

# Risks loom over economy

German envoy says shutdowns, bad factory conditions may pull down the rate below 6pc

MD FAZLUR RAHMAN

Bangladesh's economic growth rate will hit a record low due to a combined effect of political unrest and bad factory conditions that may crowd out investment and export orders, a top diplomat said.

"These two factors together worry the bilateral chambers, as they put Bangladesh at risk of having the growth rate below 6 percent for the first time in years," German Ambassador Albrecht Conze told The Daily Star in an interview on Saturday. Bangladesh will suffer from an image crisis in its export destinations following the Tazreen fire and now amplified with the Savar building collapse, the envoy said.

He said the negative publicity will affect trade figures. "When trade figures are affected, growth figures, too, would be affected."

That is alarming as Bangladesh cannot afford to have growth rates below 6 percent, as that is the line from which one can continue to leave poverty behind. "If you are below that line then there is stagnation."

Conze, who assumed his current role in 2012, said initiatives are ongoing to bring the two major political parties to a negotiating table to solve the crisis.

The ambassadors and envoys of the OECD (Organisation for Economic



Albrecht Conze

Co-operation and Development) countries already discussed the idea with the foreign minister last week.

"We will also soon have a chance to discuss the issue with the leading members of the opposition. Yes, we are all active in a constructive way to support the basic idea of the UN envoy, which is to hold dialogues."

The United Nations should be driving this effort, he said.

Unless there is any dialogue, the level of confrontation will remain dangerously high, which would affect

everybody's security and the economy, the envoy added.

Conze said the two major political parties -- the ruling Awami League and the opposition BNP -- will have to take up the ball the UN envoy has set running.

About the garment sector, Conze said the buyers had long avoided insisting on adequate fire and building safety standards from their partners in Bangladesh as they seemed to be able to operate without that.

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## ILLEGAL CALLS

## Regulator to serve notice on telecom operators

ABDULLAH MAMUN

The telecom regulator is set to serve notice on mobile operators over their failure to curb illegal calls via VoIP.

"A decision will be taken once we hear back from the operators," said Sunil Kanti Bose, chairman of Bangladesh Telecommunication Regulatory Commission (BTRC).

The move comes following an investigation started by BTRC last week to trace the routes of incoming international calls.

The regulator found around 60,000 unauthorised mobile numbers used for voice over internet protocol (VoIP) calls, during inspections last week into major operators including Grameenphone, Banglalink and Robi.

About the inspection drive, a BTRC official said: "The mobile operators are the final destination of international calls, both legal and illegal, so we have decided to observe their call movement."

The BTRC will continue the inspection drive to the international internet gateways (IIG), which supplies bandwidth to internet service providers, and interconnection exchanges (ICX), which connects telecom operators with each other.

# StanChart supports 1.5pc of GDP

Study on British lender gauges its contributions to Bangladesh economy



STANCHART

Prof Ethan B Kapstein speaks at the launch of a study on the impact of Standard Chartered Bank's presence in Bangladesh, at the Westin Dhaka hotel yesterday.

## STAR BUSINESS REPORT

Standard Chartered Bank directly supports 1.1 percent and indirectly 1.5 percent of the country's gross domestic product, a new and independent study has found.

Through its onshore financing, SCB supports, directly and indirectly, 466,000 jobs in Bangladesh, equivalent to about 0.6 percent of the country's total workforce.

When the bank's lending to financial institutions is included, its impact amounts to 655,000 jobs, or 0.9 percent of the labour market, according to the study on the impact of the British lender's presence in Bangladesh.

The findings of the first-of-its-kind study, The Social and Economic Impact of Standard Chartered in Bangladesh, came at a programme at The Westin Dhaka.

Jim McCabe, chief executive officer of

SCB, said the study discusses how international banks like Standard Chartered impact developing economies both directly and indirectly.

"While we have proudly supported this economy for over 100 years, this is the first time we have commissioned an independent study to formally explore the impact of our presence in Bangladesh."

"Looking through the report, I can safely say that it not only provides valuable insights to help us sharpen our strategy but also offers a good opportunity for us to further strengthen our commitment to this market."

Speaking at the event, Professor Ethan B Kapstein, the author of the report, said: "It is important to know for the officials of the bank to know and realise what they do every day, supports jobs and trades and people's lives."

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# DSE seeks tax break for five years

## STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) has sought a tax break for the first five years after demutualisation, a process of separating the bourses' management from ownership to ensure transparency in the market.

"A law on demutualisation has already been passed in parliament. But the DSE is incurring operating losses due to the current market situation," said Ahmad Rashid Lali, senior vice-president of the bourse.

The DSE is exempted from income tax through a government notice of 1996, he said. "We expect that the exemption incentive will be continued for at least five years to run the exchange's activities successfully."

He made the argument while placing a number of demands before the National Board of Revenue in Dhaka yesterday.

The demutualisation of a stock exchange transforms it from an entity owned by mostly brokerage-owning members into a for-profit company owned by shareholders. It ensures a sound corporate governance, alternative business model and operational efficiency.

Bangladesh's stock exchanges are now non-profit cooperative organisations, owned by the exchange members who are usually stockbrokers.

The DSE has also asked for one-time tax exemption on capital gains that will be arise from the issuance of shares to existing stock exchange

members after demutualisation.

"Any capital gain on the newly issued shares will be only in papers and there will be no cash inflow for such transaction. So, the tax exemption is required for smooth switching from a mutualised stock exchange to a demutualised one," the DSE explained.

The prime bourse requested the government to allocate Tk 5,000 crore for the stockmarket in the upcoming budget to stabilise the market which is going through high volatility since the crash in early 2011.

Among other proposals, the DSE recommended slashing of corporate tax for listed banks, insurance and non-bank financial institutions to 37.5 percent from the existing 42.5 percent.

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# Stock turnover hits two-month high

## STAR BUSINESS REPORT

Turnover on the Dhaka Stock Exchange hit a two-month high in anticipation of positive environment on the political front.

Said to be the most import indicator for the market, it gained 35.94 percent yesterday from the previous day to close at Tk 539 crore.

DSEX, the benchmark general index of the DSE, closed the day at 3873.63 points, after surging 99.85 points, or 2.65 percent.

"The week started with strong optimism, as the prolonged uptrend boosted confidence among investors further," IDLC Investments said in its daily market analysis.

The positive outlook also managed to lure in the inactive investors, the merchant bank added.

"With the first quarter reporting just passing by, investors seemed active in managing investments over

reformed expectations."

Further, as budgetary expectations, especially about the improvement of the stockmarket, got momentum, market participants appeared optimistic, it added.

"With many positive expectations and anticipations hovering all around, riding on the bull continues as the week's first session begins with another hike," LankaBangla Securities said in its market analysis.

An aggregate of 1.58 lakh trades were executed, with 15.68 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 284 issues that traded on the DSE, 235 advanced, 39 declined and 10 remained unchanged.

Among the major sectors, textile registered the highest amount in turnover, with its market capitalisation going up by 1.35 percent from the previous session.

It was closely followed by the

pharmaceuticals, which saw a 1.02 percent increase in market capitalisation. Banks also showed good movements: an increased turnover and a 2.20 percent rise in market capitalisation.

Orion Pharma came on top in the most-traded stock chart, due to its transaction of 38.14 lakh shares worth Tk 31.72 crore.

Meghna Cement was the biggest gainer of day, posting a rise of 9.96 percent, while Rahim Textile was the worst loser, plunging by 6.24 percent.

The Chittagong Stock Exchange also ended higher: its selective categories index, CSCX, gained 209.19 points, or 2.81 percent, to close at 7,444.51 points.

Gainers beat losers by 170 to 27, with nine issues remaining unchanged on the port city bourse that traded 1.8 crore shares and mutual fund units with a turnover of Tk 52.59 crore.

## Google boss defends British tax affairs

AFP, London

Google's executive chairman Eric Schmidt on Sunday defended the US Internet giant's tax arrangements after claims it has unethically dodged paying vast amounts of British tax.

Writing in Britain's Observer newspaper, Schmidt insisted that Google "has always aspired to do the right thing" and that the company pays "significant" amounts of British corporate, local and employment tax.

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