Star Business

DHAKA MONDAY JUNE 15, 2009

Stocks

DGEN	▲ 0.98%	2,774.39
CSCX	▲ 0.50%	6,155.18

Commodities

Gold	▼	$950.05 (per ounce)
Oil	▼	$72.17 (per barrel)

SOURCE: AFP

(As of Friday)

Currencies

	Buy Tk	Sell Tk
USD	69.05	69.05
EUR	96.70	96.73
GBP	113.53	113.56
JPY	0.70	0.70

SOURCE: BANGLADESH BANK

More News

BGMEA ratchets up calls for stimulus

BGMEA leaders yesterday reiterated their demand for a stimulus package for the ready-made garments (RMG) sector to offset the impacts of recession. At a post-budget press conference, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Abdus Salam Murshedy termed the proposed budget for fiscal 2009-10 unfortunate, as their demand was not met.

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International

Weapon makers look overseas

Foreign governments looking to kick the tires of fighter jets and cargo planes at this week's air show in Paris will likely hear a clear message from US defence contractors: We need your business now more than ever.

Economic vision sought in 'Davos in Detroit'

A US summit opening Monday aims to "define America's future in the global economy" in a gathering of business and economic leaders billed as "Davos in Detroit." Organizers of the three-day Michigan gathering argue that the world's biggest economy needs a new vision to maintain leadership and competitiveness, and will seek a consensus among leaders in the corporate, academic, labor and political sectors.

G8 talks turn spotlight on Europe's banks

Pressure mounted on Europe to reveal the viability of its crisis-hit banks after a meeting of G8 finance ministers in southern Italy over the weekend ended in disarray over the thorny issue. Britain and the United States have already carried out "stress tests" to gauge the capital requirements of their banks -- a painful exercise seen as boosting confidence in a sector at the epicentre of the global economic crisis.

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Contact Us

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

State enterprises pare down losses

REJAUL KARIM BYRON

The government's net loss in state-owned enterprises (SoEs) came down by more than Tk 9,000 crore due to a fall in prices of petroleum products on the international market and more revenue generation from telecommunication sector in the current fiscal year.

According to Bangladesh Economic Review 2009, the net loss incurred by 44 SoEs in the last fiscal year was Tk 9,982 crore.

The loss came down to Tk 154 crore until April 29 this fiscal year.

A cut in expenditure by Bangladesh Petroleum Corporation (BPC) on purchase of petroleum products and an increase in profit by Bangladesh Telecommunication Regulatory Commission (BTRC) heavily contributed to the fall in loss.

The BPC incurred a loss of Tk 3,575 crore in the current fiscal year, which was Tk 9,553 crore last year. The main cause for such a shrink in loss is the drastic fall of petroleum prices on the international market.

The BTRC incurred a loss of Tk 37 crore last fiscal year but in the current fiscal year it made a profit of Tk 3,238 crore, which has helped reduce the government's net loss drastically.

The BTRC made the huge profit as it earned money by issuing different licences and from anti-VoIP drive.

Of the 44 organisations, 16 incurred loss of Tk 5,864 crore in the current fiscal year, while 28 made profit of Tk 5,710 crore.

Bangladesh Oil, Gas and Mineral Resources Corporation made a profit of Tk 1,076 crore in the current fiscal year, whereas it incurred a loss of Tk 1,026 crore last year.

Bangladesh Power Development Board's loss almost doubled in the current fiscal year. It incurred loss of Tk 1,566 crore against the last fiscal year's loss of Tk 993 crore.

PDB sources said its loss went up, as it could not increase the price of power.

The loss of Bangladesh Sugar and Food Industries Corporation (BSFIC) and Bangladesh Jute Mills Corporation (BJMC) increased in the current fiscal year.

The loss incurred by BSFIC was Tk 211 crore against Tk 155 crore last fiscal year.

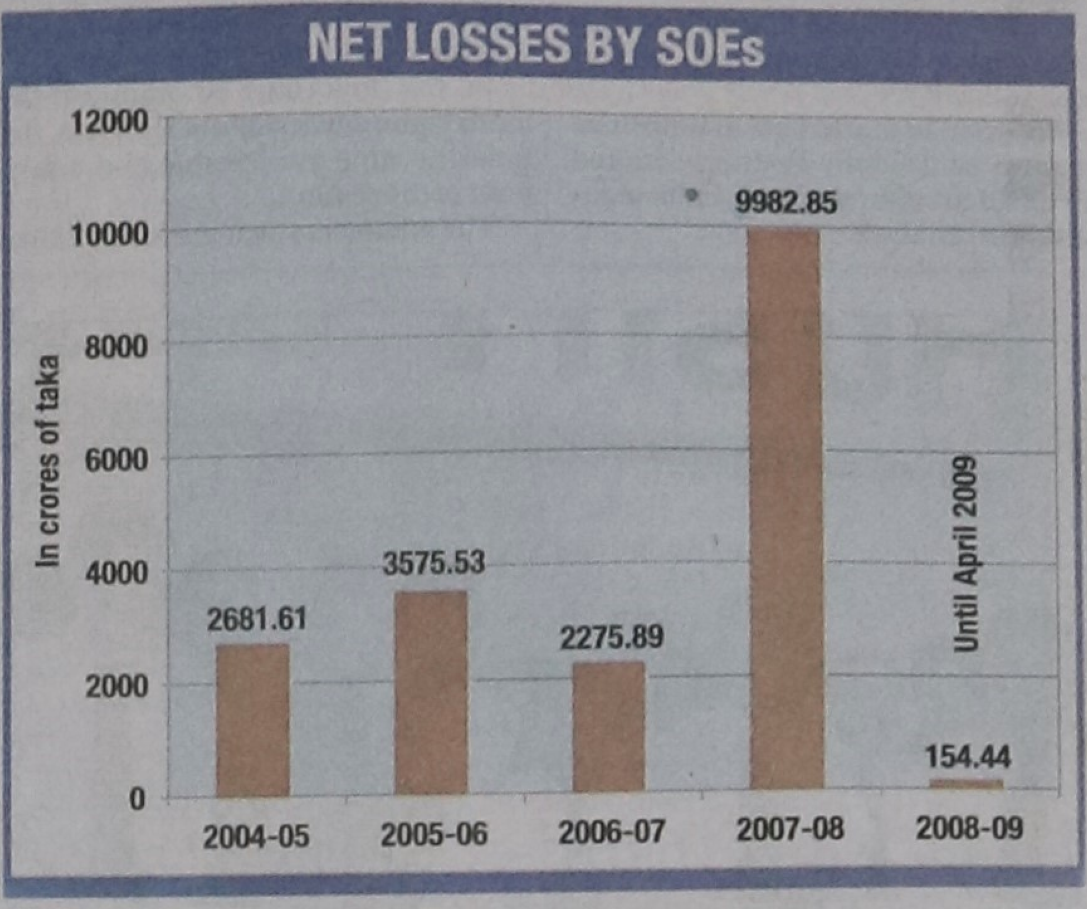
BJMC suffered a loss of Tk 248 crore in the current fiscal year, which was Tk 151 crore last year.

Though the loss fell drastically, the default loan of the SoEs did not decrease much. The default loan went down by only 8 percent.

Until December 2008, the amount of the default loan of the SoEs was Tk 1,099 crore, which was Tk 1,206 crore during the same period last fiscal year.

Of the default loan, the highest amount of Tk 695 crore lies with BJMC, Tk 235 crore with Bangladesh Textile Mills Corporation (BTMC), and Tk 98 crore with Bangladesh Chemical Industries Corporation (BCIC).

In the same time, the outstanding loan of the SoEs with the banks stood at Tk 16755 crore. The loan of Tk 6,206 crore was taken by BPC followed by Tk 2,653 crore by BCIC. BJMC took Tk 2,255 crore.



Operators sharpen calls for SIM tax waiver

STAR BUSINESS REPORT

Pointing out to the government's dream of a Digital Bangladesh, six mobile operators yesterday urged the prime minister's intervention in waiving Tk 800 tax on each mobile connection, a major demand from the telecom sector that was not incorporated in the proposed budget.

The proposed budget did not give any indication of cutting SIM (subscriber identity module) tax, which means the Tk 800 tax on SIM will remain unchanged.

Chief executive officers and top brasses of the mobile operators in a rare fraternity came under a same umbrella over the SIM tax issue, as the mobile phone market witnessed a near-stagnant growth in the last few months.

Although the government slapped SIM tax on new subscribers, the operators used to pay the tax to add more customers to their networks amid a stiff competition in the market.

"Our prayer to the prime minister is to kindly waive the SIM tax completely for the interest of a developed and Digital Bangladesh," said the Association of Mobile Telecom Operators Bangladesh (AMTOB) in a combine presentation at a press meet yesterday.

They said mobile industry is best placed to materialise the dream of Digital Bangladesh by connecting people with voice, data and social services.

The six mobile operators added around 46.41 million customers as of May 2009. However of the total market, top three operators -- Grameenphone, Banglalink and AKTEL -- hold more than 90 percent share. Citycell, TeleTalk and last entrant Warid are the bottom three players.

Except Grameenphone no other operators are in profit, which compelled all the operators not to subsidise SIM tax.

In such cases, "it could be a merger, it could be a consolidation, or it could be a closure, and we may pack our bag and go," said Muneer Farooqui, chief executive officer of Warid Telecom.

Following the operators' decision to discontinue bearing the SIM tax, the six mobile operators added a mere 0.94 million customers to their networks in the second half of 2008, which is 86 percent less than the same period a year ago. In the second half of 2007 they added 6.65 million customers.

Bangladesh has the potential for acquiring more than 55 percent penetration rate in the next five years. A high tax on the telecom industry is baring the development, said the operators.

The mobile industry anticipates that the subscriber base will reach 95 million from existing 46 million by 2013 if the SIM tax is waived.

Citing the recent development in Pakistan, the operators said the country reduced SIM tax to Pakistani Rupees (PKR) 250 from PKR 500 and handset tax to PKR 250 from PKR 700.

Tax structure for telecom industry in India is the lowest among the South Asian countries, they said.

"We should not be opposite (to them)," Oddvar Hesjedal, chief executive officer of Grameenphone, said, adding that Tk 800 SIM tax is a barrier to reaching rural areas.

Michael Seymour, chief executive officer of Citycell, Omer Rashid, chief commercial officer of Banglalink, Nora Junita, chief financial officer of AKTEL, Fazlur Rahman, head of government relation of TeleTalk, and Zakiul Islam, president AMTOB, were present at the press conference.

Chief executives and other senior officials of mobile phone operators are seen at a press conference in Dhaka yesterday. They demanded a full waiver of SIM tax.

New duty to cut car imports by 70pc

Fear businessmen

STAR BUSINESS REPORT

Reconditioned vehicle importers yesterday urged the government not to impose excessive supplementary duties on reconditioned vehicles as was proposed in the 2009-10 fiscal budget, saying that higher duties on old cars import would dispel the government's revenue target.

They also urged the government not to halve the dealers' 20 percent commission.

"If the proposed supplementary duty on reconditioned vehicles is executed, vehicle import would reduce by 70 per cent, resulting in a decline in government's revenue earnings," said Habib Ullah Dawn, president of Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida).

If the proposed duties on old vehicles come into effect, the prices of a Toyota Corolla will increase to Tk 15 lakh from Tk 10 lakh, Toyota Prado Tk 85 lakh from Tk 55 lakh and Mitsubishi Pajero Tk 78 lakh from Tk 22.63 lakh, Dawn told a press conference in Dhaka.

"The government's target to raise domestic revenue income to Tk 2,500 crore from Tk 2,000 crore from the car import sector would not be achieved unless old vehicles import is not on its normal course," the Barvida chief added.

The vehicle importers also criticised the proposed imposition of 5 percent regulatory duty (RD) on old vehicles.

Since all the imported vehicles are not in the category of luxury product, the government should not impose RD indiscriminately, businessmen said.

"Over one lakh of people are directly involved with old vehicle import. So high duty imposition would affect the sector people," said Mohammed Shahidul Islam, vice president of Barvida.

Barvida suggested 30 percent supplementary duty on cars below 1500cc, 45 percent for 1501-2000cc cars, 60 percent for 2001-2500cc cars, 100 percent for 2501-3000cc cars, and 250 percent for vehicles over 3001cc.

Mobile importers oppose new duty

STAR BUSINESS REPORT

Businessmen yesterday protested a 25 percent duty on mobile phones for the next fiscal year and warned that the government would fall short of the target for Tk 550 crore revenue from the import of handsets.

At a post-budget press conference organised by Bangladesh Mobile Phone Importers Association (BMPIA) in Dhaka, the businessmen said the latest move by the government would be an incentive to "shady importers".

According to the budget proposed for 2009-10, handset importers will have to pay 25 percent duty on the import value of each set, along with a 3.16 percent trade VAT from the next fiscal year.

Presently, importers pay a flat duty of Tk 300 for any set.

"The previous high duty on the import of mobile sets encouraged the activities of illegal handset importers," alleged Faisal Alim, secretary general of BMPIA.

"We totally oppose the proposed duty structure, which will create scope for hassles between customs and importers," said Alim.