

Combined strategy needed to speed up development

Discussion on Public Policy Watch '04 told

STAR BUSINESS REPORT

The government should make a combined development strategy with the participation of all stakeholders to speed up development activities in the country, economist Professor Muzaffer Ahmed suggested yesterday.

Development may be stalled if the government fails to take such strategic programme with the participation of small entrepreneurs, marginal farmers and analysts, he told a consultation meeting in Dhaka.

Two development organisations -- Karmajibi Nari and The Innovators -- jointly organised the meeting on their report "Bangla-

desh Public Policy Watch 2004" which is expected to be released in July.

Prof Ahmed said industrialisation is not possible in Bangladesh without setting up of adequate heavy industries. "RMG (readymade garment) cannot help industrialisation as it is not a heavy industry," he observed.

About the vital role remittance is playing in economy, he said the country receives about Tk 18,000 crore in remittance a year and many small and medium entrepreneurs are doing their business using a big portion of this money.

Turning to the capital market, Prof Ahmed said lower middle class people hesitate to invest in

the market due to lack of security. On the other hand, rich people prefer banks in foreign countries for their savings, he added.

Criticising the country's businesspeople for their demand of reducing tax, Prof Ahmed said many of them do not repay bank loans while most of the tax related cases are filed against the businessmen.

Speaking on the issue of education system, he said there is no linear education policy in Bangladesh. "Private universities are hampering the educational environment."

Making a multimedia presentation on Bangladesh Public Policy Watch 2004, Rashed Al Mahmud

Titumir, a teacher of Development Studies at Dhaka University, said farmers, RMG workers and expatriates are deprived of their rights in spite of their important role in economic development.

The budgetary allocation in agriculture sector has now declined to only 2.5 percent, which was 22 percent in 1977-78, he mentioned. The government also cut farm subsidy at the prescription of donors.

Hasanul Haque Inu, president of Jatiya Samajtantrik Dal, Saiful Haque of Workers Party, and Shirin Akhter of Karmajibi Nari, also spoke at the meeting held at the National Press Club.

Singer declares 75pc dividend

The Singer Bangladesh Limited declared a total of 75 percent dividend for its shareholders for the year 2003.

The 24th annual general meeting of the company held yesterday declared 30 percent dividend in addition to 45 percent interim dividend declared earlier, says a press release.

Presiding over the meeting held at BDR Darbar Hall in Dhaka, Chairman and Managing Director of the company Mahbub Jamil said despite many negative factors for business activities prevailing in the country Singer has been able to maintain its business properly.

In 2003, Singer extended its marketing network by establishing seven new show-room-cum-sales centres and introduced kitchen appliance in its product range. At the end of 2003 the number of Singer's total outlets, including showroom-cum-sales centre and exclusive sales agents stood at 174.

The company contributed Tk 335.55 million to the national exchequer in the form of duties, VAT and taxes in 2003.

DHL launches marketing campaign

DHL, a leading express and logistics company, announced a marketing campaign, which will run simultaneously across the Asia Pacific region.

The tagline of the campaign is 'No one knows Asia Pacific like we do', which reflects DHL's long presence in the region, says a press release.

According to the press release, DHL was the first express company to begin operations in the region more than 30 years back.

Under the campaign, advertisements will be featured in mass media of the region from May to July.

A television commercial titled 'Not to do' will also be aired under the campaign.

Brac Bank signs deal with BIT Ltd

Brac Bank Limited has signed a lease finance and fees collection agreement with Bangladesh International Tutorial (BIT) Ltd.

Imran Rahman, deputy managing director of Brac Bank, and Lubna Choudhury, principal and managing director of the BIT, signed the deal on behalf of their sides, says a press release.

Under the deal, the BIT will enjoy lease finance facilities for procuring capital equipment for its new campus at Uttara. The bank will also collect tuition fees of BIT students.

Tarique Afzal, vice-president, and Khwaja Shatriar, head of corporate banking of Brac Bank, among others, were present at the signing ceremony.

Anwar Landmark achieves ISO certification

Anwar Landmark Ltd has achieved ISO: 9001:2000 certificate for its quality management system for design and construction of residential and commercial buildings.

Cleveland Charles, economic and commercial chief of US Trade Centre of American Embassy in Dhaka, handed over the certificate to Anwar Hossain, chairman of Anwar Landmark Ltd, at a function held in Dhaka yesterday, says a press release.

Aftabul Islam, president of American Chamber of Commerce and Industry, Fazle RM Hasan, president of Dhaka Chamber of Commerce and Industry, Manwar Hossain, vice-chairman, and Sadat Hossain, managing director of Anwar Landmark Ltd, were also present at the ceremony.

Emirates to introduce dedicated airport lounges

Emirates airline has unveiled plans to introduce dedicated airport lounges in several destinations under its network.

In the next two years alone, Emirates is looking to launch about a dozen lounges in different locations around the world, says a press release.

Styled as "The Emirates Lounge" the facility is designed to provide services to its first class and business class passengers.

Over the next two years, Emirates will invest more than \$13.6 million to develop its own lounges.

New circuit breaker limit for B category securities from May 15

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The Securities and Exchange Commission (SEC) has finally decided to widen the circuit breaker limit for B category securities with effect from May 15 to allow more price fluctuation on day's trading.

Capital market sources said the move is aimed at checking market manipulators who take the advantage of system to take calculative risk, making share prices volatile.

Following repeated demand from the country's two stock exchanges the market watchdog's consultative committee recommended extension of the circuit breaker limit.

Earlier this year, capital market watchdog lifted circuit breaker limit for Z category companies. Sources said SEC will observe the success of the widened circuit breaker limit for B category securities and may introduce the same for A category companies.

The SEC will finally withdraw circuit breaker system for A and B category shares to pave way for introducing index-based circuit breaker, sources said.

The circuit breaker system restricts prices of share to cross certain limit, up or down, on a single trading day taking the closing price of the previous day as base price.

If circuit breaker system is fully withdrawn the price can increase or decrease by any margin, which may create scope for scrips with strong fundamentals to perform well and vis-a-vis.

If the circuit breaker system is not in operation, manipulators will not be able to calculate the price to make market volatile, a Dhaka Stock Exchange source said.

Under the widened circuit breaker system for B category shares coming into force on May 15, shares with closing price up to Tk 200 can rise or decrease maximum by 20 percent. Shares with

closing price between Tk 200 and Tk 500 can fluctuate at best by 17.5 percent and share prices between Tk 500 and Tk 1000 by 15 percent on a single day.

Shares with closing prices between Tk 1000 and Tk 2000 can fluctuate maximum by 12.5 percent and share prices between Tk 2000 and Tk 5000 by 10 percent and share closing prices above Tk 5000 at best by 7.5 percent.

Under the present circuit breaker system introduced on October 4, 2001, shares with closing prices up to Tk 100 cannot rise or decrease by 15 percent. Shares with closing prices between Tk 100 and Tk 300 cannot fluctuate by 10 percent and share price between Tk 300 and Tk 500 by 7.5 percent on a single day.

Shares with closing prices between Tk 500 and Tk 1000 cannot increase or decrease by 5 percent and share prices above Tk 1000 cannot rise or decline by 3 percent.

Siemens, GP sign deal

Siemens Bangladesh Limited and GrameenPhone have signed an agreement on "Frame Agreement Extension."

Christian Laufer, CFO of Siemens Bangladesh Limited, and Ola Ree, managing director, of GrameenPhone, signed the accord on behalf of their companies in Dhaka recently, says a press release.

Khaled Shams, general manager of Telecom & IT, GM Menon, commercial head of Telecom & IT, and Aftab Mahmud Khurshid, corporate communications and business development manager, were, among others, present.

Danish embassy holds technical seminars in Dhaka today

UNB, Dhaka

The Danish embassy is going to organise technical seminars at Dhaka Sheraton Hotel today from 1pm to 5pm.

The seminars will be organised during a visit of a Danish business delegation here. The delegates include well-known names in Denmark such as Aila Foods Ingredients, Chr Hansen, Danfoss, IFU, MT Hojgaard, Maersk, Nordea Bank, Novozymes, Scanpro, Semo Maritime, Vestas RRB, Vestergaard Frandsen and Widex.

The delegation represents agricultural storage and processing equipment, dairy products and plants, food ingredients, infrastructure projects, water and sanitation, power, energy saving equipment, human and animal health, pumps, shipping, security services, cement plants, hearing aids and financial services.

Prearranged individual meetings will also take place during their visit.

The embassy invited the business firms and other relevant organisations to attend the technical presentation.

Mere promises to cut deficits not enough: EC

AFP, Brussels

The EU's executive commission will insist that eurozone countries adopt corrective measures to curb public deficits and will not be satisfied with mere declarations of intent, a commission spokesman said Monday.

He was speaking as Italy's European partners were preparing later in the day to consider the steps Rome says it will take to hold its public deficit to less than three percent of output, as is mandated by the 1997 Stability and Growth Pact.

"The commission takes into account in its recommendations measures that have been approved" by a government "and not those that have been announced," said spokesman Gerassimos Thomas.

The commission on April 28 warned Italy that absent corrective measures its public deficit this year would come to 3.2 percent of gross domestic product. Commissioners therefore urged Rome to make savings worth more than six billion euros (7.1 billion dollars).

Withdraw Vat on port services, commission

Shipping agents urge govt in budget proposal

STAR BUSINESS REPORT

Shipping agents have urged the government to withdraw value added tax (Vat) on their commission earnings and export related services at ports.

In its budget proposal for 2004-05 fiscal year, Bangladesh Shipping Agents Association (BSAA) said principal shippers and agents share only five percent commission from export freights and two percent from imports.

"So, this should not be subject to Vat," read the proposal submitted recently through the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

The BSAA said the government charges 15 percent Vat on export consignments considering certain port services as "warehouse activities", which is unfair as the intent and nature of port services differ from that of warehouse activities.

The extra cost makes exportable items less competitive, it said.

Exporters have to pay Tk 1,300 in Vat for keeping a 20-foot dry container and Tk 2,000 for a 40-foot container in the Inland Container Depot (ICD) and Container Freight Station (CFS) before shipment, BSAA mentioned in the proposal.

However, exporters who are supposed to get refund of the Vat face harassment in collecting the

amount, alleged Farid Ahmed Chowdhury, chairman of BSAA, asking the government to reconsider the provision.

Chowdhury said the activities of the ICD and the CFS are port related services and different from other warehouse services. "So the services at ICD and CFS should not be subjected to Vat," he argued.

The association also made some proposals on other economic and budgetary issues, which include withdrawal of 10 percent dividend distribution tax and 7.5 percent punitive tax on low dividend declaring companies.



(From left) Director and Chief Operating Officer of Singer Bangladesh Limited AM Hamim Rahmatullah, Alternate Director Mosharrif Hossain, Director Akhtar Imam, Director CK Hyder, Chairman and Managing Director Mahbub Jamil, Alternate Director SR Khan, Company Secretary Mohd Sanaulah, and Controller and Finance Director Itrat Husain are seen at the 24th annual general meeting of the company held in Dhaka yesterday.

Gulf states to sign major trade accord with China

AFP, Kuwait City

Gulf Arab oil monarchies will sign a landmark economic cooperation agreement with China at the end of the month to boost trade relations and pave the way towards a free trade accord, the head of the Gulf Cooperation Council (GCC) told AFP on Monday.

Finance ministers of the six-nation alliance will visit Beijing between May 30 to June 2 to ink the agreement.

"We pin great hopes on this agreement to open negotiations for further deals and finally strike a free

trade accord. China is a huge promising market," said GCC secretary general Abdulrahman Attiya.

The framework deal is expected to accelerate trade ties between China, which is looking for secure oil supplies for its fast growing economy, and the GCC nations.

The Beijing visit was confirmed at a GCC finance ministers meeting held in Kuwait on Saturday, said Adnan Khudair, director of Gulf and Arab Economic Cooperation at Kuwait's finance ministry.

The GCC states have taken a number of key economic integration measures, including the launching

in January last year of a customs union that enabled the alliance to open trade negotiations as a single bloc with the rest of the world.

The GCC, which groups Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE), are also taking measures to set up a monetary union in 2005, a common market by 2007 and a single currency by the start of 2010.

China is the fourth largest trading partner with GCC nations after the European Union, Japan and the United States.



Christian Laufer, CFO of Siemens Bangladesh Limited, and Ola Ree, managing director of GrameenPhone, sign a deal on "frame agreement extension" on behalf of their companies in Dhaka recently.



The members of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) who are scheduled to attend the Bangladesh Investors' Conference in Singapore on May 20, 2004 pose for photographs after a meeting in Dhaka yesterday. The conference is being organised by the MCCI as part of its centenary celebration programme in collaboration with Singapore Manufacturers' Federation, Singapore Trade Development Board, Bangladesh High Commission in Singapore and The Hongkong and Shanghai Banking Corporation Limited (HSBC).

Top central bankers meet to talk impact of soaring oil, commodity prices

REUTERS, Basel, Switzerland

The world's top central bankers will discuss soaring oil and commodity prices when they meet this week for their regular check-up on the world economy, monetary officials said Sunday.

Gathering in this Swiss border town at the Bank for International Settlements, central bankers from wealthy nations and major developing countries said raw material prices, which pose inflationary worries, would be part of their discussion on the strengthening global recovery.

"We will have a session on commodity prices," Hungary central bank chief Zsigmond Jarai told Reuters ahead of Monday's meetings.

Other central bank officials

confirmed commodity prices were a topic that would be reviewed. Budget deficits, already high in the United States and rising in Europe, also are on the agenda.

Oil prices last week reached around \$40 a barrel for the first time since the last Gulf War in 1990-91, and closely watched commodity prices index CRB has hit a 23-year high. This has stoked market concerns that inflation could push up interest rates and slow the global rebound.

Financial policy-makers from the Group of Seven top industrial nations last month added oil as a new risk factor, and last week the European Central Bank warned that energy costs pose an inflationary risk.

So far, though, policy-makers

have struck a careful tone. Bank of Japan Governor Toshihiko Fukui said on Sunday he expected no major impact on his oil-dependent economy.

"Gasoline prices are quite stable in Japan," Fukui told reporters ahead of the meetings.

Moreover, he repeated that Japan's deflationary problems were not over and said its ultra-easy monetary policy of rates near zero would remain in place.

In Geneva, ECB Executive Board member Gertrude Tumpel-Gugerell said on Friday that while higher oil prices would dampen already weak consumer spending in the euro zone, it would not be enough to upset the ECB's main scenario for gradual recovery this year.

India stocks slide on worries about poll, interest rates

AFP, Bombay

Indian stocks tumbled Monday as investors were gripped by fears about the outcome of the country's marathon general elections, rising global interest rates and surging crude oil prices, dealers said.

The BSE 30-share benchmark Sensex index shed 2.01 percent or 113.74 points to close at 5,555.84 as Indians voted in the final election round after losing 1.52 percent in the previous trading session.

"The uncertainty over the political outcome has been playing very heavily on people's minds," said dealer Vijay Tilakraj of KJMC Capital Markets. "Nobody wants to stick their necks out."

Selling was across-the-board with only five of the 30 shares of the Sensex, India's most closely tracked index, ending firmer.

Opinion polls taken before Monday's final round forecast that India's ruling economic reform-friendly National Democratic Alliance could win anywhere

between 245 and 282 seats with 272 needed for a majority.

Worries the elections would fail to produce a clear winner have fuelled investor worries about the future of economic changes analysts say are needed to transform India into a global financial player.

Results from Monday's voting -- the biggest of the five rounds with 215 million people eligible to cast

ballots -- will be known Thursday. "People are waiting for the uncertainty to get over," said a domestic dealer. "Nobody is ready to take a call."

Also weighing on sentiment were regional factors as Asian stock markets were hammered by concerns rising US interest rates and climbing crude oil prices that could slow the world economy.