

Star BUSINESS

DHAKA TUESDAY JULY 29, 2003

BTMA president to vie for FBCCI presidency

UNB, Dhaka

BTMA chairman MA Awal aspires to become president of the apex trade body, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Bangladesh Textile Mills Association (BTMA), the platform of private textile mills, yesterday mandated its chairman to vie for the prestigious post of president of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

"We believe our chairman will be the right person to lead the apex trade body... We find him capable of making the FBCCI a truly representing body for the business community," a BTMA executive told a press conference.

"At least, he won't become an agent for foreign companies," another executive told the press, explaining the justification of floating their chairman as a candidate for the FBCCI presidency.

New chairman of Bengal Fine Ceramics

Rashed Maksud Khan has been elected chairman of Bengal Fine Ceramics Limited.

Khan was elected at the board meeting of the company held in Dhaka recently, says a press release.

Raymond keen to set up denim fabrics factory

UNB, Dhaka

Raymond Limited, an Indian fabrics supplier, yesterday expressed interest in establishing a Denim fabrics factory in Bangladesh.

A delegation of Raymond Limited led by its group President Nabankur Gupta disclosed this during a meeting with Bangladesh Garment Manufacturers and Exporters Association (BGMEA) acting president SM Nurul Haque.

The BGMEA leader assured the Indian company of all sorts of cooperation in investing here.

The delegation informed that they would consider investing in other sectors also if they get positive response from the Bangladesh government.

City Bank, Advance Services Sign deal

Advance Services and Management Limited has signed an agreement with The City Bank Limited for purchasing consumer goods under the bank's consumer credit scheme.

A H M Nazmul Quadir, deputy managing director of The City Bank Limited, and Mozahar Uddin Ahmed, chairman of Advance Services and Management Limited, signed the agreement on behalf of their two organisations in Dhaka recently.

Abbas Uddin Ahmed, managing director of the bank, was present.

Under the deal, clients will avail themselves of the loan facility under the scheme for purchasing home appliances.

Among others, Habibur Rahman, consultant, M Shafiqul Alam, senior executive vice president and Manash Kumar Ghosh, senior vice-president and Secretary of The City Bank Limited, were present at the signing ceremony.

United Leasing earns Tk 54.38m half yearly profit

United Leasing Company Limited earned a profit of Tk 54.38 million during the first half of the year.

The after tax profit was Tk 40.44 million during the same period last year.

This was disclosed at the 94th meeting of the Board of Directors of the company held in Dhaka yesterday.

Kafiuddin Mahmood, chairman of the company, presided over the meeting, says a press release.

The Board, among other matters, approved the accounts (unaudited) of the company for the half-year ending June 30, 2003.

The company achieved 7 per cent and 34 per cent increase in its half-yearly operating income and after tax profit respectively compared with the corresponding period of last year.

Income from operation increased to Tk 692 million from Tk 649 million in 2002.

T-bill liquidation restriction goes

STAR BUSINESS REPORT

In a bid to develop secondary market for treasury bills auction, the central bank has withdrawn restriction on liquidating the bills before maturity period.

The restriction was withdrawn through a Bangladesh Bank circular on Sunday which termed the move to be an interim development to pave the way for a secondary market for treasury bill auction.

The advice was given to commercial banks and financial institutions through the circular.

The circular advised financial institutions to properly utilise the facility to better liquidity manage-

ment, apart from Repo (repurchase agreement) and reverse Repo with the central bank.

Currently, there are six different types of treasury bills which are sold through auctions. These are of 28-day maturity, 91-day maturity and 365-day maturity.

Pubali Bank Managing Director Khondker Ibrahim Khaled said the new method will be beneficial for the bank's cash money.

National Credit and Commerce Bank Managing Director said the system will reduce the instability of the interest rate which is frequently seen in the call money market.

This will also contribute to reducing interest rate, he said.

WB, IMF set conditions for loans: Saifur

STAR BUSINESS REPORT

The World Bank and International Monetary Fund (IMF) will provide adequate loans to Bangladesh if the government succeeds in reducing wastage of resources, selecting appropriate projects and ensuring their implementation.

Finance Minister M Saifur Rahman yesterday disclosed this at the Zia International Airport upon his arrival early in the morning from a three-week visit to the US and UK.

Saifur left Dhaka for London and Washington on July 10. During

the visit, he underwent treatment and met top officials of the WB and IMF.

He told the press as finance minister this visit was the most effective among all other visits in the last two years.

He extensively discussed the financial condition and reform programmes of Bangladesh with WB president, IMF managing director and other high officials.

The donor agencies had expressed their satisfaction over the government's interim poverty reduction strategy paper (I-PRSP), Saifur said.

Stay on FBCCI electoral reform order to continue

Appellate Division rejects

petition against HC stay

STAR BUSINESS REPORT

The Appellate Division yesterday rejected a government petition seeking vacation of a one-month stay order by the High Court on operation of the government SRO regarding electoral reform of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

A deputy secretary of the commerce ministry filed the petition against the High Court order that stayed the operation of the ministry's SRO (statutory regulatory order).

Earlier, the High Court on Saturday issued a rule upon the government following a writ petition filed by M A Rouf Chowdhury, president of Bangladesh Vegetable Oil Refiners and Vanaspathi Manufacturers Association, challenging the electoral reform.

In the rule the High Court directed the government to reply within three weeks as to why the SRO should not be declared illegal.

The commerce ministry on July 31, 2002 advised the FBCCI to reform its election procedure by absorbing 14 directors in its executive committee from leading chambers and associations without election.

It also asked to elect president and vice-presidents of the federation by the 14 nominated and 24 elected directors, instead of direct

voting of all FBCCI members.

Meanwhile, a division bench of the High Court last Sunday directed FBCCI President Yussuf Abdullah Harun and FBCCI Election Board Chairman Lt. Col (ret) Anisuzzaman to explain why contempt of court proceedings should not be drawn against them.

The court also directed them to appear before the bench in person at 10:30 am on August 4, 2003 after AKM Shamsuddoha, President of Kishoreganj Chamber of Commerce and Industry, filed a petition.

The petition said the court order to include AKM Shamsuddoha's name in the voters' list was refused by FBCCI president and the chairman of the FBCCI election board.

Chairman of the FBCCI Election Board Lt. Col (ret) Anisuzzaman told The Daily Star yesterday that he was unaware of the court order.

He said he had no intention of ignoring the court order adding that he will appear before the court on August 4 and try to defend himself.

AKM Shamsuddoha told The Daily Star that his petition was not intended to block the election process rather he had wanted to ensure his voting rights which was denied by the election board.

Total restructuring of Petrobangla on cards

UNB, Dhaka

The government is going for a total restructuring of the organogram of Petrobangla the state oil, gas and mineral corporation to make it more of a supervising authority than a public sector operator.

Officials said State Minister for Energy AKM Mosharrar Hossain at a high-level meeting yesterday asked the officials concerned to formulate a draft for amending the laws "necessary for a total restructuring" of Petrobangla.

He also asked for postponing the bid for engaging the private sector in Petrobangla's marketing companies for bill collection and directed for fresh tender after a trial operation in the city outskirts of Jinzira.

Similarly, the minister also directed to introduce pre-paid meter for gas consumption after test operation at one or two points with standardization of the imported meters.

For restructuring Petrobangla, officials said a committee would be formed to go through the amendment proposals made by the Petrobangla itself and make a final draft in consultation with foreign experts.

The key reason for reorganizing

the state-run corporation is that the companies under it have already been empowered to run independently under the Companies Act.

Officials said the empowerment of the companies with the autonomy brought a new dimension that calls for re-determining the role of Petrobangla and its departments as well as duties and functions of its officials.

Following the new development that reduced the functions of Petrobangla, the government in the present context wants the state oil and gas corporation to be converted into a monitoring and supervisory authority from its present operational role.

State Minister for Energy AKM Mosharrar Hossain suggested that Petrobangla should be turned into a monitoring authority like the central bank that supervises the banking sector although the boards of directors of the banks are independent.

Although his critics consider the fresh bid would make Petrobangla a "commander without a gun", many of its senior officials welcomed the move saying the restructuring is a must to keep up with the changed situation.

ICB announces dividends in all funds

Investment Corporation of Bangladesh (ICB) has declared dividends for its eight mutual funds and the unit fund.

The rates of dividends are 180 per cent for the first mutual fund, 45 per cent for second, 50 per cent for third, 40 per cent for fourth, 24 per cent for fifth, 17.50 per cent for sixth, 14.50 per cent for seventh and 13.50 per cent for eighth mutual fund and Tk 12.30 per unit on unit fund for the year ending June 30, 2003.

The dividends were approved at a meeting of the ICB board in Dhaka yesterday chaired by Hasinur Rahman presiding, says a press release.

The rates of dividends for the year 2001-2002 were 175 per cent for the first mutual fund, 42 per cent for second, 50 per cent for third, 40 per cent for fourth, 24 per cent for fifth, 17.50 per cent for sixth, 14.50 per cent for seventh and 13.50 per cent for eighth mutual fund and Tk 12.30 per unit on unit fund.

It may be mentioned that the First ICB Mutual Fund has declared the highest cash dividend for the second consecutive year compared with other listed companies in the country during the same period.

During the year 2002-2003, distributable net profit of the First Mutual Fund was Tk 313.19 lakh, second mutual fund was Tk 78.75 lakh, third mutual fund was Tk 159.53 lakh, fourth mutual fund was Tk 105.39 lakh, fifth mutual fund was Tk 53.16 lakh, sixth mutual fund was Tk 119.42 lakh, seventh mutual fund was Tk 63.66 lakh, eighth mutual fund was Tk 89.79 lakh and ICB Unit Fund was Tk 6190.16 lakh.

The Board of Directors noted with appreciation that although the stock market was not in a desired state, the funds have been managed well by ICB, which has enabled declaration of attractive rates of dividends.

As manager to the funds, ICB took all measures and used appropriate techniques to strengthen the portfolio of the Funds and to protect the interest of the certificate holders.

New RMG industry to be established in Ctg EPZ

UNB, Dhaka

A garments accessories manufacturing industry with an investment of Tk 3 million will be set up in the Chittagong Export Processing Zone (CEPZ).

The 100 per cent Bangladeshi enterprise, to be known as M/s DAF Accessories Limited, will annually produce 16 million dozens of plastic hanger, plastic sizer and plastic clip.

It will also manufacture yearly 20 million piece of LDPE and PP poly film and 26.5 million pieces of carton, pack board, neck board, price stiker and photo film.

An agreement to this effect was signed between the Bangladesh Export Processing Zones Authority and the M/s DAF Accessories Ltd here yesterday.

The Joint Secretary and Member (Investment Promotion) of BEPZA M Nazrul Islam and Managing Director of DAF Accessories Ltd Mohammad Yousof signed the agreement on behalf of their respective sides.

BEPZA Executive Chairman Brig Gen (Retd) M Mozibur Rahman, member (Finance) M Didarul Anwar, member (Engineering) Abu Reza Khan, General Manager (Investment Promotion) AZM Azizur Rahman were also present in the lease agreement signing ceremony.

Nat'l Housing signs MoU with BTA

National Housing Finance and Investments Limited has signed a memorandum of understanding (MoU) with Bangladesh Thai Aluminium Limited (BTA).

Nizam Ahmed, assistant vice president of National Housing Finance and Investments Limited, and Engr Khurshid Hossain, deputy general manager of Bangladesh Thai Aluminium Limited, signed the MoU on behalf of their organisations in Dhaka recently.

Senior officials of both the organisations were present.

Under the arrangement, the clients of National Housing will be able to buy BTA branded aluminium products at discounted price.

The two organisations are engaged in manufacturing and marketing of aluminium fabrication products under the brand name BTA.



A vendor sieves sugarcane juice at Sadarghat in Dhaka as his assistant extracts it using a machine manufactured locally. The motor-run machine adds leverage to the business which previously depended on manual machine for extraction.

Businesses for continuation of pre-shipment inspection

STAR BUSINESS REPORT

Voicing concern over a move against pre-shipment inspection (PSI), the business community has urged the government to continue with the system to help avert customs' harassment on importers.

They said the businesspeople would never support a valuation system by the "corrupt customs officials" which would also reduce customs revenue from imports.

"We would never support valuation arrangement by the customs officials instead of PSI system taking into account the interests of the businessmen and government's revenue perspective," Matiuur Rahman, president of the Dhaka Chamber of Commerce and Industry (DCCI), told The Daily Star yesterday.

A group of corrupt customs officials will be benefited while the government and businessmen will have to suffer once the PSI system is scrapped, Rahman added.

The National Board of Revenue (NBR) has recommended the Ministry of Finance to cancel the PSI arrangement and re-introduce import valuation by the customs officials as an alternative to three months extension of the existing PSI companies.

The NBR sought opinions from all customs commissioners about a possible valuation system to be determined by the customs department, sources said.

Finance and Planning Minister M Saifur Rahman is likely to decide on the issue this month as the tenure of the existing three PSI companies -- Inspectorate Griffith, ITS and Bureau Veritas -- expires day after tomorrow (July 31).

Secretary General of the Metropolitan Chamber of Commerce and Industry (MCCI) CKhyder said the move to cancel PSI system is surprising and the businessmen are concerned over the latest development.

"Misuse of the system does not

justify scrapping of it. Misuses by importers in connivance with the customs officials always take place," CKhyder said.

He said it is necessary to continue the PSI system on the grounds of increasing government's revenue and to avert customs harassment.

"We strongly want continuation of the scheme with necessary amendments to minimise the scope of misuse," CKhyder asserted.

Director of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and President of the Internet Service Providers Association Akhteruzzaman Monzu said the businessmen would be seriously harassed once the PSI system is cancelled.

He, however, said the present system of PSI has been failing to work properly due to non-cooperation of the tax officials.

"Customs officials seldom

abide by the norms at the time of valuation which results in mistrust among the business community," Monzu said.

President of Bangladesh Shop Owners Association and Bangladesh Electronic Merchants Association Amir Hossain Khan said the government should not cancel PSI defying the demand of the business community.

He mentioned that the FBCCI, the apex trade body, had already extended its support to the system that was introduced three years ago.

Criticising the customs, Khan said the customs officials do not accept the clean report of findings (CRF) issued by the PSI companies, which he said is not lawful.

"We want continuation of the PSI system with few measures aiming at streamlining the present valuation and inspection arrangements," said Amir H Khan.

Wrong BoI focus failed to deliver credible investment data: WB

Adoption of UNCTAD methodology lauded

STAR BUSINESS REPORT

Wrong focus on registering the number of investors with Board of Investment (BoI) during a particular period has been the main reason for failure in delivering credible data on actual investment flow.

Such focus was there to portray foreign direct investment (FDI) during a particular period, says a World Bank study in a draft aide-memoire titled Proposed State-owned Enterprise and NCB Reform Project, which was handed over to different government agencies.

Venting frustration over the past activities, the report said while

Bangladesh has been attracting some FDI there has been lack of credible data on actual FDI inflow.

"Information on FDI inflow did not get recorded in a credible manner," the report said, adding that these figures were "quite inflated" and had little relevance because actual investment was nowhere near to those numbers.

"As a result, there has always been a debate on the quantum of actual FDI inflow into Bangladesh. Besides, there has also been conceptual/definition ambiguity on what would amount to FDI."

The study lauded the present Board of Investment (BoI) for trying to do away with the past

practices and attempting to come up with more credible estimates of FDI flows.

It said that the present government has been making efforts to bring dynamism in the operation of BoI through involvement of the private sector.

The report said as part of this process, the government has for the first time appointed a person from the private sector as the executive chairman of the BoI.

"There now appears to be qualitative changes in providing services to investors, better quality investment promotion publications and easier information access," the WB said.

To redeem the situation, the BoI is now making an attempt to come up with more credible estimates of FDI inflows, the report said, adding that BoI has started by calculating FDI flows using UNCTAD's definition.

The BoI for the first time used UNCTAD's methodology, accepted internationally, for calculating figures of FDI flow in Bangladesh in 2002. Under the new methodology, the FDI flow in 2002 was estimated at US\$ 360 million.

As per the UNCTAD methodology equity capital, reinvested earnings, intra-company loans and intra-company debt transactions are taken into consideration while calculating the FDI flow.

Development of primary textile key to tackling post-MFA era

STAR BUSINESS REPORT

Primary textile sector must be developed for ready-made garments (RMG) industries to tackle the post-MFA era, said Bangladesh Textile Mills Association (BTMA) yesterday.

"Massive investment in human resource development, BMRE (balancing, modernising, renovation and expansion) of the mills and adoption of latest technology are required for advancement of the primary textiles sector," said BTMA President MA Awal.

Addressing a press conference at BTMA office, Awal, also former chairman of a private commercial bank suggested the central bank to lower its interest rate before asking the com-

mercial banks to reduce their lending rates.

The BTMA president also urged the government to fix the interest rate on term loan at bank rate, seven per cent on working capital and debt-equity ratio at 70:30.

He requested the government to withdraw duties and taxes on textile spares and accessories, dyes, chemicals and sizing materials for making the textile industries viable and capable to face the competition in the post-MFA era.

In reply to a question on raising fund from capital market rather than banks in setting up industries, Awal said businesspeople have lost their interest in the capital market.

"The government should take

steps to restore confidence in the capital market," he said.

A recent study projected fabric demand for the export-oriented woven RMG industry of Bangladesh at 885 million metres in 2006-07.

The study report titled 'Post-MFA Development Strategy and Technical Assistance for the RMG Sector', conducted by a Swiss consultancy firm also suggested setting up of 68 new weaving mills and 44 fabric-processing units for producing such amount of fabrics.

"We need huge foreign direct investment for establishing these industries," said the BTMA president.

Awal said a delegation from northern Indian Textile Mills Association will visit Bangladesh in the first week

of August. "We will discuss with them the possibility of Indian investments in the primary textile sector in Bangladesh," he added.

The 12-member delegation will also meet the commerce and textiles ministers and the secretaries concerned during their visit.

The BTMA will organise 'Dhaka International Textile and Garment Machinery Expo-2004' from March 3 to 6 next year at the Dhaka Sheraton Hotel.

"Manufacturers from different countries will showcase various textile and garments machinery, leather machinery, textile and apparel accessories at the show," said Awal.