

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.93%	▲ 0.83%	\$1,190.33 (per ounce)	\$63.13 (per barrel)	▲ 1.17%	Flat	▼ 7.50%	▼ 0.18%	BUY TK 77.15	82.40	117.33	0.60
4,586.95	8,654.11			27,828.44	20,563.15	3,392.11	4,611.74	SELL TK 78.15	86.40	121.33	0.63

Star BUSINESS

DHAKA MONDAY JUNE 1, 2015, e-mail:business@thedailystar.net

এসআইবিএল ফ্যামিলি এমশাওয়ারফেস্ট ইসলামিক মার্কেট ফাইন্যান্স

সুন্দর বিনিয়োগ বৃহৎ সম্ভাবনা

যে কোন প্রয়োজনে ০৯৬৯২০০৯২২ সোস্যাল ইসলামী ব্যাংক লিমিটেড



Tax break likely for auto assemblers, tyre makers

Rice, wheat and sugar imports may come under AIT

SOHEL PARVEZ

The government is likely to offer a tax break to the automobile, tyre and bicycle industries to promote growth and investment in the sectors, an official said yesterday.

Finance Minister AMA Muhith may roll out the tax benefits while placing the budget proposal in parliament for fiscal 2015-16 on June 4.

"We focused on the new areas considering their potential to boost industrialisation and create jobs," said the official of the finance ministry.

The initiative comes years after state-run Pragati Industries started assembling Mitsubishi's Pajero Sport vehicles for the local market.

Industrial giant PHP signed a deal with Malaysia's Proton in March to assemble 1,200 sedans a year at its factory in Chittagong -- a move expected to reduce the country's dependence on imported cars.

Similarly, Bangladesh's dependence on tyre imports is likely to decline in the days ahead due to a rise in local manufac-

turing.

Currently, companies such as Apex Husain, Gazi Group, Meghna Group and Rupsha Tyre make tyres to cater to light trucks, minibuses, microbuses, motorcycles, auto rickshaws and the easy bike tyre segment.

In addition to local players, India's tyre giant CEAT is setting up a plant in Bangladesh in partnership with AK Khan & Company.

Bangladesh spends around Tk 1,000 crore to import more than 15 lakh pieces of tyres a year, mainly from India, Japan and China, according to importers, distributors and sellers.

To boost exports, the tax benefit is also likely to be extended to bicycle manufacturing.

Officials said the tax waiver would encourage further investment into these areas.

The government also plans to slap on advance income tax on imports of commodities such as rice, wheat and sugar.

Currently, 211 items are exempted from AIT at the import stage.

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Corporate tax for banks to be lowered at last

REJAUL KARIM BYRON

The government is likely to reduce the corporate tax for financial institutions, even though the move would lead to revenue losses of about Tk 1,000 crore.

About 60 percent of the corporate tax comes from financial institutions, who have been demanding a cut for several years.

But the government is finally caving in to their demand, hoping the banks will go on to reduce the lending rates, which would then perk up the stagnant investment scenario, finance ministry officials said.

The corporate tax may be lowered to 40 percent from the existing 42.5 percent in the upcoming fiscal year.

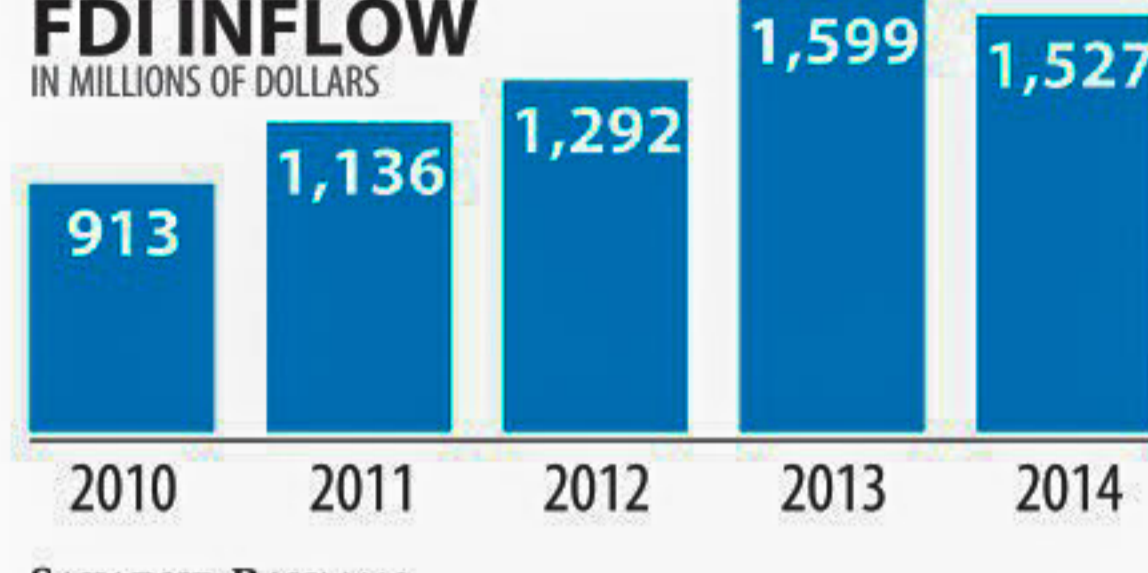
Given the higher capital requirements from 2016 and the rising default loans and the accompanying provisioning, a cut in corporate tax would take some pressure off them, banks said.

The government is also considering cutting the corporate tax for listed and non-listed companies by around 2 to 2.5 percentage points, the officials said.

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FDI still below par

Analysts blame the poor inflow on land scarcity, weak infrastructure



SAJAJUDUR RAHMAN

The inflow of foreign direct investment, which is critical to a country's infrastructure development, has not been increasing despite good incentives being offered by Bangladesh to investors from abroad.

The country received FDI worth \$1.6 billion or slightly more than 1 percent of its gross domestic product in 2013, according to Bangladesh Bank data.

In 2014, FDI went down to \$1.52 billion, which was less than 1 percent of the GDP worth \$170 billion.

On the other hand, FDI inflow to Vietnam, China and India was 6 percent, 5 percent and 3.5 percent of their GDP respectively in 2013. Even land locked Bhutan received FDI equivalent to 1.12 percent of its GDP in 2013, according to the World Bank.

The average worldwide FDI as a percentage of GDP was 4.72 percent in 2013. The highest value was in Hong Kong with 27.97 percent of its GDP. Typically, FDI worth 2-3 percent of GDP comes into a developing country and if a country routinely receives FDI that exceeds 5-6 percent of its GDP each year, then it is a significant success.

"Setting up special economic zones (SEZs) has become very important for Bangladesh to meet the foreign investors' demand for land. The government should allocate funds in the budget to develop these zones as soon as possible," said Prof Mustafizur Rahman, executive director of the Centre for Policy Dialogue.

Rahman said China, India and Vietnam have developed hundreds of SEZs, also known as industrial parks, to accommodate both foreign and local investors. The move has brought a huge amount of FDI into these countries.

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Bandwidth export to Italy awaits final nod

MUHAMMAD ZAHIDUL ISLAM

A final proposal has been sent to the prime minister for the approval to export 10 gigabits per second of internet bandwidth of Bangladesh Submarine Cable Company Ltd (BSCCL) to an Italian company.

The state-owned company is facilitating the export after an offer from Telecom Italia Sparkels.

The BSCCL will initially finalise the deal for a year at a rate of \$14,000 a month, with a provision to extend the agreement for a few more years, said Monowar Hossain, managing director of the company.

"The board has given us a green light to earn as much possible from export of the unused bandwidth."

As Prime Minister Sheikh Hasina is also in-charge of the telecom ministry, she needs to give her consent to the deal, he said.

At present, the BSCCL is using only 32 Gbps of internet bandwidth out of its cable's total capacity of 200 Gbps.

The company has also been in discussion for three years now to export another 10 Gbps of bandwidth to India. A deal in this regard may be signed on June 6, when Indian Prime Minister Narendra Modi will visit Dhaka.

The BSCCL got approval from the cabinet about this deal with the Indian company, Bharat Sanchar Nigam Ltd. Bangladesh will earn \$100,000 a month and the payment will be received in advance for every quarter, Hossain said.

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