

Bureaucracy stands in way of awarding NRBs

NAZMUL AHSAN

The government has so far failed to fulfil its commitment to award commercially important person (CIP) status and regular remitter card (RRC) to eligible non-resident Bangladeshis (NRBs) due to bureaucratic bottlenecks.

In the budget 2002-2003, the government announced the incentives to the NRBs with a view to encouraging them to remit more in foreign exchange.

As a follow up of the government announcement an inter-ministerial meeting at the Ministry of Finance in August last year, decided to award CIP status to the NRBs remitting US\$ 50,000 annually and RRC to those who remit at least \$2,000 annually through official channel.

The meeting was attended by the representatives from Ministry

of Finance, Ministry of Commerce, Bangladesh Bank and Ministry of Expatriate Welfare And Overseas Employment.

As per the decision the CIP and RRC were supposed to be issued for a one-year period.

The meeting also decided to assign expatriate welfare and overseas employment ministry to invite applications from eligible NRBs by September last year. But the ministry failed to act as per the decision, sources alleged.

According to meeting decision a CIP cardholder will be allowed to use VIP lounge of the airport, get cabins in the government hospitals when required, receive consular services in Bangladesh foreign missions and will be invited as guests in all programmes of Bangladesh missions in the country they reside.

The RRC holders will get preference in seat bookings in the national flag carrier, Biman Bangladesh Airlines. Besides, they will get quickest service in the immigration and special luggage handling facilities at airports, according to the decision.

The meeting, however, decided to exclude the NRBs involved in bank loan default, money laundering and convicted in moral grounds, irrespective of the amount they remit, in awarding CIP status and RRC.

In October 2002, the expatriate welfare ministry rejected a proposal from the finance ministry in carrying out the responsibility it was entrusted with. The expatriate ministry argued that there was an acute shortage of manpower in the ministry.

Following the denial, the finance ministry failed in making

any further progress up to May, 2003.

Recently, Finance and Planning Minister M Saifur Rahman reviewed the earlier decision by slashing 25,000 dollars to become eligible for CIP status from proposed 50,000 dollars but keeping the proposal of 2,000 dollars for getting RRC, sources said.

The finance ministry officials said the recent decision would soon be placed before the cabinet meeting for approval.

If the proposal gets cabinet nod, applications from the eligible NRBs will be invited. A government committee comprising the members from different ministries and banks would then decide the qualified ones from the applicants, sources said.

The committee will also consider observations of Bangladesh

missions abroad prior to finally awarding the CIP status and RRC, sources mentioned.

They said that the whole process will be completed within a period of six-month.

"We are not actually responsible for the delay as the case was supposed to be performed by another ministry," a high official in the finance ministry said.

He said, as the finance ministry had been busy with the negotiation for receiving the poverty reduction growth facility (PRGF) loan from the donor agencies and with the preparation to finalise the current fiscal's budget, the delay had been unavoidable.

The NRBs remitted \$278.71 crore between July and May of FY2003. The remittance was on the tune of \$188.2 crore in FY2001 and \$194.93 crore in FY2000.

Himadri Limited declares 10pc dividend

Himadri Limited has declared a 10 per cent dividend for the shareholders for the year ending December 31, 2002.

The dividend was declared at the 29th annual general meeting of the company held in Dhaka recently, says a press release.

The meeting also confirmed the re-appointment of Begum Rabeya Ahmed as managing director of the company for a period of four years with effect from January 1, 2003.

The meeting also appointed Mushtaq Ahmed chairman of the company.

Sobera Ahmed Rizvi and Eshtiaque Ahmed, who retired at the 29th AGM, were also re-elected directors of the company.

ROK to take EU to WTO over Hynix tariffs

AFP, Seoul

South Korea will take action at the World Trade Organization (WTO) should the European Union approve a proposal to hit Hynix Semiconductor with punitive tariffs, officials said here Friday.

"We will appeal to the WTO if the European Union pushes ahead with the proposal as we have already done against the US ruling," said an official from the Ministry of Foreign Affairs and Trade.

Bangladesh operation of Gulf Oil launched

STAR BUSINESS REPORT

Gulf Oil has launched its Bangladesh operation through a joint venture company in partnership with Oil Bangladesh Limited.

The joint venture came into existence on Thursday following a strategic tie-up agreement between the UK-based Gulf Oil International and Oil Bangladesh Limited. The joint venture company will be known as Gulf Oil Bangladesh Limited.

V Ramesh, vice president of Gulf Oil International, UK, and Munirul Islam, managing director of Gulf Oil Bangladesh Ltd, signed the

agreement. The agreement signing and launching ceremony was attended, among others, by State Minister for Energy and Mineral Resources AKM Mosharrar Hossain, Privatisation Commission Chairman Enam Ahmed Chowdhury, British High Commissioner to Bangladesh David Carter and Gulf Oil Bangladesh Limited Vice Chairman A Rouf Chowdhury.

State Minister for Energy and Mineral Resources AKM Mosharrar Hossain said the government believes in the policy that business should be left with businessmen while government will provide the necessary policy support for busi-

nesses to flourish.

He said the government in the budget has provided energy sector with biggest ever allocation to develop the important sector.

He also explained the various steps initiated by the government in this sector.

Gulf Oil Bangladesh Limited vice chairman said Gulf Oil brands are in the local market for the last three years. Based on the success and market response for the products the new joint venture company has been formed to cater to the increasing demand in Bangladesh market, he added.

"We are hopeful the joint venture company will be a successful one in Bangladesh," Rouf Chowdhury said.

Ramesh, vice president of Gulf Oil International, said his company is in the business of manufacturing and marketing of a complete range of over 400 performance lubricants. "Gulf has ISO 9002 accredited lubricants, blending-plant in all five continents and markets through direct operations, strategic allies, joint ventures, distributors and license arrangements."

"Gulf intends to be amongst the first companies releasing technically proven quality product, meeting the latest industry and equipment manufacturers' requirement," Ramesh said.

Privatisation Commission Chairman Enam Ahmed Chowdhury said the new joint venture will live up to expectations and succeed in its goal in Bangladesh.



PHOTO: STAR

V Ramesh, vice president of Gulf Oil International, and Munirul Islam, managing director of Gulf Oil Bangladesh Ltd, shake hands after signing an agreement in Dhaka on Thursday as Gulf Oil Bangladesh Vice Chairman A Rouf Chowdhury and State Minister for Energy and Mineral Resources AKM Mosharrar Hossain look on.

ICMAB holds seminar

The Dhaka Branch Council (DBC) of The Institute of Cost and Management Accountants of Bangladesh (ICMAB) organised a seminar on Key Accounts Management at its auditorium in Dhaka recently, says a press release.

Ralph F Wineland, management consultant NRECA, Arlington, VA, USA, and Naba Krishna Muni, were resource person and co-recourse person respectively of the seminar.

Syed Abu Yousuf, chairman of Dhaka Branch Council, and Abdur Rashid, president of the institute, also spoke at the seminar.

Emirates starts Dubai-Moscow service

Emirates launched its new service to Russia on Tuesday, says a press release.

The five-a-week service to Moscow's Domodedovo airport will boost booming business links between the Russian capital and the commercial heart of the Middle East, and offer Russian customers convenient connections to Emirates' major Far East business and leisure destinations.

Emirates' modern wide-bodied Airbus 330-200s with 18 first, 42 business and 183 economy seats, and 15 tonnes' cargo capacity, now link Dubai with the Russian capital which becomes its 67th destination.



PHOTO: STAR

Workers of a garment factory demonstrate in front of the headquarters of BGMEA (Bangladesh Garments Manufacturers and Exporters Association) in Dhaka yesterday as they are not getting salaries for months.

Corporate governance in Bangladesh part-III

Auditors' compromise blocks good corporate governance

M SHAMSUR RAHMAN

Auditors' compromise with their professional independence by entertaining management desire to conceal information necessary for a fair presentation of financial statement stands in the way of establishing good corporate governance in Bangladesh.

This has been reflected through the display of inadequate footnote disclosure of material inter-company and related party transactions, the absence of reporting and the lack of consolidation of financial performance of companies. The observations were made in a final draft report of the Asian Development Bank (ADB), which was prepared under an ongoing ADB technical assistance project.

It said there are marked weaknesses in financial statement disclosure and the standards under which accounting professionals perform external audits of public companies.

"While Bangladesh's accounting conventions appear to generally conform to international accounting standards (IAS), rule to cover certain significant accounting issues such as treatment of asset impairment and derivatives investment, have not as yet been adopted," the report says.

It said there is a shortfall of qualified accounting personnel within public companies who are sufficiently knowledgeable of accounting standards and are capable of preparing financial statements in accordance with IAS.

The report said there is also problem of professional independence and the level of competency of outside auditors. Although auditors of public companies have to obtain license from the Institute of Chartered Accountants of Bangladesh (ICAB), the institute only recently has acted once to impose sanction on an audit firm for failure to conduct proper audit.

But the suspension was chal-

lenged in the court, which issued a stay order on the ICAB order. "But the ICAB did not contest the stay order," the report said.

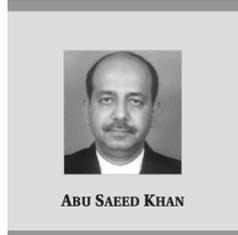
"The auditing firms do not generally have quality assurance programmes nor has a peer review process been established by professional organisation."

In the light of perceived shortcomings of the ICAB in the areas of responsibility, the ADB report suggested creating an accounting board under the jurisdiction of the Securities and Exchange Commission.

The report observed the board is not a panacea, the problem of organising, recruiting and training qualified individuals, rulemaking, properly compensating them and insulating them from liability will occupy such a board.

"However, in view of the intense need to improve the quality of Bangladeshi financial reports and audits, there seems to be little alternatives," the report said.

Regulator's missed-call in million mobiles



ABU SAEED KHAN

The telecom regulator has dragged itself into a controversy on mobile tariff. Speculations hit the roof and the market went baffled when the regulator announced tariff reduction by Grameenphone. The dust of confusion, however, got gradually settled. But regulatory credibility suffered a heavy casualty due to this incident.

The telecom law mandates any operator to get its tariff vetted by Bangladesh Telecom Regulatory Commission (BTRC). The proposed tariff may be approved or rejected within 60 days. Grameenphone obtained approval for a reduced tariff plan.

The operator decided to launch new packages with bargain call charges from July 1. Its existing post-paid customers, representing less than 30 per cent clientele, would also enjoy this reduction to some extent. The remaining majority of pre-paid users would be rewarded gradually.

But the chairman of BTRC was not consistent with these facts while disclosing Grameen's tariff reduction to the media on June 10, 2003. He talked about overall tariff reduction for all Grameen customers from July 1 and hoped that

other mobile operators would follow suit. His statement made headlines in all major national dailies next morning.

Consumers rejoiced for a belated price-cut by the dominant operator and its ripple effects. After all, the regulatory chief himself proclaimed it. But the BTRC chairman's statement was proven misleading. Because Grameenphone has not slashed its call charges across the board on

amisconduct."

Therefore, the BTRC Chairman's revelation of Grameenphone's tariff reduction was not consistent with the law. It is imperative for BTRC to clarify its position. Otherwise the last remains of its institutional credibility and moral authority will diminish. Evidently the regulator also needs to reform its ethical standards.

The private operators are pre-

Meanwhile the regulator has been found pretentious while claiming itself a 'pro-subscriber agent'. Because it has no concern for 800 thousand plus mobile-to-mobile users. The government has been denying their access to the state-owned telecom monopoly. Although such denial violates the telecom law, BTRC never intervened to connect these captive mobiles.

But when the puritan mindset

the mobile operator should take against particular users.

Besides, BTRC has no evidence of any "illegal call termination" through mobile phones. All it has is a memo from Bangladesh Telegraph and Telephone Board (BTB). That's it.

If a nebulous hit from BTB becomes the heavenly gospel, who needs the telecom law or BTRC? No operator can take any action against any customer unless the bill is updated or there is an inconclusive evidence of misdeed.

Therefore, the regulator should restrain its anti-mobile move to please BTB. It should rather expeditiously process the BTB's licence to operate as a telecom provider. That will defuse the hegemony of state-owned telecom monopoly. Because, the operating licence to BTB would equal its status with all private mobile operators and Internet Service Providers.

Whereas BTRC has been sitting on BTB's licence application for six months. Why such delay to do this simple paperwork? Why BTRC is deliberately extending the lease of life for BTB? Is not BTRC acting as an extension of BTB while issuing vague orders to crack down the mobile users?

Regulatory independence may be a relative issue in various markets. But good governance is a universal standard for effective regulation. Therefore, BTRC has to abide by the legal codes and ethically exercise its authority.

The regulator has to be independent of inhibition in order to be truly independent. Understanding this underlying reality is not an option.

The writer is a telecom analyst

PASSWORD

The private operators are preparing a list of BTRC officials, whom they had to "gift" mobile phones. The operators may exempt all historical dues but payments are to be made in future. Otherwise the "free" mobile phones of these officials and their friends and families will have no signal.

July 1.

Any tariff reduction remains as a strategic and confidential information until the concerned operator decides to disclose it. BTRC, being the lawful custodian of such information, is legally entrusted to safeguard the confidentiality.

Sub-section 2 under section 85 of the telecom law says, "No Commissioner, or consultant, officer or employee or any other person employed by the Commission shall knowingly disclose or allow to be disclosed any confidential information to any other person in a manner so that the information may be used to the benefit of that other person or to the detriment of a related person; disclosure of a confidential information shall be deemed to be

paring a list of BTRC officials, whom they had to "gift" mobile phones. The operators may exempt all historical dues but payments are to be made in future. Otherwise the "free" mobile phones of these officials and their friends and families will have no signal.

It is up to the legal scholars to interpret the regulator's non-payment of mobile phone bills. But the telecom law is explicit about taking such undue advantage. It warns about removing a regulatory official for "corruption, misuse of power, gross misconduct or gross negligence of duty". BTRC misleading the consumers with misinformation on fictitious price-cut should also be examined through legal spectacles.

impedes proliferation of technology, people ingeniously overrides the obstacles with innovative solutions. Using very small aperture terminal (VSAT) equipment, some entrepreneurs are providing satellite connectivity to the mobile-to-mobile subscribers. It enables them to receive and make overseas calls.

Here the regulatory hierarchy, which is composed of retired civil servants, became holier than the Pope. It has ordered all mobile operators to "take necessary steps" against such "illegal termination" of international calls.

BTRC is a quasi-judicial body and its adjudications are to be strictly in accordance with the telecom law. But the regulator has not defined what "necessary steps"