

SME Foundation, Midas Financing sign Tk 5cr deal

STAR BUSINESS REPORT

The SME Foundation yesterday lent Tk 5 crore to Midas Financing Ltd, which will provide low-cost and mortgage-free credit to small and medium entrepreneurs in the light engineering sector.

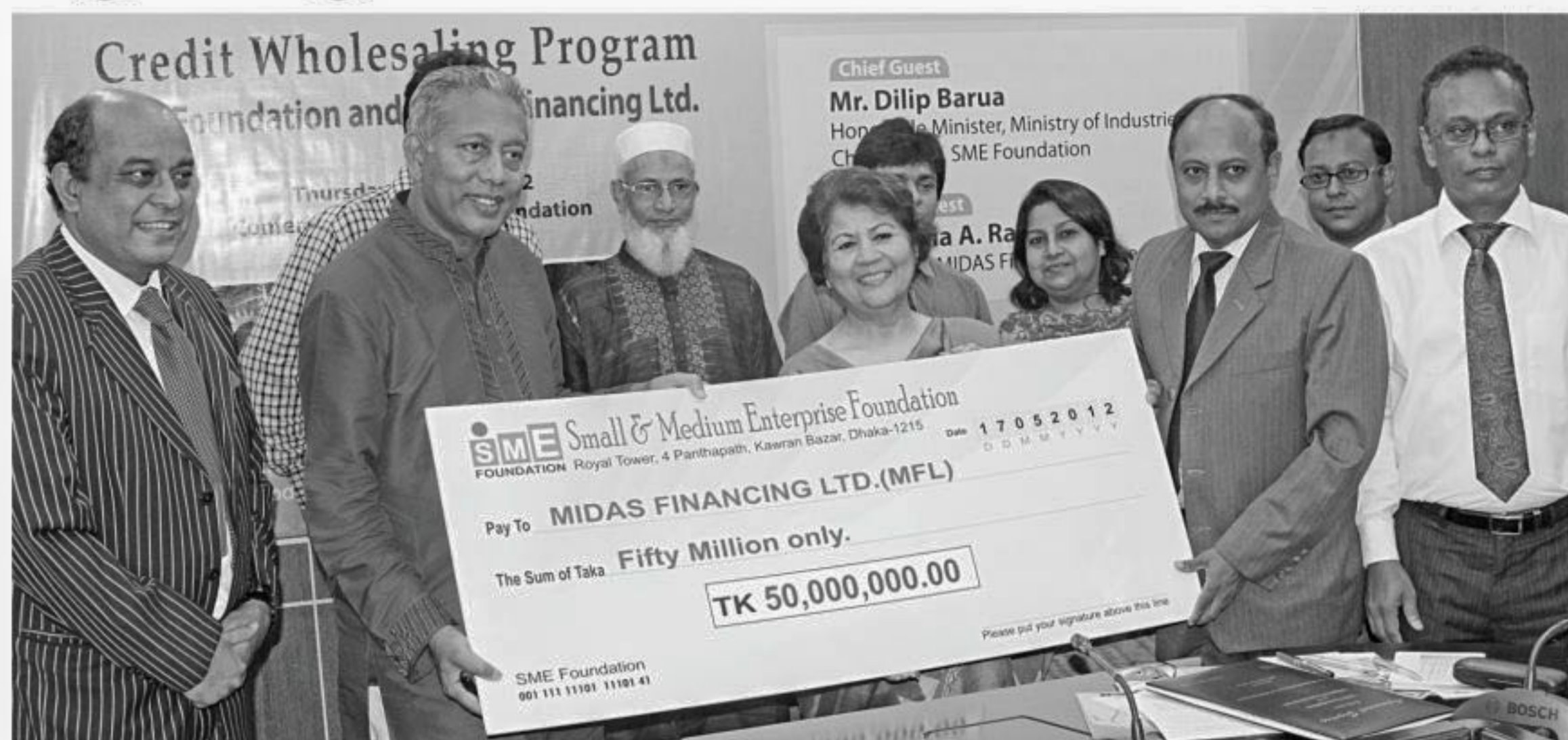
The state-run agency will provide the fund at 4 percent interest, and the non-bank financial institution will charge 9 percent for the loans to the SMEs in the potential sector.

Industries Minister Dilip Barua, also the chairperson of the foundation, made the disclosure during an agreement signing ceremony between Midas and the foundation at the latter's office in the city.

Syed Rezwanul Kabir, managing director and chief executive of the foundation, and Shafique-ul-Azam, managing director of Midas Financing, penned the deal.

Rokia Afzal Rahman, chairperson of the Midas Financing, said this loan would help the SMEs at the grass-root level.

Barua said the SMEs struggle to get funds and have a limited access to the country's banking system.



Second from right, Shafique-ul-Azam, managing director of Midas Financing, receives a dummy cheque for Tk 5 crore as SME loan from Dilip Barua, industries minister and chairperson of SME Foundation, at a programme in Dhaka yesterday. Syed Rezwanul Kabir, managing director of the foundation, and Rokia Afzal Rahman, chairperson of Midas Financing, are also seen.

Banks also do not want to finance them as sometimes they are seen as risky borrowers, he said.

"The government is committed to provide loans to them at single digit interest rates," he said.

Dalilur Rahman Sarker, manager of Midas Financing at Bogra, said the light engineering sector

has a huge potential in the area, which has already provided jobs to more than 100,000 people -- directly and indirectly -- alone in the northern district.

There are 1,200 light engineering industries in Bogra, which can manufacture majority machineries and equipment needed for the

agriculture, garments, pharmaceuticals and other sectors.

"Agriculture pumps are also being exported to countries such as Nepal, Bhutan and India," said Sarker.

SM Shaheen Anwar, deputy general manager of the foundation, also spoke.

HSBC axes \$2b in cost-saving plan

AFP, London

Global banking giant HSBC said Thursday that it has so far slashed \$2.0 billion of costs in the first year of its ambitious plans to axe a total of \$3.5 billion.

HSBC, holding an investor day presentation in London, also revealed that it expected to reach the top end of its \$2.5-3.5 billion cost savings target by the end of 2013.

"What investors have been sceptical about is whether we can get our hands round HSBC. I think we have shown this," said chief executive Stuart Gulliver at the investor day.

Gulliver also warned that the ongoing eurozone sovereign debt crisis and other regulatory changes might force the bank to increase the intensity of its restructuring.

And he added: "We are making material progress towards getting HSBC into shape for the future -- a simpler, more coherent organisation that is easier to manage and control."



Mazharul H Chowdhury, managing director of MPG Bangladesh Ltd, and Hafiz Alam Baksh, managing director of ATN Bangla UK, sign a deal recently under which MPG Bangladesh will sale/distribute commercial airtime of ATN Bangla UK from prospective clientele in Bangladesh.

Regulator seeks info on insurers' properties

STAR BUSINESS REPORT

The insurance regulator has taken a move to stop misuse by companies in the name of immovable properties.

Shafaq Ahmed, chairman of Insurance Development and Regulatory Authority (IDRA), said they issued a circular yesterday asking all companies, both life and non-life, to submit information on their immovable properties, including land, building, space and flat, by June 30.

All the documents related to the properties will have to be submitted in a specified table prescribed by the IDRA, said the circular.

If a company does not have any immovable property, it will have to mention that in the form of a statement certified by its chief executive officer and chief accountant, the circular said.

Officials at the IDRA said they have issued the circular after observing that many insurance companies are buying land, building, space and flat, which are often used by the directors themselves.

In some cases, even the authorities do not know about such purchases, they said.

"Some companies have bought lands and flats at inflated prices," another top official of the IDRA said.

Last year, Popular Life Insurance was in the media reports for buying 667.56 decimals of land in Gulshan, involving Tk 294 crore. It was eventually found that the land was actually owned by the government.

Later, the IDRA carried out an investigation by an audit firm on the purchase and accordingly, sought response from the company. After several notices, Popular Life submitted its response which is being

Let local firms invest abroad

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Muhith also said incentives would be given to encourage businesspeople to set up effluent treatment plants.

Shafiul Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association, said the present incentives to explore new markets have proved fruitful as exports to India, China and other markets have increased.

But citing the recent political developments, he said: "It will be tough to take the economy forward if political instability prevails. Consensus of all political parties is needed to advance the country."

The businesses also wanted the government to take steps to set up increased number of special economic zones outside Dhaka, especially in the north.

They also demanded reduction of duty on crop protection chemicals and increased funds for developing the railway and waterways.

Entrepreneurs also called for withdrawing value added tax on import of raw materials of billet, and sought steps to reduce system loss and irregularities in the power sector.

They urged the government to announce a coal

Shahjalal airport set for upgrade in two months

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The equipment includes Instrument Landing System, Doppler Very High Frequency Omni-Directional Radio and Distance Measuring Equipment.

Caab has also done flight calibration (the checking of a measuring instrument against an accurate standard to determine any deviation and correct for errors) of nav aids in line with International Civil Aviation Organisation standards. It cost around Tk 1 crore.

With the help of the equipment, aircraft can land and take off safely even in reduced visibility in natural calamities, Caab officials said. It will also enhance the airport's operational standards.

Besides, work under a Tk 143 crore project for asphalt concrete runway overlay is underway to make the airport's runway sturdier. Following approval from the cabinet purchase committee, the work order was given to Abdul Momen Ltd on March 20.

Now 27 local and foreign airlines operate out of the country's main airport that sees 190 aircraft

Tax lawyers urge govt to allow undisclosed money in all sectors

STAR BUSINESS REPORT

The government should allow investment of undisclosed money in all sectors in the next fiscal year with a flat tax to boost new investments and create new jobs, said the chief of a platform of tax lawyers yesterday.

The move will increase the government's revenue income, said Advocate Shah Zikrul Ahmed MP, president of Bangladesh Tax Lawyers Association.

Currently, investment of black money is allowed in the stockmarket by paying a flat tax at 10 percent.

A huge amount of money will be laundered if the government does not allow undisclosed money for investments in the country, said Ahmed, also a member of the parliamentary standing committee on the agriculture ministry.

At a press conference at National Press Club in the city, leaders of the association urged the government to increase tax rebate to 15 percent from 10 percent for individual taxpayers to encourage them for new investments.

Bangladesh Tax Lawyers Association and Dhaka Taxes Bar Association jointly organised the press meet.

"We proposed the income tax threshold should be raised to Tk 2.5 lakh from Tk 1.8 lakh as living cost and inflation rose sharply," Syed Iqbal Mostafa, general secretary of Dhaka Taxes Bar Association, said in his key note.

Non-food inflation rose 13.16 percent in January -- which is the highest in the last fifteen years, while food inflation shot up by 10.9 percent in the same month from the previous month's 10.4 percent. However, inflation dropped to single digits in April.

Tax-free income for women and taxpayers aged above 65 years should be increased to Tk 2.75 lakh from Tk 2 lakh, while it should be set at Tk 3 lakh from Tk 2.5 lakh for the disabled, said Mostafa.

The government imposed tax on total sales without considering profit or loss, which contradicts the income tax law. "It should be removed," he said.

Imported raw materials to make medicines for cancer treatment should get the VAT exemption benefit, he added.

Zillur Rahman, president of Dhaka Taxes Bar Association, and AK Nesar Uddin, secretary general of Bangladesh Tax Lawyers Association, were also present.

Stocks slip amid political scepticism

STAR BUSINESS REPORT

Stocks declined yesterday as investors remained sceptical in an environment of political protests and the incomplete hearing of writ petitions.

The benchmark General Index of Dhaka Stock Exchange closed at 4,991 points, after falling 18.85 points or 0.38 percent

The turnover declined 23.9 percent to Tk 265 crore, which is the lowest since March 12.

"The market seemed indecisive about the direction of future movement amid political protest and the paused hearing on writ petition on minimum share holding," IDLC Investments said in its market research.

Investors rushed to the brokerage houses despite hartal, observed the market carefully but refrained from placing any big buying order.

A total of 0.07 lakh trades were executed with 5.9 crore shares and mutual fund units changing hands on the Dhaka bourse. Of the total 259 issues that traded on the DSE, 133 advanced and 105 remained unchanged. A total of 21 issues remained unchanged.

Among the major sectors, general insurance gained 2.27 percent and telecom 0.53 percent. Fuel and power lost 0.76 percent, pharmaceuticals 0.70 percent and banks 0.48 percent.

Lafarge Surma Cement was the turnover leader with 46.19 lakh shares worth Tk 17.56 crore changing hands.

Republic Insurance Company was the biggest gainer of the day as it rose 9.36 percent. ACI Formulations was the worst loser that slumped 36.38 percent.

The Selective Categories Index of the Chittagong Stock Exchange closed at 9,440.07 points, after falling 4.49 points or 0.04 percent.

Ashuganj Power Station signs 450MW deal

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Md Abul Kalam Azad, secretary of Power Division, and ASM Alamgir Kabir, chairman of Bangladesh Power Development Board, also spoke.

Ashuganj Power Station, an enterprise of Bangladesh Power Development Board, currently supplies up to 13 percent of the total power requirement in the country.

It now produces 719MW of electricity a day with a target to generate a total of 2,102MW electricity by 2015.

News agency UNB said the rate of interest in the project financing was set at LIBOR-plus 2.66 percent. LIBOR is the London interbank offered rate of interest which is the average interest rate that leading banks in London charge while lending to other banks.



Chairman of National Life Insurance Co Ltd Mahmudul Huq Taher presides over the 27th annual general meeting of the insurer at NLI Tower in Dhaka yesterday. The company declared 50 percent cash and 10 percent stock dividends for 2011. Managing Director Jamal MA Naser was also present.



Syed Manzur Elahi, founding chairman of Mutual Trust Bank, inaugurates the 100th ATM booth of the bank at MTB Centre in Dhaka recently. Arif Dowla, chairman, and Anis A Khan, managing director, were also present.



Choudhury Moshtaq Ahmed, deputy managing director of Mercantile Bank, opens the 43rd ATM booth of the bank at its Shishahat branch in Naogaon recently.