

## Rabeya Flour Mills declares 10pc dividend

Rabeya Flour Mills Limited, a sister concern of Ejab Group, has declared a 10 per cent dividend for the shareholders for the year 2001.

The dividend was announced at the 25th annual general meeting of the company held at its head office in the city on Tuesday, says a press release.

The meeting approved the dividend sheet of the company for the year ending December 31, 2001.

It also re-appointed MJ Abedin & Co., chartered accountants as auditors of the company for the new year in the light of the resolution taken at the 52nd Board Meeting held on April 30, 2002. Mushtaq Ahmed and Eshtiaque Ahmed who retired at the 25th AGM, were also re-elected as Directors of the company.

## Norway praises activities of BEPZA

Norway has expressed satisfaction about the operational procedure and the package of incentives being offered by Bangladesh Export Processing Zone Authority to the investors of EPZs, says a press release.

Norway made the statement when the Executive Chairman of BEPZA Brig General (Retd) M Mofizur Rahman met the Norwegian Ambassador in Bangladesh Gerd Wahlstrom in the city on Wednesday.

Wahlstrom said she is happy to know that some 21 countries have invested in the EPZs of Bangladesh. She assured of her country's fullest cooperation and support in attracting foreign investment in the EPZs of Bangladesh.

Brig General Mofiz briefed the envoy about infrastructural facilities of the Export Processing Zones.

The meeting was also attended by Lena Hasle, First Secretary (Development Affairs) of the Norwegian Embassy, and AZM Azizur Rahman, General Manager (Investment Promotion) of BEPZA.

## Pragati Ins okays 30pc cash, 30pc stock dividends

Pragati Insurance Ltd yesterday declared 30 per cent cash and 30 per cent stock dividends for its shareholder, says a press release.

The dividend declaration came at the 16th annual general meeting of the company held at Karwan Bazar in the city.

During the last year, the company earned a gross premium of Tk 33.75 crore, 12 per cent higher than the previous year, the AGM was told. Profit before tax was Tk 5.33 crore against Tk 5.12 crore of previous year. The company's total asset at the end of the year stood at Tk 105 crore.

The company's Chairman Moazzam Hossain presided over the AGM.

The chairman, in his speech, said the Pragati Insurance Ltd defying stiff domestic competition was able to overcome the dull and depressed market and pay the shareholders the highest ever dividend paid by any insurance company in Bangladesh.

## Citibank opens new country support office in city

Citibank NA Bangladesh has opened its country support office at seventh floor of Metropolitan Chamber Building in the city, says a press release.

The Economic and Commercial Chief of the US Embassy in Bangladesh Cleveland Charles inaugurated the office yesterday.

Senior officials as well as support staff from human resources, compliance, finance, internal control and general & administration services were present on this occasion.

Speaking on the occasion, Cleveland Charles said: it is good to see that Citibank is expanding its operations in Bangladesh.

He hopes that 'Citibank will play a catalyst role in bringing in best of financial products to Bangladesh'.

# Budget to help little in globalisation context

Speakers observe at ICC dialogue

## STAR BUSINESS REPORT

Despite some positive measures, the proposed budget will not help much the country's economy to be competitive in the age of globalisation, thanks to some missing links and contradictions.

This is the message at a dialogue yesterday on "Budgetary Measures: Imperatives of Global Competitiveness" organised by the Bangladesh chapter of International Chamber of Commerce (ICC).

Speakers at the dialogue said there is no mention of any concrete measure for the backward linkage industries in the textile sector. Also the budget lacks mentioning what level of private investment is envisaged to achieve higher growth and how these capital resources will be mobilised.

The amendment to tax-holiday facility and general amnesty given to the illegal money for investment also came under criticism. And they also termed the revenue target for the next year with a 20 per cent growth projection 'ambitious'.

However, the National Board of Revenue (NBR) Chairman Dr Shohab Ahmed said, "If anybody properly analyses the budget he or she will find it is helpful for the economic development."

He also said, "If anybody wants to term the revenue target ambitious can do that. But we think the target is moderate."

He also defended the proposed measure that invites illegal money for investment 'unconditionally and without any question.' "In fact this a qualitative distinction from the

earlier moves. Earlier, we allowed black money to make white by paying 10 per cent tax, but did not make it mandatory to invest."

With ICC Bangladesh chapter President Mahbubur Rahman in the chair government officials, business leaders, economists and journalists took part in the dialogue held at Hotel Sonargaon.

The Bangladesh Bank Governor Dr Fakhruddin Ahmed identified two major problems -- trouble ridden financial sector and inefficient infrastructure -- hampering competitiveness of the country's economy.

He said as the reforms in the financial and infrastructure sector did not carried out properly in the 1990s, higher growth could not be achieved.

"The high rate of non-performing asset in the banking sector is a big problem. The real rate of interest is too high by any standard and business has to pay for this. And on the other hand, the inefficient port is causing problem for the economy," the central bank governor said.

He also mentioned that clearing cost of a container at Chittagong port is double of that in Colombo port in Sri Lanka. "Even if we can increase efficiency at Chittagong port by at least 25 per cent, we can assume what it would pay to the economy," Dr Fakhruddin Ahmed added.

Professor Rehman Sobhan, chairman of Centre for Policy Dialogue (CPD), said the country's highest export earner apparel sector will face strategic challenge from China after 2004, which should be dealt on emergency

basis.

M Syeduzzaman, former finance minister, emphasised on a package of incentives to cut-down costs and to improve the productivity for increasing the competitiveness of the export sector.

"There are some positive measures like reduction of interest rate for export financing, but the government should put together a comprehensive package. We hope there will be such a package on a short and medium term basis in the interim PRSP, other than expected depreciation of the exchange rate," M Syeduzzaman said.

He also mentioned that the finance minister in his budget indicated to move to achieving higher growth (6 per cent), the scenario remained incomplete. "It has not been mentioned what level of private investments is envisaged either in FY03 or in the medium term, and how the capital resources for these will be mobilised."

Muyeed Chowdhury, advisor to the last caretaker government, said refixation of the lowest slab for customs duty from 5 per cent to 7.5 per cent will ultimately make the domestic industry expensive, as duty on many raw materials will be shot up. "In my view the lowest slab for customs duty should have been 2.5 per cent instead of 7.5 per cent," added Muyeed Chowdhury, who also served as the Chairman of NBR before his retirement from the government service.

He also said that the green channel for clearing imported inputs of readymade garment (RMG) sector is not working now. Mahbubur Rahman mentioned



ICC President Mahbubur Rahman (3rd from Right) speaks at the ICC business dialogue on 'Budgetary Measures: Imperatives of Global Competitiveness' organised by International Chamber of Commerce-Bangladesh held in the city yesterday. Governor of Bangladesh Bank Dr Fakhruddin Ahmed and ICC Vice President A S M Quasem are seen on his left while Dr Shohab Ahmed, chairman of National Board of Revenue (NBR), Latifur Rahman, vice president of ICC Bangladesh, M Syeduzzaman, former finance minister, and Moazzem Hossain, editor of The Financial Express, are on his right.

different 'extra-budgetary' difficulties like administrative hassles specially in the ports, customs and taxation that causes delays and adds costs to business.

"Another important factor is the rule of law that includes crime, corruption and law enforcement; be addressed firmly. Getting rid of these extra-budgetary difficulties is very very important to business than many other factors," Mahbubur Rahman said.

Manzur Elahi mentioned due to managerial problems, even many business firms are hiring mid-level management people from India and

Pakistan.

ICC Vice President Latifur Rahman emphasised on checking VAT evasion.

ASM Quasem of ICC urged to take quick decision on deep-sea port and submarine cable project.

Annisul Huq, Director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said, "There is no direction for the export sector in this budget. Amendment in the tax holiday provision will have negative impact on the export sector as well as harm the industrialisation."

President of foreign chamber (FICCI) Wali Bhiuya, AmCham President Aftab Ul Islam, Bangladesh Economic Association President Professor Moinul Islam, Dhaka chamber President Motiur Rahman, Chittagong Chamber President Farid Ahmed, The Daily Star Editor Mahfuz Anam, Financial Express Editor Moazzem Hossain, Holiday Editor Enayetullah Khan, BASIS President Habibullah Karim, BCS President Sabur Khan also spoke on the occasion.



Moazzam Hossain, chairman of Pragati Insurance Ltd, presides over the 16th annual general meeting of the company held at its head office in the city yesterday.

# SASEC advisor suggests ways to foster trade among members

## STAR BUSINESS REPORT

India should offer duty free access to Bangladeshi goods while Bangladesh should make similar offers to Nepal and Bhutan in order to facilitate trade and investment in the four countries under South Asia Sub-Regional Economic Cooperation (SASEC).

Said an advisor of SASEC Programme of Asian Development Bank (ADB) Nazeem Arif while making a presentation at a meeting of the proposed South Asia Business Forum (SABF) in the city yesterday. He also identified Bangladesh's offer of transit right to India as another key factor that would expedite trade and investment in the sub-region.

Nazeem Arif said that this sub-region, comprising Bangladesh, India, Nepal and Bhutan is a large but fragmented market due to tariff and non-tariff barriers.

In the presentation, the SASEC advisor said that political rhetoric has also been affecting economic opportunities of the sub-region. He identified absence of exploitation of immense resources in the region as well as the low volume of inter-regional trade standing in the way to proper utilization of the potential of this sub-region.

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) organized the meeting. Presided over by Commerce Secretary Suhel Ahmed Choudhury, the meeting was also attended among others ADB Country Director Toru Shibuchi, FBCCI president Yussuf Abdullah Harun, Principal Economist of ADB, India Sudipta Mundie.

Sudipta Mundie said that the imbalance of the size of the four countries is one of the major challenges to use the enormous potentials of this region. He also observed

that economic relations in this sub-region are driven by 'short sighted self interest'.

FBCCI president Yussuf Abdullah Harun said that India has offered restrictive trade policy relation with Bangladesh with several trade barriers.

"The existence of non-tariff and para-tariff barriers in the form of countervailing duties, surcharges, central and provincial sales taxes, luxury duties, certification and quality approval requirements would not be conducive to creating conditions for putting in place sub-regional economic cooperation," he said.

The FBCCI president thanked the ADB for setting up a SABF Sub Regional Business Facilitation Cell at the FBCCI.

Later, Commerce Secretary Suhel Ahmed Choudhury formally inaugurated the cell at the FBCCI Bhaban.

# Donors harden stance against Cambodia

## AFP, Phnom Penh

International donors toughened their stance towards Cambodia on Thursday and presented a list of gripes in return for Phnom Penh's request for 1.43 billion dollars.

That list included corruption, political violence, human trafficking, logging, a culture of impunity and above all a failure by the Cambodian government to reform its judiciary.

The European Union noted: "The overall human rights situation has changed little since last year. Impunity contributes to the persistence of human rights violations."

Washington pointed out Cambodia's local elections held earlier this year had fallen short of being free and fair while the court systems favoured the wealthy and well-connected.

The World Bank said progress in respect to curbing corruption had been disappointing.

And the United Kingdom described progress on action points agreed to since the last donors conference in Tokyo as "overall disappointing" and called for Prime Minister Hun Sen's government to be held accountable.

Those points included legal and judicial reform and corruption, and

the UK position was backed by the European Union. Previously no conditions had been attached to the annual handouts.

Hun Sen earlier made a passionate appeal for more than 1.4 billion dollars in aid to cover the next three years and also sought understanding for his country's failure to try surviving Khmer Rouge leaders.

He also attempted to counter the mounting criticism by the Consultative Group (CG) which meets annually to decide how much financial assistance Cambodia should get.



Vice-Chairman and Managing Director of Bata Shoe Company (Bangladesh) Ltd Stephen John Davies presides over the 30th annual general meeting of the company held at Dhamrai yesterday.

# Points for new a car

## M SALAHUDDIN

The proposed budget for 2002-2003 fiscal year brought good news for the people. The government has taken a decision to reduce tax on imported new cars so that people can purchase new, perfect and pollution-free cars at reduced price. This is a well thought out decision.

Prices: During the last two years, old cars used to be sold between Tk five lakh and Tk 10 lakh in the name of reconditioned cars. Among these, Toyota Starlet sold relatively at a cheaper rate of Tk five lakh and other old cars including luxurious Mark-II and Vista Categories between Tk nine and Tk 16 lakh.

On the other hand, people could not afford it despite desire to buy new cars due to government tariff ranging from 80 to 260 per cent. Present government's proposal to reduce tax on imported cars would bring down price of new cars from Tk three lakh to Tk nine lakh. With the proposal the buyers would be able to buy Suzuki Alto, Daihatsu Cure, Mitsubishi Minika, Nissan March and others between Tk four lakh to Tk six lakh. Toyota Eco, Nissan Sunny, Honda City, Mitsubishi Lancer and Suzuki

Balerno would also be available between seven lakh and nine lakh.

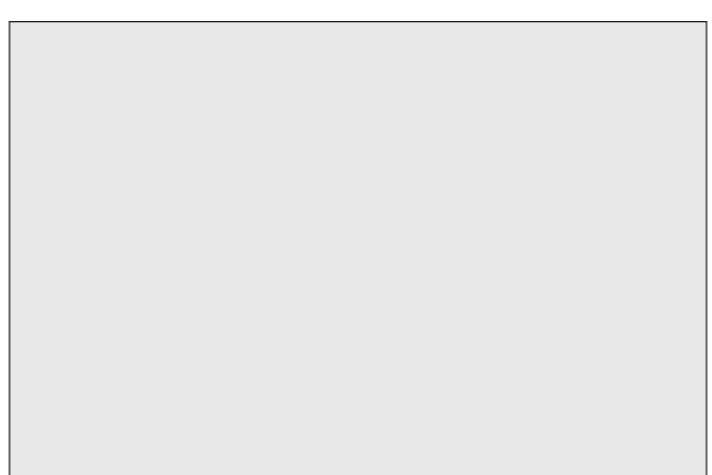
Standard: The buyers have to purchase reconditioned cars without any guarantee. Therefore, it is the buyer who has to search the market for the spare parts of those cars after the purchase.

The following chart gives a clear picture of this:

Is it really a reconditioned car: There are differences between reconditioned and used cars. A reconditioned car means it must have new wheels, tyres, battery brake parts, windshield, window-glasses, wipers, belt, filter, plugs, rust control, engine parts, catalytic converter (four year's lifetime). The last but most important condition is that every reconditioned car must have blue sticker of the Japanese transport authority. But reconditioned cars sold in Bangladesh market do not all have blue stickers on them. In fact, old cars and those damaged in by accidents are being sold in Bangladesh after minor repairs. And in this way, the buyers are being cheated.

None to be unemployed: A section of reconditioned car importers and sellers association claims

that several hundred car show



rooms will be shut down and thousands of workers will be unemployed if the government decision is made effective. This claim is motivated. The reality is that none will be unemployed due to the government decision. Because, present dealers of reconditioned cars can become dealers of the imported new cars. So their business will run as usual and the employment of the workers

will remain intact.

At the same time, privately owned workshops will be going on for the necessary servicing of old cars and those new cars whose warranty period expires.

Old cars source of pollution: A section of importers and seller of reconditioned cars claim that reconditioned cars do not pollute the environment. But these cars are polluting the environment every

moment. The standard requirement is that hydrocarbon in the smoke of a car must be below 180 per cent. But study shows that the level of hydrocarbon is higher in the case of old cars being sold in the name of reconditioned cars due to which environment is being polluted. People suffer from respiratory problems if level of hydrocarbon in air exceeds the level of tolerance. On the other hand in new cars, chemical substance that pollutes the environment is controlled. Apart from these, each new car have pollution controlling new catalytic converters unlike the old cars. Some old and used cars may have catalytic converters on them but these are useless because they have become ineffective after being in use for four years.

For this reason, while the new cars are fully environment-friendly the old and used cars marketed as reconditioned ones are not. Thus new cars are needed to make Bangladesh pollution free for us and the next generation.

Where is the Indian car? A section of importers of old cars are engaged in propaganda that Indian cars will capture the market if the prices of the new cars are reduced.

But the reality is that Bangladesh was never a market for Indian cars. Value of new Indian cars remained several lakh takas less than the Japanese new cars. But the Indian cars could capture only two per cent of the total car market in Bangladesh. When the value of Japanese new cars come down to only a few lakhs after the budget is approved, it is easy to understand that how the price, quality, and demand will shape the market. So this propaganda against reduction on duty on new imported cars are totally baseless.

Public interest in relation to the epoch making steps of the government in the transport sector. The decision to make available new vehicles at a reasonable price came following the footsteps of the decisions to remove old buses and trucks from the streets of the capital. So let us welcome the government's decision and resist the business of deception, acts against public welfare and conspiracy to endanger environment.

The writer is secretary general of Bangladesh Automobiles Distributors Association (BADA)

## Bata declares 100pc dividend

The Board of Directors of Bata Shoe Co (Bangladesh) Ltd has declared a 100 per cent for the shareholders for the year 2001.

Of the total dividend 50 per cent is final while the rest 50 per cent interim dividend, says a press release.

The dividend was declared at the 30th annual general meeting of the company held at Dhamrai yesterday.

The Vice-Chairman and Managing Director of the company, Stephen John Davies, presided over the meeting.

The meeting was attended by a large number of shareholders and the audited accounts for the year 2001 were approved in the meeting.

Speaking on the occasion, Stephen John Davies reported that the company's turnover was increased by Tk. 254 million representing a growth of 11 per cent over the preceding year.

He said the company's sale pairs recorded a growth of 9 per cent against 2000. The company achieved a net profit of Tk. 215.3 million with a significant increase of Tk. 22.6 million or 12 per cent over 2000. VAT was the largest single item of expense against the preceding year.

He said to improve the manufacturing facilities two new King Steel Super Expanded PVC Injection machines were added for production of value added plastic shoes and light weight PVC shoes for summer lines, five Bata Bazars, one City Store and 30 family stores were opened.

The meeting was also attended by other Directors of the company -- Rashid-ul Hasan, Rakanuddin Mahmud, and Dean Bradley Turner. M Saidduzzaman, company secretary, and other senior executives were present.

## Tax men, company officials hold meeting

A view exchange meeting between tax officials and limited company officials was held recently at the office of Taxes Commissioner, Taxes Zone-7, says a press release.

Presided over by Taxes Commissioner Md Ashek Hossain, the meeting aimed to help create a corporate culture and tax friendly environment for tax officials and tax payers.

Among others, Additional Commissioner of Taxes Moutaz ala Sakur Ahmed, Deputy Commissioner of Taxes Maqbul Hossain Paik, Deputy Commissioner of Taxes (Head QTR Admn) Ahsan Habib, Managing Director of Eastern Bank Ltd K Mahmood Sattar, EVP Mostefa Alam, SAVP Ahmed Ismat, FSVP Abu Tayub, Krishnadhan Saha, Managing Director of Expeditors (BD) Ltd Earshad Ahmed and Accounts Officer Md Mashiur Rahman, Joint Secretary of Eastern Cables Ltd Md Shah Alam and Senior Accounts Officer Md Shahidullah and Company Secretary of the Essential Drugs Ltd Sankar Ranjan Saha and Deputy Manager Accounts Md Tariqul Islam were present in the meeting.

Managing Director of the Eastern Bank Ltd K Mahmood Sattar and some of the assessee company representatives pointed out that at the tax-determining stage they face some difficulties as some times taxes department made arbitrary judgement and sometimes it lingered in assessment procedure meaninglessly, causing hindrance to revenue collection.

In reply, Taxes Commissioner Ashek Hosain said they are trying to wipe out the traditional and primitive ways.

## Germany plans job market reforms after election

### AFP, Berlin

German Chancellor Gerhard Schroeder plans to reform the labor market if he wins September elections by combining welfare payments and unemployment benefits in one system, the daily Die Welt reported Thursday.

"We need labor market reforms, there is no question about it," Schroeder told the newspaper in an interview.

"We need to bring together the various benefits given to the jobless. We will do this in the next legislative period."

Schroeder is facing a tough conservative challenge from Bavarian premier Edmund Stoiber who has repeatedly attacked the chancellor on his broken promise to drive down joblessness from more than four million when he was elected in 1998 to below 3.5 million by poll this year.