

Tax cut likely for telecom

STAR BUSINESS REPORT

The government is likely to cut some taxes on the telecom sector in the upcoming budget under a tax structure reform initiative, Telecommunication Secretary Sunil Kanti Bose has hinted.

Without elaborating about the possible beneficiary areas, Bose said, "Taxation should be conducive to the telecom sector in line with the vision of Digital Bangladesh."

"It's our weakness that we did not have any research on taxation of telecom sector," the secretary said. "The next budget can reflect something based on our learning in the last one year."

Hasanul Haq Inu, chairman of the parliamentary standing committee on the post and telecommunication ministry, echoed the secretary and said some decisions on awarding the sector tax cuts have been finalised, while some remain pending with the concerned ministry.

Inu said the parliamentary body already suggested withdrawal of the Tk 800 tax on SIM (subscriber identity module). The committee also recommended reducing the existing 65 percent tax on the imports of telecom equipment to 25 percent in the coming

budget.

The hint of a possible tax cut on telecom and information and communication industry came at a discussion on "Taxation on Telecom Sector and Ppcoming budget" in Dhaka yesterday.

The Telecom Reporters Network Bangladesh organised the discussion where Sajal Zahid, a member of this reporters' forum, presented a keynote paper. Shawkat Milton, TRNB secretary, moderated it.

On the introduction of GSM (Global System for Mobile) technology in Bangladesh in 1997, the telecom sector has flourished.

Six mobile operators now serve 5.5 crore customers whereas the 11 land-line operators have brought 12 lakh customers under their networks.

However, the operators have blamed the excess taxation on the sector for the industry's recent slow growth.

"The existing tax regime is not comfortable for future investment," said Ashraf H Chowdhury, secretary general of the Association of Mobile Telecom Operators in Bangladesh.

He said only tax reduction could encourage the operators to think about the untapped rural areas.

Terming the Tk 800 SIM tax 'a bur-

den' for the telecom sector, Md Mahfuzur Rahman, director (Technical and Corporate Affairs) at Citycell, said SIM tax contributes only 20 percent of the total revenues the government earns from the sector a year.

"If the government removes the entry barrier (SIM tax) from the telecom sector, the earnings will be doubled within the next five years," he said.

More subscribers mean more taxes, Rahman explained.

The telecom sector pays Tk 5,000 crore tax a year on an average to the national exchequer. The government earns the revenues from SIM tax, equipment import tax, yearly revenue sharing and VAT (value added tax).

"It's time to revise the tax on ICT and telecom sector," said D.Net Executive Director Ananya Raihan. He said only a rational taxation can stimulate the growth of the sector.

The current budget does not match the goal of government to build a ICT based nation, said Zia Ahmed, chairman of Bangladesh Telecommunication Regulatory Commission.

He said tax cut has become crucial for the telecom sector to attract more foreign direct investment.



Latifur Rahman, sixth from right, chairman and managing director of Bangladesh Lamps Ltd, presides over the company's 49th annual general meeting in Dhaka on Wednesday. The company declared 35 percent cash dividend for 2009.

Weavers' strike lurches into second day

STAR BUSINESS REPORT

Handloom and power loom workers yesterday barricaded the Dhaka-Sylhet highway protesting a yarn price hike in local markets for a second day, leaving hundreds of bus passengers and goods trucks stranded for hours.

Around 5,000 handloom owners and weavers brought out procession that ended at 2pm without any untoward incident, local people said.

Owners and workers of over 1.3 million handloom and power loom units across Bangladesh called an indefinite strike demanding duty-free import of yarn from India through the Benapole land port to meet its current shortage and arrest rising prices.

"We will announce further agitation programme if the government does not come forward to resolve the problem," said Lokman Hossain, president of Bangladesh Handloom and Power-loom Owners Association.

Production came to a halt at the factories in Narsingdi, Narayanganj, Sirajganj, Pabna, Tangail, Kushtia and Gazipur.

Handloom and power-loom cotton textile industry produces majority of the clothes, including saris, lungis, bed sheets (chadar), gamchhas, mosquito nets and dress materials.

In Pabna, the agitated weavers and

handloom and power loom owners brought out procession and made blockade on the Dhaka-Pabna highway with a six point demand at Jalapur village in Pabna Sadar upazila at around 11am for half an hour.

Over 30,000 looms in Pabna have been closed due to the thread price hike.

"My family depends on weaving. But I'm unable to lead my family now, as production came down in handloom and power loom factories in the last three months," said Nazrul Islam, a weaver of Jalapur Natunpara village in Pabna Sadar upazila, while narrating his ordeal.

Earlier a meeting as part of the protest was held on Jalapur Natunpara Primary School premises at 10am.

At present, 40-count yarn is selling at Tk 135 to Tk 140 a pound. The rate was Tk 60-Tk 65 two months earlier, said a weaver of Pabna.

The price of a pound of 60-count yarn is now Tk 160 to Tk 170, up from Tk 85 to Tk 90. 80-count yarn price also sees a hike, which is now selling at Tk 175 to Tk 180 a pound, much higher from Tk 95 to Tk 100 two months earlier.

Sajahan Asrafi, another leader of the handloom owners association, told The Daily Star that there are at least 60,000 looms in Pabna Sadar, Santhia and Sujanagar upazila under the district.



M Syeduzzaman, middle, chairman of BOC Bangladesh Ltd, presides over the company's 37th annual general meeting at Officers Club in Dhaka yesterday. Shareholders approved 77 percent final dividend at the meeting. With 100 percent interim dividend paid earlier, the total dividend reached 177 percent.



Mahub Jamil
International Leasing chairman re-elected

STAR BUSINESS DESK

Mahub Jamil has been re-elected as the chairman of International Leasing and Financial Services Ltd (ILFSL) for the next two years, the company said in a statement yesterday.

The election was made in the company's 102nd meeting on April 29.

Jamil, also the chairman of Singer Bangladesh Ltd and ICE Technologies Ltd, has been serving ILFSL in the same post since 2000.

A member of the executive board of International Chamber of Commerce-Bangladesh, he served Foreign Investors' Chamber of Commerce and Industry as president for three times.

He was also the president of Metropolitan Chamber of Commerce and Industry in 1999 and the special assistant to the chief adviser of caretaker government in 2008.

Small entrepreneurs reiterate demand for single-digit lending rate

STAR BUSINESS REPORT

Abdul Wahab, who runs a small leather factory in Hazaribagh, is very unhappy over the high interest on bank loans.

"Our banks are yet to offer loans at a single digit rate of interest. The repayment systems also do not support small entrepreneurs with nominal investment and turnover," the aggrieved small entrepreneur said.

"At the same time, different facilitating bodies, including donor agencies and nongovernmental organisations, have concentrated very little on developing our skills," he said. "For that, at most times, we find seminars and workshops meaningless at the end."

Many others echoed Wahab at a workshop on 'Lender-Borrower Meet for SMEs in the Leather Products', organised by the SME (small and medium enterprise) Foundation at the Bengal Gallery in Dhaka yesterday.

The workshop turned out to be real show, where both parties -- lenders and borrowers were vocal on their sentiments towards banks and non-bank financial institutions. Representatives from Mutual Trust Bank Ltd (MTBL), Eastern Bank Ltd (EBL) and Midas Financing Ltd responded to the queries from entrepreneurs.

Admitting that lending rate is still high for SMEs, the bank representatives expect a rate cut in the days to come.

Mahmood Hasan Shuman, associate relationship manager of EBL, said his bank has several loan products for SMEs.

The bank recently launched three more products specially designed for small entrepreneurs, among which, the programme EBL Uddom provides loans ranging from Tk

10 lakh to Tk 50 lakh at 16 percent interest, without mortgaging land or property.

Simultaneously, EBL Invoice Factoring offers loans to manage the running capital for the entrepreneurs suffering from a working capital crisis for a delay in obtaining payments against their bills -- after supplying products or services.

EBL has 25 SME centres across the country, and plans to launch more products for the sector.

Mohammad Shakhawat Hossain, credit analyst of MTBL, said his bank has eight loan products for the SMEs.

MTBL offer loans up to Tk 5 lakh without collateral at a rate of 13 percent to entrepreneurs with two years of experience.

Tareq Ahmed Salah Uddin Khan, senior manager of Midas Financing Ltd, said his organisation is the biggest non-bank financial institute of the country.

Midas has so far provided loans to more than 20,000 entrepreneurs, of which 64 percent went to SMEs and 13 percent to women.

At the inauguration, Syed Rezwanul Kabir, managing director of SME Foundation, said the main objective of organising such an interactive workshop is to create opportunities for the small entrepreneurs in the leather industry.

"We will follow the development of this workshop in the next three months. After that, we will find the shortcomings and take necessary measures accordingly," he said.

Poverty Reduction by Increasing the Competitiveness of Enterprises (PRICE), an USAID-funded project, was the co-organiser for the workshop, where 25 entrepreneurs participated.

Concord Engineers gets international recognition

STAR BUSINESS DESK

Concord Engineers and Construction Ltd has won the International Quality Summit Award from Spain-based Business Initiative Direction (BID), a nongovernmental institution, the company said in a statement.

It won the award in 'gold category' by defeating 267 companies from 100 countries around the world.

The award presentation will take place at New York Marriott Marquis in New York on May 31.

BID has been awarding companies for the last 24 years in over 100 countries.



Aziz Al Kaiser, chairman of City bank, inaugurates the bank's 88th branch at Banani in Dhaka yesterday. K Mahmood Sattar, managing director, is also seen.

Stocks slip

STAR BUSINESS REPORT

Dhaka stocks slipped yesterday, led by banking shares after EXIM Bank announced a dip in earnings for the first quarter.

A profit taking sale pressure also fuelled the declining trend, following a quick rise in the previous couple of days. The market witnessed a 250-point jump on Tuesday and Wednesday.

EXIM Bank announced its unaudited quarterly earnings, showing over a 63 percent fall in their net profit compared to the first quarter of 2009, and the investors did not expect such financial disclosure.

The dip in earnings led to the selling of the bank shares by investors, according to the market research division of Race Asset Management.

Each EXIM Bank share plummeted more than 13 percent, contributing 0.64 percent in the overall market's fall. The bank also suffered the highest losses in its share price. A total of 19,18,000 shares of the bank worth Tk 93.67 crore changed hands on the main board.

The DSE General Index slid 64.38 points, or 1.1 percent to 5,747.35.

"It's rational that the market will see a correction on profit booking after a quick rise," said a stockbroker.

The single-day turnover, which recorded the highest ever level Wednesday, also fell by more than 18 percent to Tk 1,853.95 crore.

Losers beat the gainers 122 to 111 with five securities remaining unchanged on the prime bourse.

Chittagong stocks also marked a fall. The CSE Selective Categories Index declined 152.29 points, or 1.38 percent to 10,863.3. The CSE All Share Price Index dropped 223 points, or 1.31 percent to 16,680.1.

A total of 63,23,836 shares worth Tk 142.96 crore changed hands on the Chittagong Stock Exchange. Of the traded issues, 78 advanced, 96 declined and three remained unchanged on the port city bourse.



Nina Shaheen Chowdhury, chairman and managing director of Bricks 2010 Ltd, and Asaduzzaman Khan, managing director of Industrial and Infrastructure Development Finance Company Ltd, pose after signing a deal in Dhaka recently. The financier will arrange a syndicated loan of Tk 142.5 million for the brick maker to set up an automatic brick making plant in Tangail.

CONSULTANTS WANTED

An export oriented yarn dyeing project is looking for well experienced consultants / consulting firm for their BMRE project at Ashulia. Only the candidates / firms who have expertise in construction, architectural design are encouraged to apply with their details by May 31, 2010

Simtex Industries Limited
H M Plaza, Room No. 5, 6, 7 & 9, Plot No. 34, Road # 2, Sector # 3, Uttara, Dhaka-1230

SPACE WANTED FOR TRAINING CENTRE

Manusher Jonno Foundation is looking for a house/space for its Training Centre as per the following specification: Location preferred: Banani / Gulshan / Baridhara / DOHS Floor space required - Approximate 6,000 sft in a single house or in 1/2 floors One Hall Room - Approx. 600 sft (30' X 20') in one floor is a must. Kitchen & sufficient Toilets are required. Electric wiring should be strong enough to take load of AC installation. Interested owners are requested to contact the following address during office hour with detailed layout of house/floors:

Md. Abdull Hai, Manager - Operation
Manusher Jonno Foundation
House No.10, Road -1, Block-F, Banani, Dhaka-1213, Phone: 8824309; 8811162; 893910; 988469
Extn. 104, Email: hai@manusher.org