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BUSINESS

DHAKA MONDAY MAY 16, 2011, e-mail:business@thedailystar.net

Businesses demand cuts in lending rates

FBCCI makes a series of budget proposals

STAR BUSINESS REPORT

Businessmen yesterday sought a reduction in the bank lending rates and a further cut in the duty for importing capital machinery and raw materials, for faster industrialisation and economic progress.

They also urged the government to increase the lowest ceiling of tax-free income to Tk 225,000 from Tk 165,000 now, citing rising living costs due to a spike in food prices.

Entrepreneurs also wanted the government to establish special economic zones in various locations to cut regional disparity. They said the factories inside and outside the export processing zones should get the same facilities and incentives.

Their other demands include taking actions against the people involved in the recent stockmarket manipulation and subsequent debacle.

The business leaders placed these demands at a pre-budget meeting with the National Board of Revenue (NBR) at Sonargaon Hotel in Dhaka.

Finance Minister AMA Muhith and leaders of different trade bodies and associations spoke at the programme chaired by NBR Chairman Nasiruddin Ahmed.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and NBR organised the



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Finance Minister AMA Muhith notes down budget proposals of business leaders at a programme at Sonargaon Hotel in Dhaka yesterday.

meet, an annual practice of hearing the businesses in the run-up to the framing of the national budget.

The government will unveil the budget for fiscal 2011-12 next month.

"Banks are raising interest rates on lending to 14-15 percent after Bangladesh Bank withdrew the ceiling on the rates," said FBCCI President AK Azad.

The entrepreneurs said higher lending rates might turn investment unsustainable and unprofitable, resulting in a slowdown in economic growth and job creation.

The worry about the fallout of

increased lending rates came as many newly established factories cannot start production due to delays in gas connection.

Dhaka Chamber of Commerce and Industry President Asif Ibrahim, Bangladesh Garment Manufactures and Exporters Association President Shafiul Islam Mohiuddin, Bangladesh Textile Mills Association President Jahangir Alamin and agriculture activist and Director (News) of Channel i Shykh Siraj also spoke.

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SEC's new chief cheers up stocks

STAR BUSINESS REPORT

Stocks gained for a second day as the government appointed a new chairman to the Securities and Exchange Commission (SEC) as part of a government plan to recast the commission.

The benchmark general index of Dhaka Stock Exchange gained 175 points, or 3.12 percent, to close at 5,788 points.

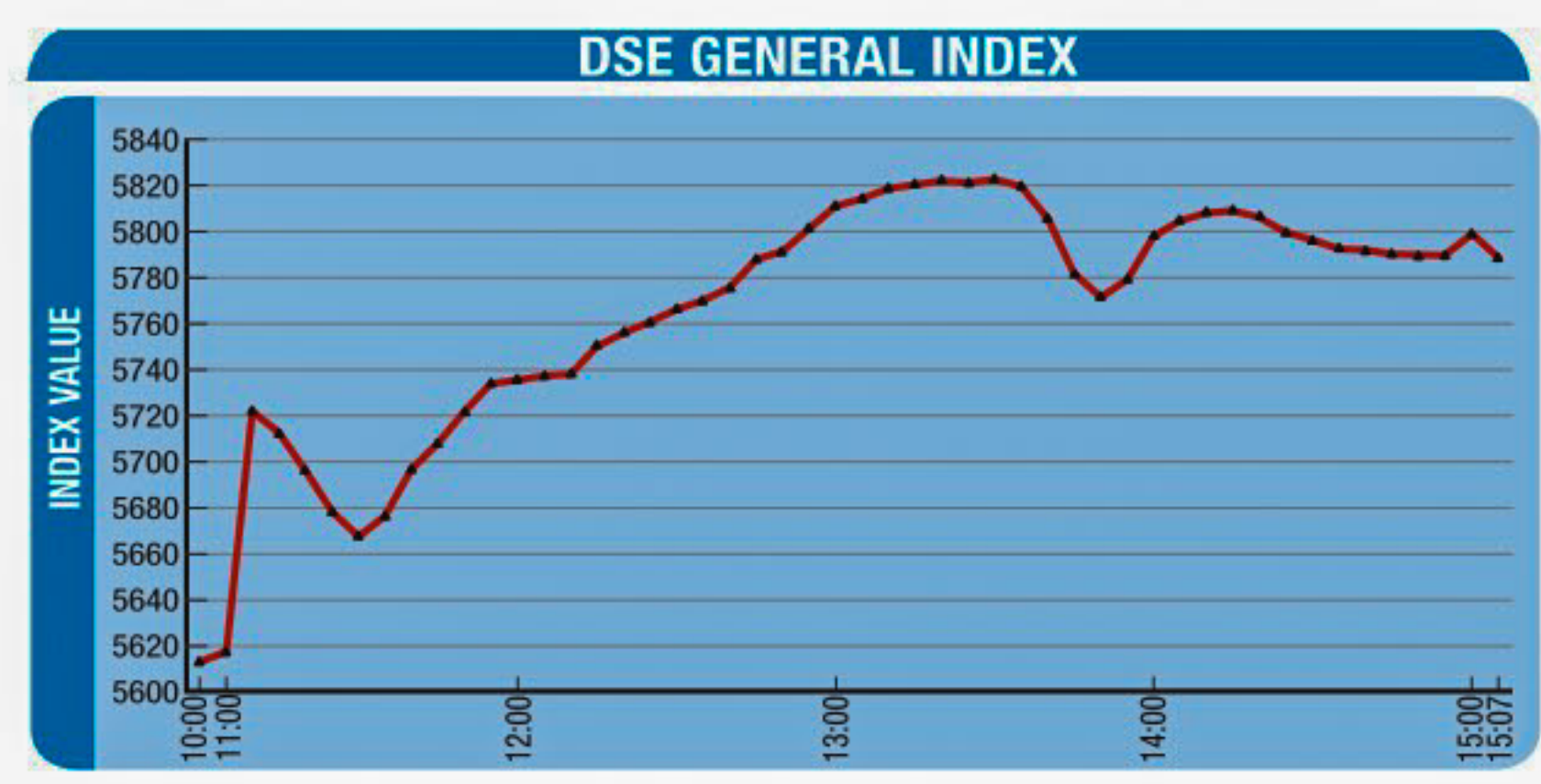
The selective categories index of Chittagong Stock Exchange advanced 291 points, or 2.88 percent, to close at 10,383 points.

The government has chosen Prof M Khairul Hossain as the head of the market regulator, replacing Ziaul Haque Khondker.

Akter H Sannamat, a market analyst, said: "Investors went for buying shares because of the latest move by the government."

Sannamat, also a former managing director of Prime Finance and Investment, said: "The government should make SEC functional in a bid to restore confidence to the market."

Azharul Islam, a retail investor,



said: "The new chairman must not work under influence and should take investor-friendly policy to stabilise the capital market."

Islam also said the SEC should take some steps to increase credit inflow to the market.

Turnover on the DSE surged to Tk 563 crore, up Tk 113.30 crore from the previous day.

Of the total 250 issues traded on the DSE floor, 216 advanced, 32 declined and two remained unchanged.

It is the market's highest gain since the government published the

stock market probe report.

Nearly all major sectors traded up: banks gained 0.98 percent, non-bank financial institutions 6.28 percent, telecoms 2.02 percent, pharmaceuticals 2.36 percent and fuel and power 2.38 percent.

Peoples Leasing and Financial Services topped the turnover leader, with 19.35 lakh shares worth Tk 23.37 crore traded.

Purabi General Insurance was the biggest gainer of the day, posting a 16.04 percent rise in its share prices, while Khulna Power Company was the worst loser, slumping by 9.05 percent.

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