

Stocks

DGEN	▼ 0.33%
	2,519.83
CSCX	▼ 0.71%
	5,347.20

Asian Markets

MUMBAI	▼ 1.14%
	12,019.65
TOKYO	▲ 0.45%
	9,340.49
SINGAPORE	▲ 0.33%
	2,185.29
SHANGHAI	▲ 1.74%
	2,663.77

Currencies

	Buy Tk	Sell Tk
USD	68.50	69.50
EUR	91.91	96.93
GBP	103.15	108.51
JPY	0.70	0.78

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▲
	\$926.60 (per ounce)
Oil	▼
	\$59.43 (per barrel)

SOURCE: AFP

(Midday Trade)

More News

Uganda seeks investment from Bangladesh

The visiting Ugandan vice-president yesterday urged Bangladeshi entrepreneurs to invest in clothing sectors in his country, as the East African country enjoys a duty- and quota-free access to markets in Europe and the US.

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International

Bumpy road ahead



With the spillovers from the US financial crisis affecting Asian economies in the first quarter, Thailand, Vietnam, Taiwan and Cambodia are all set for a slow drive on bumpy roads. Thai economy could fall about three percent for the whole year, without additional economic and political risk factors eroding domestic demand and exports.

Britain faces 'slow' economic recovery

Britain's recession-hit economy likely faces a 'slow' recovery, Bank of England head Mervyn King said on Wednesday after the BoE said the outlook for British growth and inflation is "unusually uncertain." "The economy will eventually heal, but the process may be slow," Governor King told reporters after the Bank of England published its latest quarterly forecasts.

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If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Raise tax-free income ceiling

Businessmen urge govt at pre-budget consultative meeting

STAR BUSINESS REPORT

Businessmen yesterday urged the government to fix the revenue earnings target at Tk 55,000 crore and raise the ceiling of the tax-free income in the national budget for fiscal 2009-10.

They demanded establishment of a fund for mitigating the effects of financial crisis. They also demanded special economic zones (SEZs) for local investors, punitive measures against the errant reports of the pre-shipment inspection (PSI) companies, reforms to key government offices, single digit bank interest rate and lowering import duties.

The proposals came from the business community at a pre-budget consultative meeting at Dhaka Sheraton Hotel where Finance Minister AMA Muhith was the chief guest.

Chaired by Annisul Huq, the president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the meeting was attended among others by Dr Nasiruddin Ahmed, acting chairman of the National Board of Revenue.

The meeting was jointly organised by FBCCI and NBR to elicit opinions from leading businessmen and chamber leaders from across the country on what they want in the next national budget.

Huq proposed the government keep the target of revenue collection at Tk 55,000 crore, estimating the GDP growth at six percent.

The FBCCI sought that the threshold of tax-free personal income be raised to Tk 200,000 from the existing Tk 165,000 in FY 2009-10 budget.

Huq proposed 10 percent tax on Tk 3,50,000 income, 15 percent on Tk 4,50,000, 20 percent on Tk 6,00,000 and 25 percent on the amounts above.

The limit of tax-free income



Annisul Huq, president of the Federation of Bangladesh Chambers of Commerce and Industry, speaks at a pre-budget consultative meeting in Dhaka yesterday. AMA Muhith, finance minister, among others, was present.

should be Tk 3,60,000 and Tk 4,50,000 for female taxpayers and senior citizens and the disabled respectively from its existing Tk 1,80,000 annually.

The FBCCI proposed reduction in import duty on capital machinery to 1 percent.

The apex trade body also proposed that the government fix import duty at 5 percent for intermediary goods, 12 percent for essential commodities and 25 percent for luxury items.

Huq urged the government for a major reform in the Board of Investment (BoI) as the activities of this investment promotional body are not up to the mark to attract both local and international entrepreneurs.

Complaining about the losses they faced because of the PSI firms' errant reports, a section of businessmen demanded the abolition of these pre-

shipment inspection companies.

Samson H Chowdhury, chairman of Square Group, a leading industrial conglomerate, asked the government for removal of the anomalies in payment in advanced income tax (AIT) and to stop harassment in importing pharmaceuticals raw materials, including packaging items.

Shafiqul Islam Mohiuddin, vice-president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), demanded immediate improvement in the law and order and power situation for the sake of survival of the garment sector, the highest foreign exchange earner.

Abdul Hafiz Chaudhury, president of the Metropolitan Chamber of Commerce and Industry (MCCI), urged the government to reduce corporate tax in the next budget.

KEY POINTS

- Fixing the revenue earning target at Tk 55,000 crore
- Increasing the threshold of tax-free income
- Setting up special economic zones for local investors
- Action against errant PSI reports
- Introducing single-digit bank interest rate
- Lowering import duty
- Reforms to the Board of Investment
- Removal of traffic congestion

BTRC to review VoIP penalties

STAR BUSINESS REPORT

The telecom watchdog is set to review all the policies practised by the last caretaker government, including its stance on the illegal VoIP (voice over internet protocol).

"We are reviewing the policies that were practised by the last caretaker government. After the scrutiny, we will be able to decide whether the fines imposed on the telecom operators for being involved in the illegal VoIP were right or wrong," said Zia Ahmed, chairman of Bangladesh Telecommunication Regulatory Commission (BTRC), yesterday at a press meet.

In a recent meeting at the Ministry of Telecommunication, Ahmed said the last BTRC body forced the telecom operators to pay fines for their involvement in illegal VoIP, according to operators.

The BTRC chairman disclosed that the operators fined have questioned the justification of the penalties.

Ahmed said there is a difference between an elected and non-elected government. "We wish to make the industry more flexible by reducing taxes."

BTRC realised Tk 861.16 crore from several mobile and PSTN operators in fines for their involvement in illegal VoIP business.

Although VoIP was practised in Bangladesh over the last few years, no political government took any action against the illegal business.

The last caretaker government initiated a drive against the illegal business, charging both national and multinational telecom operators. The fined operators also officially confessed to the BTRC.

BTRC also recovered huge VoIP equipment from several offices, even on operators' office premises. The commission also filed around 50 cases at several police stations in the city, most of which still remain unresolved.

Ahmed, who joined BTRC as chairman after the new government assumed office, said a committee could be formed if the government wants to justify the drive against the illegal VoIP.

BTRC organised the press meet to announce its observance of the "World Telecommunication and Information Society Day 2009". The two-day programme will be observed on May 17-18 in Chittagong. The commission initiated country-wide programmes to mark the day, in a bid to meet the government's pledge to digitalise Bangladesh by 2021.

Banks asked to lend more to farm, SMEs

STAR BUSINESS REPORT

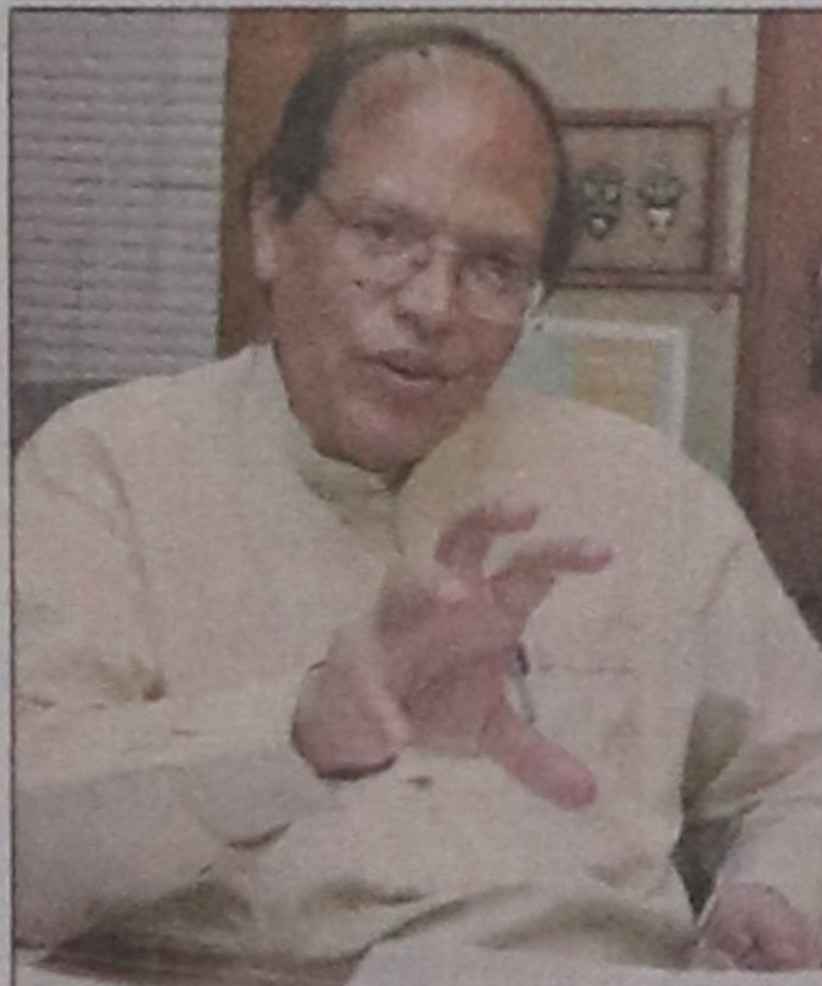
Banks should change their conservative attitude towards financing the agriculture sector and small and medium enterprises (SMEs) to help generate employment and boost internal demand to offset the impacts of the global recession, the central bank governor said yesterday.

"Banks should open their purses to support farm and small non-farm sectors to turn the masses into potential consumers," Dr Atiur Rahman told reporters after his maiden meeting with the chief executive officers (CEOs) of 48 banks operating in the country.

Rahman said majority of the people who live in the rural areas still remain out of the reach of bank services.

The Bangladesh Bank (BB) governor said banks' deposits in rural areas are declining constantly. Banks also channel rural deposits into urban areas, he added.

"Banks, especially the private ones, should open more branches in rural areas to fund the potential businesses,



Dr Atiur Rahman

including of agriculture," said the governor.

Currently, a bank has to open one branch in rural areas against every four in urban, according to central bank regulation. But many banks open branches in upazila, pourashava

(municipality) and district areas and brand those as rural branches.

Rahman has given the highest priority on ensuring the country's macroeconomic stability.

The governor told the bankers that BB would also try to undertake some new pro-poor projects and strengthen implementation of the existing ones, such as women entrepreneurs' and SME refinance schemes.

He said the Credit Information Bureau of BB is being automated faster to render quicker services.

He also assured the bankers of taking all decisions in consultation with the stakeholders.

Mahmood Sattar, chairman of Association of Bankers Bangladesh, a forum of the banks' CEOs, told the reporters after the meeting that the governor has given them a 'philosophical roadmap' on how he wants the banking sector should run.

He said they would try to add the huge unbanked population to the banking network.

EU fines Intel record \$1.45b

AFP, Brussels

EU antitrust regulators fined US chip giant Intel a record 1.06 billion euros (1.45 billion dollars) on Wednesday, claiming it abused its stranglehold on the semiconductor market to crush its main rival.

The company hit back, saying it would fight the ruling with an appeal in EU courts, raising the spectre of a new antitrust saga between Brussels and a US technology giant after Microsoft's years of European legal battles.

The European Commission, Europe's top competition watchdog, accused Intel of using illegal loyalty rebates to squeeze rivals out of the market for central processing units (CPUs) -- the brains inside personal computers.

The Santa Clara, California-based company dominated the 22-billion-euro (30-billion-dollar) market for the ubiquitous x86 CPUs with a 70-percent share during the more than five years it was accused of breaking EU antitrust rules.

"Intel has harmed millions of European consumers by deliberately acting to keep competitors out of the market for computer chips for many years," EU Competition Commissioner Neelie Kroes said.

"Such a serious and sustained violation of the EU's antitrust rules cannot be tolerated," she added.



European competition commissioner Neelie Kroes shows an Intel processor during a press conference at EU headquarters in Brussels yesterday.

The commission said Intel had used wholly or partially hidden rebates to get PC makers such as Acer, Dell, HP, Lenovo and NEC to buy all or almost all their CPU supplies from Intel instead of US rival Advanced Micro Devices (AMD).

"Naturally, the commission favours strong, vigorous price competition, including by dominant firms," Kroes told reporters in Brussels.

"However, Intel went beyond normal price competition by giving rebates to computer manufacturers

on the condition that they bought all, or almost all, of their CPUs from Intel."

Intel general counsel Bruce Sewell defended the rebates, arguing that computer makers approach the company seeking reductions and stressing that "there is no evidence that we were pricing below cost."

EU antitrust regulators also accused Intel of paying computer manufacturers to halt or put off the launch of products containing microchips competing with Intel's x86.

Microcredit one bright spot in recession

Says Dr Yunus



Nobel laureate Prof Muhammad Yunus (centre), among others, poses for photographs at the launch of Bangladesh Microfinance Statistics for 2007 in Dhaka yesterday.

STAR BUSINESS REPORT

Nobel laureate Prof Muhammad Yunus said yesterday microcredit could safeguard many retrenched employees from the effects of deepening recession through self-employment.

"It's (microcredit) an important tool to create self-employment. It bears more significance in times of recession, as it shows laid-off employees a way to stand up again on their own," said Yunus at the launch of Bangladesh Microfinance Statistics for 2007 at the LGED auditorium.

Regarded as the banker to the poor, Yunus said microfinance has so far been immune to the global economic crisis at a time when big banks sought bailout packages to survive, although they had extended loans to borrowers against collateral.

"The banks are failing to retrieve loans although there are collateral, documents and lawyers to get the money back. Now the documents have proved fake," he said.

The microcredit system is a driver of employment, savings and women's empowerment, he said.

"Microcredit is not free from criticism though. But microcredit is a big achievement for Bangladesh and the list of achievements is long," said the Nobel laureate.

Credit and Development Forum (CDF) and Institute of Microfinance (InM) organised the programme with an aim to enable policymakers and development practitioners to pore over the microfinance situation.

According to a survey presented by InM Executive Director Prof MA Baqui Khalily, disbursed microfinance rose about 30 percent to Tk 23,497 crore in 2007 from Tk 18,096 crore a year ago. Microfinance takes up 14 percent of total domestic credit, the survey shows.

"We are giving thousands of crores of taka to people. Microcredit acts as a major lifeline to the financial sector," said Yunus.

He observed traditional banks are mobilising deposits from the rural economy and investing the money in urban areas, which means a loss of liquidity in the rural economy.

"But microcredit doesn't take the money away from the rural economy. Rather it puts the money in circulation there. We are giving money to those who did not avail themselves of credit earlier," Yunus. He called for transparency in the activities of microfinance organisations.

Microfinance institutions, as a whole, created direct employment for 200,000 people and helped them generate savings.

In 2007, micro-lenders generated Tk 6,452 crore, more than double what banks generated in rural areas in the same period, according to the survey.

The percentage of micro-lenders charging a 15 percent lending rate declined to 57.2 percent from 70.2 percent in 2006, which reflects that a portion of MFIs cut their lending rate to the 12.5 percent band.

Yunus, noting the interest rate, said a mechanism should be in place to help borrowers and others get an idea of what they are paying.