

SME Foundation needs specific annual allocation

Say speakers at a webinar marking MSME Day 2021



Alternative financing needs to be provided to small businesses that account for one-fourth of the country's total economy, experts say.

PHOTO: STAR

STAR BUSINESS REPORT

SME Foundation needs to be provided a specific budgetary allocation each year to ensure that entrepreneurs get easy access to finance, speakers told a webinar yesterday.

"To implement various plans, including the SME (small and medium enterprise) policy, a five-year strategic plan is required," said Managing Director Md Mafizur Rahman.

The webinar was jointly organised by SME Foundation and United Nations Industrial Development Organization (Unido) marking Micro, Small and Medium-sized Enterprises Day 2021 yesterday.

The United Nations declared the day, being celebrated for the fifth time, aiming to create decent employment and improve living standards of the micro, small and medium sector.

This is the first time SME Foundation is officially celebrating the day through various events.

The foundation has already disbursed some Tk 100 crore in loans among its target groups from the government's incentive package to tackle challenges stemming from the pandemic,

said Rahman.

He said they developed a five-year (2021-25) strategic development vision, under which Tk 200 crore in incentive packages would be disbursed and two business incubation centres established in Dhaka and Chattogram.

The foundation has set a target to create at least 5,000 entrepreneurs, especially women entrepreneurs, in various fields and provide them training on skills and cluster-based development, he said.

He believes implementing the SME Policy 2019 for the sector, which accounts for a quarter of the country's economy, requires establishing departmental and district level offices.

Even amidst the pandemic, small entrepreneurs are emerging in remote villages around the country and now their skills needed to be developed, said Industries Minister Nurul Majid Mahmud Humayun.

The SME Policy 2019 aims to increase the sector's contribution to the economy to 32 per cent by 2024, said Kamal Ahmed Majumder, state minister for industries.

He said over 99 per cent of the 613,000 plus industrial establishments in the country were

cottage, micro, small and medium enterprises.

He requested the prime minister to enable special allocations to be made for SME Foundation, reasoning that it would accelerate implementation of the government's development goals.

At present, 13,000 entrepreneurs are working in 7,000 digital centers, said Zunaid Ahmed Palak, state minister for information and communication technology.

The government is working to create more than 30 lakh jobs in the ICT sector by 2025, he said.

Palak expressed commitment to work together with the SME Foundation to create more entrepreneurs through digital services.

The SME entrepreneurs have been deprived of government incentives as they did not have good relations with banks, said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry.

"Therefore, alternative ways of financing needs to be provided for this industry. There should be separate allocations for SMEs in economic zones," he said.

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A perplexing budget



MUHAMMAD ABDUL MAZID

OPINION

play a pivotal role in the economy. Service-holders, farmers, and owners of small enterprises belong to this class. Numerous troubles are emerging in their life. They are suffocating because of the skyrocketing price of commodities and surging expenses of education and healthcare.

Amidst their jobs being snatched away in the last 15 months, the incomes for many of them have plummeted. Albeit the words lives and livelihood have appeared in the budget, few ways and means are devised.

The disparity is on the rise in the economy. This overall picture, somehow, has not echoed in the budget. The ordinary people are out of the purview of the budget. The words lives and livelihoods have been stated in the budget title, but the actual assessment of lives and livelihoods seems to be apparently missing.

A proposal has been placed to enhance the operating expenditure of the budget. It aims to expand the social safety net, but there is nothing to lift the new poor and the urban poor created by the pandemic.

There is a big gap between the desirable budget and the attainable budget.

A tax rebate was proposed in the field of agriculture and hospital establishment. This sounds positive, but the question remains whether the low-income class will have any chance to avail themselves of the facility. The budget has been termed as business-friendly but it did not promise much for the small and medium enterprises, which are the bedrock of the economy.

Augmented allocation for alleviating poverty, job creation and social infrastructure should have a robust roadmap. The proposed threshold of revenue collection is tantamount to the target achievement of the actual budget in the current fiscal year. The revenue collection target looks ambitious.

Setting up an ambitious revenue target is dubious as corporate tax rates and other taxes have been cut, and tax exemption has been offered in many cases. Due to the pandemic, squeezing business opportunities will squeeze the tax yield.

The economy is growing slowly. So, without a paradigm shift, bringing back the momentum of the pre-pandemic economy is elusive.

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GLOBAL BUSINESS

US consumer sentiment rises

Wealthy households improve outlook

REUTERS

US consumer sentiment ticked up in June, driven by an improving economic outlook among affluent households, a survey released on Friday showed.

The University of Michigan's Consumer Sentiment Index rose to a final reading of 85.5 from May's final level of 82.9, though it was below June's preliminary reading of 86.4.

That was below the median forecast of 86.5 among economists polled by Reuters.

"All of the June gain was among households with incomes above \$100,000, and mainly in the way they judged future economic prospects," survey director Richard Curtin said in a statement. Also, a record 56 per cent of respondents expect a drop in unemployment in the year ahead.

The survey's barometer of current economic conditions fell to 88.6 from May's 89.4, and also down from June's preliminary reading of 90.6. The survey's gauge of consumer expectations jumped to 83.5 in June from May's 78.8, but down modestly from the mid-month reading of 83.8.



REUTERS/FILE

Shoppers carry bags of purchased merchandise at the King of Prussia Mall, United States' largest retail shopping space, in King of Prussia, Pennsylvania.

"While many are optimistic about a gradual end to the pandemic, consumers still judged the risks from emerging Covid variants as appreciable," Curtin said.

"It is likely that consumers will not reduce their savings and wealth to pre-pandemic levels, but maintain a higher level of precautionary funds."

The survey's one-year inflation expectation fell to 4.2 per cent from May's final reading of 4.6 per cent, while the survey's five-year inflation outlook declined to 2.8 per cent from 3 per cent. "Not only did year-ahead inflation expectations fall slightly to 4.2 per cent in June from May's decade peak of 4.6 per cent, consumers also believed that the price surges will mostly be temporary," Curtin said.

"The growing strength in the economy meant that nearly three-quarters of all consumers expected rising interest rates during the year ahead, the highest proportion since 2018 when the economy was near its last peak."

Bargaining over global tax enters key stage

AFF, Paris

Nearly 140 countries will haggle over key details of a global corporate tax plan this week, with some concerned about giving up too much and others eager to ensure tech giants pay their fair share.

The Group of Seven (G7) wealthy democracies approved a proposal to impose a minimum corporate tax rate of at least 15 per cent earlier this month, hoping to stop a "race to the bottom" as nations compete to offer the lowest rates.

It is one of two pillars of reforms that would also allow countries to tax a share of profits of the 100 most profitable companies in the world -- such as Google, Facebook and Apple -- regardless of where they are based. The deal now goes to the Organisation of Economic Co-operation and Development (OECD), which is overseeing two days of talks starting Wednesday to find a consensus among 139 countries.

The proposal will then be taken up by the G20 club of wealthy and emerging countries at a meeting of finance ministers in Italy on July 9 and 10. "I don't think we



REUTERS

The Group of Seven wealthy democracies had approved a proposal to impose a minimum corporate tax rate of at least 15 per cent.

have ever been so close to an agreement," said Pascal Saint-Amans, director of the OECD tax policy centre.

"I think that everybody has realised that a deal is better than no deal," Saint-Amans

told France's BFM Business radio earlier this month, adding that failing to agree would lead to unilateral taxes and US reprisals.

US President Joe Biden has galvanised the issue by backing the global minimum

corporate tax, and Europeans want a deal, he said. Negotiations have gained new urgency as governments seek new sources of revenue after spending huge sums on stimulus measures to prevent their economies from collapsing during the coronavirus pandemic.

While the G7 -- the United States, Canada, Japan, France, Britain, Italy and Germany -- approved the plan, it still faces hurdles as the negotiations expand to other nations. European Union members Ireland and Hungary are not thrilled about it, as their corporate taxes are less than 15 per cent.

Ireland has become the EU home to tech giants Facebook, Google and Apple thanks to its 12.5-per cent rate.

But another EU country that has benefited from a low rate, Poland, voiced support for the proposal last week.

US Treasury Secretary Janet Yellen said China also has concerns about the proposal. Two sources involved in the negotiations told AFP that China, which has a reduced rate for companies in key sectors, would not want a rate that exceeds 15 per cent.

Airbus offers to assemble Eurofighter in Switzerland to win \$6.5b deal

REUTERS, Zurich

Airbus has offered to assemble Eurofighter aircraft in Switzerland if Bern picks it for a 6 billion Swiss franc (\$6.5 billion) defence contract, a top salesman at the consortium told a Swiss Sunday newspaper.

Germany, Italy, Spain and Britain, who make the Eurofighter, have also offered Bern sweeping political cooperation should it win the Swiss contest between two US and two European fighter jets, which are to be delivered by 2025. The Swiss cabinet is set to decide on Wednesday among the Eurofighter, the Rafale from France's Dassault, Boeing's F/A-18 Super Hornet and Lockheed Martin's F35-A Lightning II to replace ageing F/A-18 Hornets.

Swiss television reported last week that the F-35 provided the best technical and financial features in a Swiss evaluation, but the final decision was still open.

The SonntagsZeitung paper quoted

Bernhard Brenner, head of sales at Airbus Defence and Space, as saying neutral Switzerland should not go by that evaluation alone. "The economic and political elements are just as

important," he said. The paper said Airbus has submitted a 700-page dossier on economic "offsets" alone, referring to side deals that funnel contract costs back to local suppliers.



REUTERS/FILE

German Defense Minister Annegret Kramp-Karrenbauer enters the cockpit of a jet during an event in Mecklenburg-Vorpommern state, Germany on March 29.

Daimler set to spin off truck unit by year end

REUTERS, Berlin

German carmaker Daimler is on track to spin off Daimler Truck, the world's largest truck and bus maker, by the end of the year, its finance chief was quoted as saying on Sunday.

"We are right on schedule with the detailed preparations for this complex project and want to float Daimler Truck on the stock exchange as an independent company by the end of this year," CFO Harald Wilhelm told the Automobilwoche weekly.

"We are convinced of the industrial logic and benefits of the planned realignment of Daimler and the spin-off of Daimler Truck." The plan - announced in February - is aimed at increasing Daimler's investor appeal as a focused electric, luxury car business, as the Mercedes-Benz brand challenges Tesla Inc, Porsche, BMW and others.

LBBW analyst Frank Biller told the magazine Daimler Truck could join the German DAX index of blue chip companies next March.

In the truck market, Daimler faces traditional rivals such as Sweden's AB Volvo, Volkswagen AG unit Traton and Paccar Inc. Under the planned spin-off, a significant majority stake in Daimler Truck would be distributed to Daimler shareholders.

Daimler could not immediately be reached for comment outside normal business hours.