

FBCCI calls for steps to spur investment

Apex trade body chief urges govt to lower bank interest rate

STAR BUSINESS REPORT

The government should reduce the interest rate on bank loans to encourage investment by private sector entrepreneurs in areas of energy and infrastructure, Kazi Akram Uddin Ahmed, president of the country's apex trade body, said yesterday.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) president also called for lowering of the spread, which is the difference between the cost of fund and interest rate, to a tolerable 3 percent.

Businesses need to make a whopping 30 percent profit to cover the bank interest rate of 18 percent and the operating costs, according to entrepreneurs.

"The proposed budget for fiscal 2013-14 is not ambitious, but rather realistic. The only criticism we have is that the implementation of the budget would be challenging," Ahmed said.

The FBCCI criticised the government's decision to set bank borrowing at Tk 25,993 crore for the next fiscal year, up 13 percent from the outgoing fiscal year, to meet the budget deficit.

"The inflow of money to private sector



Kazi Akram Uddin Ahmed

will be squeezed because of government's over-borrowing."

"At the same time, we are urging the government to operate the state-owned industries under public-private partnership to reduce wastes."

Ahmed suggested the government allow investment of black money in the industrial sector, infrastructure and in special economic zones to spur investment, while calling for stern actions to check the creation of black money.

Ahmed also welcomed the move to continue with tax breaks for 17 sectors which include garment, textile, tourism, IT, poultry and infrastructure.

The continuation of duty-exemption on import of basic commodities such as agricultural equipment, lifesaving essential drugs and cotton, together with the proposal to reduce duty to 2 percent from 3 percent on capital machinery imports, were also well-received by the business community.

The FBCCI lauded the proposal to increase the turnover tax ceiling to Tk 80 lakh from the existing Tk 70 lakh, which, Ahmed says, will help expand the businesses of small- and medium-scale entrepreneurs.

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Left, Nobel laureate Muhammad Yunus and US billionaire Warren Buffett pose for photographs as they were honoured with lifetime achievement awards at the Forbes 400 Summit on Philanthropy in New York on June 5.

GHI

Yunus, Buffett honoured by Forbes

STAR BUSINESS DESK

Nobel laureate Muhammad Yunus and US billionaire investor Warren Buffett were honoured before the world's wealthiest business leaders at the second annual Forbes 400 Summit on Philanthropy in New York on June 5.

More than two hundred of the Forbes 400 billionaires gathered at the UN to recognise microcredit pioneer Dr Yunus and business tycoon Buffett with the lifetime achievement awards.

UN Secretary General Ban Ki-moon welcomed the billionaires and invited them to play a role in addressing global problems of poverty, poor health care and environmental issues, said a statement.

The gathering of the wealthiest people in the world was organised by Forbes magazine.

Steve Forbes, chairman of Forbes magazine, said the total wealth of the people in the room was about half a trillion dollars.

Yunus addressed the gathering to invite the richest businesses to be involved in social business, a concept he introduced to address social problems.

He also proposed that 10 percent of philanthropy money from each person attending the Summit could be invested each year in social business.

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Budget gives tourism a lift

SOHEL PARVEZ

Good news for backpackers heading to Bangladesh in the coming months: their holidays at the country's beaches and mountains have just become more exciting.

It is because Finance Minister AMA Muhith, in his budget speech for fiscal 2013-14, proposed slashing down the import duty by 80 percent of the various paraphernalia used for recreational adventure sports like scuba diving, paragliding and kite

surfing.

"We have the scope to offer scuba diving in our beach towns but it does not take place because of the absence of equipment," said M Wahid Ullah, managing director of Silver Wave Tours Ltd, which facilitates inbound tourism.

The duty slash, he says, will set off an investment boom in this sub-sector of tourism.

"Investors have so far been shy of investment due to the high costs. Now, more equipment will arrive,

enabling tourists to have a more action-filled holiday in Bangladesh."

The duty cut from 25 percent to 5 percent applies on: swimming accessories, camping and hiking tents, safety cap for skating or biking, mountain climbing materials, go-kart, hot air balloons, surfing boats, kayak, sea ray and its accessories, water bikes, jet ski, house boats, bowling items and pool table.

Digital cameras, too, will become cheaper.

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3G auction delayed again

ABDULLAH MAMUN

The 3G auction date has been delayed again, this time for one month, as the disputes in the sector still remain unresolved and the telecom regulator needs more time for taking preparations.

The auction, which was at first scheduled for June 24 but later postponed to July 31, may now take place at the end of August or early September, officials said.

Sunil Kanti Bose, chairman of the Bangladesh Telecommunication Regulatory Commission, said they will soon announce a fresh date for the auction.

Also, the BTRC is yet to appoint any consultant to initiate the auction process, Bose said.

The regulator had earlier tried to appoint foreign consultants but scrapped the plan as it was not satisfied with the applications.

On the other hand, four operators -- Grameenphone, Banglalink, Robi and Citycell -- wanted a rebate on the 15 percent additional VAT over the spectrum charges that they paid during their 2G licence renewal.

The regulator had to delay the auction date to July 31 as the operators refused to take part in the auction until the disputes are resolved.

State enterprises bring down losses

REJAUL KARIM BYRON

The amount of losses incurred by state enterprises fell by around 22 percent in the current fiscal year, compared to the previous year, due to price adjustments of power and petroleum products several times.

The amount of dividend they paid to the government was also higher, by 109 percent, compared to the previous year.

The combined net losses of 48 state enterprises stood at Tk 7,386 crore in the current fiscal year, down from Tk 9,414 crore last year, according to provisional estimates made on the basis of information available till April.

Bangladesh Petroleum Corporation and Bangladesh Power Development Board (PDB) top the chart of the loss making enterprises.

Petroleum Corporation saw a decline

by 39 percent in its losses to Tk 6,941 crore, while PDB's losses fell by about 10 percent to Tk 5,750 crore in the current fiscal year.

The prices of power and petroleum products were raised several times during the last 18 months that caused a fall in the losses of the enterprises, a finance ministry official said.

Price adjustment of power and petroleum products was a major condition of the International Monetary Fund tagged with its \$1 billion credit.

As the prices had not been adjusted earlier, the government had to spend a huge subsidy on the PDB and Petroleum Corporation.

In the current fiscal year, the government allocated subsidy worth Tk 15,000 crore for the petroleum sector and more than Tk 5,000 crore for the power sector.

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StanChart sells first Bangladesh-tied notes amid hunt for yield

BLOOMBERG

Standard Chartered Plc sold the first-ever structured notes tied to Bangladesh's sovereign debt, as offerings of securities linked to high-yielding emerging-market debt surge.

The lender sold a combined \$12.6 million of four-year notes tied to the nation in four offerings on May 30 and June 3, according to data compiled by Bloomberg. The underlying debt, which had never been used for credit-linked notes, has coupon rates of 11.25 percent to 11.5 percent, the data show.

Investors hunting for high yields have turned to securities offering access

to emerging-market debt this year amid global monetary easing. That has led to the first sales of notes tied to nations from Bahamas to Lithuania to Honduras, while issuance connected to such countries as Vietnam and Sri Lanka has surged to records, according to Bloomberg data.

Valerie Tay, a Singapore-based spokeswoman for Standard Chartered, declined to comment on the notes.

Standard & Poor's last month kept its rating on Bangladesh's sovereign debt at BB-, three levels below investment grade, citing a low level of economic development and limited flexibility in fiscal and monetary policy.

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Jet Airways CEO resigns

AFP, Mumbai

India's private carrier Jet Airways said Friday that its chief executive Nikos Kardassis has resigned from the firm.

"Nikos Kardassis has resigned with effect from June 5," the airline said in a statement to the stock exchanges, without disclosing the reason.

The carrier's chief operating officer Hameed Ali will be the "acting CEO", until a replacement for Kardassis is appointed.

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