



Stocks
DGEN <span style="float: right;">1.04%</span> 6,259.70
CSCX <span style="float: right;">0.52%</span> 11,858.95

Asian Markets
MUMBAI <span style="float: right;">1.59%</span> 16,922.08
TOKYO <span style="float: right;">1.10%</span> 9,542.65
SINGAPORE <span style="float: right;">1.23%</span> 2,779.58
SHANGHAI <span style="float: right;">0.82%</span> 2,562.58

Currencies	
Buy Tk	Sell Tk
USD 69.34	69.34
EUR 83.11	83.13
GBP 100.79	100.82
JPY 0.76	0.76

SOURCE: BANGLADESH BANK

Commodities
Gold <span style="float: right;">▼</span>
\$1,227.00 (per ounce) (Midday Trade)
SOURCE: AFP

## FORECAST BY THE NUMBERS FOR 2010-11

GDP growth	<b>6.7%</b>
Inflation	<b>6.5%</b>
Export growth	<b>15%</b>
Import growth	<b>16%</b>
Remittance growth	<b>14%</b>
Investment as % of GDP	<b>26.5%</b>

## Govt eyes TCB upgrade

### STAR BUSINESS REPORT

The government intends to transform the Trading Corporation of Bangladesh (TCB) into an efficient and effective institution to keep the prices of foods within the reach, Finance Minister AMA Muhith said.

He said the government was unable to provide necessary manpower and budgetary allocation to strengthen the agency as mentioned in the last year's budget.

"However, within a short time, we intend to move ahead with an action plan in this regard," the minister said in his budget speech yesterday.

The government will also form a National Consumer Rights Protection Department along with National Consumer Rights Protection Council under the Consumer Rights Protection Council Act, 2009.

Under the law, which aims to protect consumers' interests and ensure the supply of quality products at fair prices, such councils will also be formed at the district levels soon, he added.

**Notice**  
Today's issue of IT & Telecom page has been dropped due to budget coverage. It will come out on Sunday.

## Share tax on institutions

SARWAR A CHOWDHURY

The government has proposed, for the first time, a 10 percent tax on institutions that profit from share trade.

However, no taxes have been placed on the capital gains made by individuals -- a much-debated issue that has had impacts on the market on many occasions prior to announcement of the budget for the fiscal 2010-11.

A 5 percent tax on the income made by sponsor shareholders or directors of listed companies has also been proposed in the new budget.

Also, the government considers imposing a 3 percent tax on the premium value of shares.

The budget further proposed tax at source on commissions received by the members of the stock exchanges. However, the rate was not mentioned.

"I've proposed imposing lower rates of taxes," Finance Minister AMA Muhith said.

The minister made it clear that the "income earned by individuals through trading of shares of any listed company shall remain out of the purview of taxation."

A leading institutional investor however said the taxes on the income of a company from share trade "is not a welcome move".

"To encourage more fundamental or long-term investment, the tax rate should be lower. If an institution makes profits within a year, the tax rate can be 5 percent. In case of investment for more than a year, the rate should be lower," said Arif Khan, deputy managing director of IDLC Finance.

"The 10 percent tax is too high," he said, adding that the government, without imposing taxes on capital gains, can use the capital market as a strong vehicle for infrastructure and industrial development.

Khan lauded the government for not imposing taxes on the profits made by individual investors.

The finance minister said, "Our government is firmly committed to maintaining steady growth and development of the capital market."

The market capitalisation stood at 21.4 percent of GDP, following keen interest shown by investors, and by the end of April 2010, capitalisation rose to 34.2 percent.

By the end of April 2010, the number of BO (beneficiary owner's) accounts increased to over 25 lakh. "It cannot be denied that given the growing number of ordinary investors in the capital market, the limited supply of securities and investors' expectation for more profit at times makes the market volatile," Muhith said, listing the steps already taken by the government to maintain market stability.

He said market monitoring has been strengthened; loan-margins have been re-fixed; rules regarding alternative evaluation procedure of shares, such as the book building method, have been formulated and an over-the-counter (OTC) market has been introduced at Dhaka Stock Exchange to transact securities of delisted companies.

"Establishing the Bangladesh Institute of Capital Market is also under the government's plan. We want to improve institutional governance by enhancing the capacity of the investors, intermediaries and companies," Muhith said.

AMRAN HOSSAIN



The government has proposed financial incentives to help the export sector.

## Muhith offers Tk 2,000cr stimulus this time

### STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday proposed an allocation of Tk 2,000 crore for stimulus package to face any bad impact in external trade in the fiscal 2010-11.

A Tk 5,000 crore stimulus was promised for the export sector in the outgoing financial year, but Tk 3,424 crore was sanctioned on the first phase for different export-oriented sectors keeping the apparel sector out of this benefit amid global recession.

However, the second stimulus, as announced by the finance minister on

November 25 last, covered the RMG sector, affected by the delayed impact of the financial meltdown worldwide.

Muhith announced a range of financial incentives together with various policy supports with the package.

Cash incentives were also offered for the development of ship building industry and finished and crushed leather industry, he said.

The minister said in the stimulus packages, arrangements had been made for additional subsidy on the earning from exports of new commodities, and to new destinations for the textile sector.



## Budget industry-friendly

### Business leaders say implementation main challenge

#### STAR BUSINESS REPORT

Chamber leaders and business people have termed the proposed budget for fiscal 2010-11 as industry-friendly, but they said the biggest challenge remains in its implementation.

Annisul Huq, president of apex trade body Federation of Bangladesh Chambers of Commerce and Industry, said the government tried to propose a 'growth for development' budget for the next fiscal year.

Increased allocation for power sector, food security, social safety net and public-private partnership (PPP) projects indicates a positive sign for development.

He said the Tk 6,115 crore outlay for power sector development is around 80 percent higher than the current year's.

"Such an allocation for the sector indicates that the proposed budget has been formulated for the growth for development," Huq said. The country's industrial sector has been reeling under acute power and gas crises over the

last few years.

The proposed budget is development-oriented. But, I want qualitative implementation of the annual development programme."

Terming the budget visionary, Walir Rahman Bhuiyan, the immediate past president of Foreign Investors' Chamber of Commerce and Industry, said achieving 6.7 percent GDP growth is possible if the budget can be implemented.

"There is an apprehension centering the implementation as the government has pledged a lot."

On the issue of whitening black money, Bhuiyan said such scope should not continue.

Shahedul Islam Helal, president of Bangladesh Chamber of Industries, also termed the budget industry-friendly, as the government has prioritised the power and energy sector.

"But, it's a challenge to implement the power projects," he said.

M Anis Ud Dowla, president of Metropolitan Chamber of Commerce and Industry, said he will comment on the budget after a

complete analysis.

Abdus Salam Mursedy, president of Bangladesh Garment Manufacturers and Exporters Association, said prioritising the energy sector is good if implemented soon.

About the stimulus package, he said the minister did not clearly mention for which sectors the Tk 2,000 crore stimulus package has been allocated.

Mursedy also said the government kept Tk 2,500 crore for the PPP projects this year, but could not even formulate any guideline for the initiative, and so no private sector investor came.

"It seems that it's a credible budget as the government has rightly prioritised the important sectors like power and gas and the PPP," said Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association.

The proposed Tk 2,000 crore stimulus package is a good initiative, he said, adding that a portion of the money should be spent for an 'aggressive market promotion' for

readymade garment, the country's main export.

Abdul Hai Sarker, president of Bangladesh Textile Mills Association, welcomed the power sector proposal. But he said production costs in the textile sector would be higher for continuation of duty on the import of capital machinery.

Abul Kasem Khan, president of Dhaka Chamber of Commerce and Industry, said the government should have allocated Tk 10,000 crore for the power sector.

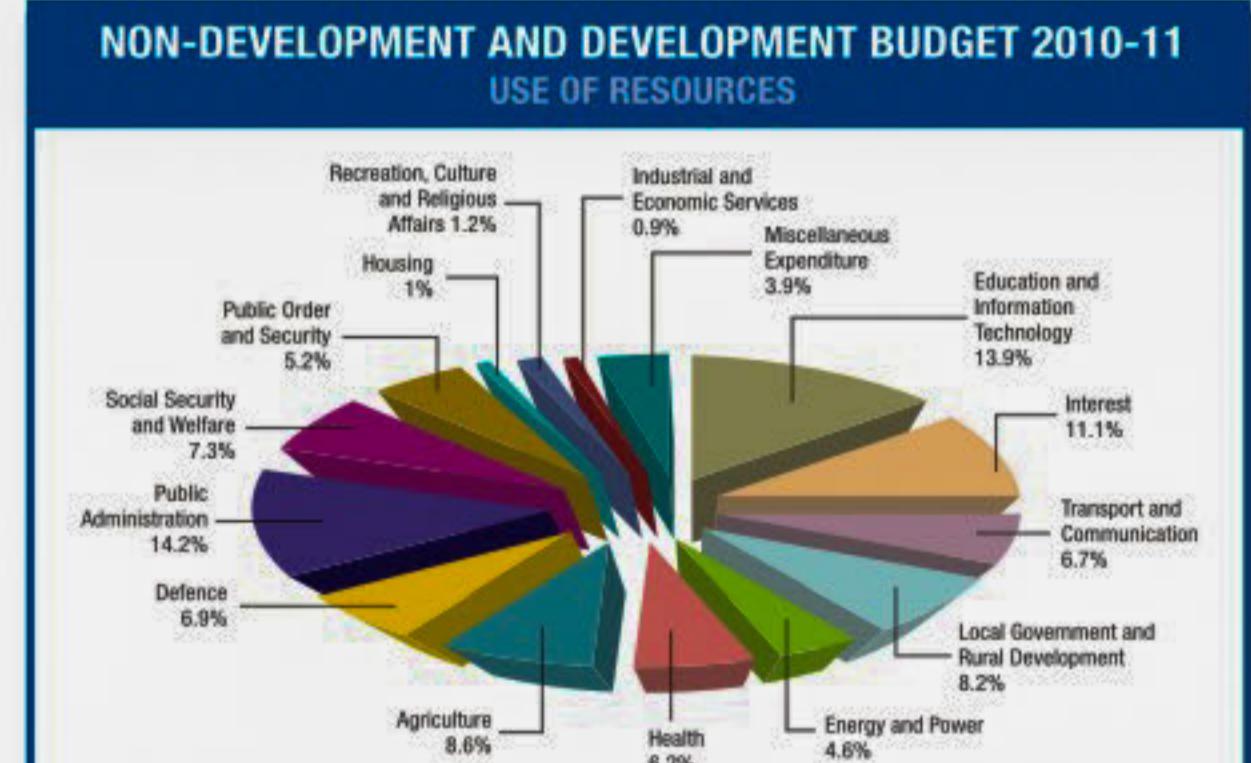
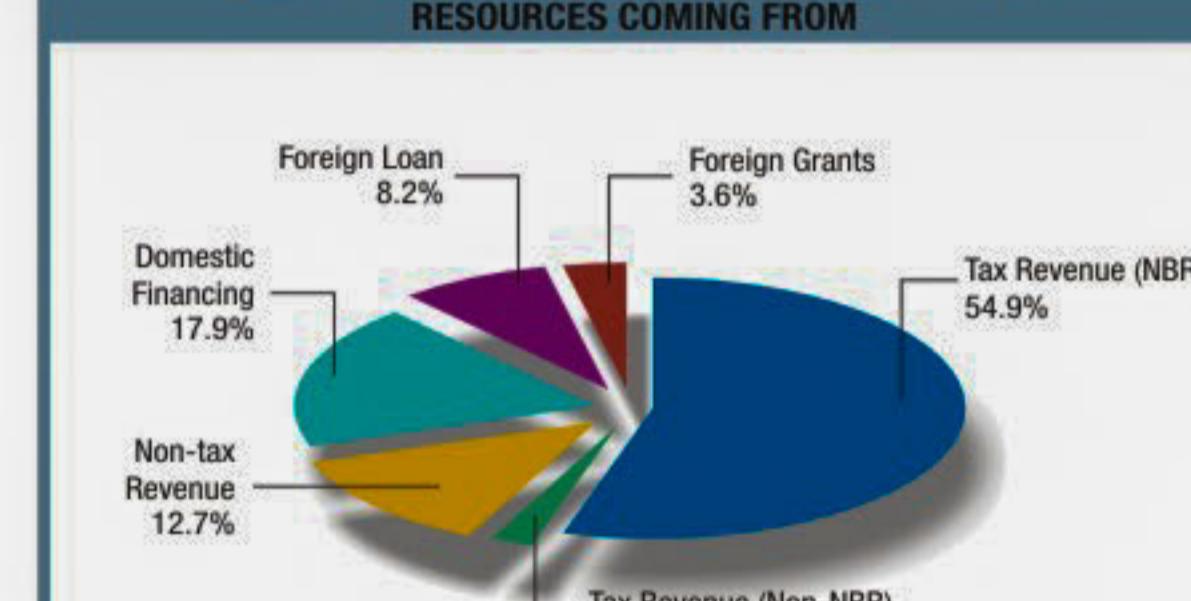
He also said there is challenge in the implementation. The government's priority for power, railway and transportation indicates that the proposed budget has a good vision.

"I want a separate ministry for railway," Khan said.

Musa Mia, president of Bangladesh Frozen Foods Exporters Association, also hailed the budget, saying that the proposed fiscal measures will help boost the export as there is an option of Tk 2,000 crore stimulus package for the next fiscal year.

### NON-DEVELOPMENT AND DEVELOPMENT BUDGET: 2010-11

#### RESOURCES COMING FROM



## Funds set aside for SMEs

### STAR BUSINESS REPORT

The government has set aside Tk 23,995 crore to give out as loans to the small and medium enterprises (SMEs) and a fixed value added tax (VAT) rate for the small industries in the proposed national budget for fiscal 2010-11 announced yesterday.

Considering the SME sector as a main driver of economic development, for the first time in 2010, the government has fixed a target of Tk 23,995 crore as SME loans to be disbursed by banks and financial institutions, said Finance Minister AMA Muhith.

"The banks and financial institutions will distribute loans to the SME and women entrepreneurs, in accordance with the ascertained target," he added.

He said under the 'SME Refinancing Scheme' managed by Bangladesh Bank, Tk 1,541 crore has been refinanced from three funds up to April 2010, to various banking and non-banking financial institutions.

"The beneficiary coverage of this scheme is 15,672 SMEs."

Apart from that, the government has

issued a directive to establish a 'Women Entrepreneur Dedicated Desk' in each bank and financial institution, for equitable and well-organised development of the industrial sector, said the finance minister.

"It will ensure better opportunities for the women entrepreneurs to receive loans on easier terms and conditions," said Muhith.

In addition, the government proposed a revision of VAT to a very low fixed rate for small entrepreneurs in the manufacturing sector.

The new proposed rate has been set at Tk 6000 for Dhaka and Chittagong, Tk 4800 for all other metropolitan cities, Tk 3600 for all district towns and Tk 1800 for other parts of Bangladesh.</p