

Dhaka, Tokyo sign Tk 67.60cr debt relief deal

BSS, Dhaka

Japan and Bangladesh yesterday signed an agreement concerning Japanese grant aid for debt relief amounting to Tk 67.60 crore (1597.100 million yen).

The amount is the sixth instalment of Japanese grant aid for debt relief for the Japanese fiscal year 2001 (April 2001 to March 2002).

The total amount of Japanese grant aid for debt relief stands at 18,356.777 million yen in this fiscal.

Under the agreement, Japan will provide Bangladesh with a grant assistance of the said amount with the intention of producing the same effect as cancelling the debt.

For least less developed countries, Japan instead of reducing the debt, offers grant aid, which is the same amount of debt repayment.

BB T-bill auction

held
UNB, Dhaka

The 183rd auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held here Sunday.

A total of Tk 846.50 crore, Tk 1.00 crore, Tk 0.50 crore and Tk 66.00 crore were offered respectively for the 28-day, 91-day, 182-day and 5-year bills.

Of these, Tk 491.50 crore, Tk 0.50 crore and Tk 50.00 crore in total of Tk 542.00 crore of 28-day, 91-day and 5-year bills were accepted respectively.

The range of the implicit yields was 4.50-4.99 per cent, 5.27 per cent and 9.32 per cent per annum.

No bid was offered for the 364-day and 2-year bills and the bids offered for the 182-day bill were not accepted.

It may be mentioned here that the outstanding balance of premature encashment of the bills stood at Tk 3.00 crore yesterday and due to maturity of the bills, the total amount of Tk 615.00 crore will retire in the current week.

So, the net amount of the issuing bills will stand at Tk 76.00 (Tk 542.00 crore, Tk 3.00 crore, Tk 615.00 crore) crore during this week, said a BB press release yesterday.

Bangladesh-China chamber formed

BSS, Dhaka

A business forum, Bangladesh-China Chamber of Industries, Trade and Commerce (BCCITC), has been formed here with a view to expand bilateral businesses, Muhammad Jahirul Islam Tipu as Chairman, Hasnat Ahmed Hashemee as Managing Director and FR Siddiqui as Executive Director of the body.

The forum was formed at a meeting held here at a hotel on Friday with FR Siddiqui, a Chinese expert and businessman, in the chair.

The meeting elected two vice chairmen, seven directors and a 21-member managing committee, according to a press release.

It also elected a 15-member advisory council with deputy speaker Akhtar Hamid Siddiqui, MP as the chief adviser, the release added.

Navana launches CNG conversion facility

Navana Ltd, a leading business group of the country, launched CNG conversion facility in its newly constructed 3-S service centre in Tejgaon on Thursday, says a press release.

The company has been authorised by the government to carry out CNG operation in the private sector.

Navana will install a number of refuelling stations in the Dhaka city and convert petrol driven vehicles into CNG in its workshop.

With the technical collaboration of world famous Landi Renzo S.p.a of Italy, Navana launched its CNG operation officially. The launching ceremony was officially inaugurated by the State Minister for Energy and Mineral Resources A K M Mosharraf Hossain. The function was also attended by the Italian envoy to Bangladesh, Mario Filippo Piwi, and representative of Landi Renzo of Italy.

Navana has started converting both carburetor type and electronic fuel injection type vehicles using most sophisticated conversion kits.

The newly installed facility of Navana will convert about 4 to 6 vehicles everyday.

Navana also announced its periodic service facility in the different service centre of the company located in the city.

MCCI decries government borrowing from banks

Call for improving law and order

STAR BUSINESS REPORT

Metropolitan Chamber of Commerce and Industries (MCCI) yesterday criticised the increasing government borrowing from the banking sector, saying such borrowing is delaying the country's privatisation process.

At a meeting with Finance and Planning Minister M Saifur Rahman, the office-bearers of the MCCI said the fund is mainly used for subsidising the state-owned enterprises (SOEs).

The MCCI team, led by its President Tapan Chowdhury, also called for strict measures for improving the law and order situation which is needed for economic growth. Earlier, the MCCI president submitted the chamber's budget proposals to the finance minister.

Meeting sources said the finance minister agreed with the MCCI's suggestion for better law and order saying that it is the top priority for the accelerated economic growth. He said measures have been undertaken to help improve the law and order situation in the country.

M Saifur Rahman apprised the MCCI delegation of the recent steps initiated by the government to strengthen the tax administration. He said the government has taken a number of measures to minimise discretionary

powers and introduce accountability in the tax administration.

The government for the first time has appointed 11 chartered accountancy firms to investigate tax evasion in six manufacturing and service sectors, the minister told the delegation.

"Tax evasion and smuggling have been straining the country's growth potentials," the minister said.

The finance minister also said that the government has attached top priority to revitalise the capital market. "It is impossible to think about the development of private sector without vibrant capital market."

Immediate past president of MCCI Latifur Rahman welcomed the government decision to appoint outside auditors. He said such audits should be conducted on pre-determined guidelines.

In its budget proposals, the MCCI also proposed for extension of the time-limit for import duty exemption for stand-by electric generator and also repeal of the provision in The Bengal Electricity Act, 1935.

Among others, State Minister for Finance Shah Mohammad Abul Hossain and Governor of Bangladesh Bank Fakhruddin Ahmed were present during the meeting.

Smuggling, dumping take hefty toll on yarn manufacturers

Factories faced with stockpile worth US\$ one billion

STAR BUSINESS REPORT

Smuggling of relatively low-priced yarn into the country, dumping by the Indian companies and non-disbursement of cash incentive among the local producers are taking hefty toll on the country's yarn manufacturing sector.

The factors have contributed to huge stocks of yarn worth around US\$ one billion in local factories, said the Bangladesh Textile Mills Association (BTMA).

"Mills are not getting the cash incentive for the last six months and this has caused a cash flow problem for the manufacturers. Presently, Tk 300 to 400 crore remain outstanding as cash incentive for the mills," said A Matin Chowdhury, Chairman of the BTMA, at a press briefing in the city yesterday.

"After a certain period a mill cannot fight the factors. As a result,

orders are being diverted to India. Apart from smuggling and leakage from bonded warehouse, Indian producers are dumping their products in the Bangladesh market", Chowdhury mentioned.

If any company wants to avail the 25 per cent compensatory cash assistance, facilities like bond and duty draw back cannot be used and the 25 per cent is calculated on 75 per cent of the FOB (freight on board) value that actually comes to 18.75 per cent, he maintained.

"To avail this 18.75 per cent, the mill has to pay duties, taxes, VAT on dyes, chemical, and spare parts which come to around five to six per cent. The net benefit to a mill comes to 10 to 12 per cent", the BTMA Chairman added.

Because of the delay in disbursing incentive the Bangladesh Garment Manufacturers and Exporters Association (BGMEA)

members are preferring not to use this scheme and opt for duty-free yarn import from India, Chowdhury stated.

"The 25 per cent compensatory cash assistance is very import for the textile sector. The scheme has to be effective and it should be administered properly," he said.

The Chairman said although export with imported fabric and yarn amounted to \$3104 million last fiscal, foreign exchange retention was \$934 million while export with local fabric and yarns amounted to \$1324 million but foreign exchange retention was \$903 million during the same period.

Pointing on the present market trend, he said on March 5, around 3.5 lakh kg yarn entered the country through Benapole border in a single day. Apex Weaving, KDS Textile, EEC Bangla Knit, Grameen Knit, SP Fashion, EOS Textile Newtown Knit

and many other companies imported yarn from India, which earlier used to buy yarn from the local producers.

According to the National Board of Revenue (NBR), annual commercial import of cotton yarn stands around 10 to 12 million kg and cotton fabric 15 million meters, he said. But he alleged the real imports are much higher than these figures indicating huge duty evasion and forcing local industries to face uneven competition.

"We strongly demand that import of yarn and fabric be limited to sea ports only. If the enforcement of law is ensured, we think it will help reduce smuggling," Chowdhury said.

Revival of Bangladesh-Sri Lanka economic commission stressed

STAR BUSINESS REPORT

Commerce Minister Amir Khasru Mahmud Chowdhury and Sri Lankan Minister for Industrial Policy yesterday stressed the need for reviving the activities of Commission for Economic Cooperation between Bangladesh Sri Lanka.

Their views were expressed at an inaugural session of a "one-to-one business meeting" between local entrepreneurs and a visiting 16-member delegation led by the Sri Lankan minister, Professor G L Peiris, who also holds investment promotion and constitutional affairs portfolio, held at a city hotel yesterday.

The joint economic commission held its last meeting in Colombo in 1993.

Speaking on the occasion, Commerce Minister Khasru Mahmud Chowdhury said such a commission could help identify areas of economic and trade cooperation, where both the countries can work together for mutual benefit.

The commerce minister said once the mutually beneficial areas were identified, the institutional measures should follow so that investment can take place quickly.

He expressed his disappointment over the size of bilateral trade between the two countries.

He observed that Bangladesh can use expertise of Sri Lanka in developing tourism and IT sectors of the country.

Speaking on the occasion, Sri Lankan Minister GL Peiris floated two suggestion for developing about products and tourism industry of the coun-



PHOTO: DCCI

Commerce Minister Amir Khasru Mahmud Chowdhury presents a DCCI crest to Sri Lankan Minister Prof. G L Peiris at a meeting in the city yesterday. The picture also shows DCCI President Matur Rahman (middle).

tries.

Under one such suggestion, Sri Lanka, with assistance of Chinese technology will produce jute products from the raw materials imported from Bangladesh. " This finished products could be marketed to the existing market in south Asia."

He also proposed for an initiative to develop tourism sector of Sri Lanka, Maldives and Bangladesh that can be done under one package.

Ambassador of Sri Lanka in Dhaka Neville Piyadigama called local businessmen to invest in Sri Lanka and invited DCCI to send a business delegation to his country.

The meeting is jointly organised by Dhaka Chamber of Commerce and Industries (DCCI) and Sri Lanka Bangladesh Business Council (SLBBC). During their visit to Bangladesh, the Lankan entrepreneurs will hold talks with their local counterparts in Dhaka and Chittagong to find out opportunities for increasing trade and other economic activities between the two neighboring countries.

Among others DCCI president Matur Rahman, Ambassador of Sri Lanka in Dhaka Neville Piyadigama, president of SLBBC president D Justin M Meegoda along with the others members of the delegation and local businessmen attended the inaugural session at a city hotel.

Earlier DCCI president Matur Rahman in his welcome speech mentioned that in 1999-2000 Bangladesh's export to Sri Lanka was 4.77 million US dollar which decreased to 2.62 million dollar in 2000-2001. Similarly The country's import from Sri Lanka has reduced to 7.56 million dollar in 2000-2001 against 8.35 million in the previous year, he said.

US keen to train EPZ workers

BSS, Dhaka

United States has expressed its willingness to train the workers of the Export Processing Zones (EPZs) regarding their rights and obligations.

The American intention was conveyed by Counselor (Political and Economic Affairs) Leonard A Hill when he called on the Executive Chairman of BEPZA Brig Gen (Retd) M Mofizur Rahman in Dhaka on March 4.

The BEPZA Chairman apprised the Counselor of formation of workers welfare committee in all the enterprises of Chittagong and Dhaka EPZs.



PHOTO: MCCI

Finance and Planning Minister M Saifur Rahman addresses a delegation of the Metropolitan Chamber of Commerce and Industry, Dhaka at a meeting on the next budget held at his office yesterday. Shah Mohammad Abul Husain, Minister of State for Finance, Dr. Fakhruddin Ahmed, Governor of Bangladesh Bank, Zakir Ahmed Khan, Secretary of the Ministry of Finance, and Dr. Shoaib Ahmed, Chairman of the National Board of Revenue, are also seen in the picture.

Natore Sugar Mills to decide on molasses sale tender today

ANWAR ALI, Natore

Authorities of the Natore Sugar Mills (NSM) sit today to decide whether the tender for selling 1000 metric tonnes of molasses, which has raised widespread criticism, would be cancelled or not.

Talking to The Daily Star yesterday, a senior official of the NSM told that the authorities concerned were considering a re-tender following speculations over the tender proceedings.

In the first week of February last the NSM floated a tender notice for sale of 1000 metric tonnes of molasses, one of the mills by-products which is mainly used in distilleries to produce wine.

As many as 82 bidders bought tender schedules to drop them in four tender boxes kept at the Bangladesh Sugar and Food Industries Corporation office in Dhaka, Rajshahi Divisional Commissioner's office, Natore Deputy Commissioner's office and Natore Sugar Mill office within

March 7, officials said.

Surprisingly, only four tender schedules were seen dropped at the tender box at the mill office till the last date.

Of the four schedules, that of Kajol Traders, a molasses trading company, offered the highest price of Tk. 85.10 per maund of molasses, which was to be the lowest price of molasses ever.

Local businessmen alleged that arrangements had been made only to have a selected molasses trader, namely Kabir, to get the work.

They also alleged that they were obstructed by terrorists when they went to drop their tender schedules.

The NSM authorities sold molasses at a rate of Tk.152 per maund only two months back while the Joypurhat Sugar Mills, North Bengal Sugar Mills and Pabna Sugar Mills sold at rates of Tk.107, Tk.128 and Tk.105 per maund respectively, sources said.

Refuting the allegations, Mia Md. Golam Kibria, the NSM managing director, told The Daily Star that

there was nothing unusual about the price of molasses although it was seemingly the lowest.

"Production of molasses is increasing in the country lowering its price," Kibria explained adding that nobody should expect a higher price than that of Kajol Traders unless arrangements were made to export molasses.

"The businessman, who bought our molasses at the rate of Tk 152 per maund, lost 50 per cent of his earnest money as he could not withdraw at least 75 per cent of molasses he bought from our depot," Kabir said while elaborating on the previous high rate of molasses.

About allegation of obstructing traders from dropping tender schedules, Kibria said, question of such obstruction did not arise as there were four boxes under police vigilance at four different places for conveniences of the bidders.

"They (the bidders) could have sent schedules through postal service," he added.

Foreign entrepreneurs urged to invest more in Bangladesh

STAFF CORRESPONDENT, Ctg

Foreign Minister M Morshed Khan yesterday urged the foreign entrepreneurs to invest more in Bangladesh, saying the country has the most liberal policies regarding the foreign direct investment (FDI) in the South Asian region.

Steps have already taken to provide various investment facilities to foreign investors in the country, he said.

The Foreign Minister was addressing the inaugural function of the newly built personal products factory of Lever Brothers Bangladesh Ltd on the factory premises at Kalurghat in Chittagong.

He also underscored the development of private sector to spearhead the country's economy.

"Private sector alone can build the economy," the Foreign Minister said, adding that it is not the business of any democratic country to be in the business.

The inaugural function was also addressed by Mayor of Chittagong City Corporation ABM Mohiuddin Chowdhury and Senior Vice President of Unilever Asia Shonaid Jemett-Page.



Foreign Minister M Morshed Khan inaugurates a personal products factory of Lever Brothers at Kalurghat in Chittagong yesterday. Mayor of Chittagong City Corporation ABM Mohiuddin Chowdhury is also seen in the picture.

The mayor expressed his disappointment over the shifting of head offices of many multi-national companies from the port city to Dhaka.

Shonaid Jemett-Page said the installation of the newly built factory will encourage the inflow of foreign investment in Bangladesh.

The new factory was commissioned at a cost of Taka 25 crores. Lever Brothers Bangladesh Ltd is a subsidiary of Unilever, one of the fast growing consumer goods companies.

Dhaka-Colombo investment agreement under way

BSS, Dhaka

Investment promotion and protection agreement between Bangladesh and Sri Lanka is under way for boosting bilateral investment.

This was disclosed at a meeting between Industries Minister M K Anwar and the visiting Sri Lankan Minister for Enterprise Development, Industrial Policy and Investment Promotion and Constitutional Affairs, Professor G L Peiris, at industries ministry here yesterday.

State Minister for Industries Professor Md Rezaul Karim, Industries Secretary Al-Amen Choudhury, Sri Lankan High Commissioner to Bangladesh

Neville Piyadigama and other officials of both sides were present in the meeting.

Replying to a query from Bangladesh side about investment agreement, the Sri Lankan minister said, the ministries involved with the agreement are reviewing the contents and it will be ready for signing soon.

Bangladesh has so far signed similar agreement with 20 countries including USA, Japan, Germany, France, China, UK, Malaysia and Pakistan. Although the investment from the countries with no such investment agreement is also protected by foreign private investment act 1980.

Calling upon Sri Lankan investors to invest in Bangladesh, the

industries minister said, we have a very liberal industrial policy and almost all sectors are open for private investment.

He said, the package of incentives to investment is quite comparable with other countries. All foreign investments are protected by law, he said adding, Bangladesh is looking forward for a fruitful and constructive cooperation between the two countries for mutual economic development.

Sharing the same views, the Sri Lankan enterprise development minister said, Sri Lankan investors are keen to take more joint-venture projects in Bangladesh in the areas like hospitality, jute goods, textiles and financial services sectors.