

## Address law and order, governance, corruption to achieve goals FBCCI urges govt at budget review meeting

### STAR BUSINESS REPORT

The country's apex trade body yesterday hailed the proposed budget for 2004-05 financial year, but observed that all efforts would turn futile without improvement of law and order, curbing corruption and establishment of good governance.

Expressing unanimity with the finance minister, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) leaders said confrontational politics and insecurity hamper both economic and non-economic development in the country.

The observations came at a

meeting of the executive committee of FBCCI that reviewed the proposed budget, which was placed in parliament on Thursday.

The FBCCI leaders welcomed the proposed budget expressing a conviction that it would play a positive role in achieving the targeted six percent GDP growth.

"Budgetary allocations to help textiles, jute, agriculture and poultry industry face the challenges of globalisation are satisfactory," they observed in the meeting with Federation President Abdul Awal Mintoo in the chair.

The FBCCI appreciated the proposals on increasing cash

subsidy in agriculture, appointing Tax Ombudsman, special allocation for social security, expansion of allowance for widows and aged people, and incentive for investment in share market.

There is no alternative to industrialisation for attaining economic self-sufficiency and creation of jobs, the business leaders observed underlining that extra workforce can be absorbed through technological advancement.

The federation of chambers urged the government to reconsider the proposals on bringing LP gas under VAT net, tax deduction at source for property registration and 15 percent tax on dividend of

company share.

The meeting welcomed the approach of depending more on internal resources than on foreign donations and loans but underlined importance of tax collection programme to be implemented by public-private partnership.

The apex trade body proposed introduction of VAT realisation at source at 1.5 percent from the commercial importers.

The business leaders assured the government of all assistance in VAT collection in its bid to mobilise internal resources but called for withdrawal of an amendment to the VAT Act to avoid harassment by

tax officials.

They however observed that the discretion of National Board of Revenue (NBR) to select any self-assessment return for audit examination would lead to harassment and reduce transparency.

In order to reduce unemployment, increase investment and diversify exports, the FBCCI directors appealed to the government to keep the tax holiday and pre-shipment inspection (PSI) system in force.

They also hailed the decision of giving new pay-scale to the government employees.

### BAGGAGE RULES CHANGED

## Tax on some electronics slashed

### STAR BUSINESS REPORT

The government has brought amendments to the baggage rules reducing taxes on a number of electronic goods.

The tax on television sets up to 21-inch has been re-fixed at Tk 2,500, down from Tk 5,000 charged earlier. Travellers have to pay Tk 6,000 now for television sets between 21-inch and 29-inch instead of Tk 7,500.

In case of VCR, VCD and satellite receiver, the re-fixed tax is Tk 500, which was Tk 3,000 earlier. For VCD, DVD, LD and MD player, travellers have to pay Tk 1,500 tax instead of the previous rate of Tk 4,000.

## Siemens starts cellphone set exchange programme

Siemens has launched a mobile phone set exchange programme styled as 'Odol Bodol' for its customers.

Under the programme, customers can exchange their old A35, C25, C35 or S35 mobile set with a new Siemens A52 set paying Tk 4,900, says a press release.

Peter E Albrich, managing director and chief executive officer of Siemens Bangladesh Ltd, formally inaugurated the programme at Siemens House in Dhaka yesterday.

## EXIM Bank signs corporate deal with CityCell

EXIM Bank Limited has signed a corporate agreement with CityCell (Pacific Bangladesh Telecom Limited) to get nationwide telecommunication services from the cellphone company.

Mohammed Lakiottullah, managing director of EXIM Bank Ltd and Chris Maloy, CEO of CityCell, signed the agreement on behalf of their organisations, says a press release.

The agreement will enable EXIM Bank to significantly reduce their nationwide telecommunication expenses.

Assistant Vice President of CityCell Naimul Haque, and deputy managing directors of EXIM Bank Mubarak Hussein, Ekramul Haque and Md Sirajul Islam Bhuiyan were present.

## EU becomes China's largest trading partner during Jan-May

### AFP, Beijing

The European Union, boosted by its expansion eastward, became China's biggest trade partner in May, outstripping Japan and the United States, state press reported Saturday.

Trade between the EU and China was valued at 65.7 billion dollars in the first five months of the year, up 35.9 percent on the same period last year, the Economic Daily reported, citing customs statistics.

It exceeded China's traditionally strong trade with Japan, with two way trade between the two neighbors valued at 64.1 billion dollars in the first five months of 2004, up 27 percent from last year, the report said.

Japan, however, was still China's number one source of imports.

The United States remained China's largest export market, but fell to the country's third largest trading partner with trade from January to May valued at 62.3 billion dollars, up 34.4 percent on the first five months of 2003.

The EU also looked to solidify its place as China's biggest trading partner after Chinese Vice Premier Zeng Peiyan on Friday signed billions of dollars worth of trade contracts with France.

Among the deals was a two-billion-dollar (1.7-billion-euro) agreement with Airbus Industries to supply 20 A330-300 planes to China Eastern Airlines.

Chinese exports rose 33.4 percent to 207.6 billion dollars in the first five months of the year, while imports jumped 41 percent to 216.3 billion dollars, leading to an overall deficit of 8.66 billion dollars.

## Ficci finds revenue target challenging

### UNB, Dhaka

Foreign Investors' Chamber of Commerce and Industry (Ficci) observed that the revenue target set in the proposed 2004-2005 budget based on year-on-year growth to be challenging, especially when the increase is not commensurate with GDP growth.

The target of proposed expansion of tax net should be achievable and the bigger size of ADP is a bold step, which, if materialised, would help reach a higher GDP growth, chamber leaders said yesterday at a meeting.

The meeting was held to review the national budget and assess its implications on businesses in general and the national economy in particular.

The chamber also hailed the proposed budget for the measures regarding poverty alleviation, agriculture and medical sector.

Ficci welcomed the move towards simplification of the duty structure through reduction of tiers and reduction in the slabs of supplementary duty rates and praised the government's plan to raise additional revenue through expansion of tax net and without introducing any new tax.

The chamber appreciated the focus on poverty alleviation through withdrawal of customs duty, VAT on equipment and machinery for agriculture, poultry and agro-industry and increased subsidy for farmers.

It hoped that the proposal for withdrawal of duties on medical and hospital equipment would provide much needed support to healthcare sector and reduce drain of hard currency for treatment abroad. "Likewise, highest allocation for education

sector would help promote human resource development."

The chamber leaders think that proposed duty reduction in the textile, RMG, and jute sectors would help make local goods competitive and help these sectors in facing post-MFA challenges.

In their mixed reaction they, however, apprehended that proposed duty rate for raw materials at 7.5 percent and finished goods at 25 percent would run counter to the development of local industries. "It is necessary to maintain a comfortable difference of at least 20 percent between the duty rates for raw material and finished goods."

The chamber also felt that the proposed withdrawal of tax-holiday scheme would be discouraging for new investment and the proposal for withdrawal of investment allowance for balancing, modernising, rehabilitation and expansion (BMRE) aggravate the woe of existing investors.

"This could be more so in the absence of any reduction of corporate tax rates in the proposed budget in spite of our proposals to the effect," it said.

The existing limit on payment of royalty, technical know-how fees and continuation of dividend-distribution tax as imposed by the Finance Act 2003 is discouraging for investors in general and foreign investors in particular, the Ficci leaders observed.

However, the chamber felt proper implementation of the proposed budgetary measures could help achieve the targeted goals and the budget could "go down in the history as the most efficient one the country has so far had".

## India in tight spot as oil prices begin to pinch

### REUTERS, New Delhi/Mumbai

India has tried to protect its expanding economy from soaring oil prices but is to announce measures next week that could fuel inflation or lower tax revenue, analysts say.

The measures would aim to cushion the impact of high oil costs on state-run energy firms, whose profits have been hit.

India, the second-fastest growing major economy in the world, imports 70 percent of the crude it uses.

The International Energy Agency (IEA) estimates it is also an intensive user of oil, consuming almost three times as much oil per dollar of gross domestic product (GDP) than members of the Organisation for Economic Cooperation and Development.

India's oil minister, Mani Shankar Aiyar, plans to unveil a

new retail pricing package by Tuesday.

With India's oil companies in danger of sliding into the red, analysts say the government could either cut excise duties of 30 percent on petrol and 14 percent on diesel, the main transport fuel, or lower import duties on crude.

Cutting taxes or import duties on one of the government's cash cows would, however, widen an already yawning fiscal gap.

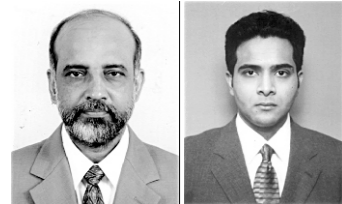
The federal deficit is running close to five percent of GDP and when combined with the state budget gaps, adds up to about 10 percent of national income. Any revenue slippage would further expand the deficit.

Sales of petrol, which retails in New Delhi at 33.70 rupees (\$0.75) per litre, and diesel, which has a pump price of 21.74 rupees (\$0.48) per litre, totalled 44.5 billion tonnes or 52.6 billion litres in 2003/04.

## New chairman, vice-chairmen of Prime Bank



Azam J Chowdhury



Imam A Hossain

Nafis Sikder

Azam J Chowdhury has been elected chairman of Prime Bank Limited while Imam Anwar Hossain and Nafis Sikder have been elected vice-chairmen of the bank.

The election took place at the bank's board meeting held recently in Dhaka, says a press release.

Azam J Chowdhury is chairman of East Coast Group, Bangladesh Norway Chamber of Commerce & Industry and DeltaSoft Limited, and director of Delta Brac Housing Company Ltd, Mobil Jamuna Fuels Ltd, Mobil Jamuna Lubricants Ltd, NewsCorp Ltd and Central Depository Bangladesh Limited (CDBL).

Imam Anwar Hossain, a class-1 master mariner from England, is chairman of Imam Group. He was vice-chairman of Pragati Insurance Ltd and also president of Bangladesh Ongoing Ship Owners Association.

Nafis Sikder is the managing director of Palmal Group.

The Prime Bank board was constituted with the following directors - Razia Rahman, Shahnaz Quasem, Quazi Ariful Islam, Qazi Saleemul Huq MP, Nazma Haque, Gol-E-Afroz Banu, Hasina Khan, Ferdousi Islam.

## Orchy soft drinks powder available in pitcher pack

### STAR BUSINESS REPORT

Acme Distribution Limited, importer and distributor of American brand 'Orchy' instant soft drinks powder, yesterday introduced the powder in pitcher pack in the local market.

The soft drink is available in three variants -- orange, mango and lemon. The 750gm, 500gm, 250gm and 25gm packs are priced at Tk 200, Tk 130, Tk 75 and Tk 5. Earlier the soft drink powder was available in 750gm jar only.

"We are also introducing Diet Orchy, especially for diabetic patients and health conscious people," Muzammel Hoque, director of Acme Distribution, an enterprise of Acme Laboratories Ltd, said at the launch of the soft drinks powder.

Acme Distribution Managing Director Tanvir Sinha, Country Representative for Orchy in Bangladesh SM Salahuddin and assistant sales managers of Acme Distribution Mominul Hoque and Anisuzzaman were also present at the function.

## Thai entrepreneurs urged to partner in health, agri sectors

### STAR BUSINESS REPORT

Local business leaders yesterday urged Thai businesspeople to set up joint ventures in health, agriculture and light engineering sectors with Bangladeshi entrepreneurs to narrow trade gap between the two countries.

"There is a huge potential of Thai products in local market...that's why setting up of joint ventures can be beneficial to both the countries," observed MH Rahman, former president of Dhaka Chamber of Commerce and Industry (DCCI), at a roundtable held at the chamber's auditorium in Dhaka.

Bangladesh-Thai Chamber of Commerce and Industry (BTCCI) organised the discussion on 'Pros-

pect and scope of business co-operation between Thailand and Bangladesh on bilateral basis and under the BIMST-EC.'

BTCCI organised the meeting of a visiting Thai business team to exchange views on different trade related issues with the DCCI members and also to find ways to strengthen trade relations between the two countries.

Thai Ambassador to Bangladesh Phithak Phrombubpha also attended the discussion.

Informing the delegation of finance minister's proposal to withdraw duty from medical and hospital equipment and accessories to perk up investment in the health sector, immediate past president of DCCI Matiur Rahman invited the

delegation to invest in health, agriculture and light engineering sectors.

American Chamber of Commerce and Industry (AmCham) President Aftab ul Islam said it was right time for taking some concrete actions to narrow the trade gap between the two countries.

Giving a presentation on 'Investment scenario of Bangladesh' Mahmudur Rahman, executive chairman of Board of Investment (BoI), said Bangladesh witnessed 7.41 percent industrial growth last year, which was the highest in past six years.

He urged the Thai businessmen first to launch a 'reference centre' of any Thai hospital then go for setting up a full-fledged hospital.

## Moudud decries poor service at Jt Stock Co Registrar office

### STAR BUSINESS REPORT

Office of the Registrar of Joint Stock Companies should act as a key regulator for corporate entities, which at present remains dormant due to lack of IT support and skilled manpower, Law, Justice and Parliamentary Affairs Minister Moudud Ahmed observed.

He said such an office plays a crucial role to regulate companies and ensure corporate governance in developed countries.

"But once you go to this office in Bangladesh you will never go there again. The service is so poor. You will have a nightmare for getting registration and any information from the office," the minister said.

The minister was addressing a

seminar on 'Corporate Governance and Safa Code of Ethics and Independence of Professional Accountants' organised by Institute of Chartered Accountants of Bangladesh (ICAB) in Dhaka yesterday.

Moudud however said the government will take steps to computerise the Office of the Registrar of Joint Stock Companies and amend the Companies Act 1994 to ensure good governance in corporate sector.

The government recently signed agreement with South Asia Enterprise Development Facility (SEDF) and Australian High Commission in Bangladesh to upgrade the Office of the Registrar of Joint Stock

Companies, he mentioned.

Moudud said a committee headed by commerce secretary has been formed to recommend changes in the Companies Act by taking opinion from all stakeholders.

In the absence of professionalism, most of the companies are family-run. But in recent times the some companies were established under partnership, he pointed out.

The law minister said corporate governance is necessary to produce professionals who can take up senior management positions in foreign companies operating in Bangladesh.

"Good corporate governance is also key to tapping foreign

direct investment especially in capital market. We need at least 7 to 8 percent annual GDP growth up to 2015 to cut poverty by half," Ahmed said.

Editor of the Financial Express Moazzem Hossain said concerted efforts of all regulatory bodies are needed to ensure corporate practices in companies.

Addressing the seminar, ICAB President Akhtar Soheli Kasem said the existing 'Code of Ethics and Independence' of chartered accountants should be updated and revised in line with Safa (South Asian Federation of Accountants) Code of Ethics.

Adeeb H Khan, partner, Rahman Rahman Huq, presented a paper in the seminar.



(From left) The Financial Express Editor Moazzem Hossain, Institute of Chartered Accountants of Bangladesh (ICAB) President Akhtar Soheli Kasem, Law, Justice and Parliamentary Affairs Minister Moudud Ahmed, former President of ICAB Jamal Uddin Ahmad, and former President of ICAB KZ Islam, are seen at a seminar on "Corporate Governance and Safa Code of Ethics and Independence of Professional Accountants" organised by ICAB in Dhaka yesterday.

PHOTO: ICAB

### BUDGET QUIPS

"I do not know why there are only two categories of loans - Classified and Unclassified, the former constantly trying to invade the latter by applying all sorts of scheduled and unscheduled tricks."

"I agree that CIB should introduce a buffer group of 'Declassified' loans to put an end to this unhealthy practice"