

## VAT on cylinder may retard move to popularise LPG

### Industry people fear

#### STAR BUSINESS REPORT

The government move to popularise use of LPG (liquefied petroleum gas) may face difficulty due to a proposal in the budget for fiscal 2004-2005 to slap a 15 percent value added tax (VAT) on imported LPG cylinder.

Industry stakeholders apprehend a possible rise in LPG prices following the budgetary proposal as the new tax will add up to the existing 7.5 percent duty on propane and butane, the main ingredients of liquefied gas.

Such move will hurt government's initiative to encourage people in using environment-

friendly LPG, a high official of Bashundhara LP Gas Ltd, a leading LPG bottling and marketing company, told The Daily Star yesterday.

Meanwhile, the energy ministry has sent a letter to the finance ministry suggesting withdrawal of the proposed duty, said a senior official of the energy ministry.

The Bashundhara official said though the price of cylinder is still normal, it may increase soon. At present, a 12.5-kg LPG cylinder costs some Tk 1,200.

According to the official, gas price has already gone up in local market due to increase in price of

crude oil in the international market. The LPG companies sell a cylinder of gas at Tk 425 to the distributors who sell it at Tk 480 to Tk 500 at retail level.

The energy ministry official said the finance minister proposed the VAT to protect the interest of a local industry, which supplies cylinders to state-owned companies.

However, an official of another LPG bottling and marketing company Kleemheat LP Gas Ltd said cylinders of that local company are not of international standard.

He also expressed doubts about the local company's capac-

ity to supply cylinders to meet the total domestic demand of LPG, which is 60,000-70,000 metric tons annually.

Of the total requirement, 20,000-22,000 metric tons come from the government-owned Chittagong and Kailashita LPG plants. Total LP Gas Ltd and Summit-Surma LP Gas are two other private sector LPG bottling companies of the country.

Last year, the government had decided to popularise use of LP gas, which is environment friendly, as gas supply through pipeline for kitchen-use throughout the country is not possible due to huge cost involvement.

## Anwar stresses sincere efforts towards agri development

BSS, Dhaka

Agriculture Minister MK Anwar yesterday asked the officials concerned to put their sincere efforts towards translating the hope generated from agriculture development into reality.

Seed, irrigation, mechanisation, research, crop diversification and marketing are the thrust areas to intervene and the government is determined to make change in these fields, he said.

The minister was presiding over an inter-ministerial meeting to review the progress of ongoing projects and the projects to be undertaken in the next fiscal year to achieve desired goal in agriculture development.

Held at the conference room of the ministry, the meeting was attended by the State Minister for Agriculture Mirza Fakhrul Islam Alamgir, Agriculture Secretary A S M Abdul Halim, chief executives of 17 organisations related to agriculture research and services and the representatives of different ministries and divisions.

MK Anwar asked the officials for timely completion of project proposals as well as their appraisal and implementation. "Any delay in this regard will affect the farmers and also the agriculture sector," he said stressing the need for a change in the attitude to ensure desired development in agriculture.

The meeting reviewed the progress of 76 ongoing projects being implemented at a cost of Tk 581 crore in the current financial year.

"Nearly 90 percent of the fund has already been spent while the rest 10 percent could not be released due to some problems at different ends," he disclosed at the meeting.

The minister said 25 new projects would be undertaken during the next financial year to produce more quality seeds, extend irrigation facilities, strengthen proactive research mainly to reduce yield-gap, increase production of pulses, oil seeds, spice and fruits and expand mechanization.

## ICAB team meets SEC chairman

The Institute of Chartered Accountants of Bangladesh (ICAB) has urged the Securities and Exchange Commission (SEC) to make it mandatory for the listed companies to follow the principles of Bangladesh Accounting Standards (BAS).

The request was made when an ICAB delegation led by its President Akhtar Sohail Kasem met the SEC chairman Mirza Azizul Islam on Wednesday, says a press release.

The ICAB president said being the regulatory body of the capital market, the SEC has the jurisdiction to formulate a legal framework to compel the listed companies to prepare their accounts in accordance with the BAS.

ICAB President informed the SEC chief that the institute has adopted 30 International Accounting Standards (IAS) as BAS so far. He also presented copies of the compilation of BAS to the SEC chairman and members.

CR Mazumder, vice president of ICAB, and other members of the organisation were also present at the discussion.

## US investors undeterred by terror in SE Asia

AFP, Washington

A bloody insurgency in Thailand, bomb attack warnings in Indonesia, a potential revolt in the Philippines and egregious human rights abuses in Myanmar may be enough reasons to put off foreign investors heading to Southeast Asia. But not American investors.

Any perception that such an ominous backdrop, fuelled by persistent anger among Muslims in the region over US Middle East policy, would keep American businesses at bay was debunked by a just-concluded Asean investment promotion mission to the United States, officials and business leaders said.

Led by US ambassadors based in member states of the Association of Southeast Asian Nations (Asean), the mission received a higher than expected response from potential investors.

More than 200 meetings were held between mostly small and medium American enterprises and mission members during visits to the US cities of Houston, Atlanta and Louisville and the capital Washington, officials said.

## Expats contribute \$3b to economy every year

### State minister says

#### STAR BUSINESS REPORT

Expatriate Bangladeshis contribute 3 billion US dollars in remittance to the country's development process every year, State Minister for Expatriates' Welfare and Overseas Employment Quamrul Islam said yesterday.

To recognise the contributions of the expatriates, the government is planning to keep special quota for the expatriates and their children in government jobs, admission to educational institutions and other areas, he said.

The minister was speaking at the launching of a report on 'Institutionalising Diaspora Linkage: Emigrant Bangladeshis in the UK and USA' at BIAM auditorium in Dhaka. The programme was jointly organised by International Organisation for Migration (IOM) and the Ministry of Expatriates' Welfare and Overseas Employment.

About voting rights of the expatriates, Quamrul said it was impracticable to arrange polls abroad but anyone interested can come to the country during elections to take part in it.

The state minister said if any expatriate dies abroad, his ministry makes arrangements to bring the body by air and gives Tk 20,000 for burial.

Other discussants at the programme said the developed countries have to liberalise labour movement and immigration policies considering migration as a key tool of socio-economic development in today's world.

"It's a social, ethnic and economic ego of the rich countries that hinder free movement of labour but it's a historical fact that migrant labourers are equally important for the development of the host country," said Mosharruf Hossain MP, president of Bangladesh Association of International Recruiting Agencies.

Charles Harns, head of IOM technical cooperation, said migration management means management of labour and immigrants for productive purposes linking them with development process of both the country of origin and receiving country.

Presenting the report on 'Institutionalising Diaspora

Linkage: Emigrant Bangladeshis in the UK and USA,' Dhaka University Professor Tasneem Siddiqui made a set of recommendations including massive awareness campaign for remittance flow, its proper utilisation and overall improvement of law and order situation and investment climate.

He also recommended simplification of migration procedure, enhancing role of consular services, rights based migration policy, improved services to facilitate money transfer and strong bilateral agreement negotiation.

The report suggests paying special attention to women migrants during migration, transit and in destination countries and removal of restrictive policies.

IOM Regional Representative for South Asia Shahidul Haque said the report focused particularly on Bangladeshi migrants in the UK and USA aiming at building confidence between Bangladesh and its Diaspora community.

Daliluddin Mondal, secretary to the expatriates' welfare ministry, chaired the session.

## Tax lawyers against fine for defaulting in submission of return

UNB, Dhaka

Bangladesh Tax Lawyers' Association (BTLA) yesterday demanded withdrawal of the budgetary measure of fine against non-submission of income tax return in time.

The budget proposed imposing a fine of Tk 2,500 or 10 per cent of tax assessed for the previous year if an individual fails to submit tax return in time.

As per the new tax measure, an additional amount of Tk 250 for each day of delay from the following date of the tax assessment will also be fined. BTLA secretary general Kamrul Alam Chowdhury said during a press conference at National Press Club.

Kamrul said the tax measures proposed in the budget for fiscal 2004-05 would increase harassment to the taxpayers and widen scope for corruption by the tax officials.

He also demanded withdrawal of the provision to pay 15 per cent tax on the tax determined by an appeal to be eligible for going to the appellate tribunal.

Besides, BTLA called for withdrawal of measures on submission of self-assessed returns and the measures that will create burden on small taxpayers.

## Gulshan Society signs MoU with DBH

Gulshan Society, a citizens' welfare group of Gulshan Model Town, has signed a memorandum of understanding (MoU) with Delta Brac Housing Finance Corporation Limited (DBH) under which the company will sponsor the construction of road signs and index maps in Gulshan area.

QM Shariful Ala, managing director of DBH, and Md Anwarul Alam, general secretary of the Gulshan Society, signed the deal on behalf of their organisations in Dhaka recently, says a press release.

High officials of DBH and member of the executive committee of Gulshan Society were present.

Under the accord, both Gulshan Society and DBH will work closely together in improving the standard of community living by providing better civic infrastructure facilities in Gulshan Model Town area.

## Japanese life insurers reducing shares in banks

AFP, Tokyo

Japan's life insurance companies substantially cut their holdings of bank shares last year, weaning themselves from the interdependence which has gridlocked the country's financial sector, a press report said Sunday.

The top nine Japanese life insurers cut their holdings of bank shares by 20 percent or 350 billion yen (3.2 billion dollars) in the last business year to March 2004, the leading business daily Nihon Keizai Shimbun said.

Their bank shareholdings stood at 1,450-1,500 billion yen (13.2-13.6 billion dollars) at the end of March, representing a plunge of about 70 percent from the peak of over 5.0 trillion yen in the early 1990s, the report said.

## Govt turns down proposal to cut furnace oil prices

UNB, Dhaka

The government yesterday turned down a proposal for lowering furnace oil prices for industrial usage, but decided to form a committee to look into the matter.

Responding to the proposal from Furnace Oil Consumers Association, State Minister for Energy AKM Mosharruf Hossain said the price was hiked to check its illegal vending.

He told a delegation of the association that price of furnace oil was raised from Tk 8 to Tk 12 per litre on June 8 as a section of people were illegally selling the fuel to port bunkering sector.

"Bunkering is one sector where the BPC (Bangladesh Petroleum Corporation) used to directly sell furnace oil at higher tariffs in

foreign currency," said the minister.

But, since we had reduced the price from Tk 12 to Tk 8 to support industries, we witnessed that the bunkering sector was not purchasing furnace oil from the government as they were getting it otherwise.

"As a result, we were compelled to raise the price again to Tk 12 to check the illegal vending," the minister told the association leaders, ruling out an immediate decision on the proposal.

Mosharruf Hossain, however, announced that a seven-member committee headed by general manager (marketing) of the BPC would go through the proposal and submit report within 15 days.

Other members of the committee will be one each from the BPC,

Titas Gas Distribution Company, the Energy Division and three leaders of the Furnace Oil Consumers Association.

Country's industries without having pipeline gas mainly depend on the furnace oil for production. Also about four percent of electricity is generated by furnace oil.

After noticing illegal trade in furnace oil, the government had stopped selling it to the private industrial sector. However, it resumed the sale after jacking up the price.

Among others present at the meeting were association President Hasan Salam, Vice President Haji Mohammad Lokman and General Secretary Anwar Hossain.

## Japan-EU summit to focus on enlargement, investment

AFP, Tokyo

Japanese and European leaders meet here Tuesday for an annual summit that will focus on economic cooperation, as Japan is achieving the strongest growth among the world's top seven industrialized nations.

The Japan-EU summit is the first since the May enlargement of the Union to 25 nations from 15 and follows on the heels of an historic gathering in Brussels, where union members agreed Friday on a landmark first constitution.

It also comes as Japan is posting the strongest economic growth in the industrialized world, with January-March economic growth pegged at a red-hot 6.1 percent annualized rate, surpassing US growth at 4.4 percent.

Japanese Prime Minister Junichiro Koizumi will meet Irish Prime Minister Bertie Ahern, who holds the rotating EU presidency, along with out-going Commission President Romano Prodi and EU Trade Commissioner Pascal Lamy.

The leaders will focus on "what we can do in common in order to give strong signals to our economies," said Ambassador Bernhard Zepter, delegation head of the European Commission in Japan, at a pre-summit briefing.

"We want to respond positively to the ambition of Prime Minister Junichiro Koizumi to double foreign direct investment" stock in the five years to March 2007, Zepter said, noting that firms in EU nations had invested more in Japan than their US counterparts in the past two years.

Zepter also called on Japanese firms to invest in the 10 new "hungry" members of the union, and to benefit from the "bonanza" of 21.7 billion euros (26.3 billion dollars) in EU funds set aside for 2003-06 to help the newcomers catch their advanced neighbours.

The summit is to be preceded Monday by a Japan-EU business dialogue roundtable and a symposium addressed by Prodi and

Lamy, organized by the Nikkei Shimbun economic daily.

Monday's events will cover hot topics such as intellectual property rights in Asia, cooperation in high technology, tariffs, communications, air transport and the debate over the Kyoto Protocol to fight global warming.

The leaders are also expected to address the impending transfer of sovereignty in Iraq, the North Korean nuclear standoff and violence in the Middle East.

According to a draft leaders' statement obtained by AFP, Japan and the EU will also express their "abhorrence" at recent evidence showing the physical and sexual humiliation of Iraqi prisoners at Abu Ghraib prison by US soldiers.

### BUDGET QUIPS

**Floating vs Sinking**

"Why is the expression 'Floating' so popular that it is used in many contexts like floating debt, floating capital, floating charge and now a floating exchange rate?"

"Because it is opposite of Sinking-- a sinking economy, a sinking fund, a sinking ship, a sinking currency etc. Very easy to draw comparison between the success of the regime vis-a-vis failure of the previous one."

MMI



Dhaka Bashi, an organisation of old Dhaka residents, arranged a festival of seasonal fruits and traditional food of old Dhaka at Novera Hall of National Museum in the capital on Saturday. The daylong show pulled a huge crowd.