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Star BUSINESS

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ESTABLISHING ECONOMIC ZONES

Tax-breaks, incentives lure investors

SOHEL PARVEZ

A rising number of entrepreneurs are joining the queue to establish private economic zones, tempted by the tax breaks and a host of other benefits offered by the government.

Some 43 entrepreneurs have so far applied to the Bangladesh Economic Zones Authority (Beza) for licences to set up economic enclaves on their land.

The Beza awarded the final licences to six and pre-qualification licences to 17.

The remaining 20 applicants are awaiting approval from the Beza governing board headed by the prime minister.

The Beza list of investors, who are setting up private economic zones, include big business groups such as Meghna, City, Aman, Bashundhara, Akij, Abdul Monem, Unique, Nitul-Niloy and Kazi Farms.

The incentive package, which includes tax and duty benefits, is the main reason behind the growing interest of entrepreneurs to set up private economic zones, said Paban Chowdhury, executive chairman of the Beza.

"Besides, the entrepreneurs consider that they will get support from us in getting utility connections," he added.

The Beza started its journey at the end of 2010 with a view to facilitating industrialisation for job creation, increased exports and advancement of the economy, which has been growing upwards of 7 percent annually.

The state agency came up with various incentives to lure in local and foreign investors to economic zones, which are being developed under four types of arrangements.

These are: by the government itself,

under public-private partnership arrangement, by private sector players, and under government-to-government contracts.

Under the package, an economic zone developer will enjoy a ten-year tax holiday, duty-free import benefit and exemption from land registration fees, stamp duty and local government taxes.

And investors in the industrial enclaves will enjoy full tax holiday for the first three years of their operations.

Investors will enjoy reduced tax breaks for the remaining seven years and the benefit will be reduced by 10 percentage points every year until the tenth year.

Companies setting up factories inside the economic zones will avail duty-free import of raw materials and bonded warehouse benefits to make products for both domestic and international markets.

Also, firms will get 50 percent discount on land registration fee, stamp duty and local government taxes.

Investors will enjoy tax exemption on royalty and dividend payment, while their foreign employees will avail 50 percent off on income taxes.

There will be no bar on repatriation of capital and profit as well as foreign exchange, the Beza said.

Above all, electricity, gas and other connections will be easier to get in the economic zones, according to officials.

Factories that were in operation prior to issuance of licence for economic zones will not be able to avail the incentives, said a senior official of the Beza.

The economic zones will be under the Beza, so firms will be compliant.

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Top executives of reputed firms launch "ONE", a platform offering special services and tariffs to SME customers of DHL Express Bangladesh, at Westin Dhaka yesterday. A ONE Card was also launched which will act as identity cards of the customers.

Mobile VAS providers should have licences

Guideline finalised to regulate market

MUHAMMAD ZAHIDUL ISLAM

A good number of foreign mobile value-added services companies that repatriate a significant amount of funds from Bangladesh will face regulatory bar as the telecom regulator is set to introduce licensing for the business.

Bangladesh Telecommunication Regulatory Commission (BTRC) has finalised a guideline to bring the valued-added service providers under its regulatory framework. The telecom ministry has also given its approval.

Once licensing is put in place, no foreign entities will be allowed to run business without establishing joint ventures in Bangladesh. In the joint venture, foreign companies will be allowed to hold a maximum 70 percent stake.

The BTRC has taken the initiative to provide licences to VAS-providers as there are irregularities in the market, said Md Jahurul Haque, acting

chairman of the regulator.

"We have noticed that customers have complaints about the services. But since the service providers are not registered, we can't take any action against them," said Haque, also the commissioner of the legal and licences wing of the BTRC.

The size of the country's telecom-related VAS market is more than Tk100 crore and it is growing significantly, said industry people.

At the moment, about 100 entities, including 15 foreign ones, offer VAS such as welcome tunes, music and health tips through mobile operators.

Although the foreign companies are running their business in Bangladesh, they have so far stayed beyond the regulator's reach in absence of a licensing system, said officials of the BTRC.

Haque said some foreign companies repatri-

ate a huge amount of money from the sector. "We are working on it to ensure regulation."

The telecom regulator found that Indian company Hungama repatriated about Tk 13 crore last year although it had no legal entity in the country, said another official of the BTRC requesting anonymity.

In a bid to contain such fund transfer, the telecom regulator had proposed in the draft guideline to limit foreign companies' ownership in VAS providing entities to 51 percent, said BTRC officials.

However, the telecom ministry has allowed foreign companies to hold more stakes when it approved the guideline.

In the guideline, the BTRC has fixed the range of revenue sharing ratio between mobile phone operators and VAS providers from 40 percent to 60 percent.

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Golden days beckon for jute

REFAYET ULLAH MIRDHA

Jute and jute goods put in a solid shift in the overseas market in fiscal 2017-18, crossing the \$1 billion mark in receipts after five years, much to the cheer of the government as it endeavours to lower dependency on garment.

Export of jute and jute goods
in millions of \$

SOURCE: EPB

824.49	868.53	919.58	962.42	1,025.55
FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18



Jute products are getting popular worldwide for a growing shift towards an eco-friendly lifestyle.

Karim, whose firm Bico Jute Fibres exports jute and jute goods worth \$20 million a year, lamented that exporters do not enjoy any financial incentive from the government, although the local manufacturers are enjoying 7.5 percent cash incentive from the government.

Another important reason for the rise in the sector's exports is the use of the natural fibre by global car giants like BMW, Mercedes-Benz, Toyota, Renault, Mitsubishi, Volvo, Audi, Daimler Chrysler and Ford, said Azazur Rahman, owner of Supreme Fashion and Fibre, which ships 600 tonnes of raw jute a year.

The global car industry needs about 100,000 tonnes of jute a year, of which 12,000 tonnes

World's biggest mobile factory opens in Noida

PALLAB BHATTACHARYA, New Delhi

The world's biggest mobile factory was launched yesterday in Noida, a satellite township of New Delhi, jointly by Indian Prime Minister Narendra Modi and visiting South Korean President Moon Jae.

The factory of Samsung Electronics, set up with an investment of Rs 5,000 crore, will have a capacity of making 120 million phones a year -- ranging from low-end smartphones to the company's latest flagship S9 model.

It will build 10 million phones a month, 70 percent of which will be earmarked for domestic use, Modi said on travelling to the factory with Jae on a Delhi metro train.

Already 40 crore Indians own smartphones while 32 crore people use broadband.

Some 30 percent of the phones from the new factory will be exported, helping the country secure its place in the global market, he added.

"This step today would give momentum to Make-in-India, besides empowering citizens... This is a matter of pride for India," said Modi who has been making a strong pitch for foreign firms to set up plants in the country.

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Banks get battered

The sector loses 26.6pc market cap so far this year

STAR BUSINESS REPORT

The heavyweight banking sector lost Tk 19,740 crore or 26.60 percent of its market capitalisation since the turn of the year in what can be viewed as a worrying development for the Dhaka Stock Exchange.

On January 1, the 30 listed banks' market capitalisation stood at Tk 74,210 crore; yesterday, it was Tk 54,470 crore.

RISE/FALL IN MARKET CAP OF MAJOR SECTORS
Jan 1 to Jul 9; change in %
SOURCE: IDLC SECURITIES

Bank	NBFI	Telecom	Cement	Engineering	Life Ins	Pharma	Textile	Miscellaneous	Fuel and power
-26.6	-21.1	-16.97	-15.12	-6.55	-6.3	-4.1	-1.89	11.07	10.09

This steep fall in the share prices of banks -- which account for about one-eighth of DSE's capitalisation, the highest -- has also dragged the benchmark index down 14.59 percent to 5,341 points in the last six months.

Bank is the most trustworthy sector to investors, who felt letdown by the ballooning bad loans and a cut in dividend announcements, according to market insiders.

In 2017, banks' default loans surged 19.51 percent to Tk 74,303 crore, as the Bangladesh Bank's efforts to rein in bad loans went in vain.

Of the 30 listed banks, 13 had announced lower dividends last year than a year earlier. And AB Bank even failed to offer any dividend and has subsequently become a junk stock.

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EXHIBITION CENTRE IN PURBACHAL

Project cost rises as size expands

REJAUL KARIM BYRON

The government is on its way to doubling the size of a planned permanent exhibition centre in Purbachal new town to hold the annual Dhaka International Trade Fair, thereby increasing the project cost by about 64 percent, despite a scarcity of land

in the country.

The planning ministry is going to place the revised project titled China-Bangladesh exhibition centre before the Executive Committee of the National Economic Council (Ecne) today.

In it, the amount of land required is estimated to be 35 acres. Initially, it was 20 acres.

When the project was approved, the estimated cost was Tk 796 crore, of which Tk 626 crore was being provided by the Chinese government as a grant.

Now, the revised cost is Tk 1,303 crore, with the additional Tk 507 crore coming from government resources.

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