

Star BUSINESS

DHAKA SUNDAY AUGUST 10, 2003

Govt liberalises sugar import

STAR BUSINESS REPORT

In the wake of continuous price hike of sugar in the domestic market, the government yesterday decided to open sugar import to private sector.

The decision came at a meeting of the Cabinet Committee on Economic Affairs.

Current sugar stock is going dry, resulting in price surge to Tk34-Tk35 per kg from Tk29-Tk30 a few days ago.

Although an inter-ministerial meeting few days back estimated that 1.5 lakh tonnes of sugar would be needed to import, the government remained undecided on the mode of import.

In a summary paper placed in the meeting, the industries ministry suggested importing 1.5 lakh tonnes of sugar. But the meeting decided on free import of sugar.

Earlier, the government allowed the private sector to import sugar in June 2002 but suspended it in March this year.

Following the meeting, Finance Minister M Saifur Rahman said the

government decided to free sugar import in the interest of the local consumers.

He said the government wants to keep the prices under control to ensure that the cost of living of the people does not increase.

Besides, necessary steps will be taken to ensure fair price of sugarcane for farmers, he said.

"Reforms of sugar mills are on and we are also considering compensation of the mills if needed," he added.

In the summer, the industries ministry said if free import of sugar is allowed, locally produced sugar will be sold at a competitive price with the imported sugar.

To compensate the local mills, the government would help Bangladesh Sugar and Food Industries Corporation by giving price support from the government revenue earning.

The current annual demand of sugar is around 5.2 lakh tonnes while 15 state-owned sugar mills produce only 1.77 tonnes in the year 2002-03, industries ministry sources said.

BB reins in tenure of PCB advisors

STAR BUSINESS REPORT

The central bank has fixed tenure of advisors to the private commercial banks (PCBs) for a maximum one-year period specifying their duties.

In a circular yesterday, the central bank said the advisors will have no authority to give their opinion or take decision in the day to day affairs of the banks.

Currently the advisors are appointed on temporary basis for the PCBs with the permission from Bangladesh Bank but there was no bar on their tenures.

In the circular, the central bank also specified the jurisdiction and areas of work of the advisors following complaints from bank executives about 'interference' in their activities.

However, sources in the PCBs said the advisors are appointed to

give suggestions to the boards of directors and chief executives of the banks only in specialised matters.

The adviser will not exercise their power in any financial and administrative activities of the bank and engage in their decision making process, said the central bank circular.

"As the position of the advisor is not a substantive one and they are appointed to perform only specific duties, they won't get the facilities enjoyed by regular officials of the banks except a fixed amount of remuneration, transport and telephone facilities," the circular said.

The circular also said the central bank will not accept any proposal to provide the advisor with remuneration that seems to be higher and inconsistent with their jobs.

The circular is a follow-up of a

meeting held on Tuesday between Bangladesh Bank Governor Dr Fakhruddin Ahmed and the Bangladesh Association of Banks (BAB), representing bank owners.

At the meeting the governor expressed reservation over appointment of advisors to the private commercial banks and hinted at formulating a new guideline in appointing such advisors.

"The appointments should only be made based on a proper description and duration," the governor told the meeting.

He had also questioned the rationality of advisor appointments, adding that advisors should have no role in day to day affairs of the bank which is the responsibility of the managing director concerned.

Southeast Bank opens 1st Islamic branch in Feni

Southeast Bank Limited (SEBL) has opened its first Islamic branch at Chhaganaiya in Feni.

With this, the total number of branches of the bank stands at 20, says a press release.

M A Kashem, founder chairman of the bank, opened the branch at Chhaganaiya recently.

Chairman Ragib Ali, Vice-Chairman Azim Uddin Ahmed and Directors Alamgir Kabir, M A Ahad, Duluma Ahmed, Rabeya Khatun Chowdhury, Syed Shahid Ali, Jusna Ara Kashem, Rehana Rahman, Md Akikur Rahman and President and Managing Director, Syed Abu Naser Bukhtear Ahmed were present.

Vice-Chairman of the Shariah Council of the bank Prof Moulana Md Salah-Uddin was also present.



The newly appointed office-bearers of the Bangladesh Employers' Federation led by its President M Anis Ud Dowla called on Foreign Minister M Morshed Khan at his office in Dhaka yesterday.

Malaysia Airlines to upgrade 32 aircraft

AFP, Kuala Lumpur

Malaysia Airlines will invest 700 million ringgit (184 million dollars) to upgrade 32 Boeing aircraft in a bid to be more competitive with other carriers, reports said Saturday.

The upgrade of the 17 Boeing 747-400 and 15 B777-200 aircraft, used in medium and long-haul flights, will lead to a major facelift for the first and business class cabins and improvements in in-flight entertainment, The Star newspaper said.

Sales and marketing senior general manager Ahmad Fuaad Dahlan was quoted as saying that the exercise was a major step to boost growth, yield improvement and profitability.

He said it would strengthen the carrier's present services and enable it to "develop a competitive advantage" after the recent Severe Acute Respiratory Syndrome (SARS) crisis and various terrorist bombing incidents in the region.

The News Straits Times quoted Ahmad Fuaad as saying: "We are confident that this program could increase the load factor for our first class section by about 10 per cent."

The refurbishment, the first such major exercise for the airline, will be funded internally and will not be a burden as the cost will be spread over four years, he added.

US-based B/E Aerospace Inc. has been awarded the contract to refurbish the cabins, while Japan's Matsushita Avionics System Corp. will upgrade the entertainment system, the daily said.

It will see first-class seating in B747-400s reduced to 12 from 18, and business increased to 41 and economy to 306. For the B777-200s, the first-class section will be scrapped and business increased to 42 and economy to 247.

Axe finally falls on three jute mills in Khulna

STAFF CORRESPONDENT, Khulna

Three state-owned jute mills in Khulna were laid off on Friday throwing over 12,000 workers and employees out of jobs.

The mills — Star, Eastern and Peoples jute mills — were formally closed at 9:30pm, according to a government notification that attributed severe financial crisis to the lay off. The lay off will continue till September 22, the notification added.

As per the notification, the workers and employees will receive compensations in line with the laws related to lay off.

Essential services such as electricity, water supply, medicare and welfare matters will remain undisturbed during lay off period.

However, a total of 1,692 workers and employees of Eastern Jute Mill are yet to get their wages and salaries amounting to Tk 3 crore against their work for last 12 weeks.

Burdened with Tk 20 crore debt, the mill incurred a loss of over Tk 27.63 crore in last three years, mill sources said.

Tenders were floated twice for privatising the mill but the tenders failed to generate interest among the buyers to purchase the enter-

prise at expected price.

At present, Star Jute Mill is burdened with debt of over Tk 120 crore. About 3,600 workers and employees have not been given their dues against work for last 13 weeks.

This mill had been incurring loss of Tk 15 lakh everyday. Its production was only 10 tonnes against the capacity of 48 tonnes per day.

A total of 4,427 workers and employees of Peoples Jute Mill are yet to get their wages and salaries for two months.

The mill still owes over Tk 116 crore to employees.

ICB, GSP Finance sign debenture subscription deal

Investment Corporation of Bangladesh (ICB) and GSP Finance Company (Bangladesh) Limited have signed an agreement on debenture subscription.

Md Ziaul Haque Khondker, managing director of Investment Corporation of Bangladesh, and Col (ret'd) M Nurul Islam, executive director, and Md Helal Uddin, director of GSP Finance Company (Bangladesh) Limited, signed the agreement on behalf of their organisations in Dhaka on Wednesday, says a press release.

Later Md Ziaul Haque Khondker, managing director of Investment Corporation of Bangladesh, and Feroz U Haider, managing director & CEO of GSP Finance Company (Bangladesh) Limited, exchanged documents of the agreement.

Md Fayekuzzaman, general manager, Md Ifikher-uz-Zaman, deputy general manager, and Md Habibur Rahman, assistant general manager of Investment Corporation of Bangladesh, and M A Jalli, consultant, Shahanal Husain, chief operating officer and Shaikh Mohammadullah, company secretary of GSP Finance Company (Bangladesh) Limited, and other officials of ICB, were also present.

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 4.10 per cent and 7.50 per cent in line with Friday's range, they said.

Southeast Bank CityCell corporate client

Southeast Bank Limited (SEBL) has become a CityCell corporate client.

An agreement to this effect has been signed between the two organisations.

Muhammad Shahjahan, executive vice president of SEBL, and AK M Shafiqul Azam, senior vice-president of Pacific Bangladesh Telecom Limited (PBTL), signed the agreement on behalf of their organisations in Dhaka recently.

Farhad Alam, AVP, Naimul Haque, senior executive, and Faria Karim, executive of PBTL were present.

According to the agreement, SEBL will avail itself exclusive service of CityCell as well as its telecommunication expenses will be reduced significantly as a result of very competitive rates and charges of different types of cellular services of CityCell.

Swiss pilots accept 500 redundancies

AFP, Zurich

Pilots of the troubled airline Swiss have voted by a large majority to accept a restructuring plan for the carrier including more than 500 pilot redundancies, their union said on Saturday.

The airline said the deal represented "another step in the right direction" for the restructuring plan, widely seen as the last chance for the airline, whose financial woes have deepened with the global collapse in air travel.

The carrier is thought to be losing around two million Swiss francs (1.3 million euros, 1.5 million dollars) a day, just two years after a multi-million-euro bail-out by the government and private investors created Swiss from the ashes of bankrupt Swissair.

A vote by the pilots to reject the 526 redundancies negotiated between their union leaders and Swiss management would have put the airline's restructuring in doubt.

Instead they voted 396-140 in favour of the deal at a general assembly meeting overnight, according to a spokesman for their union, Swiss Pilots.

Similar agreements are already in place between the airline and other categories of staff affected by the restructuring.

The redundancy plan will cost the airline between 50 million and 70 million Swiss francs, and provides for laid-off pilots to receive 16 months of salary.

In exchange for the pay-offs, Swiss Pilots has agreed not to insist on the application of a Basel court ruling that any redundancies should be divided evenly between pilots that came to Swiss from the bankrupt Swissair and those from Crossair — its regional subsidiary.

No treasury chalan needed for income tax payment

Govt decides to do away with the provision

NAZMUL AHSAN

The government has decided to cancel submission of 'treasury chalan' by income taxpayers in the face of allegations of depositing fake cheques.

From now on the taxpayers will have to submit income tax returns at their respective tax circle through bank drafts, account payee cheques or pay-orders, sources said.

Sources said the National Board of Revenue (NBR) is likely to issue circulars to the Bangladesh Bank (BB) and Sonali Bank about the new arrangement shortly. Currently, only the central bank and Sonali Bank accept treasury chalan from the taxpayers.

Sources said Finance and

Planning Minister M Saifur Rahman recently approved the withdrawal of treasury chalan with a view to checking irregularities and unholy attempt to deprive the government of revenue.

Under the new system, taxpayers residing in metropolitan cities, divisional or district towns will have to pay income tax through pay order or bank draft, while others through account payee cheques apart from the two other options.

Sources said organised groups have long been involved in depositing tax returns through fake chalan. These crime syndicates often work in connivance with a section of corrupt central bank employees, they added.

"The increasing trend of fake

treasury chalan has become rampant in recent times, creating a hole in the government's revenue basket," a high official in the NBR said requesting anonymity.

He, however, could not readily give any detailed information on the volume of such fake treasury chalan.

Businessmen said the new system would not improve the present situation if tax officials continue to 'harass' taxpayers.

According to NBR sources, currently about five lakh people pay income tax regularly out of 14 lakh who obtained TIN (tax identification number).

The NBR realised Tk 4,372 crore in income tax in 2002-03 fiscal year against the target of Tk 4,788 crore.

Export recovery continues

9.39pc growth recorded in FY03

STAR BUSINESS REPORT

Bangladesh exports posted a 9.39 per cent growth in 2002-03 fiscal, thanks to a trend of recovery specially seen in the last quarter.

Export earning in FY03 was US\$6.55 billion, which is around \$150 million higher than the revised target, according to statistics of the Export Promotion Bureau (EPB).

Export trade had a tough time due to price decline in international market throughout the year, but signs of recovery were seen during April-June period, EPB officials said.

"Export is showing a tremendous recovery in the recent months when the price situation improved substantially," Dr Towfique Khan Majles, statistics and research director of the EPB, told The Daily Star yesterday.

Earning in June went up by \$100 million in the FY03 from the same month of FY02, indicating a good recovery, Khan said hoping better in

the current financial year.

Exports however started showing upward trend in March after prices faced continuous slump in the global market for more than one and half years.

Prices of Bangladeshi commodities dipped by around 15 per cent in FY02 and till February of FY03 it went down by 10 per cent.

Showing the negative trend, the government revised the export target to \$6405 million from the original target of \$6750 million.

But in March prices started increasing. "At the end of the fiscal export price index rose by 2.31 per cent while volume increased by 7.08 per cent," Khan Majles added.

Some major earning sectors including knitwear, frozen food, jute goods, raw jute, chemical products have performed better in the FY03 while readymade garment, leather, tea, handicrafts could not achieve their respective targets.

In FY03, RMG exports fetched \$3258.27 million, up by about \$133

million from the volume of FY02.

Knitwear worth \$1653.83 million was exported in the last fiscal, exceeding the target by 7.59 per cent and recording a 13.34 per cent growth over the previous fiscal.

Frozen foods worth \$321.81 million were exported, up by 2.77 per cent from the target, marking a 16.55 per cent growth over the previous year.

Leather export fetched \$191.23 million, down by 16.03 per cent from the target, posting a 7.77 per cent negative growth from previous fiscal.

Jute goods worth \$257.18 million were exported recording a 5.61 per cent growth.

Raw jute worth \$82.46 million was exported against the target of \$61.68 million, showing a 34.89 per cent growth.

Tea export was to the tune of \$515.47 million in the last fiscal, down by 18.49 per cent from the target and 10.99 per cent less than the previous fiscal.

Pakistan holds IT show to lure software export

AFP, Karachi

Pakistan launched a three-day Information Technology exhibition Saturday aimed at boosting exports of software products, officials said.

"The exhibition is a means to promote Pakistani software industry exports and we are hopeful of a rise from last year's 700 million dollars," state-run Board of Investment's secretary Wasim Haqqi said.

Software products from more than 20 countries, a majority of them from Southeast Asia, are on display at the Expo center in this port city.

Pakistan is an emerging market of skilled software engineers in the region where an estimated 1.5 million jobs are currently being outsourced to the United States and Europe.

Trading, however, was depressed due to holiday in most

Taka firm as dollar under pressure against euro

BSS, Dhaka

The Bangladesh taka was firmer against the US dollar in thin inter-bank trade yesterday as the US unit was under pressure amid a lack of US economic news ahead of Federal Reserve meeting, dealers said.

The dollar traded at 58.4000-58.4100 to the taka in line with its previous closing on Thursday, foreign exchange dealers of leading commercial banks said.

Trading, however, was depressed due to holiday in most

international markets. The volume of foreign currency trading was also comparatively lower, they said.

"Importers and traders could not deal with their foreign trade partners as most international foreign exchange markets remained closed due to weekend holiday," dealers said.

The dollar fell slightly against the euro on Friday in New York amid a lack of US economic news and mixed trading on the stock markets, and as traders turned their focus to next week's Federal Reserve meeting.

The dollar was quoted at 1.1305 per euro in line with New York trade

on Friday, against 1.1373 late Thursday while the dollar remained unchanged against the yen at 119.08 yen, dealers said.

Currency analysts said sharp currency fluctuations were essentially paused Friday, as traders await the Federal Reserve's latest thoughts on the US economy, due at its interest rate meeting Tuesday.

The dollar was being quoted in late New York trade at 1.3601 Swiss francs, compared with 1.3506 francs Thursday and the British pound was at 1.6038 dollars from 1.6182 dollars Thursday, dealers said.

BTRC hopeful of opening up fixed phone market this year

UNB, Dhaka

The Bangladesh Telecommunications Regulatory Commission (BTRC) is optimistic about allowing new operators to run fixed-line telephone networks in the private sector by the end of this year.

"I am not certain if it will be possible, but we're trying to award the new licenses to the private fixed-line operators sometime soon," Chairman of BTRC Syed Marghub Morshed said.

The BTRC and Infrastructure Investment Facilitation Centre (IIFC) arranged a consultative workshop yesterday on 'Public Switched Telephone Network' (PSTN) for taking suggestions for licensing new fixed-line telephone service providers in the country to encourage competition in the market.

BTRC Chairman Syed Marghub Morshed and Planning Secretary

Badiur Rahman addressed the inaugural function of the workshop held at a city hotel.

Telecommunications experts, potential investors, stakeholders and consumers took part in the workshop to provide feedback and opinions relating to the provisions for licensing of new PSTN telecommunications operators.

SD Khan, moderator of the workshop who is a Senior Consultant and Field Project Manager of Canada-Bangladesh Infrastructure Development (CBID), said the IIFC would submit the recommendations of the workshop by the end of this month.

The IIFC is a state-owned consultancy firm responsible for assisting the BTRC in licensing new PSTN operators in the private sector.

The consultative workshop discussed various pros and cons of licensing procedures, geographical

areas for licensing, inter-connectivity, fees and charges, tariffs and obligations, services and technologies as well as quality issues. CBID consultants Max Melynk, Raymond Yam, Ken Chia and Alan Hooper presented five keynote papers.

About licensing, the speakers said open and transparent licensing system with certain criteria is a must and Bangladeshi and joint-venture companies could be given licenses.

They said infrastructure of Bangladesh Telephone and Telegraph Board (BTB) is under-utilised and it should be used for greater public interests.

About geographical areas for licensing, the President of Software Exporters Association Habibullah N Karim said a nationwide license could be another monopoly and hence both national and zonal licenses should be given.