

Call for special allocation in budget for Chittagong

ARUN BIKASH DEY and MD TYMUR JAHAN CHOWDHURY, Chittagong

The business leaders of Chittagong want special allotment for infrastructure development of the port city and the port in the upcoming budget.

Severe gas crisis is restricting many new industries to start operations in the city, said Mahbubul Alam, president of Chittagong Chamber of Commerce and Industry (CCCI).

The only pipeline used to supply gas to Chittagong is insufficient to meet the increasing demand, he said. Construction of the new pipeline from Bakhrabad has not started long ago, but that has not yet reached Feni, Alam said.

So the upcoming budget should have a special allocation for the new pipeline, he said.

Alam suggested the government should widen the tax net

to get more revenue by finding new taxpayers instead of increasing the tax burden upon the existing ones.

He said many investors will agree to import device and machine to set up power stations, if the government exempts tax on such imports.

He also urged the withdrawal of 25 percent tariff on import of electrical transformers, which are used in mills and industries.

Alam urged the government to plan a budget for economic development and not to use that for political gains ahead of the elections.

The CCCI president also suggested increasing the range of turnover tax from the current Tk 24 lakh to Tk 30 lakh.

The international business community knows Bangladesh for the Chittagong port, AM Mahabub Chowdhury, acting president of

Chittagong Metropolitan Chamber of Commerce and Industry, told The Daily Star.

He said special allotment should be kept in the upcoming budget for the development of the port.

There must be a dedicated lane for the port, and its automation should be implemented in true sense to improve productivity, Chowdhury said.

An eight-line dedicated way for trucks should be built from Berek Building to Navy Gate, as dilapidated conditions of the roads have been hurting containers handling in the port, he said.

In the last fiscal year, revenue earning from the port was around Tk 1,528 crore and from the Chittagong Customs House it was around Tk 22,532 crore, he said.

At least 10 percent of the income of the port and the cus-

toms should be allocated for their own development, he said.

Chowdhury also said the range of individual tax waiver should be increased from the current Tk 2 lakh to Tk 3 lakh and corporate tax should be reduced to 35 percent from 42 percent.

He said the range of paying 10 percent supplementary tax should be increased from Tk 2 crore to Tk 5 crore.

Bangladeshi ship owners should enjoy reduced bank interest rates, said Kamal Hayat, senior vice chairman of Bangladesh Shipping Agents' Association.

The present interest rate is 16 percent to 18 percent, which should be reduced to half to encourage the sector, Hayat said.

The government has not yet introduced the shipping sector as an industry, he said.

The sector, which is the country's one of the biggest foreign

currency earners and has the potential to achieve a high growth, should be given preference in the budget for 2013-14, he said.

Chittagong is called the commercial capital, but the city has been neglected for a long time, he said.

The government should keep a lump sum allotment for the weak readymade garment industries that are struggling to comply with regulations, said Nasir Uddin Ahmed Chowdhury, first vice president of Bangladesh Garment Manufacturers and Exporters Association.

"As a businessperson of Chittagong, I think Chittagong is being ignored in budgetary allocation for years," he said.

"If the government spends a fraction of income of Chittagong port for the development of the port and the city, it will be sufficient."



SJIBL

Anwer Hossain Khan, chairman of Shahjalal Islami Bank, attends the bank's 12th annual general meeting and 11th extra-ordinary general meeting in Gazipur yesterday. The bank announced 20 percent stock dividend for 2012. Md Abdur Rahman Sarker, managing director, was also present.



SQUARE

Tapan Chowdhury, managing director of Square Pharmaceuticals, receives flowers from the members of Bangladesh Herbal Products Manufacturing Association, as Chowdhury has recently been elected president of the association. The election took place ahead of schedule after the previous president resigned citing personal reasons.

Turnover touches five-month high as stocks buoyant

STAR BUSINESS REPORT

Turnover on the Dhaka Stock Exchange hit Tk 611 crore, a five-month high, powered by investors' buying spree amid optimism for markets.

Considered the most important indicator for the market, it gained 11.48 percent yesterday from the previous day to close at Tk 547 crore.

DSEX, the benchmark index of the Dhaka Stock Exchange, closed the day at 3,974.48 points, after falling 0.49 points or 0.01 percent.

The session can be best described as a balance between expectations-driven optimism and cautious profit-taking. IDLC Investments said in its analysis.

"Market sentiments continued to stay upbeat, keeping the upcoming budget for fiscal 2013-14 at the heart of interests."

Since investors are already shuffling positions between scrips and sectors over anticipations, scrip-wise movements continued, incorporating investors' expectations, the investment banker said.

As profit taking and fresh positioning put opposite forces on market direction throughout the session, indices rocked up and down.

An aggregate of 1.56 lakh trades were executed with 16.06 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 286 issues that traded on the DSE, 108 advanced, 159 declined and 19 remained unchanged.

Some correction was observed in the major sectors. Non-bank financial institutions corrected 1.55 percent, telecom 0.42 percent, banks 0.15 percent.

However, power and pharma ended positive with 1.49 percent and 0.18 percent gain.

United Airways topped the most-traded stocks' chart with 2.02 crore shares worth Tk 43.24 crore changing hands.

Pharma Aids was the biggest gainer of the day, posting a 9.96 percent rise, while Second ICB Mutual Fund was the worst loser, plunging 7.09 percent.

The Chittagong Stock Exchange also ended flat: its selective categories index, CSCX, gaining 0.67 points, to close at 7,843.

Losers beat gainers by 121 to 68, while 15 issues remained unchanged on the port city bourse that traded 1.68 crore shares and mutual fund units with a turnover of Tk 54.35 crore.

Banking sector needs further reforms

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Commercial banks are probably trying to make up for their lower profit through high lending rates which reached as high as 13.95 percent in October 2012 and reduced slightly to 13.73 percent in February 2013. However, deposit rate, though increasing since June 2010 has been much lower than lending rates. As a result, during the whole period between June 2012 and February 2013, the interest rate spread (IRS) was above 5 percent which is considered to be a tolerable level. It is only recently the IRS is coming down due to a slight reduction in lending rate and increase in deposit rate. Thus in February 2013, the IRS reduced to 5.05 percent from a peak of 5.68 percent in February 2012.

A chronology of the measures taken by the concerned authorities in view of the huge fraudulent of resources from Sonali bank indicates that there has been very little progress in the effort towards the recovery of the money. The owner of the Hall-Mark was arrested following the commotion created after the incidence was brought to light. However, in March 2013, the managing director of the Hall-Mark Group was out in bail and applied to the government to

save the 40,000 workers and their families working in various factories of the Group which also houses some equipment worth Tk 500 crore.

Consequently, the finance ministry advised Sonali Bank to prepare a document advising on how to regularise debts of the company and restart this factory. However, the ministry denies that anyone related with the graft will be freed of their charges.

As of May 2013, no action was taken against Sonali Bank for the financial scam of Hall-Mark which involved an amount of Tk 3,648 crore. There has also been no trace of the money which was appropriated through unauthorised loans and advances by the said company in connivance with bank officials. The BB froze the accounts of the owner and relatives of the Hall-Mark and retrieved Tk 30 crore. The finance minister informed the parliament in April 2013 that Tk 405 crore was realised from the Hall-Mark Group so far. According to the BB, the Anti Corruption Commission is responsible for tracing the money back.

The ACC is seeking account information of officials and relatives of the Group from the central bank. In February 2013, a

six-member team of the ACC interrogated top officials including a former member of the board of directors of Sonali Bank, who allegedly took bribes amounting to Tk 3 crore from Hall-Mark to sanction the loans in favour of the company.

Several names of high officials of Sonali Bank and an adviser to the prime minister came up from unofficial sources as accomplices to this fraud. The ACC requested the former chairman, eight members of the board of directors, and two high officials of Sonali Bank, to submit their wealth statements to the commission by April 2013.

The recent trend in the banking sector is not supportive to a sustained economic development as it is encumbered with inefficiency and malpractices. The accumulation of excess liquidity is not only a reflection of low demand for funds. It also indicates weak supervisory and poor portfolio management of commercial banks. Several malpractices of commercial banks have also contributed to the weak performance of the banking system. In view of this, there should be further reform measures to streamline the activities of the sector towards improving its performance.

TO BE CONTINUED



MY ONE

Abdul Hakim Khan, chairman of Myone Energy Ltd, inaugurates the company's new brand 'MyChoice' and its logo at a programme recently.

Prime Bank elects vice chairs



Nasim Anwar Hossain

Mafiz Ahmed Bhuiyan

STAR BUSINESS DESK

Prime Bank has recently elected Nasim Anwar Hossain and Mafiz Ahmed Bhuiyan as vice chairmen of the bank, the bank said in a statement yesterday.

Nasim is a sponsor director of the bank. She holds a master degree in political science from Dhaka University.

Bhuiyan is a sponsor director of Prime Bank and has also served as chairman of the executive committee of the bank prior to his present position.

First Security promotes deputy managing directors



Quazi Osman Ali

Syed Habib Hasnat

STAR BUSINESS DESK

Quazi Osman Ali and Syed Habib Hasnat have recently been promoted to the post of deputy managing director of First Security Islami Bank Ltd (FSIBL), the bank said in a statement yesterday.

Prior to the promotion, they were the senior executive vice presidents at the bank's head office. Ali joined FSIBL as assistant vice president in 2000. He began his banking career at National Bank Ltd in 1984. He completed his MCom in management from Chittagong University.

Hasnat joined FSIBL as assistant vice president in 1999. He started his banking career at United Commercial Bank Ltd in 1986 and later worked at Southeast Bank.

Fred Hollows Foundation to help the visually impaired

STAR BUSINESS DESK

The Fred Hollows Foundation Bangladesh has taken a new global action plan to decrease the amount of avoidable blindness and visual impairment through the treatment of over 5 crore people.

If implemented, it could dramatically reduce the number of blind or visually impaired people in Bangladesh estimated to currently be around 7.5 lakh.

The foundation's Bangladesh Country Manager Zareen Khair said the new plan is a watershed moment for eye health in Bangladesh.

"Eighty percent of blindness and vision loss in Bangladesh is avoidable. That means right now there are literally thousands of people in our country who could be liberated from their condition."

In the first phase of its project (2008-2012), the foundation in public-private partnership with the government developed the capacity of 10 district hospitals and screened 413,647 persons for eye diseases and carried out 23,412 cataract operations.

Regent Airways to connect Malaysia

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Biman Bangladesh Airlines, United Airways and Malaysia Airlines now operate on this route, which grew over 10 percent in the last couple of years, said Asif.

Regent has set the ticket price for the round trip on economy class at Tk 27,500, he added.

The carrier also plans to open flights to Bangkok, Singapore, Hong Kong and Kolkata soon, said Asif.

The airline received permission from Civil Aviation Authority of Bangladesh last year to launch international flights. The relatively young carrier operates flights on domestic routes -- Dhaka, Chittagong, Sylhet, Cox's Bazar and Jessore.

Since inception in November 2010, the airline carried more than 6.5 lakh passengers on the domestic routes.

Allowances too scanty

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"A raise in the allowance would help me invest in the vegetables store and earn more from there," he said.

Mustafa K Mujeri, director general of Bangladesh Institute of Development Studies, said the allowance should be increased to improve the living conditions of the poor.

He said the Tk 300 monthly grant is a 'matter of shame' considering the current market prices of essentials. "How can food security of a person be ensured with the money?" Mujeri said.

"The amount is too small to bring any meaningful benefit to the lives of the poor."

He said the government now has 99 schemes under the social safety net.

"The number is too high," said Mujeri, suggesting a cut in the number of schemes that have become ineffective in the course of time.

"Now, programmes are being taken and implemented in a scattered manner. The number of programmes should be reduced to use resources in an integrated manner, so that the poor receive more benefits," he said.

Correction

In a report -- Envoy clarifies Indian ad on Narayanganj project -- published on B1 yesterday, Foreign Secretary Shahidul Haque was wrongly quoted as saying: "Separately, the two countries will sign a deal tomorrow on roadshows in India to encourage Indian investment in Bangladesh."

Actually, it and the next three comments were made by Indian High Commissioner Pankaj Saran.

We regret the error.