

Reduce Vat on retail stores

Shop owners ask govt

STAR BUSINESS REPORT

Retail shop owners have demanded reduction of value added tax (Vat) on their stores situated in city corporations and district and upazila headquarters, but proposed outlets in Dhaka and Chittagong city corporations be excluded.

Attributing 'little progress' in collection from retail stores to high rate of Vat, the shop owners urged the government to re-fix the Vat to the benefit of both parties.

The owners in a letter to the National Board of Revenue (NBR) through the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) on Sunday recommended reduction of

Vat on retail shops in Rajshahi, Khulna, Sylhet and Barisal city corporations from Tk 4,200 to Tk 3,000.

Apart from this, they also demanded re-fixation of Vat on retail shops in district and upazila headquarters to Tk 2,000 and Tk 1,000 from Tk 3,000 and Tk 2,000.

Meanwhile, Amir Hossain Khan, president of Bangladesh Dokan Malik Samity, the apex association of shop owners, said there are some two lakh shops in Bangladesh which may come under Vat net.

Many of them are doing business without any trade licence and evading payment of Vat, he said.

"On the other hand, many shop owners cannot pay Vat as the struc-

ture is very high for them," Hossain said. However, he said, "We are encouraging the shop owners to pay Vat."

In the FY 2002-03 budget, the finance minister fixed the Vat at Tk 4,200 for retail shops located in city corporations and Tk 3,000 outside city corporation areas.

Following a set of recommendations from the business associations, in the FY 2003-04 the Vat was re-fixed at Tk 4,200 in city corporation areas, Tk 3,000 in district towns and Tk 2,000 in upazila areas.

The FBCCI in its letter, signed by its President Abdul Awal Mintoo, said the trade and businesses all over the country are not of the same status.

The income and cost of living in Sylhet, Barisal, Rajshahi and Khulna do not match with those in Dhaka and Chittagong, the letter argued.

If the NBR re-fixes the Vat on retail shops in line with the above recommendation, collection will increase, the apex trade body said.

Last year, the NBR and FBCCI in a meeting decided to collect the Vat on public-private partnership basis. During the period, NBR officials said it was impossible to collect Vat going door to door. So, it should be realised through co-operatives and associations, they told businesspeople.

AB Bank signs agreement with Commercial Bank of Ceylon

Arab Bangladesh Bank Limited has signed a memorandum of understanding with Commercial Bank of Ceylon Limited for trading on repo/reverse repo against T-bills/bonds and other government securities.

The deal was inked between the two banks in Dhaka recently, says a press release.

President and Managing Director of AB Bank Limited Abu Haniff Khan and S Renganathan, country manager of Commercial Bank of Ceylon Limited, signed the agreement on behalf of their banks.

The deal will help develop secondary market of the country.

Among others MA Awal, advisor, Abu Mustafa Kamal, head of Treasury, Md Sirajul Islam, head of HR of AB Bank Ltd, and Karar Zubair, head of Treasury of Commercial Bank of Ceylon Limited, were also present.

Bangladesh fair begins in Sydney today

Move to secure bigger pie in Australian market

STAR BUSINESS REPORT

A three-day single country trade fair of Bangladesh begins today in the Australian city of Sydney aiming to secure a larger export market down under.

The fair will focus on promotion of textile, clothing and leather products to reap maximum benefits from duty free access facility provided by Australia.

This is the first government-sponsored trade fair in Australia, organised by the Export Promotion Bureau (EPB) as part of a five-day 'Bangladesh Festival'.

The April 6-10 festival also includes trade and investment seminar, cultural show, fashion show and Australia-Bangladesh friendly cricket match.

Though Australia granted duty free access in July last year, Bangladesh's export to the Pacific economy did not increase due to poor publicity there.

The bilateral trade is also in favour of Australia, which exported products worth \$220 million to Bangladesh in 2002-2003 against imports valued at \$35 million.

Garments, leather, jute goods, ceramics, handicrafts and frozen foods are the major items exported from Bangladesh to Australia while Bangladesh imports pulses, oil-seeds, oil, medicine and other products from the Pacific country.

Bangladesh Commerce Minister Altaf Hossain Chowdhury and Australian Trade Minister Mark Vaile will inaugurate the Bangladesh Festival at Sydney Convention Centre.

At the inaugural function, the Australian minister will address on 'Australia-Bangladesh Trade Relationship' while his Bangladesh counterpart will make a presentation on 'Bangladesh Economy and Opportunities for Trade and Investment'.

Abdul Awal Mintoo, president of the Federation of Bangladesh Chambers of Commerce and Industry is now leading a 35-member trade team to explore opportunities in trade, investment and joint venture with the Australians.

Bangladesh Garment Manufacturers and Exporters Association, Metropolitan Chamber

of Commerce and Industry, Dhaka and Bangladesh Leathergoods and Footwear Manufacturers and Exporters Association have also sent separate delegations.

Some 60 companies will participate in the single country fair to display textile, clothing and leather products, ceramics and porcelain, handicrafts, ICT, toiletries, cosmetics, frozen foods, contraceptive products, imitation jewellery, saree, jute goods, automotive battery, kitchenware and plastic products.

"The Australian consumers will get a taste of Bangladeshi products from the fair which opens an opportunity for local entrepreneurs," an EPB official said.

A cultural team will also take part in the Bangladesh Festival and leading designer Bibi Russell will arrange a fashion show featuring exportable attires.

Australia provided duty free access to least developed countries (LDCs) including Bangladesh from July 1, 2003 to allow more LDC products in Australian market and improve trade position. LDCs have only 0.2 percent of Australia's total imports.

New credit rating agency launched

STAR BUSINESS REPORT

A local credit rating firm formally launched its activities yesterday aiming to extend help to all the stakeholders of the capital market.

The Credit Rating Agency of Bangladesh (Crab), second such company in the country, will make ratings on debentures, right shares and premium issued by companies.

"This will be helpful for the shareholders, depositors and creditors to choose right companies or financial institutions for themselves," M Syeduzzaman, chairman of the Crab, said at the company's formal launching in Dhaka.

Syeduzzaman, also a former finance minister, said the company is expected to provide independent, credible, analytic and specialised grading, research and management

consultancy services to the corporate and financial sectors.

"It would also provide reliable information and guidance to institutional and individual investors and creditors," the Crab chairman hoped.

He said Crab has a technical collaboration agreement with Investment Information and Credit Rating Agency (Icra), one of the leading credit rating institutions in India.

Under the deal, Icra will help Crab in developing credit rating methodologies, performing rating assignments, establishing database, designing rating advisory, information services and training of the Crab personnel, Syeduzzaman said.

The company will also introduce ratings for construction firms and private clinics for the people to judge right institutions for them.

Commerce Secretary Suhel Ahmed, Bangladesh Bank Governor Fakhruddin Ahmed, Crab Managing Director Anwaruddin Chowdhury and chief executives of banks and insurance companies were present at the function.

Speaking at the function, M Aminuzzaman, president of Bangladesh Association of Bankers and managing director of NCC Bank Ltd, welcomed the launching of Crab. "Banks and other financial institutions will be encouraged to take part in such ratings if regulatory bodies like the SEC make it mandatory for their listing," Aminuzzaman said.

The first credit rating firm -- Credit Rating Information Services Limited (Crisl) -- has been in the market since last four years.



PHOTO: AB BANK

Abu Haniff Khan, president and managing director of Arab Bangladesh Bank Limited, and S Renganathan, country manager of Commercial Bank of Ceylon Limited, exchange documents after signing an agreement between their two banks in Dhaka recently. Among others MA Awal, advisor, Abu Mustafa Kamal, head of Treasury, Md Sirajul Islam, head of HR of AB Bank Ltd, and Karar Zubair, head of Treasury of Commercial Bank of Ceylon Limited, are also seen in the picture. Under the deal, the two banks will go for trading on repo/reverse repo against T-bills/bonds and other government securities.

Asian Paints launches 3 outlets

Asian Paints (Bangladesh) Limited has inaugurated three outlets recently in Sylhet, Srimongol and Kushtia, says a press release.

Chief Executive and Director of Asian Paints (Bangladesh) Limited RV Ramanujam inaugurated the outlets while Marketing Manager of the company Ashutosh Banerjee, Senior Area Manager Mainuddin Ahmed Chowdhury were present at the inaugural functions.

The dealers of these showrooms are M/s Shaheen Paint and Hardware at Mohajonpatti in Sylhet, M/s Sonar Bangla Hardware at Panchrastamore in Kushtia, and M/s Rong Bitan at Srimongol in Moulvibazar.

Bill Gates no longer world's richest man

REUTERS, Stockholm

Ingvar Kamprad, the Swede who founded furniture retail chain IKEA, has overtaken Microsoft's Bill Gates as the world's richest man, Swedish TV news reported Sunday.

Citing next week's edition of the Swedish business weekly Veckans Affarer, public service SVT2 television said Kamprad, 77, has a personal fortune of 400 billion crowns (\$53 billion).

Gates' fortune is put at \$47 billion, according to the latest list of the world's rich in US Forbes magazine, SVT2 said.

Kamprad, known for frugal habits such as flying economy class, lives in Switzerland and no longer takes part in the daily running of IKEA, but has kept ownership of the company with more than 180 stores in over 30 countries in the family.

SVT2 said the dollar's slide against other currencies is the main reason why Kamprad has now overtaken Gates.

Solutions seminar on Travel held in Middle East

The first solutions seminar on Travel organised by Galileo International was held in the Middle East recently.

More than 40 senior airline managers from Gulf attended the seminar at the Emirates Training College Auditorium in Dubai, says a press release.

Topics of the agenda included e-commerce, airline fares, reservations and global distribution to review trends and developments.

S'pore maritime cos may unite to compete on global market

AFP, Singapore

Singapore's port operators and maritime-related companies may form a consortium to bid for international port development projects, under plans being considered by the government.

Transport minister Yeo Cheow Tong said he was looking at the idea of a similar set-up for the city-state's maritime industry as the newly established Singapore Airport Consortium, according to a Business Times report Monday.

Local companies from various maritime related fields such as port construction, financing and systems software could "all get together and say, there's an opportunity here and let's all take a look," Yeo told the paper.

Malaysian manufacturers seek tax cut, incentives

AFP, Kuala Lumpur

Malaysian manufacturers called Monday for a corporate tax cut and the easing of a rule requiring 30 per cent equity in Malay hands as part of proposed measures to boost competitiveness and woo foreign investors.

The Federation of Malaysian Manufacturers (FMM), in a memorandum to the trade ministry, noted a flight of investors to lower-cost countries and said "remaining obstacles to investment" must be addressed urgently.

Total foreign investment approved fell sharply from 18.70 billion ringgit (4.92 billion dollars) in 2001 to 11.20 billion in 2002, before recovering to 15.60 billion last year, it said.

Ban deposit collection from non-members

Steering committee on microfinance bodies suggests

REJAUL KARIM BYRON

The government-constituted steering committee on microfinance has suggested imposing a ban on microfinance institutions' deposit collection from non-members.

The committee has found that a number of microfinance institutions who usually collect deposits from their members, have taken about Tk one crore in deposits from non-members.

Termining the deposit collection a 'bad practice' the committee said these institutions must obtain the central bank's licence to operate as financial institutions.

The Steering Committee on Microfinance Research and Reference Unit (SCMRRU) headed by Governor of Bangladesh Bank observed this in its recommendations forwarded to the Cabinet Committee on Economic Affairs.

The SCMRRU said it can act as a regulatory body for monitoring the microfinance activities until setting

up of a full fledged regulatory body for the sector.

However, it expressed the optimism that an appropriate microfinance regulatory body could be set up within next two years through a number of legal amendments.

The committee, formed in June 2000 for a three-year term, sought a two-year extension to prepare a legal framework for the proposed regulatory body.

After reviewing the steering committee's recommendations, the Cabinet Committee on Economic Affairs will take a decision on Wednesday, sources said.

The SCMRRU said it could start the job of monitoring by creating a database of credit information collected from all the microfinance bodies.

It suggested appointment of auditors, both local and foreign, to strengthen the monitoring of microfinancing institutions operating in the country.

The proposed regulatory body will approve microfinance institutions and NGOs involved in microfinancing. Presently the NGO Bureau, the Social Welfare Directorate, Registrar of Joint Stock Company and other government bodies provide the approval.

According to the steering committee, currently a total of 1,381 microfinance institutions and microfinancing NGOs are operating in Bangladesh. The committee could obtain information of 663 of these institutions having 1.11 crore borrowers.

The committee found that these institutions charge interest rates below 15 percent whereas microcredit interest rate is 16 to 20 percent in India, 24 to 36 percent in the Philippines, 18 to 20 percent in Pakistan and 18 to 25 percent in Nepal.

"The interest rate in Bangladesh is at a tolerable level," said a member of the committee.

SAP AG eyes bigger business software mkt in Bangladesh

Subcontinent chief talks to The Daily Star

MUSTAK HOSSAIN

SAP AG, a leading business software provider, considers strengthening its presence in Bangladesh market which has 'huge prospect', a senior official of the company said yesterday in Dhaka.

With the economy growing, businesses in Bangladesh seek improved software to increase their efficiencies, SAP President and Managing Director of Indian Subcontinent Alan Sedghi told The Daily Star in an interview.

"Novartis in Bangladesh uses SAP and this will help us accelerate our presence here," he said.

SAP has already assigned a team comprising industry specialists to work closely with customers and partners to tap the local market.

SAP offers industry-specific solutions to address the industry's business challenges and recognises the uniqueness of each industry, he said.



Alan Sedghi

The unique processes of various industries, from aerospace to utilities, are supported by more than 25 industry-specific SAP solution portfolios, Sedghi added.

"Today more than 21,600 cus-

tomers in over 120 countries run more than 69,700 installations of SAP software."

Commenting on the industry segments that SAP will focus on in Bangladesh Sedghi said, "We see a lot of potential for enterprise applications in textile, oil and gas, financial services and utilities industries."

Many cellphone companies around the world have been using SAP solution efficiently, he added. SAP has appointed Thakral Information Systems as its marketing associate in Bangladesh.

SAP's partner organisations such as Siemens Informations Systems Ltd will work along with both present and prospective customers to ensure the delivery of end-to-end solutions.

With subsidiaries in more than 50 countries, the company is listed on several exchanges, including Frankfurt and New York stock exchanges.

CSE calls for bringing all listed cos under CDS

STAR BUSINESS REPORT

The Chittagong Stock Exchange (CSE) has urged the regulators to bring all listed companies under the central depository system (CDS).

The second bourse of the country sought the regulators' permission for dual listing of companies and suggested offloading of government shares through stock exchanges.

At a meeting with Securities and Exchange Commission (SEC) Chairman Mirza Azizul Islam, CSE

President Habibullah Khan stressed the need for listing of all foreign companies operating in Bangladesh and allowing CSE to have its own rules on netting system as statutory regulatory ordinance.

While discussing with CSE members, SEC chief on his first visit to CSE on Sunday emphasised that brokers and dealers of both the bourses should ensure better compliance set by SEC for protection of investors, according to a CSE press statement.

The CSE members urged SEC to

consider views of market intermediaries before introducing any new law. They demanded prompt initiative of SEC on compliance of listed companies who are not offering much dividend despite having better profit.

Later, the SEC chief unfolded cover of two new publications -- a book titled 'CSE 30' and an investors' guide in Bangla. This would provide investors with updated information on listed companies, they said.

CSE Vice-president ASM Nayeem was also present.

Russia close to resolving key WTO dispute with EU

AFP, Moscow

A top Russian official said Monday he expected to strike a deal over domestic natural gas subsidies with the European Union within months, one of the top stumbling blocks to Russia's membership in the World Trade Organization.

"I think that we will reach an informal agreement by the end of May and that we may strike a formal one by July," Economic Trade and Development Deputy Minister Maxim Medvekov told reporters after a recent round of negotiations with the World Trade Organization in Geneva.

The European Union is pressing Russia to limit its gas subsidies to domestic consumers, which it believes unfairly help Russian companies produce cheap goods for sale on European markets.

The issue is one of several standing in the way to Russia's membership in the powerful body which sets global trade rules, which is not expected to come before 2007.

Keeping in line with other statements from Russian officials, Medvedkov said that "90 percent" of the disputes between Russia and the European Union had been resolved, but refused to give a forecast over Russia's potential WTO membership.

He gave no detail over how the gas dispute with Europe would be resolved.

Russian officials had said earlier that tensions with the European Union remain over anti-dumping procedures for Russian exports into the European Union and food health regulations for Russian food products marketed in the bloc.

Medvedkov, the top Russian negotiator for WTO membership, said only that the gas dispute was a "bilateral issue" between the European Union and Russia, which did not require direct negotiations with the WTO.

But his comments suggest attempts to soothe troubled relations between Moscow and the European Union as the bloc expands into Eastern Europe.

The European Union has asked to renew without any delay and preconditions its existing trade agreement with Moscow ahead of its enlargement with 10 new members, including eight former Communist countries, on May 1.

Russia has dragged its feet on the issue, as it will receive less favorable trade tariffs through the pact with its eight former client states.