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BUSINESS

DHAKA MONDAY MAY 14, 2012, e-mail:business@thedailystar.net

Muhith signals fuel price hike

Editors demand cuts in duty on newsprint imports

STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday signalled a further hike in fuel and power prices in the next budget to reduce the subsidy burden on the government.

Muhith sat at a pre-budget meeting with the editors and other senior journalists of the print and electronic media at his ministry.

“A price adjustment is a political decision of the government but the timing will be fixed after considering political environment, summer and irrigation season,” said Muhith, when asked about the timing.

The government had to borrow from the banking system to subsidise fuel oils, which eventually

increased inflation, Muhith said.

“Subsidy cuts will now tackle that,” he said.

The minister replied to the editors’ queries on amnesty for black money, reducing tax on newsprint, and the World Bank’s corruption report about the Padma bridge project.

In the current fiscal year, the government hiked fuel and power prices several times, resulting in inflation, especially non-food inflation reaching double digits.

But the finance minister told the editors that subsidy cuts would tame inflation and it may come down to 7.5 percent next year.

Inflation comes down to the single digit level not only because of cuts in subsidy but also due to an

improved supply situation and an increase in income, Muhith said.

About amnesty for black money in the next budget, Muhith said the government has not decided on the matter yet.

On foreign aid, Muhith said the government failed to utilise foreign aid due to its inefficiency.

“Though commitment increased, we have not been able to spend the fund. It is a failure,” Muhith said.

In the next budget, steps will be taken to increase efficiency, he said.

Responding to the editors’ queries about good governance and decentralisation of administration, the minister admitted there is politicisation in the administration.

READ MORE ON B3

Robi loses court battle with BTRC

The operator will have to pay Tk 200cr extra to the regulator

ABDULLAH MAMUN

Robi Axiata yesterday lost a court battle with the telecom regulator, meaning the mobile operator will have to pay its licence renewal and spectrum fees to the regulator without deducting tax at source.

Robi will also have to pay VAT on telecom licensing fees, revenue sharing and spectrum assignment fees to the National Board of Revenue as the High Court discharged a writ petition of the operator on these issues.

The amount may total Tk 200 crore, according to an estimate of the regulator.

However, Robi will go to the Appellate Division against the judgement, said its officials.

Robi filed the writ petition with

the High Court on January 5, challenging a statutory regulatory order (SRO) of the tax administrator that imposed VAT on telecom operators for licence renewal.

The operator challenged the provision for VAT on licence renewal, saying a licence is neither a product, nor a service. Only products and services are subject to VAT, Barrister Fatema Anwar, a lawyer for the operator, had said while filing the writ in January.

As Robi had been paying its licence renewal and spectrum fees by deducting tax at source since 2010, now the operator will have to pay all the outstanding amounts, said Barrister Khandaker Reza-E-Raquib, a lawyer for Bangladesh Telecommunication Regulatory Commission (BTRC).

According to the BTRC lawyer, Robi will have to pay more than Tk 141 crore as 15 percent VAT of spectrum charge and around Tk 5.69 crore as late fee for the outstanding money.

Robi was also directed to deposit the 15 percent of the outstanding fees to the BTRC as deducted since July 2010 on account of VAT from the annual licence fee, revenue sharing and annual spectrum fee.

This amount will be around Tk 52.59 crore including a late fee, said Raquib, adding that the total payable amount of Robi will be around Tk 200 crore.

Telecom operators had been sharing revenue with the regulator after deducting 15 percent as VAT since 2010 when the tax administrator issued the SRO.

READ MORE ON B3

Private banks' farm credit rises 42pc

Banking rules speed up loan rollout

SUMAN SAHA

Regulatory bindings have forced private commercial banks to roll out more money to the farm sector in the current fiscal year, according to data from Bangladesh Bank.

Agriculture credit disbursed by private banks, both local and foreign, rose 42.68 percent to Tk 3,471 crore in the 10 months through April from Tk 2,433 crore in the same period a year ago.

“We have made farm credit compulsory and set an annual target for banks,” SM Moniruzzaman, an executive director of the central bank, told The Daily Star yesterday.

If any bank fails to achieve the target, it will have to deposit the same amount to the central bank that will pay only 5 percent interest on the fund.

It means an interest loss to a bank if it does not provide agriculture credit at 10 percent rate. “It might compel the banks to speed up farm credit disbursement,” Moniruzzaman said.

As the local private and foreign banks have a limited number of branches, the BB has allowed them to take help from microfinance institutions to disburse the loans across the country.

Farm credit disbursed by state and private banks combined increased 5.67

percent to Tk 10,200 crore during July-April against an annual target of Tk 13,800 crore, which is 9.4 percent higher than the previous year’s target, the data shows.

The total disbursement will stand at Tk 10,853 crore if loans for sharecroppers disbursed through BRAC and credit provided by state-owned BRDB are taken into account.

The central bank has adopted a new agricultural credit policy, strengthened the monitoring system and opened help desks to boost farm credit that remained ignored for years.

According to the policy, no report from the Credit Information Bureau is required for a bank to lend up to Tk 1.5 lakh in agriculture loans. A sanctioned loan must be distributed in 10 days, the policy says. The loan can also be distributed through a farmer’s account opened with Tk 10.

If anybody faces difficulty getting the agriculture loan he can lodge complaints with the central bank’s help desk at its headquarters or regional offices.

An inspection team has been deployed at the BB headquarters to monitor hassle-free disbursement of loans and help the farmers use the money properly.

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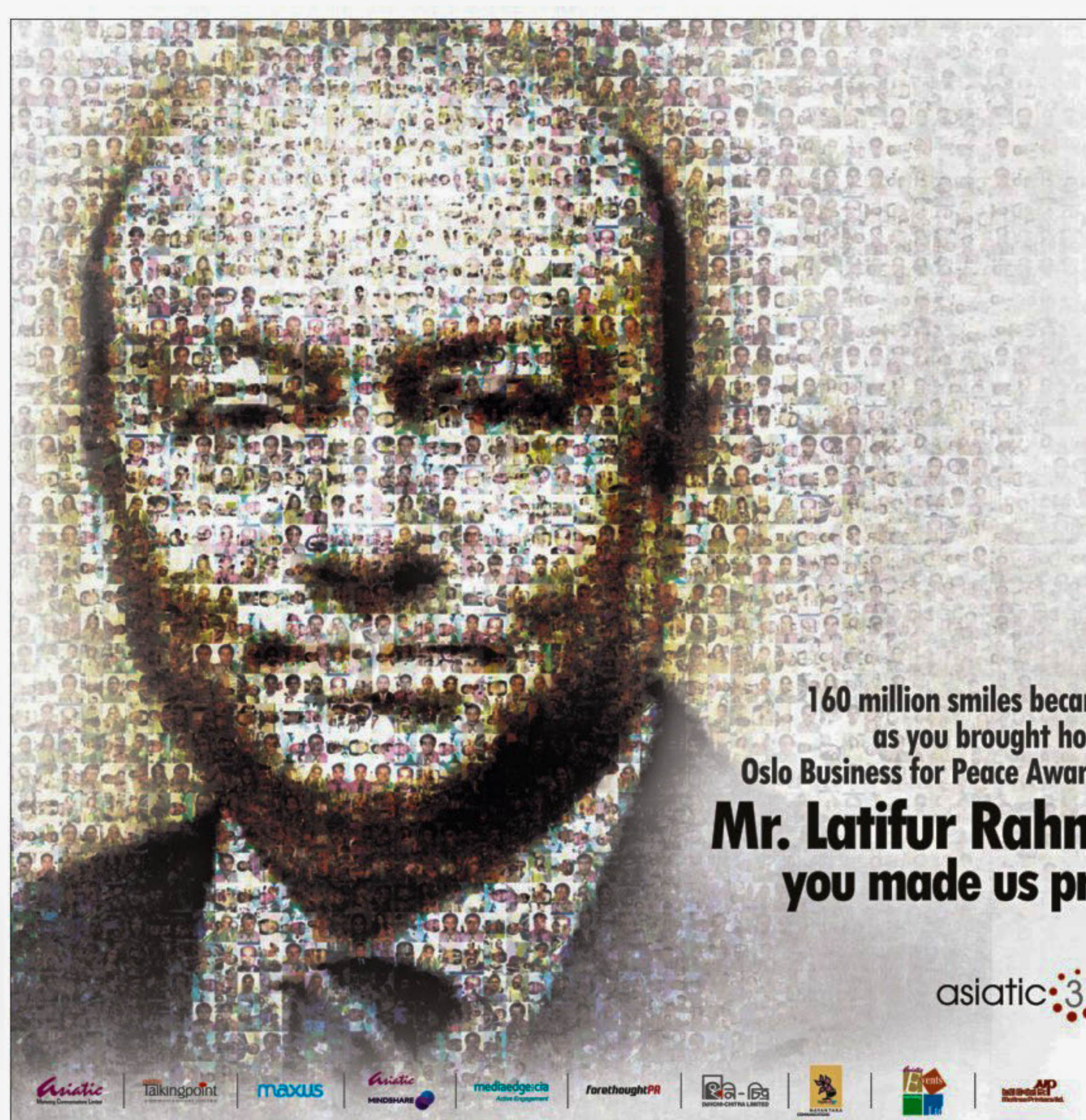
DSE to take buying orders until 8pm from sponsors

STAR BUSINESS REPORT

Directors of listed companies will be able to inform the Dhaka Stock Exchange about their buying plans until 8pm every day to comply with the regulatory requirement for minimum shareholding.

On November 22 last year, the Securities and Exchange Commission made it compulsory for the sponsors, directors and promoters of listed companies to hold at least 2 percent stake individually in their own companies.

The commission also made it mandatory for the sponsors, directors and promoters of a listed firm to jointly hold a 30 percent stake in the firm. The SEC set a six-month deadline for compliance of the directives that ends on May 22.



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