

GDP growth falls to four-year low

Provisional estimates put the rate at 6.03pc, far below the govt target but higher than development partners' forecasts

REJAUL KARIM BYRON and MD FAZLUR RAHMAN

Bangladesh's GDP growth came down to 6.03 percent in the current fiscal year, the lowest in four years, due to low investment and deadly political unrest, according to provisional estimates.

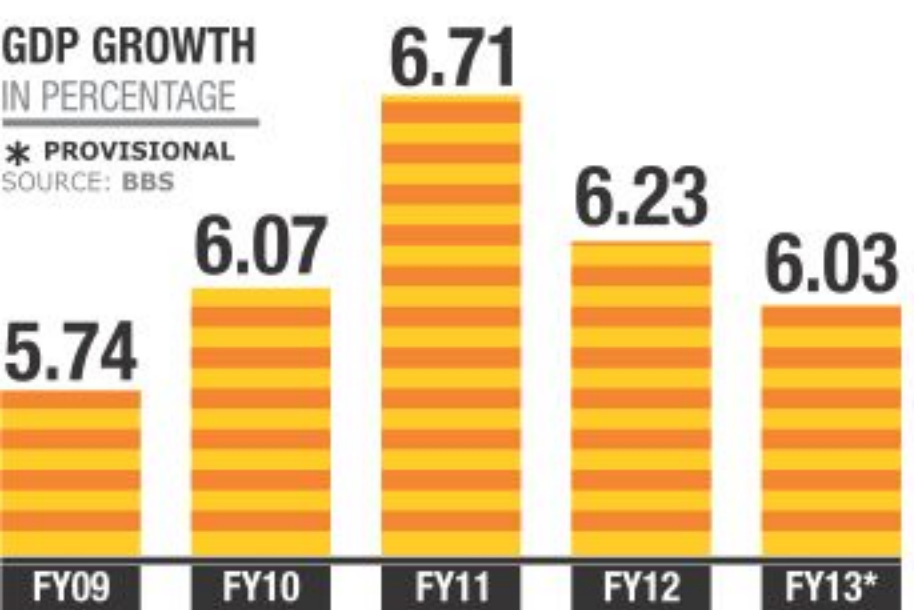
The economic growth is much lower than the government's target at 7.2 percent.

The growth in economic expansion is, however, higher than the forecasts of development agencies who said the rate would hover between 5.5 percent and 5.8 percent.

The estimates were made on the basis of available data of the first nine/ten months of the current year and the trends for the rest of the months.

The country has scored 20 basis points less than the last fiscal year's growth, according to Bangladesh Bureau of Statistics.

The final GDP achievement went down last fiscal year to 6.23 percent, which was 6.32 percent in the interim.



However, economists were not surprised at this year's growth rate.

Zaid Bakht, a research director at Bangladesh Institute of Development Studies, said: "We had forecast long ago that the target would not be achieved this fiscal year due to political instability and low investment."

"It's, however, encouraging that the growth remains over 6 percent," he told The Daily Star, giving credit to the steady growth in exports and better implementation of the annual development programme by the government.

The economist said remittances also helped indirectly keep the growth at a much higher level, which boosted domestic demand.

However, the final estimates would show whether the country would be able to retain the provisional figure, Bakht said.

"It will depend on the political situation in the rest of the months of the current fiscal year."

READ MORE ON B3

Per capita income goes up to \$923

STAR BUSINESS REPORT

Per capita income rose by around 9 percent to \$923 in the current fiscal year due to higher remittance inflow.

READ MORE ON B3



From left, Kazi Akram Uddin Ahmed, FBCCI president; Dilip Barua, industries minister; AMA Muhith, finance minister; and Ghulam Hussain, NBR chairman, attend a pre-budget meeting at Sonargaon hotel in Dhaka yesterday.

FBCCI demands cuts in corporate tax

Muhith says he feels uncomfortable in preparing the next budget due to the ongoing political violence

STAR BUSINESS REPORT

The apex trade body yesterday demanded a raise in income tax-free threshold, cuts in corporate tax and the continuation of tax breaks in the budget for the upcoming fiscal year.

The Federation of Bangladesh Chambers of Commerce and Industry said the income tax-free limit should be raised to Tk 2.40 lakh from the current Tk 2 lakh, as living cost has gone up.

"The corporate tax rate is much higher than that for individual income tax, which discourages

investment. So, it should be cut by 5 percentage points to make it more reasonable," President of the chamber Kazi Akram Uddin Ahmed said.

He spoke at a meeting with the National Board of Revenue at Sonargaon Hotel in Dhaka. The tax administrator and the FBCCI jointly organised the meeting.

Ahmed also demanded a complete withdrawal of advance income tax on basic industrial raw materials. The tax at source for exports should come down to 0.60 percent from 0.80 percent, he said.

He also proposed to impose 1

percent tax on turnover between Tk 70 lakh and Tk 1 crore, 2 percent on turnover between Tk 1 crore and Tk 2 crore, and 3 percent on turnover between Tk 2 crore and Tk 5 crore.

Ahmed demanded a 2 percent VAT on commodity traders, commercial importers, small and retail businesses, shop-owners and service providers, from 4 percent now.

Finance Minister AMA Muhith said he was feeling uncomfortable in preparing the next budget due to the anarchy unleashed across the country in the recent months.

READ MORE ON B3

BB directs banks to open accounts for garment workers

STAR BUSINESS REPORT

The central bank yesterday asked all banks to help apparel workers open low-cost accounts to foster financial inclusion.

"If they (victims of the Rana Plaza collapse) had received their payments through bank accounts, their relatives could have taken the wages and benefits from their accounts now," Bangladesh Bank Governor Atiur Rahman said at a meeting with all managing directors at his office.

The governor said the bank accounts for the apparel workers will require a small opening deposit and banks can take it under their corporate social responsibility, he said.

He cited the example of low-cost accounts that were opened by the state banks for farmers.

According to BB officials, more than 96 lakh farmers' accounts were opened so far, but a majority of those accounts remain inactive.

"The banks that have mobile banking services can immediately open accounts for the workers," Rahman suggested.

However, bankers said they need more time to respond to the governor's appeal.

Minister makes commitment for worker safety

Dipu Moni says as she meets US officials on GSP

DIPLOMATIC CORRESPONDENT

The government is committed to improving factory conditions and has engaged all stakeholders of the garment sector to make a safe working environment, Foreign Minister Dipu Moni said.

The cabinet approved an amendment to the 2006 labour law which is expected to be passed in the next parliamentary session, she said in a meeting with US Congressman Joseph Crowley in Washington DC on Wednesday.

The minister is now in the US for meetings with US Secretary of State John Kerry, Congressmen, garment buyers and other stakeholders for continuation of the GSP for Bangladesh.

Ethical buying and responsible roles of retailers are important to improve safety standards and labour welfare, Dipu Moni said, according to a statement.

She told Crowley that a baseline survey is underway to find factories housed in faulty buildings and take punitive measures against the violators of building and fire safety codes.

READ MORE ON B3

Politics to figure high in budget

Former caretaker adviser says at discussion organised by ICAB, Prothom Alo

STAR BUSINESS REPORT

The budget for fiscal 2013-14, which comes ahead of the national election, is likely to be governed by political motives, a noted economist said yesterday.

"The economy will take a backseat in the budget to be placed in parliament early next month. Politics will get priority," said Akbar Ali Khan, former adviser to a caretaker government.

"We can guess what we will have in the budget, but we do not know the fate of Bangladesh in 2014."

Khan's comments came at a pre-budget discussion co-organised by the Institute of Chartered Accountants of Bangladesh (ICAB) and Prothom Alo, the country's top-selling newspaper.

He said the budget has become a political instrument for the incumbent party. "We have to come out of this tendency, but it's not so easy and will take time to do so."

READ MORE ON B3

Referring to the lack of transparency in the budget, Khan said: "There is no democracy inside political parties. The parties are run by figureheads, and no-one can raise any question."

"If democracy was practised among the political parties, we could have known everything and transparency could have been ensured."

He said Bangladesh follows the "Westminster style of budgeting" like England, India, Australia and Canada, which needs to be amended.

"But those countries have brought many changes to their methodology for budget formulation and implementation. Bangladesh is more than 40 years old, with no changes to be made yet."

The former caretaker government adviser said there is a lack of "financial significance" in the budget.

Govt halves SIM tax and VAT on 3G spectrum

STAR BUSINESS REPORT

The tax administrator yesterday took decisions to halve SIM tax and value-added tax applied on 3G spectrum prices, said an official of the National Board of Revenue.

The statutory regulatory order regarding the tax cut has been issued, the official said. The VAT on 3G spectrum fees will be 7.5 percent, down from 15 percent stipulated by the 3G guideline.

The mobile operators have been urging the government in the last few years to slash the SIM tax, which is currently Tk 605 and has been affecting mobile penetration.

READ MORE ON B3

BTRC to alter transmission network licensing

ABDULLAH MAMUN

The telecom regulator is set to increase the number of licences for backhaul service in a bid to boost the country's network infrastructure.

The amendment comes as the current licence holders, Fiber@Home Ltd and Summit Communication, failed to develop the countrywide network to the extent that Bangladesh Telecommunication Regulatory Commission (BTRC) hoped when it handed out the licences four years back.

The transmission network transports bandwidth for voice and data operators such as mobile and internet service providers through optical fibre cables.

Fiber@Home and Summit Communication did not develop their own transmission network, said Sunil Kanti Bose, chairman of BTRC.

"They simply leased from the mobile operators' networks and leased them out again," he said.

"So the commission has decided to open the NTTN [Nationwide Telecommunication Transmission Network] licences for the mobile and WiMAX operators."

However, a new subsidiary company has to be formed where the mobile or WiMAX operators' share would be no more than 25 percent, Bose added.

READ MORE ON B3

Questions over changes to labour law

Trade union leaders say new rules won't help workers much

STAR BUSINESS REPORT

Most of the amendments to the labour law approved by the cabinet on Monday go against workers, especially in the garment sector, trade union leaders said yesterday.

The amendment, in many cases, does not comply with the standards of the International Labour Organisation, particularly on workers' right to union, they said.

At least 30 percent representation of workers of a factory will be required to form a trade union, said Mojibur Rahman Bhuiyan, general secretary of Bangladesh Mukto Shramik Federation.

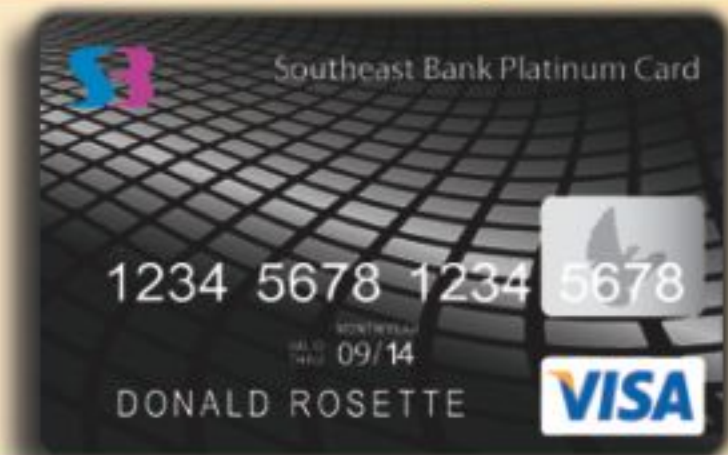
READ MORE ON B3

Lifestyle benefits with Southeast VISA Platinum Card



For more information Please call

02-9567274, 01713-060050



Privileges Galore

Enjoy a World of Exclusive Privileges with Southeast Platinum Card. Discover a New Meaning of Life.

Platinum Card holders will get following benefits :

- Trip Assistance**
Pre-departure travel information, visas/passports assistance, flight and hotel booking, reservations and ticketing, currency exchange rates, details of consulates and embassies and location of nearest ATMs.
- Complimentary Priority Pass Membership**
Visit an extensive range of business lounges in over 100 countries and more than 300 cities.
- Sports and Entertainment Assistance**
Information, referrals, reservation for restaurants, discounts and privileges in airport shopping, clubs, hotels and golf clubs etc.
- Emergency Services**
Medical assistance, ticket replacement assistance, legal assistance, lost luggage assistance and more.

*conditions apply

Southeast Bank
a bank with vision

Special offer
for MBA and
M.Com(Acct.) Holders
www.cimaglobal.com/Bangladesh
+8801771778944

CIMA
Chartered Institute of
Management Accountants