Star BUSINESS

City

DHAKA THURSDAY MAY 22, 2014, e-mail:business@thedailystar.net

Mid-income status not far off

BY THE NUMBERS

$1,026 per capita income needed for 3 straight years to be mid-income nation

$1,190 in FY14

$1,054 in FY13

MD FAZLUR RAHMAN

Income per capita grew by 12.90 percent to $1,190 this fiscal year to take the country closer to the middle-income bracket.

So says Bangladesh Bureau of Statistics in a provisional estimate.

Bangladesh will be regarded as a middle-income nation if it achieves at least an average per capita income of $1,026 for three consecutive years, with the figures being inflation adjusted. The per capita income last fiscal year was $1,054.

"We have moved another step forward with the rise in the per capita income," Planning Minister AHM Mustafa Kamal told reporters yesterday.

According to the World Bank, the income thresholds are: low income $1,025 or less; lower middle-income $1,026 to $4,035; upper middle-income $4,036 to $12,475; and high income $12,476 or more.

READ MORE ON B3

Economists dispute GDP growth figure

Planning Minister Mustafa Kamal says economic growth accelerated 6.12pc this fiscal year

REJAUL KARIM BYRON

The economy grew by 6.12 percent this fiscal year, according to a provisional estimate by Bangladesh Bureau of Statistics, much to the disbelief of economists.

Although the state-run statistical agency did not officially release the number, Planning Minister AHM Mustafa Kamal revealed it to reporters yesterday.

Economists were not convinced.

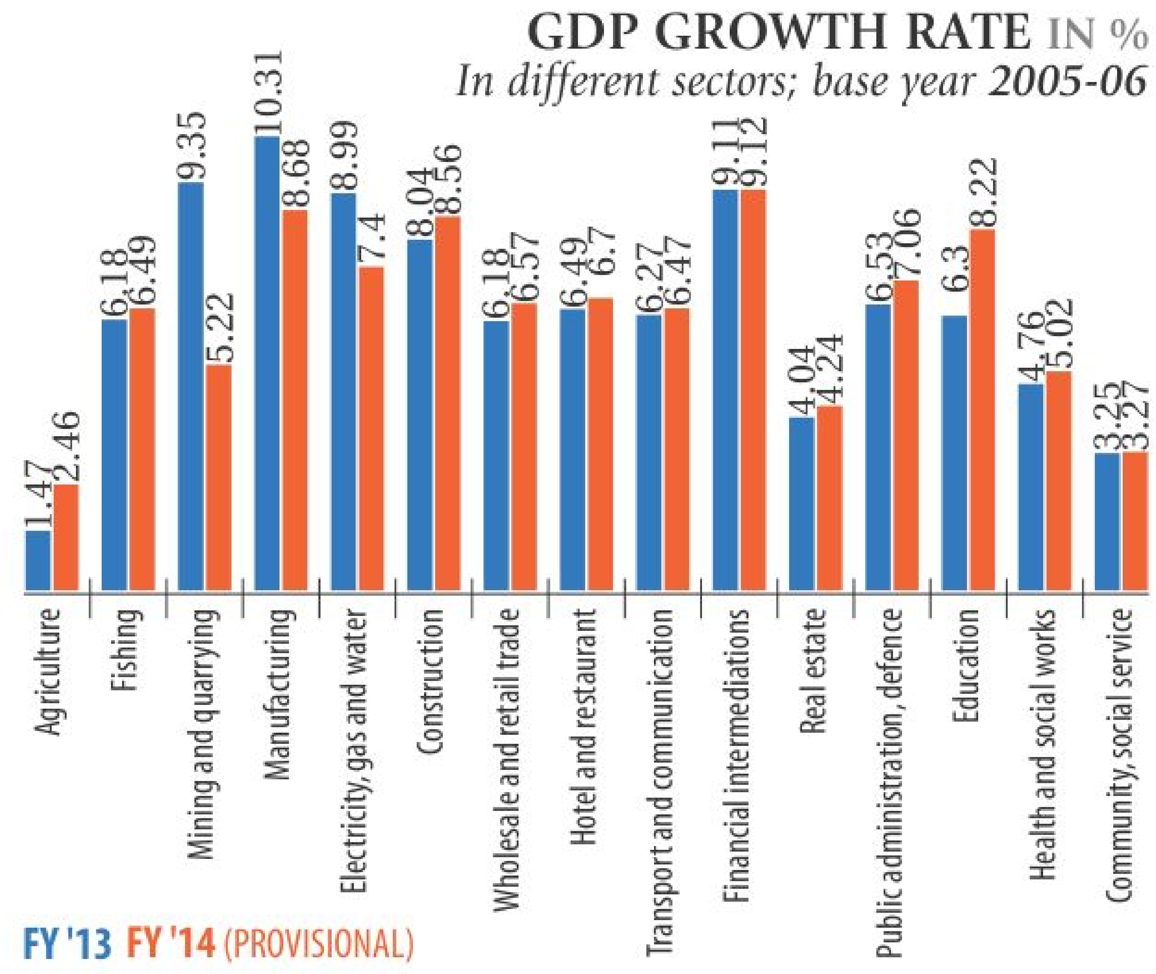
Independent analysts and development partners all earlier forecast that the GDP growth would drop below 6 percent this fiscal year.

The provisional estimate of the BBS using the new base year of 2005-06 for the last fiscal year though turned out to be off the mark: it expected the GDP to grow by 6.18 percent but in reality it registered the growth of 6.01 percent.

In the current fiscal year, the agriculture sector made a major leap, growing by 2.46 percent, which was 1.4 percent last fiscal year.

The manufacturing sector, subdued by political unrest, sank 1.7 percentage points to reach 8.68 percent. The transport sector, which was one of the worst victims of the prolonged countrywide shutdowns, surprisingly grew by 20 basis points to 6.47 percent.

Many components of the services sector such as construction, real estate, education and hotel and tourism, also grew, according to BBS data.



However, the political turmoil in the current fiscal year inflicted a loss of $1.4 billion on the economy, according to a recent study from the World Bank.

The services sector accounted for 86 percent of the sum, the manufacturing sector 11 percent and agriculture 3 percent.

An official of the BBS said the GDP grew more than six percent because six additional sectors were added to the economy in the new base year to take the total number of sectors to 21.

Zaid Bakht, research director of Bangladesh Institute of Development Studies, found the flattering figure "questionable", as it meant the GDP grew more than in the previous fiscal year, which was free from any bouts of political unrest, let alone a lengthy one.

READ MORE ON B3

A massive push for Digital Bangladesh

State-run telecom operator to build LTE network in 3 years at Tk 956cr

ABDULLAH MAMUN

State-run telecom operator BTCL will develop a countrywide wireless network to provide low-cost internet broadband services in all the seven divisional cities including the rural areas.

The Executive Committee of National Economic Council (Ecnec) yesterday approved the Tk 956 crore project to be implemented by 2017.

The company has asked for spectrum from the telecom regulator to set up the network for long term evolution (LTE), which is known as fourth generation (4G) technology and very efficient for wireless data services compared to 3G or other wireless services.

Telecom Secretary Abubakar Siddique said the LTE network will be developed outside the capital where other operators do not want to offer services. Subscribers will enjoy the services thorough personal computers and laptops only.

Siddique, who is also the chairman of BTCL (Bangladesh Telecommunications Company Ltd), said they have already sent the proposal for spectrum allocation to the regulator.

A major portion, Tk 612 crore, of the project fund will be provided by the Export-Import Bank of Korea and the rest Tk 344 crore by the government.

The secretary said the foreign loans at an interest rate of 0.01 percent are payable in 25 years.

The BTCL will have to provide Tk 315 crore from the government fund to Bangladesh Telecommunication Regulatory Commission for 35 MHz spectrum in the 2,500 MHz band.

A total of 670 base transceivers and 300 kilometres of optical fibre cable will have to be installed for the project.

Planning Minister AHM Mustafa Kamal said it is important to set up a wireless broadband network to ensure access to low-cost internet for all and build a 'digital Bangladesh'.

The project will help expand the ICT services by providing high-speed and quality broadband, the minister said in a statement.

The Ecnec yesterday approved four projects, including the one for wireless broadband network, involving Tk 6,386 crore.

Despite being the oldest telecom operator in the country, the BTCL provided only 14,000 broadband lines so far, against its capacity to offer around 50,000 lines, mainly due to poor maintenance.

The state-run operator has more than 50 years of experience in various services such as landline, internet, backhaul and international gateway or call handling.

But after the rise of private telecom operators for mobile, WiMax and international gateways or transmission services, customers were losing interest in BTCL.

BTCL will be the third LTE service provider in Bangladesh, while the other licensees are Banglalion, Qubee and Bangladesh Internet Exchange Ltd. Another company, Mango Teleservices, is also in the process to get LTE spectrum.

TANNERY RELOCATION

Factory construction starts in Savar industrial park

SUMAN SAHA

Some 15 tannery owners have already started construction of their factories in Savar Leather Industrial Park in a bid to expedite the relocation of hazardous factories from Hazaribagh in Dhaka.

The companies, which include Ruma Leather Industries, Bengal Leather Complex, Kohinoor Tanneries, Pragati Leather Complex, have begun preliminary works such as piling, construction of labour sheds and soil tests, said M Abu Taher, chairman of Bangladesh Finished Leather, Leather Goods and Footwear Exporters' Association.

Taher's company Ruma Leather Industries was the first to begin sand piling, with full-fledged work set to begin next month.

The move comes as the yearend deadline set by the European Union for relocation draws near. Bangladesh faces an export ban on leather or leather goods to European countries if the deadline is not met.

Many companies are interested to set up the factories in the leather estate as the construction of a central effluent treatment plant, a key component of the project, has resumed, said Shaheen Ahmed, chairman of Bangladesh Tanners Association.

Tanners have decided to relocate the factories to Savar, taking the environmental issues into account and hoping to boost exports, said Ahmed, also the chairman of Kohinoor Tanneries.

The industries ministry has already allocated the plots on the 200-acre leather estate to the 155 tannery owners through Bangladesh Small and Cottage Industries Corporation, a wing of the industries ministry implementing the project.

A total of 148 tannery owners have submitted their factory layout plans, of which 112 plans got the approval.

Tannery owners, however, have urged the government to provide long-term loans with a single digit interest to expedite the relocation.

Investment of around Tk 7,500 crore is needed for relocation, said Taher, adding that if financing is not arranged by the government many tannery owners will have to fold their businesses.

The leather industry has crossed the record $1-billion mark in exports for the first time in history in just the first ten months of the fiscal year.

Between July and April, the leather industry exported $1.06 billion of products, whereas the export receipts for the whole of fiscal 2012-13 stood at $980.67 million, according to data from the Export Promotion Bureau.

Amir Hossain Amu, industries minister; Anwar Hussain, environment minister; Shajahan Khan, shipping minister; and Md Qamrul Islam, food minister, are expected to visit the Leather Industrial Park in Savar today.

IPO price of United Power set at Tk 72

STAR BUSINESS REPORT

The public offer price for each share of United Power Generation and Distribution Company has been set at Tk 72, as discovered by institutional investors through bidding under a book-building method.

United Power will raise Tk 237.60 crore through initial public offering (IPO) using the book-building mechanism. The proceeds will be used to repay the company's long-term debt and meet the demand for working capital.

The institutional quota for shares of the power generation company was oversubscribed by more than 48 percent at the highest bidding rate, officials said.

Sixty eight registered eligible institutional investors made a total of 99 bids at different price levels between Tk 48 and Tk 72 for United Power shares on May 18-20.

Of the bids, 45 were made at Tk 72 level for 1.96 crore shares, against 1.32 crore shares reserved for institutional investors.

Based on an indicative price of Tk 60 a share, the highest bidding price was Tk 72 and the lowest was Tk 48 and now the cut-off price (the price for public offering) was determined at Tk 72.

The indicative price has been built at Tk 60 through bidding by 28 institutions from six categories at a roadshow in May last year.

With the completion of institutional bidding under the book-building method, the company will now apply to the Bangladesh Securities and Exchange Commission for regulatory approval to float the IPO for general investors.

The public subscription will begin after the regulatory approval.

READ MORE ON B3

No consensus on factory inspection yet

300 factories fall under purview of both Accord and Alliance

REFAYET ULLAH MIRDHA

The two foreign inspection agencies -- Accord and Alliance -- have failed to reach a consensus on avoiding repetition in the inspection of 300 common garment factories, although they had agreed earlier.

"The Accord did not sign any agreement to say that it will not inspect the factories inspected by the Alliance. We are sticking to our plan to inspect all the 1,600 garment factories that we have listed," said Brad Loewen, chief safety inspector of the Accord.

"All these factories need remediation. All the factories have problems more or less," said Loewen on the sidelines of a meeting of three government secretaries and envoys of European countries and the US at the commerce ministry in Dhaka.

The Accord engineers have already completed inspecting 600 factories by May 10, and 1,000 more factories would be inspected by the end of September this year, Loewen said.

According to the plan, Alliance, a US-based platform of 26 retailers and brands, will inspect nearly 700 factories. But there are 300 factories in common that supply garment products to both Accord and Alliance.

READ MORE ON B3

Ban on salt import on way

STAR BUSINESS REPORT

The government will ban salt imports for this year in a bid to ensure fair prices for farmers, Industries Minister Amir Hossain Amu said yesterday.

"I have already talked to the commerce ministry in this regard," he said, adding that the country has produced an adequate amount of salt for the year.

The country has produced a record 17.53 lakh tonnes of salt this year against the annual demand for 15.02 lakh tonnes.

"So, there will be no need for salt import," said Amu at a workshop on Sustainable Universal Salt Iodisation Programme.

The Bangladesh Small and Cottage Industries Corporation (BSCIC) organised the day-long workshop at Ruposhi Bangla Hotel in the city in association with The Global Alliance for Improved Nutrition (GAIN).

Around 84 percent of the families now consume iodinated salt, Abu Taher Khan, a director of BSCIC, said, adding that the government has plans to increase the number to 100 percent by 2016.

High prices of iodinated salt are now the main barrier to increasing its consumption, especially among the rural people, he said.

READ MORE ON B3

NBR to slap penalty for delayed e-TIN re-registration

SOHEL PARVEZ

The National Board of Revenue is likely to impose penalty on taxpayers for non-compliance with its directive to re-register online to get electronically generated Taxpayers' Identification Numbers (e-TINs) within June 30.

Taxpayers, who still hold manually issued 10-digit TINs, should get 12-digit ones by re-registering within the deadline. The 10-digit TINs will not be valid from July 1, an NBR official said yesterday.

"We have proposed rigorous penalties on the taxpayers who will fail to re-register in time. The amount of fine is likely to be high and may be imposed from the next fiscal year," he said, asking not to be named.

The revenue authority launched an e-TIN portal on July 1 last year to clean up its TIN database in a bid to establish an electronic tax payment platform.

Initially, the NBR gave a six-month time for existing taxpayers or TIN holders to re-register online to get electronically generated TIN certificates by matching their details with their national identity cards.

Later, it extended the deadline twice to get an increased number of taxpayers on board. The new deadline expires on June 30.

So far, more than nine lakh taxpayers who got manually issued TINs have re-registered for e-TINs. The valid form is 51 percent of the 17.5 lakh valid TIN holders, meaning almost half of the TIN holders are yet to join the e-TIN database.

The official said the NBR may propose inserting a provision in the income tax law to impose penalty for re-registration in the next fiscal year. The amount of penalty for delayed re-registration may be more than Tk 5,000, he said.

Banks to pay tax on commission from bonds, savings certificates

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked banks to comply with the revenue authority's rule to pay 10 percent source tax on their commission earnings from sales of government-issued prize bonds and savings certificates.

The National Board of Revenue said the selling of prize bonds and savings certificates is a service and 10 percent source tax is payable on commission earnings from the service as per income tax law.

The provision of source tax on commission earnings from such service was payable since July 2011, according to the NBR.

The central bank, citing the NBR letter issued in March, asked banks to ensure deduction of 10 percent tax at source on the commission earnings from sales of savings certificates and prize bonds at all their branches.