

Export registers 14.8pc three-quarterly growth

STAR BUSINESS REPORT

Export earnings recorded a 14.8 percent growth in the first three quarters of the current financial year over the same period of last fiscal.

According to the Export Promotion Bureau (EPB), \$5,420.93 million was earned during July-March period of FY2003-04 as against last year's \$4,722.19 million.

The amount earned during the nine months of this fiscal year is slightly higher than the period's strategic export target (\$5419 million) set by the EPB.

EPB officials attributed the

growth to substantial increase in export volume as prices of Bangladeshi products did not increase to that extent.

Prices picked up by 1.22 percent on average but volume went up by 13.58 percent during the period, an EPB official said.

Export performances of almost all sectors including woven garments, knitwear, frozen food, ceramic tableware, textile fabrics, home textile, leather, footwear, agricultural products, tea and engineering products this year were better than last year's.

However, handicraft, raw jute, jute goods, bicycle, petroleum

byproducts could not achieve their respective targets during the period.

Export of woven garments fetched \$2579.69 million showing a 9.79 percent growth while knitwear (\$1485.15 million) recorded a 25.42 percent increase. Tea export amounted to \$14 million showing an 11.25 percent growth.

"The performance in March 2004 was outstanding as the earning was \$627.28 million against the target of \$552 million and it was 22.13 percent higher than that of March 2003," the EPB official mentioned.

In the first nine months of FY04, frozen foods worth \$273.61 million were exported marking a 13.11

percent rise from last fiscal's corresponding period. Leather exports (\$147.16 million) posted a 7.8 percent growth.

Jute goods export (\$186 million) failed to achieve the target and recorded a 3.84 percent negative growth. Raw jute worth \$52 million was exported against the target of \$78 million, also shows a 9.54 percent negative growth.

The export performance of handicraft sector was dull this fiscal as products worth only \$2.48 million were exported during the nine-month period, showing a 51.37 percent decline from the target.

Samsonite outlet opens at Gulshan

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Mun Muns Leather Pvt Ltd, business associate and country distributor of Samsonite products in Bangladesh, opened an outlet "Travel Worlds" at Gulshan in Dhaka yesterday to sell Samsonite brand travel goods.

Ramesh Tainwala, chief operating officer (COO) of Samsonite India Ltd, formally inaugurated the shop.

Besides marketing Samsonite products the company has a plan to set up a manufacturing plant in Bangladesh but they could not proceed with the plan as the existing law on plant setting by a foreign investor discourages the company, Tainwala said at a press conference held after the inaugural function.

He sought more investment-friendly laws that will encourage foreign companies to invest in Bangladesh.

Shahjahan Chowdhury, chairman of Mun Muns Leather, KF Faruque, managing director of the company, and Sandeep Goenka, director (marketing and sourcing) of Samsonite India, were also present at the press conference.

Samsonite, a travel goods company headquartered in the US, started selling its products in Bangladesh in 1999 through dealers in Dhaka, Chittagong and

Vantage technology to up capacity of old machinery

STAR BUSINESS REPORT

Local company Vantage Technologies Limited in cooperation with India's Larsen & Troubo Limited has introduced eutectic products and services which will increase life expectancy of machinery.

The eutectic technology enables companies to make worn out and broken machinery and components into nearly the capacity of a 100 percent new one and companies need not make replacement of the old parts, company officials said.

To launch the products and services, Vantage Technologies Limited organised a seminar on "Repair not replacement- The Eutectic way" at Purbani Hotel in Dhaka yesterday. Industries Minister Motiur Rahman Nizami and Secretary of the ministry Shoab Ahmed were present at the meeting.

The technology can provide turnkey solution through scientific approach, where practically any worn out or broken machine components are being given a new lease of life. The maintenance cost can lower down to 40 percent by adopting the eutectic technology instead of replacing the damaged machinery.

Major (ret) Nazibullah, director of Vantage Technologies, and representatives of Larsen & Troubo Shiv Kumar and Shumit Ganguly were present.

BUDGET PROPOSAL FOR 2004-05 FISCAL

Leasing firms want fair corporate tax structure

STAR BUSINESS REPORT

Leasing companies have urged the government to reduce corporate tax, saying the present tax structure is discriminatory for them.

They also said leasing institutions should get incentives what banks are now enjoying in the event of bad loan provisioning.

Leasing companies said now banks, insurance and financial institutions, whether listed or not, have to pay 45 percent corporate tax.

However, the rate for other companies, which are listed with the bourses, is 30 percent while it is 37.5 percent for other non-listed companies.

In a budget proposal for the 2004-05 fiscal, the Bangladesh Leasing and Financial Companies Association (BLFCA) termed the existing tax regime discriminatory and urged the government to re-fix the corporate tax rate at 30 percent for listed insurance and financial institutions.

Corporate tax for non-listed insurance and financial institutions should be fixed at 37.5 percent, what is now applicable for other non-listed companies, the BLFCA suggested.

While talking to The Daily Star, A Quadir Choudhury, president of the BLFCA, said under the present loan provisioning system commercial banks are permitted to deduct 2

percent from their provisioning while paying taxes. "Leasing institutions should be allowed to deduct 3 percent," he added.

In a bid to encourage companies to declare more dividends, the BLFCA demanded withdrawal of existing 10 percent dividend distribution tax.

In 2003, leasing and financial institutions disbursed Tk 1300 crore in different sectors with 95 percent recovery rate.

The BLFCA also urged the government to adopt the international accounting standard (IAS), an international rules, which the leasing companies adopted on January 1.

Cems mega expo in Ctg from Saturday

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Conference and Exhibition Management Services Ltd (Cems), an event management company, will organise a three-day exhibition in Chittagong from Saturday.

The exhibition styled Mega Expo'04 will focus on sectors like education and immigration, construction and real estate and consumer items.

Chittagong Chamber of Commerce and Industry Acting President Ershad Ullah is scheduled to formally inaugurate the fair.

Speaking at a press conference in Dhaka yesterday, Cems Managing Director Meherun N Islam said a total of 35 companies and local agents of foreign companies occupying 55 stalls will display their products in the Chittagong Engineers' Institute.

Dutch-Bangla Bank, CDBL sign deals

Dutch-Bangla Bank Limited (DBBL) has signed two deals with Central Depository Bangladesh Limited (CDBL), the provider of central depository system (CDS), to convert its paper shares into electronic ones for trading under the CDS and to act as a depository participant.

DBBL Managing Director Md Yeasin Ali and CDBL Managing Director and CEO MH Samad signed the deals on behalf of their firms in Dhaka on Monday, says a press release.

Hung parliament spectre clouds future of Indian economic reforms

PALLAB BHATTACHARYA, New Delhi

With exit polls predicting a hung Indian parliament, an air of uncertainty has enveloped the future of economic reforms.

The general view in Indian corporate sector is that the country's economic fundamentals are strong. The economic agenda of both BJP and Congress, two main contenders for power, are more or less the same and the reforms process is irreversible, irrespective of the colour of the new government.

But there are also reasons to get worried. What has tended to strengthen the anxieties of pro-reforms lobby is the massive defeat of Andhra Pradesh Chief Minister N Chandrababu Naidu, who was considered the poster boy of economic reforms, in the state legislature polls.

What is interesting is that Congress regained power in the state on the popular slogan of free electricity to farmers.

Then exit polls have also forecast that in the southern state of Karnataka ruling Congress, led by another pro-reforms Chief Minister S M Krishna, is likely to suffer reverses in the state assembly elections which were held along with recent parliamentary polls.

Late last year two other pro-reform Chief Ministers of Congress, Digvijay Singh of Madhya Pradesh and Ashok Gehlot in Rajasthan, had to bite the dust in the assembly

elections in their respective states against a BJP which emphasized more on basic amenities for the common people than big-ticket reforms.

Analysts say all this is likely to embolden anti-reforms lobby not only within BJP but also among its allies such as Trinamool Congress. Besides, if BJP falls well short of majority, it will be forced to rope in a dozen of smaller regional parties, who are not known for their support for reforms, to reach the majority mark and enjoy it comfortably.

The government of Prime Minister Atal Bihari Vajpayee had pressed ahead with some big-ticket reforms, particularly in privatization, with the support of Telugu Desam Party of Chandrababu Naidu.

But Naidu's electoral defeat may dampen the enthusiasm of Vajpayee and his pro-reform key economic ministers like Jaswant Singh (Finance), Arun Shourie (Telecom) and Arun Jaitley (Commerce and Law).

Congress has expressed its commitment to carry on with the reforms because after all it was under the party governance that the process was introduced in 1991 when Manmohan Singh was the Finance Minister.

In fact, Singh had gone well beyond any conditionality imposed by IMF and World Bank to usher in reforms in the nineties. Going further back, it was under the Congress government, headed by late Rajiv Gandhi, that internal

reforms were initiated.

But Congress today does not share the BJP view of reforms in toto. It talks of reforms with a "humane face." And that could have implications for the privatization drive. The party has made it clear that it is not in favour of selling off profit-making public sector undertakings.

Then there are the sensitive issues of fiscal reforms and pruning government expenditure, cutting subsidies, labour law changes and downsizing the administration to help contain rising fiscal deficit and worsening state finance health, economic analysts point out.

All these call for hard decisions will not go down well with the electorate.

The Left parties, which are likely to have great influence on the policies and decisions of a Congress-led coalition, have radically divergent views on reforms.

Another reform-minded Chief Minister Jayalalitha of Tamil Nadu, who is a key ally of BJP, had initiated some measures for fiscal reforms like in freeze on recruitment, abolition of power subsidy and curtailing of facility of subsidized rice, wheat and sugar.

But all these steps were dubbed as "anti-people" by detractors of Jayalalitha whose party AIADMK is predicted by exit polls of being worsted in recent parliamentary elections.

Marketers need to follow consumer trends to increase sales

ACNielsen confce told

STAR BUSINESS REPORT

Speakers at a consumer and client conference in Dhaka yesterday called for doing research on consumer trends to increase the manufacturers' market penetration.

As consumer behaviour changes frequently, manufacturers need to follow the trends to market their products and services, they suggested.

Bangladesh chapter of world's leading marketing information company ACNielsen organised the conference at Dhaka Sheraton Hotel to help manufactures develop understanding of consumers' expectations.

Speaking as a panel discussant, Latifur Rahman, chairman of Transcom Group, said market research by companies like ACNielsen can help companies go close to consumers' need and increase sales.

Smaller packs are driving sales growth in the rural areas having greater number of retailers, Russell Farmery, managing director, ACNielsen South Asia said citing examples of skincare items, shampoo and toothpaste.

He urged manufacturers and marketers in Bangladesh to monitor shift in consumer behaviour taking place in modern trade.

Citing his research findings, Khalid Hasan, country manager of ACNielsen Bangladesh, said television viewership and newspaper readership are increasing while people are now less interested in cinema or radio. "Companies must keep this in mind while selecting their media for advertisement," he

suggested. ACNielsen provides market research, information, analysis and insights to the consumer products and service industries in more than 100 countries across the world.

Partha Rakshit, chairman of ACNielsen Bangladesh and managing director of ACNielsen India, Syed Ferhat Anwar, a professor of IBA, Dhaka University, Itekhurul Islam, managing director of Aventus Bangladesh, Mahmudur Rahman, head of Corporate of Regulatory Affairs of British American Tobacco Bangladesh, Muneer Ahmed Khan, CEO of Unirent Ltd and Dr Yasmin H Ahmed, managing director of Marie Stopes Clinic Society, also spoke at the function.

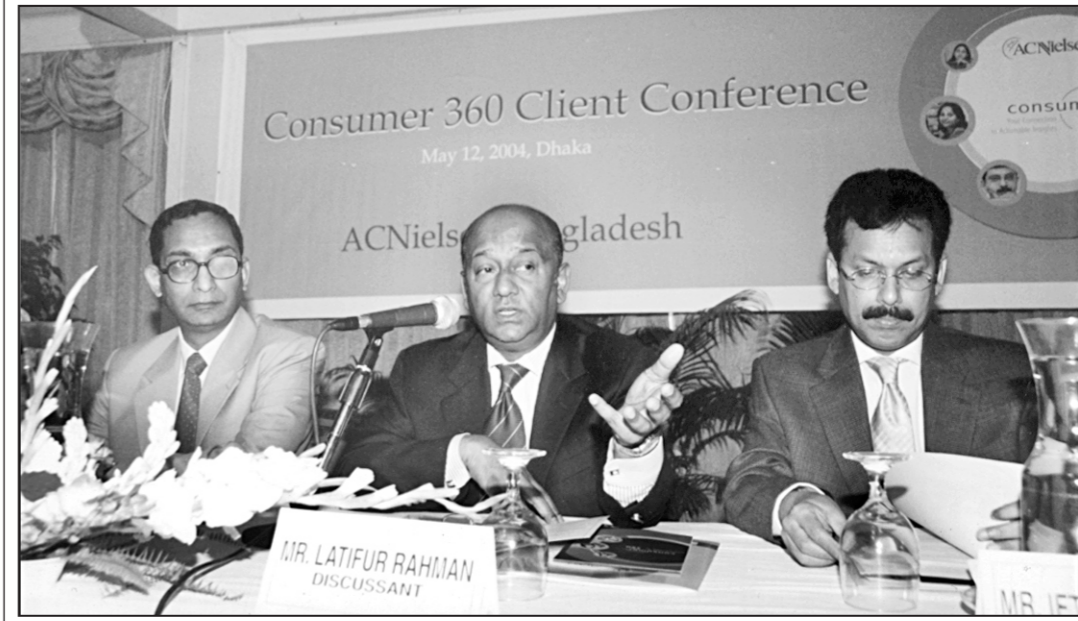
Siemens to supply equipment to Norwegian cellphone co

Siemens is to supply mobile phone network equipment to Norwegian cellphone company NetCom.

The Siemens Information and Communication Mobile Group has signed a letter of intent with NetCom to upgrade its GSM infrastructure with 3G/UMTS technology, says a press release.

The final contract will be signed during the next few weeks. The implementations of the GSM network upgrade will commence immediately afterwards.

The order is worth 200 million euro over the next six years.



Transcom Group Chairman Latifur Rahman speaks at a consumer and client conference in Dhaka yesterday. Syed Ferhat Anwar (Left), a professor of IBA, Dhaka University, and Itekhurul Islam, managing director of Aventus Bangladesh, are also seen. Bangladesh chapter of world's leading marketing information company ACNielsen organised the conference to help manufactures develop understanding of consumers' needs.

Machinery, fuel import on rise

STAR BUSINESS REPORT

Import of capital machinery, industrial raw materials, petroleum and petroleum products increased substantially during July-March period of the current fiscal year.

Industrial raw materials import marked a 26.4 percent growth while capital machinery saw 14.57 percent increase over the corresponding period of last fiscal year. Petroleum and petroleum products import rose 17.41 percent.

According to Bangladesh Bank (BB) statistics, the value of letters of credit (LCs) opened for capital machinery import was Tk 4,095

crore in the first three quarters of this fiscal which was Tk 3,574 crore during the same period of last fiscal.

"The increased import of capital machinery and industrial raw materials indicate that country's exports may go up in the coming months," said a central bank official. Export growth during July-March period of this fiscal was around 15 percent.

The overall import in terms of the value of LCs opened during the period was 18.86 percent higher than last year's nine-month figure.

Import of intermediate goods and machinery for industries also rose 8.07 percent and 7.53 percent from that of last fiscal year. Industrial

machinery imports amounted to Tk 3580 crore this fiscal, which was Tk 3329 crore last year.

Crude edible oil import amounted to Tk 2321.33 crore during July-March period of this year, up by Tk 699.59 crore from last year's corresponding period. Refined oil imports however declined to Tk 59.88 crore from Tk 67.55 crore last year.

In March 2004, import LCs worth \$1157.18 million (Tk 6828.72 crore) were opened by authorised dealer banks, which was 32.78 percent higher than that of February 2004.