Business leaders demand funds for Ctg infrastructure

ARUN BIKASH DEY, *Chittagong*

Businessmen have urged the government to take special budgetary measures to bolster industrialisation in the port city of Chittagong, which is currently bogged by infrastructure bottlenecks.

They called for special allocations in the next budget for land acquisition to set up industrial zones in Chittagong, as well as quick completion of the ongoing expansion of Dhaka-Chittagong highway and railway communications.

Setting up industrial zones has become imperative to boost business in Chittagong as new entrepreneurs are hard-pressed for land, Mahbubul Alam, president of Chittagong Chamber of Commerce and Industry (CCCI), told The Daily Star yesterday.

"The government has already decided to set up industrial zones in Mirsarai and Anwara, which is appreciable, and we want special provision in the budget to acquire land for those."

Industrialisation has stagnated in Chittagong due to a lack of logistical services, including lack of new gas connections and low pressure of gas supply hampering production, he said.

Government officials have talked about plans to build a tunnel under the river Karnaphuli to connect Anwara and Boalkhali upazilas with the main city and help develop them into suburban townships, said Nasir Uddin Ahmed Chowdhury, first vice president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"We want funds for infrastructure development that will hasten the development of these areas."

Chowdhury also supported suggestions to build a garment village in Chittagong, to strengthen the industry.

The government is yet to take any initiative in this regard, even though Pakistan has already built a garment village to grab international markets, he said. "The government should set aside budget for building the garment village in Fatehabad."

The government could route 10 percent of the Chittagong Port's income towards infrastructural development of Chittagong city, said AM Mahabub Chowdhury, vice president of Chittagong Metropolitan Chamber of Commerce and Industry.

"Continuous traffic of heavy vehicles to and from the port has ruined the roads, so it makes sense to demand the allocation of at least 10 percent of the port's total income for road development."

Indian HC lifts stay on Sun Pharma's $3.2b Ranbaxy takeover

REUTERS, *Mumbai*

The Andhra Pradesh High Court on Saturday lifted a temporary stay it imposed on generic drugmaker Sun Pharmaceutical Industries Ltd's $3.2 billion takeover of Ranbaxy Laboratories Ltd, a lawyer involved in the case said, paving the way for both companies to complete the deal.

The court last month ordered an "interim status quo" on the deal, pending a decision on a petition for a probe into alleged insider trading.

The petition was filed in late April by two individuals who requested that the court ask the market regulator SEBI and the two main stock exchanges to halt the deal and order a probe.

"The court has vacated the stay order on the deal," Vivek Reddy, lawyer for the petitioners, told Reuters.

Ranbaxy shares jumped 24 percent and trading volume tripled in three sessions ahead of the companies' announcement on April 7 that Sun Pharma would buy the loss-making company from Japan's Daiichi Sankyo Ltd.

Sun Pharma declined to comment when contacted by Reuters, while Ranbaxy spokesmen did not immediately respond to an email requesting comment.

IPDC

Kazi Samiur Rahman, head of retail business at the Industrial Promotion and Development Co (IPDC), and Quazi Mohammad Shahed, chief human resources officer at Grameenphone, attend the signing of a deal recently. Employees of the telecom operator will enjoy exclusive discounts and privileges while taking financial services from IPDC.

Nike ready to pitch high price for Man United deal

AFP, *Paris*

Sports clothing group Nike is prepared to spend $600 million over about 10 years to keep alive its contract to fit out the British Manchester United football team, the Wall Street Journal newspaper reported on Friday.

Manchester United is still one of the most popular and followed teams in the world, despite disappointing results this season.

Nike, which has equipped the team since 2002 under a deal expiring next year, wants to retain rights to the retailing footprint of the Manchester United brand, and to put its boots on the team's feet.

The current contract between the club, known as the "Red Devils" and the Nike brand with its swish logo, runs for 13 years at a cost to Nike of $510 million (374 million euros).

The German sportswear group Adidas, and US company Warrior Sport, with its New Balance brand, which already supplies Manchester United's big rival Liverpool, are also in the running for the contract, the newspaper said, quoting people close to the matter.

ENGREEN

Md Mushfiqur Rahman, managing director of Engreen Ltd, and Mahmood Malik, managing director of IDCOL, exchange documents of a deal at a programme recently for a term loan facility of Tk 5.46 crore.

BTI

People take a look at different projects of Building Technology & Ideas Ltd at the BTI 30th Anniversary Handicraft and Kitchenware Exhibition at the real estate company's head office in Gulshan, Dhaka yesterday.

Time to go for wealth tax

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Prof Mustafizur Rahman, executive director of Centre for Policy Dialogue, said though there is now 10 percent surcharge tax on asset worth more than Tk 2 crore, it is not enough given the context of income and asset inequality.

"Time has come to impose tax on wealth, at least for resource mobilisation and to reduce inequality," Rahman said.

Many countries have introduced wealth tax for assets that do not generate any income. For instance, if one's earnings are deposited in a savings account, it does not come under the purview of wealth tax as the balance generates interest, which is taxable. But jewellery generates wealth tax.

Bangladesh's neighbour India has wealth tax, which is payable if the market value of certain assets exceeds Rs 30 lakh. The tax is 1 percent of the combined value of such assets.

In 2011, Bangladesh introduced 10 percent surcharge on income tax paid by individuals with recorded wealth exceeding Tk 2 crore, which Mujeri of BIDS said not an effective measure to tax idle assets. Taking the scope, well-off people and corporate houses heavily invested in properties and contributed a lot to the price bubble.

Bangladesh is one of the most densely populated countries, with 160 million people living in an area of 155,000 square miles. Often, demands for lands have exceeded supplies.

A significant increase in remittances and rising income from corruption have fuelled the asset prices. The consequence is startling -- a 3,000-square-feet flat in posh areas like Baridhara in Dhaka costs Tk 5-Tk 6 crore, which is on a par with many big cities in the world such as London and New York.

"I know a man who has 64 flats in Dhaka," said Binayak Sen, a research director at BIDS, who has been trying persistently to make the government understand why the country needs to impose tax on wealth.

"I am saying it at different programmes, including before the finance minister. But only one voice is not enough," he said.

Investors' focus switches to other emerging markets

REUTERS, *London*

Elections from Jakarta to Johannesburg have calmed investors' worst fears about political risk in emerging markets this year, but voting in Cairo and Kiev and instability in Thailand and elsewhere are creating new concerns.

Polls in the so-called Fragile Five economies - Brazil, India, Indonesia, Turkey and South Africa - topped investors' list of political worries for 2014.

As these countries were dubbed 'fragile' because of their reliance on foreign investor flows to shore up government balance sheets, elections were seen likely to lead to more spending and more instability.

Presidential polls in Brazil and Turkey are still to come, but parliamentary elections in India and South Africa and local elections in Turkey have been greeted with enthusiasm by investors.

In India, the result was a resounding victory for the business-friendly opposition and in South Africa and Turkey there were strong performances by the ruling parties, who have already shown some willingness to tackle problems.

Uncertainty remains ahead of a presidential poll in Indonesia, following parliamentary elections last month, but markets there are also relatively unscathed.

"So far, elections have not delivered what was feared - political uncertainty," said Jorge de Mariscal, chief investment officer for emerging markets at UBS Wealth Management.

"So far, elections have resulted in better outcomes for (financial) markets."

The outcome for October elections in Brazil may be less comfortable for investors as incumbent leftist President Dilma Rousseff has been gaining in the polls.

However, in all of these markets, credit default swaps, often used as a proxy for measuring political risk, have fallen sharply. This also reflects a more positive view than six months ago on the extent of monetary stimulus in developed markets, which has kept U.S. yields relatively subdued and supported high-yielding assets.

Emerging market equities have risen 4 percent this year, outperforming developed market peers, after falling 5 percent last year.

Brazil's five-year credit default swaps (CDS), used to protect against default or restructuring of debt, have dropped nearly 50 basis points this year, to 155 bps, according to data provider Markit.

That means it costs $155,000 a year for five years to insure $10 million of Brazilian debt against default.

South Africa's CDS have fallen 30 bps this year to one-year lows of 170 bps, while Turkish CDS have dropped by 50 bps, also to 170 bps.

Instead, worries have switched to the outcome of elections this weekend in Ukraine and Egypt, the security situation in Nigeria and this week's coup in Thailand.

The flare-up between Ukraine and Russia, which led to the annexation by Russia of Crimea following the ousting of Ukraine's pro-Russian president Viktor Yanukovich, has made investors wary about trading these countries' assets.

India best performing equity market in Asia-Pacific for 2014

REUTERS, *Mumbai*

The BSE Sensex rose more than 1 percent on Friday, making India the best performing equity market in Asia-Pacific for 2014 in dollar terms.

The benchmark has gained 2 percent this week on continued hopes the incoming Narendra Modi government would unveil substantial economic reforms. Gains were also helped as State Bank of India surged after reporting bad loans fell in January-March, sparking a rally in other state-run lenders.

Modi will be sworn in on Monday, ushering in the new Bharatiya Janata Party government, and investors will first focus on his cabinet appointments, especially the finance ministry portfolio. The administration would then need to unveil a new budget by early July.

Still, not all analysts are as optimistic. Deutsche Bank downgraded Indian stocks to "neutral" from "neutral/overweight" relative to other global emerging markets, saying valuations, appeared "very stretched."

"Earning multiples look a little stretched for short term. July budget would be the next check point for this rally," said Alok Roongta, chief financial officer at Bharti AXA Life Insurance.

Barclays fined on failure linked to gold price rigging

AFP, *London*

Scandal-hit Barclays has been fined more than £26 million after a former trader at the bank attempted to manipulate the price of gold, Britain's financial regulator said Friday.

The Financial Conduct Authority said in a statement that it had fined Barclays £26.03 million ($43.87 million, 32.18 million euros) "for failing to adequately manage conflicts of interest between itself and its customers as well as systems and controls failings" in relation to a fixed London pricing of gold over a nine-year period to 2013.

This is a fresh blow for Barclays, which was at the heart of the Libor interest-rate rigging scandal in 2012. The troubled British bank is also facing investigations along with other major lenders over possible manipulation of foreign exchange trades.

Barclays chief executive Antony Jenkins expressed "regret" at the outcome.

The FCA said it had fined former Barclays trader Daniel James Plunkett £95,600 and banned him from working within any "regulated activity" after noting that on June 28, 2012, he "exploited the weaknesses in Barclays' systems and controls to seek to influence that day's 3:00 pm Gold Fixing and thereby profited at a customer's expense".

ICT trade bodies demand VAT-free internet

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The use of internet will get a boost if the VAT on the internet is removed, Kabir said.

He urged the government to extend the tenure of tax holiday on income tax in the ICT sector up to 2025, which will expire on June 30 next year.

BASIS leaders also demanded e-commerce services to be exempted from VAT to increase online payment and purchase.

Shamim Ahsan, BASIS president, urged the government to allocate 5 percent of the total budget for the ICT sector.

The government should provide the ICT entrepreneurs with loans on 8 percent interest by allocating Tk 5,000 crore for the sector, said AHM Mahfuzul Arif, president of BCS.

Akhtaruzzaman Manju, president of ISPAB, stressed the need for keeping the import tax on internet-related equipment and devices, including internet modem, router and optical fiber cable, within 4 percent.

Reduced import tax will slash transmission cost, which will ultimately cut internet prices in places outside of Dhaka, he said.

LOTTO

Tamijuddin Ahmed, additional commissioner of Rajshahi Metropolitan Police, and Abdullah Al Mosaddaq, chief executive of Lotto Bangladesh, open an outlet of Lotto Bangladesh at New Market in Rajshahi recently.

SIBL

AMM Farhad, deputy managing director of Social Islami Bank, presents a cheque for Tk 2 lakh for heart valve replacement surgery recently to Efirun Nesar, an MBBS student of Asian Medical College Hospital, and AK Moyeen Uddin Ahmed, an adviser to the hospital.

NAVANA

Ali Reza Baksh, chief executive of Navana Pharmaceuticals, attends a raffle draw programme for the recently completed T20 World Cup Cricket, at Islam Chamber in Dhaka on Monday. Akhil Chandra Bhowmik, marketing director, was also present.