

DSE, investors protest Muhith's stockmarket remark

STAR BUSINESS REPORT

The Dhaka Stock Exchange and small investors yesterday protested the finance minister's comment that the stockmarket is an 'evil market'.

"It's an evil market. I won't comment on it," said Finance Minister AMA Muhith, on Monday in parliament, during the passage of the supplementary budget for the outgoing fiscal year.

But Muhith did not explain why it is an evil market.

The minister made the comment three days after he proposed the budget for fiscal 2012-13.

Reacting to Muhith's remark, DSE President Rakibur Rahman said: "It seems that the honorable finance minister has grown impatient."

It remains to be seen whether the incentives announced by Muhith for the stockmarket are being implemented, Rahman said.

The stockmarket is a sensitive market, so any negative comment will influence the market negatively, Rahman said.

During his speech, Muhith had also mentioned that there would be no great

impact on the economy if he did not give much attention to the stockmarket.

Referring to the observation, the DSE chief commented, "Economic development will never be possible if the stockmarket is ignored."

The DSE chief urged the minister to consider the stockmarket as an alternative source of funds to develop infrastructure and undertake development projects.

Speaking on investments made by banks in the stockmarket, Rahman said the investments are below 2 percent of the banks' liabilities.

Presently, commercial banks are allowed to invest 10 percent of their liabilities, according to Bangladesh Bank directive.

Ahmed Rashid, senior vice-president of DSE, also protested Muhith's comment that he said might transmit bad signals to the economy.

Small investors, under the banner of Bangladesh Share Investors' Association (BSIA), also protested the minister's remark.

They staged a demonstration in front of DSE and shouted slogans against Muhith.

Mizanur Rashid Chowdhury, president of BSIA, said: "The minister's comment has upset us, as he is our guardian."

Call for tax exemption for private universities

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Speakers at a roundtable discussion on the 2012-2013 budget yesterday urged the government to consider the withdrawal of tax and VAT measures on private universities.

The Association of Private Universities of Bangladesh (APUB), a representative organisation of 51 private universities, organised the meeting at the National Press Club.

Speaking as chief guest, APUB Chairman CM Shafi Shami, former adviser to caretaker government, stressed the abolishment of contradictions in the Private University Act 2010.

"It is a theoretical contradiction that the government addresses private universities as non-profit organisations, and yet impose taxes on them," Shami added.

He also said private universities, according to government regulation, cannot be profitable organisations, as they have to spend the surplus of their income for the development of their respective associations.

Thus, being non-profit organisations it will be difficult to pay the

proposed 15 percent VAT on operating surplus and 15 percent VAT on rented buildings.

Dr Saiful Majib, a professor of the Institute of Business Administration, presented a keynote paper on the proposed budget of fiscal 2012-13. He suggested the government cut bank borrowing to achieve the desired economic growth.

To stem 'brain drain', he stressed that the government should meet the growing demands of higher education.

He also demanded a moderate allocation for research fund that could be distributed amongst the private and public universities on competitive bases.

Abul Quasem Haider, vice chairman of APUB, requested the finance minister to exempt all the private universities from the additional tax burden and demanded an equal treatment for both public and private universities.

Dr Zafrullah Chowdhury, executive director of Gonoshasthaya Kendra, and Kazi Rafiqul Alam, president of Ahsanullah University of Science and Technology, also spoke.



Mahboob Zaman, president of Bangladesh Association of Software and Information Services, and Md Ahsan-uz Zaman, additional managing director of Mutual Trust Bank, attend the re-launch of the bank's internet banking services at a press meet in Dhaka yesterday.

Top StanChart audit official in town

STAR BUSINESS DESK

Rino Donosepoetro, head of audit for South and South East Asia of Standard Chartered Bank, is now in Dhaka for a three-day visit when he is expected to meet key stakeholders of the bank.

Donosepoetro joined StanChart in 1997. Prior to joining GIA in 2010, he was the chief executive officer of the Falkland Islands from 2007.

He also worked with Permata Bank, the bank said in a statement yesterday.



NCC Bank re-elects top brass

STAR BUSINESS DESK

NCC Bank has recently re-elected Md Nurun Newaz Salim as its chairman and Mostafizur Rahman Dulal as vice chairman, the bank said in a statement yesterday.

Salim is a sponsor director of the bank and a former chairman of Central Insurance Co Ltd and vice president of Chittagong Chamber of Commerce and Industry.

Dulal is the chairman of Crown Group and a



Mohammad Sajjad Hasib, head of distribution of Grameenphone; Anisul Islam, general manager of SSL Wireless; Md Kamruzzaman, head of personal banking of Dutch-Bangla Bank, and Taufiq Hassan, head of cards of BRAC Bank, sign a tripartite agreement at the headquarters of Grameenphone in Dhaka recently to provide online mobile recharge services to GP users through debit and credit cards.



From left, Shahid Hamid FIH, executive director of Dhaka Regency Hotel & Resort Ltd; Musleh Ahmed, managing director; Kabir Reza, chairman; Arif Motahar, vice-chairman, and Najma Arif, director, attend the fifth annual general meeting of the hotel at its premises on June 7. The hotel approved its audit report and financial statement for 2011 and declared 20 percent cash dividends for its shareholders.

Budget lacks ways to deal with risks: DCCI

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"These (measures) will discourage trade and investment," said Ibrahim, adding that the proposed budget also lacks direction to improve credit flow to the private sector and reduce lending rates.

The chamber also expressed doubts over the budgetary targets of achieving a 7.2 percent economic growth and containing inflation within 7.2 percent.

"Meeting the targets will be the biggest challenge for the government," said Ibrahim.

The implementation of the budget would be at stake due to the growing risk of political instability, he added.

The impasse in politics might affect garment exports, a lifeline for the country's economy, he said.

A major garment buyer has already warned of changing their purchase policy unless the chaotic situation in politics comes to an end, said Ibrahim.

The DCCI hailed the government's various promises and measures including

digitisation and automation, e-governance, and formulation of law for public private partnership for the next fiscal year.

It, however, opposed the initiative to impose taxes on those saving account holders who have no TIN (tax identification number).

The DCCI came down on the plan to charge 4 percent VAT at flat rate for retailers, wholesalers and suppliers as well as to impose tax on mobile phone bills.

The chamber also criticised the government's reluctance to increase tax-free income limit from Tk 180,000 for individual taxpayers.

"Individual taxpayers bear the brunt of increased cost of living due to inflation. Under the circumstances, it is necessary to hike the tax-free income limit," said DCCI President Ibrahim.

"Without considering inflation, the government has kept the tax-free ceiling unchanged and increased the amount of taxes. Such a hike will deepen public sufferings."

Realtors seek to build township

REHAB fair starts tomorrow

STAR BUSINESS REPORT

Realtors yesterday demanded the government provide them the same opportunities as the Indian conglomerate Sahara to build a satellite township around Dhaka.

"Before allowing a foreign company the government should allow us to develop such a township in partnership with Rajuk and provide us with 1 lakh acres of land," said Sultana Shaheda Islam, vice president of REHAB, at the press conference for a four-day REHAB Summer Fair.

The fair will last from June 14 to June 17 and will have 166 participants. The gates will remain open from 2pm to 8pm on June 14, and from 10am to 8pm the other three days.

The ticket for single entry will cost Tk 50 and Tk 100 for multiple entries of four times, with a raffle draw at 7.30pm

Are mobile-only taxes justified?

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For anyone who is interested, the econometric analysis conducted by the Pakistan Telecom Authority is available on the web (Telecom Quarterly Review, December 2008).

One interesting contrast is in the roles of the regulatory agencies in the two South Asian countries. Both are proud of the contributions made to the treasury by their growing sectors.

Yet this does not mean simply acting as the collector of easy money from telecom users' bills. The Pakistan Telecom Authority actually did the analysis to show that higher tax rates resulted in lower revenue yields. There is no debate about the government requiring money. A dynamic sector such as telecom must make its fair contribution.

Collection leakages in telecom are much less than in other sectors because it is a modern sector with automated billing and collection mechanisms. Its systems are also conducive to various calibrations of rates and such. Therefore, it is tempting to turn to telecom as the first source when looking for

money.

But economic principles have not been abolished. Charging more tax on a good or service reduces its consumption. In some cases, the government wants to reduce consumption of certain goods and services.

Imposing additional taxes on "demerit" or bad goods is done with the purpose of reducing consumption. As the government imposes additional layers of taxes on mobile use, it has a duty to make clear how it perceives mobile use. Is it a demerit good like cigarettes?

Or is it a merit good as research appears to suggest, one that will contribute to economic growth and improve the lives of its users?

And finally, it should look at the available evidence of the effects of mobile taxes. Obviously, those who pay the taxes are hurt by higher taxes. The question is will the government be hurt too?

Samarajiva is founding chair and CEO of LIRNEasia, an ICT policy and regulation think tank active across 12 emerging Asian

Govt moves to tackle fund crisis in power sector

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The ministry placed a nine-point proposal for the power and energy sector at the meeting through a presentation.

It proposed imposition of surcharge on mobile phone calls at the rate of Tk 0.15 to 0.20 per call and a hike in gas prices to build up the energy fund.

The ministry recommended releasing a tax-free bond to finance the big power plants.

However, a senior official who attended the meeting said many of the power ministry proposals are complicated.

He said those proposals will be scrutinised further by the committee before taking a final decision.

issued directives to the authorities concerned to take necessary steps for speedy implementation of the ongoing power projects.

Another official who also attended the meeting said some sponsors are failing to implement the projects due to huge loads as a single entrepreneur was awarded many projects.

The premier asked the authorities concerned not to award too many power projects to a single company, according to officials.

UNB adds: For the independent power producer, it is needed to waive income tax, duty, VAT, supplementary tax and infrastructure development tax as the production cost of these plants will be higher, according

to the meeting.

If the waiver is not given, the subsidy of the government will also increase. That is why the government has decided to implement the SRO of 1999 for the under-construction power plants.

In 1999, the government through a statutory regulatory order (SRO) gave the tax break facility for power plants for 15 years.

Later, through another SRO in the same year the tax holiday facility was limited for those plants that will begin power generation by 2013.

PM's Press Secretary Abul Kalam Azad briefed reporters after the meeting.

He said the prime minister gave some specific decisions to ease the

implementation of power generation projects.

The decisions include simplifying of LC opening for importing necessary equipment for power plants, continuation of a 15-year tax holiday facility and previous SRO on the issue.

The meeting also decided to fill the land of the proposed coal based power plant in Bagerhat through dredging the Pashur and Maidhora rivers.

Law Minister Barrister Shafique Ahmed, Water Resources Minister Ramesh Chandra Sen, Prime Minister's advisers Tawfiq-e-Elahi Chowdhury and Mashiur Rahman, State Minister for Power, Energy and Mineral Resources Md Enamul Haque also attended the meeting along with the secretaries concerned.



M Anis Ud Dowla, chairman and managing director of ACI Formulations Ltd, presides over the 16th annual general meeting of the company at Officers' Club in Dhaka yesterday. The company declared 25 percent cash and 50 percent stock dividends for 2011.