

BEA terms budget 'pro-people'

STAR BUSINESS REPORT

Economists praised the proposed budget for fiscal 2010-11, saying it is a 'pro-people budget' and has provided a guideline to growth.

Bangladesh Economic Association (BEA), the apex forum of economists, made the observation yesterday at its office.

"It's a positive budget, having growth momentum," BEA President Dr Abul Barkat told reporters at the briefing.

The finance minister has balanced the requirements of the economy, keeping in mind the necessities, including energy, infrastructure, safety nets, price control and providing fallow land for the landless, said Barkat.

"Also, there are downside risks that need to be addressed in the final budget."

According to the BEA, the risks are: a high cost of doing business, implementation of the development

programmes, a lack of inter-ministerial coordination, the law and order situation, corruption and implementation of social safety net schemes.

BEA's observation came three days after the present Awami League-led government placed its second budget in parliament on June 10.

Dr Towfique Ahmad Chowdhury, general secretary of BEA, read out the 16-page 'reactions and recommendations on the budget'. Other office bearers of the association were present.

Earlier, the BEA submitted 64 recommendations at a pre-budget meeting with the standing committee on the finance ministry. Also, the association presented 73 recommendations at a pre-budget press conference.

"Many of our recommendations were adopted in the budget," Barkat said.

The finance minister projected a 6.7 percent economic growth rate for

the coming year. According to estimates in the budget, the investment to GDP ratio would reach 32 percent from the present rate of 24.2 percent and inflation will be contained within 6.5 percent next year. Analysts said the growth will depend largely on how the government addresses the energy and infrastructure constraints.

"I hope there will be some radical improvements in the coming year in power generation," said the BEA president.

The government projected that it would generate 1,000-1,500 MW of electricity in 2010-11.

"But the cost of the electricity will increase significantly, as it will be rental," said Barkat. He said a unit of electricity generated by furnace oil will cost Tk 7.21, while it will be Tk 12.74 in the case of generation by diesel.

BEA believes the proposed Tk 132,170 crore budget matches the trends and inflation rate. This budget outlay is nearly 20 percent higher

than the revised one.

On higher revenue expenditure, the BEA said it is natural because the new pay scale for the government employees will be implemented fully in the coming year. Higher payments for interest and subsidies to farm and power sectors will push the non-development costs up, it said.

On deficit financing, the association said it will not fuel inflation if the money were used for the productive sectors.

It suggested the government supervise and monitor the annual development programmes (ADP) strictly and regularly to see better implementation. It proposed formation of a taskforce to monitor the ADP of 10 large ministries that account for nearly 77 percent of the total spending.

The association also hailed the government for its decision to distribute fallow land to the landless. But it said a land reform commission should be formed in this regard.



Dr Abul Barkat, president of Bangladesh Economic Association, speaks at a press conference in Dhaka yesterday.



Md Sakawat Hossain, managing director of Western Marine Shipyard Ltd, and A Rouf Chowdhury, managing director of Fishers Shipyard Ltd, exchange documents after signing a deal in Dhaka recently. Under a joint venture, the two companies will build fishing trawler with 350 tonnes capacity. (Story on B1)

New HR chief for HSBC



STAR BUSINESS DESK

Aditya Narayan Singh Deo has joined Hong Kong and Shanghai Banking Corporation (HSBC) in Bangladesh as the head of human resources, the bank said in a statement yesterday.

Singh Deo, a postgraduate from the XLRI School of Business and Human Resources in India, joined the HSBC Group in 2005.

With over 10 years in the field, he also worked with Asian Paints and Mindtree Consulting in India.

Stocks finish up on retailers' smart move

STAR BUSINESS REPORT

With the retailers on a positive note, Dhaka stocks rose more than 1 percent on the first day after the national budget was announced.

The benchmark index of the Dhaka Stock Exchange, DSE General Index, advanced 72.98 points, or 1.16 percent to 6,332.68 -- the highest ever.

The retail investors adopted a positive attitude to the proposed budget, as the government did not consider imposing any tax on the capital gains made by individuals from share trade, market insiders said.

The imposition of taxes on individuals was a much-talked-about issue before the budget was announced, which impacted the stockmarket on several occasions.

After declaration of the proposed budget, many said the institutional investors would go on a selling spree within this month to realise the capital gains and also to avoid taxes on the capital gains, insiders said.

But retail investors were in a cheerful mood. They flocked to banking and non-bank shares, as most institutional investors have come from these two sectors.

The reason was -- as one stockbroker put it -- if the institutions realise the capital gains, their earnings will be added to the balance sheets and must be shown in half-yearly disclosures. In other words, the institutions' earnings will be increased, which is good news for the market, the stockbroker said.

The rush not only led the share prices of these two sectors to go up, but also led the overall market to finish the day higher.

Gainers beat losers 152 to 92 with eight securities remaining unchanged on the premier bourse.

The day's turnover stood at Tk 2,205.31 crore on a transaction of 6,76,83,079 shares and mutual fund units.

Chittagong stocks also posted a sharp rise with the CSE Selective Categories Index gaining 133.45 points, or 1.12 percent to reach 11,992.4.

The Chittagong Stock Exchange traded 74,62,143 shares and mutual fund units with a turnover of Tk 161.50 crore.

Of the traded issues, 102 advanced, 77 declined and six remained unchanged on the port city bourse.

ICT entrepreneurs demand specific budgetary allocation

STAR BUSINESS REPORT

Information technology entrepreneurs have urged the government to specify allocation in upcoming budget for connecting Bangladesh with another submarine cable and setting up a hi-tech park.

The proposed budget has focused on some prospective measures for ICT sector. However in terms of allocation the budget was a bit unclear to the entrepreneurs.

The industry people have been raising these two demands for the last few years, but the budget did not earmark any fund for this purpose.

The entrepreneurs suggested allocating money from the Tk 1,600 crore Bangladesh Infrastructure Development Fund. This infrastructure fund is part of the Tk 3,000 crore public private partnership fund, as per the proposed budget.

They said it was really surprising that the government plans imposition of VAT on e-commerce industry when the industry is yet to launch services in Bangladesh properly.

Three major IT industry organisations

-- Bangladesh Association of Software and Information Services (BASIS), Internet Service Providers Association Bangladesh (ISPAB) and Bangladesh Computer Samity (BCS) raised their demands from a joint press conference at Bangabandhu International Conference Centre in Dhaka.

Bangladesh was connected with an undersea cable in 2005. The ICT entrepreneurs repeatedly demanded an alternative cable, as the undersea cable has been facing frequent cuts since its launch.

The cabinet at a meeting recently approved the Bangladesh Hi-Tech Park Authority Bill 2009 and decided to set up a hi-tech park to fulfil the Awami League's electoral pledge to build a Digital Bangladesh by 2021.

The park would be built on 232 acres of lands at Kaliakoir in Gazipur. The land ministry has started the infrastructure development work for the park at a cost of Tk 25 crore.

"We want a specific budgetary allocation for the hi-tech park and a second submarine," said Mahbub Zaman, the BASIS president.

He said government has proposed allocation of a Tk 3,000 crore fund for projects under the PPP, but the ICT sector has been overlooked.

According to ICT Policy 2009, (action plan no-100), the government had to allocate 5 percent of the total annual development programme and 2 percent of the total revenue budget.

Mostafa Jabbar, the BCS president, said the proposed budget allocated only Tk 112 crore for the ICT sector development, although it should be Tk 3,800 crore as per the ICT policy.

He welcomed the proposed Tk 200 crore allocation for Equity Entrepreneurship Fund.

However, he said earlier ICT sector had less benefited from the fund due to difficulties of releasing the fund.

Regarding e-commerce he said before flourishing, the government should not impose value added tax on such a promising sector.

Aktaruzzaman Manju, president of ISPAB, urged the government to withdraw VAT (15 percent) on internet use. He said such tax will hinder the industry's growth.



Chief Executive Officer of Bangla Perfumes Khondokar Nazrul Islam and Chairman Faridul Hasan Chowdhury open the fourth retail outlet of Perfume World at Pall Well Carnation in Uttara on Saturday. Actor duo Ali Zaker and Sarah Zaker with model Sharmin Lucky are also seen.



Rakeen Development Company (BD) Private Ltd, IDLC Finance Ltd and BRAC EPL Investments Ltd signed a deal at a programme in Dhaka yesterday. Rakeen, a subsidiary of UAE based Rakeen Development PJSC, plans to raise funds from Bangladesh's capital market for which IDLC and BRAC EPL will play the role of joint adviser and issue manager. SAK Ekamuzzaman, managing director (MD) of Rakeen, Selim RF Hussain, MD of IDLC Finance, and Saiful Islam, vice chairman of BRAC EPL, were present on the occasion.

BIA suggests cuts in share tax

STAR BUSINESS DESK

Bangladesh Insurance Association (BIA) has suggested the government reduce capital gains tax on companies in stockmarket to 5 percent from 10 percent proposed in the new budget.

The insurers also suggested that tax on sponsor directors should be reduced to 3 percent from 5 percent.

In a statement, BIA has hailed the 2010-11 budget for attaching the highest priority to education.

BIA thanked Finance Minister AMA Muhith for giving serious thought to energy and infrastructure development.

The insurers' association praised the government for introducing the agriculture insurance scheme.

GMG upgrades reservation

UNB, Dhaka

GMG Airlines, one of the country's largest private carriers, has introduced a new state-of-the-art reservation, host and departure control system to improve the efficiency of the airline and provide faster and reliable service to its customers and agents.

GMG is upgrading its reservation and departure control system as part of its modernisation plan to transform GMG into a most-preferred airline in the sub-continent, says Christian Heinzmann, chief executive officer of GMG.

He said the system, 'MARS & MACS', owned and developed by MERCATOR, the IT arm of Emirates Airlines, became operational yesterday.

The departure control system will automate the entire process of GMG's airport management. This includes mechanising and managing the information required for airport check-in, including special services as per requirements of the modern air traveller.

GMG in the very near future will be able to manage electronic tickets via interfaces from a range of devices such as cellular phones, check-in kiosk, online check-in, boarding cards and baggage handling through this control system.

Dell launches new products

BSS, Dhaka

Dell, one of the largest technology companies in the world, has launched a number of new products in Bangladesh.

The new products launched at a function at a city hotel on Saturday night include laser printers, projectors and UPSs.

Speaking on the occasion, Mir Saadat Ali, the country head of Dell Bangladesh, emphasised the need for revitalising IT footprint in both the corporate and public sectors of Bangladesh.

He said the new products launched by Dell will help organisations of all sizes to grow and thrive by enhancing their IT performance while bringing in cost efficiencies.