Star Business

DHAKA THURSDAY JULY 20, 2006 E-mail: business@thedailystar.net

Task force proposes 10pc cash incentives for textiles

Report submitted to PM

BSS, *Dhaka*

A textile task force headed by Textiles and Jute Minister Shajahan Siraj has decided on a 12-point proposal that includes updating of the existing textile policy formulated in 1995.

The task force also advocated for enhancing cash incentives to 10 percent from the present five percent for a five-year period to 'develop the textile sector more competitive in the international market'.

The high-powered 13-member inter-ministerial task force committee yesterday submitted its report to Prime Minister Khaleda Zia at her office here.

"Aimed at increasing the competitiveness of textile sector through overall development of the textile sector, a long-term and effective strategy should be devised", the task force, which was constituted on July 27, 2005, recommended.

The task force was represented by a group of policy makers, government officials, representatives from the entrepreneurs and academics as well as experts. It completed the recommendation in four sittings, which were held in between December last year to May this year.

The primary textile industries in the country have attained the capacity to supply 80 percent exportable fabrics in knit and 40 percent in woven sub sectors, while meeting over the major portion of local demand simultaneously. Locally produced denim fabrics have attained the capacity to meet 80 percent export demand.

Besides, the textile sector is earning 85 percent of the total export. The government has set a target to earn 10 billion US dollars by 2010. To achieve double-digit export goal, the report has laid emphasis on giving extra importance on the development of woven and processing sub sectors.

The task force committee accepted the 11 proposals, excluding one related to different slabs of income tax, unanimously.

In a 26-page report, the committee has asked the government to continue the existing loan policy in the textile sector based on 70:30 investment and equity proportion by the private and public commercial banks and financial institutions. At present the private banks and institutions are charging between 11 and 13 percent interest on the loans, which are being given on textile investment.

In the committee meeting, the Bangladesh Textile Mills Association (BTMA) suggested alleviation of the existing disparity between the private and public financial institutions on providing textile-loans.

The nationalised banks are charging 9 percent interest on textile sector credit.

The task force also proposed continuation of the present tax holiday. In other proposals made in the same package, the task force requested the government to set up centrally located environment-friendly effluent treatment plants (ETP) in different zones with different financial incentives as well as to establish exclusive high-tech park, readymade garment village and industrial parks to attract foreign investment.

The task force proposed for duty and tax-free import of all kinds of spares, dyes and chemical and sizing materials related to textiles. Despite the present system allowing import of a total of 219 spares items in the textile sector without import duties and VAT on the certification by BTMA, the importers have to pay infrastructure development surcharge and income tax in advance.

On the other hand, a total of 49 dyes and chemical items are being imported without import duties on the basis of BTMA certificates at present, while VAT, advance income tax and infrastructures development surcharge are being paid.

There are now 247 spinning mills in the country. During 1929 to 1947, 11 textile mills were established in the then East Bengal, another five mills during 1947 to 1958.

The number of textile mills increased to 74 in between 1958 and 1971. The government established 12 mills after 1972, but majority of the mills, which were nationalised after independence, became sick.

Since the denationalisation in 1982, a total of 247 mills were set up with 519 million spindles. The government owns another 23 spinning mills with 490 thousand spindles of which many are closed or are running on lease, said the report.

The local demand of fabric in the country is estimated at 1600 million meter annually, which is based on 10 meter per head annual demand.

There are 353 gray cloths manufacturing units in the country and these mills can produce 900 million yards of cloths. In addition to that, 1065 specialised textiles and power looms are producing 330 million yards fabric annually.

The country has about four lakh 98 thousand handlooms with an annual manufacturing capability of 837 million meter fabrics.

New chief executive of Duncan Group

Imran Ahmed took over as the new chief executive of Duncan Group's Bangladesh operations on July 1, 2006, says a press release.

Ahmed brings with him 30 years of experience in banking, leasing, insurance and tea through senior management positions in ANZ Grindlays Bank, United Leasing Company, United Insurance Company and Tea Holdings Ltd.

The century old Group, representing several local and multinational tea companies through Duncan Brothers (Bangladesh) Ltd, is the largest producer of tea in Bangladesh besides being a major stakeholder in leading leasing, insurance and warehousing companies sponsored by the Group.

Duncan Brothers is also one of the top tea exporters and a pioneer in bottled mineral water marketing in Bangladesh. As part of corporate social responsibilities, the Group also runs a modern hospital and a residential school for its workers in the tea belt.

No job cuts after purchase of Rupali Bank, say Saudis

Investment also likely in tourism, power

STAR BUSINESS REPORT

A Saudi investment team, now in the capital to participate in a bidding to buy Rupali Bank, yesterday made an assurance that they would not go for retrenchment of any employee of the bank in case of its purchase.

"No official or employee of the Rupali Bank will be terminated after the sale of the bank, but if someone wants to leave, he can avail of the opportunity of golden handshake," Enam Ahmed Chaudhury, Privatisation Commission chairman, told reporters after a meeting with the Saudi delegation at his office.

On behalf of Saudi Prince Bandar Bin Mohammad Bin Abdul Rahman Al Saud, a business tycoon, the delegation will submit tender documents to buy the bank. Yousuf Hamed Garzal, the prime consultant to the prince, is leading the delegation.

"If the Saudis could get involved in the Rupali Bank system, the bank will be transformed into a first-class bank of international standard," Enam hoped.

He told the reporters that the Saudi investment team also expressed desire to invest in the country's promising sectors like tourism and power generation.

Seven companies from home and abroad were short-listed by the Privatisation Commission as potential buyers of the Rupali Bank. The process of handover of the bank will start at the end of August or in early September, the commission chief said.

Yousuf Hamed Garzal said they are very happy to be in this great country Bangladesh to make investment. The team also met a member of the Board of Investment and visited the head office of the Rupali Bank yesterday. They are scheduled to meet the Bangladesh Bank governor today.

On May 7, the commission approved the expressions of interest (EoI) submitted by the companies for taking over the Rupali Bank.

The companies are Domestic Investors Consortium, Summit Industrial & Mercantile Corporation (Pvt) Limited Bangladesh, National Housing

Finance and Investment Ltd and FMO Netherlands Development Finance Company (four companies jointly sent their EoI), State Bank of India,

Sabrie Capital Worldwide Ltd of Oman, Bank Muscat of Oman, Prince Bandar Bin Mohammad Abdur Rahman Al Saud of Saudi Arabia, Maa

International Investment Ltd of Malaysia and JJ Finance Ltd of the UK.

Guideline for banks suggested to handle ACU transactions

STAR BUSINESS REPORT

Experts from Asian Clearing Union (ACU) members have recommended formulation of a guideline for commercial banks to handle ACU transactions in accordance with the union's mechanism.

The recommendation was made at a two-day technical committee meeting of ACU members that ended in Dhaka yesterday.

The technical committee in a set of recommendations also said the guideline should outline measures to act promptly to any queries by the counter parties in ACU countries and issue ACU dollar account statements as and when a transaction occurs and on a monthly basis.

The committee said member central banks may also ask the commercial banks to pay minimum rate of interest at 2 per cent per annum on the balances ACU dollar accounts.

It also said member central banks may consider establishing a foreign currency clearing system within their territory, enabling the banks to settle their mutual claims arising from inter-bank transaction. This foreign currency clearing mechanism will also enable intra-day final transfer capabilities to settle obligations related to cross-border transactions such as ACU.

It recommended the unilateral change in LC terms and conditions should be avoided as far as possible if such actions affect ACU payment mechanism.

Regarding the use of euro as a freely usable currency, the committee said it can be worked out in future when most of the members would prefer to use more than one currency in the ACU transaction.

The committee said the current chairman of ACU, the Nepal Rastra Bank, in consultation with the ACU secretariat, may identify potential new members in the ACU family.

It said the ACU secretariat may write to the ESCAP (Economic and Social Commission for Asia and the Pacific) to explore the possibility of extending membership beyond the ESCAP region and follow up the issue during ESCAP meetings in Thailand.

Member countries may explore the possibility of doing away with the procedural requirements related with foreign exchange transaction at their end considering the underlying commercial urgency, the committee added.

The committee was also in favour of strictly following the standard international best practices and ICC rules.

GP offers free int'l MMS until July 31

GrameenPhone Ltd is offering its subscribers the facility to send international and local multimedia messaging service (MMS) free of charge until July 31, 2006, says a press release.

International MMS may be used to send or receive photographs or other graphic contents to and from subscribers of selected foreign mobile phone operators across the world.

Presently, GrameenPhone has agreements with 15 mobile phone operators in different countries to send and receive MMS.

The GP international MMS was launched, for the first time in the country, on June 26. The MMS facility is available to all GP subscribers, both prepaid and postpaid, with an EDGE-enabled handset and with EDGE services activated. The maximum allowable MMS size has been set at 100kbps.

A number of other foreign mobile phone operators will be available for sending/receiving GP international MMS within July 2006, the release added.

PHOTO: RANGS GROUP

Romo Rouf Chowdhury (2-L), managing director of Rancon Autos Ltd, Jie Zhao (3-L), president of Geely International Corporation of China, Shariar Yusuf (1-L), controller- Strategic Planning of Rangs Group, and Chrischeng, business development manager of Geely International Corporation, pose for photographs after the contract signing between the two companies.

Rangs Group ventures into Chinese car business

Rangs Group has recently ventured into Chinese passenger cars business in Bangladesh following an agreement with Geely International Corporation, China, says a press release.

Under the contract, Rancon Autos Limited, a sister concern of Rangs Group, has been appointed the sole distributor and authorised after sales service provider of Geely passenger cars in Bangladesh.

Geely International Corporation is a large-scale subsidiary company of Geely Holding Group in China and the exclusive authorised exporter of Geely automobiles.

The year 2003 witnessed the first-ever exports of Geely finished products. By 2004 automobiles produced by Geely were exported to Africa, the Middle East, central America and South America. More recently the company has established trading relationships with over 50 countries.

Initially, Rancon Autos Limited will sell Geely Sedan cars both in 1300cc and 1500cc categories. The selling price of 1300cc and 1500cc fully loaded brand new car will be approximately Tk 9 lakh and 11 lakh. Rancon Autos Limited will also ensure three years warranty of the cars including all spare parts.

SEC disposes of 85.71pc of complaints in FY06

SARWAR A CHOWDHURY

The Securities and Exchange Commission (SEC) disposed of more investors' complaints against listed companies and brokers/dealers in the last fiscal year compared to the preceding one.

In 2005-06 fiscal, the SEC disposed of 85.71 per cent of the total complaints while such percentage was 48.57 in the 2004-05 fiscal, sources said.

On the other hand, the number of total complaints also reduced to 84 in the last fiscal from 105 in FY 2004-05.

However, the number of complaints against listed companies in the last fiscal increased in comparison with that in the previous fiscal.

Of the total 84 complaints, 71 were against listed companies and 13 were against brokers/dealers while the capital market watchdog settled 62 and 9 allegations respectively.

Besides, disposal of four allegations is now under process and nine were sent to the enforcement department for legal actions. Of the four allegations, three are under process in the Dhaka Stock Exchange.

Of the total complaints of 105 in FY 2004-05, 67 were against listed companies and 38 were against brokers/dealers while the regulator body disposed of 36 and 15 allegations respectively.

Besides, four allegations were under process and 34 were sent to the enforcement department for legal actions.

Of the 71 complaints against listed companies in the last fiscal, 10 allegations were for not giving announced dividend or delay in giving dividend while two were for not giving interest of debenture or delay in giving interest, three were related to share transfer, 28 were related to primary share, two were about share transfer to BO account and 26 were for miscellaneous reasons.

Of the 13 allegations against brokers/dealers, five complaints were for not delivering share by the broker, three were for not returning money to the investors and five were for miscellaneous reasons.

Talking to The Daily Star, Farhad Ahmed, executive director (Supervision and Regulation of Markets Intermediaries Department) of SEC, said the growth of disposal rate proves that the market as well as the stakeholders are more disciplined now.

Besides, he said, due to strong monitoring and activities of the commission, not only the number of complaints has been reduced but also the rate of disposal increased.

Bimstec for new deadline for FTA enforcement

XINHUA, *Kathmandu*

Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC), an economic bloc consisting seven South and Southeast Asian countries, is resuming trade negotiations next week in order to finalise the bloc's free trade agreement (FTA) and propose a new date for its enforcement.

"Trade Negotiation Committee (TNC) has announced to convene a meeting from July 25 in Colombo," an official at Nepali Ministry of Industry, Commerce and Supplies (MoICS) told reporters here Yesterday.

Though the members had earlier planned the Colombo meet for May, it was canceled due to internal problems in Sri Lanka and political upheaval in Thailand.

The cancellation has forced the bloc to miss the FTA implementation deadline of July 1.

"Owing to the pressing situation, the meeting will mainly revolve around outstanding issues of free trade accord on trade in goods," the official said on condition of anonymity.

Oil prices fall

AFP, *London*

Oil prices sagged Wednesday as traders held the view Israel's offensive with Lebanon would not engulf the region, and ahead of fresh US crude inventories data, dealers said.

New York's main contract, light sweet crude for delivery in August, fell 41 cents to 73.13 dollars per barrel in electronic deals before the official opening of the US market. It earlier touched 72.81 dollars -- the lowest point since the end of June.

In London, Brent North Sea crude for September delivery dropped 30 cents to 74.06 dollars per barrel in electronic trading, after earlier touching as low as 73.80 dollars.

Moscow authorities plan image make-over to woo tourists

AFP, *Moscow*

Moscow city authorities are to spend 27 million dollars (22 million euros) by 2009 on making the Russian capital more welcoming to tourists and polishing the city's rough image, newspapers said Wednesday.

An investment programme aimed at "raising the prestige of the city" was approved at a meeting of officials on Tuesday, the Vremya Novostei newspaper said.

The spending plan includes hosting more parties for foreign diplomats and sending officials on trips abroad to promote the city, the paper said.

A cruise will be organised on the Moskva River for journalists as part of measures to increase openness and transparency, the newspaper said.

There will also be funding for concrete measures aimed at attracting more tourism, including development of budget hotels, which are currently almost inexistent.

The planned make-over follows praise here for the glossy promotional campaign that surrounded Russia's hosting of the G8 (Group of Eight) summit in the second city, Saint Petersburg, last weekend.

The Kremlin hired a major US publicity firm, Ketchum, to lead the PR effort.

About two thirds of the money earmarked by Moscow authorities will come from city funds and one third from commercial organisations, the newspaper said.

The authorities are hoping for a pay-back in the form of increased investment.

Reporting on a speech by Moscow Mayor Yuri Luzhkov at Tuesday's meeting, the English-language Moscow Times newspaper referred to it as "rambling, sometimes incoherent".

Tata investment seen to cast positive impact on N-region

UNB, *Dhaka*

Uttarbanga Janakalyan Samity (UJS), an organisation of the inhabitants of the northern region, yesterday demanded of the government to sign the deal with Tata Group on its proposed US$ 3 billion investment saying that this investment would bring a positive impact on the economy of the northern region in the country.

Addressing a press conference at Jatiya Press Club, the samity leaders said the proposed investment by the Indian industrial giant will help change life in the country's northern part, which has been deprived of the expected development.

They announced that they would observe a human chain programme in front of Jatiya Press Club on August 8 to press home their demand.

"The Tata investment will definitely create a momentum in the whole economy of the northern region, we will see more new investments..." said UJS president Khandaker Azadur Rahman.

"We have become totally frustrated and angry after the Tata suspended its investment plan due to delay in the government decision," he added.

Former minister Mahbubuzzaman was also present.

Yahoo profits plunge

AFP, *Sunnyvale*

Internet search engine Yahoo Tuesday reported a massive dive in second-quarter profits, sending its shares plunging despite a surge in sales on the back of the football World Cup.

Yahoo's net income for the quarter to June slumped 78 percent to 164.3 million dollars, or 11 cents per share.

The figure was in line with Wall Street forecasts, after earnings in the equivalent quarter of last year were skewed by a windfall from the sale of Yahoo's stake in rival Google.

Yahoo also suffered from changes to stock option accounting rules this year which depressed its headline income.

China pursuing reforms to narrow wealth gap

ANN, CHINA DAILY

The Chinese Government is pushing a reform in the "interest of the broadest masses" to reduce income gaps and redress social inequity.

In its latest effort to ensure that the country's pay and distribution system work in a "scientific, rational, fair and just" fashion, the government has vowed to increase the income of low earners, expand the moderate-income population and readjust the earnings of the top bracket, the Xinhua News Agency reported on Monday .

The pay and distribution reform is important to building a harmonious society, Xinhua said in an interview with officials from the ministries of personnel, finance, civil affairs, and labour and security.

The reform has aroused widespread attention since the Political Bureau of the Central Committee of the Communist Party of China discussed it in May.

Although the country has made headway in improving living standards and reforming its social security system, it has yet to tackle thorny problems in income distribution.

For one thing, the income disparity has been widening between urban and rural dwellers, among people living in different areas, and among workers in different industries, Xinhua said.

Urban residents earn on average three times what rural people do. The richest people, accounting for 10 per cent of city dwellers, possess 45 per cent of total urban wealth, according to media reports.

To narrow the wealth gap, the country has to deepen reform on income distribution, unnamed officials quoted by Xinhua said.

On the basis of economic development, the reform will focus more on social equity and will be designed to ensure all Chinese benefit from the reform, opening-up and modernisation campaign, they said.

PHOTO: Shahjalal Islami Bank

M Kamaluddin Chowdhury, managing director of Shahjalal Islami Bank Ltd, and AKM Nozmul Haque, managing director of Prime Finance and Investment Ltd, exchange documents after signing an agreement on behalf of their companies. As per the agreement, the bank will extend an investment facility worth Tk 5 crore to Prime Finance. Other senior officials were also present.