

North Indian businessmen keen to invest in textile sector

UNB, Dhaka

A delegation of Northern India Textile Mills Association expressed their willingness for cooperation between entrepreneurs of both the countries in establishing textiles industries in Bangladesh.

A 9-member delegation of the association, led by its President Sachit Jain, expressed their willingness when they called on Textiles Minister Abdul Mannan Bhuiyan at his office yesterday.

During the meeting they discussed various issues relating to problems and prospects of the textiles sector both in Bangladesh and India.

Reciprocating government's willingness, the minister said there is ample potentials and prospects of foreign investment in country's textiles sector. The government is extending all cooperation to both local and foreign investors in Bangladesh.

To meet the challenges of quota-free export market in 2005, the textiles minister said quite a large number of spinning, weaving, knitting and fabrics processing units with state-of-the-art technology are required to be set up in Bangladesh.

The delegation assured the minister of cooperation and support for developing the textiles sector in Bangladesh, said an official handout.

Textile Secretary Syed Tanvir Hussain, President of Bangladesh Textile Mills Association MA Awal and senior officials of the Ministry were present.

BA, trade unions reach agreement

British Airways (BA) has reached an agreement with the trade unions concerned to remove the threat of industrial action, says a press release.

Mervyn Walker, British Airways director of Heathrow, said the trade unions have accepted the introduction of the electronic swiping in and out system. They have recognised that the new system is an integral part of improving the efficient use of staff and resources.

British Airways and three trade unions have agreed also to continue discussing other cost efficiencies in the airline's business recovery plan in a new separate joint working party.

British Airways is confident that the remaining future size and shape cost efficiencies will be delivered and on that basis the airline has agreed to pay administrative staff three per cent pay award for 2003.

IFAD to provide \$16.3m in micro-finance project

BSS, Dhaka

International Fund for Agricultural Development (IFAD) will provide 16.3 million US dollars to support micro-finance programme for the landless women in 13 districts of the country.

IFAD sources said the goal of the seven-year project, which begins this year, is to improve the livelihoods and food security of rural poor by providing income and employment opportunities.

The project will cover 13 districts, with a population of 20.85 million. The districts are: Barisal, Bhola, Brahmanbaria, Faridpur, Gopalganj, Habiganj, Jhalakathi, Kishoreganj, Madaripur, Moulvibazar, Pirojpur, Shariatpur and Sylhet.

It will benefit 2,76,000 households. Women without access to land, will be the target group of the programme, the sources said.

About 80 per cent of the total budget will go directly to the beneficiaries, either as credit or in the form of training. Credit will be accessible through 11,700 new savings and credit groups that will be created through the project. Rural poor will be able to use their credit to invest in income-generating activities.

The sources said IFAD's experience had shown that investment in livestock accounts for up to 40 per cent of all micro credit and is the major micro-credit investment for which IFAD target groups need technical knowledge. Livestock represent an especially good investment for the landless poor, in particular for women, who have the major responsibility for livestock production.

Energy Regulatory Commission by Oct

STAR BUSINESS REPORT

The government has almost finalised the much-awaited Energy Regulatory Commission which is expected to begin operation in October this year.

The formation of the commission is now at the final stage. Secretary to the Energy Division Khandakar Shahidul Islam told a function in Dhaka yesterday.

The independent and impartial commission will be formed aiming at protecting the interests of energy consumers as well as to ensure financial viability of entities in the sector.

The energy division secretary made the observations while launching a distance learning compact disc (CD) containing latest information on energy sector.

The CD was developed with a view to providing knowledge to energy sector professionals on "regulation of the electric power industry in South Asia".

As part of an e-learning course on Independent Regulation: Theory and Practice, US-based Academy for Educational Development (AED) and Administrative Staff College of India (ASCI) have jointly developed the disc.

The course was designed for South Asia Regional Initiative in Energy (SARI/Energy) project of the United States Agency for International Development (USAID).

Anupam Sircar, deputy chief of party of AED, India, Usha Ramachandra, faculty of ASCI and AKD Sher Mohammad Khan of USAID Bangladesh were present at the ceremony.

The energy division secretary said the CD would provide the users with knowledge on the necessity, working areas, costs and benefits of regulation in energy sector.

It will also present an overview of the present condition of the electric power industry in South Asia, the challenges facing the industry and the importance of independence and autonomy of regulatory bodies, he said.

The CD, which contains various data on energy sector in South Asian countries including Bangladesh, will be available in the AED office, Dhaka and on the website www.sarie-training.org/reg.

AED has launched a similar e-learning course on Environmental Impact Assessments for Energy Sector Projects in May this year.

Employers' delegation calls on LGRD minister

BSS, Dhaka

A delegation of the newly elected office bearers of Bangladesh Employers' Federation (BEF) called on the LGRD and Cooperative Minister Abdul Mannan Bhuiyan at his Secretariat office yesterday.

President of the federation M Anis Uddowiah led the delegation.

Members of the team exchanged views on the present situation of investment in the country and implementation of labour code and sought cooperation of the minister in this regard.

Mannan Bhuiyan assured the delegation of providing all out cooperation. He stressed the need for strengthening sugar mills, textile mills, and jute mills of the country.

Vice president of the federation Kamran T Rahman, Secretary General CK Haider, Executive Member Rokia A Rahman, Abdul Mannan Chowdhury, Kutub Uddin Ahmed, M Mayeen Uddin, Niyaz Rahim and President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) were present.



The new office-bearers of Bangladesh Employers' Federation led by its President M Anis Uddowiah call on LGRD and Cooperatives Minister Abdul Mannan Bhuiyan at the latter's office in Dhaka yesterday.

Ban on land routes see higher yarn import from India

Bangladesh officials reject Indian textile Manufacturers' proposal to lift the ban

STAR BUSINESS REPORT

Government officials of Bangladesh yesterday rejected an Indian private sector proposal to lift the restriction on import of yarn from India through land routes.

The proposal was made by visiting Northern India Textile Mills Association delegation during a meeting with Commerce Secretary Suhel Ahmad at the latter's office.

Defending Bangladesh's position, a high official of the commerce ministry said there was no reason to lift the ban as both India's yarn export to Bangladesh and Bangladesh's revenue income from import have increased following the ban.

Bangladesh banned yarn import through land ports in March 2002 to plug widespread smuggling and tax evasion that irked the Indian government and yarn exporters.

According to the statistics of Bangladesh Bank (BB), yarn import from India increased by 12.78

million kgs or 55.76 per cent in one year after imposition of the ban.

Import of yarn before the imposition of ban (March 2001-February 2002) was to the tune of 22.92 million kgs, while the same increased to 35.70 million kgs during the period between March 2002 and February 2003.

The increase took place due to the stoppage of yarn smuggling through land routes thanks to the initiative taken by the ministry of finance through the National Board of Revenue (NBR), sources said.

A commerce ministry official, who was present in the meeting, said the demand of Indian delegation for lifting the ban had no logic as their exports were not hit by the ban.

The ministry officials urged the Indian delegation comprising top textile manufacturers to press their government for removing various tariff and non-tariff barriers, often imposed on Bangladeshi exporting items to India.

The 15-member Northern India Textile Mills Association, led by its

president Sachit Jain, however, showed their keen interest in joint venture investment in the textile sector, meeting sources said.

The delegation arrived in Dhaka on August 3 for a weeklong visit at the invitation of the Bangladesh Textile Mills Association (BTMA). High officials of the ministry, Export Promotion Bureau (EPB) and BTMA Chairman MA Awal were present at the meeting.

The Bangladesh officials requested the Indian side for transfer of technology in the field of textile manufacturing and sought investment in fabric manufacturing, particularly in synthetic and manmade fabrics.

BTMA Chairman M A Awal told The Daily Star that the Indian textile manufacturers have shown their keen interest in investing in the country's textile sector considering the huge demand of fabrics needed for ready made garment sector.

DCC introduces 5-year validity trade licence

STAR BUSINESS REPORT

The Dhaka City Corporation (DCC) yesterday introduced trade licences renewable after five years fulfilling a long cherished demand of the traders.

The business community had long been demanding of the DCC authorities to extend the validity of their one-year trade licences as they had to face harassment in renewal every year.

Dhaka City Mayor Sadeque Hossain Khoka formally handed over trade licences to some businessmen at a ceremony held at the Nagar Bhaban.

Welcoming the move, president

of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) Yussuf Abdullah Harun said it would reduce suffering of the traders.

"The new trade licence renewable after five years has been introduced at the suggestion of the FBCCI which was very much rational," the mayor said.

He said the traders had to count at least Tk 1,000 in extra and spend a lot of time for getting a licence and also in renewing them although the renewal fee is only Tk 200.

Under the new system, the traders will receive a five yearly trade licence form the DCC, which will have to be maintained by keep-

ing a certain amount of deposit with banks.

Among the business leaders, Amir Hossain Khan, president of Bangladesh Dokan Malik Samity (Bangladesh Shop Owners' Association) and Helal Uddin Helal, president of Dhaka Mahanagar Dokan Malik Samity (Dhaka City Shop Owners' Association) attended the ceremony.

Among the DCC officials, Chief Executive Officer Solaiman Badshah Chowdhury, Chief Engineer Dr Golam Quadeer M Chowdhury, Chief Health Officer Dr Mohammad Ashraf Uddin and Chief Revenue Officer Shawkat Ullah were also present.

Cereals import marks 202pc growth last year

UNB, Dhaka

Cereals topped the list of imports with 202.44 per cent growth last fiscal year as per letters of credit (LC) opened with the commercial banks.

Imports of capital machinery and industrial raw materials also marked impressive growth, but these were overshadowed by the unusually high growth of food grain imports, according to import LC data furnished by Bangladesh Bank.

Import LCs opened with dealer banks totalled about Tk 59108.84 crore (US\$ 10.209 billion) between July 2002 and June 2003 registering a 20.12 per cent rise in taka and 19.15 per cent in dollar terms.

LCs for food grains saw the highest increase in the last fiscal year, followed by consumer goods (26.72 per cent), industrial raw materials (20.53 per cent), capital machinery (44.31 per cent) and machinery for miscellaneous industries (10.55 per cent).

LCs worth Tk 1922.90 crore were opened for wheat, Tk 1794.63 crore for rice and Tk 753.98 crore for pulses.

Import LCs for sugar valued Tk 648.45 crore while those for onion worth Tk 112.94 crore, milk food Tk 381 crore and fresh and dry fruits Tk 212.05 crore.

Call money rate steady

BSS, Dhaka

The call money rate was steady as money market remained packed with surplus liquidity yesterday, fund managers of leading commercial banks said.

The overnight money rate ranged between 4.50 per cent and 7.50 per cent in line with Monday's range, they said.

Dollar eases further against taka

BSS, Dhaka

The US dollar eased further against the Bangladesh taka yesterday, while the euro struggled to sustain its upwards momentum amid doubts about the strength of a US economic recovery, dealers said.

The dollars traded at 58.4100-58.4500 taka to the dollar today, compared to its previous closing at 58.4400-58.4800 taka on Monday, foreign exchange dealers of leading commercial banks said.

"We see some support for the dollar from upbeat data releases over coming days, but it now looks as though this may limit the weakening of the dollar at most," dealers said.

They said the demand for the US dollar was steady from importers when the market experienced higher inflow through remittances.

Meanwhile, the euro stood at 1.1358 dollars today little changed from 1.1359 late on Monday in New York while the dollar traded at 120.47 yen against 120.34 on Monday, dealers said.

Dealers were awaiting a survey of non-manufacturing activity in the United States later on Tuesday from the Institute for Supply Management for fresh clues on the health of the world's biggest economy.

Govt to go for job cuts to make economy vibrant

Saifur tells reporters

STAR BUSINESS REPORT

Finance and Planning Minister M Saifur Rahman yesterday said that government will go for job cuts to make the economy vibrant and accelerate growth.

The minister said this while talking to journalists after a meeting with the new Vice President of World Bank (WB), Praful C Patel, at the Planning Commission.

Saifur Rahman said jobs will be cut to ensure maximum utilisation of national resources.

The minister, however, assured that the economic welfare of the newly unemployed workforce would be kept in mind.

In this regard he referred to a government policy to create new jobs saying that 50,000 new jobs would be created if 5,000 are rendered jobless.

Replying to a question, the finance minister said corruption exists all over the world and Bangladesh is no exception.

The minister also said corruption is transmitted from one country to another, and that both the buyers and sellers in conducting transactions significantly contribute to the problem of corruption.

However, the minister was careful to note that they were adamant to eliminate corruption not because of WB pressures, rather in

the interest of the nation.

The minister was also hopeful that corruption would reduce significantly once an independent anti-corruption commission is created.

The new vice president of World Bank told reporters that he thoroughly discussed WB sponsored development programmes with the finance minister.

They also discussed multifaceted reform programmes to achieve a seven per cent growth rate.

Expressing satisfaction over the ongoing reform process, the WB vice president said the Bank will continue to assist Bangladesh in carrying out reforms.

New guidelines in appointing advisors to private banks soon

STAR BUSINESS REPORT

Expressing reservation over appointment of advisors to the private commercial banks, the central bank yesterday informed the bank owners of formulating a new guideline for such appointment.

Bangladesh Bank Governor Dr Fakhruddin Ahmed told them about the guideline at a meeting with the Bangladesh Association of Banks (BAB).

"The appointments should only be made based on a proper description and duration," a meeting member quoted the central bank governor as saying at the meeting.

Meeting sources said the BB governor questioned the rationality of advisor appointments. He also told the BAB leaders that the advi-

sors should have no role in day to day affairs of the bank which is the responsibility of the managing director concerned.

The governor was known to have expressed his opinion against the appointment of bank advisors.

He advised the BAB leaders to independently consider reducing their interest rates.

The meeting also discussed the interest rates of private banks and tenure of directors, sources said.

The governor reiterated the central bank policy of not imposing any restrictions on private banks regarding their interest rates.

He, however, termed the present interest rates higher than any neighbouring country.

"At this very high rates of interest, there is little prospect for investment

and the economy is unlikely to grow," the governor said.

He told the meeting members of the recent central bank efforts to reduce rates of interest. The central bank already brought down the interest rates of T-bills, repurchase agreement (REPO) and reverse REPO.

He urged the meeting members to take effective steps to bring down the interest rates.

But the bank owners said such decision must be taken with the consent of all the board members.

The meeting decided that a separate meeting with all the board members of the private commercial banks will be held soon to address the issues of high interest rates.

Beach Hatchery fails again in dividend distribution

Institutional investors threatens to go to court

NAZRATUN NAYEEM MONALISA

The first listed company to introduce preferred shares has once again failed to complete dividend distribution even in the extended period.

The company committed to complete dividend distribution by July 30, 2003 but investors are still complaining about non-payment of their dividends.

In the latest development, at least two institutional investors of Beach Hatchery Ltd found dividend warrants issued by the company to have bounced back.

"We will place the dividend warrants at the bank again tomorrow," managing director of an institution who found the warrants to be dishonoured, wrote to Beach Hatchery Ltd.

The institution, which has the preferred shares in its list of portfolio under a mutual fund, also threatened to file criminal case against the company.

The Securities and Exchange Commission (SEC) also received a formal complaint from Investment Corporation of Bangladesh (ICB) of not getting the dividend against the preference shares.

Meanwhile, Beach Hatchery Ltd in a letter to the SEC on Monday stated that they have started paying dividend to their preference shareholders.

The company raised Tk 8 crore promising 15 per cent guaranteed cumulative dividend to subscribers of preferred shares. It also raised Tk 5 crore through private placement and another Tk 3 crore from the market through IPO (initial public offering).

On behalf of the Sathkira-based hatchery, Bangladesh Krishi Bank guaranteed the 15 per cent dividend to make the investors free of risk.

A number of investors who had subscribed for preference shares of the company found their dividend warrants to be dishonoured by a commercial bank, which had also extended guarantee in the prospectus of paying dividend in case the company defaults.

The investors then lodged complaint before the capital market regulators, the SEC.

SEC officials said the company had announced the book closure on April 6, 2003 and as per the securities law, the company was required to have completed distribution of all dividend warrants by June 6, 2003.

As the company did not notify the SEC about dividend distribution, the market regulators on June 6, 2003 directed it to complete distribution by June 16 and file a compliance report before the Commission by June 21.

But on June 18, the company through a newspaper advertise-

ment informed its shareholders detailing schedules of dividend payment.

Following the advertisement, the SEC in a new letter directed the company to file a status report before the Commission by July 15 and a compliance report by July 30.

Meanwhile, the SEC in a letter to BKB, who had extended the guarantee, said that as per the agreement, the bank should be prepared to pay the dividends to preference shareholders in case the company defaults.

The company raised the funds from the stock market mainly to finance expansion of land development, purchase of hatchery equipment and setting up of a nursery at Sathkira.

The company said it was raising the fund to increase its production capacity from 400 million fry a year to 500 million, targeting to capture 25 per cent of the domestic market.

Part of the fund was also to be used for repaying bank loans and as working capital.

The hatchery was set up in 1995 initially with technical collaboration from a Taiwanese company and later a technical collaboration agreement was signed with an Indian company for maintenance of its equipment.



Dhaka City Mayor Sadeque Hossain Khoka hands over a 5-year validity trade licence to a businessman at a ceremony held at the Nagar Bhaban yesterday, as Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Yussuf Abdullah Harun looks on.