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## Light engineering seeks govt fund



SAYEDA AKTER

The country's light engineering sector has demanded that the government allocate fund for it in the upcoming national budget for fiscal 2009-10 and ensure easy access to finance for its infrastructure development and upgrading technologies.

Industry people called upon the government to ensure access to the Bangladesh Bank's fund for small and medium enterprise (SME) and Equity Entrepreneurship Fund (EEF) for the sector that are specially meant for infrastructure development.

They have also demanded the government reduce bank interest rate to a single digit, so they can replace their age-old machinery.

"The first and foremost problem of the sector is a lack of finance and investment," said Abdur Razzaque, president of Bangladesh Engineering Industry Owners' Association, adding: "We don't have access to the central bank's fund for SME, nor to the EEF. The government should include us in those funds to help us grow faster."

"The banks charge 13 percent interest rate, which is very high for us since light engineering sector belongs to SME category. On the other hand, the banks in India are charging only 5 percent," he said.

Razzaque urged the government to provide a special package for upgrading the age-old technology in the sector.

"Technology upgradation is another foremost requirement of the sector. We

are using first generation machinery that makes us less competitive in the international market, while China and India are using fifth generation latest machinery," he added.

Industry people have also demanded establishment of a special economic zone and industrial park to develop the sector further. Recently the cabinet has approved a draft law, which is awaiting approval in the parliament, regarding setting up a special economic zone and industrial park for the sector.

"If the government takes initiatives to boost the sector with allocating fund for its infrastructure development and technology upgradation, we will be able to save Tk 1,000 crore that is spent on import every year," said Razzaque.

Experts said the sector has all the potential for being a foreign exchange earner next to the readymade garment sector.

President of Bangladesh Economic Association Qazi Kholiqzaman Ahmad said light engineering is a strategic sector for any country.

"The sector contributes 2.2 percent to the GDP, which is more than the foreign aid we receive every year," he said, suggesting that the government nourish the sector further to improve the country's economy.

"The government should ensure easy access to bank loans at a lower rate for the SMEs, including the light engineering sector," he said.

Ahmad also asked for a central information service centre to help such entrepreneurs with necessary information regarding funds, bank loans and latest technology.

Presently, the average annual turnover of the sector stands at around Tk 20,000 crore per year with 45,000 entrepreneurs working across the country.



SHAFIQU ALAM

Workers are seen at an engineering workshop that makes wheels for saws at Gandaria in Dhaka yesterday. The country's light engineering sector needs government fund, easy access to finance for its infrastructure development and upgrading technologies.

The sector makes import substitute products worth Tk 2,000 crore per year and also earns a pretty amount of Tk 1200-1500 crore by exporting products.

According to Export Promotion Bureau data, the light engineering sector posted an export earning of Tk 1,507 crore in fiscal 2007-08.

So far there was no special allocation in the national budget in pre- or post-independence period for the development of this sector, said the industry insiders.

The sector has flourished from almost nothing to a multi-crore-taka business now since the country's independence in 1971, with the sector's development coming about mainly at an informal cottage status.

The sector makes products ranging from automated teller machine (ATM) frames to pharmaceutical packaging machines, from machinery for garment sector to rice mills, from automobile spare parts to power looms, and from ammunition boxes for Bangladesh Army

to machinery for paint industry.

It also produces machinery for making ballpoint pens, furniture, bakery equipment, flour mills, CD and DVD covers, plastic baskets and carriers, and many more.

The sector mainly involves three kinds of works: making complete machinery, producing spare parts and repairing old machines. It also does the maintenance works of different machinery, said industry insiders.

sayeda@thedailystar.net

### Stocks

DGEN ▼ 0.27%  
2,500.07

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5,322.30

### Currencies

	Buy Tk	Sell Tk
USD	68.50	69.50
EUR	90.67	95.61
GBP	101.77	107.22
JPY	0.71	0.75

SOURCE: STANDARD CHARTERED BANK

### Commodities

Gold ▲ \$929.50  
(per ounce)

Oil ▲ \$58.35  
(per barrel)

SOURCE: AFP

(As of Friday)

### More News

Rupayan takes Dhaka outside Dhaka



"Home! Sweet Home!" Not only a famous song, but it also describes the hopes and dreams of many who aspire to own a home. Such aspirations are more reflected in the hearts of people who reside in rental homes, wishing to own a permanent address. But it is difficult for a member of the middle- or lower-middle income group to purchase an abode, owing to high property prices and prolonged payback periods.

B-4

### International

EU, China to focus on trade, economy at summit

EU and Chinese leaders are on Wednesday to steer clear of tough issues at a fence-mending summit focused on trade and the economic crisis after Beijing cancelled their last meeting over the Dalai Lama. The summit, to be held in Prague, was originally set for last December but China called it off in protest at a meeting between Tibetan spiritual leader the Dalai Lama and French President Nicolas Sarkozy in Poland.

Porsche, BMW consider state loans

German car makers Porsche and BMW have discussed the possibility of state loans as they navigate the global economic crisis that has taken a heavy toll on demand, Der Spiegel magazine reported.

Commerzbank shareholders approve govt stake

Commerzbank shareholders on Saturday approved the German government's acquisition of more than 25 percent of the country's second-largest bank in connection with state aid, the bank said. The government has injected more than 18 billion euros (24 billion dollars) into Commerzbank and its entry into the bank's capital was adopted almost unanimously.

B-4

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## Tax-free income ceiling won't be raised

Says finance minister

STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday said the government would not raise the ceiling of tax-free income from the present Tk 165,000 in the next budget.

He also said that the government would retain the pre-shipment inspection (PSI) system, as the customs department is not ready yet to take over the job despite widespread demand for scrapping such inspection services.

"Considering the market prices and inflationary pressure I see no reason to up the ceiling further," Muhith told a pre-budget discussion organised by the Economic Reporters Forum (ERF) at the National Press Club.

Predecessor AB Mirza Azizul Islam, who was present at the discussion, echoed Muhith's view.

"The tax-free ceiling should not be raised even in next two years," said the former finance and planning adviser.

However, business bodies, including FBCCI, and people from different quarters have long been urging the government to increase the ceiling of tax-free income to Tk 200,000 since day-to-day expenses of the middle class have increased significantly following inflation and spiralling prices of essentials.

Muhith also focused on issues like recession, energy crisis, public expenditure, revenue collection and government intervention in commodity market.

"PSI system will continue further," said the minister. According to an agreement with the government, PSI system would be withdrawn by the year-end.

Different business chambers on many occasions have raised their voice against such PSI firms.

In Asia, the mandatory PSI system exists only in Bangladesh and Cambodia, with Pakistan discarding



STAR

Finance Minister AMA Muhith speaks at a pre-budget discussion organised by the Economic Reporters Forum in Dhaka yesterday. Former finance adviser Dr AB Mirza Azizul Islam is also seen.

the arrangement in late nineties after a brief stint. The voluntary PSI system was introduced in Bangladesh in 1992, and it was made mandatory 8 years later in a bid to help generate revenue by minimising widespread corruption in customs.

The finance minister said although Bangladesh still remains immune from the recession fallout, the next six months would be crucial.

"We have to observe the situation seriously in the next six months," said Muhith.

He reiterated the government would start easing at the end of 2010 and get improved fully in 2011.

The finance minister said: "Government will intervene in the market through the Trading Corporation of

Bangladesh."

He admitted that a grim situation prevails in the country. "From now on all power stations will be fuel-based," he said, adding that a coal policy would be formulated.

Muhith said the government is trying hard to improve the energy situation.

The minister expressed his dissatisfaction over the poor tax base. "Only seven lakh people among 14.5 crore pay taxes. It is a great shame," he remarked.

He reiterated the government stance of not allowing any new tax holiday. The minister also said sick industries would not be given any facilities in the next budget.

Mirza Aziz projected next year's

GDP growth at 5.5 percent, lower than this year's 5.8 percent, mainly because of the recession.

The former finance adviser opposed the demand for corporate tax reduction and tax holiday. He also viewed there should not be any zero duty facility for goods, except food items.

He also opposed further duty reduction for capital machinery and raw materials.

President of International Chamber of Commerce and Industry, Bangladesh chapter Mahbubur Rahman and Chairman of Association of Bankers Bangladesh Mahmood Sattar also spoke. ERF President Nazmul Ahsan chaired the discussion.

## Minister advocates investment of black money in tourism

STAR BUSINESS REPORT

The minister for civil aviation and tourism has advocated allowing unquestioned investment of black money in the tourism sector in the upcoming national budget.

"We hope such investment would expedite infrastructure and service development of the sector," GM Quader told a seminar in Dhaka yesterday.

"We are considering whether it is possible to appoint a tourism officer in each of our overseas missions to promote the country's tourism sector," he said.

Dhaka Chambers of Commerce and Industry (DCCI) and Travel Agents of Bangladesh (ATAB) jointly organised the seminar on 'Development and Potential of Tourism Industry of Bangladesh' at the chamber building.

Quader also revealed an array of plans that his ministry is to implement in phases.

Some top priorities were the formulating a national tourism policy, setting up a national tourism board, abolishing the present Bangladesh Parjatan Corporation and expanding the Cox's Bazar Airport, the seminar was told.

"Expansion of the runway at the Cox's Bazar Airport and efforts to make it an international airport are already under way," said Quader.

He also said the government is working towards reducing the hassles that inbound tourists face.

The government is also trying to promote the tourism sector by advertising in international media, Quader added.

At the function, DCCI President Zafar Osman urged the government to form a National Tourism Board, with members both from the public and private sectors.

Osman also stressed village based, cultural, adventure, river based and eco-based tourism to attract different types of tourists into the country.

MA Muhaimin Saleh, president of ATAB, Sirajuddin Malik, vice president of DCCI, also spoke at the function.

## Mobile market downbeat

STAR BUSINESS REPORT

A mere 0.75 million new customers were connected to the six mobile operators' network in April, demonstrating a continuous slowdown in the industry.

Despite the sluggish trend, state-run TeleTalk performed better among all the operators, adding the highest number of customers in April. The company added 0.44 million customers to its network in April 2009, thanks to its reduced call rate of Tk 0.66 per minute to any operator.

The total number of mobile phone customers reached 46.50 million in April 2009, which was 45.75 million in March when 0.54 million customers joined the mobile network.

In April 2008, the mobile operators added 1.41 million customers, which was 52 percent higher than in April 2009.

According to Bangladesh Telecommunication Regulatory Commission (BTRC), the market's largest operator Grameenphone (GP) lost 0.03 million customers in April. GP's customer base fell from 21.05 million in March 2009 to 21.02 million in April.

"The telecom market is shrinking. High taxation is the main reason behind such growth," said Oddvar Hesjedal, GP's chief executive officer, in a recent press meet.

"If the Tk 800 tax on SIM (subscriber identity module) is scrapped in the upcoming budget, we believe the industry will return to its usual growth," observed the GP CEO.

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