abul Khair Nayan, proprietor of Arab World Trading International of Nawabpur, said the goods were very near to missing the Eid sales. "Moreover, we had to pay over

Tk 3 lakh to the port authority and shipping agent as demurrage charges for the overstay of the containers at the port," he said. Like him, many importers in Dhaka who receive goods from Kamalapur ICD are now having to wait 10 to 25 days to get their consignments delivered from the Chattogram port. Mohammad Faruq, general secretary of Dhaka Customs C&F Agents Association, said the situation was becoming intolerable, causing importers to lose interest in freight train services. Such long delays have created a huge pile-up of the ICD-bound import containers at Chattogram port in the past one month. Till yesterday, 1,859 Kamalapur ICD-bound TEUs (twenty-foot equivalent units) were lying on the port's yards, going way past its

allocated space for 879 TEUs. Traders of Dhaka and surrounding areas account for around 70 percent of imports arriving at the Chattogram port. Of it, 3 percent is carried by trains and the rest over roads and rivers. According to Chittagong Port Authority (CPA) and Bangladesh Railway, the freight train services were hampered for around nine days due to a three-day workers' strike at the ICD in late April and cyclone Fani earlier this month. The two service providers, however, blamed each other for failing to improve the situation in the past two weeks. CPA Director for Traffic Enamul Karim said Bangladesh Railway prioritised passenger trains in Ramadan and did not run daily freight trains at the required rate. **READ MORE ON B3**

Market access should continue

Mannan tells developed countries
Bss, Dhaka

Planning Minister MA Mannan yesterday said the market access that the developed countries offer to nations like Bangladesh should continue for mutual benefit. "We hope that the market access which you've given to us offers a very profitable business trend and strategy for you...it should be allowed to continue for your benefit and for our benefit too," he added. The minister was speaking at an event titled "Graduation of LDCs, international support measures and leveraging implementation of sustainable development goals" on the sidelines of the 75th annual session of UNESCAP in Bangkok, according to a message received here. With the minister in the chair, Economic Relations Division Joint Secretary M Anwar Hossain presented the keynote at the event while UNESCAP Executive Secretary Armida Salsiah Alisjahbana and Bangladesh Ambassador to Bangkok Md Nazmul Quamrune were present, among others. **READ MORE ON B3**